

*Summary of the discussion after the papers of K. Arrow and J. Llach*

After the oral presentations given by Professors Kenneth Arrow and Juan Llach comments and questions addressed the roles of education, of modern technology, of saving and of financial markets. The first speaker stressed that, particularly in developing countries, education was the main instrument for the reduction of inequalities, being even more important than political independence; education should be allocated a large part of the public budget.

A recent trend in industrial countries reflects the fact that technical progress has widened the range of relative values of works requiring different qualifications. In the United States it led to an increase in the proportion of workers earning only very low wages. In Western Europe, where minimum wages were more effective and binding, it led to a large increase in unemployment of unskilled workers, which also meant more inequality. The question was raised as to how the dilemma could be solved, with one suggestion being a new allocation of time among activities within the population of working age and involving the provision of "relational goods" outside the market.

The economic argument to the effect that the rich perform a useful function for society because they save relatively more than others should not be overemphasized because many factors affect the aggregate savings of a society. Unfortunately not all of them are well understood; for instance the recent increase in income inequality in the United States was actually accompanied by a decrease in saving there.

It was pointed out that large fortunes were now made by speculation on financial markets and that many people resented the phenomenon, viewing it as immoral. Although economic reasoning maintains that successful speculation signals a good and useful perception of intertemporal changes in values, some economists, like James Tobin, estimate that there would also be economic advantages to a reduction in the present international mobility of financial capital, which has enabled some of the recent largest gains.