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Keynes and Philosophy: An Introduction

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1. Introduction

Bradley W. Bateman and John B. Davis

It is not clear what draws so many scholars to the work of J.M. Keynes. There are certainly several possibilities: his central role in the development of modern macroeconomics; the widespread belief that he 'saved capitalism' with his advocacy of deficit spending during the Great Depression; his part at the Versailles Peace Conference and fame as the author of *The Economic Consequences of the Peace*; his activity at Bretton Woods in the founding of the post-war monetary system; his involvement in the avant-garde Bloomsbury group. But, whatever the reasons, there seems to be no decline in interest in Keynes's lifetime of work, as each year the number of essays and books published on Keynes continues to increase. Indeed, in the 1980s, interest in Keynes's work began to spread beyond the writings and discussions of economists, as historians (Clarke, Skidelsky, Peden) and political scientists (Hall, Skocpol, Hadley, Gourevitch) added their contributions to the growing literature on Keynes.

Another new area of interest has been the philosophical dimensions of Keynes's early thinking and its relationship to his later work in economics. Ironically, although most standard treatments of the history of probability theory include a discussion of Keynes's *Treatise on Probability*, until recently the existence of the *Treatise* and Keynes's early career as a philosopher have gone largely unnoticed by economists. Indeed, for many years it had been standard practice to explain *The General Theory* as the end-product of an evolution that began with *A Tract on Monetary Reform* and *A Treatise on Money*, while ignoring Keynes's earlier intellectual development in his first years at Cambridge; this despite the fact that it is in the *Treatise on Probability* that Keynes first develops ideas which were arguably later to underlie his thinking about expectations and uncertainty – an area of considerable importance in *The General Theory*.

It is fair to say that much of the new interest in Keynes's early thinking can be traced to a widespread preoccupation with expectations in modern macroeconomics in the 1970s and 1980s, and the recent recognition that Keynes's own thinking about expectations dated from his early philo-

sophical investigation of probability and induction in the *Treatise on Probability*. Thus, although Keynesian economic theory was, for a time, popularly considered obsolete on account of its supposed neglect of expectations, economists have increasingly come to recognize that Keynes's thinking in this regard was both extensive and well motivated by carefully considered philosophical positions in probability theory. This has drawn attention to the entire trajectory of Keynes's intellectual career and has demonstrated to many the central role of philosophical assumptions in economics.

It is important to note, however, that the *Treatise on Probability* does not mark the beginning of Keynes's work in philosophy; it is the culmination of over 15 years' work. Initial convictions for thinkers of great insight and synthetic understanding are often important to their later intellectual development, and Keynes himself testified in his 1938 'My Early Beliefs' memoir to the importance of the earliest Cambridge influences on the development of his later thinking. These influences concerned, of course, the considerable impression which the well-known Cambridge philosopher G.E. Moore's *Principia Ethica* had upon Keynes and other members of the Cambridge Conversazione Society, or Apostles. Keynes in fact wrote a number of yet unpublished philosophical papers on topics in Moore's *Principia*, a number of which (in particular, his 1904 'Ethics in Relation to Conduct') have recently been argued by scholars to have contributed to Keynes's first ideas for his *Treatise on Probability*, as well as to his later economic thinking. The interest in Keynes as a philosopher, then, is still quite fresh, and attention to Keynes's early intellectual career promises to form an important part of future scholarship on Keynes.

The essays in this collection represent an introduction to the work of a number of the people currently concerned with the philosophical foundations of Keynes's thought. Each of the essays is an original contribution that reflects the author's perspective on interpreting Keynes's philosophy.

The first essay, by Yuichi Shionoya, examines the relationship between Keynes's much-quoted 'My Early Beliefs' memoir and his philosophical beginnings at Cambridge in Moore's circle. Shionoya argues that Keynes adopted Moore's meta-ethical intuitionism and agreed that hedonism was an inadequate conception of the good, whilst rejecting Moore's consequentialist teleology and emphasis on rules in determining right behaviour. This interpretation of Keynes's early positions is distinguished from that associated with R.B. Braithwaite's influential reading of

Keynes's philosophical views and thus serves an important function in setting forth the issues first addressed by those concerned to connect the different stages of Keynes's intellectual career. Shionoya also discusses the relationship between Keynes's ethics and politics.

