

KEYNES AS A WRITER: THREE CASE STUDIES

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A puzzle surrounds Keynes as a writer. On the one hand, he is variously described as an economist who could write well, as a master of English prose and as a great writer. Harrod (1951: 647) declared that Keynes had such a 'supreme mastery of English prose' that some might think that it would be 'as a prose writer that he will be longest remembered'. Johnson (1977: 90, 92) observed that Keynes, with his ability to use words 'as an artist', stood out among economists because several of his works could be read 'as literature in their own right'. According to Galbraith (1987: 232), Keynes was 'a lucid and resourceful master of English prose', while, for Skidelsky (2000: *xviii*), 'Keynes was a masterly user of English [whose] language, logical and robust, could suddenly take wing as his mind soared beyond the strict requirements of his argument.' On the other hand, of all twentieth century economists, he is the one whose writings are most likely to generate conflicting interpretations, not just of the same book but even of the same chapter or paragraphs. Readers of the secondary literature on Keynes cannot fail to be struck by the extent and durability of the debates concerning the content and meaning of his main writings, be they in economics, philosophy, politics or elsewhere. How is it, then, that someone who is widely regarded as a *good* writer can apparently also be such an *unclear* writer? Surely, in matters economic, political or philosophical, part of being a good writer is an ability to convey thought lucidly and unambiguously as well as an ability to convey it gracefully and skilfully? Surely a good writer can combine clarity with eloquence, and sense with sensibility?

Evidently, the puzzle has two sides. One side concerns Keynes's qualities as a writer. As regards clarity, for example, is he, generally speaking, a lucid writer, a turbid writer or does he oscillate between the two depending on the work or passage in question? Disagreement there will no doubt be, but I suspect a majority of his readers would opt for some version of the last alternative. On the other hand, as regards eloquence, is he, generally speaking, a skilful, engaging, even magnificent wordsmith, or merely an ordinary, pedestrian, workmanlike writer? Here I suspect a much larger proportion of readers, whether sympathetic or hostile, would choose the former. On the other side of the puzzle stand the qualities of Keynes's readers and interpreters, particularly, but not exclusively, in economics. Have they, on the whole, been good, careful and skilled readers, or have they been hasty, sloppy, blinkered or hopeless readers? It obviously helps to be an economist when reading economic writings, but economists are not generally known for their training or interest in reading skills. Nor are they widely known for an ability to set aside their own paradigm or ideology so as to read sympathetically from alternative viewpoints; pluralism and respect for alternatives have never been formidable forces on the battlefield of economic ideas.²

In this chapter, I offer some reflections on an issue relevant to all readers of Keynes, namely, the interaction between his characteristics as a writer and the clarity of his writings. To my knowledge this task has not previously been undertaken. It is related

to (but distinct from) another study which has also not been ventured, a task that (Skidelsky 2000: *xviii*, 448) has called the study of ‘Keynes’s use of rhetoric’ where rhetoric refers to ‘the art of persuasion’. The focus here, however, is on clarity rather than other issues. My hope is that greater understanding of Keynes’s characteristics as a writer will contribute to better interpretations of his thought, but the hope is not sanguine.³

My central proposition is that lack of clarity in Keynes’s writings is often due to poor expression or laxity in the use of language. In expanded form, the thesis is as follows:

- (i) The thought underlying Keynes’s writings is frequently clear and coherent, but, on occasions, its clarity is obscured by certain of his characteristics as a writer.
- (ii) These characteristics may be grouped under the general heading of poor word choice or carelessness in the use of language.
- (iii) On such occasions, multiple readings, careful intellectual labour and close textual analysis are required to uncover the clear underlying meaning as well as the deficiencies in Keynes’s prose.
- (iv) Commentators and scholars who bypass this work can easily slip into poor interpretations of his thought.

I am not, of course, suggesting that all instances of unclear writing in Keynes are due to this cause. Unclear writing may result from poor expression of thought that is actually coherent, from accurate expression of thought that is actually muddled, or from poor expression of muddled thinking. What I am suggesting is that many instances of lack of clarity in Keynes fall into the first category. If this is so, then (ii) necessarily follows from (i) because clear thought that is unclearly expressed must be due to poor or careless use of language.

In supporting my thesis, I use arguments based on case-by-case examination. This is the only investigative procedure available, and involves the marshalling of relevant evidence and the drawing of probabilistic conclusions. Where careful textual analysis uncovers a clear underlying meaning and identifies the poor expression responsible for the lack of clarity, the probabilities of the conclusions will be high, even approaching virtual certainty.

Three case studies are presented. The first comments briefly on an analysis of Keynes’s writing by Graves and Hodge, possibly the only close examination of one of his passages by English critics. The other two concern passages taken from his philosophical and economic writings respectively, where misunderstanding is evident in some of the secondary literature. Readers of Keynes will doubtless be able to suggest numerous other passages where his meaning is not immediately transparent, and further passages where his meaning is notoriously unclear. Any selection from this lengthy list will be arbitrary to some extent. My three cases were chosen, not for their high significance, but because they involve relatively short and self-contained passages, because they provide clear illustrations of my arguments, and because they encompass variations across time (1921-1940), across disciplines (philosophy and economics) and across styles of writing (academic and popular). Their aim is to demonstrate the confusions and entanglements

that arise in Keynes's texts when thought that is actually clear and coherent is muddled by loose or inexact word usage.

I. TWO ENGLISH CRITICS PASS JUDGMENT

There appear to be very few studies of Keynes as a writer. A short essay by Elizabeth Johnson (1977), an editor of several volumes in the *Collected Writings*, offers glimpses of Keynes as a 'literary craftsman'. Another study, on which I shall focus here, is a brief and circumscribed investigation by the English critics, Robert Graves and Alan Hodge. Graves was the famous poet, novelist, scholar and one-time professor of poetry at Oxford, while Hodge was an editor, novelist and occasional co-author with Graves. Their book, *The Reader over Your Shoulder*, first published in 1943 and abridged in 1947, was brought out, after five reprints, in paperback in 1965.

