8/16/24
to

The General Theory of Employment, Interest and Money

4 - "The question, also" — Here Keynes states that he discourse around value and production does touch upon unemployed resources, but that the underlying theory does not account for incomplete employment of resources.

8 "Let us assume" - Here Keynes suggests that laborers may not actively object to a decrease in real wages, as they would to a decrease in money wages. Keynes here seems to imply that classical theories have erroneously conflated the role of real wages and money wages in the assessment of how labor reacts to fluctuations in wages.

11 "The traditional theory" Here Keynes points out that the classical theories of value/production assumed that real wages, in a sufficiently free/competitive market, tend to equilibrate to offset the marginal disutility of labor, but that there is still an implicit conflation between real wages and money wages. Since that bargaing between entrepreneurs and laborers is usually expressed in terms of money wages, rather than in terms of the real purchasing power of wages, it is perhaps safer to assume that money wages tend to equilibrate to offset marginal disutility of labor.

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Ch 2.1 Summary: in this section, Keynes summarizes what he perceives to be the two fundamental postulates underpinning what he calls the classical theories of value and production, namely

Offnote/ summary

?

1 - the wage of a given unit of labor is equal to the marginal utility contributed to the end product. (does this account for the "surplus value" harvested by the entrepreneur, above and beyond the wages paid? If of the value exchange is equal, what incentive does the entrepreneur have?)

2 - the utility of the wage offsets marginal disutility of the labor, IE the benefit of the wage to the laborer, in terms of purchasing power, offsets the burden of the labor itself

He also argues that these classical theories do not fundamentally account for unemployed labor, which would have implications in the conclusions or models drawn from these theories

Ch 2.2 In this section, Keynes presents two key critique to the fundamental postulates of the classical theories of value and production, which he listed in the previous section. One, he points out that a decrease in real wage, for example due to an increase in prices of goods and services, does not necessarily result in a withdrawal of labor →

? from the market, as might be expected on the basis of labor bargaining power alone? Keynes argues that money wages and real wages are connected, labor is unable/unwilling to lower its money wages relative to the money wages of other groups (or nominal income) but can lower its real wages by bargaining for lower money wages. The other critique is that labor, collectively and individually, is not equipped to negotiate its real wages below a certain point,

14 "In other words, the struggle" Here Keynes is arguing that a given labor group's negotiations around its money wage serves to determine that group's relative real wage, that is, relative to other labor groups. He also says that the settlement for a decrease in money wages and in relative real wages may nonetheless contribute to a trend of increase of absolute real wages?

note/question/unresolved

14 - "Thus it is fortunate" Here Keynes points out that, in certain respects, the collective unconscious agency of labor may be more prudent than the conscious analytic attempts of economists, at least those of the classical school, in terms of acting →

→ from the market, as might be expected in the course of labor bargaining if there is a decrease in money wages. In this respect Keynes seems to be arguing that, as far as the bargaining dynamics are concerned, ~~labor is~~ availability of labor is more correlated with fluctuations in money wages than in real wages?
? The other critique is that labor, collectively and individually, is not equipped to negotiate its real wages below a certain point,

14 "In other words, the struggle" Here Keynes is arguing that a given labor groups negotiations around # money wages serves to determine that groups relative real wage, that is, relative to other labor groups.
? He also says that this settlement for a decrease in money wages and in relative real wages may nonetheless contribute to a trend of increase of absolute real wages?

#note/question/unresolved

14- "Thus it is fortunate" Here Keynes points out that, in certain respects, the collective unconscious agency of labor may be more prudent than the conscious analytic attempts of economists, at least those of the classical school, in terms of acting →

→ in the interest of labor, namely by resisting decreases in real wages below the marginal disutility of labor.

Ch 2.3 ? Here Keynes elaborates on how labor collectively resists decreases in money wages, but does not (nor is it always able to) resist decreases in real wages, such as may accompany increases in prices, because decreases in real wages tend to correlate with an increase in employment, ~~but due to an~~ which can be understood in terms of an increase in the marginal utility of labor?

In this section
Ch 2.4 Here Keynes defines involuntary unemployment
Sum, as a phenomenon resulting from circumstances
? wherein, the real wages decrease, and the both the aggregate supply of and aggregate demand for, labor at that given money wage exceeds the given capacity of employment. Does this mean that so long as the real wage matches or exceeds the marginal ~~disutility~~ disutility of labor, that involuntary employment should not occur and that "full employment" should be attained?

8/18/19↓
Ch 2.5 In this section, Keynes argues, in alignment
? with classical theories that a given unit of labor's wages is inversely correllated with the level of employment at that organization.→

That said, I'm not sure I understand or agree with this, ~~or perhaps~~.

Ch 2.6 In this section, Keynes explains the classical theories' "axiom of parallels" which states that
? the demand price and the supply price of the output of production are equal. Further clarification is needed, i.e. what is the significance of this?

2.7 In this section, Keynes summarizes Chapter 2 by proving the classical theory of production and value as depending on three suppositions. First, that the real wage tends to equal the marginal disutility of labor, even as money wages fluctuate in purchasing power. Second, that involuntary unemployment does not exist in the strict sense, because it would involve real wages decoupling from the marginal disutility of labor. (Ch 2.4) Third, that the aggregate supply price and the aggregate demand price for a given output of production are, or perhaps tend to be, equal.

23 #- "we need, to start with"
7 Q: why does "employing the equipment instead of leaving it idle" constitute "user cost" and not "factor cost"?
Q: what is an intuitive way of understanding the difference between user cost and factor cost?

24 footnote 3 "An entrepreneur, who has to"
#misc/active-inference

25 "~~Row if for a given~~" "Let Z be the aggregate"
Q: why are these functions called the "aggregate supply function" and the "aggregate demand function"?

26 Ch. 3.1 In this section, Keynes explains the concept of "effective demand" as the point where, as functions of volume of employment, the aggregate demand price matches the aggregate supply price. So long as the aggregate demand price (the price consumers/purchasers are willing to pay for the output of production) exceeds the aggregate supply price (the price the entrepreneur expects to receive), the entrepreneur will be motivated to scale up operations in terms of volume of employment. Keynes distinguishes this conceptualization of effective demand from the suppositions of classical theory, in that the latter tacitly assumes that the aggregate demand price will always coincide with the aggregate supply price, resulting in an arrangement where the entrepreneur's liberty to scale up volume of production is limited only by the constraints of the marginal disutility of labor, which, according to Keynes, tends to exceed real wages as employment volume increases, due to the inverse relation between real wages and employment (Ch 2.5).

↓8/19/24

Ch 3.2

7

In this section, Keynes argues that as employment increases, so does aggregate real income. This aggregate real income does not entirely funnel back into consumption, however, as some of it is saved and thus constitutes aggregate investment. Thus, as employment increases, aggregate demand meets aggregate supply until a point (as opposed to classical theory which supposes that demand always tends to match supply, i.e. that "supply creates its own demand"?)

