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**Mandeville in 'The General Theory' and F. B. Kaye**

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Long before the appearance of "**The General Theory of Employment, Interest and Money**", Keynes had plausibly devoted himself to the cultivation of the history of economic ideas. Quite apart from his articles on the economists of the highest calibre, the very early traces of Keynes's proclivity to accounting for the history of economics can be seen in his pre-1930 sundry writings, especially his obituary notices, some of his book reviews and, though scattered, in his letters. Thus, Keynes excelled as an historian of economic thought, and in consequence, the chapter on 'Notes on Mercantilism Etc.' in "**The General Theory**" culminates Keynes's far stretched and deep-seated interest for drawing out sustenances out of the writings of past economists.

Severe criticisms taken up or directed towards Keynes's "**A Treatise on Money**" and the publication of Kahn's article on employment multiplier in 1931 have been responsible for in the acceleration of Keynes's drastic turn to find out the way leading to full employment. In the mean time, while working on the theoretical structure of "**The General Theory**", Keynes was sharpening his acumen in emphasising an historical enterprise. In doing so, he had most probably in mind to revivify the interest in, or to stir up the attention to those who had in embryo possessed at least the main substance of what he had to develop in '**The General Theory**'.

Certainly no one would expect from Keynes to get precisely a perspicuous, well-balanced and closely-knit historical account of the ideas of any particular economist, or of any school of thought.<sup>1</sup> Nor would surely his essential task

have been to procure an adequate and congruent treatment of the history of economic thought. For his probing in the general literature of the history of economics in "**The General Theory**" was not too extensive and complete which may explain why Keynes was so friendly with the ideas of some iconoclasts of the highest degree on one hand, but on the other, he was squarely belligerent as to where his version of history leads to "a struggle of escape from historical modes of thought and expression".<sup>2</sup> In truth, Keynes had but not profound cognizance for the history of the subject-matter which was a drawback and made "**The General Theory**" in the context of historical purview and details and as well as nuances of stresses, a book of inconsistency. Hence his treatment of the past economists was not exhaustive, extensive and systematic, in particular what he writes on Mandeville remains suspect.

Anyhow, as the time goes by from the publication of "**The Treatise on Money**" to the preparation of "**The General Theory**", Keynes, by the very force of his thoroughgoing academic enthusiasm for the history of economics, might have felt himself obliged to write a section on 'historical retrospective'. Keynes started to work on it in September 1932<sup>3</sup>, almost a year after the crucial turning point in the crystallization of his sharp return to the 'revolutionary' path.

Keynes believed that he had to produce a 'revolutionary' economic theory which is a satisfactorily sufficient alternative to oust the Neoclassical thinking, differing not only crucially

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of economic ideas especially in the post-Ricardian era. His writings are much to be appreciated by historians of economics for better comprehension of the way leading to the advent of the Neoclassical upheaval and its immediate developments around 1870s. On top of that, Bagehot, "possessed a realistic insight into the nature of economic knowledge" [T. W. Hutchison, (1975), p. 120]. Moreover, Keynes, in his article on Marshall [(1972), pp. 161-231], does not seem to stretch himself rather far on unduly neglected issue of what Marshall describes as "the Mecca of an economist" [A. C. Pigou (ed.), (1925), p. 318], namely, economic biology. On the other hand, Keynes, in a conversation with R. F. Harrod, described "**The Principles of Economics**" as "an empty book" [(1971), p. 75]. As regards Keynes's interpretation of Mercantilist economic thought, Professor W. R. Allen speaks of his attempt as "dubious historiography" [(1968), p. 91, fn. 31. Also cf., R. F. Harrod, (1972), pp. 543-544]. For Keynes's treatment of history of economics see Professor T. W. Hutchison's stupendous essays in *ibid.*, pp. 121 sqq.

<sup>2</sup> J. M. Keynes, 1936, p. viii. In his 'preface to the German edition' of '**The General Theory**'. Keynes writes "that this book represents a reaction, a transition away from the English classical (or orthodox) tradition" [1981, p. xxv].

<sup>3</sup> Cf., D. F. Moggridge, 1973, p. 79.

