

SUBSCRIBE NOW AND RECEIVE **CRISIS AND LEVIATHAN*** **FREE!**



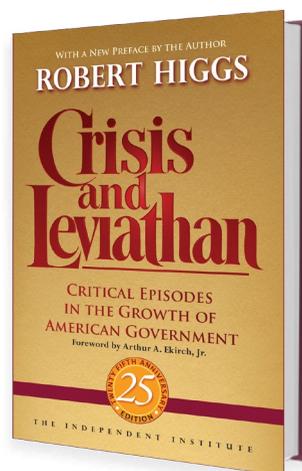
“*The Independent Review* is a sparkling effervescence of views and insights on economics, history, and politics for people who don’t mind having their minds bent and blistered with high entropy ideas.”

—**GEORGE GILDER**, bestselling author, *Wealth and Poverty*, *Knowledge and Power*, and *Microcosm*

Subscribe to [*The Independent Review*](#) and receive a free book of your choice* such as the 25th Anniversary Edition of ***Crisis and Leviathan: Critical Episodes in the Growth of American Government***, by Founding Editor Robert Higgs. This quarterly journal, guided by co-editors Christopher J. Coyne, and Michael C. Munger, and Robert M. Whaples offers leading-edge insights on today’s most critical issues in economics, healthcare, education, law, history, political science, philosophy, and sociology.

Thought-provoking and educational, [*The Independent Review*](#) is blazing the way toward informed debate!

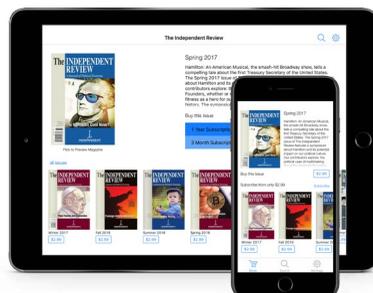
Student? Educator? Journalist? Business or civic leader? Engaged citizen? This journal is for YOU!



*Order today for more **FREE** book options

SUBSCRIBE

Perfect for students or anyone on the go! ***The Independent Review*** is available on mobile devices or tablets: iOS devices, Amazon Kindle Fire, or Android through Magzter.



If I Forget Thee, O Kirkcaldy!

Reflections on What We Have Forgotten

◆

JARED LOBDELL

For the last few years I have been telling my students that they (or we) were studying economics at almost an ideal time for the study of economics. Why? Because much of what economists (and financiers) had been saying for years seems to be doubtful or even untrue, and we have a chance to get closer to the truth than they have been.

For much of that time I have been asking the following question, in one form or another, with different names inserted, as a test question in my “Introduction to Macro,” Econ 201, class: “What would Adam Smith (1723–90) or Charles MacKay (1814–89) or Thorstein Veblen (1857–1929) or John R. Commons (1862–1945) or Frank H. Knight (1881–1967) or John Burr Williams (1900–1989) or George J. W. (Jerry) Goodman (b. 1930, “Adam Smith” of *The Money Game* [1968]) say about the current financial mess?” Two of these seven individuals are in fact journalists rather than economists, which might also be said of Walter Bagehot (1826–77), who has also appeared in the question, as have (with a change in focus to German-speaking economists) Max Weber (1864–1920), Ludwig von Mises (1881–1973),

Jared Lobdell is an independent scholar in Elizabethtown, Pennsylvania.

The Independent Review, v. 22, n. 4, Spring 2018, ISSN 1086–1653, Copyright © 2018, pp. 609–618.

Joseph Schumpeter (1883–1950), F. A. Hayek (1889–1992), and Gottfried Haberler (1900–1995).

