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PRODUCER, ENTREPRENEUR, AND THE RIGHT TO PROPERTY*

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"THE institution of property," John Stuart Mill remarked, "when limited to its essential elements, consists in the recognition, in each person, of a right to the exclusive disposal of what he or she have produced by their own exertions, or received either by gift or by fair agreement, without force or fraud, from those who produced it. The foundation of the whole is the right of producers to what they themselves have produced."[1] The purpose of this paper is to point out the ambiguity of the phrase "what a man has produced", and to draw attention, in particular, to one significant, economically valid, meaning of the term,—a meaning involving the concept of entrepreneurship—which seems to have been overlooked almost entirely.

Precision in applying the term "what a man has produced" seems to be of considerable importance. The ethical views associated with widely disparate ideologies, relating both to the justifiability of private rights to property, and to the problem of justice in the distribution of incomes, appear to involve in some form the notion of "what a man has produced". Thus the Lockean theory of private property—which came, to serve as the source of the moral case for capitalism[2]—has been understood as depending on the view that man has the right to the "fruits of his work"[3]. As Friedman has pointed out, the capitalist ethic (which he identifies as holding that "a man deserves what he produces"[4]) is shared by Marx, since Marx's view on the exploitation of labor, resting on the premise that labor produces

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the whole product, is valid "only if labor is entitled to what it produces"[5].

Without ourselves necessarily accepting, therefore, any one of these ethical positions, it seems worthwhile to achieve clarity by seeking to understand what exactly the notion "what a man has produced" is to mean. The literature seems to have perceived production *insofar as it flows from factors of production,* so that by the statement "what a man has produced" has been intended "what has been produced by those *factors of production* identified with the man with whom we are concerned". Briefly, a man is a producer insofar as he is himself considered a factor of production, or as he is the owner of factors viewed as responsible for output. Thus Friedman seems to further identify the "capitalist ethic" cited above, with the view that "an individual deserves what is produced by the resources he owns"[6]. J. B. Clark rested "the right of society to exist in its present form" on his marginal productivity theory of distribution, seeing it as satisfying the requirement that each man gets what he produces.[7] Locke's labor theory of property begins from the premise that "every man has a property in his own person . . . The labor of his body and the work of his hands we may say are properly his".[8] Production is made possible only by the ownership of agents of production.

It follows, that if we perceive production as flowing from factors of production, and if we correspondingly relate the ethical implication of "what a man has produced" strictly to that which derives from the factors of production which that man owns (including, of course, his own labor capacity), then the exercise of pure entrepreneurship in production (i.e. seen as involving no element of factor ownership) carries with it none of the favorable ethical connotations atached to "that which a man has produced". This conclusion, the questioning of which is the purpose of this paper, requires some elaboration.

Factor-Ownership and Entrepreneurship

It is well-known that economic literature suffers from insufficient attention paid to the entrepreneurial role, so that we find few careful attempts to define precisely wherein this role consists. In the more sophisticated discussions of entrepreneurship, a fairly sharp distinction has emerged between the factors of production on the one hand, and entrepreneurship on the other. In Schumpeter's classic discussion, for example, the means of production include *all* agents required to produce the product in the state of circular flow (equilibrium). In equilibrium there is the tendency "for the entrepreneur to make neither profit nor loss . . . he has no function of a special kind there, he simply does not exist"[9]. In disequilibrium, on the other hand, innovations in product quality and in methods of production are attributible to the initiative of pioneering Schumpeterian entrepreneurs. Although, that is to say, the new products or the new productive techniques require *no* resources beyond those consistent with the state of equilibrium, these new products and techniques would not have appeared at all in the first place, had it not been for entrepreneurial daring and drive.

It follows that there is a built-in ambiguity, therefore, concerning the sense in which pure entrepreneurship can be considered a resource necessary for the emergence of the product. And it is this ambiguity which is no doubt partly responsible for the disagreement among economists as to whether to treat entrepreneurship as a factor of production.[10]

On the one hand, as we have seen, until a product or technique has in fact been introduced, possession of all necessary means of production (including relevant knowledge) guarantees nothing without the presence of entrepreneurial initiative. So that even Schumpeter recognizes that entrepreneurship "may be conceived as a means of production"[11]. On the other hand if a would-be producer asks the question: "Supposing I decide to produce product X (or to utilize production technique Y), what means of production will it be necessary for me to obtain?", then it is clear that the answer will not include "the decision to produce product X (or to use technique Y)". And this is undoubtedly why Schumpeter states that "ordinarily" he did *not* conceive of entrepreneurship as a factor of production.[12]