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<sup>1</sup> In a review article on Walter Bagehot, Keynes pointed out that "in some respects it would be just to say that he was not an economist at all" and had limited capacity for theoretical matters [(1915), pp. 367; 373]. But quite the contrary, Bagehot had rather remarkable knowledge on the history of economic thought regarding the evolution

from premises to policy conclusions, but also from its historical and moral settings to the version of history. Keynes's 'brand', 'clear-cut', 'watershed', 'revolutionary' ideas, as he drove at, had to be verified in an historical retrospective. However, the full extent justification of any 'revolutionary' claim in the sphere of the history of opinions would be amount to years' of hard work which is to be furthered by an academic incubation which consumes a remarkable intellectual effort of tracing in nuances and details of any theory along with its resemblances and consistencies backed by the theories of the past. It is by no means an easy task to overcome the inherent difficulties and complexities with which it is apparent to be liable to serious abuse that any historical undertaking poses, within the slice of five-year period especially if most of this time is spared in developing and writing up the theoretical sections. Keynes's theory is of no exception.

Let us cut deeply and more deftly Keynes's historical undertakings. Although his habit of collecting rare books on the very subject had not lost its rate of speed, could hardly have taken his trouble in painstaking way in making use of the available materials. But rather unjustifiably, Keynes glossed the entire literature with large gappings and unscholarly omissions, however, juxtaposing some figures whose ideas both had defied the prevailing orthodoxies and seemingly satisfied the hard-core arguments of **"The General Theory"**.<sup>4</sup> As a result of Keynes's historiography-oriented endeavour, **"The General Theory"** acquired an historical framework constituting the ideas of partly or almost completely overlooked dissenters. Although these iconoclastic ideas or theories were overwhelmed and ironed out by the sophisms of the representatives of the dominant school, Keynes's little band of neglected revolutionaries, according to him, has had better insight and explanatory power into the nature of concrete economic phenomenon. Thus, Keynes revitalized a small group of "exponent of economic heterodoxy".<sup>5</sup>

<sup>4</sup> As acutely pointed out by Professor Hutchison, Keynes "was concerned to device a persuasive 'revolutionary' setting for his own ideas, an enterprise liable to serious abuse". [1978, p. 173].

<sup>5</sup> A. G. Gruchiy, 1949, p. 255. Similarly Professor H. W. Spiegel writes that "Keynes himself attempted to rescue the memory of 'the brave army of heretics' " [1971, p. 612]. If Keynes's chain of reasoning is followed up, his "cohort of Young Turks" [cf., T. W. Hutchison, 1978, p. 195, fn. 25] surely is in need of having been fortified by new recruits on its side and the name of Veblen should have been enrolled for the academic conscription [cf., A. Hansen, 1953, p. 121, fn. 1; R. Vining, 1939, pp. 692-704; T. Sowell, 1967, pp. 186-187]. Due to his unrestrainedly full sail challenge destined for both 'classical' (including Marxism) and 'neoclassical' camps,

In this paper we are primarily concerned with Keynes's treatment of his pick-up or his choice of one of the 'heretics', Mandeville, as presented in **"The General Theory"**. A step further, we will concentrate on Keynes's errors, omissions or his ploy on Mandevillian ideas and as well as his deliberate neglect of the works about Mandeville seen in the literature, most particularly before 1930.

# I

When did, for the first time, Keynes come across and then digested Mandeville's **"The Fable of the Bees"**? Onto this delicate question we have hitherto been unable to satisfy our curiosity alluding to any written source, neither in Keynes's collected writings nor in any other accounts which specifically dealt with Keynes as an historian of economic thought or his version of history or even his active pursuit of book-collecting based on personal reminiscences. In spite of having been covered with the impenetrable fog of our foolishness about the place of Mandeville in Keynes's mind before the publication of **"The General Theory"** and in particular pre-1930 period, what R. F. Harrod, Keynes's definitive biographer, writes enables us to speculate on Keynes's first acquaintance of Mandeville. Harrod speaks of Keynes's life-long habit of book collecting:

"...His enforced abstinence from many active pursuits caused a revival of interest in his earliest hobby of all book-collecting. It had never been in abeyance. ...He concentrated his attention upon the first editions of the great English thinkers – Newton, F. D. Maurice, Hume, Berkeley, Bentham, Mandeville, Wordsworth and Coleridge".<sup>6</sup>

So Keynes had the first edition of **"The Fable of the Bees"** as a rare book acquisition in his own library. But unfortunately Harrod indicates no date for the purchasing. In this respect, we seem to have been left in complete obscurity. Quite possibly, Keynes's survived book-bills might have shed some satisfactory light on the date of purchasing. Additionally, a thorough examination of Keynes's extensive collection of rare books could be helpful. However, in both cases, this track

Veblen thought that he was adumbrating a true watershed 'evolutionary' economic setting which, unlike Keynes's, was to be based entirely on a new theory of value, 'the instrumental theory of value' [cf., C. E. Ayres, 1951, p. 52].