Of course, we have forgotten more from Adam Smith of Kirkcaldy than we have from any other economist, and of course this question as given is aimed at a few of his insights only. Nevertheless, we should begin by looking at a few of these few insights and begin our beginning by looking at the most famous one. The degree of the wealth of a nation is the “greater or smaller proportion” of the mass of “necessaries and conveniences” “to the number of those who are to consume it.” “But this proportion” between goods and consumers, “must in every nation be regulated by two different circumstances; first, by the skill, dexterity, and judgment with which the Labour is generally applied; and, secondly, by the proportion between the number of those who are employed in useful labour, and that of those who are not so employed” (Smith 1776, 1). In other words, wealth (on the average) depends on the productivity of labor and the level of employment. Or, as I tell my students, the wealth of a nation lies in the productive capacity of the people. And, of course, Smith’s famous distinction between productive and unproductive labor flows swiftly on the heels of this statement. We will come back to our founder later.

Charles MacKay, Scottish journalist, songwriter, versifier (if not poet), collector of Cavalier lyrics, traveler in the United States, and memoirist, published *Memoirs of Extraordinary Popular Delusions and the Madness of Crowds* in 1841, basing his discussion of “tulip-mania” on Johann Beckmann (1739–1811). Beckmann, professor at Gottingen, gave us not only *Beitrage zur Geschichte der Erfindungen* (1780–1805), translated into English as *History of Inventions, Discoveries, and Origins* ([1797] 1846)—a work in which he relates the origin, history, and recent condition of the various machines, utensils, and so on employed in trade and for domestic purposes—but also *Anleitung zur Technologie, oder zur Kenntniss der Handwerke, Fabriken, und Manufakturen, vornehmlich derer, die mit der Landwirtschaft, Polizey, und Cameralwissenschaft in nachster Verbindung stehn* ([1772] 1968).

These works entitle Beckmann to be considered the founder of the study of *scientific technology*, a term that he was the first to use (and possibly invented) in 1772. Though MacKay was not an economist, Beckmann was at least a proto-economist. When we talk about “technology” as a determinant of supply, for example, we echo Beckmann. Nonetheless, the immediate importance of MacKay’s *Extraordinary Popular Delusions* and Beckmann’s *History and Technology* here is simply that the “tulip-mania” of 1636–38 (recounted in MacKay, based on Beckmann) should be thought of as the ur bubble in financial history and analysis and Beckmann and MacKay as its first analysts (though I strongly suspect MacKay was in touch with at least one Scottish economist of his own generation—if one counts John Stuart Mill [1806–73] as a Scottish economist, as his father was: MacKay wrote for the *Morning Chronicle* [London] from 1835 to 1844; Mill wrote for the *Morning Chronicle* from 1835 to 1846, including his articles on free trade).

When I went to work on Wall Street in 1962, new investment analysts were still (sometimes) given copies of Barney Baruch's 1932 reprinting of MacKay's book as a salutary reminder that financial markets do not always act in a textbook fashion of market (or investor) rationality (nor do prices go up forever). But note that when Beckmann brings us the "tulip-mania," he does it as a *per contra* to growth through technology, echoing a distinction between productive and unproductive labor, which we have met before and will meet again. In fact, we meet this view, in slightly different terms, in Veblen.

Thorstein Veblen is, for the purposes of this question in Econ 201, the author of *The Theory of the Leisure Class* (1899) rather than the author of *The Engineers and the Price System* (1921), and he is introduced into the course in connection with the marginal propensity of the rich and very rich to invest or to save. (If Veblen is right, the argument for reducing taxes on the very rich is not that they will save and invest but that they will spend and spend—though of course he might have been right at the end of the nineteenth century but not be right now). But we should remember that Veblen's primary theme is the opposition between (as he might say) pecuniary values and mechanical or industrial values. That is, Veblen's opposition between the use of money simply to make money (which can be done, for example, by banks borrowing from the Federal Reserve at zero percent and lending back to the U.S. Treasury at 3 percent) and the use of money for investment in productivity—building up the wealth of *our* nation—is echoed in Adam Smith's distinction between types of labor.