Its object was to advance a range of principles for good English prose, and then examine the extent to which certain people, eminent in their fields, exemplified these principles in passages taken from one of their popular works from the period 1918-41. Keynes, alongside T.S. Eliot, J.B. Priestley, Bertrand Russell, G.B. Shaw and H.G. Wells, was one of the eminent persons selected, with a passage from *How to Pay for the War* of 1940 being the subject of analysis. The good English prose principles informing this scrutiny consisted of twenty-five principles of clear statement and sixteen principles of graceful prose. The method used by Graves and Hodge to select passages for examination was idiosyncratic and open to criticism. After deciding that an author was eminent in a field, they proceeded as follows: 'we took up the first popular book, pamphlet or article by him that came our way and read on at our usual speed until we found ourselves bogged in a difficult passage. This passage became the subject of our analysis' (1947: 139).

The selected passage from *How to Pay for the War* begins at the fifth paragraph and runs, with some indicated (and unindicated) omissions, to the end of the first sentence of the twelfth paragraph.⁴ In their reading, Graves and Hodge find thirty-three breaches of the principles of clear statement, and three breaches of the principles of graceful prose. In my view, most of these criticisms are wide of the mark, being either irrelevant, pedantic, trivial or mistaken. At one point, they seem to be overtaken by their enthusiasm to find breaches – having deleted one of Keynes's sentences and inserted a summary sentence of their own, they then criticise him for having committed the sin of 'material omission' in their very own sentence!⁵

Nevertheless, a smaller number of their criticisms do strike home. I agree with them that Keynes's writing in the passage can be faulted for (i) inappropriate word choice, (ii) confused imagery, and (iii) memory strain, though the number of instances seems to me to be far fewer than they claim. Obviously, all three deficiencies contribute to difficulty of reading and lack of clarity. One can sort out the muddles by identifying the inappropriate words and their alternatives, by clarifying the images, or by reading on, but it typically takes several readings and some labour to do so.

As an example of poorly expressed imagery, take the first metaphor in Keynes's article. Very few words are spent in developing the image and it is left to the reader to sort out the details (which it is possible to do with some work). The context is the competing wartime demands of the civilian population on the one side and of the war service departments and the export trades on the other. The relevant sentences are as follows.

At present it is hard to say who, if anyone, settles such matters. In the final outcome there seems to be a larger element of chance than of design. It is a case of pull devil, pull baker – with the devil so far on top. ...

On the assumption that our total output is as large as we know how to organise, a definite residual will be left over which is available for civilian consumption. The amount of this residue will certainly be influenced by the reasonable requirements of the civilian population. If an acute shortage develops in a particular direction, baker's pull will become stronger and devil's weaker; and something will be done to allow a larger release. ...

In peacetime, that is to say, the size of the cake depends on the amount of work done. But in wartime the size of the cake is fixed. ...

This is the elementary fact which in a democracy the man in the street must learn to understand if the nation is to act wisely – that the size of the civilian's cake is fixed. (*CW IX 374-5*)

The problems with Keynes's treatment are various. The identities of the two protagonists are not made entirely clear on first introduction, and it only becomes evident after reading further that the baker represents civilian demands on national output while the devil (almost certainly) represents non-civilian demands, namely, those of the war service departments and export trades. What they are pulling at is also not explicitly stated, which causes Graves and Hodge to offer a very muddled account. They mostly infer that the devil and the baker are pulling at a cake which represents total output, whereas a careful reading of Keynes's text makes it clear that while the two figures are certainly tugging at total output, only one part of this, the civilian's share, is represented by a cake. They also interpret the phrase 'with the devil so far on top' as meaning 'on top of the cake', whereas it actually means the devil is winning the tug-of-war. Keynes's imagery and prose are also poor because he reveals a characteristic that we will encounter again, a tendency to use the abbreviated form ('the cake'), ahead of the full description ('the civilians cake'). Fortunately, understanding this piece of imagery is not vital to understanding his argument.

In short, despite having greatly exaggerated Keynes's deficiencies as a writer, Graves and Hodge have nevertheless performed a service by exploring these deficiencies, and identifying some of the faults with which he may be validly charged.

I now proceed to the two remaining case studies to illustrate my thesis in greater detail. One is from Keynes's main work in philosophy, *The Treatise on Probability*, the other from his main work in economics, *The General Theory*. In both cases, I shall argue

that his meaning is clear, but that he muddies the waters with unnecessarily loose language. The serious scholar is then obliged to work hard, with several re-readings and possible reference to outside material, to see that Keynes has not actually departed from his underlying meaning but has introduced potential confusion by being careless or lax in his use of language. It should also be noted that while both case studies reveal much about Keynes as a writer and clear up some confusions in the literature, neither lays claim to new insights into his thought.⁶

II. LIMITED LOGICAL INSIGHT

This study concerns passages in the *Treatise on Probability* where Keynes discusses unknown probabilities and limitations on human insight into logical probability relations. Frank Ramsey, a brilliant thinker in many areas, criticised these paragraphs as self-contradictory in a 1926 essay which laid the foundations for the subjective theory of probability.

Another argument against Mr Keynes' theory can, I think, be drawn, from his inability to adhere to it consistently even in discussing first principles. There is a passage in his chapter on the measurement of probabilities which ... seems to me quite unreconcilable with the view which Mr Keynes adopts everywhere except in this and another similar passage. (Ramsey 1978:65-6).

