J. M. Keynes as a Marshallian

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It has been argued by a number of economists that John Maynard Keynes of The General Theory was a Marshallian [Friedman 1970, pp. 208–09; and 1972, p. 908; H. G. Johnson 1961, p. 5; Johnson and Johnson 1974, p. 268; Parrinello 1980, p. 63].

One might ask, however, how Keynes's General Theory could possibly be in the Marshallian tradition. After all, he confessed that the "composition of this book" had been "for the author a long struggle of escape . . . from [those] habitual modes of thought and expression" embodied in the work of Alfred Marshall [Keynes 7, p. xxiii].

Although a complete answer to this question may have to be sought on several levels of inquiry, I shall limit myself to the following approach. In the first place, I shall briefly indicate some of the things that Keynes escaped. Secondly, I shall discuss some of those fundamental propositions he apparently inherited from Marshall. The latter endeavor will constitute the bulk of my exposition.

Some Aspects of Keynes's Escape

Marshall was of the opinion that the twin phenomena of unemployment and unanticipated accumulations of "unsold goods" in "nearly all warehouses" were "exceptional" conditions in the capitalist order [Marshall 1956, p. 435]. By the early 1930s, however, even "the man in the street

The author is Professor of Economics, The University of Tennessee, Knoxville. He wishes to thank Royall Brandis, Dudley Dillard, Wendell C. Gordon and Elizabeth S. Johnson for valuable comments on earlier versions of this article. He is also grateful for financial support from the Capital Gifts Endowment of the College of Business Administration of The University of Tennessee, Knoxville.
ha[d] become aware” that he was living “in the shadow of one of the greatest economic catastrophes of modern history,” namely the “great slump,” which was then “being incurred” in the West [Keynes 10, pp. 126, 135]. It was no wonder, therefore, that an observer with Keynes’s gift of perception refused to accept the Marshallian version of Say’s Law, according to which “a man [invariably] purchases labour and commodities with that portion of his income which he saves just as much as he does with that which he is said to spend” [Marshall 1949, p. 34]. Instead, Keynes arrived at the conclusion that “involuntary unemployment” and a “chronic condition of sub-normal activity” are “inevitably associated” with “capitalistic individualism” [Keynes 7, pp. 15, 249, 381].

That Keynes was able to detect a growing “anomaly in the fit between [the Marshallian] theory” and the economic order of the 1930s must be attributed, at least partly, to his less than full immersion in that particular type of “normal-science research” being conducted by the contemporary “articulat[ors]” of Marshall’s microtheoretical apparatus [Kuhn 1970, pp. 81, 24]. Thus instead of feeling compelled to “pursue to their furthest points the implications and prior conditions of . . . [those Marshallian] facts which . . . [were] known with a high degree of precision,” Keynes was free to tackle “economic interpretation in its highest form” [Keynes 1925, p. 25n], namely in that particular form that leads to the innovation of a new body of doctrine. In other words, it was partly because of an intellectual detachment from the received microtheory that Keynes became aware that this theory could not “solve the economic problems of the actual world” [Keynes 7, p. 358], and that an attempt to use it for such a purpose would expose “its incompetence in a ludicrous fashion,” as Harry G. Johnson put it [H. G. Johnson 1971, p. 3].

Some Points of Convergence and Parting

In spite of his “attack” on Marshallian microtheory, Keynes was in full agreement with Marshall that “the problem of poverty” was capitalism’s chief socioeconomic problem [Keynes 7, p. xxi; Marshall 1926, pp. 244–45]. The two Cambridge economists parted company, however, when it came to an explanation of the causes of poverty. According to Marshall, poverty existed because of the community’s failure to allocate sufficient resources to the formation of the “most valuable of all capital,” namely “invested in human beings.” Hence, he said, poverty has its “root . . . not so much in our methods of business, as in those of education in the broadest sense of the term.” The result was the existence of “vast numbers” of poor people and “extreme inequalities of wealth” and incomes in a relatively affluent society that was not “anywhere near a stationary state . . . in which there will be no more room for profitably investing present income in providing for the future” [Marshall 1956, p. 469; 1887, p. 225; 1956, p. 2; 1890, p. 282; and 1956, p. 185]. In Keynes’s opinion, on the other hand, it was precisely because of a “decline in business profits” that poverty existed on a large scale in the 1930s. As he saw it, this fall in yields had engendered such “an insufficiency of effective demand” that involuntary unemployment became rampant. Hence the appearance of “poverty in the midst of plenty” [Keynes 13, p. 354; and 7, pp. 30, 128, 30].

It was, of course, because of their different notions concerning the direct causes of poverty that Marshall and Keynes selected different variables for analysis and constructed different theories for the purpose of undertaking such an analysis. Their models and theories were not conceived and crafted in the value-free environment of an ideological vacuum, however. On the contrary, these analytic tools were anchored in what may be called the normative, pretheoretical (or “preanalytic” or “prescientific”) foundations of Marshall’s and Keynes’s economics [Schumpeter 1954, p. 42; and 1949, p. 350].

Contents and Importance of Pretheoretical Foundations

It is my contention, however, that the history of economics shows that there has always been a bifurcation in the pretheoretical foundations of those analytic apparatus that were designed by innovating, or doctrine-crafting, economists in the past. In the first place, such a foundation embodies a “vision,” or a “hopeful view of the possibilities of human progress,” as Marshall put it [Marshall 1956, p. 40]. Secondly, it harbors what I have come to call a “conceptualized reality” [Jensen 1976, p. 262].

A vision is of fundamental importance in the work of an innovator. That is so because it is composed of “wish-images” that function as “an imperative” that “drive[s]” the architect of doctrines “onward” in his scholarly pursuits [Mannheim 1955, pp. 193, 260]. In other words, it is because he is “visualizing clearly future developments” of a socially beneficial kind that a doctrine-builder undertakes the preparation of that “armament of knowledge” that he offers to the world as a means to the end of achieving his proclaimed “goal of social betterment” [Schumpeter 1951, p. 145; Pigou 1925, p. 84].

