Capital and Interest Swift's Notes:

I'd like to preface this section with the fact that this topic of economics is not easy, being quite rightly known as the "black hole of economics" for good reason, as you read through it you'll likely find yourself becoming more and more confused, but in my opinion, this is the area with the most rewarding and significant concepts and debates. This is also a section that I've had quite a difficult time categorizing, so I hope the format below should have more detail for each individual book or paper, but this is very much a puzzle you can only create yourself, and the pieces are definitely not homogenous.

BOHM BAWERK AND THE HISTORY OF CAPITAL AND INTEREST THEORY

The history of capital and interest theory before Bohm Bawerk begins and ends with pretty much one book, Capital and Interest by Bohm Bawerk. This book is quite incredible, in it, Bohm Bawerk covers all of the theories of interest ever in the history of economic thought, and refutes every single one of them. The most significant of these was the naive productivity theories of interest used today in modern-day neoclassical economics and the exploitation theory of interest put forward by socialists. (edited)

After the publishing of Bohm Bawerk first work, he would then publish the Positive Theory of Capital, a book in which Bohm Bawerk would advance theories concerning value and price theory along with most importantly righting at length on the issues of capital and interest. However, even this early we already run into controversy, as the credibility ideas of embodied in the positive theory of capital are disputed to this very day. The undisputed single best introduction to Austrian Capital theory is the 3-part series which Bob Murphy did on his podcast below. In these three episodes, he covers Bohm Bawerks work in Capital and Interest in episode one, his work in the Positive Theory of Capital in episode two and then in the third episode discusses the disputes within Austrian economics with Fetter, Mises and Murphy himself.

https://www.bobmurphyshow.com/episodes/ep-26-capital-and-interest-in-the-austrian-tradition-part-1-of-3/

https://www.bobmurphyshow.com/episodes/ep-28-capital-and-interest-in-the-austrian-tradition-part-2-of-3/

https://www.bobmurphyshow.com/episodes/ep-31-capital-and-interest-in-the-austrian-tradition-part-3-of-3/

Here is all the literature relevant to the podcast episodes above.

Carl Menger's contribution to capital theory by Eduard Braun

https://www.researchgate.net/publication/282955473_Carl_Menger%27s_contribution_to_capital_theory

Capital and Interest by Bohm Bawerk

https://mises.org/library/capital-and-interest

The naive productivity theory of interest: Book Two P,111-183
The exploitation theory of interest: Book Five P,295-392

The Abstinence theory of interest: Book Four P,269-293

Recent Literature on Interest by Bohm Bawerk

https://mises.org/library/recent-literature-interest

The naive productivity theory of interest: P,90-121

The exploitation theory/labour theory of interest: P,63-89/122-131

The Abstinence theory of interest: P,17-62

Additional literature on the naive productivity theory of interest

Why Do Capitalists Earn Interest Income?

https://mises.org/library/why-do-capitalists-earn-interest-income

Below are a series of articles by Bob murphy on the naive productivity theory and modern neoclassical economics, using Bohm-Bawerks original critique to refute Paul Samuelson (one of the most famous economists of the 20th century) as a representative of the school. He does this by first reiterating the verbal critique and then putting the critique into mathematical form, showing where the mainstream models go wrong by making the dubious assumption of a one good economy. If you read economics for any length anytime, such critiques by Austrians will become very familiar very quickly.

Mainstream Economists Don’t Even Get Their Dimensions Right

https://mises.org/wire/mainstream-economists-don%E2%80%99t-even-get-their-dimensions-right

Dangers of the one good model: Bohm-Bawerks critique of the "naive productivity theory of interest" https://mises.org/library/dangers-one-good-model-b%C3%B6hm-bawerks-critique-na%C3%AFve-productivity-theory-interest%C2%9D

Interest and the Marginal Product of Capital: Böhm-Bawerk versus Samuelson by Robert P. Murphy

https://www.cambridge.org/core/journals/journal-of-the-history-of-economic-thought/article/interest-and-the-marginal-product-of-capital-a-critique-of-samuelson/ACFA30B4B0A0CBBF6F3B60EA2C4BE242 -

Paul Samuelson Correspondence Regarding My Papers on Capital & Interest Theory

https://consultingbyrpm.com/blog/2011/10/paul-samuelson-correspondence-regarding-my-papers-on-capital-interest-theory.html

Frank Fetter

Capital, Interest, and Rent: Essays in the Theory of Distribution – Frank Fetter

https://cdn.mises.org/Capital,%20Interest,%20and%20Rent%20Essays%20in%20the%20Theory%20of%20Distribution_5.pdf https://mises.org/wire/frank-fetter-and-austrians

Frank Fetter was the first individual to critique Bohm Bawerks productivity theory of interest, specifically in the collection of essays on P,172-318 But most of the essays in the book are amazing and should be read, ranging on the issues of capital, interest and rent. Anyone who has read MES will see how many time Fetter is referenced, making it not surprising that he wrote the introduction to the very work above.

THE MYTHOLOGICAL CONCEPTION OF CAPITAL AND THE MID-20TH CENTURY CAPITAL AND INTEREST CONTROVERSIES

The "Mythology of capital" arises when Economists (starting with J.B Clarke and Frank H. Knight) fail to take into account the role of time (and therefore time preference) and stages of production in the production process. Capital is seen as "mythological" in the sense that it does not require continuous gross savings throughout the stages of production in order to maintain Its marginal efficiency/productivity and therefore Its value or rental price. The capital simply reproduces itself and does not depreciate over time in value, as if it was "mythological". This, of course, leads to the belief that there is no problem connected to the maintenance and replacement of capital, not to mention the fact that this theory completely forgets the role of the entrepreneur. This is, unfortunately, another victim of static Walrasrian equilibrium analysis that uses a system of simultaneous equations of variables and parameters that in the real world take place sequentially.