I am aware of the incongruity of singling out a subversive radical economic sociologist such as Veblen and making him part of an essentially conservative (and, in my case, libertarian) argument for paying attention to the market-based theories and insights of the past. But Veblen is precisely concerned with the institutionalization of human behavior in ways that affect the efficiencies of the market system—a matter of primary concern—and his observations (if not his evolutionary science) are important. And, besides, there are certainly senses in which all economists who dissent from the prevailing orthodoxy (the orthodoxy whose teachings seem to have gotten us into this mess) are subversive and radical. Economists such as Mises and Hayek and Haberler and Veblen.

John R. Commons, my next selection (in this form of the Econ 201 question), was an avatar of progressive thought, but he was also a major theorist (and economic historian) in what we have come to call institutional economics. When I studied economics at the University of Wisconsin in Madison, Commons was twenty years dead, but a few of his institutionalist colleagues and students remained, and I was fortunate to learn from them (as I learned later from another school of institutionalists out of Texas A&M). I introduce Commons into Econ 201 in connection with the importance of institutions and the necessary legal foundations for markets—and particularly for his discussion of the long development of property rights in incorporeals and intangibles and of what those property rights mean.

Commons's discussion in *The Legal Foundations of Capitalism* is worth quoting:

Though invisible and in the future, [property rights in incorporeals and intangibles, as, for example, encumbrances and opportunities] are more substantial than even the physical property we receive in the present, for it is they that have produced all physical capital, that reproduce it when it wears out, and that enlarge it faster than the growth of population. Though physical capital may disappear through war or other catastrophe, yet if these invisible expectations of beneficial behavior remain intact, then the physical capital will be shortly reproduced. . . . For what is the value of land, buildings, machinery, commodities, but their future use? (1924, 24–25)

If this philosophic and sociological approach, with its concentration throughout the book on dynamics and on institutions, seems vaguely familiar in a different context, we might remember that for Commons the late great example of a “hedonic economist” was Eugen von Böhm-Bawerk (1851–1914). Someone more learned than I can trace the full connection to be found here; suffice it for the moment to say that Böhm-Bawerk taught Mises, and Böhm-Bawerk’s successor Friedrich Freiherr von Weiser (1851–1926), even more an institutionalist, taught Hayek and Haberler.

Commons openly links to these individuals, so the connection is not hypothetical. What Commons suggests, among other things we should have remembered, is that there may be a differential growth and development rate between institutions and the economy built on them. What he is also saying here, in particular, is not only that property rights are essential but that certain kinds of property rights in particular are essential—most especially the property right in intangibles. Economies grow best in certain soils under certain conditions, one of them being these extended and future-oriented property rights.

Markets—of various sorts and conditions—grow up almost anywhere, under almost any circumstances, likely because, as Adam Smith was right to claim, there is a natural tendency among humankind to truck and barter. Commons suggests that our system is made up of expansionary going concerns, looking to the future (which is production) rather than to the past (whose production is now our consumption). Some of his “institutionalist” argument (and also, elsewhere, that of his teacher Richard Ely [1854–1943]) rests on the fact that in the United States at the end of the nineteenth century economic doctrine was determined by law (in a series of court cases), so that institutions were not only providing the foundation for markets but also determining what kind—though not what specific piece—of property could be sold on these markets and elaborating the definitions of property and property rights.

The fact that markets are defined does not, of course, mean that the markets are not free. Indeed, Commons is thoroughly concerned with definitions of liberty and freedom and with the connection between liberty and property (and property rights). Of course, a market in incorporeals and intangibles is necessary before we can have financial markets because they are what financial markets deal with. As Commons put it, “But modern capital is not capital in the physical sense, but is capital in the behavioristic

sense. The behavior is the expected transactions on commodity markets and money markets. It is not corporeal property but is incorporeal and intangible property. Its name is ‘assets,’ the exchange-values of things, and assets are the expected additions to income to be derived, not from physical things, but from expected profitable transactions with persons who are not owned” (1924, 168).

