



Economics 701

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Correction Copy

Econ 701

Topics

Dr. Mason Gaffney

1. Production. Combination of inputs by the firm. Factor proportions and diminishing returns. Intensity quotients. Economies of scale. Economic efficiency and engineering efficiency. Trade-offs and substitutions among factor inputs. Opportunity cost vs. historical cost; implicit cost vs. explicit cost. Pricing policy and marginal costs. Short and long run cost analysis. Equimarginal principle. Fallacy of prorating. Excess profits - computed and imputed away. Fallacy of the typical firm. Divisibility vs. continuity.

Not just using-up. Use up funds, not flows. (Tiebout mixup)

Davidson on *alleged understatement of demand for wt. recreation: learned demand; option or standby demand; supply of effort.* 2. Consumption. Diminishing marginal utility? *Value of leisure and* ~~Value of leisure and~~ *supply of effort.* Prestige, irreplacability, and heirloom effects. Consumption vs. saving. Consumer sovereignty. Time-preference, and demand for durable goods. Implicit consumption. Value in use and value in exchange--consumer surplus. Price, *allegations of inelasticity.* -Elasticity of demand, income-elasticity: superior and inferior goods. Quality of the environment. [Are "economic men" human? "Pecuniary" and "materialistic" not synonymous for "economic".] *To #11?*

3. Factor supply.

Land. Elasticity of supply: aggregate, sectoral, industrial, and jurisdictional. Several subclasses of the resource. Mineral prospecting and depletion: conservation. The relevance of spatial immobility. "Public value" of land. Sentimental and traditional bias for withholding from commerce. Importance of tenure and tax and credit institutions.

Labor. Is supply perversely elastic? Investment in human capital. Instantaneous supply vs. supply response. *Value of leisure & supply of effort.*

Capital. Formation and turnover. Distinguished from land and labor. The special role of capital in bearing risk. Capital and time. Supply elasticity: is there a social cost to the aggregate supply? Measurement of capital--circular, or a function of time?

Enterprise, management, and risk-bearing. The administration of capital by labor--not a separate input.

Why distinguish the factors? Factor proportions and their variability. Unemployment.

4. Price. Average benefit, average revenue, and marginal revenue.

Market equilibrium and structures: competition, monopoly, regulated monopoly, oligopoly, cartel, cooperative, monopolistic competition, bilateral monopoly, mixed. Monopsony, etc. ^{Effects of price and wage control. Price discrimination and dumping.} Normative value of competitive markets. Net gains

from trade, new products, public works, etc., disentangled from redistributive effects. ^{the "golden triangle" of net gains.} Terms of trade. ^{Volume vs. markup. Tax-shifting and excess burden.} Countervailing power. The

cartel price-umbrella syndrome. Lagged response, cobweb cycles, and failure of the equilibrating mechanism of supply and demand. Market imperfections. Imperfect markets, non-pooling of risks, and magnified reserve requirements.

Non-price motives and constraints, and equilibrium.

^{Cumulative inequalities and vertical integration.} Market power and its regulation. Measures of concentration. Price

leadership.

^{Benefits of price flexibility vs. benefits of inflexibility.} Sources of market power. ^{Ecs. of scale again.}

^{Racing for monopoly position and other prescriptive rights.}

5. Distribution. Imputation of products to specific inputs. Exhaustion of total product--Euler's theorem. Residual and direct imputation reconciled. Residual imputation in practice--role of capital and time. The discounted marginal productivity doctrine. Social costs vs. rents. Rent and the political process. Partial rent vs. aggregate rent.

Distributive equity and allocative efficiency--conflict and reconciliation. Functional distribution vs. personal vs. regional vs. professional and sectoral--overlapping and confused concepts of equity. Old settlers vs. newcomers, transients, and climbers. Measures of concentration, Reserve-output ratios. High concentration of remote future values--scarcity of waiting power. Agglomerative tendencies in credit markets. Relation of distributive inequality and market power. Compensating factors--economics of collective action.