Clearly a sharp distinction must be drawn between means of production ordinarily conceived, and entrepreneurship. The latter is *not* similar to factors of production insofar as concerns the theory of marginal productivity.[13] More fundamentally, entrepreneurship even if considered a means of production, *cannot be purchased or hired by the entrepreneur*, i.e. it is never perceived by the potential entrepreneur as either an available productive factor, or as a necessary productive factor. Either the entrepreneur is prepared to take the initiative or he is not.[14] If he is not prepared to take the initiative, the would-be entrepreneur simply sees the project as, on balance, one not worth undertaking—he does not see it as a project for which a needed resource is unavailable. If he is determined to take the initiative again, then all he needs to obtain are the factors that would be required in the entrepreneurless state of equilibrium. Or, to put the matter in a slightly different form, the engineer asked to identify the productive agents to which a product is to be attributed, may indeed include intangibles such as "knowledge", but will *not* list "initiative", (since the very notion of attribution presupposes the decision to produce). Accordingly, since the entire product can be attributed to the "other" means of production, it follows that entrepreneurship is in fact not a means of production at all, and cannot be credited with having contributed anything to the product.

To sum up, the literature revolving around the ethical implications of "what a man has produced", is concerned with what has been produced by the factors of production which a man owns (or even more narrowly, by the man himself seen as a factor of production). If one perceives pure entrepreneurship as not being a productive factor, it follows that it cannot share in the favorable ethical implications of being responsible for the product. On the other hand, if one views entrepreneurship as a productive factor, attributing some portion of the product's value to the initiative of the entrepreneur, parallel with the contributions made by the other factors, then that portion (however calculated or evaluated)—but *no more than that portion*—may be considered as having been produced by the entrepreneur, and relevant, therefore, to the corresponding ethical implications.

We will, in the following pages, draw attention to the possibility for a position almost precisely opposite, in all respects, to that just presented. In the position to be offered for consideration, the favorable implications of the phrase "what a man has produced" *do not apply at all to factors of production.* Rather, on this position, pure entrepreneurship is responsible—in the sense relevant to the ethical connotations of "what a man has produced"—to the *entire* product. (Moreover this way of seeing matters is only helped by insight into the sense in which entrepreneurship is *not* to be considered a factor of production. In other words, paradoxically enough, the entrepreneur is to be considered the sole "producer" of the entire product—in the ethically relevant sense—precisely because he makes *no* contribution to production in the sense relevant to the theory of marginal productivity). A sentence from Knight presents, I believe, the essence of what this paper is all about. Much of this paper can be viewed as a commentary on the following: "Under the enterprise system, a special social class, the business men, direct economic activity: *they are in the strict sense the producers, while the great mass of the population merely furnish them with productive services, placing their persons and their property at the disposal of this class*; the entrepreneurs *also* guarantee to those who furnish productive services a fixed remuneration".[15]

Some Observations on the Lockean Theory of Property

A philosopher-critic of Locke's theory of property has summed up the theory as follows: (1) Every man has a (moral) right to own his person; therefore (2) every man has a (moral) right to own the labor of his person; therefore (3) every man has a (moral) right to own that which he has mixed the labor of his person with.[16] This summary will serve us conveniently in our discussion.

Apparently Locke takes it for granted that, since a man has a moral right to his own labor (in the sense of "working"), he has also a moral right to that which his labor produces. This view, which we call proposition (3a), (and which we have cited above as an example of the ethical values attached to the notion of "what a man has produced"), seems implicit in proposition (3)[17]. However proposition (3) goes beyond the view that what a man has produced is morally his own. Proposition (3) asserts that when a man mixes his labor with unowned natural resources, in the "natural state" in which there is "still enough and as good left",[18] he is to be considered as the natural private owner of what results from the mixing. Clearly it is the ambitious proposition (3) which is of the greatest importance for Locke's own thesis. It is however with the more modest proposition (3a) that we are ourselves concerned.

