Alfred Marshall succeeded Ricardo and J.S. Mill as the great name of British economics. He dominated the scene through eight editions of *Principles of Economics* - a Bible for British economists - from 1890 to 1920 and well beyond that. Founder of the Cambridge School of economics. Used the idea of predecessors but added a lot of useful tools, concepts and graphs. Marshall is well covered in Backhouse and Sandmo.

Marshall studied mathematics and knew how to use it in economics. He chose to marginalize mathematics in his book. An interesting aspect of Marshall is that he was more attracted to biological metaphors (such as a forests of firms) than the more common mechanical.@ Marshall wrote much else but the promised Vol. II of *Principles* never appeared. Notice that Marshall was 48 when he published *Principles* while Jevons died at 47.

Marshall’s *Principles* was used in many universities, including Oslo. Frisch treated it with less than biblical authority, writing write comments on various
chapters, called *excursus* (*ekskurs*), until the book was thrown out while the *excursi* remained.

More difficult to like Marshall than most other great names in economics, due to his obsessive personality and stiffness and attitudes such as his opposition the assimilation of women into an educational system designed for men.

From the fancy 2011 calendar I have two months devoted to Marshall, so let us look at them:
Demand and Supply

Alfred Marshall (1842 – 1924)

The 'Marshallian cross' is the foundation of all economic analysis of the behaviour of individual markets. It is named after Alfred Marshall, the leading English neoclassical economist. While Marshall was not the inventor of the diagram (see Humphrey (1992) for an early history), his use of it in his Principles of Economics led to its becoming the most popular diagram in economics and to its common use for partial equilibrium analysis. It is largely due to Marshall that we place price on the vertical axis and quantity on the horizontal axis. In the Principles, shortly after the diagram appears, he gives his famous comment that: “We might as reasonably dispute whether it is the upper or the under blade of a pair of scissors that cuts a piece of paper, as whether value is governed by utility or cost of production. It is true that when one blade is held still, and the cutting is effected by moving the other, we may say with careless brevity that the cutting is done by the second; but the statement is not strictly accurate, and is to be excused only so long as it claims to be merely a popular and not a strictly scientific account of what happens” (Marshall 1920, p. 290).

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Elasticity of Demand

Alfred Marshall (1842 – 1924)

In his *Principles of Economics*, first published in 1890, Marshall put forward the elasticity of the market demand curve as the measure of the responsiveness of demand to changes in the market price. If the demand curve is given by the function \( x = f(p) \), the elasticity of the curve at any point is \( \frac{dx}{x} / \frac{dp}{p} = -\frac{dx}{dp} / (p/x) \). Unlike the slope \( dx/dp \), his measure is independent of the units used to measure the quantity and price. He showed in the graph opposite that the elasticity at the point \( P \) is equal to the ratio \( PT/PT \). Marshall also advanced the concept of the elasticity of supply at a point on the market supply curve. Subsequently economists have applied the dimension-invariant concept of the elasticity to measure the responsiveness at a point on any function of one variable, \( y = f(x) \), to changes in the value of the independent variable, and they have applied the concept of the partial elasticity to measure the response at a point on a function of several variables, \( y = f(x_1, ..., x_n) \), with respect to variation in only one of the independent variables.

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Rather than overlap with the textbooks I will say a little about Ragnar Frisch’s view on Marshall as expressed in the excursi (cf. Frisch: Alfred Marshall’s theory of value, *QJE* 64 (1950), 495-524). Frisch had found Marshall’s book useful and inspiring in earlier years, he also noted some weaknesses:

‘Like all human work, Alfred Marshall’s theory of value had its definite shortcomings. To mention but one: Marshall did not see that any optimalization procedure ... depends essentially on a system of prices or other kinds of value coefficients which the enterprise ... that carries out the optimalization, must assume in order that the optimalization shall have a precise meaning. He was apparently under the impression that the premises of the problem of the “best” combination of factors could as a rule be formulated in purely technical terms [which is true only in the special case of constant coefficients]. Since Marshall’s general line of reasoning was certainly not confined to this special case, much of what he said about optimalization turned out to be rather obscure.’ (See figure 2 for the general picture of the supply side).@