Q: In Keynes' terms, is it true that aggregate demand consists of the sum of aggregate consumption and aggregate investment, and that the joint growth of these two factors is necessary to drive the growth of employment?

30 ~~"Thus the volume of"~~ Here Keynes challenges the classical notion that employment is ultimately determined by whether real wages offset the marginal disutility of labor, and instead says that aggregate demand (consisting of D_1, consumption or "propensity to consume", and D_2, investment or saving) plays a more determining role regarding volume of employment, and that volume of employment, in turn, helps determine real wages. He also says that, because volume of employment is inversely correlated with real wages, →

→ because the marginal utility of labor δ tend to decrease past some certain volume of employment, depending on the circumstances of production? Does this mean that the marginal efficiency of capital has a local maximum, given aggregate supply as a function of employment?

30 "This ~~study~~ analysis supplies"

Q is it accurate to say that, in the course of negotiating money wages as an imperfect representation of real wages, entrepreneurs don't want real wages to exceed the marginal utility of labor, and workers don't want wages to fall below the marginal disutility of labor? And that employment can increase so long as 1) real wages fall between marginal utility of labor and marginal ~~disutility~~ disutility of labor, and 2) that aggregate demand price is equal to or greater than aggregate supply price?

ch 23 In this section, Keynes explains why the classical theory, and its tendency to assure that aggregate demand can never exceed nor fall below aggregate supply, has prevailed, and how this prevailing assumption has served as a convenient model, or even myth, to prop up certain aspects of the status quo.

Book I

In Book I, Keynes introduces ~~some~~ the fundamental postulates of what he considers to the classical theory of value and production, in order to highlight some of the tacit assumptions of the prevailing schools of thought regarding employment. He shows that, while the classical theory holds that "supply creates its own demand" and that aggregate ~~supply~~ demand will always meet aggregate supply and that this mechanism allows production to scale up to full employment, such is not necessarily the case. Instead, Keynes asserts that volume of employment is constrained by other factors, namely by the intersection of the aggregate demand function (how much consumers are willing to pay, as a function of employment volume) and the aggregate supply function (how much entrepreneurs are expecting to make as proceeds). Keynes says that, even if real wages are equal to ~~or~~ or less than the marginal utility of labor (making wages worthwhile for the entrepreneur) and equal to or greater than the marginal disutility of labor (making wages worthwhile for workers), employment ~~cannot~~ volume cannot be scaled up ~~if~~ unless aggregate demand is greater than aggregate supply.

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Ch 4 In this chapter, Keynes argues that it is more prudent to use use two units of account, wages units and labor units, to quantitatively evaluate the supply side and demand side, respectively. He argues that there are tradeoffs between this choice of units, versus a more heterogeneous approach, but that ultimately this two-unit approach effectively simplifies these analyses within an acceptable range of fungeneres.

Reflection 1: So far, without much pre-existing knowledge on the subject, i.e. classical theories of value and production, I gather Keynes is (effectively) demonstrating how the epistemic paradigms of macroeconomics should be fundamentally overhauled to more realistically account for ~~fluctuations~~ fluctuations in employment. He hasn't gotten deep into interest or money yet, but presumably he will. He frames the classical theory as being overly simplistic and even sanguine (ch. 3.3), in ~~that~~ how it understands mechanisms like the relation between supply and demand, and the negotiations between entrepreneurs and workers regarding wages.

⊠ 47 "Ylve fle behavior" Here Keynes frames the firm as ~~as~~ form of intelligence, ⊠ establishing expectations (world-modelling), ~~forming~~ procuring employees and capital equipment, receiving returns, and adjusting expectations. He also says, here, that the expectations are more of a causal/fundamental influence with respect to employment and output, than "actually realized" results/proceeds are

ft mise/active-inferesare
** [[OUTLINE active inference applied to organizations design]])

ch5 In this chapter, Keynes establishes the role of the expectations of the entrepreneurial firm, and how this informs strategy of employment and investment in capital equipment. Instead of assuming that employment volume is straightforwardly determined by aggregate demand (both D_1, propensity to consume, and D_2, savings/investment), aggregate demand offers a signal to inform the expectations set and acted on by entrepreneurs, and these expectations then, in turn, play a determining role in employment volume

** manifest as proceeds for entrepreneurs

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Concept: aggregate ~~supply~~ demand function:
pg: 25 - intro "
pg: 55 "The aggregate demand function relates"
great description of function

Reflection 2: It occurs to me now that I may have been misunderstanding the aggregate supply function and aggregate demand function. I thought the ASF was the amount entrepreneurs were expecting to make, and the ADF was the amount that consumers were willing to pay. It seems, according to my current understanding, rather that the ASF is the actual price paid by the entrepreneur per for a given of volume of employment, and ASF is the amount they expect to receive from output, ~~paid by~~

Ch 6 In this chapter Keynes attempts to establish a canonical definition of income, saving, and interest, consistent with his theory of effective demand, as distinguished from classical theories of employment and value which assume a more fixed relationship between supply and demand. Here, Keynes defines income as the entrepreneurs proceeds (A), minus the user cost incurred over a given period of production. He defines net income as proceeds minus user cost, minus supplementary cost (V),

or to excess of expected depreciation of capital equipment beyond ☆ user cost.
Keynes also offers canonical definitions of saving and investment, as derived from the definition of income. He also equates saving and investment, but I don't quite understand how.

see ? A1

? 67 "... equivalent of the current disinvestment."
what does disinvestment mean here?

☆ 67 "The concept of user cost" add terms to index

68 "That is to say, the" long-period cost of the output = V + (U+F)
= supplementary cost + prime cost
? or = V + (U+F) + risk cost + interest cost

? What is the difference between the following equations, and which one is correct

A- net income = A - (V+(U+F)
B- net income = A - U - V
= A - (U+V)

short-term supply price = marginal prime cost

☆ 68 "The entrepreneur must, therefore"
☆ 69 "User cost constitutes one" add to User cost index entry
☆ 70 ~~69~~ "we have defined user cost"

73 "It is an advantage" re fixed and liquid capital

A1 74 re: disambiguating savings and investment
75 savings: excess of income over what is spent on consumption
investment: the net addition to all capital equipment

75 "disinvestment" definition: selling (or otherwise disposing of?) an investment, with an "investment" referring to the purchase of some capital good

77 "as I now think"
index add to "Volume of Employment" (N) section

Question re: ch 7, 3 How can I understand the difference between when savings exceeds investment, and when investment exceeds savings?