Incidence of taxes and public benefits. Redistributive effects of various tax and spending policies,

6. Time. Interest, discount, and intertemporal commensurability. The price-index problem. Capital and time. ^{Fund, flow, flowing fund, and capitalised flows.} Measurement of capital input--circular? Hired inputs vs. the residual risk-bearing imputee. Irreversibility and residualism and profit. Opportunity cost, ex ante and ex post. Valuation and capitalization. Replacement policy. Replacement under decreasing costs. Marginal cost pricing over life, and replacement timing. Coping with variability: storage; transportation and pooling of risks; imperfect markets and magnified reserve needs; load factors; use of flexible prices to reduce storage

Probability. Variability. Stochastic problems. Reserves, inventory levels, etc.

needs. Instantaneous vs. intertemporal schedules of supply and demand.

Conservation, depletion and taxation. Depreciation. Time-indivisibility, capital markets, and misallocation of durable assets. Differential tax capitalization and the allocation of durables. Effects of property and income taxes on longevity of investments. Capital turnover and the substitution of capital for labor.

Durability and slow replacement as diseconomies of scale.

7. Space. Location economics within cities and among them. Social vs. private costs of traversing space. Intramural space and diseconomies to scale of firm. The marginal net product of space and the allocation of land among neighbors. The trade-off between vertical and horizontal space. Regional balance-of-payments and "economic base."

Space, time, and the unique role of land in economic analysis.

Land and spillover benefits and costs. The importance of spatial immobility. Meaning of inelastic supply of land. Market imperfections associated with immobility.

8. Welfare. The equimarginal principle. The suboptimization problem, (*piecemeal*) and the doctrine of compensating error. Marginal cost pricing (over space and through time). Externalities and interdependencies. Measuring the productivity of public or "social" goods. Cases of "market failure," and remedies. Excess burden of uneconomic methods of pricing and taxing. Fiscal leverage, fiscal risk and profit-sharing, and fiscal gross-sharing. Lease terms compared to tax systems. The problem of interpersonal comparisons. Efficiency and equity, again. What is the general welfare? When to stop playing Hamlet and act. Public vs. private functions--how draw the line? Consumer sovereignty and its limits. Merit goods and public subsidy.

9. General equilibrium. The economic system as a whole. "Free-market socialism" and shadow-pricing. Input-output analysis for forecasting and planning.

10. Theory and Practice. Institutions and the implementation of economic policy. Traditional antipathy toward price flexibility, speculation, rent, rationality, commerce, timely replacement, usury, and earned income as an invidious measure. Accountants vs. economists and opportunity cost. The use of theory to evaluate and improve institutions. The necessity of lawyers and

politicians. The weakness of theorists to overemphasize user charges and the price system--that is not all of economics. The problem of poorly defined property rights. Role of economic technician: hired gun or social leader? The constructive use of institutions to promote the survival, strength, well-being, and good conscience of humanity.

11. Method and philosophy of economic analysis. Fitting the method to the subject. How the disciplines differ. Economic vs. non-economic--where is the line? Man--the measure of all things. Economics as a universal measure, language, and means of reconciliation. ^{Techniques, tools.} The use and misuse of mathematics in economic analysis, ^{keeping means from becoming ends.} Nominalism vs. Realism. The sterility of "formal rigor" out of place: the subject is mankind. Straining at gnats and swallowing camels--the equimarginal allocation of economists' time. Means and ends--are they distinguishable? Free will vs. laws of economic behavior--a false issue?

12. Summary. Economic principles and fallacies.

Prof. Gaffney

Texts:

William Vickrey, Microstatics

William Baumol, Economic Theory and Operations Analysis

1. Elementary Analytic Tools of Optimization; nature of economic theory

Wm. Baumol, Chaps. 1-4

Wm. Vickrey, Ch. 1

E. Phelps-Brown, Framework of the Pricing System.

I. "The Possibilities of Economic Study"

2. Production

Wm. Baumol, Ch. 11

Wm. Vickrey, Ch. 4

Fritz Machlup, "On the Meaning of the Marginal Product," RTID, No. 8
pp. 171-74 on marginal net product are useful. (pp. 158-71 are
diverting but sterile, raising problems without solving them)

K. Wicksell, Lectures on Political Economy, (E. Classen, transl.)

J. Robinson, Economics of Imperfect Competition, Chap. 20, "A Digression
on Marginal Net Productivity," pp. 235-42.

A. C. Bunce, Economics of Soil Conservation, Chap. 2, "Efficiency,
Capacity, Elasticity, and Intensity," Chap. 3, "The Relationship
of Rent to the Elasticity of Production, etc."

