

Contents

<i>Acknowledgements</i>	xii
<i>Preface: Stories About Wealth Creation</i>	xiii
Introduction: Making versus Taking	I
Common Critiques of Value Extraction	4
What is Value?	6
Meet the Production Boundary	8
Why Value Theory Matters	11
The Structure of the Book	15
1. A Brief History of Value	21
The Mercantilists: Trade and Treasure	22
The Physiocrats: The Answer Lies in the Soil	28
Classical Economics: Value in Labour	33
2. Value in the Eye of the Beholder: The Rise of the Marginalists	57
New Times, New Theory	58
The Eclipse of the Classicals	59
From Objective to Subjective: A New Theory of Value Based on Preferences	60
The Rise of the ‘Neoclassicals’	62
The Disappearance of Rent and Why it Matters	71
3. Measuring the Wealth of Nations	75
GDP: A Social Convention	76
The System of National Accounts Comes into Being	83

CONTENTS

Measuring Government Value Added in GDP	85
Something Odd About the National Accounts: GDP Facit Saltus!	90
Patching Up the National Accounts isn't Enough	98
4. Finance: A Colossus is Born	101
Banks and Financial Markets Become Allies	103
The Banking Problem	104
Deregulation and the Seeds of the Crash	110
The Lords of (Money) Creation	115
Finance and the 'Real' Economy	117
From Claims on Profit to Claims on Claims	122
A Debt in the Family	127
5. The Rise of Casino Capitalism	135
Prometheus (with a Pilot's Licence) Unbound	137
New Actors in the Economy	142
How Finance Extracts Value	146
6. Financialization of the Real Economy	161
The Buy-back Blowback	162
Maximizing Shareholder Value	165
The Retreat of 'Patient' Capital	171
Short-Termism and Unproductive Investment	174
Financialization and Inequality	177
From Maximizing Shareholder Value to Stakeholder Value	183
7. Extracting Value through the Innovation Economy	189
Stories about Value Creation	189
Where Does Innovation Come From?	191
Financing Innovation	195

CONTENTS

Patented Value Extraction	202
Unproductive Entrepreneurship	206
Pricing Pharmaceuticals	207
Network Effects and First-mover Advantages	213
Creating and Extracting Digital Value	219
Sharing Risks and Rewards	222
8. Undervaluing the Public Sector	229
The Myths of Austerity	233
Government Value in the History of Economic Thought	239
Keynes and Counter-cyclical Government	241
Government in the National Accounts	245
Public Choice Theory: Rationalizing Privatization and Outsourcing	249
Regaining Confidence and Setting Missions	259
Public and Private Just Deserts	263
From Public Goods to Public Value	264
9. The Economics of Hope	270
Markets as Outcomes	274
Take the Economy on a Mission	277
A Better Future for All	279
<i>Bibliography</i>	281
<i>Notes</i>	297
<i>Index</i>	331