

unless it is explained just by your theory. That would mean that there is a grain of truth in the "countervailing power". It might, conceivably, explain the high level of activity of the last six years, in so far as it is not explained by other things (public spending^{ing}).

Another of your improvements has filled a vacuum which used to bother me: you have taken care now to make sure that over the pure trade cycle as a whole there is really zero net investment! But it seems to me that you lost sight of the implications later on. As I understand you, $d' = (1-u)g$ is a determinant of investment

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which has to be introduced in order to offset the "incomplete reinvestment" of depreciation growth a stationary state will result only if $d' = (1-u)g$, and so far as I can see, d must be either a development factor or a budget deficit or something like that. That means that as long as you assume incomplete reinvestment ($d < 1$, an assumption which you slightly favour), the economy will be static only with the support of such exogenous factors, without them, it will have a negative trend! (Alternatively, if $d > 1$, it would have a positive one but this case you probably don't favour. But you don't at all mention this, where one should expect it,