Morton Paglin, Surplus Agric. Labor

3. Consumption and Demand

Wm. Baumol, Chs. 9, 10

Wm. Vickrey, Ch. 2

M. Reid, Housing and Income, Ch. 15, "Reappraisal of Housing Consump-
tion in Relation to Income," pp. 387-98. (Refuting the stereotype
that housing is an inferior good)

R. Dorfman, The Price System, pp. 72-75. (Bernoulli and the St.
Petersburg paradox. Don't gamble with your bottom dollar.)

M. Gaffney, "The Valuation of Public Goods".

4. Factor Supply

Wm. Baumol, Ch. 17

L. Robbins, "On the Elasticity of Demand for Income in Terms of Effort,"
RTID, No. 13.

D. Buchanan, "The Historical Approach to Rent and Price Theory,"
RTID No. 31

A. Smith, Wealth of Nations, Book I, Chs. I, II, III, "Of the Division of Labor, of the Principle that Gives Rise to Same, and the Division of Labor is Limited by the Extent of the Market."

H. George, Progress and Poverty, Book IV, Ch. 2, "Increase of Population and Distribution of Wealth."

K. Wicksell, Lectures (Classen transl.), pp. 144-95. (Wicksell's capital theory, explaining the high variability of factor proportions.)

R. Solo, "The Accumulation of Wealth in the Form of Landownership".

5. Price, and Market Structure

Wm. Vickrey, Ch. 3, 7, 8, (9)

Wm. Baumol, Ch. 13, 14, (22, 23)

W. Mead, Mergers and Economic Concentration in the Douglas-fir Lumber Industry, U.S. Forest Service, P.N.W. 9, 2-64, pp. 3-39, 75-79.

S. Enke and V. Salera, International Economics, (2nd Ed.,) pp. 368-78. (The question of the "Golden Triangle" of net gains). (1st Ed. pp. 369-377)

K. Boulding, Economic Analysis (3rd Ed.), Ch. 31, "Application of the Marginal Analysis--The Regulation of Competition and Monopoly," pp. 651-78. (Especially pp. 660-64, dumping)

R. Huffman, Irrigation Development and Public Water Policy, Ch. 9, "Integrated Use of Irrigated Land."

M. Gaffney (ed.) ER&T, pp. 358-61 (staggering); pp. 391-99 (how we over-motivate prospecting); pp. 405-09, property taxation and competition; pp. 109-11, 119-37, resource control and market power.

6. Distribution

Wm. Baumol, Ch. 17

H. H. Liebhafsky, Nature of Price Theory, Ch. 13, "Wages," Ch. 14, "Rent."

A. G. Hart, Money, Debt, and Economic Activity, pp. 198-203, on credit rationing, and risk

J. L. Nicholson, "The Fallacy of Easy Money," HBR 17 (1): 31-34. (The poor pay more - for credit.)

7. Time

Wm. Baumol, Ch. 18, 19

K. Wicksell, Lectures (Classen transl.), pp. 144-95. (When to cut a tree - according to Wicksell, pp. 172-78. On that particular point his analysis is incomplete, although not incorrect.)