In Marshall’s depiction of the economy he distinguished between

- (1) temporary equilibrium
- (2) (normal) short period equilibrium
- (3) (normal) long period equilibrium

This distinction had mainly to do with the supply side: ‘Marshall’s analysis of demand is far less extensive ... possibly owing to the strong classical influence.’ Another key idea was to look at the firm as having life cycle like a tree in the forest, and related to that the distinction between strong, weak and average firms, according to the extent they had been able to realize “internal economies”. (See figure 3).@

‘There are two fundamental concepts in this analysis, which are typical of his way of thinking. They are the “representative firm” and “normal profit”. These two concepts together with the “long-period normal supply price” constitute a logical unity. If we accept two of them, it is not difficult to give a precise definition of the third. Implicitly, therefore, these concepts define one another. But it is not easy to give a precise and explicit definition of each one of them.’ (See figure 6 and 7).@@
Marshall's views on the social setting (excerpt from Palgrave's)

Marshall saw economics as concerned with those aspects of human behaviour open to pecuniary influences and sufficiently regular and ubiquitous to permit statements of broad scope and some persistence, but emphasized that motivation was not merely a matter of pursuing pecuniary self-interest. Individuals were for the most part seen as imperfect optimizers. Marshall's actors were not imbued with complete knowledge of their environment but had to acquire knowledge slowly, and often painfully, through experience. Nor were they endowed with fixed desires and an intrinsic, unchanging character. Indeed, character and preferences evolved as individuals were exposed to new possibilities and chose to enter into new activities.

Economic improvement required appropriate institutions, incentives and attitudes, and would be threatened by wide-scale government intrusions into economic affairs, although some forced income redistribution could be tolerated. But even if economic conditions were improved, the full yield of social betterment would be garnered only if enlarged consumption were turned to ennobling and horizon-expanding channels (rather than, say, to strong drink), involved a due consumption of beneficial leisure, and was accompanied by healthier and less stultifying conditions of working and town life. The government had a guiding role to play here. But even more important would be the assistance and example of employers and the upper and middle classes, who must first rid themselves of a frequent propensity to showy and ostentatious consumption and excessive materialism.

The working-class leaders and skilled artisans who had already raised their own standard of life had an important leadership role too. Voluntary individual efforts to assist the rise of the underprivileged must rest on an adequate understanding of economic consequences. For this, as well as to secure an informed electorate, the diffusion of sound economic knowledge was an essential and integral element in the process of socio-economic transformation. Economics thus was itself a noble activity of high importance for the future of mankind.

Marshall on predecessors (based on Palgrave's)

In many ways, the list of Marshall's denials of theoretical indebtedness is more remarkable than that of his acknowledgments. He claimed to have developed his ideas on consumer surplus before learning about J. Dupuit. The grudging attitude to W.S. Jevons's marginal utility theory shown in his review (1872),
although subsequently relaxed, was never replaced by any acknowledgement of indebtedness. He showed little or no interest in the work of Walras, gave meagre credit to Carl Menger, whose work must have become known to him by the early 1880s, patronized Pantaleoni and Böhm-Bawerk, largely ignored Pareto, and so on. Even in the case of Edgeworth, one of his few intimates, Marshall felt that undoubted theoretical powers were guided by an unreliable judgement and refused to follow Edgeworth's subtle elaborations far. In fact, the only major theorist of the day to command Marshall's entire admiration and respect was J.B. Clark, and even here there was no acknowledgement of serious indebtedness. This tendency to denigrate the work of his contemporaries was matched by an equally strong tendency to overvalue the achievements of A. Smith, D. Ricardo and J.S. Mill. For one reason or another – perhaps a personality quirk, perhaps an effort to boost the public esteem of economics – Marshall was prone to exaggerate the intellectual continuity and maturity of his subject.
Irving Fisher 1867-1947

Irving Fisher is the greatest economist America has produced (according to James Tobin). He made seminal and durable contributions on a wide range of economic science. Strongly promoting mathematical economics (with Cournot as his great hero). University educated in mathematics and physics, doctoral dissertation in 1892 - *Mathematical Investigations into the Theory of Value and Prices* - on the theory of general equilibrium, comparable to Walras but developed independently.@

Much of standard neoclassical theory today is Fisherian in origin, spirit and substance. Most modern models of capital and interest are essentially variations on Fisher's theme, the conjunction of intertemporal choices and opportunities. Fisher’s theory of money and prices is the foundation for much of contemporary monetary economics. Fisher was deeply involved with quantitative empirical research, index numbers and their properties (on which he was a world authority), and other early econometric approaches.