Braithwaite repeated the charge in 1973 in the foreword to the *Collected Writings* edition of Keynes's book, claiming that in speaking of probability as 'relative in a sense to the principles of *human* reason', Keynes 'throws over entirely his doctrine of specific objective probability-relations' (*CW VIII xxi*). No explanation is offered for this serious accusation, but presumably, as the editor of the original 1931 edition of Ramsey's writings, he merely accepted Ramsey's position. And, despite intervening argument against Ramsey's view,⁷ Bateman revives the accusation. He declares that both Ramsey and Braithwaite made unknown probabilities 'a point of departure for illustrating that Keynes's entire conception of probability was untenable', and that they also claimed that Keynes's acknowledgment of limited logical insight constituted 'an acknowledgment that his theory was untenable' (1991: 109&n2). Subsequently, Bateman (1996:57n34) again accepts the accuracy of the accusation by arguing that, in 1931, Keynes referred to this part of Ramsey's critique in a capitulation which saw Keynes abandon the logical theory of probability and accept Ramsey's subjective theory.⁸

I shall show that the charge is mistaken, however, and that Keynes's account is not only internally consistent but also conceptually quite straightforward. In this case, while Keynes's writing should certainly carry part of the blame, it is the readings of his critics that are largely at fault. They have not granted him the goodwill, cooperation and intelligence he requested in a different context in 1934 (*CW XIII* 470), and as a result have fallen victim to careless readings. With hindsight, one can see how re-wording and re-phrasing at certain points could have forestalled the misunderstandings that have arisen, but careful reading of his text reveals that his words, though not well-chosen, were adequate enough to convey his position.

In Keynes's theory, probability consists of a logical relation between virtually any pair of propositions. Since an infinite number of propositions exist, there is an infinite number of probability-relations. For any probability to be known by humans, humans must have sufficient logical insight into the realm of logical relations to perceive the probability-relation in question. These probability relations are also called 'secondary propositions'. If humans do not have sufficient logical insight and cannot perceive a probability relation (secondary proposition), then this probability is described as unknown. The theory applies to both individuals and humanity as a whole. Individuals can vary in their powers of logical insight, so that a probability relation may be known to one individual and unknown to another. And all humans are limited because only an omniscient mind endowed with perfect logical insight could know all logical relations.⁹

The passage which Ramsey criticises as contradictory comes from section 12, chapter 3. Since it will be the subject of detailed examination, it is quoted in full.

12. To say, then, that a probability is unknown ought to mean that it is unknown to us through our lack of skill in arguing from given evidence. The evidence justifies a certain degree of knowledge, but the weakness of our reasoning power prevents our knowing what this degree is. At the best, in such cases, we only know *vaguely* with what degree of probability the premisses invest the conclusion. That probabilities can be unknown in this sense or known with less distinctness than the argument justifies, is clearly the case. We can through stupidity fail to make any estimate of a probability at all, just as we may through the same cause estimate a probability wrongly. As soon as we distinguish between the degree of belief which it is rational to entertain and the degree of belief actually entertained, we have in effect admitted that the true probability is *not* known to everybody.

But this admission must not be allowed to carry us too far. Probability is, *vide* chapter 2 (§11), relative in a sense to the principles of *human* reason. The degree of probability, which it is rational for *us* to entertain, does not presume perfect logical insight, and is relative in part to the secondary propositions which we in fact know; and it is not dependent upon whether more perfect insight is or is not conceivable. It is the degree of probability to which those logical processes lead, of which our minds are capable; or, in the language of chapter 2, which those secondary propositions justify, which we in fact know. If we do not take this view of probability, if we do not limit it in this way and make it, to this extent, relative to human powers, we are altogether adrift in the unknown; for we cannot ever know what degree of probability would be justified by the perception of logical relations which we are, and must always be, incapable of comprehending. (*CW VIII* 34-5)¹⁰

The first paragraph comments on the meaning and implications of unknown probability (and vaguely known probability), and is, to my mind, unproblematic. It is the second paragraph which Ramsey accuses of inconsistency. His brief argument (1978:66) may be paraphrased as follows. Keynes's theory holds that (i) between the premisses and

conclusion of an argument there is only one logical relation and hence only one true secondary proposition, (ii) these logical relations are necessarily independent of the mind, and (iii) we know some probability relations but may not know others. From this, he draws the conclusion, using language based on Keynes's later phrasing, that 'probability relations are not ones which we are incapable of comprehending'. To this point I have no quarrel with Ramsey's summary. But then the accusation of inconsistency arrives, based on the last part of the last sentence. If, as Keynes says, we know some probabilities and hence some logical relations, then Ramsey claims it is 'nonsense' for him to speak of probabilities as being justified by logical relations 'which we are, and must always be, incapable of comprehending'.

What has gone awry here? My diagnosis is that Ramsey's argument is surprisingly weak because he has made the simple mistake of confusing *all* logical relations with *some* logical relations. Logical relations are divided by Keynes into two groups – those which we do know (which generate known probabilities), and those which we do not know (which generate unknown probabilities). He does not say we know all probability-relations, for his theory 'does not presume perfect logical insight'. In this context, the phrase, perfect insight, is not to be equated with accurate insight, but with universal, global, unlimited or unbounded insight. It is not the case that our insight, by not being perfect, is inaccurate, distorted or deluded; but it is the case that it is limited. Our knowledge of probabilities is restricted to the secondary propositions 'which we in fact know', where 'know', as chapter 2 of the *Treatise on Probability* explains, refers to true knowledge and not mere belief or opinion. And this group of secondary propositions depends on our powers of logical insight into the realm of logical relations, only a part of which is accessible to us. Knowledge of these secondary propositions is independent of our having perfect logical insight which would render visible all parts of the realm. Thus humans have powers of accurate insight into some logical relations, but lack accurate insight into all such relations. If we insisted that probability theory required perfect (universal) logical insight, we would not be able to generate a theory that underpinned *human* reasoning and we would be 'altogether adrift in the unknown'. We would be defeated by not being able to know those logical relations which we are currently incapable of comprehending, and which (on the reasonable assumption that humans will never achieve unbounded or universal insight) we must always be incapable of comprehending.