- J. Hirshleifer et al., Water Supply, Ch. 7
- A. Chisholm, "Criteria for Determining the Optimum Replacement Pattern," JFE 48(1): 107-12 (February 1966)
- T. L. Shaw, Precious Rubbish, Ch. 6, "Sleepwalkers." (On obsolescence or "fatigue" of art works)
- M. Gaffney, "Concepts of Financial Maturity," pp. vi-viii, 1-11, 17-24, 45-52, 52-58, 60-68, 69-83, 89.
- _____, "Land and Rent in Welfare Economics," . . . pp. 154-57 only.
- O. Herfindahl, Three Studies in Mineral Economics, pp. 13-23, "The Long-run Cost of Minerals"
- J. P. Jensen, Property Taxation in the U.S., Ch. III. (The definitive work on capitalization of property taxes. I have edited the copy on reserve to ease your reading chores.)
- F. Babcock, Valuation of Real Estate, Ch. 2, "The Character of Land Value," Ch. 14, "Mathematics of Valuation," pp. 141-58.
- R. Dorfman, "A Graphical Exposition of Böhm-Bawerk's Interest Theory," Rev. of Ec. Studies 26: 153-58.
- P. Pearse, "The Optimum Forest Rotation", Forestry Chronicle, 6-67. (Read this in conjunction with "Concepts of Financial Maturity", which it interprets for non-mathematical readers; and my letter to Pearse, to be distributed separately, which seeks to clarify two or three points where I believe he nodded, particularly his conclusion about the neutrality of a severance tax.)
- M. Gaffney, ERT, pp. 4-10; 342-53; 364-67; 381-91 (when to explore; 399-409 (How to tax mineral rents)
- J. P. Jensen, Property Taxation in U.S. Do not read all of Ch. III in the book, but the edited version on reserve.
- M. Gaffney, "Tax-induced Slow Turnover of Capital", WEJ, 9-67.
- Stephen McDonald, "The Effects of Severance vs. Property Taxes on Petroleum Conservation", 1965 Proceedings, NTA, pp. 320-27.
- Lutz & Lutz, Theory of Investment, pp. 224-36, depreciation methods. Buried deep in the muddy text, on p. 226, you find that only one depreciation method, the "capitalization" method, keeps a constant ratio so:
$$\frac{\text{income net of depreciation}}{\text{Book Value}} = \text{interest rate}$$
- By great coincidence, this is also the only method found by Consigny and Gaffney to be free of intertemporal bias, when used to define taxable income.
- In seeking to understand why the I.R.S. has not adopted this method long since, try the homicide expert's question, cul bono?
- Exercise: Show that the sinking-fund method (p. 228) is equivalent to the capitalization method (as alleged p. 231, n. 17) only on the special assumption of a constant or level cash flow.
- pp. 109-14, The influence of anticipated obsolescence. (Contrast this with R. T. Ely, "Land Speculation; JFE, 2: 121-36 (1920), where Ely propounds his theory of "ripening costs." Lutz' "goodwill" is

here identical with what in Ch. 2 they call "profit", and what Ely or I would call land rent. They come to opposite conclusions. Which is right?)

8. Space

- H. Doe, "Water Pricing," Western Water News, 3-66
- W. Vickrey, "General and Specific Financing of Urban Services," in H. Schaller (ed.) Public Expenditure Decisions in the Urban Community, pp. 68-86.
- _____, "Pricing in Urban and Suburban Transit," AER 53(2): 452-65, (May 1963)
- M. Gaffney, "Land and Rent in Welfare Economics," in J. Ackerman et al. (eds.), Land Economics Research, pp. 141-67, at 149-54, 151-67.
- Wm. Alonso, Location and Land use, Ch. 1, "The Economics of Urban Land: Introduction and Review." (A readable history of theory); Ch. 3, "Agricultural Rent Functions and Bid Price Curves of the Urban Firm" (not what it sounds like. Primarily interesting for the MNP diagram on p. 47.)
- J. Krutilla, "Locational Factors Influencing Recent Aluminum Expansion," SEJ 21(3): 273-83 (1-55)
- A. Marshall, Principles of Economics (8th ed.), pp. 447-49 (On substitution between horizontal and vertical space)
- Warren Hall, "A Method of Allocating Costs from a Water Supply Canal"

9. Welfare, Taxation, and Evaluation of Public Goods.

- Wm. Vickrey, pp. 236-67; (and Ch. 6)
- Wm. Baumol, Chs. 15, 16, (21)
- T. Scitovsky, "2 Concepts of External Economics and Some of Their Implications," JPE April 1954. Reprinted in T. Scitovsky, Papers on Welfare and Growth, pp. 69-83, (including a reply to Stockfisch, whose comment is also interesting, but optional, JPE 63:446-49 (1955))
- J. Kinsasian, "TU Pricing and the Theory of Public Goods," Jnl. of Law and Economics, Vol. 7 (10-64)
- D. Ricardo, Principles, Chs. X-XII, Taxes on Rent, Tithes, and Land tax. (Locknar on severance taxes, Gaffney on farm policy, and many others keep going back to this.)
- J. Hirshleifer et al., Water Supply, Ch. 5, Municipal Water Rates Ch. 6, "Investment in Additional Supplies"
- John R. Commons, Institutional Economics, Excerpts (mimeo.)