Fisher's ideas have frequently been rediscovered by others, e.g. distributed lag regression, life cycle saving theory, the ‘Phillips curve’, ‘consumption tax’ rather than ‘income tax’, the modern quantity theory of money, real vs. nominal interest rates, and many other standard tools in economists' kits. Fisher was not fully appreciated by his contemporaries, partly because he was far ahead of others, partly due to the reputation he lost. There never was a Fisherian School. (Fisher leads by far over contemporaries in journal citations and is cited for substance much more than for history of thought.)

**Fisher and the 1929 Crash**

The stock market on Wall Street crashed on Black Tuesday 29 October 1929. The Crash and the subsequent Great Depression cost Fisher much in academic reputation. He stated a few days earlier, “*Stock prices have reached what looks like a permanently high plateau*”. For months he continued to assure investors...
that a recovery was just around the corner. Before the crash Fisher was worth $10 mill., but lost $11 mill.!

**Fisher's theoretical work**

Backhouse and Sandmo cover Fisher well. Fisher’s 1892 general equilibrium system was a single-period model, no intertemporal choices entered, thus nothing on the questions of capital and interest. Fisher took up the theory of the determination of interest rates in *The Rate of Interest* (1907), revised in 1930 as *The Theory of Interest*. Fisher’s interest theory centered on ‘impatience’ and ‘opportunities’ (crediting essentials to John Rae, a Scottish economist 1834). Fisher’s ‘investment opportunity’ expressed the value of capital as the present value of the flow of (net) income that the asset generates, which is how economists think about capital and income today (also, as Keynes acknowledged, close to his own ‘marginal efficiency of capital’).

Fisher’s interest rate books extended the general equilibrium to intertemporal choices and relationships, more convincingly than Walras achieved. Fisher saw that intertemporal problems were tricky and proceeded as if there were just one aggregate commodity to be produced and consumed at different dates. The methodology of Fisher's capital theory really very modern.

Fisher's theory of individual saving is basically still the standard model. Two-period ‘Fisher diagram’ with a family of indifference curves in the two commodities consumption now $c_1$ and consumption later $c_2$ and a budget constraint $c_1 + c_2/(1+r) = y_1 + y_2(1+r)$. (See Calendar graph!)
Irving Fisher (1867 – 1947)

Fisher (1907) was the first to combine indifference curves and a transformation curve together with a budget line in a single diagram. He used them to show how financial markets allowed an individual to borrow or invest in order to maximise utility in an intertemporal framework. Let P represent the starting point. Here income in period 1 is on the horizontal axis while income in period 2 is on the vertical axis. The curve WPZ sets out the production transformation curve for Robinson Crusoe who, by forgoing consumption today (for example, by planting seed), is able to convert that into income tomorrow. Fisher realised that if Robinson Crusoe could have access to a financial market with many agents, he could do better than is possible at either point P or point S (which is the best that Robinson Crusoe, as an isolated producer-consumer can do). Let the slope of the line AB be equal to $1 + i$. If Robinson Crusoe were to save $x'$ and lend it out at interest rate $i$, his income in the second period would be enhanced by $x''$, allowing him to attain a ‘high’ level of utility at Q. Fisher showed that this would be achieved where the rate of time preference is equal to the rate of interest and the marginal rate of transformation.

REFERENCES:
Fisher knew what we know as the ‘life cycle’ model, explaining how individuals smooth their consumption over time, whatever the time path of their expected receipts. On the side of technology, Fisher's approach paralleled his formulation of preferences, simple, abstract and general. Fisher postulated (in modern language) intertemporal production possibility frontiers, properly convex in their arguments, with consumptions at various dates. More rigorous proof of the existence of the equilibria came much later (Arrow & Debreu in the 1950s). Whether agents are assumed to have infinite or finite horizons, turned out to be more troublesome than Fisher imagined.

