JOHN NEVILLE KEYNES’S SOLUTION TO THE ENGLISH METHODENSTREIT

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I. INTRODUCTION

John Neville Keynes is best known for being the father of John Maynard Keynes and for writing The Scope and Method of Political Economy (1891). The lesser achievements of these were widely accepted as the definitive methodological tract in the field of political economy in the late-Victorian period. In this publication Keynes shed new light on many of the pressing methodological and epistemological problems of the day; he supplied the methodological underpinnings to Alfred Marshall’s Principles of Economics (1890); and, what is of paramount concern to me in this paper, he employed some deft rhetoric to hasten the end of the long and acrimonious methodological debate between the orthodox and historical economists that is now generally referred to as the English Methodenstreit or “battle of methods.” Keynes consciously strove to provide a solution to the “battle of methods” that would be acceptable to both the orthodox and historical economists and, for this reason, The Scope and Method is understandable characterised by a conciliatory tone and repeated, almost desperate, attempts to see value in arguments from both sides of the conceptual divide. Keynes nonetheless failed in his quest to be even-handed. He was a logician of the first order who was extremely impressed by the neat logical lines of the orthodox framework, and hence, for all his intellectual honesty and obvious good will, he could not help but interpret the debate through orthodox spectacles. The chief rhetorical ploy he drew upon to achieve this orthodox-leaning settlement between the principal antagonists was the unconscious one of the “passive-aggressive” in which the advocate repeatedly makes the outward motions of conceding ground while, in effect, conceding little. The specific mechanics of this strategy entailed reformulating each precept from the historicist conceptual framework so that it would not be in conflict with its nearest orthodox opposite (itself carefully reinterpreted by Keynes), either by showing that it was identical to this orthodox opposite or by arguing that different precepts were appropriate in different situations, and then dismissing the entire methodological debate—which was
then in its third decade—as one long and lamentable misunderstanding. Keynes was ably assisted in executing this strategy by his Cambridge colleagues and, for this reason, the quest to settle the debate by providing orthodox interpretations of the precepts then at stake may be termed the "Cambridge solution." Marshall and Henry Sidgwick played particularly important roles in carrying this rhetorical assault, as the former's more genuine sympathy for many of the historicist ideas and the latter's celebrated honesty made the Cambridge quest appear sincere.

In this paper I demonstrate that the arguments expounded by Keynes in The Scope and Method cannot be properly understood outside the context of the English Methodenstreit and argue that the skill with which he deployed the "passive-aggressive" strategy was instrumental in bringing an end to this long dispute and, ultimately, in causing the demise of the historicist movement. It must be emphasized from the outset, however, that it is not my intention to contend that Keynes was some sort of Machiavellian figure who helped orchestrate a conspiracy, emanating from Cambridge, to destroy the historicist movement. Keynes was a good-natured and intellectually honest scholar who believed that it was his duty to find a middle course between two hostile parties, which, in his view, were needlessly tarnishing the image of the discipline of economics and distracting economists from undertaking genuine research. He was nonetheless a creature of his time and a slave to his intellectual disposition, so that although he ultimately found a place for historical study within the discipline of economics, it was on strict orthodox terms and bore little resemblance to the historical study originally envisioned by the historical economists. It also must be emphasized that it is not my intention to contend that Keynes's ability to impose an orthodox-leaning solution on his generation somehow fraudulently destroyed a superior historicist research program. Indeed, with the exception of the occasional penetrating piece by T. E. Cliffe Leslie, the historicist writings on method were invariably disparate, usually slight, and often lacking in intellectual rigor, so that, if anything, Keynes found it all too easy to reconcile these near incommensurable conceptual frameworks in a way that marginalized some of the more valuable, though always nebulous, historicist insights. These arguments are developed in ten sections. In section two I provide evidence of Keynes's orthodox disposition and draw out the key features of the passive-aggressive

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1 It is important at this point to comment on the use of the term "historicist" to describe the historical economists. Although the majority of the historical economists could and should be described as historicists, one or two members of this school did not articulate their views with sufficient precision to be labeled as historicists if that term is interpreted in the strict Popperian sense that now dominates philosophical discourse—that is, if it is interpreted as the belief that the primary task of any researcher is to discover the natural laws of historical development. It is also patently the case that historicism was often just one element, albeit an extremely important one, in the conceptual frameworks articulated by many of the historical economists. These insights probably explain why A. W. (Bob) Coats (1954) exhibited a preference for the looser term "historian," which he defined as the belief that history is the source from which the theoretical science of society would spring. I have, for all this, continued to employ the term historicist to describe the historical economists because of its greater familiarity among readers and due to its continued use in the secondary literature relating to the Methodenstreit. The subtle differences between historicist and historian becomes particularly manifest in section 7 below. I would like to thank an anonymous referee for encouraging me to emphasize this semantic issue.
strategy he used to provide an orthodox solution to the methodological debate. In sections three through to nine I investigate the effectiveness of Keynes’s use of this ploy by analyzing six of the most important methodological precepts he articulated in The Scope and Method. In section ten I summarize my key findings and consider the impact of Keynes’s work on his contemporaries.

II. THE WRITING OF THE SCOPE AND METHOD AND THE “PASSIVE-AGGRESSIVE” GAMBIT

Keynes’s father was a strict Nonconformist and market gardener who had established the family’s middle-class affluence by growing roses and dahlias. Keynes was educated on the back of this mid-Victorian prosperity, and his own financial position was thereafter sufficiently secure for him to live an extremely happy, middle-class existence as a paterfamilias and Cambridge don. He recorded this fortunate and comfortable life in his multi-volumed diaries, which, apart from providing a charming depiction of the day-to-day life of an unassuming Victorian scholar, throw considerable light on Keynes’s psychological disposition and intellectual likes and dislikes. His character emerges from these pages in many ways, but it particularly comes to the fore through his amusing accounts of his flawed contemporaries and his faithful transcriptions of the gossip that was conveyed to him in confidence. He relates, for instance, that Henry Fawcett told him an “amusing story about Cliffe Leslie’s sensitiveness, which amounts almost to monomania” (August 10, 1879, 7831); that Bonamy Price “is a very perverse writer” (September 20, 1881, 7832); that Arnold Toynbee “must have been a very sweet and fascinating personality” (August 19, 1884, 7834); that R. H. I. Palgrave is “silly except when he talks on Banking” (November 26, 1884, 7834); that William Cunningham is not in “any way thorough” (December 14, 1884, 7834); and that he did not agree with William James Ashley on the subject of economic method, but “liked the man—especially his frankness and straightforwardness” (September 17, 1885, 7834). He was even more forthright about his well-meaning mentor, Marshall, relating that he “is narrow and egotistical” (May 11, 1886, 7835); that Herbert Somerton Foxwell “says that Nicholson drinks too much whisky, and that people in London think Marshall mad!” (May 3, 1898, 7848); that “Marshall is the most exasperating talker I know,” since he agrees “with nothing you say & argues & dogmatises so as to drive one wild” (December 11, 1898, 7848), and, after a meeting for university business, that “Marshall was as ridiculous as usual” (October 1902, 7852). These character depictions are a mere selection from the many mini-portraits that are

2 Keynes’s methodological writings have not been considered at any length in the secondary literature. Valuable information may nonetheless be found in the few sketches of his life and in the plethora of biographies of his firstborn son. See Robertson (1948), Broad and Pigou (1950), Harrod (1951), Keynes (1975), Skidelsky (1983), Maloney (1985), Deane (1987, 1997), Koot (1987), Kadish (1989), and Moggridge (1992). Special reference should be made to Deane’s (2001) excellent, and far more comprehensive, biography of J. N. Keynes, as well as to Tilman and Porter-Tilman’s (1995) analysis of J. N. Keynes as a Victorian gentleman. Valuable information about Keynes may also be found in Groenewegen’s (1995) massive biography of Marshall and in the many pregnant footnotes in Whitaker’s (1996) scholarly edition of Marshall’s letters.
contained in Keynes’s meticulously kept diaries, but they are sufficient to indicate that Keynes (like his more famous son Maynard) was fascinated by the foibles of his friends and associates, and that he had little time for those who, like the historicists, deployed sloppy thinking to advance extreme views or who, like the extremely gifted Marshall, were pompous and took themselves too seriously. Indeed, although Keynes was a conscientious and tireless researcher, he never overestimated his own abilities and, despite gaining an international reputation as a logician, he rarely let his academic career monopolize his life. He was more interested in spending time with his family, and he eventually turned to academic administration, a task to which he devoted the same Victorian earnestness that he had exercised when writing his lectures and scholarly monographs.

This unerring eye for cant, polemical overstatement, and destructive ambition made Keynes, at first blush, a promising candidate for the role of mediator in the “battle of methods,” as this debate was from the very start, partly fueled by philosophical gibberish, immoderate language, and the quest by many of the participants to advance their careers by humiliating their opponents rather than through the much more arduous process of distilling truths. Unfortunately, however, Keynes was handicapped in his role as peacemaker by his psychological and intellectual preference for the orthodox position. He was in possession of the inherently biased mind of a logician and was thereby extremely impressed with the intellectual rigor of the orthodox system and equally disdainful of the loose, undeveloped (but not necessarily barren) historicist framework. In other words, like many of those who have been bewitched by the orthodox writings over the centuries, Keynes was drawn to the orthodox framework partly on aesthetic grounds: his ordinal preference set simply dictated that he had a taste for the abstract, symmetrical, mathematical, and synchronic vision and an aversion to the concrete, irregular, particular, and diachronic vision. The strategy of dividing scholars between those who exhibit what may be called “analytical” dispositions and those who display “historical” dispositions is a useful means by which to untangle the complexities of the English *Methodenstreit*, as nearly all of the participants may be classed as possessing one or the other natures, with only the obviously great, such as the ever-pompous Marshall, somehow managing to bridge this divide in a meaningful way. In fact, to some extent, the entire methodological dispute of the last quarter of the nineteenth century may be interpreted as a variation of the famous “two cultures” problem to which C. P. Snow referred in the 1950s, and to which F. S. Leavis violently objected, in which scientists and literary intellectuals, who were “comparable in intelligence, identical in race, not grossly different in social origin, earning about the same income,” were in possession of two outlooks and had almost ceased to communicate with each other (1959, p. 14). Thus, like the scientists and litterateurs of the mid-twentieth century, the economists of the late-nineteenth century faced each other with mutual incomprehension, not just because of their different levels of competence or training, but because of their different tastes for how best to perceive the world. In this context, the “two cultures” are effectively different higher-order Kuhnian paradigms that mark the frontiers between different intellectual disciplines, such as English literature and theoretical physics or economic theory and economic history, rather than different research programs
within a particular discipline, such as Derridean criticism and Leavisite criticism, or Jevonian theory and Ricardian theory. Keynes had, in short, the unenviable task of not only bridging the nearly unbridgeable, but attempting to do so from one side of the gulf.

