SECTION VII
REVIEWS


Mr. Keynes' first laurels were won in the comparatively barren field of formal logic. He has now obtained an equally brilliant triumph by an attack on the most arduous part of the material or inductive logic.

It used to be true, according to Bagehot, of books relating to currency that the first question asked, perhaps the only curiously felt by most readers, was directed to the Bank Act of 1844; was the author for or against that measure? With equal truth it may be said that interest in a work relating to the methods of Economics centres round the issues raised in recent years by the writers who have revolted against the abuse of abstract dogmas. We once heard the question put to a lecturer: "Are you in favour of the Old or the New Political Economy?" "I am in favour of the true Political Economy," the person thus interrogated replied with sufficient readiness. We imagine that Mr. Keynes' answer to a question which had better not be asked would be very similar. "The method of political economy cannot adequately be described by any single phrase," he says justly. The Hallam of methodologists, he gives complete satisfaction to the partisans of neither extreme.

"No one method will be advocated to the entire exclusion of other methods. . . ."

"If pure induction is inadequate, pure deduction is equally inadequate. It is a mistake, that is only too common, to set up these methods in mutual opposition, as if the employment of either of them excluded the employment of the other. It is on the contrary by their unprejudiced combination alone that any complete development of economic science is possible. For, as Professor Cohn remarks, all induction is blind, so long as the deduction of causal connection is left out of account; and all deduction is barren, so long as it does not start from observation."

This we hold to be the right faith concerning the double nature of economic method: in a just mean between the monopoly of each extreme. It is significant that Mr.

* When the date of the book reviewed is not given in the review the date of the review is printed in this volume outside—not, as otherwise, within—brackets.
Keynes illustrating this doctrine should have cited Professor Cohn, whose name is sometimes associated with a one-sided historical sect. The dicta and examples of Professors Cohn, Roseher, Wagner, and other eminent Germans cited by Mr. Keynes, attest the justice of the following observations:—

"We must not . . . exaggerate the opposition between what may be called the classical English school and the new school. . . . The difference is strictly speaking one of degree only; and we find the opposition reduced to a minimum when we compare the actual procedure in the solution of given problems adopted by the best contemporary economists, whether they profess to belong to the new school, or are content to be classed with the old."

Contemplating separately the two functions of inductive reasoning—so far as it is possible to distinguish in consideration processes that are inextricably intertwined in action—we may first observe that Mr. Keynes in his analysis of the Deductive Method very correctly grounds abstract reasoning on what may be called "hypotheses": in much the same sense as geometrical axioms have been so called. A perfectly straight line nowhere exists, says Mill; and the rigidity of the "economic man" is even more hypothetical. At the same time it is not to be supposed that the hypotheses rests upon nothing. The hypothesis of the "economic man," is not, in the present state of society, as arbitrary as the hypothesis which might be entertained of a perfectly altruistic man. You could not say of these two assumptions that they were equally true or false and equally useful.

But, though the foundations of abstract reasoning do not rest upon nothing, they are seldom strong enough by themselves to sustain practical conclusions. To complete the supporting arch there is needed the conscience of specific experience. Mr. Keynes has surveyed with equal eye both parts of the scientific structure. The importance of ascertaining facts, the value of "history" in the wider Greek sense, is not underrated by him. He points out how history of bygone times is useful in illustrating and confirming economic theories. He holds, indeed, that "deduction from elementary principles of human nature also finds some place in the argument." But not in every case; for it is not true "that economic history never provides premises for the economist or forms the basis of his doctrines."

But, while thus rendering to specific experience the things which belong to her province, Mr. Keynes gives no countenance to the pretensions of a one-sided "Historicism." Mere description," he justly says, "cannot constitute a science; and
KEYNES: THE SCOPE AND METHOD OF POLITICAL ECONOMY

political economy has no purely classificatory stage, such as
will enable it to be compared with sciences of the type of zoology
and botany." The complex problems of political economy
cannot be successfully attacked without what Professor Marshall
has called "a special organon." As Bagehot, quoted approvingly
by Mr. Keynes, has said—
"If you attempt to solve such problems without some appara-
tritius of method, you are as sure to fail as if you try to take a
modern military fortress—a Muta or a Belfort—by common
assault. You must have guns to attack the one, and method
to attack the other."

In one respect, perhaps, it might appear at first sight that
Mr. Keynes has shown some partiality to the deductive school.
He not only, after Mill, Cairnes, Professors Sidgwick, Dunbar,
Wagner, and the majority of considerable writers on the subject,
extols deductive reasoning, but also, going beyond those writers,
raises high that species of deduction which is effected through
the channels of mathematical conceptions. We submit, however,
that this course is less prejudicial than may appear at first sight
to the claims of the "practicals," as Mill calls the party opposed
to the a prioristes. The generalisations of mathematical theory,
are so manifestly abstract and in so high a degree idealised as
to run no risk of having their hypothetical character mistaken.
Unlike the middle axioms which are expressed in familiar terms,
the higher theory, to which symbolic and diagrammatic state-
ment is appropriate, cannot be suspected of being immediately
applicable to practice. The former statement might be compared
to a district map which affords, indeed, some guidance to the
wayfarer, but may easily lead him out of the path if not supple-
mented by local inquiry. Whereas the mathematical method
is like the map of a kingdom or the world; the pedestrian who
attempted to guide his steps by such a chart would be, not only
a wayfaring man, but a fool. These reflections have been
suggested to us by some remarks made by Professor Foxwell, to
which Mr. Keynes refers with approbation.

