

Major Cycles in the Theories of N.D. Kondratiev and S. de Wolff : An Important Difference

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This paper is a comparative study of the theories of major cycles advanced by Nikolai D. Kondratiev and Salomon de Wolff, mainly in the 1920s. Establishing the problem and its setting, the author argues in the first section that hitherto both theories, despite an important difference between them, have generally been understood to be the same endogenous cycle theory explaining change in durable capital goods.

In order to make that difference clear, the second and third sections investigate the analyses and theories of Kondratiev and De Wolff, respectively. Chapter 3 also includes an overview of De Wolff's career, which is still not widely known. Both economists concluded that major cycles are caused by the replacement of durable and obsolescent capital goods. Judging only from their conclusions, the theories appeared to be similar, but, as De Wolff pointed out, they differed in a significant way.

That difference is explored in section 4,

first, by examining Tinbergen's *attempt* at distinguishing the theories, which was not successful only because Tinbergen lacked adequate knowledge of Kondratiev's works and ended up proceeding from a misinterpretation of them. Second, the author investigates the difference from the point of view of De Wolff. Briefly, De Wolff confirmed statistically that the life of long-lived fixed capital, which he calculated on the basis of average depreciation rates, corresponded 'exactly' to the actual length of major cycles. Thereupon he asserted that he had established the relationship between major cycles and durable capital goods. Kondratiev, on the other hand, showed the probable length of major cycles only empirically. This is where the difference lies, and where De Wolff's unrecognized contribution to cycle theory proves to be so important.

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