Keynes’s “analytical” disposition, and subsequent adoption of an orthodox stance on all things methodological, surfaces on numerous occasions over his life, but it first becomes particularly manifest in his undergraduate years. Keynes gained a place at University College, London, in 1869 and won a scholarship to Pembroke College, Cambridge, in 1872. He initially studied mathematics at Cambridge, but suffered from painful toothaches and depression (or what he called “a good deal of neuralgia”), and quickly decided that the taxing demands of this discipline, as it was then taught, was not to his liking. He subsequently transferred to the newly created Moral Science Tripos where, under the tutelage of Marshall, John Venn, and Sidgwick, he studied logic, psychology, moral philosophy, political philosophy, and economics. He became a senior moralist in 1875 and was elected a fellow of Pembroke in 1876. Over this period, Keynes also somehow managed to find time to study chemistry, geology, and economics at London University, for which he received a B.Sc. in 1874 and an M.A. in 1875. It is evident from this curriculum that Keynes’s early training was characterized predominantly by the study of analytical rather than historical subjects, and it is safe to assume that this intense ratiocinative training enhanced his logical faculties, shaped his research procedures and, ultimately, partly dictated the nature of his articulated methodological precepts.

Indeed, without overplaying the tired notion of a Cambridge-Oxford divide, Keynes’s academic choices at this early date to some extent explain why he took a different path to someone like Ashley, who was by no means an illogical, muddle-headed historicist. For whereas Ashley was schooled in Bishop Stubbs’s constitutional history and enthralled by the idealism of the Oxford dons, Keynes was drilled in logical exercises and assimilated the hard-nosed utilitarian doctrines of the Cambridge dons (which to some extent remained hard-nosed even after they were given a “New Liberal” twist); and hence whereas Ashley was soon preoccupied with the color and detail of history, Keynes became fixated with syllogistic puzzles and speed chess or what he called his “chessmania” (March 16, 1875, 7831). One should not, however, take this line of argument too far. The conceit of the professional academic is such that the ability of pedagogues to mold young minds is invariably over-estimated while the obvious fact that self-selection is at work is usually overlooked, and so it must once again be emphasized that this training probably did no more than magnify Keynes’s innately analytical disposition. Such a disposition was certainly recognized by his instructors very early on in the piece. His mathematics tutor, for example, sought to persuade him not to give up mathematics with the argument that he was too good a logician to be wasted as a logician (August 5, 1873, 7829). Henry Fawcett, who was then something of an avuncular confidant to Keynes, similarly encouraged him to continue with mathematics by relating that a number of senior fellows were expecting him to be in the top twenty wranglers (January 18, 1873, 7829). In either event, Keynes’s final mental constitution on taking his degree is neatly delineated in a congratulatory letter from James Ward to Keynes.
after his 1875 exams, in which Ward summarized the examiners’ favorable verbal assessments of Keynes’s logical powers:

It was unanimously agreed that, as Marshall puts it, you have a very clear mind: for the rest, the Logic &amp; Economy people rate you highest. Jevons said that you floored the Logic papers &amp; that your answers were a pleasure to read. I shd fancy you pleased him better in Logic than in Economy: he evidently doesn’t believe much in Marshall, &amp; was amused by your curves. Foxwell praises your precision, but says you shirk difficulties, &amp; lack originality in philosophy (transcribed into Keynes’s Diary, December 13, 1875, 7831).3

Keynes’s analytical leanings only became more pronounced, or at least more noticeable, as his career progressed. Although he was keen to undertake original economic research, the teaching of economics at Cambridge was monopolized by Marshall and, when he was away, by Foxwell. The institutional needs of Cambridge therefore dictated that Keynes largely confined his energies to teaching logic within the Moral Science Tripos.4 He nonetheless initially attempted to satisfy his appetite for economic study by undertaking extensive research for the 1877 Cobden Prize, which had the set topic of “The Effect of Machinery on Wages.” Keynes took an anti-historicist line in the early drafts of his submission for this competition and, even though he subsequently learned that Leslie was to be one of the examiners for the prize, and even though Marshall appealed to Keynes to excise the more immoderate sections disparaging Leslie, his final submission remained largely critical of both Leslie and his school (see the various diary entries for 1877, 7831).

The prize was eventually won by the pugnacious Nicholson, who, despite later gaining notoriety as a vehement anti-historicist, employed historical and inductive reasoning in his own submission in a way that greatly impressed Leslie. Nicholson published this essay as The Effect of Machinery on Wages (1878), while Keynes’s swollen thesis of 365 pages, which some of his contemporaries speculated was hastily hobbled together by indiscriminately drawing upon a few draft chapters from a major treatise he had been writing since his graduation, is

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3 Keynes and Jevons clearly respected one another. Jevons recalled with pleasure Keynes’s examination papers several years later; Keynes sent Jevons constructive criticisms of his Studies in Deductive Logic, for which Jevons was grateful; and Jevons helped Keynes become an examiner in economics at University College, London (Black 1972–1981, vol. 4, pp. 142, 156, vol. 5, p. 117). Keynes also liberally cited Jevons’s methodological writings in The Scope and Method, and wrote the biographical sketch of Jevons for the eleventh edition of the Encyclopaedia Britannica (1911, p. 361). It is also worthwhile noting that Jevons was a lot more diplomatic about Marshall’s “curves” when corresponding with Marshall directly (Whitaker 1996, vol. 1, p. 29).
4 This seems to be the traditional reading of Keynes’s choice of logic as his principal occupation at Cambridge (see Deane 1987, p. 42; Moggridge 1992, p. 11). Although I largely accept this reading, it should nonetheless be noted that despite Keynes’s obvious fascination with economics, he probably had a slight preference for logic over economics at this stage in his career. In fact, there is evidence that Keynes, not Foxwell, was initially given the choice to teach political economy to the women at Cambridge (who then could not take the Tripos) when Marshall went to Bristol in 1877. As Sidgwick stated in a letter to Keynes: “The suggestion came from Marshall who tells me that Political Economy is your favorite subject, & who is anxious that you should not desert it for logic” (transcribed into Keynes’s diary, October 9, 1877, 7831). Keynes replied that he wanted to continue to improve his lectures in logic, and thereby break new ground, rather than start a new set of lectures in political economy (October 9, 1877, 7831).
now permanently lost. Keynes then naturally retreated from this youthful flirtation with becoming an economist of note to devote his research energies to preparing material for his logic classes. He published a few reviews and critical notices in *Mind* (1879a&b, 1884a), and soon after made his international reputation with the publication of his lecture notes on logic as *Studies and Exercises in Formal Logic* (1884b). The clear exposition and accessibility of this treatise made it an ideal undergraduate text, and it subsequently went through numerous editions and printings. Indeed, quite astonishingly, this work continued to sell through to the 1940s, and its publishing history only then came to an abrupt end when the remaining stock of sheets of the last print run were destroyed during the London Blitz (Robinson 1946, p. 14).

It also must be emphasized that Keynes’s preoccupation with the teaching and study of logic in the late 1870s and early 1880s did not preclude him from drawing upon his analytical skills in those meetings and private discussions that eventually provided the institutional setting for what is now referred to as the “oral tradition” in the Cambridge school of economics. Keynes regularly discussed economic issues with Sidgwick, Foxwell, and Nicholson during meetings of the Moral Science Club; he read the proofs of Marshall’s well-known books and privately printed pamphlets from this period; he systematically read (and discussed with friends) the few seminal economics texts that he had not dissected during his undergraduate years; and he helped Sidgwick, for whom he always had the highest admiration, to bring *The Principles of Political Economy* to print.6

Keynes also found time to teach political economy to the women at Newham College from 1882 through to 1885, and although his busy schedule over these years permitted him to publish only one minor piece in the field of political economy—a short review of Nicholson’s edition of *The Wealth of Nations* for the *Cambridge Review* (1885)—he nonetheless dutifully recorded in his diaries his views relating to political economy for posterity. These diary entries once again clearly display an analytical disposition and an anti-historicist bias, and these tendencies are nowhere more patent than in those passages deriding the German historicists and German scholarship in general. In the first part of 1879, for example, he participated in a series of Moral Science Club meetings devoted to Nicholson’s translation of Adolph Held, and he quickly came to the conclusion that “if this is a fair specimen of German Political Economy, I don’t think we have much to learn from them. I gained no new ideas & my old ideas were not made clearer. Altogether it did not seem to me worth the trouble that Nicholson

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5 It also should be noted that it is likely that the very nature of the topic set for this prize gave Nicholson an advantage, since it was a subject that naturally lent itself to historical and inductive inquiry, to which Keynes was unsuited. Indeed, it is interesting that an older and wiser Keynes later confessed that the effect of machinery on wages was a research area that was not amenable to his treasured deductive analysis (1891, pp. 279–80). This entire episode is discussed in detail from Nicholson’s perspective in Moore (2000). See also Skidelsky (1983, p. 13), Whitaker (1996, vol. 1, p. 101) and Deane (1997, p. 369).

6 This last service induced Marshall to accuse Keynes of passing on Marshall’s original ideas to Sidgwick by allowing the latter to draw on notes that Keynes had earlier taken in Marshall’s lectures. Keynes denied doing anything of the kind (see Marshall to Keynes, February 8, 1881, Whitaker 1996, vol. 1, p. 131).
is taking” (May 2, 1879, 7831). To some extent, Keynes’s anti-German position was qualified after he was exposed to the writings of Wilhelm Roscher (September 6, 1880; September 20, 1880, 7831), who was one of the most English of the German historical economists. But this was a qualification only, and Keynes thereafter excused himself for failing to master German, a language that he repeatedly attempted to learn in a half-hearted manner and a language that he needed to master if he was to write the definitive tract on economic method (July 3, 1885; September 17, 1885; September 23, 1885, 7834), on the principle that the returns did not justify the outlay. In his words:

A man may be forgiven if, before seriously attempting to master so huge a mass of metaphysics, composed of several inconsistent systems, difficult of comprehension from their essential natures, still more difficult from the extraordinary jargon under wh the ingenuity of man has concealed their import—he may be forgiven, I say, if he pauses & considers whether the time may not be better spent in reading something he is more likely to understand (January 14, 1880, 7831).