80 index "forced saving" definition

83 "Thus the old-fashioned view" re: classical theory

84 "the reconciliation of the identity"

? 84 "The above is closely analogous" Q: re monetary theory

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84 - "the ultimate object of our analysis..."
89 "The aggregate demand function" relates
90 C - the amount actually spent on consumption
Y - income
C_w - consumption now in terms of wage units
Y_w - income in terms of wage units

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Ch 6.1 In this section, Keynes introduces "the propensity to consume" as a functional relationship between a given level of income (Y_w) and the amount (of that income) spent on consumption (C_w), measured in wage units (w).

$$C_w = \chi(Y_w)$$

Here, the level of actual consumption (as opposed to D_1, the expected level of consumption ~~is~~ estimated by the producer, as part of the producers expected proceeds ($D = D_1 + D_2$). In this sense, D_1 is an approximation or expectation of C). He also ~~provides~~ argues that the propensity to consume can be adequately understood in terms of subjective factors and objective factors.

? 93 "The influence of this factor" How, according to the classical theory, did the rate of interest ~~which~~ bring "supply and demand for savings" into equilibrium? And how does Keynes' general theory differ?

Ch 6.2 In this section, Keynes demonstrates that the propensity to consume depends primarily on fluctuations in employment volume and income, but also is effected by changes in fiscal policy, windfall changes to capital value, and other factors

aggregate consumption mostly depends on aggregate income

Q: How does actual consumption ($C_w = \chi(Y_w)$) relate to expected aggregate demand ($D = f(N)$)?

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8.3 In this section, Keynes argues that, in general consumption rises as income rises, but that the former (ΔC_w) rises at a slower rate than the latter (ΔY_w), such that $\Delta C_w / \Delta Y_w$ is generally less than 1. (C and Y are assumed in aggregate). He largely attributes this to ordinated reasons psychology, where consumption spending (for essential goods) is more of a priority than investment, but that this consumption spending doesn't rise in a fixed proportion to increasing income, but rather leaves a gap which needs to be filled by increased investment

8.5 - 8.5 "yet the larger our incomes"

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8.4 In this section, Keynes argues that the existing national macroeconomic accounting practices are inadequate in terms of informing employment strategies because the of a reliance on classical theories which do not dynamically evaluate relationships between aggregate supply and demand functions. He gives several examples of biases obtained around macroeconomics, but its not quite clear to me what this section ultimately wants to, but I know it generally has to do with the unsustainability of employment-maximizing strategies

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Ch. 8 In this chapter, Keynes argues that ~~introduces~~ the actual propensity to consume is a functional relationship between the income of a given community (Y_w) and that communities expenditure on consumption (C_w), expressed as $C_w = \chi(Y_w)$. He (Ch. 8.1) This actual propensity to consume is what entrepreneurs attempt to approximate via the D_1 component ~~of~~ of D in $D = f(N)$, the aggregate demand function, where D_1 is the expectation of C_1. He also shows that the actual propensity to consume depends primarily on employment volume and income (Ch. 8.2), in addition to some other factors. This all goes to show how dynamic and expectations-based these feedback loops are, loops which need to be understood in order to prudently assess and promote/up-regulate employment volume. Keynes also shows that consumption rises with income, but at a lesser rate generally. Seeing as Keynes previously argued that savings equals investment, it follows that and any ~~difference between~~ excess of income beyond what is spent on consumption must be constitute investment of some kind. (Ch. 6.2). Thus, in order to promote employment, we must understand how ~~wages~~ value (as real wages represented by money wages) flows from producer to employees according to producer's expectation of demand, and how that income then, in turn, ~~is spent on~~ acts →

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manifests as actual demand, in the form of expenditure on consumption and on investment. this feedback loop is thus critical in the determination of employment nationwide, but in the last section (6.4) Keynes shows that the existing macroeconomic assessments and projections do not adequately account for these complex dynamics, which Keynes designates as the "objective factors" driving the actual propensity to consume.

9.1 In this section, Keynes lists out what he considers the major categories of motivations for individuals to save some portion of their income beyond what they ~~spp~~ spend on present consumption. He also lists out individual motivations to spend on consumption, and he draws analogies between how institutions and governments have similar motivations to save and consume. He presents all of these as the "subjective factors" ~~driving~~ ~~the actual~~ or ~~and inhibiting~~ inhibiting driving the real propensity to consume.

8 "since, therefore, the main" re: C, actual propensity to consume.

9.2 In this section, Keynes says that, while these subjective factors do influence the actual propensity to consume, the influence is minor compared to that of the objective factor of income level. He also →

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→ says that the interest rate exerts a major influence on the actual rate of saving

Ch. 9 In this chapter, Keynes argues that the subjective factors during the actual propensity to consume exert less of an influence than certain the objective factors such as income level and interest rates. He also says that most of these subjective factors are baked into our social fabric, which changes only slowly.

115 - "marginal propensity to consume" is formally introduced, returning to the function $\left(\frac{dC_w}{dY_w}\right)$ mentioned in ch. 8.3

index also, introduces the equation $\Delta Y_w = \Delta C_w + \Delta I_w$

k = investment multiplier
k' = employment multiplier

? 116 re: footnote 1 what does elasticity mean in this context?

123 "But in every interval" re: "multiplier"
125 "We have seen above that" re: multiplier

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Ch. 11.2 In this section, Keynes seems to be arguing that, in order to induce investment, the marginal efficiency of capital needs to exceed the given interest rate.

Note Here, he defines the marginal efficiency of capital →

as the relation between the "prospective yield" of a capital asset and its "supply price", ~~and more specifically, the precise nature of the relationship when it exists~~

Ch 8.

11.4 In this section, Keynes distinguishes two categories of risk impacting capital investments: borrower's/entrepreneur's risk and lender's risk. The first is mostly concerned with whether or not the resulting yield will meet expectations, and, if the investment is a loan, whether this yield will cover interest of the loan. The second concerns whether, the loan is the case of an investment using borrowed funds, the investment will

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12.8.1 In this section, Keynes introduces the need to better understand how the prospective yield of capital goods is ascertained. Seeing as the relation between supply price and prospective yield determines the ~~capital~~ marginal efficiency of capital (of the capital goods in question), and seeing as the relation between marginal efficiency of capital and the interest rate determines the rate of investment, it is thus important to understand how prospective yield factors into things. →

→ To the effect, Keynes proposes that the field of considerations informing prospective yield can be broken down into two categories short-term expectations and long-term expectations. The former concerns the existing factors (such as existing stock and existing demand) while the latter concerns the ~~rest~~ ~~other~~ factors likely to vary in the future (such as real wages, future demand, etc).

12.2 In this section, Keynes introduces how the ~~long~~ term expectations informing ~~prospective~~ prospective yield depend not only on our leading ~~ones~~ forecasts but on their degree or level of confidence. He also says that this factor, the level of confidence, is often neglected by economists and ought to be understood a posteriori based on observation of actual economic and entrepreneurial ~~the~~ phenomena, rather than a priori, based on pure reasoning.

12.3 In this section, Keynes points out that, as in the earlier days of private enterprise, the enterprise was often carried out by the person(s) providing the capital, whereas now the investor(s) are usually distinct from the operator(s). He says this occasions more frequent re-evaluation, ~~which can have~~ does this have an effect of greater liquidity →

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→ in capital markets?