This is such an unusual way of putting things (to us in 2017) that it reminds me of Piero Sraffa’s verbal struggles in *The Production of Commodities by Means of Commodities* (1960). Nonetheless, if we had fully followed Commons’s lead here, we might well have spent more time and search space looking toward the need for growth and striving against institutional imperfections and much less time and space on “market imperfections” in current markets selling (in Commons’s view) what was produced in the past.

Oddly, our next point from the material backing up the question asked in Econ 201 is from Frank Knight’s book *Risk, Uncertainty, and Profit* (1921). Knight is a generation younger than Commons, though this book was published three years before *The Legal Foundations of Capitalism* (1924). Knight’s economics are, like Commons’s economics, forward looking. The fundamental point is this:

The essential fact is that “risk” means in some cases a quantity susceptible of measurement, while at other times it is distinctively not of this character; and there are far-reaching and crucial differences in the bearing of the phenomenon depending on which of the two is really present and operating. . . . It will appear that a measurable uncertainty, or “risk” proper, as we shall use the term, is so far different from an unmeasurable one that it is not in effect an uncertainty at all. We shall accordingly restrict the term “uncertainty” to cases of the non-quantitative type. It is this “true” uncertainty, and not risk, as has been argued, which forms the basis of a valid theory of profit. (Knight 1921, 18–20)

In other words, profits come from overcoming uncertainty, *not* from taking (measurable) risks. More succinctly, then, as given in later work by economists such as Mises and Hayek, the payoffs in the market system are for producing knowledge, not for taking risks.

This point needs elaboration. If I see someone or some firm making an investment that seems risky to me and that investment shows a significant return, it is easy—though not correct—for me to say that the investor earned the return by taking the risk. But what the investor really profited from was knowledge greater than mine. In the past fifty years, financial economics has followed an odd road leading from a dissertation on semivariance (Markowitz 1952)—far away from Knight’s insights through what may have been a misapplication of the insights of John Burr Williams—to definitions of risk and return that provide (by definition) a positive correlation between risk and return (as in the proposition “the greater the risk, the greater the return”): we’ll get to that shortly.

We should have remembered Frank Knight's salutary reminder that here, as elsewhere, profit comes from superior knowledge.

Of course, that is far from the only relevant insight to be found in *Risk, Uncertainty, and Profit*: we note Knight's discussion of the (to him essentially false) distinction between earned and unearned income (1924, 21); his discussion of the trade-off between present and future goods (123–40), requiring a discount rate for future goods to prevent their having an infinite value; and his point that we ought explicitly to consider what we would call the consumers' propensity to save as a determinant of demand and that this propensity, though individual, is also societal and not particularly linked to the interest rate (price of money) (51–93 *passim*). It's also salutary to remember Knight's skepticism of the division of input factors into land, labor, and capital, though one can answer his objections by including entrepreneurship as a fourth input factor

One historical note of interest: Knight's views on risk incorporate a significant amount of the thinking of his contemporary Charles Oscar Hardy (1884–1948), whom a few may recall from his brilliant and detailed review of Schumpeter's book *Capitalism, Socialism, and Democracy* (1942) in the *Journal of Political Economy* in 1945. Hardy brought to economics, among other things, his training as a historian (Ph.D. in history at Chicago). Knight's dissertation (written under Allyn Johnson at Cornell) was rewritten as a book under John Bates Clark of Chicago and with assistance from Jacob Viner (of Chicago), but the only economist who seems to have contributed greatly to his views on risk and uncertainty (or on anything else immediately relevant to us here) was Hardy.