The innovator views such a betterment as improvements in the economic conditions of the socioeconomic actuality in which he lives. This actuality cannot “be ‘known’ [to him] in the same way as natural objects get to be ‘known,’” however [Kecskeméti 1952, p. 31]. Hence he substi-
tutes a self-made, and therefore knowable, reality for the essentially unknowable actuality. And this reality is conceptualized in the sense that it consists of “constructs” shaped “by the activities” of the doctrine-founder’s “mind” in such a manner that they form a “conception of the world” [Schutz 1962, p. 5; Mannheim 1952, p. 207]. In other words, as I view it, a conceptualized reality is an experientially conditioned, subjectively conceived, factually structured, and mentally formulated approximation to, or image of (and a proxy for), the actual socioeconomic order of the contemporary society.8

It is this kind of reality that the architect of a particular doctrine analyzes in model form by means of his theories; theories that he bases on assumptions deduced from the very same reality. Consequently, whenever economists differ in their choice of problems and in their selection of methods for solving such problems, they do so because the said problems and methods are anchored in different conceptualized realities. It follows, therefore, that the notion of a conceptualized reality provides a criterion for differentiating among those bodies of economic doctrine that became “paradigms” by virtue of their acceptance by identifiable groups of “practitioners” [Kuhn 1970, p. viii].

As far as the Marshallian and Keynesian realities are concerned, their authors were confident that the analytic apparatus rooted therein would contribute to the discovery and identification of steps that could be taken in an effort to place the said realities on a road that would lead to the promised land ensconced in their visions.

Marshall’s and Keynes’s Visions

When, however, Marshall and Keynes formulated their visions of that which they called the future “ideal conditions of social life” and “our destination of economic bliss,” respectively [Marshall 1956, p. 40; Keynes 9, p. 331], they were motivated to do so by a set of ethical commitments and by a quasi-utopian faith in the possibility and blessings of technological progress.

Marshall displayed his ethical orientation, for example, when he confessed “in the vein of [Jeremy] Bentham” that it was his aim to contribute to “increases [in] the sum total of human happiness” [Edgeworth 1965, p. 71; Marshall 1883, Lecture 3, p. 208]. Moreover, like Adam Smith before him [Smith 1937, p. 79; and 1971, pp. 344, 345, 347, 350], Marshall argued that “happiness” is a function of income; that is, of a “flow or stream of wellbeing as measured by the flow or stream of incoming wealth and the consequent power of using and consuming it.” In short, it is morally imperative that labor and capital generate a growing “income of happiness” that is realized in the process of consumption. Consumption is therefore “the end of production” [Marshall 1956, pp. 111, 56], as pointed out earlier by Smith and reaffirmed later by Keynes [Smith 1937, p. 625; Keynes 7, p. 104].

But it was not only in “repeat[ing] the obvious” with regard to consumption that Keynes followed in the footsteps of Marshall. Thus although he claimed that he “had thrown hedonism out of the window,” and thereby “escaped from the Benthamite tradition,” Keynes’s ethics remained essentially Marshallian in nature. That is to say, when he condemned Utilitarianism as a “worm...growing at the insides of modern civilisation,” Keynes’s criticism was directed largely against the “Benthamite calculus, based on an over-valuation of the economic criterion [in ethical matters], which was destroying the quality of the popular ideal.” Consequently, he did not dispute the validity of the Utilitarian notion that “rightness is an attribute of actions”; a rightness inherited in the “consequences” of some actions [Keynes 7, p. 104; and 10, pp. 445, 446, 445]. As a matter of fact, he “never departed from” the kind of “consequentialist moral philosophy” that Marshall identified as “the doctrine that the wellbeing of the whole people should be the ultimate goal of all private effort and public policy” [Braithwaite 1975, p. 245; Marshall 1956, p. 39]. Thus the following trait, which Keynes attributed to Marshall, was also a feature of Keynes’s own mental and moral constitution: “When his intellect chased diagrams and Foreign Trade and Money,” and, one might add, Multipliers and Interest Rates, “there was an evangelical moraliser...somewhere inside him” [Keynes 1925, p. 37].

Keynes was not only a moral philosopher, however. He was also an optimist. For example, he had great faith in the possibility of a future expansion of those “great” processes of “science and technical inventions” that began in “the sixteenth century,” accelerated with a “cumulative crescendo after the eighteenth,” and had “been in full flood...since the beginning of the nineteenth century.” Keynes was therefore convinced that the “economic problem,” that is, the problem of “want and poverty and the economic struggle between classes and nations,” would be “solved, or be at least within sight of solution, within a hundred years,” or circa 2030 A.D. When this feat has been accomplished, man “shall then be free, at last, to discard” such “semi-criminal, semi-pathological propensities” as the “love of money as a possession.” That is to say, when “a hundred years hence...science and compound interest” have solved the “transitory and...unnecessary muddle” of the economic problem, man will, “for the first time since his creation,” be faced with his “real, his
permanent problem—how to use his freedom from pressing economic cares, how to occupy . . . [his newly won] leisure, . . . [how] to live wisely and agreeably and well” [Keynes 9, pp. 324, xviii, 326, 329, 326, 328, xviii, 328].

Keynes’s vision of a future society in which people would “value ends above means and prefer the good to the useful” is almost an exact replica of Marshall’s vision [Keynes 9, p. 331]. Thus when he “imagine[d] some possibilities of the future,” Marshall was much impressed by the extent to which “new activities” were “constantly being developed” in his contemporary society. Hence he foresaw a future in which “mechanical progress,” through the development of “automatic and other machinery,” would continually raise the “national income” with the result that the “happiness of life” would be enhanced for all social classes, including the poor. As a matter of fact, the poor would be the principal beneficiaries of technology-induced growth because the resultant increase in their incomes would arrest “positive suffering, and active causes of degradation,” at the same time that it would add “more to the sum total of [their] happiness than . . . [any] other proportionate increase of income” would do for other classes. Consequently, Marshall envisioned a future society in which “not only paupers but all the very poor” have been “improved away” to such an extent that all the “so-called ‘lower classes’ ” have been “extinguished” together with their “poverty and ignorance.” In this setting, the populace will consist not only of “more efficient producers but also [of] wiser consumers, with greater knowledge of all that is beautiful, and more care for it.” In short, Marshall visualized a future world in which “the opportunities of a noble life” will be “accessible to all” so that “human lives . . . are joys in themselves and the sources of joy” [Marshall 1919, p. 660; 1956, pp. 76, 596, 434, 596, 597; 1926, p. 199; 1956, pp. 2, 3; 1885, p. 173; and 1897, p. 311].

Marshall’s and Keynes’s Conceptualized Realities as Bases for Their Vision-Motivated Analyses and Policy Prescriptions

Marshall and Keynes agreed, however, that social engineering would be necessary if their respective realities were to be transformed into a state of affairs resembling their fancied society of the future.