Keynes thereafter either read English translations of German works or recruited his dutiful wife, Florence, to translate passages (and sometimes whole monographs) for him.8

His disdain for some of the extreme German historicists was matched by his exasperation with the more extreme of the English historical economists. Leslie was singled out for particular attention. Leslie was quite rightly held in high esteem at Cambridge for being one of the most innovative political economists of his generation, and Keynes’s inherent intellectual honesty prevented him from deviating from this line. He believed, for instance, that Leslie’s essays on the gold question were excellent (September 25, 1879, 7831), and that Walter Bagehot’s Economic Studies “hardly compare favourably with Cliffe Leslie’s Essays” (July 20, 1880, 7831). He nonetheless could not abide Leslie’s extreme anti-orthodox

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7 This was recorded in Keynes’s diary after the first meeting on May 2. Keynes was reassured that his initial judgment was right when, after the next meeting on May 9, Nicholson himself admitted that the translation was “not worth the trouble he is taking over it,” and when, after the third meeting on May 16, the entire group came to the conclusion that “Held is no good.” It is not surprising that the Cambridge men would show such an aversion to Held, as it was he who played a primary role in the extreme anti-Richardian reaction in Germany in the 1850s and 1860s that eventually spread to England in the 1870s and 1880s. The leading Cambridge scholars, such as Sidgwick and (especially) Marshall, believed that the anti-Richardian reaction was both unnecessary and unjust and, as a group, saw themselves as building on the English tradition rather than revolutionizing it. It is also interesting to note that it was Nicholson who wrote the damning anonymous reviews in The Scotsman of Ingram’s History of Political Economy, a book in which Held’s anti-Richardian stand was not only explicitly adopted but taken to extreme heights (See Ingram 1885, 1888; Nicholson 1885; 1888; Moore 2000).

8 Keynes’s aversion to verbose philosophising and immoderate criticism meant that his disdain for German historical economists sometimes extended to the neoclassical branch of economists now known as the Austrian subjectivists. In the process of undertaking research for The Scope and Method, for example, he wrote: “Florence & I are irritated but amused by Menger’s repetitions. He is very dogmatic, & he gives very few illustrations, but he keeps on saying the same thing over and over again in almost the same words” (September 17, 1888, 7837). And in reference to the (infamous Menger-Schmoller exchanges, he wrote “[Menger] is most abusive, and makes us [himself and Florence] roar with laughter” (July 13, 1889, 7838).
line and sometimes hinted that he believed that the man was psychologically unbalanced. His exasperation with Leslie became particularly acute in the late 1870s, when the English Methodenstreit reached its height with a sequence of polemical articles and ill-tempered rejoinders that took on a momentum of their own. Specifically, in 1878, in an address to Section F, Ingram called for the rejection of the orthodox system in favor of a historicist sociology modeled along Comtean lines. This motivated Robert Lowe to write an unnecessarily brutal rebuttal on behalf of the orthodox school in November of 1878, which, in turn, prompted Leslie to write a rejoinder in January of 1879 defending Ingram’s reasoning. Leslie’s response, in turn, induced Sidgwick to publish a defense of a moderate version of the orthodox method in February of 1879, which was then dismissively referred to in Leslie’s seminal (but now unjustly forgotten) paper on the implications for orthodox theory of an unknowable and uncertain future, which was printed a few months later in June of 1879.

Leslie’s scornful dismissal of Sidgwick in this last paper particularly riled Keynes, since, like most of his colleagues at Cambridge, he looked upon Sidgwick as the paragon of moral virtue and intellectual moderation. He wrote:

> The last meeting of our Moral Science Club for the year. We discussed Cliffe Leslie’s article in this month’s *Fortnightly*. I agree with a good deal that he says, but his tone annoys me extremely. He misrepresents the views against which he is arguing, or at any rate he presents them in their most inadequate and imperfect form. His sole reference to Sidgwick’s article on the Method of Political Economy is utterly unfair, & I think almost impertinent (June 5, 1879, 7831).  

He drew similar conclusions about the other, less original, English historical economists. He did not rate Cunningham highly and believed his book, *Economics and Practice*, to be misleading (April 14, 1885; April 21, 1885, 7834); he liked Ashley’s straightforward manner and believed his written work to be “good (if fancy better than Cunningham) except when he goes out of his way to attack orthodox political economy” (July 12, 1888, 7837; September 17, 1890, 7839); and although he believed that Nicholson went too far in charging Ingram with plagiarism and incompetence, he readily accepted that Ingram was vague in his defense of the historical method and Comtean sociology (July 28, 1885, 7834; see Moore 1999, 2000).

Keynes finally had a chance both to formalize his views on the methodological issues that preoccupied his generation and to devote all of his energies to the study of political economy when, in 1885, he accepted the lectureship in political economy at Balliol College, Oxford. Marshall had taken up this post in 1883 following the premature death of its inaugural holder, Arnold Toynbee, and it was again made vacant in 1885 when Marshall took up the chair in political

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9 It is interesting to note that it was only a little over eight weeks after this date that Keynes took so much interest in Fawcett’s tale (cited at the start of this section) of Leslie’s sensitiveness, which “amounted to monomania.” It is also understandable why Leslie’s 1879 paper on the unknowable in an a world of uncertainty and historical time would cause such consternation among the Cambridge economists, as it was in this paper that the orthodox economists were for the first time warned that their theories implicitly relied on the assumption that each economic agent possessed perfect information about both the present and future. In fact, Leslie’s paper anticipated J. M. Keynes’s analysis of the implications of an economic process set in historical time by nearly fifty years.
economy at Cambridge following the more timely death of its long serving holder, Henry Fawcett. Keynes initially balked at applying for the position, partly because he believed that he was too much of a Cantabrigian to leap the Oxford-Cambridge divide referred to earlier in this section. As Keynes wrote in his diary: “Ward himself thinks that I am not the man best suited for Oxford, that I am not sufficiently viewy or enthusiastic; & that is quite my own opinion” (January 5, 1885, 7834). He nonetheless eventually applied for, and subsequently won, the post through the intervention of Marshall, who stated on more than one occasion that Keynes was one of the best students he had ever taught and who was ever ready to write enthusiastic testimonials waxing lyrical about Keynes’s abilities.

Keynes was required to travel to Oxford once a week in the Easter term of 1885 to deliver his lectures. He chose as his subjects economic methodology and the principles of taxation, and from the start he formed the notion of developing his methodology lectures into a book: “I have decided to lecture at Oxford on The Methods of Political Economy; and I have an idea of writing a small book on the same subject. This would be my work during the Long Vacation” (February 16, 1885, 7834). He had published his book on logic in the previous year and therefore had the time to devote all of his energies to this task, but not all of his colleagues were enthusiastic. Nicholson, who was then in the process of launching the first of the aforementioned broadsides against Ingram’s uncompromising form of historicism, was, like a lot of his colleagues, thoroughly sick of the methodological debates and wanted scholars to return to what should be their principal responsibility, namely, pushing back the frontiers of theoretical economics. As Keynes related: “I told Nicholson of my proposed book on method. He scoffs, & says anyone could write such a book as that. He says he is sick of Inquisitions on method, and what we want is useful applications of right method” (June 2, 1885, 7834). Marshall, however, was more enthusiastic, and both he and Keynes viewed such a book as a means by which to settle, rather than to exacerbate, the debate.

At one stage in 1885, Keynes was spending six hours a day on this methodological tract and he speculated that he would finish it in July or August of 1886 (September 20, 1885, September 26, 1885, 7834). However, the expectation of sending a manuscript to the publisher within a year turned out to be unrealistic, and the book was not published until early 1891. This long gestation period was due partly to the complexity of the issues at stake, partly to Keynes’s lack of confidence in his own literary abilities, and partly to repeated interventions by Marshall. Marshall made numerous comments on successive drafts of the methodological tract (as Keynes, in turn, commented on successive drafts of Marshall’s long awaited Principles over the same period), and each time called upon Keynes to be more conciliatory and lenient to the historicists, especially the younger generation of scholars of this disposition who were then becoming prominent. It is clear that Marshall was less confident in the abstract-deductive methodology of the orthodox school than most of his Cambridge colleagues, especially Keynes, and he was ever ready to display his historicist sympathies in his own writings by illustrating his theoretical relationships with factual detail and organic metaphors.

Indeed, although Marshall’s historicist exhibitionism was often camouflage
for his fundamentally static, abstract, and ahistorical analytical core, there is no doubt that he was the most historical of all the orthodox economists. He was dismissive of purely abstract and impractical speculation, and he often gave the impression of being Bagehot's perfect economist; that is, one who was neither a business nor literary figure, who understood the concrete workings of the economic processes, and who inductively appraised these processes for practical ends.\(^\text{10}\) Marshall even argued that, although theory was essential, it was "as mischievous an imposter when it claims to be economics proper as is mere crude unanalysed history" (Pigou 1925b, p. 437). It is not surprising then, that Marshall recognized that Keynes's early drafts, though obviously of high quality and largely conciliatory, occasionally reflected the conceit of a logician and revealed a not too subtle contempt for the historicists. He certainly believed that Keynes's position was more orthodox than his own and, indeed, in an oft-quoted letter to Foxwell he maintained that on methodological matters he himself should be placed "mid-way between Keynes + Sidgwick + Cairnes and Schmoller + Ashley" (Marshall to Foxwell, January 30, 1897, letter 516 in Whitaker 1996, vol. 2, p. 179). Marshall particularly objected to the sharp logical distinctions sometimes made by Keynes between categories such as induction and deduction, arguing that when Keynes "mounts his logical horse" he seems "to make his classifications with a view to logical symmetry rather than to nature & the facts of life" (quoted in Skidelsky 1983, p. 62). Marshall, in short, insisted on a less dogmatic and more catholic spirit, arguing that there was room for both historicist and orthodox investigations, and he upbraided Keynes in no uncertain terms for failing sufficiently to press home this point. As Arthur Pigou put it, Marshall believed that there "was work for all, and he welcomed all. Constructive work was what he wanted" (1925a, p. 88).\(^\text{11}\)

Marshall's repeated calls upon Keynes to adopt a middle course between the historical and orthodox schools became particularly pronounced, and indeed troublesome to Keynes, when Marshall began to scold Keynes for his inadequate references to the younger German historicists, such as Gustav Schmoller, who Marshall clearly respected. As Keynes related after one meeting with Marshall that was devoted to reviewing the manuscript: "What he said depressed me very much. He practically wants me to give a year to studying the Germans and to re-write entirely. On one or two points I think he is right that if I say anything at all I ought to be more thorough" (April 21, 1888, 7837). In Marshall's own words: "A new book on the subject ought to be very German & based more on 'new school' difficulties as felt in Germany & in America and England" (Marshall to Keynes, April 26, 1888,

\(^{10}\) Although Schumpeter (1954, p. 836) and Keynes (1925, p. 12) make no reference to Bagehot, they both portrayed Marshall as possessing the double-sided character that distinguished Bagehot's perfect "practical economist" (see Moore 1996). Marshall's realist-cum-practical economic methodology may also be gleaned from the many letters Marshall devoted to the subject that are now reprinted in Whitaker (1996). For detailed discussion of Marshall's methodological position, see Coase (1975) and Groenewegen (1995).