<sup>6</sup> 1972, p. 570.

of probing would lead us to speculation rather than to a fertile ground.<sup>7</sup> Moreover, Keynes's intimate friends and those who generated the Keynesian circle around 1930s have not hitherto disclosed any information concerning Mandeville's influence on Keynes.<sup>8</sup>

Like other members of Keynes's 'army of underworld of heretics', Mandeville had no significant or perhaps obscure but negligible place in Keynes's system of thinking in the late 1920s. However it is fair to maintain that Keynes would by no means have rehabilitated and popularized the ideas of Mandeville, Malthus, Gessel and Hobson and even not staunchly attacked on the works of the 'Classical' economist had not he too much bogged down in a 'true watershed revolutionary' economic theory. Here we must do justice to Keynes that the only exception among his enlivened cohort of economic heterodoxies before 1930 was J. A. Hobson.<sup>9</sup>

<sup>7</sup> However, this line of quest has been successfully followed up by N. Devletoglou in his research on Keynes's treatment of Montesquieu [cf., 1963, p. 14] in regard of where Keynes ranked him as the real French equivalent of Smith in his 'Preface' to the French edition of *"The General Theory"*. [1981, p. xxxiv]. As a digression, regarding of his qualification of Montesquieu Keynes would not ignore that he was far deeply impressed by John Law's unrestrained enterprise of issuing paper-money. As the result, Montesquieu's anxiety prevailed on uncontrolled money supplier, which was to be fundamentally contrasted to the very logic of Keynes's support of his theory of 'interest'. However, Keynes attributes that his theory of interest is "a return to the doctrines of Montesquieu" [ibid., p. xxxv].

<sup>8</sup> In this connection, a verbal learning is likely to help to disperse the foolishness and obscurity regarding when Keynes has become familiarized with Mandeville. As to Professor T. W. Hutchison, Keynes for the first time gave place to *"The Fable"* in his Cambridge lectures just after 1930. Hutchison revealed this point while he was commenting on D. E. Moggridge's paper in a discussion in the Birmingham History of Economic Thought Conference held in September, 1972. Although his remarks on Keynes's on the Classical economists as a polemical device was briefly given in the following issue of *"The History of Economic Thought Newsletter"*, (No. 9, Autumn, 1972, p. 6), but unfortunately the above point is missed. I must confess that I have been unable to see Keynes's students' lecture notes issued in Cambridge.

<sup>9</sup> When Hobson's book, *"Gold, Prices and Wages"*, came out, Keynes was hoping "with mixed feelings" to get *"some fruitful criticisms of orthodoxy"* [1913, p. 393, italics added], but his hope faded away and turned out to be a sheer disillusionment. [Also cf., J. M. Keynes, 1930, vol. I, p. 179]. As his confidence grew after 1930 for what he was driving at, Keynes revived his old lecture notes on Malthus in 1922 and hinted in 1933 that he was his predecessor before those who gained high praise in *"The General Theory"*. It is expected that there might be striking differences in comparison to what Keynes wrote in 1922 and what he published in 1935 on Malthus.

## II

How is Mandeville whom Keynes attributed as the first figure in his little band of iconoclasts pictured in *"The General Theory"* and what are the major characteristic lines of Mandeville's economics which is readily appropriated by Keynes?

- a- Insofar as ideas about luxury consumption are concerned Keynes's determination of the historical coordinates of Mandeville whom he sees that Mandeville succeeds Barbon in the line of militating against 'the evil of luxury',<sup>10</sup> needs somewhat to be refined. By any large, Barbon's position in the debates around luxury is settled on rational lines in comparison to those who either have blindly approved and advocated every sort of luxury or those who have unconditionally abhorred the beneficial effects of luxury consumption. Barbon recognizes luxury neither exclusively beneficial nor detrimental. In fact, he should be celebrated as being the first economist who, disregarding the evil or utility of luxury, attempted to figure out the pure economic effects of it when and if it is freed from condemnation of any traditional conducts or established moral precepts or governmental interference.<sup>11</sup> However, Barbon's nature of economic analysis had quite faded from the scene.