According to Marshall, such engineering was mandatory because of the existence of the aforementioned extreme inequality in the distribution of income and wealth. In order to investigate this particular problem, he abstracted a model from his conceptualized reality and subjected it to a “statistical equilibrium” analysis by means of theoretical tools based on assumptions deduced from the same reality. He was thereby able to determine the “causes which fix the broad lines of distribution of the national income between labour, and the owners of capital and land.” The conclusions drawn from this inquiry moved Marshall to recommend that “a more equal distribution of wealth” and income be instituted “among the masses of the people.” For all practical purposes, this would require that the “working classes” be “abolished” qua men who have “excessive work to do.” Needless to say, “almost every existing institution must be changed,” as Marshall put it, if this kind of reform were to be introduced, and to take hold [Marshall 1890, p. 292; 1956, pp. 382, 419, 34, 39; 1873, p. 118; and 1975a, p. 341].

In the early 1930s, there erupted an obstruction on the road to the promised land, however, that appeared to be much more menacing than the existing maldistribution of income. This obstruction was, of course, the great depression. Consequently, Marshall’s “concern with ameliorating the distribution of income in favor of the working classes pale[d] into social irrelevance,” at least for the short term [Johnson and Johnson 1974, p. 268]. Instead, the questions that cried for immediate answers were these: “Why are workers and plant unemployed?” Why does the economy “have magneto trouble?” And how “can we start up again?” It was in order to find answers to these questions that Keynes modeled and analyzed his particular reality along the broad and general lines that Marshall had followed in his microeconomic inquiries. This study convinced Keynes that the economic system was plagued by such “outrageous . . . defects” that full employment would be of “rare and short-lived occurrence.” Laissez faire, “before which . . . the City editors, all bloody and blindfolded, still piteously bow[ed] down,” offered no solution to these problems. Hence Keynes urged that the government assume “an ever greater responsibility for directly organising investment” by means of indicative planning, “communal saving through the agency of the State,” and other “central controls,” which, in concert, would amount to “a somewhat comprehensive socialisation of investment.” Obviously, the reforms recommended by Keynes, like those proposed by Marshall, would “involve a large extension of the traditional functions of government.” As a matter of fact, Keynes viewed these measures as integral parts of a “transition towards . . . a planned domestic economy” [Keynes 9, p. 129; 7, pp. 31, 250; 9, p. 304; 7, pp. 164, 376, 379, 378, 379; and 1933, p. 767].

In spite of the fact that they agreed that “the Government . . . [should] arouse itself to do that work which is vital” [Marshall 1907, p. 336], Marshall and Keynes clearly conceptualized their realities differently. In constructing his reality, however, Keynes was influenced by Marshall to a
considerable extent. This influence had two dimensions. In the first place, when he assembled the elements for his reality, Keynes used methods that were strikingly Marshallian. Secondly, when he crafted these elements, the author of The General Theory frequently resorted to ingredients obtained from Marshall's work.

An inquiry into the possibility that Keynes (qua theorist) was a Marshallian must, therefore, start with an investigation of the extent to which he was influenced by Marshall when he (Keynes) conceptualized that particular reality that he modeled and analyzed in his magnum opus. For this reason, and because of space constraints, the remainder of my exposition will be confined to a discussion of a limited number of similarities in Marshall's and Keynes's conceptualized realities.

Some Features of Keynes's Conceptualized Reality and Some of Their Marshallian Sources

The chief malady afflicting the capitalist system Keynes identified thus: "It is in determining the volume, not the direction, of actual employment that the existing system has broken down." But why had capitalism become stuck in a "resting-place below full employment?" Keynes's answer: because the institutions of capitalism and the social "virtue[s]" and "convention[s]" they nurtured and perpetuated as props under their own existence had become anachronisms in the reality he conceptualized [Keynes 7, pp. 379, 304; and 2, p. 12].

This answer raises a further question, however, namely why and how the said institutions had become so flawed that they constituted the "chief unstable [and destabilizing] elements . . . in the economic life" of the Keynesian reality [Keynes 2, p. 7]. An answer to that question may be sought through an investigation of the sources and nature of those elements that Keynes employed when he constructed his reality.

Although he used a variety of inputs in this process, the relevant ingredients may be divided into three broad categories: hypothetical-philosophical-theoretical elements; historical components; and data pertaining to the current socioeconomic actuality.

Hypothetical-Philosophical-Theoretical Inputs

The hypothetical-philosophical-theoretical inputs utilized by Keynes consist of certain propositions concerning human nature that he obtained from Marshall's theory of behavior. This theory is composed of two parts, however, namely a Utilitarian and an "evolution[ist]" part; and Marshall fused the two portions together in an effort to explain and analyze what he called the "dynamics as well as . . . the statics of human nature" [Marshall 1898, p. 42; and 1897, p. 299].

Marshall acquired the Utilitarian element of his theory of behavior from the very same source that supplied him with his ethical presuppositions, namely Bentham, who, in Marshall's opinion, had "had more influence on Economics than any other non-economist" [M. P. Marshall 1947, p. 18]. It should come as no surprise, therefore, that Marshall declared that the innate human "incentives to action" take two forms. In the first place, they appear as a desire to gain "utilities" through the consumption of "commodities." Secondly, they manifest themselves as an "unwillingness" to suffer those "disutilities" that are inflicted upon humankind by "discommodities," such as "labour" and the "sacrifice involved in putting off consumption" in the act of saving [Marshall 1893, pp. 388, 389; 1956, pp. 68, 116; 1893, p. 389; and 1956, p. 116].

Moreover, Marshall argued that the individual is endowed with "intelligence" and reason. Hence a person is able to take action in accordance with his desire to maximize "pleasure" and minimize "pain." That is to say, one is capable of measuring a [particular] mental state of one's own at a given point in time. As Marshall saw it, all "men do [so] in ordinary life" and they accomplish this feat by measuring the "motor-force or incentive" that the specific mental state "affords to action." This motor force consists, of course, of the "pleasure or pain" that follows in the wake of concrete action [Marshall 1956, pp. 196, 15, 13, 15].

Given these propensities, the individual will always allocate purchasing power among "several uses . . . in such a way as to give him the greatest satisfaction" of an "endless variety of wants." It means that one will distribute one's wherewithal "among these uses in such a way that it has the same marginal utility in all." But just as the "marginal utility of a thing to anyone diminishes with every increase in the amount of it he already has," so does the "marginal disutility of labour" and of "saving" increase "with every increase" in their "amount[s]." Consequently, every person will carry his or her productive "efforts and sacrifices" up to "that margin at which any further . . . [exertion or saving] appears to offer no balance of gain, no excess or surplus of utility over 'disutility'" [Marshall 1956, pp. 192-93, 78, 98, 79, 117, 282, 117, 282, 514; emphasis deleted].