\(^{11}\) Marshall's legendary conciliatory attitude is also illustrated by his attempt to see value in all of his predecessors' work. His much commented upon "ancestor worship" is especially prominent in his generous interpretations of Ricardo and Mill (1872, pp. 94–99; 1876, pp. 119–21; 1885, p. 156; 1897, pp. 298–99; 1890, p. v); see also Keynes (1925, p. 47); Argyrous (1990).
letter 240, in Whitaker 1996, vol. 1, p. 267). Marshall added that Keynes was devoting too much space and prominence to controversial doctrines of writers who were then sinking out of memory. Keynes accepted much of Marshall’s advice, but he disagreed with this last suggestion: “Here I cannot agree with him. I think [however] I can effect some improvement by eliminating as far as possible the personal controversial element, making use of controversy mainly as a means for bringing out my own views” (April 21, 1888, 7837). Keynes subsequently oscillated between elation and deep depression about his manuscript, often switching from one to the other after receiving praise or criticism from Marshall. He sometimes took refuge in the belief that Marshall’s judgement was marred by his predisposition to overstate a position: “I think he has hardly done justice to the good points of my book. I think I can claim for it clearness & definiteness. Another thing is that I never can rely much on Marshall’s judgement. His views are nearly always exaggerated on one side or another” (April 22, 1888, 7837). But in the main, Keynes took Marshall’s criticisms seriously, and the work turned into something of a torment for him. At one stage he wrote: “It will be a poor book. But I suppose I must go on with it now” (June 2, 1888, 7837). Indeed, Keynes’s confidence dropped so low as the manuscript neared completion that he ceased fully to believe Marshall’s occasional praise, which became more and more fulsome and regular as the manuscript was improved upon: “I know that there is great exaggeration here, & that out of kindness & friendship Marshall writes in a style of exaggeration in order to encourage me. Still on the whole he cannot think the book contemptible, or as bad as I am myself sometimes inclined to think” (October 4, 1890, 7839).

These exchanges imply that Keynes’s unflinching belief in the power of syllogistic reasoning and the self-evident truth of the orthodox premises made him more inclined to the clear cut “geometric” approach to methodology embraced by the orthodox economists of the 1870s, such as Jevons or Cairnes, rather than to the eclectic methodology extolled by Marshall.13 Keynes gave every impression of

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12 Marshall later reminisced to Foxwell that most of his suggestions “on the proofs of Keynes’s The Scope and Method were aimed at bringing it more into harmony with the views of Schmoller” (Marshall to Foxwell, January 30, 1897, letter 516 in Whitaker 1996, vol. 2, p. 179). However, it also should be noted that even though Marshall’s eclectic methodological stance repeatedly induced him to wear his sympathy for the German historiasts and their fixation with realism on his sleeve, he did not actually believe that the English orthodox economists were as abstract and deductive as many scholars at that time claimed. Indeed, he took issue more than once with Keynes for depicting the early English orthodox economists in this way in the early drafts of The Scope and Method, at one stage stating that although he did “not deny that the aggregate economic activity in Germany at present is three times that in England, & the trained ability even greater in proportion,” he nonetheless believed that the early English orthodox economists were often far more factual than the modern Germans, only the former did not ostentatiously display these facts in the shop front (Marshall to Keynes, August 1889, letters 268 & 269; September 20, 1890, letter 321, in Whitaker 1996, vol. 1, pp. 293–97, 340).

13 It was probably this geometric approach to which Marshall was objecting in the following letter to Keynes:

I have had many pupils whom I have cared for: but only a few whom I have loved. Among those—of the male gender—you & Figou have a special charm for me. And it has grieved me increasingly to feel compelled to protest against doctrines, especially those relating to the “economic man” &c which I once taught myself under the baneful spell of Mill’s Logic, & of which I know the studious members of the class will find traces in your Logic of Political Economy [i.e. Scope and Method] (January 30, 1902, letter 675, in Whitaker 1996, vol. 2, p. 350).
attempting to move towards Marshall's eclectic middle ground, but it was patently painful for him to do so. The methodological discord between Marshall and Keynes should nonetheless not be overstated, especially as one of the first scholars who made this point in passing, Ronald Coase, exaggerated the extent to which they diverged. Coase is entirely correct to argue that the Cambridge economists were not the "little band of brothers" as was once thought, but he is quite wrong to maintain that Keynes did not, in the end, expound the Cambridge methodological "view point," and well wide of the mark to contend that there was, in fact, no such Cambridge position (1975, p. 25). The Cambridge "view point" was none other than the Marshallian conciliatory line. It had been already publicly articulated by Marshall himself (1885b), as well as Sidgwick (1883, 1885), and Foxwell (1887), and although Marshall may have needed to bully and cajole Keynes before he embraced the spirit of conciliation to the extent that he finally did, the fact remains that such a mollifying tone is reflected in the published version of The Scope and Method. As Keynes himself stated in the published version of the work, his aim was to help end the "battle of methods" by taking a middle path and striving to see some value in the historicists' work:

I have endeavoured to avoid the tone of a partisan, and have sought, in the treatment of disputed questions, to represent both sides without prejudice. Whilst making no attempt to bring about a complete reconciliation between opposing views, I have been able to shew that the nature of the opposition between them has sometimes been misunderstood, and its extent consequently exaggerated (1891, p.vi).

The reviews of the work certainly accepted this statement of intention at face value, and the anonymous notice in the Manchester Guardian even referred to the book as a worthy product of the "Cambridge school of political economy," which, the author claimed was fast rising to prominence and distinction (transcribed into Keynes's diary on January 28, 1891, 7840).

It is apparent, then, that the publication of The Scope and Method was a pacifying action designed to end an acrimonious thirty-year debate and, further, that it was the official Cambridge methodological pronouncement in the same way that the works by Mill (1836), Menger (1883), and Friedman (1953) represent the official methodological lines of the quasi-Classic, Austrian, and Chicago versions of the orthodox framework. It is nonetheless still the case that, even when couched in the carefully chosen words of Marshall, the conceptual framework of the Cambridge school of political economy was predominantly governed by an orthodox rather than a historicist vision and, more importantly, Keynes's inherent analytical disposition induced him to accentuate the orthodox rather than the historicist

4 Despite bimetallist, protectionist, and historicist sympathies, Foxwell effectively remained within the Marshallian camp until the tariff reform dispute of the Edwardian era. Also, although Price was an Oxford graduate and had historicist leanings, he too was under Marshall's spell until the tariff reform campaign, and hence may be added to the list of those who held the Marshallian conciliatory line. See especially Price (1891a, p.128ff; 1891c, p. 609). Only Nicholson—who had left Cambridge in 1880 to take up the Edinburgh chair, but who crops up repeatedly in the contemporary descriptions of Cambridge meetings and dinner parties through to the 1890s—seems to have rejected the conciliatory stance (see Moore 2000).
elements in this vision in a way that the more eclectic Marshall often found uncomfortable. Indeed, it is my view that, like the passive-aggressive who makes outward overtures of appeasement but concedes little in practice, the conciliatory strategy articulated by Keynes (and to a lesser extent by Marshall) amounted to preserving each of the fundamental principles of the orthodox framework by re-reading the associated elements of the historicist framework along orthodox lines. Instead of grafting the historicist framework onto the orthodox framework, Keynes used his orthodox-tinted spectacles to conflate, subordinate, and marginalize it. The end product was a great boon to the Marshallian or Cambridge school, as it made that wing of the orthodox framework (and its Keynesian offspring), concrete, evolutionary, and relevant in a way that puts the modern Walrasian version of this framework to shame, but it should in no way be described as historicist. It instead spelled the beginning of the end for the historicist movement.

There were two parts to Keynes’s passive-aggressive gambit. First, in order to reinterpret the historicist precepts so that they could be provided with a minor or auxiliary role in a research process dominated by the orthodox precepts, Keynes followed the strategy for solving the English Methodenstreit that was first articulated by Jevons in the 1870s in an extremely important but much neglected article for the Fortnightly Review, in which he called for an intellectual division of labor within a subdivided discipline of economics (see Jevons 1876). Specifically, Keynes reworked both the orthodox and historicist precepts so that the latter could be confined to peripheral research fields, or to certain preliminary or finishing stages of the research process within more important fields. In his words: “Different methods are appropriate, according to the material available, the stage of investigation reached, and the object in view; and hence arises the special task of assigning to each its legitimate place and relative importance” (1891, p. 6). The phrase to keep in mind from this quotation, however, is “legitimate place and relative importance,” since the assignment of ideas in this way is the chief means by which moderate and reasonable scholars marginalize deviant ideas. In effect, Keynes’s defining characteristic of the discipline of economics was to be the study of highly abstract, static, universal, and deductive laws of exchange, and all researchers who chose to specialize in the array of sub-branches of the discipline, and hence follow alternative methodologies, were required to have preliminary training in this study. That is to say, as in the case of Jevons’s original planned division of the discipline, the highly abstract hedonic calculus expounded by the orthodox economists would be the thread that would run through the various cognate fields, and all of these cognate fields should have some relationship to this calculus.15

15 Although I maintain that the historicist challenge was the primary stimulus that motivated Keynes to propose an intellectual division of labor within a subdivided discipline, one should not discount the obvious possibility that he was also partly motivated by the simple desire to exploit the gains in efficiency that could be derived from such a strategy. One motivation does not exclude the other and, indeed, one would be hard pressed to find a modern methodologist who would reject the notions that researchers have different comparative advantages in the different fields of research and that different methodological precepts are appropriate for these different lines of research. It also must be emphasized that although Jevons’s original plan for a subdivided discipline was also motivated by the chaotic state of economics following the early historicist attacks in the 1870s (see, for example, his response to Leslie in 1879, p. xvi), it is highly probable that, unlike Keynes, this was not his primary motive. I would like to thank an anonymous referee for pointing this out to me.
Second, the effectiveness of Keynes's gambit was dependent on his ability to underscore the reasonableness and moderation of his middle path by depicting those who had not recognized the possibility of such a path as unreasonable and inimodrate. Keynes therefore adumbrated the key characteristics of two extreme intellectual schools, one being positive, abstract, and deductive, the other being ethical, relativist, and inductive. He described the former as the deductive, old, or "classical English" school, and the latter as the historical, new, or "German" school. Keynes admittedly followed Marshall's gentle proddings to readily accept that the sharp distinctions he drew between the belief systems of these two warring factions could not be found in the theoretical writings of the better economists amongst their ranks. He conceded, for instance, that in practice there were only differences over "the relative importance that they attach to different aspects of their work," and, to illustrate this point, he pointed out that Mill's account of peasant proprietorships and Cairnes's economic analysis of slavery were as concrete and inductive as any research undertaken by the historicists (1891, pp. 10, 18–19). But Keynes nevertheless added that even the better representatives of either school had exaggerated the differences in their formal methodological writings, and so he censured all who participated in the debate—not just the rank and file economists or the obviously unbalanced—for their stubborn immoderation. Specifically, he charged them with committing the fallacy of exclusiveness, which he regarded as the height of intolerance. This entailed endorsing one precept to the exclusion of every possible alternative:

A single aspect or department of economic study is alone kept in view, and the method appropriate there to aggrandized, while other methods, of equal importance in their proper place, are neglected or even explicitly rejected. Hence the disputants on both sides, while right positively, are wrong negatively. Their criticisms on rejected methods are, moreover, too often based on misapprehension or misrepresentation (1891, p. 9).  