That in proposition (3a) Locke has in mind labor-as-factor-of-production seems clear from his often-cited extension of his proposition (3) to include hired labor. "Thus . . . the turfs my servant has cut, and the ore I have dug in any place where I have a right to them in common with others, become my property without the assignation or consent of anybody".[19] A man's own labor is his own in a sense no different from that in which the labor of his servant is an employer's. That which has been produced by a man's own labor is his own in the same sense in which that which has been produced by an employee's labor is the employer's.

It is true that Day is sharply critical of Locke, denying that one can talk significantly of owning labor (in the sense of "working"). Laboring, Day contends, is an activity, "and although activities can be engaged in, performed or done, they cannot be owned".[20] However, economists will find Locke's use of terms quite familiar and acceptable. Economists speak of agents of production (in the sense of *stocks*), and of the "services" of agents of production (in the flow sense). A man who "owns" an agent of production is considered by economists to own, by that token, also the services flowing from that agent. Again, by hiring the services of a productive agent, a producer is considered by economists to have acquired ownership of the service flow, by purchase from the previous owner of that flow (i.e. the owner of the agent "itself"). In speaking of owning the services of an employee, therefore, the economist does not in fact have in mind the ownership of the *activity* of working, nor the ownership of that which the activity of working produces, nor even the ownership of the *capacity* for working.[21] Rather the economist is perceiving the employee as a stock of human capital, capable of generating a flow of services. So that, to the various different meanings Day discovers to be attached to the word "labor", should be added: "labor" viewed as the flow of abstract productive service generated by a human being.

Viewed in this "economist's" sense, therefore, Locke's theory seems to say, quite understandably: (1′) Every man has a (moral) right to own the human capital represented by his person: therefore (2′) every man has a (moral) right to own the flow of labor services associated with his person; therefore (3a′) every person has a right to the product produced by these labor services. (Just as he has the right to the product produced by the labor services he has hired from an employee).

Clearly, therefore, proposition (3a′), with which we are ourselves concerned, relates to labor viewed as a physical factor of production. It appears moreover that even the notion of labor as *sacrifice*,—a notion which might permit one to regard the product as being deserved by the laborer in the sense of reward for sacrifice—is foreign to Locke's theory. Thus as Myrdal has pointed out, Locke's view "that labor is the source of property has nothing to do with pain and sacrifice but follows from the idea of labour as a natural property of the worker and as the cause and creator of value".[22] So that Locke, at any rate, is not arguing his proposition (3a′) on the basis of any ethically merited *reward* for the pain or sacrifice of labor. Instead, it appears, Locke's proposition (3a′) rests on the ethical view that the product *physically derived from a man's property* should belong to him in the same sense that the natural growth from a man's property may be deemed to belong to him naturally.[23] This is entirely consistent with the usual interpretation of Locke-type ethical arguments, as presented by modern economists, in terms of the language of the theory of marginal productivity.[24] We shall see below that there are grounds for discovering, however, elements of an alternative perception of the ethical meaningfulness of production in Locke.

Human Will and the Acquisition of Property

Contrasted with the notion of the product as *physically* produced by man (with or without the use of other productive resources), is the perception of the product as resulting from the *human will.* As discussed briefly above, we shall be arguing that for the purposes of ethically justifying property in products, it may be of relevance to draw attention to the sense in which the product finds its source in entrepreneurial decision making rather than to the sense in which it is derived from factor ownership. While explicit recognition of this insight is almost entirely absent from the literature, it is possible to discover a number of remarks and views which suggest an "entrepreneurial" approach to a justification for property.

Thus in Locke's own century Pufendorf emphasized the distinction between an action which is forced and that which is performed freely. Only the latter is properly a *human* action, involving "an element of subjective spontaneity" and a "free project of the self".[25] A century later Kant's theory of the acquisition of property through labor saw the labor itself as almost irrelevant to the act of acquisition. "When it is a question of the first Acquisition of a thing, the cultivation or modification of it by labour forms nothing more than an external sign of the fact that it has been taken into possession . . .".[26] It is not the mixing of labor with an object which makes it one's own, but "the transcendental operation of directing (one's) will upon (it)".[27] Hegel too, saw in the human will the true source of property rights, and moreover saw it as providing a justification for the acquisition of natural resources which is superior to that depending upon the mixing of labor.[28]