Marshall's philosophic-psychological bequest to Keynes was not confined to an economist's version of Utilitarianism, however. As indicated above, there was a second part in Marshall's theory of behavior. This aspect had its origin in "biology, as represented by the writings of Herbert Spencer" and by Charles "Darwin's profound discussion" of the "laws
of struggle and survival," and in the "careful and profound analyses" by the members of the German historical school. According to Marshall, these "two kinds of influences have affected, more than any other, the substance of the views expressed" in his *Principles of Economics*. The essence of this substance is that history is a process of "evolution," that is, a process of "organic life-growth" in which the "mutual influence[s]" of "innumerable factors" produced not only "organic growth" of society, polity, and economy, but also "changes in man himself" [Marshall 1956, pp. viii, 42; 1897, p. 298; 1956, pp. 634, viii; and 1898, pp. 42, 44, 43, 42, 44].

Marshall's notion of human changeability is of particular interest in the present context. This is so because it was through a combination of this idea with his Utilitarianism that he was enabled to "deal with the whole of man's nature" in a manner that had considerable influence on Keynes [Marshall 1897, p. 299]. To speak in Lakatosian terms, the outcome of this synthesis was a Marshallian view of human nature as a duality that consists of a "hard core" and a soft outer "belt" [Lakatos 1978, p. 110].

Marshall put it in this way: I "insist that though there is a kernel of man's nature that has scarcely changed, yet many elements of his character, that are most effective for economic uses, are of modern growth" [Marshall 1898, p. 44; emphasis added].

The kernel is composed of human native "intelligence" and other innate "faculties" and "instinct[s]." Prominent among these natural endowments is, of course, that "capacity for pleasure and pain" that Marshall postulated to be the driving force behind the "wants and desires" of all people: civilized, "uncivilized," and the "brute and savage alike." In other words, the core constitutes the "statics of human nature" because it is innate and impervious to the influence of socio-cultural forces [Marshall 1956, pp. 196, 1, 622, 15, 73; and 1897, p. 299].

The belt is different. It is made up of penetrable components that can be stimulated to generate catalyses. They (the components) are triggered to do so when pierced by agents emanating from two spheres: from the hard core of human nature and from the socio-cultural environment in which people live. That is to say, the fundamental instincts, drives, and propensities of the core encounter numerous socio-cultural forces in the outer belt. When that happens, those "elements" that form the belt swing into action as catalysts in a mental and psychological process in which the basic instincts are activated, acculturated, molded, and implemented behaviorally by the encountered socio-cultural forces and phenomena in question [Marshall 1898, p. 44].

It means, of course, that "human nature [and behavior] can be modi-fied," as Marshall put it. Furthermore, he maintained that such modifications, as well as "the pliability of human nature" that makes them possible, have come about in an historically unfolding process in which people gained knowledge through experience. Experience is of fundamental importance, according to Marshall, because "expectation [is] founded on experience," and it is the expectation of a certain occurrence, or event, that "produces action" [Marshall 1956, pp. 622, 631; and Box 11(8), p. 5]. His argument ran as follows.

Although several socio-cultural factors have influenced the formation of human behavior, "man's character has been moulded [especially] by his every-day work, and the material resources which he thereby procures." In the first place, the individual's character and attitudes toward, and interactions with, others have been "formed by the way in which he uses his faculties in his work, by the thoughts and the feelings which it suggests, and by his relations to his associates in work, his employers or his employees." Secondly, the "growth of knowledge" and its increased application in the "production, distribution, and consumption of wealth" have "recently made and are making deep and rapid changes in [another aspect of] human nature." This aspect consists of human wants. Thus although it is "man's wants in the earliest stages of his development that give rise to his activities," this process is reversed once economic growth is under way. In a growing society, "each new step upwards is to be regarded as the development of new activities giving rise to new wants, rather than of new wants giving rise to new activities." Hence as "civilization has progressed, man has always been developing new wants." Marshall found that history was the great verifier of this proposition. In his opinion, the "whole history of man shows that his wants expand with the growth of his wealth and knowledge" [Marshall 1956, p. 1; 1885, p. 154; 1956, pp. 631–32; 1885, p. 154; and 1956, pp. 76, 185, 186].

In other words, it is through a process of cultural absorption by the outer belt of human nature that the individual has become "a creature of circumstances and changes with them." And Marshall was convinced that "economic influences" have been "enormous" and "incomparably more powerful in the formation of ... [human] character than any other influences," including the effect of "religious [and other] ideals." Consequently, it is primarily economic forces that have been responsible for the emergence of the outer belt as the locus for "the dynamics ... of human nature" [Marshall 1885, p. 153; 1975b, p. 354; 1975c, p. 357; 1976b, p. 354; 1975c, p. 357; and 1897, p. 299].

It was largely on the basis of this Marshallian nature-cum-nurture theory of behavior that Keynes formulated those behavioral propensities
that he imputed to the actors in his economic drama. In so doing, he established a basis for explaining and predicting the actors’ responses to external stimuli. These stimuli emanate from the facts of the Keynesian reality. But what appear as stimulating facts are the particular forms that the empirical data chosen by Keynes assumed when he viewed them through the “selecting grid” of the Marshallian theory of behavior [Stark 1958, p. 108]. When he selected these data, however, Keynes was again influenced by Marshall to a considerable extent. In this case, Marshall’s influence flowed from his historical and empirical investigations.

Marshall’s Legacy as an Historian and Observer

Keynes had great respect for Marshall’s historical insights. Thus the author of The General Theory eulogized his old teacher as a “master-economist” who was also an “historian” who studied “the present in the light of the past for the purposes of the future” [Keynes 1925, p. 12]. In undertaking such a task, Marshall had “selected and traced out,” as he intimated himself, “a few prominent threads” from that “tangled complex which constitutes the history of man” [Marshall 1897, p. 300]. One of the principal threads chosen by Marshall consisted of that unprecedented “progress” of “scientific discovery” and “diffusion of knowledge” that had “revolutionized [the] methods of industry” in England in the nineteenth century. Another major thread was in the form of those public policies that had promoted a system of “free enterprise in industry and commerce” and thereby “set the tone of modern business” [Marshall 1956, p. 184; 1919, p. 100; 1956, p. 184; 1919, p. 100; and 1956, p. 617].