157 "We are assuming, in effect"
see Hayek "Use of Knowledge in Society"

Ch. 12.4 In this section, Keynes draws attention to how our conventional approach to long-term expectations, namely the assumption that the current state of affairs will continue is certainly fallible, but that if it is held constant it may have beneficial effects. Namely, he says that if the collective convention to believe in this stability persists, it affords the individual greater

? ~~Flexibility~~ maneuverability to reassess their investments and strategy. Does this mean that this ~~convention~~ delusion of blithe stability can actually have self-reinforcing or self-fulfilling effects?

He also says that the ambiguity and precarity of this convention contributes to our inability to reliably ascertain prospective yield and, by extension, the marginal efficiency of capital and its relation to interest rates.

155 "Thus the professional investor" # Keynes/concepts/prosocial finance

156 "Or, to change the metaphor" ~~xx~~ # noise/second-order-cybernetics

157 "There is no clear evidence" #/prosocial-finance

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Ch 12.5 In this section, Keynes expands on the factors which contribute to the precarity of our long term expectations of prospective yield of capital goods.

1- the fact that, over time, a greater percentage of enterprises are owned remotely by people without direct experience in relevant fields of practice, i.e. people who cannot as well ~~determine~~ ascertain domain-specific value.

2- Ephemeral market fluctuations which have an oversized or undue effect on how capital assets are valued by the market

3- Frenetic booms and busts which are not always or necessarily grounded in reason.

4- the predominance of professional speculators who engage not in reasoned long-term appraisal of actual value of capital assets, but instead just try to out-guess the market, however unreasonably

5- the willingness of lending institutions which fund ~~specs~~ speculators.

Ch. 12.6 In this section, Keynes comments on how increasing liquidity in investment markets tends to entail a rise in speculators compared to actual appraisers of prospective yield. He distinguishes speculation as being more concerned with second or n-th degree estimations around market sentiment.

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161 "Even apart from it" cf. # mise / home-economics

Ch. 12.7 In this section, Keynes argues that our economic agency is not ~~purely~~ based only on rational ~~calculation~~ calculation, but actually depends more on whim and emotion. He points this out to dispell any ~~the~~ delusions around our ability to comprehensively forecast our economy based purely on mathematics

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Ch 12 In this chapter, Keynes focuses on the role of long-term expectations on the determination of prospective yield. ~~Together with short-term expectations, long-term expectations~~ The entrepreneur has short-term expectations about ~~his~~ their current stock of capital equipment and vague long term expectations about how these factors may change in the future, and jointly these expectations constitute prospective yield. The relation between prospective yield (which is an estimation ~~of~~ in nature) and supply price determines the marginal efficiency of capital. The relation between the marginal efficiency of capital and the interest rate determines the rate of investment. Throughout this chapter, Keynes makes various points about the role of long-term expectation within the above context: that the ~~degree~~ level of confidence of our long-term expectations plays a

significant role in influencing market sentiment (Ch. 12.2); that, over the course of recent history, enterprise has ~~been~~ seen increasing levels of investment from people uninvolved in the enterprise itself, which means that said remote investors are less experientially equipped to assess the value of these enterprises (12.3); that our convention, of grounding long term expectations ~~that~~ in the assumption that the current status quo will more or less hold its course, at once affords individual investors a relatively stable context to adjust their investments, but also contributes to our inability to systematically forecast how marginal efficiency of capital will develop over time (12.4); that our long-term expectations are highly variable and unstable due to factors like investors not having requisite experience to value these investments, meretic booms and busts which swing market value wildly around a reasonable ~~price~~ value ~~assess~~ assessment, other ephemeral circumstantial phenomena which impact investor sentiment, the predominant influence of speculators on the market as opposed to reasonable investors assessing prospective yield, and the ~~lending~~ sentiment of the lending institutions which fund speculators (12.5); ~~that~~ increases in liquidity in investment markets, due to mechanisms like public →

stock exchanges, tends to be accompanied by an increasing prevalence of speculators ~~over reasoned investors~~ focused on predicting market sentiment rather than reasonably assing long-term prospective yield (Ch 12.6); and finally that our economic agency is not purely based on reasoned calculation but also whims, emotions, and perceived market/social sentiment. All of this goes to show that our ability to assess prospective yield based on short and long term expectations is subject to an immense amount of randomness, and that on a collective level, due to the high ~~lack~~ liquidity of invested markets, this arguably enables an assessment vacuum to be ~~w~~ filled by speculators who are ultimately concerned with predicting (if not manipulating) market sentiment, in lieu of a more substantial manner of deriving profits.

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Reflection: In attempting to grok Keynes' general theory, it seems necessary to approach it in contradistinction from the classical theory, which I also know little about. I've just finished Ch 13.2 and he is starting to tie together intricate models of employment, interest and money, which, as an assemblage of concepts, has several areas which I do not →

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→ intuitively grasp. In attempting to identify these gaps in my comprehension, I am here also experimenting in notetaking methodology more generally. Specifically I hope to ~~more~~ incisively surface contrast areas of my known unknowns, and to formulate these areas as questions which I can ~~refer~~ return to as I proceed through the text. What follows is my attempt at ~~recap~~ recapitulating what I have understood thus far of Keynes' general theory, with a view toward what is particular I do not understand, is the interest of integrating the general theory into my intuition.

Keynes seems to be arguing that the classical theory does not accurately model the dynamics of employment, and other key facets of the economy, because it does not correctly conceptualize some of the underlying factors which influence these facets. As I understand, the classical school of economics generally holds that spontaneous markets will efficiently tend toward equilibrium between supply and demand and will naturally tend toward full employment. Keynes, however, argues that if you inspect the complex of evolving factors and their relationships, you will see that the classical →

suppression is not necessarily so. For example, he argues that employment is not maximized irrespective of the relation between supply and demand, but that supply and demand should be understood as dynamic functions of employment volume, and that ~~full~~ ragging employment occurs where these functions intersect. This is also one example of a facet of Keynes' conceptual assemblage which I do not yet adequately understand.

From a high level perspective, ~~Keynes General theory is~~ I am approaching Keynes General theory as a conceptual assemblage built to better understand economic phenomena, as an improvement upon the classical school of economics orthodoxy of it as a conceptual assemblage, it can be understood as a complex of dynamic and variable factors which are in imperfect dialogue (i.e. limited by constraints of communicative factors and subjective interpretation) with one another. This complex of factors includes some which are carried over or otherwise ~~denied~~ preserved from the classical ~~the~~ school, and some which Keynes introduces himself. In trying to understand the general theory, I am attempting to wrap my mind around

this conceptual assemblage as a whole, and integrate it into my living oeuvre, and also the externalized knowledge base of discourse which my zettelkasten is fostering. In other words, I am trying to internalize ~~this~~ the epistemic spirit of the general theory into my own intentions, while ~~offshoring~~ externalizing the ~~rote~~ more rote body of information, embodied by the book itself, into a queriable ~~hypertraph~~ and semantically rich hypergraph. Moreover as to the former, this epistemic digestion of the general theory is part of the larger effort of internalizing the various epistemes of thought having to do with politico-economic systems, is a ~~one or less dialectical fashion~~ rhizomatically dialectical fashion which, despite its pluralistic bearing, may still serve to inform some definite and syncretic model for how a ~~global~~ society may be organized to best embody the virtues of our various attempts thus far while best avoiding their ~~pitfalls~~ respective pitfalls.