This is the 'sense' in which probability is relative to 'the principles of *human* reason'. Human reason is restricted to working with the knowledge we do possess, whether of primary propositions, secondary propositions or even, as chapter 2 allows, of logical axioms. The word 'principles', however, is poorly chosen. As the ensuing explanatory sentences indicate, particularly the reference to the 'logical processes...of which our minds are capable', it would have been better to have spoken of the 'powers' or 'scope' of human reason. Above all, Keynes's discussion does not imply that the principles of human reason are different *in kind* from the principles of logic; it only implies that human reason has limited powers or scope. Thus the reference to human reason is perfectly consistent with the core of his theory, and exactly the opposite of the Ramsey-Braithwaite charge that it constitutes a repudiation of this core.

This interpretation is also consistent with the earlier section to which Keynes refers, section 11 of chapter 2, quoted in full below.

11. In conclusion, the relativity of knowledge to the individual may be briefly touched on. Some part of knowledge – knowledge of our own existence or of our own sensations – is clearly relative to individual experience. We cannot speak of knowledge absolutely – only of the knowledge of a particular person. Other parts of knowledge – knowledge of the axioms of logic, for example – may seem more objective. But we must admit, I think, that this too is relative to the constitution of the human mind, and that the constitution of the human mind may vary in some degree from man to man. What is self-evident to me and what I really know, may be only a probable belief to you, or may form no part of your rational beliefs at all. And this may be true not only of such things as *my* existence, but of some logical axioms also. Some men – indeed it is obviously the case – may have a greater power of logical intuition than others. Further, the difference between some kinds of propositions over which human intuition seems to have power, and some over which it has none, may depend wholly upon the constitution of our minds and have no significance for a perfectly objective logic. We can no more assume that all true secondary propositions are or ought to be universally known than that all true primary propositions are known. The perceptions of some relations of probability may be outside the powers of some or all of us.

What we know and what probability we can attribute to our rational beliefs is, therefore, subjective in the sense of being relative to the individual. But given the body of premisses which our subjective powers and circumstances supply to us, and given the kinds of logical relations, upon which arguments can be based and which we have the capacity to perceive, the conclusions, which it is rational for us to draw, stand to these premisses in an objective and wholly logical relation. Our logic is concerned with drawing conclusions by a series of steps of certain specified kinds from a *limited* body of premisses. (*CW VIII* 18-19)

The distinction that opens this section is between relative and absolute knowledge. This again refers to the *scope* of knowledge and not its accuracy, that is, to the distinction between some knowledge and all knowledge. Some parts of the totality of knowledge – such as personal existence and sensations – are known by the individuals concerned, but are not known ‘absolutely’, where absolutely here means by everyone or universally. That this is the meaning to be given to ‘absolutely’ is evident, firstly, from the contrast between ‘absolute knowledge’ and ‘the knowledge of a particular person’, and secondly, from a later sentence which says that not all true primary or secondary propositions are ‘universally known’, that is, known by everyone. Keynes then turns to other parts of knowledge and introduces the word ‘objective’. Readers could be forgiven for thinking that ‘objective’ here means what it did in the opening pages of the *Treatise on Probability* when Keynes first advanced his concept of logical probability, namely, that objective means independent of human opinion (*CW VIII* 4). However, closer examination reveals that objective in this passage actually means the same as absolute or

universal. That is, objective knowledge is known by everyone or known universally, with its counterpart, subjective knowledge, referring to knowledge known by the individual. Other parts of knowledge may seem ‘more objective’ (or more universally known) but in fact they are not, because what ‘I really know’ may form ‘no part of your rational beliefs at all’. Thus some parts of knowledge are not known to everyone. Included in this knowledge is knowledge of the axioms of logic. That individuals vary in their knowledge is obvious, Keynes says, and this variation may extend to variations in their knowledge of logical axioms.¹¹

The cause of such variations is then attributed to variations in the constitution of the human mind between individuals. This again refers to scope and not accuracy – what is known accurately by one person may not be known at all by another. The suggestion is that some individuals have minds whose configuration and properties give them greater capacities for logical insight (regardless of whether these capacities are genetic or instilled by education or experience). Keynes then generalises this proposition to suggest that the constitution of the human mind could place global limits on human logical insight. Although human minds as a whole have power over some logical relations (insight into some secondary propositions), there may be other logical relations which all humans are powerless to see because the human mind is not configured or constituted with sufficient acuity (or capacity for acuity) to perceive all such relations.¹²

This, Keynes says, has no significance for ‘a perfectly objective logic’. At this point, a different difficulty is introduced. Some sliding starts to occur in the meaning of the word ‘objective’ which begins to hover ambiguously between the two meanings previously discussed, neither of which, fortunately, affects the point he is making. If objective still means ‘known by everyone’, then the restriction of human knowledge to a subset of logical relations has no consequences for the full set of logical relations even if these were known by everyone. And if objective has the meaning of being independent of human opinion, then an objective logic still continues to exist despite human powerlessness to see or know all of it. In the penultimate sentence, Keynes pulls all the threads together and indicates that his concern all along has been with the scope, and not the accuracy, of human insight. Given the premises supplied to us, and given the logical relations we are able to perceive, then our conclusions will be connected to these premises by ‘an objective and wholly logical relation’. Now that he has reverted to discussing probability as a logical relation between propositions, Keynes slides back into the initial meaning of objective as independent of human opinion.