Keynes's *The Scope and Method* quickly became a triumph and, along with Marshall's *Principles* published in the previous year, was begrudgingly accepted by the majority of historicists as templates for a new synthesis of not only the historical and orthodox doctrines, but of the classical and neoclassical versions of the orthodox doctrine. Keynes, however, did not exploit his newly won reputation as an economist. As *The Scope and Method* was nearing completion he applied for the Oxford Chair that had been left vacant by the death by Bonamy Price in 1888, but he was half-hearted in his application and, to his

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16 Although it was not acknowledged by Keynes, this fallacy was also deployed by Jevons against the historicists in the 1870s (1876, p. 623). It also should be noted that, by singling out the better representatives from either school, Keynes was effectively constructing "extremist" wings within each school. Thus, there were radical extremists amongst the unreasonable men who had committed the fallacy of exclusiveness. Amongst the historicists, for example, he made a distinction between his "more advanced members" or "revolutionaries," such as Schmoller, Ingram, and Leslie, and the "moderates," such as Roscher and Wagner (1891, pp. 26–27, 315–16). Within the old orthodox school, on the other hand, he made a distinction between dogmatic extremists, or vulgar economists, and more moderate economists whose extreme formal methodological statements were offset by their more reasonable all-embracing theoretical writings (1891, pp. 16–17, 152, see also his comment in a speech by Joseph Chamberlain p. 130n).
own relief, ultimately unsuccessful. He showed even less interest in becoming the founding editor of the Economic Journal in 1889–90, despite repeated appeals by Marshall and others to take up the post, and his hesitancy to participate in the professionalization of economics at Cambridge itself (the manoeuvrings for which he found tedious) has caused one historian to describe him aptly as Marshall’s “reluctant lieutenant” (Maloney 1985, p. 57).

Keynes, it seems, had little confidence in himself as an economist and, more importantly, simply did not have the enthusiasm to make a career as a full-time, professional economist. After contributing a number of minor entries to Palgrave’s Dictionary and the Encyclopaedia Britannica, Keynes retired to the life of an administrator, acting, amongst other things, as Registrar of Cambridge University from 1910 to 1925. He died at 97, keeping a record of 227 terms in continuous residence at Cambridge and, given that he actually outlived his firstborn son, John Maynard, by three years, one can only speculate about the impact that he may have had on the Cambridge tradition in the first half of the twentieth century if he had indeed chosen to pursue a career as an economist with any sort of a passion.

The task that now remains is to examine in greater detail the way in which Keynes employed the passive-aggressive gambit to marginalize the historicists. In the sections that follow, I compare each of Keynes’s methodological precepts with its nearest comparable historicist opposite, and I highlight the way in which he effectively reformulated both the orthodox and historicist principles—short of actually surrendering the essence of any of the former—to make them appear compatible. This comparative approach also makes it manifestly clear that The Scope and Method can only be understood within the context of the English Methodenstreit. I have reduced Keynes’s chief precepts to six in number, and each is analyzed in an individual section.

III. PRINCIPLE ONE: REAL ABSTRACTION

Keynes believed that abstraction was an indispensable means by which to understand complex economic phenomena and the intermixture of causes governing such phenomena. He maintained that the process by which abstractions are constructed involves attending to certain qualities or attributes common to a number of concrete objects, so that the basic economic premises which draw relationships between the resulting abstract concepts explain only a part of the concrete reality. On this basis he argued that the “abstract,” “hypothetical,” or “tendency” laws derived from these premises account for only a portion of any complex, concrete event. It must be emphasized, however, that despite a clear recognition of the abstract nature of the economic laws, Keynes was a dedicated realist who at no time entertained the instrumentalist notions that were later to dominate the Chicago interpretation of the orthodox approach. For, although Keynes obviously believed that the tendency laws did not describe the whole of every complex, concrete event that occurred in the economy, he did not hold that this made such laws a priori, fictitious, speculative, or unreal. He rested his case on two arguments. First, he insisted that the relationships drawn between abstractions describe real
economic processes that may be observed as tendencies, so that, in the absence of counteracting causes, such processes produce certain effects (1891, p. 219). According to Keynes this meant that the hypothetical laws are not “unreal or out of relation to the actual course of events;” since “they affirm categorically the mode in which given causes operate,” and because “even though a cause may be in a manner counteracted in consequence of the operation of more powerful causes acting in the opposite direction, it will still continue to exert its own characteristic influence, and will modify the ultimate result accordingly” (1891, p. 291).

To support this argument, he asserted that physicists do not believe the Newtonian law of gravitation to be inoperative, or any less real, after observing a balloon rising (1891, p. 291). Second, he suggested that the concepts and premises underlying the tendency laws are not chosen arbitrarily, and that the laws themselves account for the predominant part of the complex, concrete events: “For while the pure theory assumes the operation of forces under artificially simplified conditions, it still claims that the forces whose effects it investigates are verae causae in the sense that they do operate, and indeed operate in a predominating way, in the actual economic world” (1891, pp. 223–24). Both these arguments had, of course, been articulated by orthodox economists in previous decades, most notably by J. S. Mill (1836) and Bagehot (1876; see Moore 1996a), but Keynes nonetheless deserves praise for providing a concise and emphatic explanation of what abstraction meant within the (English) orthodox framework at a time when the very notion of the “abstract” had fallen into disrepute.

The historicists, by contrast, followed Leslie in readily embracing the extreme empiricism that accompanied the Baconian revival in mid-Victorian Britain. They therefore treated all abstractions suspiciously and viewed the orthodox abstractions in particular as totally erroneous (see Yeo 1985, Moore 1995). Specifically, the historicists argued that the orthodox hypotheses were grounded on a priori speculations rather than on the careful inspection of the concrete objects; that they were bolstered by philosophical essentialism in which the linguistic constructions (or universals) were seen as more important than (and just as real as) the concrete objects that they were meant to denote; and that they were protected by Baconian idols in which the false conceptions were exacerbated by the researcher’s tendency to see uniformities where none existed, to draw conclusions by citing authorities rather than by making inductive inferences from empirical particulars, and to undertake ad hoc defensive manoeuvres when confronted with falsifying empirical evidence.  

The historicists consequently insisted that economists should construct empirical relationships between observable entities (such as man as a whole and his actual environment) rather than hypothetical relationships between abstract

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7 The historicist critique of philosophical essentialism was also intimately related to the debate over definitions. Keynes emphasized the important role played by classification and nomenclature in the research process, arguing that reflection over a definition helped to overcome verbal disputes, provided insights into, and accurate knowledge of, facts, and pointed out the most important distinctions and resemblances between facts (1891, ch. 5). He contrasted this attitude with that held by the historicists, who claimed that the inductive process ended, rather than began, with definitions (1891, p. 153–59). Strangely, Keynes made no reference to Leslie in this context, even though Leslie was his most sophisticated critic of the premature construction of definitions.
entities (such as economic man and a perfectly competitive environment). Given these attacks, it is evident why Keynes was so keen to emphasize his realist credentials. The two aforementioned arguments upon which he based his claims offered support to his unfailing belief that the orthodox theory of exchange was deduced from a few simple premises, such as that a greater gain is preferred to a smaller, and the law of diminishing returns, which casual observation and introspection had shown to be self-evident.\(^{18}\) Indeed, given the pro-empiricist atmosphere generated by the historicists over this period, it would have been certain philosophical suicide for anyone to represent such abstractions as in some sense unreal. Marshall had found the climate so hostile in the 1870s that he even refused to publish his highly abstract tract on international trade at least partly for fear that the ideas it contained would be misunderstood if detached from their concrete setting (Keynes 1925, p. 34). The arguments employed by Keynes, however, were hardly convincing if considered alone, especially given the complexity of the issues involved and, as already mentioned, the disrepute with which the very idea of the “abstract” had fallen. His real defence relied on his proposal, which is considered in the sections which follow, to subdivide the discipline of economics in such a way that a more complete account of the concrete world could be left to a later stage of analysis. It was only on this basis that Keynes’s oxymoron—that orthodox laws are real abstractions—came to predominate. At least, that is, until the problem was raised once again in the 1920s with Clapham’s (1922) article on empty economic boxes.

IV. PRINCIPLE TWO: THE ART/ETHICS/SCIENCE TRICHOTOMY

Keynes partitioned economics on a number of different levels so as to privilege the static, deductive, isolationist, universal, and positive approach over the dynamic, inductive, sociological, relativist, and ethical approach. His first and most celebrated subdivision was between positive economics, normative economics, and the art of economics (1891, pp. 31ff). Positive economics, or the science of economics, is a body of systematic knowledge concerning “what is,” and scientific practice involves the discovery of economic facts and their uniformities. Normative economics, or regulative economics, is a body of systematized knowledge concerning what ought to be, and normative practice involves weighing the moral value of alternative ends. Finally, the art of economics is a

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\(^{18}\) It should also be noted that, in addition to being a philosophical essentialist or realist (see Popper 1960), Keynes may have been an theoretical essentialist in the Austrian sense of that term. This means that he believed that the theories not only represent the real processes at work, but also capture their essential nature, ultimate explanation, or final cause. This doctrine is easily rejected in the case of the physical sciences, since there is obviously an infinite regress in the search for such essences. It is more plausible in the social sciences, however, since the researcher may examine the human subject through introspection and extrapolate from this self-analysis through the deployment of empathy. On this basis it was claimed by Cairnes and the Austrians that economists know essences or ultimate causes, and can therefore claim not only that two events coexist or succeed each other, but also that one event causes the other. Keynes described the use of introspection, and even used the phrase “ultimate cause,” but he did not state his case in enough detail to be labeled an unequivocal theoretical essentialist.
system of rules for attaining a given end, and its successful practice is dependent on both positive and normative economics, as the end is determined by a consideration of what ought to be, while the effective means to obtain that end is governed by what is. Keynes maintained that "scientific" economists should confine themselves to positive economics; that is, they should dispassionately seek truths about what is, stand neutral between competing ends, and avoid constructing precepts and rules of life.

Furthermore, he asserted that although the scientific knowledge possessed by economists makes them the most suitably qualified to consider the ethics and maxims related to economic issues, their priority should be to retain their scientific status and secure the scientific foundations of economic reasoning. In short, Keynes believed that there should be no vagueness on the question of whether economics "is concerned with the actual or the ideal, whether it treats merely what is, or asks further what ought to be" (pp. 3–4), and his tripartite division ensured that this would be the case. It also should be noted that, like the notion of a real abstraction, the idea of a positive/normative/art trichotomy was implicit in the work of most of the leading English orthodox economists (see Hutchison 1964), and was indeed stated explicitly by Cairnes (1870d), but that Keynes should nonetheless be given due recognition for re-articulating it with precision at a time in which it was being disregarded by all and sundry.