Indeed, some of the most vexing questions about Keynes's thinking concern his political philosophy. What spirit and ideology informed his lifelong professional interest in economic management? Suzanne Helburn finds the answer in Keynes's early interest in the work and life of Edmund Burke. Because Burke is noted for his conservative thought, this association may seem paradoxical at first, but Helburn's careful exegesis is successful in illuminating the similarities and differences between the two thinkers. She argues that the dimensions of Keynes's utilitarian analysis, ethics and élitism all stem from his understanding of this eighteenth-century political philosopher.

Bradley Bateman's essay on the analytical foundations of Keynes's policy proposals is an attempt to break with much of the emerging literature on Keynes's philosophical background. Unlike those who argue that Keynes developed one philosophical position in his youth which informs all his later thinking, Bateman uses Keynes's statements during the 1930s that his beliefs had changed to tell a much different story. On this telling, it was Keynes's shift from a belief in objective value and objective probabilities to a belief in subjective value and subjective probabilities that provided him with the tools necessary for modelling expectations and making satisfactory policy recommendations. Understanding this perspective also involves a break with the naive view that *The General Theory* is a book meant to advocate fiscal fine-tuning.

Rod O'Donnell's essay on the weight of argument in Keynes's theoretical work is an effort to clarify some of the confusion surrounding an often misunderstood idea. O'Donnell traces the origins of the concept of weight in Keynes's early work, and discusses its role in the *Treatise on Probability* and *The General Theory*. He argues that weight is not identical to evidence but, rather, that it represents the credence which a given amount of evidence provides for a probability; although credence always increases with the amount of evidence, the two notions are not identical. O'Donnell concludes by arguing that Keynes's lifelong interest in the improved collection and dissemination of economic data was partly motivated by his concern with weight.

In his essay, John Davis turns to Keynes's 1938 characterization of economics as a moral science and investigates how this view was rooted in Keynes's early philosophical convictions. Davis argues that Keynes

stressed the importance of introspection and judgements of value for understanding economic agents' responses to the uncertainties of action, and did so with the intention of contrasting his view of economics to that of Lionel Robbins. For Keynes, introspection and judgements of value are made possible by individuals' capacity for both individual judgement and for judging what is intersubjectively objective. Robbins's rejection of interpersonal utility comparisons stemmed from a failure to recognize that latter dimension to human judgement; Keynes's attention to this dimension, it is suggested, underlies his view of the independent variables of *The General Theory*.

In her essay, Anna Carabelli also turns to Keynes's methodological thinking by examining the underlying principles of Keynes's critique of what he termed 'classical theory'. She argues that Keynes recognized the ineffectiveness of past critiques of orthodox theory, and that a successful critique demanded new epistemological thinking. Indeed, the fault of classical theory lay neither in its empirical unacceptability nor in logical inconsistency but rather in certain of its tacit assumptions concerning 'logical independence' which effectively defined its domain of validity in universal terms. Keynes, however, rejected these assumptions, and in turn developed an understanding of an organic interrelation among the key variables of a 'complex' economic system. Carabelli concludes that Keynes's methodological views are central to his elaboration of an alternative economic theory.

Another area of interest in Keynes's philosophical work is his early idealism – a concept which can, of course, be interpreted in a number of ways. Athol Fitzgibbons's essay is an attempt to argue that Keynes's early idealism is a form of Platonism inherited from Moore's work, and that this Platonism had an important role in the development of Keynes's early élitist views. Moreover, because it can be argued Keynes remained an élitist throughout his life, Fitzgibbons suggests that the influence of Keynes's early beliefs retained a place in Keynes's later thinking about economic life.

The range of interpretations in these papers should provide a valuable introduction to the philosophical foundations of Keynes's economics. Keynes, like Adam Smith, Karl Marx and John Stuart Mill, was actually a philosopher-economist and must be understood as such. But it is not just an exegetical, scholarly gain to understand these foundations; coming to understand them also facilitates a better understanding of the types of influences which have been responsible for some of the greatest advances

in economics. Thus, in addition to providing a better understanding of the history of economic thought, these essays provide a basis for an introduction to the type of knowledge that produces successful theories.