Two things are evident, I think, from Keynes’s passages. Firstly, they have a coherent meaning which is entirely consistent with the rest of his theory. Indeed, this meaning is a *necessary* part of his theory once it is assumed that humans do not have unbounded insight into an infinite number of logical relations.¹³ Secondly, his exposition and word choice are nevertheless very poor. They contain the seeds of several confusions, quite apart from Ramsey’s particular mistake of confusing all and some. It would have been better, in the sentence which led Ramsey astray (the last sentence of the chapter 3 passage), to have inserted the word ‘those’ so that it read ‘by the perception of those logical relations which we are...incapable of comprehending’. It would also have

been less misleading in the same passage to have spoken of ‘The degrees of probability’ rather than ‘The degree of probability’. And it would have been far better had Keynes phrased the passages such that the meanings of ‘principles’, ‘perfect’, ‘absolute’ and ‘objective’ were immediately clear and there was no sliding between senses of ‘objective’. More comment on the ‘constitution of the human mind’ might also have dispelled doubt as to the nature of his argument.

A critic of my reading of the above passages might argue that all I have done is changed the meaning of some of Keynes’s words to make them fit a preconceived interpretation. To this simplistic criticism, I reply that my reading is far from arbitrarily imposed because it possesses a high degree of *consistency*. It is consistent with:

- (i) the other sentences in these passages,
- (ii) other passages in the *Treatise on Probability* related to these passages, and
- (iii) all other parts of Keynes’s theory in the *Treatise on Probability*.

The consistency, in other words, is quite comprehensive. If a critic can produce an alternative reading which has the same level of consistency regarding (i) and (ii), I will accept it as an equally sound interpretation in relation to these two criteria. I strongly doubt that it can be done, but I am open to being proved wrong. The debate will then come down to how (iii) is to be handled. This involves questions such as (a) how probable is it that Keynes unwittingly contradicted himself over a reasonably lengthy period of rewriting, and (b) how much benefit of the doubt should readers give to authors, or, to borrow again from Keynes’s 1934 phrase, how much goodwill, cooperation and intelligence are authors entitled to expect from readers. For my part, I think the probability very low, and I am prepared to grant him considerable (but not unlimited) goodwill and cooperation.

III. LONG-TERM EXPECTATIONS AND CONFIDENCE

This case study focuses on a key aspect of the seven paragraphs that comprise the first two sections of the much discussed chapter 12 of the *General Theory*, ‘The State of Long-Term Expectation’. The aspect is the nature of the relationship between long-term expectations and confidence. Such expectations are crucial in Keynes’s analysis of uncertainty and form part of his arguments for long-period unemployment equilibria in market economies.

Section I opens the discussion clearly enough and contains no relevant problems. It explains that investment depends partly on the marginal efficiency of capital (MEC), that the MEC depends partly on prospective yields, and that prospective yields depend partly on expectations about ‘future events, which can only be forecasted with more or less confidence’ (*CW VII* 147). Keynes then concludes the section as follows:

We may sum up the state of psychological expectation which covers the latter [that is, future events which can only be forecasted with more or less confidence] as being the *state of long-term expectation*; – as distinguished from the short-term expectation [of sales revenue from current production with existing equipment]. (*CW VII* 147-8)

At this point, it can be inferred that the state of long-term expectation depends on two things – (i) forecasts, with which are associated (ii) degrees or levels of confidence.

Section II then distinguishing these two factors quite explicitly.

The state of the long-term expectation, upon which our decisions are based, does not solely depend, therefore, on the most probable forecast we can make. It also depends on the *confidence* with which we make this forecast – on how highly we rate the likelihood of our best forecast turning out quite wrong. If we expect large changes but are very uncertain as to what precise form these changes will take, then our confidence will be weak. (*CW VII* 148)

Again, everything remains clear (leaving aside any questions raised by the intrusion of the word ‘probable’). The state of long-term expectation depends on (i) a forecast (described as the ‘most probable’ or ‘best’ forecast), and (ii) a confidence in this particular forecast.

The next three paragraphs, however, release the hares of potential confusion because they do not stick firmly to the opening script. They continue to talk about confidence and expectations, but in the following terms.

The *state of confidence*, as they term it, is a matter to which practical men always pay the closest and most anxious attention. But economists have not analysed it carefully and have been content, as a rule, to discuss it in general terms. In particular it has not been made clear that its relevance to economic problems comes in through its important influence on the schedule of the marginal efficiency of capital. ...

There is, however, not much to be said about the state of confidence *a priori*. Our conclusions must mainly depend upon the actual observations of markets and business psychology. This is the reason why the ensuing digression is on different level of abstraction from most of this book.

For convenience of exposition we shall assume in the following discussion of the state of confidence that there are no changes in the rate of interest, and we shall write ... as if changes in the values of investments were solely due to changes in the expectation of their prospective yields and not at all to changes in the rate of interest... . (*CW VII* 148-9)

By continuing to use the word ‘confidence’, and again placing it in italics, these paragraphs convey the strong impression that they are discussing exactly the same notion of confidence that was outlined in the preceding paragraph.

This, however, is not the case. The key lies in the little phrase, ‘as they term it’, which is likely to be overlooked on a first reading – partly because of the construction of the sentence in which the pronoun (or abbreviation), ‘they’, precedes the noun (or full description), ‘practical men’, partly because the referent of ‘it’ is not immediately

obvious, and partly because the phrase has the appearance of an aside. Its importance, however, lies in the fact that it indicates that the state of confidence is just another name, one that practical men use, for what Keynes has called the state of long-term expectation. The 'it', in Keynes's phrase, refers to the state of long-term expectation, and not to confidence in particular forecasts. Thus the state of long-term expectation and the state of confidence are synonyms. The former is an analytical term introduced as part of economic theory, the latter is an everyday term used by practical people in discussing the same thing in matters relating to business.