The historicists made no divisions along these lines. Some, like Ingram, appeared to follow Comte in believing that a science of ethics was possible, while others, such as Cunningham, at times seemed to follow John Ruskin and other economic heretics in absent-mindedly conflating science and ethics (see Moore 1999, 2000a). The historicists also collectively focused their attacks on the vulgar representatives of the orthodox school, like Lowe, who had themselves inadvertently conflated the laissez-faire maxim with the scientifically derived orthodox tendency laws and, with this as ammunition, they maintained that the orthodox tendency laws were being employed to hinder much-needed social reform (see Moore 1996b). In an era in which New Liberalism was gaining the ascendancy among the educated classes, and calls for government interference with the market were becoming the rule rather than the exception, such charges were damaging. In this context it is evident why Keynes articulated this methodological partition with such precision. The tripartite subdivision enabled him to throw a protective belt around the scientific study of the orthodox abstractions and offered welcome relief to the beleaguered economists of the non-vulgar wing of the orthodox school who only half understood or half remembered the dichotomies and trichotomies laid down by J. S. Mill and Cairnes in previous decades. It also should be noted that Keynes's declarations came towards the end of a period in which the orthodox economists were themselves beginning to embrace New Liberalism and thereby to question their commitment to free market capitalism. Scholars such as Jevons, who had previously been uncritical of the benefits of laissez-faire, wrote tracts giving reasons for limited government intervention (see especially his 1882b, 1883; Hutchison 1953, pp. 46ff), while others who were more inclined to support limited government intervention, such as Sidgwick and Marshall, became more prominent in the field of political economy. This change in attitude, on top of Keynes's tripartite partition,
effectively ended the debate over whether or not the *laissez-faire* maxim necessarily underpinned orthodox economics. As Sidgwick wrote: "during the last generation our leading economists—even those who come nearest to the so-called "orthodox" type—have gone further than I should myself go in declaring that economic science has nothing to do with the doctrine of *laissez faire*" (1885, p. 81).

V. PRINCIPLE THREE: THE ABSTRACT/CONCRETE DICHOTOMY WITHIN POSITIVE ECONOMICS

Keynes's second major subdivision was between abstract and concrete economics within the positive or scientific economics branch of the tripartite classification. For reasons discussed in section three, Keynes believed that the orthodox abstractions and associated tendency laws were real. He nevertheless recognized that such laws could not explain the whole of any complex, concrete event, and so he argued that economists must eventually travel from the abstract to the concrete if they wished to explain or predict such events. To do this the economist must admit additional tendency laws, and modify the existing tendency laws, so as to account for the less predominant and more transient agencies and attributes that were excluded in the initial construction of the abstractions and their relationships. To use Bagehot's phraseology, at some stage of the inquiry economists must re-admit what they had initially "left out." Furthermore, because of their transient and problem-specific nature, the analyses of these interfering causes would be more empirical and less abstract. Keynes proposed, however, that economists could specialize in either the abstract or concrete stages of the inquiry. He took Jevons's *Theory of Political Economy* as one of the leading examples of a work that specialized in abstract economics, and Walker's *Wages Question* as a treatise illustrative of concrete economics (1891, p. 143). Keynes also privileged the abstract over the concrete stage by claiming that all economists, whether they be undertaking abstract or concrete research, must first master the fundamental abstract principles. This amounted to the demand that the orthodox abstract laws must, at least in the initial stages, guide the concrete research. He recognized, however, that each subject within economics requires a different level of abstract analysis, and he suggested that it was most needed in the study of exchange, and least needed in the study of production technology (also see principle seven below).

The historicists, in contrast, recognized no such subdivision. They argued that the economic laws should be fully operational empirical laws in the first place (see principle one above). Keynes's aim in constructing this subdivision, then, was again to protect the abstract branch of scientific economics. He argued not only that the abstract laws were real, but also that they were a mere preliminary step to the complete description of concrete events. The historian calls for greater concreteness, not to mention the numerous alternative theories and anomalous evidence that suddenly emerged in the late-Victorian period, could now be reinterpreted, accepted, and applauded. Specifically, the historicist demands could be re-read as calls for a movement from the abstract to the
concrete, while the deviant theories, many of which were developed by the
historicists, could be taken as none other than the transient, or less predominant,
concrete attributes and interfering forces. Thus, with one swift stroke, Maine’s
work on customs (1861, 1871), Thornton’s criticisms of the demand and supply
framework (1870), Price’s work on trade unions (1887), and Foxwell’s analysis of
the effect of large-scale capital-intensive firms on the irregularities of employment
(1886) were all reconciled with the orthodox approach. It also must be added
that this defensive division, like the previous precepts, once again pre-dated
Keynes. The need to travel from the abstract to the concrete had been famously
articulated by Mill (1836, 1843), and Jevons had explicitly articulated a disciplin ary
division of labor between the concrete and abstract within his proposed
departmentalized discipline of economics (1876, 1879). Needless to add, Keynes
was also supported on this issue by Marshall, who believed that economics “is
not a body of concrete truth, but an engine for the discovery of concrete truth,
similar to, say, the theory of mechanics” (1885b, p. 159).

VI. PRINCIPLE FOUR: QUALIFIED DISCIPLINARY ISOLATIONISM

Keynes adhered to a qualified form of disciplinary isolationism. J. S. Mill, in
contrast, had expounded an extreme form of isolationism. Mill argued that the
search for any agency, which interferes with, and modifies in any way, the laws
based on the individual’s desire for wealth and aversion to labor operating within
a competitive environment, lies outside the scope of economics. Mill was happy
to draw such sharp frontiers partly because he felt that, in the first instance,
there must be a certain degree of intellectual division of labor, and partly because
he believed that in the final instance, all economists should strive to be more
than mere economists. In other words, it was his view that, like the biologist and
physicist, the theoretical economist who wishes to make a theoretical contribution
to his or her chosen discipline of specialization needs to isolate certain
phenomena for study, and place all agencies to one side which do not have a
direct bearing on these phenomena, while the practical economist who wishes to
provide sound policy advice relating to some concrete problem needs to draw
upon the ideas that are constantly being developed in adjacent disciplines.
Although Mill’s reasoning is intimately related to the claim that simplification and
abstraction is indispensable for understanding complex phenomena (principle
one above), Keynes balked at endorsing it. It is, he wrote, “clearly mischievous
to aim at an entire isolation of economics from other social sciences” (1891,
p. 135).

Keynes’s stance was a product of his explicit inclusion of concrete research within
scientific economics (principle three above). Specifically, whereas Mill argued that
the movement from the abstract to the concrete stage would be undertaken by social
scientists, Keynes insisted that the interfering causes developed in the concrete step
must be studied by economists calling themselves economists, so that “[n]either
the conception of the economic man nor any other abstraction can suffice as an
adequate basis upon which to construct the whole science of economics” (1891,
Keynes nevertheless believed that some intellectual division of labor was required and that a distinct department of economic inquiry existed: "it is nevertheless both practicable and desirable to recognise a distinct systematised body of knowledge, which is primarily and directly concerned with economic phenomena alone" (1891, pp. 114, 136). He also claimed that the mental isolation promoted by Mill was indispensable in the initial stages of investigation, so that the economist’s first task was to trace the results of the desire for wealth "under the supposition that it operates without check" (1891, p. 119). Finally, he argued that in economic affairs the desire for wealth "exerts a more uniform and indefinitely stronger influence amongst men taken in their mass than any other immediate aim" (1891, p. 119). Thus, there is a distinct science of economics, which is not independent of social phenomena, but definitely not subservient to sociology.

The historicists, by comparison, insisted on a broader conception of the discipline of economics. The Comtean historicists, such as Ingram, argued that economics should be completely subsumed under the umbrella of sociology, while all other historicists demanded that the discipline should at least have a broader scope (see Moore 1999). These demands were partly a product of their quest to construct empirical rather than abstract laws, and partly a product of their aim to develop dynamic rather than static laws. This is because in both cases the investigator is examining the way in which the actual man, rather than economic man, interacts with a changing socio-economic environment, rather than a fixed competitive environment. Keynes recognized that the best way to respond to these arguments was to reject—or rather qualify—Mill’s extreme isolationist position. This was a relatively easy concession to make, since neither Mill himself nor any of the orthodox economists of any standing actually adhered to such a conception in their theoretical or practical work. Indeed, like all orthodox economists through the ages who have made a substantial contribution to the discipline of economics, they were really Renaissance scholars who happened to take an interest in economics rather than professional economists who were ever ready to show contempt for work undertaken in adjacent disciplines.

Keynes nonetheless aspired to construct a narrower disciplinary boundary than the historicists. He achieved this through his partitioning of the discipline into the abstract and concrete. The abstract branch, which was the core of scientific economics, was similar to the narrow conception envisaged by Mill. Keynes argued that students of economics should always begin their investigation with this narrow view. Additional interfering causes would then be permitted in the concrete branches of inquiry. All these concessions, moreover, were made with contemptuous asides on the value and progress of sociology. Keynes wrote: “Comte charged political economy with being radically sterile as regards results. But what results has sociology, conceived as a master-science dealing with man’s social life as a whole, yet to show?” (1891, pp. 139, 141). Keynes could nevertheless portray his

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19 On this basis, the broader scope applies to the concrete rather than the abstract branch of the discipline. However, at one stage Keynes did state that some of the interfering causes could be generalized in a scientific manner: "For in many cases they are not merely isolated modifications, admitting of application to individual instances only. It is often possible to generalize on other foundations than that of economic man; and at any rate, the various interferences with free competition admit of scientific enumeration and classification" (1891, pp. 118–19).
solution as a victory for reasonableness. Mill’s extreme separatist view left the science incomplete, while Comte’s call for the complete subsumption of economics under sociology overlooked the need for specialization in order to achieve exactness and thoroughness. The truth, then, “lies between these two extreme views” (pp. 113–14; for Marshall’s views on this issue see 1885b, pp. 163–65).

VII. PRINCIPLE FIVE: THE STATIC/DYNAMIC DICHOTOMY WITHIN POSITIVE ECONOMICS

Keynes’s third important subdivision was between static and dynamic economics within the positive or scientific economics branch of the tripartite classification. Keynes recognized that positive or scientific economics could be conceived in two different ways: the study of phenomena on the assumption that the socio-economic environment is fixed, or, the study of the way in which this environment evolves through historical time. Following Mill and Comte, he referred to these branches of inquiry as static and dynamic studies respectively. Keynes was nevertheless critical of these labels since he contended that the subject-matter of the static branch included the examination of changes within a fixed institutional setting (i.e., the sequences that follow a change in demand), and that these changes would be described in everyday speech as dynamic. Keynes therefore preferred to refer to the dynamic branch of the economics discipline as “economic progress” or the “philosophy of economic history.” To illustrate the type of study involved, he employed the speculations of Maine (although he did not mention him by name), such as the conjecture that the nature of law moves from status to contract and that the nature of property moves from collective to individual ownership (1891, pp. 146–47). However, Keynes insisted that the static approach should be privileged over the dynamic. Although he left a place for the dynamic study of economic phenomena, and although he even cited with approval Marshall’s belief that biological, not mechanical, analogies were more useful in the more complex stages of economic inquiry, he nonetheless argued that the static approach “constitutes the main body of economic science” (1891, pp. 146, 148–49; for Marshall’s predilection for biological analogies and his recognition of the mutability of the economic agent and his environment, see 1885b, pp. 153–54, 1898; Groenewegen 1995).