As for Keynes general theory, and my comprehension of it, he seems to be building the conceptual assemblage with a practical view toward maximizing employment, and judging from my understanding of the role he went on to play in the global institutionalization of →

→ macroeconomic theory, be seemed to succeed
is actually implementing much of this, or at least
attempting to. Prior to actually reading
anything of Keynes' I understood his
economic paradigm was referred to as embedded
liberalism" and his school of thought
as "Keynesian" economics, as distinct from
classical economics. Having also already
read some of Hayek's more philosophic
work, namely the "Road to Serfdom" and
"The Constitution of Liberty", I understood that
much of the ensuing school of ~~economics~~
economics referred to as "neoliberal"
economics is largely in response to
Keynesian economics. I mention this context
to draw attention to certain preconceptions
I have around the body of discourse
jointly referred to as keynesian economics
or embedded liberalism, ~~and how~~ and
how these preconceptions may in part be
molded by antithetical caricatures of
Keynesian economics as being pseudo-socialist.

Context being provided, I will now
attempt to identify those topics of salient
misapprehension across what I have read of
the general theory so far, in no particular
order. Firstly, I do not ~~so~~ adequately
understand the relation between interest rate and
investment rate, nor even what interest rate
refers to concretely. Is it the aggregate of

7.

all interest rate for loans, or is it the interest rate of some central bank? I am starting to understand how the aggregate interest rate notionally relates to the willingness or unwillingness to part with liquid savings in the form of cash. Secondly, I do not adequately understand the distinction between saving and ~~capital~~ investment. Thirdly, I do not understand the conditions under which the general theory posits that full employment can be attained, but I do think it has something to do with there being a proper balance between aggregate demand (and of that, sufficient propensity to consume), the marginal disutility of labor being in proper relation to the real wages, the proper relationship between the marginal efficiency of capital and the interest rate, and perhaps some other factors exerting mutual influence over each other. I also know that many of these dynamics involve the relationship between expected and actual values, and how well the former kind approximately predicts the latter.

I have difficulty holding all of these factors within a single conceptual model, but thankfully that is surely due to the fact that I haven't finished the book yet and I haven't reviewed my chapter summaries. Regarding the summaries, the intention there, in terms of →

(for whiteboard or index pg. 173)

conceptual assemblage is that ~~that~~ there is variance, and changes in rates of change, degrees between changes, highlighting examples of relationships of dominance, and also relations of relations of values.

another reason for the central dynamic in this distinction between expected and actual values, and how well the former approximately predicts the latter.

consequences

47

→ notetaking methodology, is to re-articulate encountered discourse in terms originating from my present intuition, ~~and~~ ~~in order to~~ as if taking a snapshot of my current competencies of the topic(s). By building a nexus or reticulum of this internal expression of external discourse, I hope to extend or innervate these ~~lines~~ networks of associations ~~within~~ deeper within my long-term intuition. There may also be the a potential role for spaced repetition to play here, in the interest of revising these notes. Ideally, I will reach a stage of grokking the ~~general~~ theory so fundamentally that, ~~I will~~ despite inevitably forgetting particular bits of information, I will have its epistemic essence so deeply innervated into my own intuition that I will need only to periodically revisit some condensed treatment of the text, expressed by my own notes, to return to a deep level of familiarity with it.

✱173 "... rate of interest (or price of debt)..."

Ch. 13.1 ~~In~~ In this section, Keynes argues that, ~~in~~ according to this new general theory, that the rate of investment varies to the effect of equilibrating the marginal efficiency of capital (ie relation of prospective yield of capital equipment ~~to~~ to supply cost) to the →

given interest rate. This relationship, between the marginal efficiency of capital and the interest rate, he has referred to already as the schedule of the marginal efficiency of capital. Here, he says that this schedule exerts a causal ~~effect~~ force on the investment levels (i.e. that portion of proceeds saved from output, beyond ~~not~~ actual consumption). He also argues that the 'classical view on this subject does not hold up to scrutiny, but I don't understand how he frames the classical theory in this section.

9/4/24

Ch. 13.2 In this section, Keynes introduces the concept of liquidity-preference to describe the manner in which an individual saves ~~beyond~~ that portion of their income beyond what they consume. Specifically, this preference concerns how liquid they want those savings to be, ~~assets~~ as ~~cash~~ and how much of a yield they want. Keynes states that the interest rate is the price of debts (13.3) and provides a formula to determine whether it is lucrative for someone to loan their savings for a given return of interest, at the cost of diminishing liquidity of their savings (because ~~cash~~ choosing to hold cash would be more liquid than holding a debt someone owes you) → $r d_r = \frac{r d_{r+r}}{r d_r}$ →

~~illustrates how, if the future interest~~

→ Specifically this formula ~~states that if the left side equals the right side, that~~ means the rate of interest ~~is consistent/known~~ i.e. ~~that~~ illustrates how, if the future interest rate is known (n d r), one would not have a need for the precautionary liquidity of holding cash, ~~d~~ which does not have a yield, and could instead opt to hold debts with a foreseeable yield according to an ~~certain~~ future interest rate of which we are certain.

Because ~~why~~ we cannot be certain of future interest rates, the precaution of ~~has~~ holding cash is warranted, ~~not~~ The liquidity-preference of the individual reflects this precautionary considerations. Keynes also breaks down ~~his~~ liquidity-preference into "transaction motive" (need for liquidity, i.e. cash, for present transactional purposes), "precautionary motive" (need for security in terms of future access to liquidity?), and the "speculative motive" (ability to have wealth appreciate, even at cost of present liquidity?). He also starts to explain how the monetary supply ~~influences, and it can~~ impacts these factors, but I ~~did~~ do not adequately understand it.

⊗ 171 index — "As a rule, we can suppose"

Ch. 13.3 — In this section, Keynes briefly but succintly covers how changes in money supply may impact other economic factors. He also provides other examples of how these complex factors impact each other in dynamic ways.

Useful section for review

Ch. 13.4 — In this section, Keynes disambiguates the relationship between "bearishness" and liquidity-preference due to the speculative motive, but I do not understand the significance of this distinction.

?

Ch 13.5 — In this section, Keynes disambiguates between hoarding and ~~the~~ liquidity preference, and briefly examine this distinction in light of interest rate and monetary supply.

