

Book reviews

Gilles Dostaler, *Keynes and his battles*. Cheltenham and Northampton, MA: Edward Elgar Publishing, 2007. vi + 374 pp. \$160 (cloth). ISBN 978-1-85898-266-3. (An augmented and revised edition of *Keynes et ses combats*, translated by Niall B. Mann. Paris: Albin Michel, 2005.)

This is an excellent book that is likely to challenge the reader's conception of Keynes's work. This is in large part due to the comprehensive material Dostaler offers, which includes the archival documents of Keynes's writings – *the early manuscripts* – but more fundamentally it is because of the innovative exegesis Dostaler presents. Whereas mainstream economists refers to Keynes only as the founder of the concept of the propensity to consume ('three fundamental psychological factors'; Keynes 1936; 246–7) and the liquidity preference theory (Keynes 1936: 226) – explained in the *General Theory of Employment, Interest and Money* – Dostaler is fully attuned to the multidimensionality of Keynes' work, and it is precisely this attunement that provides an insight and intellectual challenge to the reader. Dostaler's book is neither a biography nor an introduction. It encompasses both by outlining the historical surroundings and figures of Keynes's writings. Dostaler clearly shows that Keynes's view on economics is embedded in contemporary and contextual issues. He retraces Keynes's way of arguing in his writings along four dimensions: philosophical, economic, aesthetic and political. Regarding current debates (for example, Akerlof 2007) on the need of reconstructing and redefining certain economic principles, premises, norms, values and methods, Keynes's view on economics as social science is of great importance.

Economics is being a moral science [...] it deals with introspection and judgments of value. I might have added that it deals with motives, expectations, psychological uncertainties. One has to be constantly on guard against treating the material as constant and homogeneous.¹

By considering the comprehensive work of Keynes, Dostaler investigates the relations between these four dimensions. The strength of Dostaler's book is its cogent organization. He divides the complex material into two main parts: first interlude 'Bloomsbury and the Apostles', and second interlude 'the political history of Great Britain during the time of Keynes'. Both interludes are framed by an explanation of Keynes's ethics. Dostaler's

1 Keynes 1938 (Collected Writings, XIV: 300) – see Keynes (1973–89).

goal is to delineate and combine the coherence of Keynes ethics, epistemology and economics. He devotes considerable efforts to emphasize that both interludes are rooted in a coherent view of Keynes. Dostaler refers to the *early manuscripts* of Keynes, which are accessible in chronological and non-chronological order, in explaining Keynes's intellectual development and roots. They are important witnesses of Keynes's stony way out of traditional view and persuasions. More precisely, Keynes did not accept the conclusions of Moore's view. Regarding the unknown future, Moore had proposed to adhere to certain rules of conduct and to common-sense of the Victorian tradition and morality. Keynes rejected both the conventions and norms of Victorian morality and the adherence to the alleged rules of conduct, certainty and principles of maximizing the good of the universe.²

Dostaler's book proceeds to examine the relevance of each dimension. In the first interlude (Chapters 2–4), Dostaler outlines the influences of the philosophy of the time as primarily determined by G. E. Moore, a moral philosopher and successor of Henry Sidgwick in Cambridge on Keynes's thinking. He outlines why Keynes and some of the members of the Bloomsbury Group were opposed to the traditional, narrow world view of the Victorian era and its culture. He also explains why uncertainty, probability and moral science or social science respectively has becoming an important concept in Keynes' thinking. The second interlude encompasses the contemporary landscape between the two World Wars and focuses on the need to developing new theoretical reasoning on the function of money and its role as an international medium of deferred payment, store of value and medium of payment (see Chapters 5–9). Dostaler also makes clear that Keynes never accepted the theoretical limitation of crude constructed concepts, like *homo economicus*.