Moreover it has seemed to some writers that Locke's labor theory of property, too, (as well as the labor theory of value of the later classical economists)[29] cannot be properly understood unless one recognizes the special character of labor, the *human* factor, as compared with other factors of production. So that, if one accepts their view, it turns out to be not quite correct to interpret Locke's theory of property as depending on the view that the product arises physically from an owned factor of production which happens to be labor. Thus Weiskopf in his psychological analysis of classical economics, viewed as deriving from Locke, emphasizes labor as *an activity of the person.* Following on Myrdal,[30] Weiskopf points out that in the classical view nature is seen as dead, with only human labor seen as the *active* agent. Petty's dictum comparing labor to the father, the active principle of wealth, with land seen as the mother, is used by Weiskopf to explain the Locke-Classical treatment of labor as the sole origin of wealth for purposes of justifying property rights and of explaining the determination of value.[31]

If Weiskopf's view of the matter is correct, then Locke's labor theory does not relate to that aspect of labor in which it is seen merely as a physical source of the product, but rather to the aspect of labor in which it is seen as inseparable from the active, human will of the laborer. Plausible though Weisskopf's view may be for an understanding of the classical preoccupation with labor, it seems difficult to reconcile it with Locke's treatment of hired labor as being as complete a justification for property rights in the product, as one's own labor. If Locke's treatment of hired labor envisages the employer as hiring not only the physical labor services of the employee, but also the active, spontaneous, human elements associated with these services, then, of course, he is not understanding these elements in their purely entrepreneurial sense (in which, by definition, they cannot be hired at all).[32] We shall return to offer further brief remarks on Locke later in this paper.

Finally, we notice that more recently Oliver, in drawing attention to the inadequacy of Marxian labor theory for a doctrine of "earned-income" (in which a man is entitled to what he has produced), argues that Marx leaves no room for the role of the free will exercised by the laborer in his work,—when such a role is essential for the very concept of "earning".[33] We have thus an example of the recognition of the role of the human will in ethical evaluation of "What a man has produced".

Production-Automatic Growth or Human Creation?

From the foregoing discussion it will have become apparent that we are confronted with two quite different views on the nature of production. We turn now to spell out explicitly what these two views are, and to consider briefly their plausibility to serve as foundations for the ethical view that what a man has produced ought to be his.

(a) *Production as Automatic Growth from the Factors of*

Production: The one view of production sees production as it would occur in the state of equilibrium. In such a state each producing firm has already been fully adjusted to the conditions of the market. The services of necessary inputs (including the services of managers) flow smoothly into the firm in synchronized fashion, with the corresponding output flow emerging with equal smoothness. The market value of the input flow corresponds exactly to that of the output flow; alternative uses for input services offer no higher factor prices, alternative sources of input supply promise no savings. Certainly one can say that the output has been produced by the productive input services. But because there has, in such a state, been no room for entrepreneurship, output must be seen as emerging automatically, as it were, from the combined input flow, exactly as fruit might grow from a tree without direction from the owner of the tree. To rest an ethical case for ownership in a product on the circumstance that a man's productive resources have produced it, in *this* sense, is to claim that the product is his not on the grounds that *he* has permitted his factors to create the product, but on the grounds that the product has grown—as it were automatically—from the factor services he owns.

(b) *Production as a Human Creation*: The alternative view refuses to see the product as emerging automatically from a given combination of factor services. In this view the product has come into being only because some human being has *decided* to bring together the necessary productive factors. In deciding to initiate the process of production, this human being has *created* the product. In his creation of the product this entrepreneur-producer has *used* the factors of production which his vision has brought together. He has not cooperated jointly with these factors (so that this view does not see the entrepreneur's contribution as consisting of a portion of the value of the product, with the remaining portion being the contributions of "other" productive agents). He has produced *the whole product entirely on his own*, being able to do so by his initiative, daring and drive in identifying and taking advantage of the available productive factors. In this view, an ethical case for ownership in a product based on one's having "created" it, depends strictly on one's *not* having been the owner of one of the cooperating input factors. (To the extent that an entrepreneur was also a factor-owner he is credited with the creation of the product only in the sense that he "purchased" his factor services from himself, so to speak, rather than permitting them to serve alternative purposes).

If one uses the first of these two views on production as the basis for an ethical case for property in the product, or in the distribution of income, it is entirely relevant to use a Clarkian marginal productivity approach. The contribution of a factor of production must somehow be disentangled from the contributions of other factors, and the theory of marginal productivity may, with greater or lesser success, be called upon for this purpose. But if it is the second ("creation") view which is to be used, then marginal productivity is entirely irrelevant (except in a sense to be discussed below). On this second view the (necessarily indivisible) entrepreneur is responsible for the entire product. The contributions of the factor inputs, being without any entrepreneurial component, are irrelevant for the ethical position being taken.