- H. G. Brown, "Incidence of a General Sales Tax," Readings in the Economics of Taxation"
- M. Brewer, "Water pricing and Allocation", Part I, pp. 31-34; Part 2, pp. 122-45.
- Alkert Henley, "Land Value Taxation by California Irrigation Districts".
- M. Gaffney, "Valuation of Public Goods."

10. General Equilibrium

- Wm. Baumol, Ch. 20
- Wm. Vickrey, Ch. 5
- O. Lange and Taylor, Economic Theory of Socialism
- W. Leontief, "The Structure of Development," Scientific American (September 1963), pp. 148-166
- R. Dorfman, Price Theory, Ch. 5, "Prices and the Economy"
- M. Dobb, Economic Theory and Socialism, III, C. pp. 55-92
- M. Gaffney, "Benefits of Farm Programs: Incidence, Shifting, and Dissipation."

11. Theory and Practice

- R. Turvey, "Optimization and Suboptimization in Fishery Regulation," AER 54:64-76 (March 1964). (A little gem, applying theory to practise.)
- F. Machlup, "Marginal Analysis and Empirical Research," AER 36(4): 519-54 (9-46). Reprinted in R. Perlman (ed.), Wage Determination
- R. J. Hildreth, "Have we gone too far?" JPE 47(5):1497-1503 (12-65)
- H. George, "The Study of Political Economy"
- M. Gaffney, "Economic Analysis and Air Conservation," B.A.S., May '65

READINGS, ECON. 701

Prof. Gaffney

(✓) means Assigned Reading

1. Production

Sune Carlson, A Study on the Pure Theory of Production

Einar Jensen, Danish Agriculture

✓ Fritz Machlup, "On the Meaning of the Marginal Product," RTID, No. 8. Pp. 171-74 on marginal net product are useful. [Pp. 158-71 are diverting but sterile, raising problems without solving them.]

John D. Black, Introduction to Production Economics

_____, Clawson, Sayre, and Wilcox, Farm Management

_____, Introduction to Economics for Agriculture

George Stigler, Theory of Price, Chaps. 7, 8.

B. W. Knight & L. G. Hines, Economics, Chap. 19

R. T. Ely and G. Wehrwein, Land Economics, Chap. 5, "The Economics of Land Utilization."

J. S. Mill, Principles of Political Economy

Book I, Chap. 9, "Of Production on a Large, and Production on a Small Scale"

Book II, Chaps. 6, 7, "Of Peasant Proprietors"

K. Boulding, Economic Analysis (3d ed.), Ch. 34, 35, "3-Variable Analysis of a Firm." [Note the technique on p. 762]

✓ K. Wicksell, Lectures on Political Economy (E. Classen, transl.), pp. 101-44.

J. Robinson, Economics of Imperfect Competition, Chap. 20, "A Digression on Marginal Net Productivity," pp. 235-42.

G. B. Kistiakowsky, "Allocating Support for Basic Research," Bull. of the Atomic Scientists, Feb. 1966, pp. 12-18. [On the diseconomies of "big science" vs. "little science."]

A. C. Bunce, Economics of Soil Conservation, Chap. 2, "Efficiency, Capacity, Elasticity, and Intensity"; Chap. 3, "The Relationship of Rent to the Elasticity of Production, etc."

P. H. Douglas, "Are There Laws of Production?" AER, Vol. 38 (3-48).

E. C. F. Robinson, Structure of Comp. Indus. (re est. of scale)

M. Gaffney, "The Benefits of Farm Programs: Incidence, Shifting, and Dissipation." (Rexograph) Also JFE, 47(5):1252-63.

E. O. Heady, "Technical Considerations in Estimating Production Functions," in E. O. Heady, G. L. Johnson, L. S. Hardin (eds.), Resource Productivity, Returns to Scale, and Farm Size, (Ames: Iowa State College Press, 1956), pp. 3-15.

