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**PROFITS, INTEREST
AND INVESTMENT**

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PROFITS, INTEREST AND INVESTMENT

AND OTHER ESSAYS ON THE THEORY
OF INDUSTRIAL FLUCTUATIONS

BY

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PREFACE

THE essays collected in this volume are a selection from the various attempts made in the course of the past ten years to improve and develop the outline of a theory of industrial fluctuations contained in two small books on *Monetary Theory and the Trade Cycle* and *Prices and Production*. The first and longest of these essays, which has not previously appeared, may perhaps be regarded as a revised version of the central argument of the latter book, but treated from a different angle and on somewhat different assumptions. The others, which have been published at various dates and in various places, deal with different special aspects of the same problem. I have on the whole refrained from revising these earlier essays, except on some minor points of exposition or by inserting a few additional footnotes. Several essays which might have found a place in this collection I have deliberately omitted for a variety of reasons: some, including my discussion of Mr. Keynes' *Treatise on Money*, because they deal with views no longer held by their author; others, especially an article on the consumption of capital published in a German periodical, because I now realise that part of its theoretical argument was definitely confused; and yet others because they have either been incorpor-

ated in substance in, or bodily added as an appendix to, the second edition of *Prices and Production* (1935).

The essays reproduced here are arranged in inverse chronological order. It is inevitable with a collection of this kind that at least some of the earlier essays are in certain respects out of date and perhaps a word of apology is needed for reprinting them now. But they contain points which I still feel are of some importance and since I do not yet feel ready to give a systematic exposition of the whole of this complex subject, to place these various attempts side by side within the covers of one volume is the best I can do to do justice to the many aspects of it. The last essay in particular, written fully ten years ago and thus antedating *Prices and Production*, has been added only as an appendix. Although I do not now subscribe to all it contains, it still appears to be read, and as it was in a sense the beginning of a continuous development of thought, it perhaps deserves to be made available in a more convenient form.

For permission to republish the various essays included in this volume I am indebted to The Macmillan Company of New York and the Editors of the *Review of Economic Statistics*, the *Quarterly Journal of Economics*, the *Nationalökonomisk Tidsskrift*, and *Economica*.

F. A. von Hayek.

London School of Economics
and Political Science.

May, 1939.

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