Ch. 13 — In this chapter, Keynes explains how the rate of interest factors into the complex of other factors comprising the general theory. He covers how interest rate is effectively "the price of debts" (13.4) and how ~~this~~ it varies according to factors such as ~~the~~ the liquidity-preferences in the aggregate (13.2). ~~the uncertainty of~~ He also says that preference for liquidity is mostly →

→ due to the uncertainty around future interest rates (13.2), ~~and~~ He also touches on how rates of investment depend on the relationship between the marginal efficiency of capital and the interest rate.

176
xdep 177 " re: classical understanding of interest
" " areas, in appendix I,"

180 ☒ "In truth, the classical theory has not
re: distinction between classical and general theory

9/8/24 ↓

☒ 181 "Thus the functions used" re: classical/general theory
☒ 183 "Thus the traditional analysis" re: classical/general
☒ 184 "For the "marginal efficiency of capital" partly"
187 footnote 3: re: rate of interest

Ch 14A In this appendix, Keynes ~~has~~ highlights ~~three~~
~~six~~ examples of how the interest rate is
conceptualized at that time. One example is
Pigou's conceptualization, ~~and~~ another is the
classical Ricardian conceptualization, and
the third is the Austrian perspective of
von Mises and ~~Hale~~ Hayek and others.
Much of this chapter I did not
meaningfully comprehend, largely due to
my lack of familiarity with the theories
in reference, and largely due to →

my lack of understanding of Keynes own complex of factors as encompassed by his general theory.

index

liquidity-preference
- income-motive (pg 195)
- business-motive (pg 195)
- precautionary-motive (pg 196)
- speculative motive (pg 196)

Ø 196 "In normal circumstances" re: impact of changes in interest rate on liquidity-preference (and rate of investment?)

Ch 15.1 In this section, Keynes elaborates on the concept of liquidity-preference, as well as the taxonomy of it, in light of how it is influenced by the actions of the monetary authority and changes in the interest rate. He says that changes in the interest rate primarily affect the speculative-motive of liquidity preference, whereas the transaction-motive (composed of income-motive and business-motive) and the precautionary-motive are less affected by changes in the interest rate and more affected by changes in the levels of real income.

9/9/24 ↓

Ø 202 "This, indeed, is perhaps the chief obstacle
Ø 203 " it might be Ø more accurate"

index 205 "We can sum up the above" re L_2

15.2 In this section, Keynes elaborates on the idea that the different motives influencing liquidity-preference are influenced differently by different factors. He says that M_2, the money savings corresponding to the transactions-motive and precautionary motive, is determined by a function, (L_1) of income (Y). He then says that M_2, ~~xxxxxx~~ as the savings corresponding to the speculative motive, is determined by a function (L_2) of the interest rate (r). Thus, the total amount of savings in money (M) is jointly determined by the sum of the two categories of savings, such that

$$M = M_1 + M_2 = L_1(Y) + L_2(r)$$

~~208~~

15.3 In this section, Keynes gives some examples of limitations around the efficacy with which a monetary authority may manage the interest ~~rate~~ rate, or rather the complex of interest rates corresponding to debts of various maturities

9/11/24

index 208 "In a static society"

$$M_1 V = Y$$

Q Q

199/15.4 In this section, Keynes briefly compares his models of liquidity preference (in the aggregate) to the Quantity Theory of Money, and how in a "static" society where there is certainty regarding future ~~rate~~ interest rates, M_2 would come to zero, ~~there~~ i.e the "propensity to hoard" ~~was~~ would diminish, because the liquidity of holding cash is lowered (at least re M_2) to ~~offset~~ or protect or hedge against the uncertainty of future interest rates

p213 "I sympathize, therefore

Ch 16.1 In this section, Keynes argues that the act of saving is, in general, a depressant of business insofar as it detracts from would-be present consumption without necessarily guaranteeing future consumption. He also makes some deeper points about the nature of saving and its relation to the factors of production, but I did not fully comprehend them.

? - Aside: question if there are pools of labor, say sweatshops, is a global labor market which have an unusually high tolerance (out of desperation) for the marginal disutility of labor, how does that effect labor markets more broadly?

p 215 ☆ "In optimum conditions, that is to say,"

p 216 index "If the rate of interest were zero"

Ch. 16.2 In this section, Keynes grounds the "productivity" of labour, not in a context of other factors of production, such as technical efficiency of capital equipment, effective demand, etc. He also goes ~~into~~ on to argue that the interest rate ~~is~~ exerts a determining force on the optimum length of production processes, which are generally centered around delivering output to consumers at the time of effective demand, i.e. when the aggregate demand function coincides with the aggregate supply function - which is the general theory's way of saying when demand ~~and~~ meets supply (which the general theory argues isn't always the case, against the assumption of the classical theory). He also says that the value of capital is better understood in terms of prospective yield ~~and~~ than in terms of its contribution to the current productivity of labour.

☆☆☆

p 219 "The post-war experiences of Great Britain and the United States"

re: general theory of employment, as against market fundamentalism of classical theory.

Ch. 16.3 In this section, Keynes makes some interesting points, using hypothetical economic circumstances for illustrative purposes, regarding how the accumulation of wealth may, under particular conditions relative to other factors of production, contribute to ~~sup~~ suboptimal levels of employment. He gave a few examples of hypothetical complexes of productive factors, which I did not fully comprehend.

BB, 221 "If I am right in supposing it to be" re: similar at all to the Georgist theory of eliminating the rentier qua land speculator?

Ch 16.4 In this section, Keynes suggests that, if the marginal efficiency of capital is to be diminished while keeping other factors of production at certain target levels, we may be able to keep employment (and by extension, to some measure, quality of life) at desirable levels. This suggestion seems in keeping with Keynes attitude against ~~speculator~~ speculators (i.e. non-productive investors and idle accumulators) while still being in favor of reasoned investment based off of assessments of prospective yield, as well as being in favor of entrepreneurial →

→ use of capital.

9/12/24

Ch. 17.1 In this section, Keynes highlights how other commodities can be ~~used~~ treated as units to measure rate of interest, based on calculations of present value of a commodity and its value upon some future date of delivery/consumption? I personally was not able to comprehend the logic of this section, but I gather the point was to draw attention to why money is a privileged unit of account in terms of establishing rate of interest.

Why? "for we can take any commodity" ~~t~~ d

9/24/24

Ch 17.2 In this section, Keynes elaborates on how we can understand the appreciation/depreciation of assets in terms of interest rates expressed in units of that asset, but I did not meaningfully follow.

p230 "interest of money could be grown"
p231 "the second differential of money

9/29/24

232 "We have to allow, first of all,"
232 "The fact that wages tend"

173 In this section

~~8888~~ ~~Reflection~~: Keynes seems to be illustrating how
88 we could generalize beyond the money
rate of interest, namely beyond money
as the unit (or unit factor) by which
interest rates are measured. He tells about
how we could compare of interest rates
in terms of other commodities, ~~not~~ i.e.
~~the~~ wheat or houses (17.2), and then
goes on to distinguish money as a
privileged or special case, owing to certain
unique characteristics money has which these
other commodities lack (17.3). ~~It~~ He then
suggests that if our interest rates
were ~~instantly~~ instead measured in other
commodities (i.e. commodities which lack
the special characteristics of money, such
as how its ~~it~~ utility is it exchange value,
and how increased demand for money does
not have the conventional effect of ~~more~~
prompting an increase in supply) it may
result in an ~~an~~ arrangement whereby the
"rates of interest would only reach
equilibrium when there is full employment."