Any reader still not convinced by this straightforward reading can turn to the proofs of the *General Theory*. The mid-1934 version of chapter 12 follows the final published version with only a few changes (*CW XIII* 423), one of which, however, happens to concern the paragraphs under discussion. The mid-1934 version of chapter 12 begins as follows:

There is much of great importance which can be said, quite independently of the rate of interest, concerning the state of long term expectation and the methods by which the prospective yield of investment is estimated by the market, as distinct from the methods by which this prospective yield is capitalised or converted into present value. It is a subject to which practical men always pay the closest and most anxious attention under the name of the *state of confidence*. But economists have not analysed it carefully and have been content, as a rule, to treat it in general terms. There is, indeed, not much to be said *a priori*, and our conclusions must mainly depend upon the actual observation of markets and business psychology. (*CW XIV* 464-5)

The thought is the same as in the *General Theory*, but the wording is different. And the wording in the draft puts it beyond reasonable doubt that that the state of long-term expectation and the state of confidence are the same thing.

This also clarifies another source of possible confusion arising from the title Keynes gave to chapter 12 in the mid-1934 proof. This title was 'The state of long-term expectations (or confidence)' (*CW XIII* 423). In the absence of any other information, one is grammatically entitled to infer from this wording *either* that 'expectations' and 'confidence' are interchangeable so that the expanded rendition of the title would be 'The state of long-term expectations (or the state of long-term confidence)', *or* that the 'state of long-term expectation' and 'confidence' are equivalent so that the corrected rendering would be 'The state of long-term expectation (or Confidence)'. However, as the quoted text of the chapter indicates, neither of these equivalences is accurate so that we can safely conclude that Keynes worded his title misleadingly. The only abbreviated, grammatical way of conveying his meaning is to repeat the word 'of', as in 'The state of long-term expectation (or of confidence)' in which case the expanded version would read 'The state of long-term expectation (or the state of confidence)' which corresponds exactly to the content of his chapter. In any event, he avoided this source of confusion in the final version by restricting the chapter title to the 'The state of long-term expectation'.

Given that the state of long-term expectation has two aspects, Keynes would have had several alternative names before him. He could have emphasised confidence, as in ‘the state of long-term confidence’, but this would have run counter, in words at least, to his distinction between short-term and long-term expectations. Or he could have chosen a more comprehensive name such as ‘the state of long-term expectation and confidence’, but this is longer and clumsier. In the end, he retained the structure of his opening discussion in which expectations (both short and long) enter first, with degrees of confidence only becoming important subsequently in the context of long-term expectations.¹⁴

We thus have two different senses of the word ‘confidence’ in these paragraphs:

- (i) confidence in particular forecasts which, when combined with such forecasts, makes up the state of long-term expectation,
- (ii) the state of confidence, which is merely a synonym for the state of long-term expectation.

Evidently, confidence in the first sense forms part of confidence in the second sense. The former refers to the conceptual framework within which Keynes develops his economic theory, and is the sense in which the term ‘confidence’ is best used by those engaging in the analytical discussion of his scientific discourse. The latter is an ordinary language term used by practical people in everyday discourse.¹⁵

Let me now sum up the results of this investigation into Keynes’s untidy prose. The ‘state of long-term expectation’ and the ‘state of confidence’ are the same thing, but ‘long-term expectation’ and ‘confidence’ are different things which, when combined, comprise the afore-mentioned state. The word ‘confidence’ *tout court* has a different meaning from the word ‘confidence’ in the phrase ‘state of confidence’. Likewise, ‘expectation’ (without qualification) and ‘confidence’ are not the same thing. If all this is remembered, clarity is achievable in reading Keynes on this topic. But it places very large ‘memory strain’ on the reader to do so. A simple solution is readily available, however. None of these problems would have arisen if he had stuck solely to his analytical terminology in which confidence is a component of the state of long-term expectation, and had relegated the everyday phrase, the state of confidence, to a footnote.

While still using both expressions, however, Keynes tended, from Chapter 12 onwards, to use ‘state of confidence’ more frequently than ‘state of long-term expectation’.¹⁶ This may have occurred because he feared the important role of confidence might have been downgraded or lost by too frequent use of the words ‘long-term expectations’ or, more prosaically, because the former was easier to write or say than the latter. But he could have made ‘the state of long-term expectation’ the usual term, and regularly reminded his readers that confidence was an integral component of every such state.

The aim of the above clarification is to help reduce confusion and mistakes in reading Keynes on this topic. Readers who turn to Keynes’s own writings during the 1930s can now avoid the pitfalls of his lax word usage for themselves. And readers of the secondary literature can be made aware of errors in commentaries and interpretations.

Several writers have made the mistake of conflating Keynes's two senses of confidence. Carabelli (1988:198) argues that subjective risk depends on 'what in *The General Theory* was to be called 'the state of confidence' ..., that is the confidence in a particular probability judgement'.¹⁷ Gerrard makes the mistake on more than one occasion by claiming that a 'long-term expectation has two components: the most probable forecast and the state of confidence' (1995:188, also 190, 193), and that the 'prospective returns depend on the state of long-term expectations comprising the most probable forecast and the state of confidence' (1997:187). A similar confusion is evident in Dow and Dow (1985:49) who, even after quoting from the clearer 1934 draft, nevertheless refer to 'long-term expectations, and the state of confidence they dwelt on'. Nor is it sufficient to glide over terminological or definitional difficulties by omitting deeper conceptual analysis. Bateman's (1996) interpretation makes confidence a central theme in the development and theoretical structure of the *General Theory*, but provides little analytical discussion of the concept of confidence and its relationship to expectations. In fact, it frequently treats these two concepts as synonyms, as, for instance, in the claim that before 1933 'there was no necessity for Keynes to turn to confidence, or expectations, about the future, as the final element in pulling [the *General Theory*] together' (Bateman 1996:78, see also 111, 120-1, 124-7, 139, 166).