Fisher describes himself as an advocate of ‘impatience’ as an explanation of interest. Like Böhm-Bawerk, Fisher appealed to the shortness and uncertainty of life as a reason for time preference.

**Monetary theory: the equation of exchange and the quantity theory**

Irving Fisher was the major American monetary economist of the early decades of the 20th century, combining theory with empirical research, inventing statistical and econometric methods. Money was a big subject in US economic literature before Fisher, but monetary theory was relatively undeveloped and unsystematized, both in Europe and in America. Fisher's *The Purchasing Power of Money* (1911) offered theory and much historical and institutional information to promote a proposal for stabilizing the value of money, known as the ‘compensated dollar’. This is an early example of a policy rule, another idea ahead of its time. The 1911 book is monetarism, asserting the quantity theory as earnestly and persuasively.

Fisher is credited for the Equation of Exchange => the identity $MV=PT$.

Recognizing the heterogeneity of transactions Fisher also wrote $MV=\sum p_iQ_i$. In Fisher's Equation the $T$ (and $Q_i$) is a measure of all transactions involving money, intermediate and final goods and services, old goods and newly produced commodities, and financial assets. Fisher moved further by distinguishing between $M$ (currency) and $M'$ (checking deposits) with separate velocities $V$ and $V'$, hence $MV+M'V'=PT$. Previous practice counted only government-issued currency as money, regarding bank operations as increasing velocity rather than addition to money stock.

**Macroeconomic issues (based on Palgrave’s)**

Fisher's views were much more subtle then straightforward monetarism, but scattered through his writings and not systematically integrated.
(1) Fisher is known for his equation connecting nominal interest $i$, real interest $r$ and inflation $\pi$:

$$i = r + \pi.$$  

To Fisher its prime use was a condition of equilibrium in financial markets with $\pi$ replaced by expected inflation $\pi^e$, another unobservable. In a longer run, Fisher recognized, steady-state equilibrium would also be characterized by equality of actual and expected inflation: $\pi = \pi^e$.

(2) In the early 1930s he came to a very modern position. Real variables like production and employment are independent of the level of prices, once the economy has adjusted to the level but not independent of the rate of change of prices, as they depend positively on the rate of inflation. Fisher calculated a ‘Phillips’ correlation between employment and inflation (1926) with the policy conclusion that stabilizing the price level would also stabilize the real economy.

(3) During the Great Depression Fisher came to quite a different theory of the business cycle than the monetarist version he had propagated. In his ‘debt-deflation theory of depression’ debt-financed Schumpeterian innovations fuel a boom, followed by a recession which can turn into depression via an unstable interaction between excessive real debt burdens and deflation. Fisher did not formalize this theory, as he would have done at a younger age. He thus recognized important non-monetary sources of disturbance with insights that contain the makings of a theory of a determination of economic activity, prices, and interest rates in short and medium runs. In his neoclassical writings on capital and interest he had laid the basis for investment and saving equations. Had Fisher pulled these strands together into a coherent theory, he could have been an American Keynes, indeed closer to the post-Keynes neoclassical synthesis which emerged well after World War II. Fisher would have done it all himself. But better late than never, see The Economist, 12 February 2009.

His practical message in the early 1930s was ‘Reflation!’ When his Yale colleagues and orthodox economists throughout the country protested against public-works spending proposals and denounced Roosevelt’s gold policies, Fisher was a conspicuous dissenter. He was right!

**Some Fisher inventions**

Let $r$ denote the real interest rate, $i$ denote the nominal interest rate and $\pi$ the inflation rate: the **Fisher equation** is

$$i = r + \pi.$$

The **International Fisher effect** states that the expected change in the current exchange rate between any two currencies is approximately
equivalent to the difference nominal interest rates at the time, i.e.  
$$E = \frac{(i_1 - i_2)}{(1 + i_2)} \approx i_1 - i_2$$  (cf. Uncovered interest parity)

Fisher was the first in 1925 to introduce **Distributed lags** in analysis.  
(See Nerlove 1958: Distributed Lags ..., *Journal of Farm Economics* 40.)

Fisher's *Ideal Index* (1920) is the geometric mean of the Laspeyres and Paasche formulas and the formula has attractive properties.