The historicists, in contrast, privileged the dynamic over the static. They rediscovered the stadal theories in the work of Smith and the Scottish historical school; investigated the evolution of consumer preferences; emphasized the importance of Comte’s three stages of intellectual development; and popularized the stadal sequences developed by the German historicists (see Leslie 1870; Ingram 1878; Moore 1995, 1999). In this context it is apparent that Keynes’s

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20 It must be noted that some historicists were not specifically interested in all-embracing dynamic laws and instead tended to trace the historical evolution of distinct economic phenomena, whether they be institutions, industries, production processes, trade unions, wages, or prices. This approach, which Bagehot called the single-case method, can best be seen in the historical narratives of Toynbee (1884) and Cunningham (1882), and it is particularly relevant to principle seven below. The tendency for some historical economists to use the single-case method to describe historical particulars, without making any reference to historical laws whatsoever, also partly explains why Coats (1954) chose to employ the term “historist” rather than “historicist” as a descriptor for the historical economists, as mentioned in footnote one in this paper.
construction of static and dynamic sub-branches was a defensive maneuver by which to protect the static tendency laws of orthodox economics. He argued that some historicists consciously or unconsciously identified the study of economic development with economics as a whole, or at any rate regarded it as the only portion of economics worthy of scientific treatment. He said it was due to this lopsided emphasis that "the nature of their disagreement with other economists is somewhat apt to be misunderstood" (1891, p. 147). They had, in short, committed the fallacy of exclusiveness. Keynes's solution was to recognize the study of dynamic laws as a valid field of research, while simultaneously insisting that such research is of secondary importance compared to the study of static relationships. The reasons for this privileging were not explained in any detail, but Keynes did point to the lack of consensus on theories of economic progress, and wrote that "the function of establishing general laws of economic evolution is to be regarded as one which the method may fulfil in the future, rather than one which it has up to the present time gone very far towards fulfilling" (1891, p. 323). He also repeatedly claimed that the existing orthodox static laws were not dependent on dynamic research, since they were universal in nature and applicable to each economic stage of development (see principle six). In his words: "the mere fact of a progressive evolution of industrial conditions by no means establishes the impossibility of general economic laws. There may be much that is common to the different stages of development; the same tendencies may be in operation in varying circumstances" (1891, p. 320). Finally, this subdivision allowed Keynes partly to dismiss the historicist demands for greater concreteness and empiricism (principle one), as well as their calls to subordinate economics to sociology (principle five), on the grounds that such methods were, in fact, suitable for the dynamic sub-branch, but not for the static sub-branch (1891, pp. 146–49). Dynamic research, he argued, more than any other study, required a detailed examination of the concrete relationship between the entire social environment and economic phenomena, since economic progress is determined by this relationship (1891, pp. 140, 147). Indeed, Keynes wrote that it was in considering economic progress that the historicists derived their most forceful illustrations of the contention that economics is subordinate to sociology (1891, pp. 140–41). That is to say, the historicists had imposed the methodology suitable for their field of research on all of the fields that constituted the Keynesian departmentalized economics discipline.

VIII. PRINCIPLE SIX: RELATIVISM VERSUS ABSOLUTISM OR UNIVERSALISM

Keynes maintained that abstract laws of a static character possessed universal or absolute truth and hence were not relative to time and place. Specifically, Keynes was what may be called a "hypothetical absolutist"; that is, he believed that the abstract laws were universally valid as tendencies or hypotheses requiring the absence of interfering causes. He explained this position in greater detail than any of the orthodox economists who preceded him. He argued that in the abstract stage of inquiry researchers analyze conceptions such as utility, wealth,
value and capital, and, in this analysis, they can “look forward ultimately to a certain finality” (1891, p. 311). For, although these conceptions may take a different character in different environments, the researchers will always “find something that is generic and universal in each of them” (1891, pp. 311, 169). Once these concepts are established, the researcher considers certain fundamental principles, which, according to Keynes, pervade all economic reasoning and are instruments of universal application (1891, pp. 300, 311). These principles included the few simple and indisputable facts of human nature, as well as certain physical laws that were of vital importance to economics.

Examples of the former include the belief that people are influenced in their economic dealings by the desire for wealth, and the law of the variation of utility. An example of the latter is the belief that the variable factor of production exhibits diminishing returns (1891, p. 311). These principles, in turn, underpinned economic laws that were universal as tendencies. Keynes, however, adhered to relativism in a number of other senses. First, he could be described as a “concrete relativist.” In the concrete stage of inquiry, he argued, the researcher supplements the pure theory by readmitting the transient or historically specific qualities and agencies, and the resulting concrete laws are relative to time and place. Second, Keynes could be described as a “relevant relativist.” He argued that the proportion of the observed concrete event explained by the orthodox tendency laws varies over time and place, and hence that such laws could only be applied (and are only relevant) at the outset as the predominant guide to understanding the complex event in certain environments. He insisted, for example, that “[e]ven when the forces in operation are the same, the relative strength that should be assigned to each may vary indefinitely,” and that it “has become commonplace that many modern theories have little or no direct application to medieval Europe” (1891, pp. 300–301). Third, Keynes was a “policy relativist.” He argued that the economic maxims were relative to time and place: “We are not here denying the relativity of economic theorems, but merely affirming the greater relativity of economic precepts. Unless the distinction between theorems and precepts is carefully borne in mind, the relativity of the former is likely to be over-stated” (1891, pp. 65, 305).

The historicists, in contrast, were extreme relativists. Their adherence to a strict relativism was partly a product of their call for more concrete and realistic analysis, since laws of a more empirical nature have less universality than those of an abstract nature. Even Keynes admitted this, as shown by his clear adherence

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21 Keynes maintained that it was principles of this sort to which Jevons was referring when he wrote that economics consisted of “general laws which are so simple in nature, and so deeply grounded in the constitution of man and the outer world, that they remain the same throughout all those ages which are within our consideration” (1876, pp. 624–25; Keynes 1891, p. 312n). Note also that Keynes believed some of the formal inferences from these laws and principles to be universally valid. Interestingly, one example he gave was that “general over-production in a literal sense is impossible” (1891, p. 312).

22 This is why Keynes admitted that theories from the research fields that had “concrete” subject matters, such as money, credit, and international trade, are confined to modern societies (1891, p. 304). But again, he emphasized that the relativity of “concrete economic doctrines does not establish the impossibility of an abstract theory having a certain character of universality” (1891, p. 310).
to the "concrete relativism" described above. The historicists' relativism was also intimately related to their support for historical research. As Keynes himself wrote: "The idea of the relativity of economic doctrines follows indeed immediately from the conception of economic life as exhibiting continuous organic growth, and this conception is itself the natural outcome of historical study" (1891, pp. 298). Keynes's response to this threat was to admit relativism in the relevancy, concrete, and policy modes, but not in the abstract sense. Indeed, he believed that the historicists' demand for a less absolutist stance in these non-abstract spheres was one of their greatest contributions to economics: "It will suffice to remark that the almost universal recognition of such relativity by recent economists, so far at any rate as concrete economic doctrines are concerned, may be regarded as one of the most striking and legitimate triumphs of the historical school" (1891, p. 278). Hence it again appears that Keynes's partitioning program acted as a protective belt for the abstract orthodox doctrines. It must be stressed, however, that Keynes hedged his language and even backed away from his relativist concessions.

First, he argued that any law with concrete attributes could be reformulated and stripped down to its abstract essence, so that it could appear true in different times and places as an abstract law. Thus Ricardo's theory of rent, which required socially specific attributes such as property and competition, and with which Richard Jones had first made the relativist position explicit in the 1830s, could be true universally if taken in its general form. That is, in a single-price market, the lower-cost units of production will yield a higher profit, and this was as true of a socialist community as a capitalist one (1891, p. 313).

Second, Keynes repeatedly qualified his guarded support for relevancy relativism and argued that the orthodox abstract laws accounted for the predominant part of concrete events in every society. Thus, although he advised caution in applying the orthodox tendency laws to earlier times, he maintained that "even in the medieval industrial world competition was always at work in some form or other" (1891, pp. 273, 302ff). He was particularly keen to deny the importance of custom and legal edicts in determining prices in non-commercial societies. He argued, for example, that the shortages of grain in 1315 and 1316 illustrated "very forcibly the effect exerted on price by changes in supply," while the ravages of the Black Death in 1348, 1361, and 1369 illustrated the effect on wages of a sudden diminution in the supply of labor (1891, pp. 272–73).23 Indeed, Keynes maintained that relativism had been over-emphasized by both his orthodox and historicist colleagues (1891, pp. 299, 302, 304), and he especially denounced Bagehot's extreme views on this matter (1891, pp. 299, 307–10; see Moore 1996a). He concluded that the economic "principles involved and the modes of investigation employed have significance and importance which it would be misleading to call merely relative; and the economist who would deal with the more concrete problems of any particular age or state of society cannot afford

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23 It should be noted that Keynes himself did not use the single- and all-case terminology. He instead divided economic investigation into the "descriptive" approach (which itself was divided into definitional and narrative branches) and the "constructive" approach (which was divided into inductive and deductive branches) (1891, pp. 174–75).
to neglect them” (1891, p. 314). Needless to add, Keynes drew heavily on the writings of Marshall in constructing these arguments (see Marshall 1885b, p. 170; 1890, pp. 4–5, 14), and they also obviously had great significance specifically within the Cambridge environment as Cunningham’s well known public squabble with Marshall partly turned on this issue.

IX. PRINCIPLE SEVEN: THE DEDUCTIVE METHOD

Keynes maintained that the best means by which to discover, justify, and apply the abstract laws of economics is through the deployment of the deductive method. This principle is intimately related to his call for abstraction (principle one above), but in this section my emphasis is on the process by which abstract laws are discovered, whereas before my focus was on the nature of such laws. In any event, Keynes followed Mill in contending that induction by enumeration or elimination is ineffective as a tool of discovery in most situations, because of the confusion caused by the plurality of causes and intermixture of effects (1836, 1843; Hollander 1985). Keynes therefore argued that the researcher must first employ the deductive method to determine the chief forces operating in any complex situation. This process of discovery has four distinct steps. The first step involves a “preliminary” observation of the facts (which included introspection), since all premises, even of the most abstract kind, are based on facts (1891, p. 173). The second step entails constructing abstract laws to represent the principal forces in operation, and this is achieved by framing hypotheses based on the preliminary factual observations (1891, pp. 216, 229). The third step consists of deducing consequences from these laws, and it was from this step that the title “deductive method” is derived. The fourth step includes a verification process in which the researcher tests the “correctness and practical adequacy of the two preceding steps,” and suggests “necessary qualifications” (1891, p. 217).