In the same book, see also Chaps. 8, 12, 19, and 20, titled as follows: #8, E. O. Heady, "Relationship of Scale Analysis to Productivity Analysis," pp. 82-89; #12, S. A. Engene, "Concept of Limited Resources and Size of Farm," pp. 114-17; #19, H. O. Carter, "Modification of the Cobb-Douglas Function to Destroy Constant Elasticity and Symmetry," pp. 168-76; and #20, O. R. Johnson, "Problems of the Small Farm," pp. 179-81.

David Huang, Introduction to the Use of Mathematics in Economic Analysis, Chap. 5, "Partial Differentiation," pp. 73-115.

[The Heady and Huang sources, while not assigned, I strongly recommend to those wanting to gain insight into some basic mathematical techniques commonly used in production economics.]

Due & Clower, Chap. 7, "Theory of Production"

Chap. 8, "Nature and Behavior of Cost"

[Caution: The treatment of "increasing cost" on pp. 177-80 is wrong. D & C perpetuate a misconception of Ellis, Fellner, and Stigler, that increasing and decreasing costs are from factors external to the firm (error no. 1), and that externalities are price changes (error no. 2).

Phelps-Brown, III, "The Producer's Market"

H. H. Liebhafer, Nature of Price Theory, Part III, "Production and Costs"

Joel Dean, Managerial Economics

2. Consumption

D & C, Chap. 5, "Consumer Demand"

Chap. 6, "Demand for the Product of an Individual Seller"

P-B, II, "The Consumer's Market," pp. 39-91

Manuel Gottlieb, "Influences on Value in Urban Land Markets, U.S.A., 1956-61," p. 15 [Table showing relation of site-value to mortgager's income]

M. Reid, Housing and Income, Chap. 15, "A Reappraisal of Housing Consumption in Relation to Income," pp. 387-98. [Refuting the stereotype that housing is an inferior good]

H. H. Liebhafer, Nature of Price Theory, Chaps. 4, 5

J. R. Hicks, Value and Capital, Chaps. -

✓ R. Dorfman, The Price System, pp. 72-75. [Bernoulli and the St. Petersburg paradox. Don't gamble with your bottom dollar.]

3. Factor Supply; factor proportions and substitutions; enhancement of factor value through specialization and exchange

✓ D & C, Part III, "Theory of Factor Price Determination"
[This also includes their treatment of Distribution.]

✓ L. Robbins, "On the Elasticity of Demand for Income in Terms of Effort," RTID #13.

✓ D. Buchanan, "The Historical Approach to Rent and Price Theory," RTID #31.

R. Solo, "Accumulation of Wealth in the Form of Landownership," LE 31:156-60 (1955).

A. Smith, Wealth of Nations, Book I, Chaps. I, II, III, "Of the Division of Labor, of the Principle that Gives Rise to Same, and the Division of Labor is Limited by the Extent of the Market."

P. Davidson, "Policy Problems of the Crude Oil Industry," AER 53:85-108 (March 1963)
[Note especially his key allegation that the supply of mineral deposits is not elastic to price--a controversial idea.]

D. Campbell, "Comment," AER, 54:114-18

P. Davidson, "Reply," AER, 54:125-31

A. E. Kahn, "The Depletion Allowance and Cartelization," AER 54:286-311

H. George, Progress & Poverty, Book IV, "Effect of Material Progress upon the Distribution of Wealth."

✓ K. Wicksell, Lectures (Classen transl.), pp. 144-95.
[Wicksell's capital theory, explaining the high variability of factor proportions]

✓ P-B, pp. 146-56, "Supplies of Productive Factors Assumed Responsive to Price"

M. Gaffney, "Land and Rent in Welfare Economics," Land Economic Research, pp. 146-47. [Supply curves vs. long run supply changes]

4. Price, and Market Structure

W. J. Fellner, Competition among the Few

- ✓ W. Mead, Mergers and Economic Concentration in the Douglas-fir Lumber Industry, U. S. Forest Service, P.N.W. 9, 2-64, pp. 3-39, 75-79

1st Ed. pp. 369-77

- ✓ S. Enke and V. Salera, International Economics, (2nd Ed.) pp. 368-78 [The question of the "Golden Triangle" of net gains]