* * *

Fisher turns up again as we shall see in the econometric movement after the foundation of the Econometric Society in 1930.

**American economics**

The dominant tradition in American political economy was imported from the English classical economists, mainly Smith, Ricardo and John Stuart Mill; it was just beginning to be updated by Marshall. This tradition Fisher's mentors at Yale had taught him well. But the neoclassical developments on the European continent from 1870 on, the works of Walras and Menger and Böhm-Bawerk, or even those of their English counterparts Jevons and Edgeworth, had been little noticed at Yale or elsewhere in America.

At the time, the main challenge in America to classical political economy was coming from a different direction. The American Economic Association was founded in 1886 by young rebels against Ricardian dogma and its *laissez-faire* political and social message, including included Richard T. Ely, J.B. Clark, Edwin R.A. Seligman and other future luminaries of American economics. Many of them had studied in Germany. The German emphasis on historical, institutional and empirical studies they liked better that classical theory, and the German faith in the state as an instrument of socially beneficial reform had more appeal than the fatalism of economic competition and social darwinism.

William Graham Sumner (1840-1910) was prominent among several elders who refused to join the AEA and the the foremost laissez-faire protagonsit and social darwinist. Sumner did not relent even though the AEA very soon became sufficiently neutral to attract former opponents. Fisher was too young to be involved. It was, however, Fisher’s reconstruction, rather than their revolution, that was destined eventually to replace the classical tradition in the mainstream of American economics.
The distribution of income and wealth, and in particular the sources, determinants and social rationales, of interest and other returns to private property, were obsessive topics in economics, both in Europe and North America, at the turn of the century. One reason, more important in Europe than America, was the Marxist challenge to the legitimacy of property income. Answering Marx was a strong motivation for the Austrian school, in particular for Böhm-Bawerk and followers. Neoclassical economics was in a better position than classical economics to respond to the Marxist challenge. The labour theory of value, taken over by Marx, neither explains nor justifies functionally or ethically incomes other than wages.

These topics engaged the two leading American economists at the time, John Bates Clark and Fisher. Clark set forth his marginal productivity theory of distribution, arguing that a generalized factor of production, capital, the accumulation of past savings, has like labour a marginal product that explains and justifies the incomes of its owners. Fisher attacked these problems in a more elegant, abstract, mathematical, general and ethically neutral manner than Clark, and than Böhm-Bawerk. At the same time, his approach was clearer, simpler and more insightful than that of Walras.

*John Bates Clark*  
*John R. Common*
These two guys should not have been put side by side as Common was an American institutionalist economist, indeed a founder of this tradition. This tradition, a somewhat fading discipline today, counts Veblen among its inspirations, along with Commons, and comprised latter-day followers of Veblen as Wesley Clair Mitchell and John Maurice Clark.
Thorstein Veblen 1857-1929

Thorstein Veblen is dealt with in Backhouse and to a lesser extent in Sandmo’s more conventional book. Words like ‘Darwinist’, ‘evolutionary’, sociological’ are used about Veblen but he was primarily an economist who wrote extensively on methodological issues. He may have contributed less to mainstream economics than most other names in our books but that does not take anything from Veblen. He was a sharp and often sardonic social critic, foremost in *The Theory of the Leisure Class* 1899, in which he argued for the basic distinction between the productiveness of "industry," run by engineers, which manufactures goods, and the parasitism of "business," which exists only to make profits for a leisure class. The chief activity of the leisure class was *conspicuous consumption* and their economic contribution is "waste," activity that contributes nothing to productivity.@

Thorstein Veblen grew up speaking Norwegian in a Norwegian immigrant farming community in Wisconsin. He studied economics at Carleton college (under John Bates Clark), at Johns Hopkins University (under Charles Sanders Peirce, founder of pragmaticism), and for PhD at Yale University (under William Graham Sumner). Upon graduation from Yale, Veblen was unable to obtain an academic job, partly due to prejudice against Norwegians(?), and partly because of his religious views. Veblen returned to his family farm and spent six years there reading voluminously. In 1891 he finally obtained an appointment
at the new University of Chicago and edited the prestigious Journal of Political Economy. His 1899 book and The Theory of Business Enterprise (1904) made him famous overnight for their ridicule of businessmen. In 1906 he moved to Stanford University and in 1911 to the University of Missouri. In 1918 he moved to New York to edit a magazine called The Dial and in 1919 helped to found the New School for Social Research which he was associated with until 1926.