Of course, it is true that also on this second view, the entrepreneur-producer must, in order to "create" the product, acquire the services of the necessary productive factors. (And in fact competition may force him to compensate them to the full extent of their respective marginal products). However, it should be plain, this view does not claim rights in the product for the entrepreneur on the grounds that, since he has fairly purchased these factor services, production has now been carried on with *his* factor services. In this view the entrepreneur's rights rest strictly on the vision and initiative with which, at the time when he owned *no* productive resources, he undertook to marshall them for his purposes.

It is not the purpose of this paper to choose between these two interpretations of the ethical implications of "producing". Our purpose has been rather to draw attention to the existence of the second view and to emphasize its diametrically opposed character as compared with that of the first view. In choosing which of these views to endorse (if, indeed, one wishes to endorse either of them at all) or which of them to ascribe to particular writers, it is necessary to consider carefully whether it is the active, human, *creativity* of the producer which should be underlined, or whether it is rather the ownership of the physical or other *ingredients of production* which it is wished to recognize.

Finders, Keepers, and Speculative Profits

The points made in the preceding section may perhaps throw light on certain matters raised in discussions concerning the ethics of property and income distribution. Oliver[34] has noted that sometimes writers presenting ethical positions based on "what a man has produced", introduce the notion of "finders, keepers". "The man . . . that first discovers and claims title to natural resources thereby gains ownership." Oliver points out that Locke's position bases ownership in natural resources (with which one has mixed one's labor) partly on "discovery". For Oliver "finders, keepers" is a rule which bears no relation at all to the ethical deservingness associated with having produced something. Our insight into the "entrepreneurial" view on production may perhaps be of some help in this respect.

Briefly it seems that Locke's labor theory of property rights is best understood as involving a combination, possibly a confusion, of *both* the "factorial" and the "entrepreneurial" views on production. We recall our earlier reference to Myrdal's and Weisskopf's understanding of Locke in terms of the contrast between active, live labor and passive, dead nature. This certainly supports the theory that Locke viewed labor as not merely a factor of production, but as also involving the uniquely human element which we have identified with entrepreneurship. Again, the initially puzzling view which Locke presents, in which title to natural resources is acquired by the mixing of labor, assumes immediate intelligibility when the mixing of labor with the natural resource is perceived as the grasping of the "entrepreneurial" opportunity offered by the available, as yet unappropriated, resources. The "finders, keepers" rule which Oliver discovers in Locke thus represents essentially the same ethical view as that underlying the entrepreneurial view on production. In this view a producer is entitled to what he has produced not because he has contributed anything to its physical fabrication, but because *he perceived and grasped the* *opportunity* for its fabrication (by utilizing the resources available in the market). This is clearly an example of "finding, keeping".

These insights appear relevant to some comments by Samuelson on the normative apects of speculative profits. Where a crop failure generates speculative profits, Samuelson points out that the successful speculator need only be a trifle quicker than his rivals in order to make his fortune. In his absence, the socially advantageous consequences of his speculation (i.e. the curtailment of relatively less urgently needed consumption at earlier dates, making possible some more urgently needed consumption at later dates) would occur seconds later through the activities of other speculators. Even if one accepts "a Clarkian naive-productivity theory of ethical deservingness", Samuelson remarks, one can hardly justify the capture of all the profits, by the successful speculator who saved society from no more than a few seconds of unwise consumption. Without commenting on the substance of Samuelson's normative criticism of speculative profits[35], it seems useful to remark that, as we have seen, a Clarkian ethical approach is wholly inappropriate anyway in dealing with entrepreneurial profits. What *might* be of greater relevance would be the entrepreneurial view which, as we have seen consists essentially in precisely a "finders, keepers" ethic. On such an ethic an opportunity perceived and grasped confers ethical deservingness. Necessarily this perceives the gain from grasping the opportunity as having been deserved, despite the possibility, or even the likelihood, that others might have perceived and grasped the same opportunity seconds later. No one is bound, of course, to subscribe to this entrepreneurial ethic; in fact one may reject it precisely on Samuelson's grounds, if one chooses. But it does seem appropriate to judge the deservingness of one particular example of entrepreneurial profit on the approach relevant to a defense of the deservingness of entrepreneurial profits in general.[36]

The Entrepreneurial Element in Factor-Owners' Decisions

Although we have been at pains to accentuate the distinction between the factor-of-production view on production on the one hand, and the "creation", entrepreneurial view on the other, it seems wise to point out a circumstance which operates to blur, to some extent, the sharp line we have drawn between these views. This circumstance is the presence of an entrepreneurial element in *every* human action and decision, including especially, for our purposes, the decisions of factor owners.