Perhaps we should now turn to one of my personal favorites, the first of these economists I personally knew at all well, John Burr Williams. (I met Frank H. Knight, and Richard Ely patted my head when I was a very small child, but Jack Williams was a family friend, for whatever that's worth.) Williams was a chemist with a Harvard Ph.D. in chemistry, when the tergiversations of the stock market in the 1920s and early 1930s impelled him to seek a formula for the value of a share of stock. He was operating from within the prudent New England tradition where a share of stock was not a piece of paper to be bought and sold but an investment to produce an annual yield. Given the propensity of New England farms to produce stones for stone walls and not much else, this search for yield was sensible, as is illustrated by the lines he was given to quoting: "A cow for her milk, a hen for her eggs, and a stock, by God, for its dividends."

The now familiar present-value equation—first used (agriculturally, in a sense) in German scientific forestry a century earlier and long used of course with respect to bonds and annuities—became, with dividends in place of interest or annuity payments (and therefore requiring a forward-looking estimate of future dividends), Williams's formula for an intrinsic value (a value in the Commons sense) for common stocks. His book *Theory of Investment Value* (1938) was actually his dissertation for his second Harvard Ph.D., this one under Schumpeter, with Haberler on his committee. The story is (at least as I heard it from him) that some members of his committee were dubious

about his dissertation (though that may have been because he spent so much space in it attacking Franklin D. Roosevelt's policies). Amusingly—don't try this at home, current grad students!—Williams did an end run around the committee by presenting them with the copies of the dissertation as published that morning by Harvard University Press “under the authority of the President and Fellows of Harvard University” just before the committee's final meeting.

But Williams's New England-based investment theory didn't apply very well to the stock traders of New York. Yes, Wall Street bought stocks for “income,” but it also bought stocks for “growth”—meaning that the increase in share prices and “growth prospects” had to be taken into account in valuing a stock. This approach overlooked the obvious truism that one sells a stock to get the benefit of price increase but keeps a stock to get the dividend stream. In fact, projected dividend increases themselves are a measure of expected growth. Nonetheless, a host of eager financial economists industriously sought to blend oil and water and to come up with a suitable new formula, a variation on present value, to provide more complete intrinsic valuation. In doing so, they not only (in my view) overlooked (or forgot) the Knightian or Hardian distinctions between risk and uncertainty but also wound up defining risk for stock purchase as the volatility of stock-price movements.

Each share of stock is an investment for the future, an asset, and is so valued. It is not an item simply for current transactions. In Commons's terms, it looks to the future, not to the past. Of course, one tries to predict the future from the past (which is all that social sciences have to go on in finding their data and constructing their models), but one is also constructing that future as well as trying to predict it. Meanwhile, oil-and-water mixers came up with the Capital Asset Pricing Model (for which a Nobel Award was granted in 1990) and then around 2008 an extension of that model to derivative securitized paper of the sort that turned out to be valueless under the Sarbanes–Oxley Act of 2002. (Note that in 1997 a second Nobel had been awarded for the Capital Asset Pricing Model's ways of determining intrinsic value for these now intrinsically valueless—or almost valueless—assets). Sarbanes–Oxley, it will be recalled, established as law the valuation of financial assets by “marking them to the market”—that is, they're worth what you can sell them for. This is in the end a triumph of New York over New England and a repudiation of intrinsic value (and indeed, as Commons would say, of forward-looking economics)—though it has been argued that erroneous repudiation of intrinsic value in this case may be less dangerous than erroneous extensions of it have been.

It can scarcely have escaped notice that we have considered so far two Scotsmen, one German (actually two Germans if we count Martin Faustmann [1821–77], the German scientific forester who first used the present-value equation to determine the value of a stand of trees into the future), and four Americans, with one American (Jerry Goodman) to go. But, in fact, current economic theory is largely British made, and my readers may wonder if John Maynard Keynes (1883–1946), for example, did not tell us things we have forgotten and should have remembered. Of course he did. And, equally

of course, Keynes's advent on the American economic scene in the 1930s was in some ways comparable to the advent of the Beatles on the American music scene in 1964, so he cannot be overlooked. But much of what he told us we have remembered, even if we have misunderstood it. In this particular case, I have looked to a journalist (though Keynes might be considered that also) rather than to the economists (such as Keynes) or to the sociologists (such as Gustave Le Bon) he quotes—in part because Keynes is a colossal figure whose most fervent supporters and detractors (in my view) misunderstand him and in part because the point I'm making in this Econ 201 question has as much to do with George J. W. Goodman's ("Adam Smith's") *extension* of Keynes's insights as it does with the insights themselves.