Veblen believed that technological developments would eventually lead toward a socialistic organization of economic affairs, but his views regarding socialism and the nature of the evolutionary process of economics differed sharply from those of Marx. While Marx saw socialism as the ultimate goal for civilization and the working-class as the group that would establish it, Veblen saw socialism more as an intermediate phase in an ongoing evolutionary process in society that would be brought about by the natural decay of the business enterprise system and by the inventiveness of engineers.

Veblen’s The Theory of the Leisure Class and his other writings, whether learned or popular, economic or sociological, were pervaded by notions of evolution – not biological but social evolution and, in particular, the evolution of ways of thinking. Veblen’s thoughts were full of Darwinian notions of evolving adaptations to changing environments. While Social Darwinists emphasized the socially beneficial outcomes of these processes, Veblen emphasized the anachronistic survivals of earlier times that lingered on counterproductively because thinking lagged far behind changing realities. Economics was characterized as ‘helplessly behind the times’ precisely because its approach was not evolutionary.

The theories of conventional neoclassical economics were criticized, not as being incorrect in themselves but because they ‘confine the attention’ to narrow, incidental phenomena and ‘exclude from theoretical inquiry’ the broader cultural context in which economic activity evolves. The economic models in which adjustments take place ‘without lag, leak, or friction’ were seen as wholly unrealistic by Veblen. This was not the naive complaint, sometimes voiced by later institutionalist economists, that the theoretical models did not reproduce all the obtrusive features of the real world. Veblen recognized that, for a theory to be ‘serviceable’, it did not have to be ‘true to life’. But he argued that the particular assumptions of neoclassical economics left out precisely what he considered most important to investigate – how and why economies continually evolve structurally rather than simply grow
quantitatively. Neoclassical economics, according to Veblen, could not ‘deal with phenomena of growth except so far as growth is taken in the quantitative sense of a variation in magnitude, mass and number’.

The kind of inquiry which Veblen wished economics to become was unlike any which had existed before him and unlike any which has come after him. It would have sought the wider social and cultural causes and consequences of evolutionary changes in economic patterns, such as the change from a hunting and fishing society to farming and from handicrafts to industrial production. Clearly, neither classical nor neoclassical economics attempted anything of the sort. Veblen criticized them for asking the wrong questions rather than giving the wrong answers to the questions they chose to ask. In the process, he generated much sarcasm and many aphorisms used later by others for still more sweeping – and usually more naive – attacks on economics.

Veblen’s institutionalist economics was quite different from some later variants, in part because of Veblen’s understanding of institutions, which did not mean organizations, but ‘settled habits of thought, common to the generality of men’. They were the ‘usage, customs, canons of conduct, principles of right and propriety’ reigning at a given time and place. Veblen wished to analyse rather than describe. He did not wish to emulate the Historical School of economists, arguing that ‘the historical school can scarcely be said to cultivate a science at all, their aim being not theoretical work’. Veblen’s aim was theoretical work, unlike later institutionalists’ exhaustive descriptions with ad hoc conclusions.

While Veblen was a theorist, he was not able to test his theories against empirical evidence. A large amount of descriptive information can be found in Veblen’s writings. This became part of his legacy to institutionalist economics.

Veblen made an impact on economics beyond his own career, his writings supplied an arsenal of arguments and aphorisms for social critics inside and outside economics. But, the technical development of economics left institutional economics behind, and even the National Bureau (founded by Mitchell) eventually became part of the newer theoretical and econometric trends.

Veblen’s sweeping attack on production for profit and his stress on the wasteful role of consumption for status greatly influenced socialist thinkers and engineers seeking a non-Marxist critique of capitalism. Some economists at the time complained his ideas, while brilliantly presented, were crude, fuzzy, and
imprecise; others saw him just as an eccentric. Scholars continue to debate exactly what he meant in his convoluted, ironic and satiric essays; he made heavy use of examples of primitive societies, but many examples were pure invention. Veblen died three months before the 1929 crash, an event that is likely to have amused him as a confirmation of his ideas.
Erling Winsnes

Erling Winsnes, — å, jeg minnes ham til nå fra den første lek med ord i luften lå.
Det var harde ord om kvinnen som sa seks.
Han var sikker på manninnen
var en heks...
Og om ikke, — var motivet
til alt liv i dette livet
bare evig diktatur av Sexus Rex.