H. Ellis, "Economic Expansion through Competitive Markets," in Homan, P.T., and F. Machlup (eds.), Financing American Prosperity

H. Ellis, "Competition and Welfare," CJE 11:554-65

- ✓ D & C, Chaps. 9-12

H. H. Liebhafsky, Nature of Price Theory, Chaps. 9-11

- ✓ K. Boulding, Economic Analysis (3d ed.), Chap. 31, "Application of the Marginal Analysis--The Regulation of Competition and Monopoly," pp. 651-78 [Especially pp. 660-64, dumping]

G. Stigler, Theory of Price, Part III, "Theory of Imperfect Competition"

E. Chamberlin, Theory of Monopolistic Competition

J. Robinson, Economics of Imperfect Competition

F. Machlup, Economics of Sellers' Competition

- ✓ David D. Martin, "Monopoly Power and the Durability of Durable Goods," SEJ 28(3):271-77 (January 1962)

William S. Vickrey, Microstatics, Chap. 9, "Theory of Games"

5. Distribution

- ✓ D & C, Part III (Review)

G. Stigler, Production and Distribution Theories

_____ Theory of Competitive Price, p. 178
[On the equivalence of direct and residual imputation]

J. B. Clark, The Distribution of Wealth

- H. George, Progress and Poverty, Book III, "Laws of Distribution," Chap. II, "Rent"; Chap. VI, "Wages"; Chap. VII, "Correlation and Coordination of these Laws."
- J. R. Commons, The Distribution of Wealth
- H. J. Davenport, Value & Distribution
- P. H. Douglas, The Theory of Wages
- N. Kaldor, "The Theory of Distribution," Chambers' Encyclopedia, Vol. 4 (1950), pp. 553-56
- D. Ricardo, Principles of Political Economy and Taxation, Chap. 2, "Rent"
- J. R. Hicks, Theory of Wages
- P. Davidson, Theories of Aggregate Income Distribution (Rutgers: 1959)
- A. Menger, The Right to the Whole Produce of Labor
- ✓ H. H. Liebhafsky, Nature of Price Theory, Chap. 13, "Wages"; Chap. 14, "Rent"
- ✓ A. G. Hart, Money, Debt, and Economic Activity, pp. 198-203, On credit rationing, and risk
check edn. 2 pages.
- R. Lampman, Share of Top Wealth-holders in National Wealth
- B. Weisbrod, Economics of Poverty: An American Paradox [the current kick. Cf. H. George, Progress and Poverty, 1879, Introd.]
- A. G. Hart, Anticipations, Uncertainty, and Dynamic Planning, 1940, pp. 39-50, 67-74. [on capital rationing] *Good, but no emphasis on concn.*
- S. V. Wantrup, Resource Conservation. Sections on credit rationing and resource use.
- ✓ J. L. Nicholson, "The Fallacy of Easy Money," HBR 17(1):31-34 [The poor pay more for credit.]

6. Time

- ✓ a. I. Fisher, Theory of Interest, pp. 161-65. [When to cut a tree - according to Fisher]
- ✓ b. J. Hirshleifer, J. Milliman, and J. De Haven, Water Supply, Chap. VII, "The Practical Logic of Investment Efficiency Calculations"

- ✓ c. H. G. V. Lutz, Theory of Investment at of the Firm, Chap. II, "Criteria of Profit Maximization" [When to cut a tree - according to Lutz]
- ✓ d. K. Boulding, Economic Analysis (3d ed.), Chap. 39. [When to cut a tree - according to Boulding]
- ✓ e. Tables of Compound Interest. (May published. Chemical Rubber Standard Math Tables are OK.)
- ✓ f. M. Kuhn and C. Morris, Mathematics of Finance. [The only book of its kind written on a reasonably high level]
- ✓ g. D. Bevey, Modern Capital Theory
- ✓ h. K. Wickcell, Lectures. (Classen transl.), pp. 146-95. [When to cut a tree - according to Wickcell, pp. 177-78. At that particular point, his analysis is incomplete, although not incorrect.]
- ✓ i. R. G. D. Allen, Math. Analysis for Economists, pp. 248-50. [When to cut a tree - according to Allen]
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