

THE HAGUE, 20 March 1953
Raamweg 18 (office address)

Mr Raymond W. Goldsmith,
1129 Vermont Avenue N.W.
Washington 5 D.C.

Dear Mr Goldsmith,

I got your letter of February 10 (was not it misdated ?) about your paper on saving. I also got the paper itself and I read it up to page 28. Unfortunately I am now taken up by some urgent work which will make it impossible for me to finish reading the next few weeks. This is why I give you already now the remarks I have to make on the first 28 pages.

I think the paper is very interesting. If I have to make some suggestions it is only on details of exposition. Here they are.

- page 5, bottom. Is not this approach a little bit too empiric ? Should not we also ask ourselves which saving concepts and which independent variables and functions seem to be relevant ones from an economic point of view ?
- " 10, bottom. I don't quite like to speak of expectations without any further addition; I would rather prefer to speak of income expectations, price expectations a.s.o. and I don't see why this variable should not be a quantitative one.
- " 15, middle of the page. Should not it be stated that the function $S/Y = f(X)$ is also less general and need not therefore be the correct one ?
- " 15, bottom. I quite agree with you say about the treatment of prices and population.
- " 18. I don't think that the less high coefficients of determination you get with deflated values prove in any way that these functions would be less significant than the functions in current values. On the contrary, the economic argument would be in favour of the opposite statement. Statistically the fact that you compare, when using current values, two series which are both dancing up and down as a consequence of the same price movements explains the higher correlation without implying that it is more significant.
- " 22. Your statement in the middle of the page, that the zero-saving-point is generally higher for deflated than for current saving, should be qualified by mentioning at which basis the values are deflated. I did not find an indication of it in the text or in the tables.

As a last general remark, may I suggest that more historical graphs are added ?

With best personal regards,

yours very sincerely,

I got your letter of November 10 (was not
it missing?) about your paper on saving. I also
got the paper itself and I read it up to page 28.
Unfortunately I am now taken up by some other work
which will make it impossible for me to finish
reading the next few weeks. This is why I give you
already now the remarks I have to make on the first
18 pages.
I think the paper is very interesting. I
have to make some questions in only on details
of exposition. Here they are.
1. On p. 2, bottom. Is not this expression a little
bit too emphatic? Should not we also
say "variables which saving depends on"
and which independent variables and
functions seem to be relevant ones from
an economic point of view?
2. On p. 10, bottom. I don't quite like to speak of
expectations without any further addition.
I would rather prefer to speak of income
expectations, price expectations, etc.,
and I don't see why this variable could
not be a multivariate one.
3. On p. 12, middle of the page. Should not it be
stated that the function $S = f(X)$ is
also less general because not therefore
be the correct one?
4. On p. 12, bottom. I quite agree with you about
the treatment of prices and population.
5. On p. 13, I don't think that the fact that
efficiency of determination you get with
omitted values give in any way that
these functions would be less significant
than the functions in current values. On
the contrary, the economic argument
would be in favour of the opposite
statement. Statistically the fact that
you compare, when using current values,
two series which are both changing up
and down as a consequence of the same
price movements explains the higher
correlation without implying that it is
more significant.
6. Your statement in the middle of the
page, that the zero-saving-point is
generally higher for related than for
current saving, should be qualified
by mentioning of which basis the values
are related. I did not find an explicit
statement in the text on this basis.