Nevertheless, there is at least one point Keynes made, not so much in *The General Theory of Employment, Interest, and Money* (1936) but in *A Treatise on Money* (1930), that we ought to remember here, although, to be fair, he was not the first to make this observation: the common distinction between fiat money and commodity money is an oversimplification. Keynes distinguishes between commodity money and representative money and in categories of representative money between fiat money and managed money. Of course, as Robert Mundell (1999) pointed out in a paper some years ago, these types of money represent a continuum, and most money is not purely of any one type or subtype, and, I would add, as others have—for example, with respect to the stone wheels of Yap—it is often difficult to tell just what kind of money we have. Also, if—as seems likely—the image and superscription of the king or anyone else were on a “coin” to testify to its weight and fineness, then the *fiat* was necessary for the commodity to have its stated value. I will resist the opportunity for a pun here on the term *stater* as a type of valuation because the word comes not from *state* but from *Ishtar*. And this should remind us that money seems to have been at least partly religious in origin.

Goodman's book *The Money Game* (1968) hit Wall Street in the late 1960s with something like the force of a tsunami (but one soon recovered from): it came out of the Wall Street of the early 1960s (the time of my own experience on the street). It made Goodman (a Harvard- and Oxford-educated political economist and editor of *The Institutional Investor*) a force to be reckoned with, but it did not lead most of Wall Street to listen very carefully. Possibly, as I heard one observer remark, the rot had already begun to set in. Although the book is full of epigrams (for example, Le Bon's “A crowd of men is like a single woman” and many others in the chapter “The Day They Red-Dogged Motorola”), one epigrammatic performance at the center is from *The General Theory of Employment, Interest, and Money*. I may as well quote it from the original. Keynes writes that

the professional investor and speculator are . . . largely concerned, not with making superior long-term forecasts of the probable yield of an investment over its whole life, but with foreseeing changes in the conventional valuation a short time ahead of the general public. . . . For it is not sensible to pay £25

for an investment of which you believe the prospective yield to justify a value of £30, if you also believe that the market will value it at £20 three months hence. . . . This is the inevitable result of investment markets organized with a view to so-called liquidity. Of the maxims of orthodox finance none, surely, is more anti-social than the fetish of liquidity, the doctrine that it is a positive virtue on the part of investment institutions to concentrate their resources upon the holding of “liquid” securities. It forgets that there is no such thing as liquidity of investment for the community as a whole. The social object of skilled investment should be to defeat the dark forces of time and ignorance which envelop our future. The actual private object of the most skilled investment today is “to beat the gun,” as the Americans so well express it, to outwit the crowd, and to pass the bad, or depreciating, half crown to the other fellow.

The battle of wits to anticipate the conventional valuation a few months hence, rather than the prospective yield of an investment over a long term of years, does not even require gulls amongst the public to feed the maws of the professional—it can be played by professionals amongst themselves. Nor is it necessary that anyone should keep his simple faith in the conventional basis of valuation having any genuine long-term validity. For it is, so to speak, a game of Snap, of Old Maid, of Musical Chairs—a pastime in which he is victor who says Snap neither too soon nor too late, who passed the Old Maid to his neighbour before the game is over, who secures a chair for himself when the music stops. These games can be played with zest and enjoyment, though all the players know that it is the Old Maid which is circulating, or when the music stops, some of the players will find themselves unseated. (1936, 102–3)