? 236 "Our conclusion can be stated"

10/2/24 ↓

? 237 "for what matters is the difference"

~~88~~ 238 "Thus we see that the ~~money~~ various"

17.4 In section 17.4, Keynes further examines the singular combination of characteristics which distinguish money from other commodities, in terms of the dynamics of an arbitrary commodities rate of interest in terms of itself. He is illustrating why the interest rate of money is the most systemically significant rate of interest, and why our economy ~~not~~ revolves around it and not around the rate of interest in terms of some other commodity. This is all part of his examination of money and interest, and how they factor into the macroeconomic complex that is his general theory.

239 "is a footnote to the above" → A → A

240 "There is, clearly, no absolute standard"

17.5 In section 17.5, Keynes frames money as the only commodity ~~which has~~ with a liquidity premium in constant excess of its carrying costs.

A, 242 "That the world after several"

10/4/24

247 "Our present object is to discover

18.1 In section 18.1, Keynes succintly recapitulates the aim of the general theory, namely to identify those aspects of the complex of economic factors which serve to determine the national income and the volume of employment. He also sets the stage for an analysis of how the state via monetary ~~and~~ and fiscal authority may tactically control these key factors, ~~to maximize employment~~ to such ends as the ~~aim~~ maximization of employment is conjunctive with national income?

?

10/6/24 In section

In ~~Reflection on~~ 18.2, Keynes briefly restates the key factors, and their causal relations, at play in the economy. He says that there will be found to be a natural inducement to invest, up to the point where investment causes the supply price to, in conjunction with the expectations around prospective yield, equilibrate such that the marginal efficiency of capital (i.e. the relation between supply price and prospective yield) reaches equality with the interest rate complex. That said, I still do not know what this equality means exactly. Does ~~it~~ this equilibrium mean that the cost of borrowing, for capital investment purposes, is ~~just~~ roughly equal to

?

→

→

⇒ or slightly lower than, the net yield or profit obtained from the enterprise in which the capital is employed, within the ~~xx~~ maturity timeframe of the loan/bond in question?

18.3
251 "~~the next extreme increases; both the~~"
index re: propensity to consume

OPK ↳ re this passage: Here Keynes is pointing out why increases in investment do not ~~lead to extreme increase~~ trigger drastic positive feedback loops. He ~~says~~ to say that, because the marginal ~~stability~~ propensity to consume is positive but diminishing as a function of real income, that the feedback loop (of investment into production and consumption of output) tends toward ~~stability~~ stability, all else being equal.

? 253 "But here again, whether or not"

253 "our fourth condition, which is a"

Q: does an increase in investment increase the supply price of capital goods, thus, assuming a fixed prospective yield, resulting in a diminished marginal efficiency of capital?

183 In section 183 Keynes highlights various dynamics at play between economic factors, and how certain series of cause-and effect can exert a stabilizing force on the economy, rather than a runaway or destabilizing force. For example, he points out how the propensity to consume increases at a diminished rate alongside increases in real income, and thus that why increases in investment, which result in increases in real income, do not cause an avalanche of unrelated increases in consumption to the level of maximum employment. He ends this section ~~abrupt~~ by saying that, even though these stabilizing tendencies can be observed in ~~today's~~ the economy, it does not necessarily mean that these tendencies constitute the ~~natural~~ optimal condition. This implies that there may be a role for the state, gov fiscal and monetary authority, to play in further optimizing these conditions.

10/7/24

283 "If the reduction of money-in

260 "For we have shown that the"

index re: effective demand

265 "When we enter on a period"

267 = "There is, therefore, no ground"
re: self-correcting markets

267 · Except in a socialized community"
re: central planning, monetary policy
to promote employment

10/8/24

275 Q Does "full employment" mean that all existing supply of labor is met with demand, or that all existing demand for labor is met with supply?

10/11/24

280 Employment function: for given industry r:

index

$$N_r = F_r(D_{w_r})$$

F_r = employment function for industry r

282 F = employment function for industry as a whole

N_r = employment level for industry r

N = employment level for industry as a whole

D_{w_r} = effective demand, in terms of wage-units, for industry r

D_w = effective demand, in terms of wage-units, for industry as a whole

?, 282 "The elasticity of employment for a given"

Q: explain mathematical logic of

$$e_{er} = \frac{dN_r}{dD_{w_r}} \cdot \frac{D_{w_r}}{N_r}$$

I don't understand this ← elasticity formula of $\frac{dA}{dB} \cdot \frac{B}{A}$

'et hoc genus omne' 'praepaedentic'

? 283 ☆ $\frac{I - e_{or}}{e_{er}} = -\frac{N_r \phi''(N_r)}{\rho_{wr}\{\phi'(N_r)\}^2}$

where 'e_{or}' is elasticity of output of industry r
and 'e_{er}' is elasticity of employment of industry r

☆ 284 "Now, in so far as the classical theory
re. application of general theory, general vs classical

?, ☆ 288 "For these reasons perfect stability"

☆ 281 "We have shown that rates effective demand"

10/12/24

293 "For the importance of money essentially"

21.1 In section 21.1, Keynes states that the prevailing discourse of the classical theory has experienced difficulty reconciling a theory of value (eg supply and demand) with a theory of prices (ie: money), and that there could be more optimal distinctions to draw between prominent economic theories. He suggests a split between microeconomic and macroeconomic theories of output, and state that the importance of money is due to its role as a ~~link~~ link between present and future economic states

21.2 In section 21.2, Keynes compares the factors determining price in a given industry, and those determining price across industry as a whole, applying the same logic to both, ie. that prices are determined by the cost of the factors of production and the scale of output. He says that both of the costs of the factors of production and the scale of output (ie. the volume of employment) depend on demand (Here I take it to mean the effective demand). He also says we need new language and ideas to deal with aggregate demand across industry as a whole.

296 "This we must first consider the effect"

297 "the object of our analysis"

21.3 In this section 21.3, Keynes argues that ~~a wage~~ changes in the quantity of money effect price levels by first impacting the wage unit as well as the volume of employment, but I do not understand how

He also goes on to argue that much of economic discourse is treated in an inappropriately mathematical fashion, trying to impose rigid axiomatic logic onto a fluid and complex social system which (and I am extrapolating

here) exhibits varying degrees of self-awareness and self-referentiality.

300 "Hence, in general, supply price"
index re. supply price

302 "whilst it is for many purposes"
index re: cost-unit

303 "We have full employment when"
re: full employment.