In combination, these scientific, technological, and political forces brought about a “great change in the organization of industry” and hence in the structure of society at large. According to Marshall, the “most vital [of these] changes . . . centre[d] around . . . [the] growth of business Undertakers.” And as far as he was concerned, the emergence of a large working class was the most fateful of those changes that clustered around the “natural selection of the fittest to undertake, to organize, and to manage” the “new factories,” which operated “on a large scale.” Unfortunately, as industrialization and laissez faire “caused the workers to be gathered more and more . . . into larger [and larger] factories,” they were transformed into an underclass of “vast masses of [poor] men who, after long hours of unintellectual toil . . . return[ed] to their narrow homes with bodies exhausted and with minds dull and sluggish” [Marshall 1956, pp. 619, 617, 618; and 1873, p. 105].

Marshall became aware of this social problem in the course of his “ser-

vice on the Royal Commission on Labour” and during his visits to “the poorest quarters of several cities” and to “one or more representative works in each chief industry.” Moreover, he combined such direct observations with a number of indirect observations. For example, he “accumulated a great number of facts” through his study of published economic indicators. Thus it was as an “observer of contemporary life” that Marshall obtained those empirical data that he transformed into facts with the aid of his concept of history and his nature-cum-nurture theory of behavior [Marshall 1919, p. viii; quoted in Keynes 1925, p. 10; 1919, p. viii; 1926, p. 287; and 1897, p. 309]. These very facts served him as building blocks when he constructed his reality. Inasmuch as Keynes used some of these materials as “exemplars” when he conceptualized his own particular reality, certain aspects of the Marshallian reality will be discussed presently [Kuhn 1977, p. 297].

Some Marshallian Contributions to the Structure of the Keynesian Reality

From the point of view of Marshall’s influence on Keynes, the single most important feature of the Marshallian reality consists of its organizational structure. This structure determines the distribution of the “National Income.” Thus being “at once the aggregate net product of, and the sole source of payment for, all the agents of production,” the national income is “divided into the three shares of land, labour and capital; while the state, of course, takes a bit of the share of each in the form of taxes” [Marshall 1956, pp. 66, 445; and Lecture 2, 1883, p. 192]. This categorial distribution is further subdivided, however, in accordance with an historically evolved fractionization of the original class of capitalists. Consequently, the following class structure has emerged in the world of Marshall.

In the first place, “rent proper” is collected by a resource-owning class as an “income derived from the free gifts of nature.” Secondly, the Marshallian reality harbors a rentier class of “owners of capital” who receive “Net interest” as a “reward of waiting.” Thirdly, there exists a class of entrepreneurs, or “undertakers,” to whom the rentiers make their funds available. And it is out of his realized “profits” that the individual entrepreneur services his thus acquired debt and equity capital. Hence what “remains of his profits after deducting interest on his capital . . . is . . . called his earnings of undertaking or management” [Marshall Lecture 2, 1883, p. 192; and 1956, pp. 62, 452, 488, 496, 62].

Thus there is a separation of ownership and control in the Marshallian
It follows that the entrepreneurs occupy a key position in the Marshallian reality. As Marshall put it, the “interests of the owners of capital and of workers radiate towards them and from them: and they [i.e., the entrepreneurs] hold the whole together in a firm grip.” It is particularly the “officials of joint-stock companies . . . who act as the centre of the great industrial wheel” [Marshall 1956, p. 452].

But whatever the size or legal form of their firms, it is the entrepreneurs who employ the members of the largest class in the Marshallian world, namely “those vast masses of [working]men who habitually sustain hard corporeal work for eight, ten, or twelve hours a day.” And the workers do so “in obedience to [the] explicit directions” issued and enforced routinely by the entrepreneurs and their assistants [Marshall 1873, p. 105].

Such, then, is the structure, and some of its associated processes, of the Marshallian reality. It was this structure and these processes, in conjunction with Marshall’s theory of behavior, his concept and use of history, and his use of and “care about statistics” [Marshall in Whitaker 1975, p. 30] that served as exemplars for the author of The General Theory when he conceptualized his particular socioeconomic reality.

**Some Marshallian Aspects of Keynes’s Reality**

In constructing that reality which he analyzed in model terms in his major work, Keynes therefore took his cues from Marshall and commenced with a search for the historical roots of that which he judged to be the “outstanding faults of the economic society,” namely its “failure to provide for full employment and,” closely associated therewith, “its arbitrary and inequitable distribution of wealth and incomes” [Keynes 7, p. 372].

**Historical Roots**

Thus the economically depressed reality with which Keynes was concerned is one that was shaped (a la Marshall’s) in the course of a series of events that culminated with the emergence of “a vast and complicated industrial machine . . . [that] rendered possible . . . a far-reaching transformation of the economic structure.” One of the most fateful aspects of this transformation was the division of the economically relevant segments of the population into two classes: a “propertyed” class and a propertyless “labouring” class [Keynes 2, p. 7; 4, p. 5; and 2, p. 15].
The dynamics of the technologically powered process of social change was such, however, that it caused a latter-day division of the “propriety classes into two groups—the ‘business men’ and the ‘investors’—with partly divergent interests.” These two groups are, of course, Marshall’s “entrepreneurs” and “rentiers.” Hence the result of this bifurcation was a Marshallian “separation between ownership and management” facilitated by an accompanying “development of organized investment markets.” It goes without saying that the appearance of such a “social cleavage” did not affect the socioeconomic position of “the earning class of workers. They continued to work “hard” and to live at a relatively “low standard of comfort” [Keynes 4, p. 5; 14, p. 120; 7, pp. 262, 150; 4, p. 4; and 2, p. 6].

The Keynesian reality is therefore characterized by the existence of three historically evolved classes with distinct counterparts in the world of Marshall: a “rentier” class of “speculative [financial] investor[s]” who own, but “do not manage,” business enterprises; an “active business class” of “entrepreneurs” who manage, but do not own, the said enterprises; and a laboring class of “wage earner[s]” whose members sell their personal services to the entrepreneurs [Keynes 7, pp. 221, 158, 153; 4, p. 5; 14, p. 120; and 4, p. 26].

Of course, the members of these three classes are also dwellers in households. It means that each economic actor plays a dual role in the Keynesian world: either as a rentier-and-consumer, or as an entrepreneur-and-consumer, or as a worker-and-consumer. In each of these dual roles, the individual actor’s behavior is cast in a mold that Keynes shaped in the image of Marshall’s Utilitarian-cultural theory of human nature.