This passage from Keynes with its game metaphor is at the center of *The Money Game*: if something is a game, it is possible to lose it. However, as Benjamin Graham and David Dodd’s great textbook *Security Analysis* (1934) taught us—a lesson bur-nished by Graham’s pupil Warren Buffett—if we simply invest, by buying shares of stock with ordinary precautions, in the believed-in growth of the American economy, we may see our investments double in their worth every few years. At least that’s been true for the past fifty-five years. Investment—in real assets, to produce real things—wins; it produces net gains for the sum of all investors, whereas speculation in money assets, tuned to current or almost-current prices (that is, to the past), loses or at least in sum gains nothing.

To go back to the Econ 201 test question, the specific points on which each of these economists or journalists might have remarked “You should have listened to me”—or, more briefly (if not quite so appositely), “I told you so”—obviously differ. But all of them have in common the distinction (however expressed) between industrial and pecuniary motives—between looking forward and not looking forward; between investing in producing goods (and services) and speculating in paper; between productive and unproductive labor; between the wealth of a nation as its productive

capacity and the wealth of a nation as unproductive assets (such as the gold and jewels of India or the fallow fields of money in American banks).

Another much older author—not an economist—we have failed to learn from is William Shakespeare, in particular from his play *The Merchant of Venice*. Shylock’s sin or flaw or defect can be read quite simply as lying in his attempt to make money grow without using it to produce anything. Sir William Gresham—he of the law—wasn’t the only Elizabethan to provide us with a lesson in economics. As I say, I have modified my test question over the years, with other names provided, and it might be interesting to look at some of these Elizabethans. We should have listened to more than just the seven individuals discussed here and certainly to more what our founder Adam Smith said.

References

- Beckmann, Johann. 1780–1805. *Beitrage zur Geschichte der Erfindungen*. Göttingen: Royal Society of Göttingen.
- . [1797] 1846. *History of Inventions, Discoveries, and Origins*. 4th ed. London: Bohn.
- . [1772] 1968. *Anleitung zur Technologie, oder zur Kenntniss der Handwerke, Fabriken, und Manufakturen, vornehmlich derer, die mit der Landwirtschaft, Polizey, und Cameralwissenschaft in nachster Verbindung stehn*. Leipzig: Fachbuchverlag.
- Commons, John R. 1924. *The Legal Foundations of Capitalism*. New York: Macmillan.
- Goodman, George J. W. (“Adam Smith”). 1968. *The Money Game*. New York: Random House.
- Graham, Benjamin, and David L. Dodd. 1934. *Security Analysis*. New York: McGraw-Hill.
- Keynes, John Maynard. 1930. *A Treatise on Money*. New York: Harcourt.
- . 1936. *The General Theory of Employment, Interest, and Money*. New York: Harcourt.
- Knight, Frank Haskell. 1921. *Risk, Uncertainty, and Profit*. New York: Houghton Mifflin.
- MacKay, Charles. 1841. *Memoirs of Extraordinary Popular Delusions and the Madness of Crowds*. London: Richard Bentley.
- Markowitz, H. M. 1952. Portfolio Selection. *Journal of Finance* 7, no. 1: 77–91.
- Mundell, Robert. 1999. *The Birth of Coinage*. Discussion Paper no. 01–0208. New York: Columbia University.
- Schumpeter, Joseph. 1942. *Capitalism, Socialism, and Democracy*. New York: Harper.
- Smith, Adam. 1776. *An Enquiry into the Nature and Causes of the Wealth of Nations*. London: Strahan and Cadell.
- Sraffa, Piero. 1960. *The Production of Commodities by Means of Commodities*. Cambridge: Cambridge University Press.
- Veblen, Thorstein. 1899. *The Theory of the Leisure Class*. New York: Macmillan.
- . 1921. *The Engineers and the Price System*. New York: Huebsch.
- Williams, John Burr. 1938. *Theory of Investment Value*. Cambridge, Mass.: Harvard University Press.