Neste post det var å bringe ord og bud
til og fra og også for en ukjent gud.
Det er klart han ville være
hans profet,
bygge templer til hans ære, —
menighet...
Og vi svimlet ved hans planer.
Jeg bie selv Winsnesianer, —
og jeg er det enn idag så vidt jeg vet!

Like etter var det «Økelæren» kom
gjennomstand for en ualvorlig dom...
Noen spurte, hva er dette fra hans hånd?

Tror han selv han er den rette cand. økon.?

Han var Norges Thorstein Veblen
som ved Harvard snodde kneblen
over lignende problem — i noen mon.

Og så overdådig ødsel Erling var!
Bare livet var hans lenn og honorar.
Og han fattet om å frelse denne jord.

Men han ødslaet med sin helse som med ord.
Sine innfall lot han drøsse
uten blikk for noen bønne
og han sådde, selv på stengrunn, frø som gror.
Quote from the opening page of

E. Winsnes: Økelæren: Socialøkonomien som Samfundsonde [Economics as a Social Evil], 1921.

"Mens den dannede almenhet ellers gjerne taler med i populærvitenskapelige emner, uttaler sig om nordlyset og radioaktiviteten, om historie, jus og dogmetro, mens alle kan gi et ord med i astronomien, … kan ingen i socialøkonomien fastsla nogetsomhelst, publikums uhjæelpelighet overgaas kun av de lærdes, der er ingen som kan si med bestemthet hvilken handling som er frugtbringende og hvilken som fører til social ruin.

Naar samfundet i stor nød, etter at ha prøvet alle andre utveier, omsider henvender sig til socialøkonomerne for at avpresse dem en uttalelse om prisstigningen, vareknapheten, kriserne eller andre økonomiske problemer, velter kun de tommeste lyd tilbake fra økonomernes svelg, sære orddannelser hentet fra røversproget fylder luften, valutamengden, diskontorpræmien, den effektive rente, omlophastigheten, pengesurrogaterne, omsætningsligningen, gulddækningens overskridelse, og bankers ret til at utsæde sedler for smaabeløp.

Naar socialøkonomen efter timelange utredninger gaar ned av kateteret, er stilheten like trykkende som da man en gang tidligere paa aftenen saa ham træde in i salen."

Translation (shortened):

"While the public can take part in discourse about northern lights and radio activity, and while everybody may have something to say about astronomy, nobody in economics can say anything about anything. The public’s ineptitude is only surpassed by the scholars, no one can say which action is furthering growth and which leads to social collapse.

When the society in great distress at last turns to the economists to squeeze out of them a statement on the inflation, the scarcity of goods or the crisis, only the emptiest sounds come out of the economists’ throats, unusual words from robber language fill the air: currency, discount rate, effective interest rate, velocity of money, quasi money, quantity equation, exceeded gold coverage, and the banks’ right of issue.

When the economist after hours of elaborations steps down from the chair, the silence is just as ominous as when he earlier in the evening entered the room."
You cannot dream the happiness I feel -
You even laugh, perhaps at my devotion.
Mine is no passing mood of merriment:
   I am one entering a sanctuary,
   Who bows with reverent knee.
The hut is ugly! Well -
   A hut like this, shut in by leafy trees,
To me is precious. How it comforts me!
And when it thus lies hidden in a wood
Of pure young aspen - hungry was my soul
For shrubs and groves - small wonder that I sing
   The songs that well up in my happy heart.
The soul's salvation is such foliage -
   Fresh rippling water for the thirsty glance.
How sweet this growth when all is gray and old!
This sprouting forest - how it frees the mind
From nightmare of stagnation that means death;
Lightens the heart and lets the glad tears come,
   And warms and cheers against all desolate.

Agnes Mathilde Wergeland from *The Hermitage*
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