Instincts, Culture and Behavior

That is to say, the individual’s instinctive desire for “utility” and his innate aversion to “disutility,” as well as the manner in which he acts in conformity with these inclinations, have been molded in the subcultures of the three major classes that emerged under industrial “conditions mainly of laissez faire.” Consequently, when they engage in income-procuring activities, the actors in the Keynesian economic drama behave in accordance with “three fundamental psychological” laws with decisive influence on the determination of the “volume of employment and national income.” These laws are: “the psychological attitude to liquidity” that governs the behavior of the rentiers; the “psychological expectation of future yield from capital-assets” that influences the decisions and actions of the entrepreneurs; and the socio-psychological submissiveness on the part of the workers that induces them to accept “a situation in which they... [can] call their own very little of the cake that they and nature and the capitalists... [are] co-operating to produce” [Keynes 7, pp. 128, 219, 246, 245; and 2, p. 12].

But just as the gainful activities of individuals are governed by culturally conditioned behavior traits, so are those activities in which the very same individuals dispose of household incomes. For example, when the rentiers, entrepreneurs, and workers divide their respective incomes between consumption and saving, they are guided by a fourth “fundamental psychological law,” namely by a “psychological propensity to consume” and to save [Keynes 7, pp. 96, 247]. This propensity on the part of a particular individual is influenced in a deterministic manner by his “appointed place” in society, however [E. Johnson 1974, p. 106]. Thus although the social “virtue” of “thrift” has become an important motive in all three classes, it has taken a particularly strong hold among the members of the rentier class. As far as they are concerned, the “duty of ‘saving’” has become “nine-tenths of virtue” and the growth of their accumulated wealth “the object of true religion.” In other words, “to save and to invest” money funds have become “at once the duty and the delight of a large class.” In view of this, Keynes considered the propensity to consume to be of the “utmost importance” for the economic performance of his reality. It is no wonder, therefore, that it is “absolutely fundamental to the theory of effective demand as set forth in” The General Theory [Keynes 2, p. 12; 4, p. 134; 2, p. 12; 4, p. 6; and 14, p. 120].

Essentially, Keynes’s psychological law of consumption is a blown-up, macroeconomic version of Marshall’s microeconomic “law of satiable wants” for a single good. Thus to alter Marshall’s language slightly, Keynes in effect postulated that the “additional benefit which a person derives from a given increase of his [entire] stock of a [variety of want-satisfying] thing[s], diminishes with every increase in the stock he already has” [Marshall 1956, pp. 78, 79; emphasis deleted]. In Keynes’s words:

[T]he satisfaction of the immediate primary needs of a man and his family is usually a stronger motive than the motives towards accumulation, which only acquire effective sway when a margin of comfort has been attained. These reasons will lead, as a rule, to a greater proportion of income being saved as real income increases [Keynes 7, p. 97].

[In other words] men are disposed, as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income [Keynes 7, p. 96].
Since I regard the individual propensity to consume as being (normally) such as to leave a wider gap between income and consumption as income increases, it naturally follows that the collective propensity for...[the] community as a whole [is such]...that, when its real income is increased, it will not increase its consumption by an equal absolute amount, so that a greater absolute amount must be saved [Keynes 14, p. 271; and 7, p. 97].

Thus for all practical purposes, the saving function is located in the households of the Keynesian reality. That is so, of course, because a decision to consume is synonymous with a decision to save. Moreover, due to the fact that there exists a pronounced "inequality of the distribution of wealth" and income, society is "so framed as to throw a great part of the increased income into the class least likely to consume it," namely the class of rentiers. In other words, the rentiers are responsible for the bulk of all savings in the world of Keynes, just as they were in the Marshallian reality. Keynes did admit, however, that a "large amount of income...is withheld by...government, by institutions, and by business corporations." But he hastened to add that institutional saving is undertaken "for motives largely analogous to...those acting individually." Hence, wherever they may be found in the economic order, the inducements to save are "motives which favour the withholding of a part of income from consumption" [Keynes 2, p. 11; and 7, pp. 108, 109]. In emphasizing individual and "personal saving behavior" in this manner, Keynes disregarded "corporate saving behavior" and was thereby reflecting "Marshall's inability to integrate the modern corporation into his system of economic analysis," as Harry G. Johnson put it [H. G. Johnson 1961, p. 5].

Keynes parted company with Marshall, however, when it came to an explanation for the reason that the rentiers demand interest for lending their funds. Given the fact that the propensity to consume "determines for each individual how much of his income he will consume and how much he will reserve in some form of command over future consumption," the rate of interest cannot be regarded as a reward for "saving or waiting as such." Rather, the rate of interest is a "reward for parting with liquidity." Hence it is a "measure of the unwillingness of those who possess money to part with their liquid control over it" and not a measure of their "unwillingness" to put "off consumption," as Marshall had argued [Keynes 7, pp. 166, 167; Marshall 1956, p. 116].

In taking this position, Keynes was nevertheless operating within the framework of Marshall's Utilitarian-cultural theory of behavior. In the first place, the "rate of interest is a highly psychological phenomenon," according to Keynes. Secondly, he maintained that it is due to their gradual separation from the active management of business enterprises (a notion pioneered by Marshall) that the rentiers' basic desire for satisfaction has become concretized in a desire to obtain gains, not through production, but through the speculative placement of liquid funds. In other words, being the product of an historically evolved "psychological attitude to liquidity," the "speculative-motive" of the rentiers amounts to an institutionally conditioned manifestation of their basic appetite for utility [Keynes 7, pp. 202, 247, 170].

Such a conditioning is partly a product of individual and collective experiences among the rentiers—experiences that convince them that the placement of liquid funds is undertaken under conditions of "risk, uncertainty, and ignorance." This fact makes it almost impossible for the individual rentier to estimate his or her future returns on financial investments made today. Hence knowing that his or her "individual judgment is worthless," the rentier endorses "to fall back on the judgment of the rest of the world," that is, the rest of the rentiers, "which is perhaps better informed." The psychology of "a society of individuals each of whom is endeavouring to copy the others leads," however, to what Keynes termed a "conventional judgment," or a "convention." Being based "on so flimsy a foundation," such a convention among a "large number of ignorant individuals" is unfortunately subject to "sudden and violent changes" whenever there is a "sudden fluctuation of opinion due to factors which do not really make much difference to the prospective yield" of financial instruments. In other words, the "forces" of "fears" and "disillusion may suddenly impose a new conventional basis of valuation." The entrepreneurs, who "call to the aid of their enterprises" the savings of the rentiers, have therefore become "bubble[s] on a whirlpool of speculation." But when the "capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done." Hence this phenomenon cannot be claimed as one of the outstanding triumphs of laissez-faire capitalism [Keynes, 9, p. 291; 14, p. 114; 7, p. 152; 14, p. 114; 7, p. 154; 14, p. 114; 7, p. 154; 14, p. 115; 4, p. 5; and 7, p. 159].