The isolation of a purely entrepreneurial element in production is, of course, an analytical device. Human action in its totality is made up of an "entrepreneurial" element (to which is attributible the decision maker's awareness of the ends-means framework within which he is free to operate), *and* an "economizing" element (to which we attribute the efficiency, with respect to the perceived ends-means framework, of the decision taken).[37] Analytically we conceive of factor-owners as pure "economizers", operating within an already-perceived market framework. Entrepreneurs, on the other hand, we perceive as becoming aware (with no resources of their own at all) of changed patterns of resource availability, of technological possibilities, and of possibilities for new products that will be attractive to consumers. But flesh and blood resource owners are, of course, also to *some* extent, their own entrepreneurs, (just as flesh and blood entrepreneurs are likely to be owners of some factor services themselves).

It follows that when a producer hires the services of productive agents, entrepreneurship has in fact been exercised, not only by "the" entrepreneur, but also by the factor owners in deciding to sell. While productive services may be viewed as flowing "passively" from the productive agent, it is the factor owner's decision (from which all elements of entrepreneurship cannot be entirely absent) which permits the flow to proceed in the adopted channel, rather than in alternative processes of production. In the case of labor, in particular, the factor owner's decision to permit the service flow, is required at every minute of his service. So that when we say in an apparently "factor-of-production" view of the matter, that a factor has produced a product, we are, *in real-world cases*, referring *both* to the factor as producer and to the factor owner as, at least to some extent, entrepreneur. Now, it seems of great importance to emphasize the two quite different senses of production so involved. It seems, at the same time, helpful to notice how easily the two views on production can become combined and/or confused. This will perhaps account not only for the view which our interpretation has ascribed to Locke, but also for the circumstance that the literature has failed almost entirely to notice explicitly the possibility of an entrepreneurial, factorless view of the ethical implications of producing. An outstanding exception is the sentence in Knight cited earlier, in which it is the entrepreneurs who are seen "in the strict sense" as "the producers", with the factor owners merely furnishing them with productive services.

[1] J. S. Mill, *Principles of Political Economy* (Ashley Edition, Londen, 1923), p. 218.

[2] See G. Myrdal, *The Political Element in the Development of Economic Theory* (Harvard, 1954) p. 71f; R. Schlatter, *Private Property, The History of an Idea*, (Rutgers University Press, 1951) Chapter 7; C.B. Macpherson, "The Social Bearing of Locke's Political Theory", *Western Political Quartely* (1954); A. Ryan, "Locke and the Dictatorship of the Bourgeoisie" *Political Studies* (1965).

[3] Myrdal, *ibid.* Strictly speaking, Locke did not actually assert that, by mixing his labor with a nature-given resource, he has thereby "produced" the result. However he has certainly been understood as having implied as much. Thus, commenting on the notion "that, if a man 'makes' something, it is his," Oliver cites Locke as having given expression to this idea in his labor theory of property rights. (H.M. Oliver, *A Critique of Socioeconomic Goals*, Indiana University Press, 1954, p. 27). See further later in this paper.

[4] M. Friedman, *Price Theory, A Provisional Text*, (Aldine, 1962), p. 196.

[5] M. Friedman, *Capitalism and Freedom* (University of Chicago Press, 1962) p. 167. On this see also Oliver (*op. cit.* p. 37). In an extensive critique of Oliver's discussion, Rothbard (*Power and Market, Government and the Economy*, Institute for Humane Studies, 1970, p. 183) makes it clear that he supports the same underlying ethic.

[6] *Price Theory*, p. 196.

[7] J. B. Clark, *The Distribution of Wealth*, (1899), p. 3.

[8] J. Locke, *An Essay Concerning the True Original, Extent and End of Civil Government*, paragraph 27.

[9] J. A. Schumpeter, *The Theory of Economic Development* (Harvard, 1934), p. 76.