That Mr. Keynes has no partial bias in favour of mathematical
reasoning may be inferred from the discussion of statistics in
relation to political economy, which occupies his concluding
pages. For he has not even alluded, so far as we have observed,
to what may be called the mathematical method of statistics,
the use of the theory of errors in eliminating chance. The
omission may be justified partly by the fact that statistics are
treated only incidentally in Mr. Keynes' work; partly on
the tenable supposition that the higher mathematics play a more
important part in what may be called the analytical, than the
statistical, side of social science. It is true that, as Mr. Keynes
points out, the rôle of mathematical science in political economy
is to afford only regulative ideas, rather than numerical results
such as the physicist has a right to expect. But then, in political
economy, that indirect use extends over a wide sphere, whereas
the points in social statistics, where the mathematical method is
applicable, are comparatively few. For it is generally better
to attain certainty by augmenting observations, rather than
by a nice use of the theory of errors to extract the utmost degree
of probable evidence which may be afforded by a limited number
of observations. The statistician is generally in the position
of the American farmer, whom it pays better to extend his farm
rather than to cultivate very highly a comparatively few acres.

Mr. Keynes seems, therefore, justified in directing his attention
to the logical, rather than the mathematical side of statistics.
He gives useful instances of the fallacies to which induction,
based upon figures, is liable—what the late Mr. Sargent emphatic-
ally called "the lies of statistics."

This part of the work should be read in connection with the
remarks on the methods of induction which occur earlier. A
rich vein of logical reflection runs through the whole work;
sometimes, as it were, visible on the surface, expressed legibly
in the text, and sometimes requiring to be mined from abstruse
footnotes. The principle of this variety of strata is not very
evident. Why, for instance, should the valuable remark of
Professor Cohn on the use of deduction, which we have already
quoted, be placed in the text, while the strained eye must seek
in a footnote for the following equally valuable remark, which
we are glad to have an opportunity of quoting? "The idea
that mere collections of historical and statistical material can
be made available for science without deductive aids, is just as
much an extravagance as the opposite idea that out of deductions
from elementary hypotheses the whole science can be constructed."

Of the numerous logical discussions to which we have referred
may be specially noted those which relate to the method of
difference, and the use of definition in political economy. In
treating these and cognate topics the author has not aimed at
producing surprise and entertainment by brilliant paradoxes,
but rather at co-ordinating and occasionally supplementing
the logical principles which Mill and the later economists who
have treated of economic method have laid down. The relation
of Mr. Keynes' Scope and Method of Political Economy to the
classical writings on that subject is much the same as the relation
of his Formal Logic to the treatises of Aristotle and Boole—not
equally original, but perhaps better adapted to the purposes of
education.

We trust that Mr. Keynes' later logical treatise may also
resemble his earlier one in its popularity. We could wish for it
indeed a monopoly of favour, and such finality as in political
economy is attainable. For we cannot conceal a certain impatience
at the continual reopening of a question on which authorities
appear to be substantially, if not in phrase, agreed. As it is
forcibly said by one of Mr. Keynes' predecessors, Mr. Edward
C. Lunt, in his brilliant study on The Present Condition of
Economic Science, "sensible men long ago dropped the con-
troversy and went about their business, careless as to whether
their methods were called 'historical' or 'orthodox.'"


In the preface to the second edition of this volume its author
tells us:—"To myself personally, the chief interest of the volume
centres in Book V.: it contains more of my life's work than
any other part; and it is there more than anywhere else that I
have tried to deal with unsettled questions of the science."
The import of this confession will be understood when it is
observed that the book thus referred to consists partly of the
mathematical theory of Supply-and-Demand, and partly of the
almost equally severe reasoning applied specially to Supply,
which in the first edition formed the subject of a separate book,
entitled Cost of Production. The rearrangement according to
which an extra book is no longer devoted to production appears
conformable to the "symmetry of the relations in which demand
and supply stand to value." This symmetry is justly regarded
by Professor Marshall as "fundamental." While others have
been disputing whether it is cost-of-production or final-utility
which determines value, he has discerned that it is both. His
predecessors have tilted against each other from opposite sides
of the shield of truth: he alone has surveyed with equal eye
both the gold side, which most attracted Ricardo, and the silver
side, on which Jevons fixed too exclusive attention. An able
champion of that one-sided theory which is at present most in
vogue has compared the point at issue to the question—a question,