It is not just the rentiers who are affected attitudinally by historically evolving experiences. The same history has also conditioned the entrepreneurs' basic propensities and desires. Profit, for example, has become linked to expectations concerning the future. Due to an increased degree of roundaboutness in production, current outlays on capital goods will only "produce results...at a comparatively distant, and sometimes at an indefinitely distant date." It is therefore the "prospective yield of [real] capital, and not merely...its current yield," that is the decisive factor when entrepreneurs contemplate a new investment. Hence an element of
"extreme precariousness" has been injected into the capital goods sector of the modern economy. In this situation, the entrepreneurs often make their decisions on the basis of a "spontaneous urge," or as a "result of animal spirits," as Keynes put it [Keynes 14, p. 113; and 7, pp. 141, 149, 161].

But how do the entrepreneurs "manage in such circumstances to behave in a manner which saves . . . [their] faces as rational, economic men?" According to Keynes, they do so because history has not only brought about a situation in which investment decisions are linked to an uncertain future, it has also taught the entrepreneurs how to cope with uncertainty. On the basis of past experience, they simply tend to "be guided" by the "facts" of the "existing situation." It is, therefore, their "usual practice . . . to take the existing situation and to project it into the future." In so doing, the entrepreneurs arrive at that particular "rate of return expected . . . [from] a newly produced asset" that Keynes called the "marginal efficiency of capital" [Keynes 14, p. 114; and 7, pp. 148, 136, 135]. This rate is, of course, the equivalent of Marshall's concept of the marginal utility of machinery, or capital. Moreover, as already indicated, Marshall also anticipated Keynes in the formulation of the well-known (Keynesian) proposition that the "actual rate of current investment will be pushed to the point where there is no longer any class of capital-asset of which the marginal efficiency equals the current rate of interest." Keynes put it in this way: Marshall "appears to accept the view set forth above, that the rate of interest determines the point to which new investment will be pushed, given the schedule of the marginal efficiency of capital." Hence there exists a clearly enunciated Marshallian foundation for the Keynesian notion that the "rate of interest on money plays a peculiar part in setting a limit to the level of employment, since it sets a standard to which the marginal efficiency of a capital-asset must attain if it is to be newly produced" [Keynes 7, pp. 136, 140, 222; emphasis deleted].

As pointed out above, it is not only the attitudes and behavior of the rentiers and the entrepreneurs that have been conditioned by that which Keynes called the "decadent . . . [and] individualistic capitalism" of his conceptualized reality. The workers have been similarly molded. Just as "large numbers of [working] people" were persuaded by the institutions of the Marshallian reality to accept an existence in which they were "doomed from their birth to hard work in order to provide for others the requisites of refined and cultured life" without "having any share or part in that life" themselves, so is the "greater part of the population" in the Keynesian world condemned to work "hard" for an income that is so low that the "soldier [of W.W. I] was better clothed, better shod, and often better fed than the labourer" [Keynes 1933, pp. 760–61; Marshall 1956, p. 3; Keynes 2, p. 6; and 4, p. 26].

The following quotation contains Keynes's description of how the institutions of his reality have produced a set of "accumulative habits" that guarantee that the workers will be "reasonably contented with . . . [their] lot"—habits which were still prevalent on the eve of the great depression [Keynes 2, pp. 13, 61].

On the one hand the labouring classes accepted from ignorance or powerlessness, or were compelled, persuaded, or cajoled by custom, convention, authority, and the well-established order of society into accepting, a situation in which they could call their own very little of the cake that they and nature and the capitalists were co-operating to produce. And on the other hand the capitalist classes were allowed to call the best part of the cake theirs and were theoretically free to consume it, on the tacit underlying condition that they consumed very little of it in practice [Keynes 2, pp. 11–12].

But it "was not natural for a population, of whom so few enjoyed the comforts of life, to accumulate so hugely." Hence a situation has come about in the Keynesian reality in which "the growth of wealth, so far from being dependent on the abstinence of the rich, as is commonly supposed, is more likely to be impeded by it." Actually, it has been impeded to such an extent that "the existing [economic] system has broken down." One of the "chief social justifications of great inequality of wealth is, therefore, removed" from the Keynesian reality [Keynes 2, p. 13; and 7, pp. 373, 379, 373].

**Conclusion**

The arguments advanced in this article lead to the conclusion that Keynes was a Marshallian in the sense that he used elements supplied by his "revered master" when he (Keynes) constructed his conceptualized reality [Harrod 1951, p. 466]. Although it is beyond the scope and purpose of the present study to discuss that reality in detail, the following concluding remarks may be pertinent.

It is well known that the Keynesian reality is one that, unlike its Marshallian counterpart, is in the throes of a severe depression. And as Keynes saw it, the depression was the end product of an historical process in the course of which a conflict developed between the economy's technological capacity to produce, on the one hand, and its increasingly per-
verse institutions, on the other hand. He put it in this way: "We suffer a chronic failure to live up to the opportunities of our technical capacity to produce material goods." Hence, in his judgment, "capitalism ... is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous—and it doesn't deliver the goods." These "objectionable features of capitalism" Keynes particularized in the following thumbnail sketch of an economic reality that has descended to a "resting-place below full employment," where, Keynes feared, it would be "capable of remaining in a chronic condition of sub-normal activity" for an indefinite period [Keynes 21, p. 87; 1933, pp. 760–61; and 7, pp. 221, 304, 249].

[W]hile an increase in the quantity of money may be expected, cet. par., to reduce the rate of interest, this will not happen if the liquidity-preferences of the public are increasing more than the quantity of money [and this is the case]; and whilst a decline in the rate of interest may be expected, cet. par., to increase the volume of investment, this will not happen if the schedule of the marginal efficiency of capital is falling more rapidly than the rate of interest [and marginal efficiency of capital is doing that]; and whilst an increase in the volume of investment may be expected, cet. par., to increase employment, this may not happen if the propensity to consume is falling off [and it is dropping in the Keynesian reality] [Keynes 7, p. 173].