It is important to emphasize, however, that Keynes’s account of the deductive method should not be too closely compared to the modern hypothetico-deductive method. He was, instead, effectively grafting a form of the hypothetico-deductive method onto what is sometimes called the geometric method. That is to say, like Jevons and Cairnes, Keynes often gave the impression of believing that the orthodox abstractions, premises, and laws were self-evident truths, so that the verification step was not so much a test of these truths, but rather a means by which to determine the extent to which they could be applied to concrete situations without reference to interfering causes. Indeed, interfering forces were employed to explain away anomalies and to protect these “geometric” truths from hasty falsification (1891, pp. 232–33).

The historians, by comparison, believed that leaping to generalities after a brief appraisal of commonly known facts led to specious laws, which would subsequently be defended by *ad hoc* maneuvers and references to authorities (see principle one). They instead aspired to construct empirical generalizations by deploying a form of Baconian enumeration (the all-case method), or to confine their energies to tracing the origins of historical particulars (the single-case
method). In this context it is apparent why Keynes was eager to delineate a deductive method that started and ended with facts. He wished to counter the historicist claims that the orthodox economists merely deduced conclusions from a priori conjectures, and thereby to reinforce the realistic credentials of the orthodox laws. As in the case of the previously discussed methodological principles, however, Keynes wished to find common ground rather than merely provide a rejoinder, and so he also set himself the task of reconciling the historicist and orthodox economists' views on the issue of discovery, justification, and application. Keynes recognized that the historicist school was split into those who followed the single-case method and those who followed the all-case method (1891, pp. 174–76), and he somehow found places for both of these methods within his vision of a new, departmentalized discipline of economics. He focused most of his attention on the single-case methodologists, repeatedly arguing that their descriptions of historical particulars played a role at the start and end of the orthodox deductive process. Such research provided preliminary observations and the provisional classification of objects; determined the problems to be solved; acquainted the orthodox researcher with the concrete subject-matter in its different manifestations; and illustrated, tested, and set the limits of orthodox theoretical conclusions (1891, pp. 174–75, 215, 217, 228ff, 269ff).

Keynes believed that the all-case method, by contrast, should be confined to the concrete and dynamic branches (rather than the scientific) of the discipline of economics as an entirely independent method. He entitled this method the "specific experience" or "purely inductive" method, and defined it formally as "the method that passes slowly from particulars to axiomata media, and thence to the highest generalizations of the science, without ever reversing the order" (1891, p. 178). Unlike the historicists, Keynes was careful to insist that a certain amount of conjecture and deduction was required in the ascension from the particular to the general, that this method would be difficult to employ in the social world due to the absence of laboratory conditions, and that, because of interfering causes and the problem of the post hoc ergo propter hoc fallacy, the empirical laws could not be trusted outside the immediate neighborhood of the facts upon which these laws were constructed (1891, pp. 199, 208, 279). He nonetheless granted that

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24 Note, however, that the majority of historicists treated the single-case method as a preliminary step within the all-case method. That is, they believed that generalizations should be postponed until a systematic appraisal of historical particulars had been completed. Their failure to make this clear enabled the orthodox economists to suggest that the historicists merely described particulars and hence posed no threat to the orthodox research program (see also below).

25 It should be noted that Keynes himself did not use the single- and all-case terminology. He instead divided economic investigation into the "descriptive" approach (which itself was divided into definitional and narrative branches) and the "constructive" approach (which was divided into inductive and deductive branches) (1891, pp. 174–75).

26 Indeed, although Keynes always sought a path leading to reconciliation if it was available, he was not above pointing out the flaws in both the single-case and all-case methodologies. He especially criticized the (occasional) suggestions by the historicists that conjecture, abstraction, and deduction played no part in their investigations and explanations. With regard to the single-case method, for example, Keynes foreshadowed Carr (1961) and numerous other twentieth-century historiographers by arguing that the study of historical particulars was not possible without theory and, further, followed Menger by contending that the study of particulars was no substitute for the search for theoretical generalizations, since "science" itself was defined as the construction of generalizations,
inductive generalization from historical material could be employed to solve empirically oriented questions such as the effects of machinery on wages, the analysis of credit cycles, the problem of determining the impact of gold discoveries, the impact of poor relief and the value of state interference (1891, p. 279). He also admitted that the inductive method predominated over the deductive method in the study of production processes, and he drew attention to the successful inductive investigations into population by Malthus, into slave labor by Cairnes, and into peasant proprietorships by Mill (1891, pp. 205–206). Finally, Keynes followed the last book of Mill’s Logic (1843) by admitting that the inductive method was serviceable within the dynamic branch of scientific economics: “For only by direct comparison of successive stages of society can we reasonably hope to discover the laws, in accordance with which economic stages tend to succeed one another or to become changed in character” (1891, pp. 283–84). Thus, once again Keynes’s subdivided discipline created room for the historicists while preserving the orthodox laws of exchange. Indeed, he insisted that the inductive approach became less trustworthy as the issues became more complex, and he was therefore vehement in his belief that induction was untrustworthy for the complex problems of the exchange and distribution of wealth (1891, pp. 205, 210).27

X. CONCLUSION

The historicist and orthodox conceptual frameworks are two of the most incommensurable research programs ever to have clashed in the history of economic thought. In the context of Keynes’s Scope and Method, the opposing elements within these frameworks included extreme abstraction versus realism, a positive-normative-art trichotomy versus a conflation of these fields, a concrete-abstract dichotomy versus a call for concreteness alone, an isolationist versus a sociological approach, a static versus dynamic conception of economic laws, a belief in universalism versus a belief in relativism, and a conjectural versus an anti-conjectural method of discovery. Keynes tried to harmonize the two frameworks, and, in my opinion, attempted the impossible. In the eyes of his readers, however, his reconciliation won the day. He achieved this end through what I have been calling the passive-aggressive gambit. He agreed with everything the historicists proposed, but reinterpreted and subordinated these proposals within the orthodox framework. In other words, under the guise of reasonableness, temperance and moderation, Keynes misrepresented the historicist methodology and, in effect,

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27 It was in this context that Keynes criticised Leslie’s article “Known and Unknown”—which had caused such consternation amongst the members of the 1879 Moral Science Club at Cambridge (see section II)—stating that the greater complexity of the world meant that economists needed less empiricism and not, as Leslie would argue, more (1891, p. 214).
articulated the methodological precepts, which were the abridgments of the actual research procedures he (rather than the historicists) already tacitly followed.

This view meant that there were no fundamental differences between the two schools of thought, and that the English *Methodenstreit*, then in its third decade, was simply one long and horrible misunderstanding. Keynes could conclude that the "difference is strictly speaking one of degree only; and we find the opposition reduced to a minimum, when we compare the actual procedure to 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" (1891, p. 29). His colleagues also readily embraced his middle path, and it became the height of bad manners to make pronouncements on methodological issues without suitable qualifications and hedging. Indeed, when an unrepentant Edgeworth reviewed a book by the Dutch economist Pierson he wrote that it "is refreshing to find in these days a first-rate economist who has the courage to say that deduction is the only effective method" (1891, p. 78).

For those on the receiving end, as anyone who has been involved in a heated dispute will know, this is the most frustrating rhetorical device that can be employed in a debate. So effective was the ploy that many of the historicists were caught wrong-footed. They were themselves either deceived or left struggling to demarcate their approach from the bastardized interpretation provided by the orthodox economists. Their task, moreover, was made harder by their inability to make clear in their own minds what many of their own proposals entailed. The few truculent and unconvinced historicists that held fast soon realized that they were viewed as unreasonable extremists, and had themselves to adopt a non-confrontationist and conciliatory tone (see especially Ashley 1907 for obvious dissension hidden by politeness). They eventually settled for economic history and commerce departments, together with the few economic history posts within the newly-partitioned discipline of economics. Historicism, in short, died a quick death, and re-emerged in a new form as the field of economic history.

The institutionalization of economic history, however, is a different matter and is not considered here. What is of importance in this context is that the sudden

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28 It is unlikely that many of the orthodox economists would have been fooled by Ashley's civil tone. Indeed, Nicholson even likened Ashley's position to the uncompromising stance adopted by Leslie in the 1870s: "When I read Prof. Ashley's address I wondered what you would think of his account of Ricardo and other economists. The address reminded me of the letters I used to get from Cliffe Leslie about thirty years ago" (Nicholson to Marshall, September 21, 1907, letter 879, in Whitaker 1996, vol. 3, p. 164).

29 It should nonetheless be emphasized that the smooth process of confining many of the activities associated with historical economics to the emerging discipline of economic history, together with the associated maintenance of what could only be described as a "gentleman's agreement" of non-confrontation between the historical economists and the orthodox economists, was rudely interrupted by the Tariff-Reform campaign of 1903. This resurgence in the debate over methodological matters was brief and the majority of exchanges related to the policy issue of protection rather than to methodology *per se*. More importantly, unlike during the English *Methodenstreit* in the 1870s and 1880s, the very existence of orthodox economics was never under serious threat. J. N. Keynes should, of course, be given credit in part for the insulation of orthodox economics from the controversies of this period. For the Tariff-Reform campaign see Semmel (1960), Coats (1968) and Searle (1971). For the institutionalization of economic history see Ashley (1927), Gras (1927), Coleman (1987), Kadish (1989), and Koot (1993).
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demise of the historian movement as a clear and present danger to the orthodox framework provided Keynes with an excuse to take no further part in this (or any other) economic debate. His contribution to the defence of orthodox economics started and ended with Scope and Method and, as already mentioned, he thereafter became preoccupied with the details of administration and tracing the ever-rising fortunes of his immediate family. The interpretation of Keynes as the “open minded” conciliator, however, has lived on past his death. It is best represented in Harrod’s summary of Scope and Method:

It has the same qualities as Formal Logic, accuracy of thought, lucidity of style, thorough scholarship, balanced judgement and fairness to all parties in matters of controversy. It does not claim to blaze a new trail. It is modest, and therewith has authority. The reader has the comfortable feeling that he is on solid ground, that a widely read scholar and master of precise thinking is carrying him to the limit, but not beyond the limit, of what can safely be accepted, and that not a touch of egoism is biasing the author (1951, p. 10; cf. Blaug 1980, p. 82).

Keynes was, of course, both open minded and a conciliator, but I think that the gulf between the orthodox and historian research programs was sufficiently great that it was impossible for any party (especially a party that had either an extreme analytical or historian disposition) to engineer a reconciliation without the distortion and marginalization of at least one of these programs.

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