[10] On this, see for example the discussion in F. Machlup, *The Economics of Sellers' Competition* (Johns Hopkins Press, 1952), pp. 226-228.

[11] Schumpeter, *op. cit.* p. 143.

[12] *Ibid.*

[13] See Schumpeter, *op. cit.* p. 153; Machlup, *op. cit.* p. 226; F. H. Knight, *Risk, Uncertainty and Profit*, p. 271.

[14] On all this see the writer's *Competition and Entrepreneurship* (University of Chicago Press, 1973), Chapter 2.

[15] F. H. Knight, *Risk, Uncertainty and Profit*, p. 271; emphasis on the central clause supplied. Similar statements are to be found in F. B. Hawley, *Entreprise and the Productive Process* (New York, Putnam, 1907) pp. 85, 102, 112, 127.

[16] J. P. Day, "Locke on Property," (*Philosophical Quarterly*, 1966) reprinted in G. D. Schochet, (Editor) *Life, Liberty, And Property, Essays on Locke's Political Ideas*, (Wadsworth Publishing Company, Belmont, California) p. 109. (All page references will be to this reprint.)

[17] See Day, pp. 109-110; and see above note 3.

[18] Locke, *op. cit.*, paragraph 33.

[19] Locke, paragraph 28.

[20] Day, *op. cit.*, pp. 113f.

[21] On all this see Day, *ibid.*

[22] G. Myrdal, *The Political Element in the Development of Economic Theory*, p. 74. It should be noted, however, that just as the later classical economists used expressions like "trouble", "sacrifice", "pain" synonymously with "labor"—and are for this reason described by Myrdal as having viewed labor strictly as the "trouble caused by effort" (Myrdal, *ibid.*)—so too does Locke occasionally (see paragraph 30, 34) seem to identify the justification for ownership of the product of one's labor as resting on one's having been he "who takes pains about it".

[23] See the reference in E. Halévy, *The Growth of Philosophic Radicalism* (Boston: The Beacon Press) p. 45, to Hume's view that "we are the proprietors of the fruits of our garden, and of the dung of our flock by virtue of the normal operation of the laws of association".

[24] See Oliver, *A Critique of Socioeconomic Goals*, p. 33; see also the sources referred to above notes 4, 7.

[25] See A. C. Outler, "Some Concepts of Human Rights and Obligations in Classical Protestantism", in A. L. Harding (Editor) *Natural Law and Natural Rights* (Southern Methodist University Press, Dallas, 1955) p. 16.

[26] I. Kant, *Philosophy of Law* (Edited by Hastie, Edinburgh, 1887) p. 92.

[27] R. Schlatter, *Private Property* p. 256.

[28] See Schlatter, *ibid.*

[29] On the question of the impact of Locke's labor theory of property on the later classical labor theory of value, there has been controversy. Myrdal (*The Political Element in the Development of Economic Theory*, pp. 71f), Halévy (*The Growth of Philosophic Radicalism*, p. 44), and W. A. Weiskopf (*The Psychology of Economics*, University of Chicago Press, 1955, pp. 22ff, p. 145) all assert a direct influence. See however J. A. Schumpeter, *History of Economic Analysis* (Oxford University Press, 1954) pp. 120, 310-311; see also I. M. Kirzner, *The Economic Point of view*, (Van Nostrand, 1960), p. 25, and p. 190, notes 8, 9.

[30] Myrdal, *The Political Element*, p. 72; see especially Myrdal's reference to Rodbertus.

[31] Weiskopf, *The Psychology of Economics*, pp. 25, 145.

[32] For further discussion of the entrepreneurial element in the decisions of factor owners, see below pp. 13ff.

[33] Oliver, *A Critique of Socioeconomic Goals*, p. 37.

[34] *Op. cit.* p. 42.

[35] Samuelson's discussion is in his "Intertemporal Price Equilibrium: A Prologue to the Theory of Speculation", *Weltwirtschaftliches Archiv*, (December, 1957), p. 209. For further comment see the writer's *Competition and Entrepreneurship* (University of Chicago Press, 1973), Chapter 6.

[36] See Schlatter, *Private Property*, p. 191, note 2, for references to use made of Locke's labor theory to condemn the ethical status of entrepreneurial profit.

[37] See further the writer's *Competition and Entrepreneurship*, Chapter 2.