In clarifying Keynes's meaning, however, I am not suggesting that his remarks are conceptually unproblematic. He gives no explanation, for example, of how probabilities and levels of confidence are to be combined in forming expectations. If probability is high and confidence is low, for example, is long term expectation high, medium or low?¹⁸ Possibly the concepts of certainty equivalence, or of combined judgments of probability and confidence (analogous to those involving probability and weight in the *Treatise on Probability*), could come to the rescue, but these issues need not detain us here.

A RESOLUTION OF THE PUZZLE

I began with a puzzle – how could Keynes be widely regarded as a good writer and yet apparently be such an unclear writer in the sense of generating multiple interpretations? The above discussion provides part of the answer at the 'microscopic' level of individual passages. A more complete answer, however, requires the microscopic part to be supplemented by more general 'macroscopic' arguments regarding Keynes's theory of writing.¹⁹

I think it is a fairly accurate generalisation to say that Keynes is a *fluent* writer, regardless of the nature or topic of his writing and regardless of whether his prose is workmanlike, pleasing, eloquent or magnificent. That is to say, his prose almost always flows without disjointedness or interruption. If a sentence has to be re-read, it is typically not because of grammatical faults or clumsy construction (though both occur), but because its meaning is not directly apparent. But while fluency creates greater readability and pleasure, it does not guarantee clarity. On those occasions where clashes between fluency and clarity arise, Keynes often seemed to have listened more for fluency than for clarity, more for sound than for sense.

The greatest impediment to clarity in the three case studies is poor, inappropriate or confusing word choice. This is manifest in various forms. One form involves grammatical issues where Graves and Hodge make valid complaints (such as their point that ‘were’ is better than ‘have been’ in ‘when men were working harder, they have been able to increase their consumption’ (1947: 179)). A second form is the use of different expressions to refer to the same thing (the state of long term expectation and the state of confidence). A third is the use of the same word to refer to different things (confidence and the state of confidence), related to which is the use of the same word in different senses with subsequent sliding between the senses (objective). A fourth is not guarding against alternative meanings of the chosen word (such as perfect in the *Treatise on Probability* passage which there meant universal but could have meant accurate). A fifth is the confused presentation of imagery -- using the abbreviated form (the cake) prior to using the complete form (the civilian’s cake). And finally, there is memory strain, which emerges in various ways -- having to remember (within the same work or across different writings) that one phrase is a synonym for another, that the same word may have related but different meanings, that the same word may be used in very distinct senses within the space of several pages, that a word is being used in one sense only and not in an equally well-used alternative sense, and that time may need to elapse before an image comes clearly into focus.

Keynes certainly had some awareness that his phrasing and word choices were, at times, inappropriate or incorrect. In the 1930s, after several decades of debates and controversies, admissions of this deficiency emerge in his correspondence regarding the *General Theory*. In 1935, in reply to Hawtrey’s criticisms, he observed, firstly, that ‘In any passages in which I seem to regard the adjustment of investment and saving as a process occupying time, *I agree with you that I am expressing myself incorrectly and am departing from my own ideas*’ (*CW XIII* 581, emphasis added), and, secondly, that ‘When I said my point about sinking funds was primarily theoretical, I should have said primarily ‘general’. For I had in general considered that it is of great practical importance’ (*CW XIII* 616). Hicks drew from him a further admission in 1936, where his occasional practice, noted above, of placing the incomplete form ahead of the full form is evident.

I am afraid that I have here misled you (just as I have misled Pigou...) by omitting a necessary qualification on page 223 of my book. In the passage near the top of page 223 I was not intending to do more than to give an example by which I would lead the reader on to the formal definition which I give a few pages later, on page 226. The accurate definition of rate of interest is on page 226. The illustration on page 223 requires a qualification which I have omitted. ... I ought, of course, to have added this qualification. For it is quite natural to think that what I say on page 223 is meant as a complete definition, and readers tend to substitute it for the formal definition given on page 226, since it is decidedly simpler. (*CW XIV* 76)

And in 1937 he confessed a longstanding habit to Kaldor: ‘You are, of course, quite right. I meant ‘neutral’ and not ‘unstable’. I have had a habit of using the one word when I meant the other for more years than I can remember. Indeed I used to do it long ago

when I was working for the mathematical Tripos, when it was a much more serious offence than now!’ (*CW XIV* 242).

All four remarks should put us on our guard. They support my criticism of Keynes that, in expressing his thoughts, he was sometimes quite careless or inattentive in word selection. After careful analysis, one can see, not only how thought which is otherwise quite clear is muddied by poor word choices, but also how easy it is to restore clarity to his writing merely by using more appropriate words. It seems that the exceptionally intelligent Keynes did not have a well-developed capacity for placing himself in the position of his readers, including his more intelligent ones, so as to remove easily avoidable confusions. If, however, at the end of the day, after all pleas for mitigation have been entered, we still accept that authors are ultimately responsible for what and how they have written, then Keynes, I think, can be faulted for not having been more attentive to his use of language from the perspective of its clarity, and for placing too much trust in the ability of his readers to see what he was driving at. A pertinent message regarding Keynes as a writer may be fashioned from one of Graves and Hodge’s remarks on J.F.C. Fuller: ‘The faults are those of over-confidence in the reader’s intelligence and knowledge: it is dangerous to deploy such laxity in word usage’.²⁰

The moral of my story is this. Keynes can be a wonderful, delightful and magnificent writer, but he can also be an exasperatingly unclear writer. If we seek clarity, we should, out of courtesy and respect for his formidable intellect, give him the benefit of the doubt and avoid hasty conclusions. There is typically (but not always) a coherent underlying meaning which is clear and consistent with the rest of his thought, but which is made turbid by laxity in word usage. The obscured clarity is recoverable, but only by intellectual labour and careful reading.