10/13/24

303 21.5 re: "when a further increase in"

Q Why does an increase in quantity of money tend to increase effective demand?

304 "The view that any increase in the"
re: general vs classical

305 $e = \frac{M\,dp}{p\,dM}$ ~~but~~ where 'e' is the response of money prices to changes in quantity of money

index

$$e = e_d - (I - e_w)\,e_d \cdot e_e \cdot e_o$$

21.7

306 ~~307~~ "So far, we have been primarily"
re: complex of dynamic variables, chain reactions

10/14/24

22.1 In this section, Keynes introduces the need for the general theory to account for the phenomenon of the trade cycle, →

10/14/24

→, in order for the general theory to be considered complete. He frames the trade cycle as primarily based on fluctuations in the marginal efficiency of capital, as well as a couple other variable such as the propensity to consume and the aggregate state of liquidity preference.

319 "We have seen above that the marginal
index re: marginal efficiency of capital
319 "It is of the nature of organized investment"
↳ research Q: is the ~~a~~ non-substantive speculative force or which should be promoted or inhibited, or does it depend on circumstances?
316 "Moreover, the dismay and uncertainty"
re: rate of interest
↳ ¶
316 "If a reduction in the rate of interest"
re: monetary authority, rate of interest → ¶
317 ~~318~~ ~~But the interval of time~~ "If current costs of production"
? ↳ why does ~~durum~~ decreasing cost of production result in a fall in the marginal efficiency of capital"?
318 "Now the process of absorbing"
? ↳ what is negative investment?
319 "When once the recovery has been started"
re: the role of the state and why laissez-faire conditions cannot be relied on for economic recovery

22.2 In section 22.2, Keynes elaborates on the factors and dynamics driving trade cycles, and the feedback loops underpinning them. He builds up to the →

10/14/24

→ assertion that the role of the state, as monetary and fiscal authority, is warranted to steer economic recovery beyond what can reasonably be expected from spontaneous free market dynamics of self-correction.

321 "According to my analysis"
? → I don't understand this concept of 'over-investment'
☆ 322 "Thus the remedy for the boom" "quasi-boom"
re: strategy for economic stability
323 "Thus an increase in the rate of interest"
re: interest rate, stability strategy
324 "Furthermore, even if we were"
re: redistribution

10/15/24

~~329~~ "In, one more, it is suggested" re: negative net investment
☆☆ 339 "Thus, the weight of my criticism"

10/16/24

☆ 347 "It is impossible to study the nations" → Ω
349 "Never in history was there"
re: competitive geoeconomics
☆ 349 "It is the policy of an autonomous"
351 "For it is a far greater exercise"
good quote

351 "There remains an allied, but distinct"
re: mercantilist → classical → general theory
353 Bentham quote: "The career of art, the great road..."
☆ 351 "I was brought up to believe" re: marginal efficiency of capital, and re: interest rates
↳ Ω

10/17/24

358 "The theories which we have examined"
index re: the two constituents of effective demand, namely the inducement to invest and the propensity to consume.

361 good quote from mandeville: "for let the value of gold"

Q 368 "But it is the first explicit statement"
re: generation of capital.

↳ see also 369, "by Hobson and Mummery, "Every increase in saving and in capital"

23.7 In section 23.7, Keynes highlights a number of unorthodox examples of discourse in economics pertaining to theories around how under-consumption contributes to economic downfalls. He says this position goes against ~~that of~~ the classical theory position that there can be & no imprudent excess of non-productive saving. (with "saving" here meaning that portion of one's income ~~not~~ which is neither used for investment nor consumption")

375 "The justification for a moderately" → Q
index re: interest rate, inducement to save

Q 375 "how, through this state of affairs"

Q also: "I see, therefore, the rentier aspect" → Q → Q

~~DB~~ 378 "It is not the ownership of the"
re: against Marxism

"Our criticism of the accepted classical theory"

379 "To put the point incorrectly"
re: general vs classical

380 "But there will ~~remain~~ still remain a wide field" → A → A
re: Hayek

382 "I have pointed out in the ~~past~~ preceding" → A → A
re: mercantilism

56 V = supplementary cost.

57 net income = $A - U - V$ or, (= net investment (pg 63))

→ sum received for finished product
minus
→ user cost
minus
→ supplementary cost (excess of expected depreciation of equipment beyond user cost)

62 ~~saving~~ saving: excess of income ~~of~~ over investment
62 income : $A - U$ = investment (pg 63)
62 consumption = $A - A_1$;
63 saving = $A_1 - U$
62 net saving = excess of net income over consumption
$= A_1 - U - V$

---

66 User cost : U

$$U = A_1 + (G' - B') - G_1$$
$$U = A_1 - I$$

66 I = entrepreneurs current investment in capital equipment
$I = G - (G' - B')$

$\frac{dC_w}{dY_w}$ = marginal propensity to consume

$\Delta Y_w = \Delta C_w + \Delta I_w$

$\Delta Y_w = k \Delta I_w$

$I - \frac{I}{k} = \frac{dC_w}{dY_w}$

↓

$k \Delta I_w = \Delta C_w + \Delta I_w$

8/17/24 ↓

note method: use the alternating alphanumeric note codification system used by Tubman, but with a coding methodological tweak, namely where every "adjacent" note is somehow a derivative of its base note. For example, instead of inserting a random or even merely related note after Note 12, and naming it 12A, reserve 12A for the first derivative note of Note 12, such as a question or answer to note 12.

Make this note ↑

↑ derivative of this note →

Note method: use the alphanumeric base-shifting method for note ~~code~~ identification, switching between base-10 arithmetic (0-9) and base-26 arithmetic (A-Z).

Note method: the fundamental string of notes, according to alternating-base alphanumeric ording, ~~or~~ is reserved as for an open-ended and heterogenous string of notes, bound by no ~~constraints~~ constraints of topical similitude

Note method:

8/21/24 ↓

52 A sum received by entrepreneur for finished output

52 A_1 sum paid by entrepreneur, during production, on other finished output

52 G value of accrued capital equipment of entrepreneur

53 B' optimum cost of maintaining G for a given period of time

53 G' ~~value~~ of optimum value of capital equipment at a given period of time

53 $G' - B'$ the maximum potential value of capital equipment, if it had gone unused in production

U = user cost

F = factor cost

$U + F$ = prime cost

$A - (U+F)$ = income of entrepreneur

$U = (G' - B') - (G - A_1)$

maximum potential value of capital equipment, minus costs of maintenance ↓ maximum potential net value of capital equipment from previous period(s)

value of capital ~~goo~~ stock, minus cost of purchased capital stock, ~~for~~ ~~per~~ period of time ↓ net actual value of capital equipment at end of given period?

25 Z = aggregate supply price

25 D = expected proceeds

$Z = \phi(N)$ aggregate supply function

$D = f(N)$ aggregate demand function