It was in order to find remedies for this malady of the body economic that Keynes embarked upon his macroeconomic analyses in The General Theory. He did so in the hope that it might "be possible by a right analysis of the problem to cure the disease whilst preserving efficiency and freedom." It is rather remarkable, however, that the reality Keynes analyzed is one that is plagued by "starvation amidst" stagnation whereas the Marshallian world, which supplied many of the building blocks for the Keynesian reality, was not "anywhere near a stationary state" [Keynes 7, p. 381; and 21, p. 86; Marshall 1956, p. 185]. That Keynes was able to use certain key elements of Marshall's depression-proof, microeconomic paradigm for the purpose of constructing his own, novel, and depression-plagued macroeconomic paradigm is a measure of Keynes's gifts as an innovating economist. H. G. Johnson put it well when he observed that "the extreme Marshallian character of Keynes's theory" is to be regarded "not as a qualification of his achievement but as a measure of the limitations which his powers of original thinking enabled him to transcend" [H. G. Johnson 1961, p. 5].

Keynes as Marshallian

Notes

1. In the case of his Collected Writings I refer to Keynes's works by volume and page numbers. In the case of editions other than those included in the Collected Writings, Keynes's works are listed by year of publication and page number. Full bibliographical information is contained in the list of references.

2. Marshall did admit that "though men have the power to purchase they may not choose to use it." Hence unemployment, which is a great "evil," may follow [Marshall 1956, pp. 391, 392]. Following John Stuart Mill [Mill 1929, pp. 558–63], Marshall argued that unemployment was caused by a "collapse of commercial credit" and that prosperity would be restored as soon as credit "was based on the solid foundation of fairly accurate forecasts" [Marshall 1956, p. 591]. This notion is quite different from that of Keynes according to which full employment "is of rare and short-lived occurrence" because unemployment is "invariably associated" with "capitalistic individualism" [Keynes 7, pp. 250, 381].

3. What I call the conceptualized reality is similar to Joseph Schumpeter's concept of a "Vision," by which he meant a "vision of economic reality," which he defined as "that first impression or impression ... if you prefer, ... preconception ... of the phenomenon to be investigated which factual and 'theoretical' analysis ... then work[s] up into scientific propositions" [Schumpeter 1954, p. 41; 1949, p. 352; and 1954, pp. 570, 571, 570]. But Schumpeter also hinted at another meaning of the term "vision" similar to the Marshallian sense in which I employ the concept [cf., Schumpeter 1954, pp. 570, 571].

4. As I read the history of mainstream economics, an innovating economist's paradigm (such as Marshall's or Keynes's) contains the following major components: (1) a vision; (2) a conceptualized reality; (3) an economic model built by the innovator out of a limited number of constants, independent and dependent variables that he abstracts from his reality [Lowe 1977, p. 218ff]; (4) a set of theories, or "economic laws" of (or for) his model, which the innovator formulates on the basis of assumptions deduced from the same reality [Marshall 1956, p. 27]; (5) a formal economic analysis of the behavior of the model that the innovator performs through the manipulation of the model's independent variables by means of the tools of his theories; and (6) a set of conclusions drawn by the innovator on the basis of his explanatory and predictive analysis of the behavior of his model. Those research-active economists who accept a given paradigm concentrate their efforts on the task of sharpening (4) in order to make (5) more rigorous. Hence in their practice of "normal science" [Kuhn 1970, p. 24], the theoretical researchers among Marshall's followers sacrifice[d] far too much relevance" in their "insistent pursuit of ever increasing rigor." Marshall himself, on the other hand, strove to act in accordance with the following "credo": "relevance with as much rigor as possible" [Gordon 1976, pp. 1, 12]. Thus he observed in 1893: "I have devoted myself for the last twenty-five years to
the problem of poverty, and ... very little of my work has been devoted to any inquiry which does not bear on that" [Marshall 1926, p. 205]. One of the principal results of Marshall's microeconomic analysis of the behavior of his model (especially the pricing of the services of the factors of production) took the form of a conclusion to the effect that poverty could be removed only by means of an improvement of human capital. "There is only one effective remedy that I know of," said Marshall, and that consists of "cutting off the supply of people unable to do good work, and therefore unable to earn good wages." How? The "State should give ... a good general and technical education to all, and a first-rate education even to the poorest child who shows a special fitness for it." And when "the lower labour is made scarce by people being pushed up to higher class work" in consequence of their newly acquired skills and knowledge, the unskilled workers at the bottom of the labor force will (also) have to be paid "higher wages" [Marshall 1900, p. 387; and Lecture 3, 1883, pp. 209, 208, 209].

5. That is to say, in following Marshall's example, Keynes built a model of his reality and subjected it (the model) to theoretical analysis. Of course, both the elements of Keynes's model and the specific tools of his theory differ from those employed by Marshall. For example, one of the macroeconomic laws of Keynes's model "tells us that, when there is an increment of aggregate investment, income will increase by an amount which is k times the increment of investment" [Keynes 7, p. 115].

6. I have borrowed these terms from Imre Lakatos, who used them in the context of "scientific research programmes" rather than in context of a psychological theory developed by an innovator [Lakatos 1978, p. 110].

7. In an unpublished paper, "Ye Machine," Marshall presented a highly mechanical version of these mental processes. Here he visualized the human brain and intelligence as parts of a "machine [that] can be caused to receive from the outer world, in the form of pressure, light, sound [and so on], the impression or modes of action which shall effect changes in the (static and dynamical) relationships of its inner parts." The impressions and actions are transmitted via pairs of wheels. The wheels of each pair are located in "two portions of the brain" and connected by "a light band tightly fitting. Then when one of them ... revolved, the other would also revolve" [Marshall n.d., Box 11(8), pp. 1, 3].

8. Marshall did point out that there had been two great forming agencies, namely "the religious and the economic" [Marshall 1956, p. 1]. But as indicated in the text, he was convinced that the economic agency had been of greater importance than the religious.

9. Formally, Marshall attributed this achievement (of selection and tracing out) to those whom he called the practitioners of the "political branch of history." In so doing, however, they afforded "great help" to the economist when he traced the "thread of economic history" [Marshall 1897, p. 300]. And this was exactly what Marshall endeavored to do.

10. Thomas S. Kuhn used the term "exemplars" as a designation for those "concrete problem solutions, accepted by the group" of practitioners of a particular subject [Kuhn 1977, p. 298]. In other words, Kuhn used this label for an intra-paradigm phenomenon. I use the term, however, as a tag for an inter-paradigm phenomenon, namely that certain ingredients of an earlier paradigm serve as examples for a later innovating economist when he or she builds a particular paradigm.

11. Keynes made this observation in the context of his discussion of Germany's economic development between 1870 and 1914. But it also applies to his interpretation of the economic history of England, a country that was the prototype for Keynes's conceptualized reality [cf., Keynes 2, pp. 6-7].

References