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ENDNOTES

¹ This contribution is offered, with deep respect, admiration and gratitude, to Peter Groenewegen whose teaching and support have blessed me greatly, and who has always appreciated the importance of reading authors carefully. I am grateful to Craig Freedman, Wylie Bradford and Sean Turnell for helpful comments and suggestions. In addition, I should like to apologise in advance if the relevant work of any author has been neglected. This chapter has been written under the appalling conditions for research activity that prevail in many Australian universities as a result of federal government policies, such conditions making it impossible to maintain, let alone increase, one's intellectual capital.

² As many of us lament, the teaching of the history of economic thought, which has always served as a strong antidote to any philistinism in its students and at which Peter Groenewegen excelled, has undergone severe contraction in recent decades.

³ To avoid misunderstanding, my position is that a number of sound interpretations of Keynes's thought are possible, where 'sound' essentially means consistent with all relevant evidence (see O'Donnell 1991a: 48-52). I am thus not arguing that there is only one correct interpretation of his thought, as a whole or in large blocks, and any impression to the contrary should be resisted. However, at the level of individual sentences or passages, I am prepared to argue, on occasion and with reasons, that they mean one thing and not another. I am also not arguing that Keynes's characteristics as a writer are the only cause of diversity in interpretations.

⁴ That is, from p.373 line 28 to p.375 line 20 in *CW IX*.

⁵ See item 14(c) in Graves and Hodge (1947: 180). They also include a form of this sentence in their fair copy version of Keynes's text.

⁶ Many other case studies along these lines could be provided, one of these being Keynes's 1938 criticisms of Tinbergen's work and their implications for his views on econometrics (on which, see O'Donnell 1989: 200-3, and 1997: 154-6).

⁷ See O'Donnell (1989: 64-6).

⁸ This last issue has generated considerable controversy among Keynes scholars interested in the links between Keynes's philosophy and his economics. My own view, in brief, is that Keynes did not abandon the conceptual framework of his logical theory of probability in favour of the subjective theory.

⁹ For further explanation of these aspects of Keynes's logical theory of probability, see O'Donnell (1989: 28-66).

¹⁰ The fourth sentence of this quotation is incorrectly reproduced in the *Collected Writings* edition. As the original 1921 edition indicates, the sentence begins with 'That' and not 'The'.

¹¹ The person in the street, for example, will typically not have the same knowledge of logic, for example, as Bertrand Russell or Alfred Whitehead, the authors of *Principia Mathematica*.

¹² An analogy may be drawn with unaided human eyes and ears which are incapable of seeing and hearing everything that animals can. Readers interested in exploring the axioms of logic issue may consult Part II of the *Treatise on Probability* (particularly chapters 10, 11, 12) where Keynes lays out a set of definitions and axioms for his logic of probability. In the course of the discussion, he again alludes to unknown probabilities and limited human insight.

¹³ On unknown probability, Bateman passes two peculiar remarks without accompanying explanation. He says that Keynes seems ‘perplexed’ by the idea (1991:109) and that it is an ‘awkward construction’ (1996:57n34). In fact, there is nothing perplexing or awkward about it at all in Keynes’s theory; nor does Keynes even hint that he found it so. It is a perfectly *natural* concept within his theory that fits in seamlessly with the rest of the conceptual tapestry. What perplexity or awkwardness can there be in saying that humans have limited logical insight and cannot perceive every member of an infinite set of logical relations? Would it not be far more perplexing and awkward to say the opposite?

¹⁴ It is of interest to note that this parallels the structure of the discussion in the *Treatise on Probability* where probability occupies centre-stage and the weight of argument (a proxy for confidence in that work) is an important but subsequent consideration.

¹⁵ One less important instance of unclear writing occurs in the last paragraph. Keynes says that, given no changes in the rate of interest, changes in investments are ‘solely due to changes in the expectations of their prospective yields’. It would have been more consistent with his analytical framework to have substituted ‘states of long-term expectation’ for ‘expectations’, so that the changes he was about to consider embraced both forecasts (or expectations) and their accompanying degrees of confidence.

¹⁶ A comparison of Keynes’s usage of the two terms, ‘state of long-term expectation’ and ‘state of confidence’ is as follows. In Keynes’s lectures prior to the *General Theory* in 1932-35 (Rymes 1987), both terms occur with roughly equal frequency. From the *General Theory* onwards, however, the latter is used more frequently than the former. In the work itself, subsequent to their introduction in chapter 12, ‘state of confidence’ (or a similar phrase) occurs five times (pp. 248, 264, 307, 317 and 368), whereas ‘state of long-term expectation’ occurs only once (p. 246), followed by the hybrid term ‘the psychological expectation of future yield from capital assets’ (p. 247). ‘State of confidence’ also dominates in two important exchanges after the *General Theory*. In his 1938 discussion of Tinbergen, it occurs twice as against once for state of long term expectation, leaving aside one combination of the two (*CW XIV* 287, 288, 294, 309); while in his 1938 correspondence with Harrod on economic growth, it is the only term that is used (*CW XIV* 321-2, 326).

¹⁷ See also Carabelli (1988:198-9, 223-4) where the same conflation is evident in several sentences.

¹⁸ See Hoover (1997: 221-2) and Runde (1997: 225-6).

¹⁹ See O’Donnell (2003).

²⁰ Graves and Hodge (1947: 168); I have substituted ‘deploy such laxity in word usage’ for their ‘use such brevity’.