However, Dostaler, in referring to parts of *the early manuscripts*, is able to persuasively demonstrate that Keynes economic thinking is not – for the sake of simplicity – restricted to a mechanical view on economic actions, interactions, and circumstances. Keynes's economic thinking involves judging and argumentative reasoning, and not mechanical reflecting. He developed new concepts – like uncertainty, expectations, individual and conventional judgement, state of confidence, non-neutrality of money, and so on – because economic as social science is based on a group's or person's wants, motives, goals, and decision-making in the light of uncertainty. Uncertainty is the defining characteristic of the economic landscape because social interactions and communication are neither planned nor implemented by an authority. Keynes investigated how, with regard to

2 See Muchlinski (2003).

unsurmountable uncertainty in economics, decisions, acting and interactions could be successful. Keynes made the turning point in his position even more transparent in *A Treatise on Probability*. He outlined the theory of probability as a 'theory of knowledge' leaving behind old-fashioned categories of falsehood and truth for the sake of clarity in new categories of knowledge, ignorance, rational beliefs and expectations (*ibid.*: Keynes: 19). Keynes moved the walls of classical theory and its assumptions based on the myth of objective knowledge and certainty. His theory of knowledge is based on new terms that were the partial outcome of the theoretical and philosophical upheavals at the beginning of the twentieth century. Keynes acknowledged the importance of the substantial and critical revision at that time in philosophy, natural sciences and cognitive sciences for economics itself. Not only Chapter 12 of the *General Theory of Employment, Interest and Money* is a striking example for such a revision in economic theory and economic thinking, in which he focused on knowledge and knowledge sharing. We find it also in *A Treatise on Probability*:

As soon as we have passed from the logic of implication and the categories of truth and falsehood to the logic of probability and the categories of knowledge, ignorance, and rational belief, we are paying attention to a new logical relation in which, although it is logical, we were not previously interested, and which cannot be explained or defined in terms of our previous notion. (Keynes: 8)

His book *A Treatise on Probability* is a milestone that created an epistemological view of uncertainty and probability within his economic theory.

I am convinced, with Dostaler, that there is no chance of ignoring Keynes' work. And I entirely agree with Keynes that there is no chance of escaping the need to take responsibility of one's own worldview. On several minor points, I differ with Dostaler somewhat regarding his views on Keynes, Wittgenstein and Russell. In the first place he seems to underestimate the contemporary debates about the role of language, logic, meaning, interactions and 'form of life' (Wittgenstein) or 'lifeworld' and economic reasoning, which was of great importance in the early twentieth century and especially for Keynes and his battle in developing new categories and propositions in economics.³ Second, I think he has not given sufficient attention to Keynes's important investigations about the adjustment procedures of the balance of payment between developed and developing countries and the role the Pound Sterling had in the world before 1944, and also which role the US dollar as an international currency should play since that time. I am convinced that Keynes' analysis on the economic

³ See Muchlinksy (2006).

interdependences in the global economy that started in 1913 (*Indian Currency and Finance*) should be read as lessons for today. I am inclined to think that many of the currently crucial problems in global imbalances are problems in economic theory, which is a theory of knowledge, and that many of the traditional concepts, premises, conclusions, norms and values, crude constructions, and also questions of economics along with our habit of thinking of the economic in isolation from other matters, are obsolescent.

Dostaler's book is highly recommendable as an approach to Keynes's work for graduates and for professional economists, philosophers, and also social scientists, such as sociologists, jurists and political scientists.⁴

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⁴ For further readings see Davis, John B. (1994) *Keynes's Philosophical Development*. Cambridge: Cambridge University Press, Muchlinski, Elke (1996) *Keynes als Philosoph*. Berlin: Duncker & Humblot, Muchlinski, Elke (2003) *Knowledge, knowledge sharing and convention in Keynes's thinking*. In: Helmstädter, Ernst (Ed.) *The Economics of Knowledge Sharing*. Institut für Arbeit und Technik, Gelsenkirchen: Edward Elgar. pp. 115–129, Muchlinski, Elke (2006) *Was meint Wittgenstein mit 'In der Sprache wird alles ausgetragen'?* (What does Wittgenstein mean with 'It is in language that it's all done?') Berlin: Logos Verlag.