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**Robbins' on the stationary state:
an early attempt to distinguish idealization from abstraction**

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Abstract, [word count 227]

In 1930, Lionel Robbins warned economists not to confuse the Classical stationary state of an economy with fixed endowments of an economy as conceived by John Bates Clark. The first way of modelling assumes that economies produce a stationary state as a result of balancing forces, the second way of modelling assumes that endowments are stable *by hypothesis* and aims to show that equilibrium can be attained under such conditions. Robbins said (1930, pp.206-7) that '[b]oth rule out inventions and fundamental changes in nature and human beings. But the one admits the possibility of variations of labour and capital, the other excludes these by definition'.

With Heinz Kurz, I hold that Knut Wicksell (1954) used the Clarkian and not the Classical approach in his interest- and distribution theory. For his theory of capital and distribution in the long run Wicksell dropped the assumption of a stationary state and used a comparative static economic model of what actually is a long run dynamic situation.

I shall first show that the two strategies used in Wicksell's (1954) and (1951) are in fact opposed in precisely the way Robbins indicated. Secondly, I shall claim that these two strategies essentially make the difference between idealization and abstraction. As also this distinction is often misunderstood, we can see how a rereading of Robbins' methodological publications helps clarify economists' reasoning strategies even today.

References

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