

SUMMARY OF WEBSITE CONTENTS.

J. Fagg Foster decided to become an economist because he judged that economics was the discipline in which the most serious theoretical thinking had occurred, directed to the most fundamental practical problem of human understanding. Over several centuries, economists have sought to understand how societies determine the character and level of community real income—providing the means of human life and experience.

Foster came to define economics as the study of how the means of life and experience are provided. He spent his career trying to replace misunderstandings of human behavior that contaminate economic theory and practice, as well as scientific inquiry at large.

He taught economics at the University of Denver from 1946 to 1976. In 1981, seventeen of his papers were published in the *Journal of Economic Issues*. When he died in 1985, additional papers and lecture notes from his classes were found. Five of these writings and five lecture notes and definitions are collected here, along with six writing by others documenting his professional and personal impact. They are made available so that later generations can evaluate the substance of his original insights, which have never entered the academic mainstream.

Further clarification of Foster's contribution can be found in Marc Tool, *Value Theory and Economic Progress. The Institutional Economics of J. Fagg Foster*, and in the Wikipedia article "Instrumental and intrinsic value."

WRITINGS.

dissertation: "Theoretical Foundations of Government Ownership in a Capitalist Economy."

Foster's doctoral dissertation was accepted by the Department of Economics at the University of Texas in 1946. He opened it with the observation that humans are scarcely rational when they talk one way and act another. He found economists historically guilty of this logical misunderstanding:

"... almost all economists who have had occasion to discuss the matter have approved government ownership for some enterprises and disapproved it for others. And at the same time they have set forth a general theory which would seem to say that government ownership, as a category, is uneconomic."

To explain—and suggest how to eliminate—this professional misunderstanding, he traced the history of economic theories and social practices of government ownership. In chapter 5, he identified the criteria of judgment employed in theories and practices of government ownership, and showed the continuous presence of the criterion he called instrumental value. Understanding this continuing factor—judging what to believe and how to behave based on what "works" to solve problems by shaping the "run of the facts" developmentally—remained the bedrock of his entire professional

and personal life. The misunderstanding he found in economic theory and practice he traced to contaminated instrumental rationality.

preface: *Spending, Saving, and Employment*.

Economist Gordon Hayes asked Foster to write a preface for his manuscript to be published with this title. Hayes knew that Foster's dissertation had analyzed the Underconsumption theory of the business cycle, which was the subject of Hayes's book. The preface was not published, but concisely identifies the core strengths and weaknesses of this theory that Keynes had found provocative.

manuscript: "Origins of the American Contribution."

This is the lone surviving chapter of an untitled and undated manuscript Foster was writing. Judging from references in the footnotes, it was written in the mid 1950s. It is predominantly historical, providing the "run of the facts" as evidence for views stated in many of his lectures.

occasional papers: "Robinson Crusoe" and "Free Will."

Foster left three undated occasional papers, applying his instrumental criterion of judgment to the most diverse topics. "Robinson Crusoe" dissects the popular use by economists of Daniel Defoe's fictional shipwrecked sailor to confirm the universal necessity for humans to practice saving and investing as defined in capitalist theory. "Free Will" addresses the apparent incompatibility of technological facts—which must be accepted—and human ability to define and pursue whatever ends they value. A third paper, "The Lecture Method," refutes the misunderstanding created by criticizing a teaching tool—the lecture method—because it is often incompetently employed. This paper is included in "A Personal Appreciation" in this website's IMPACT section.

LECTURES.

The courses Foster taught reflect concerns of the economics profession at the middle of the 20th Century. In each case, Foster dealt with current problems by clarifying and evaluating theoretical principles and valuations, and the practical consequences of their employment. He demonstrated the impossibility of separating a pure value-free science—positive economics—from an applied normative science. Talking one way and acting another contaminates understanding of instrumental rationality.

"Business Cycles" classes were the economics profession's mid-century effort to explain the Great Depression. In his class, Foster distinguished Keynes's theory from Classical and Underconsumption traditions. Notes taken by Gladys Foster in 1949.

"Comparative Economic Systems" classes presented the profession's analysis of economic factors underlying social disfunctions that spawned World War II and the Cold War. Foster expounded and evaluated the economic principles of

Capitalism, Fascism, Utopian and British Socialism, Marxism and Soviet Communism, and peculiarities of the economy of the United States. Notes taken by Gladys Foster in 1949.

“Comparative Economic Theories: Marshall & Keynes” was Foster’s explanation of post-war theoretical divisions within the profession, fostered by publication of Keynes’ *General Theory* in 1936. Notes taken by Gladys Foster in 1969. Foster’s “Understandings and Misunderstandings of Keynesian Economics” was published in the *Journal of Economic Issues*, December, 1981.

“American Contributions to Economic Thought” added Foster’s unique interpretation of how the frontier experience led North Americans to reinterpret inherited European principles and valuations and develop institutional economic analysis. Notes taken by Kenneth Powers in 1974.

“Value and its Determinants” was the most original and scientifically significant course Foster taught. It was also the most thoroughly recorded—on tape by Harry Brown in 1948 ,and in class notes by Marc Tool in 1950. Both were transcribed by Gladys Foster, and annotated by Baldwin Ranson to clarify obscurities in Foster's oral presentation. Reading the syllabus “The Problem of Value” in this website’s IMPACT section will facilitate understanding of these lectures. All of the text that is not in Foster's own words has been put in italics, framed either by square brackets or quotation marks.

A brief excerpt from these lecture notes was published in the *Journal of Economic Issues*, December, 1991. The original notes and Gladys Foster's transcription are on file in the archives of Penrose Library, University of Denver. Other examples of Foster's analysis of value appear in more polished form in "John Dewey and Economic Value," (1942) and "The Relation Between the Theory of Value and Economic Analysis," (1948)--both published in the *Journal of Economic Issues*, December, 1981.

dictionary: Foster definitions.

Definitions are “tools of the trade” of inquiry to advance human understanding. Too often scholars fail to turn vague common-sense words into precise and reliable scientific meanings, contaminating their reasoning. Foster constantly sought precise definitions of ambiguous professional terms, examples of which are here collected.

IMPACT.

The six entries below suggest the impact of Foster’s professional activities on advancing human understanding.

Syllabus: “The Social Process.” 1947

This syllabus and the following one were not written by Foster, but clearly reveal his impact. They were written at the University of Denver for the course "Problems of Modern Society." That general education course was developed by committees of

professors from many disciplines shortly after the end of World War II. The only syllabus for this course known to have been written exclusively by Foster is "The Theory of Institutional Adjustment," published in the *Journal of Economic Issues*, December, 1981.

Syllabus: "The Problem of Value." 1949

Foster's impact is suggested by four papers published about him after his death by former students and a former professor of economics at the University of Denver.

"A Personal Appreciation." Baldwin Ranson
Review of Institutional Thought. 1986.

"John Fagg Foster" Edythe Miller
Elgar Companion to Institutional and Evolutionary Economics. 1994.

"Confronting Foster's Wildest Claim." Baldwin Ranson
Journal of Economic Issues. 2008.

"J. Fagg Foster for the 21st century." Randall Wray
Journal of Economic Issues. 2016.