- b- In *"The General Theory"*, Keynes quotes from L. Stephan the controversial statement of J. S. Mill's "demand for commodities is not demand for labour" which is used by Stephan in order to confute 'the fallacy of the Mandevillian dictum'.<sup>12</sup> Keynes implicitly holds Mill's statement along with that of L. Stephan to justify the evil of saving. However the internal logic of Mill's statement has occasioned to the appearance of contradictory and contrasting remarks of the economists in the literature. Professor M. Blaug writes:

"...What Mill was driving at was the idea that the total volume of employment is a direct function of the rate of capital accumulation and that consumers' demand, while it

However, in this context, we are not concerned what Keynes had written about his predecessors after his breaking off date.

<sup>10</sup> J. M. Keynes, 1936, p. 359.

<sup>11</sup> Cf., W. Letwin, 1963, pp. 63; 147-148.

<sup>12</sup> J. M. Keynes, 1936, p. 359, fn. 4.

determines the allocation of labour between different industries, influences total employment only at one remove.”<sup>13</sup>

Onto that matter, Keynes finds Marshall’s discussion ‘very unsatisfactory’<sup>14</sup> in which Marshall regards Mill as expressing ‘his meaning badly’.<sup>15</sup> The reader of “**The General Theory**” is unable to follow up Keynes’s full account of the view on ‘a demand for commodities is not demand for labour’ which is also quoted by Keynes elsewhere in the book<sup>16</sup>, for which he made no personal comment.

- c- Keynes’s pick of the stanza from “**The Fable**” is rested on the idea of “the appealing plight of a prosperous community in which all the citizens suddenly take into their heads to abandon luxurious living, and the state to cut down armaments in the context of saving”<sup>17</sup> is, in the same context, anticipated by S. N. Patten.<sup>18</sup>
- d- Mandeville’s overweight stress on luxury consumption became F. Hutcheson’s main charge against him which was attributed by Keynes as the notion of ‘contemporary thought’.<sup>19</sup> Unfortunately when Keynes had this in mind had made no differentiation between, for example, Ricardo and Pigou, at least, in their regard of governmental initiations and their roles in the social framework.

In as much as Keynes’s account on Mandeville proceeds, let us indicate that Keynes for his quotations from “**The Fable**” gives reference neither for the stanza nor for Mandeville’s explanatory ‘remarks’. He fills most of the two pages devoted to Mandeville in “**The General Theory**” quoting from Stephan and Mandeville, thus, not much space is left to Keynes to develop his own ideas.

<sup>13</sup> 1970, p.184.

<sup>14</sup> Cf., 1936, p. 364, fn. 2.

<sup>15</sup> M. Blaug, 1970, p. 183. As regards the economic validity of Mill’s dictum, Blaug also juxtaposes in the historical perspective the contradictory views of the economists of the nineteenth century.

<sup>16</sup> 1936, p. 364, fn. 2.

<sup>17</sup> 1936, p. 360.

<sup>18</sup> “If we can keep up our spending and carry on the war at the same time, Mandeville is right” [S. N. Patten, 1918, p. 88].

<sup>19</sup> 1936, p. 20.

As seen, Mandeville was not elaborated by Keynes in the true sense of the word of what scholarly reserve requires and academic pedantry reveals. On the contrary, in the hands of Keynes, Mandeville seems to have been a figure of obscurity and indistinctiveness though whose ideas are just made use of bolstering up for what the author is intended to subscribe. Therefore, the contrastingly colourful assertions of Mandeville, which are covered up with his pervasive tone of irony demand thorough investigation with utmost academic caution. It is fair to contend that there are some points both Mandeville and Keynes have shared. However, their interdependencies and mutually exclusive traits are not clearly comprehended by Keynes for which his lack of incubation is liable for raising some doubts and questions.

As regards the problem of unemployment, though both Mandeville and Keynes, in essence, cover the same ground, however their ways of approach and degrees of stress, due in particular to Mandeville’s paradoxical remarks, are not the same. Hence, it is difficult to contend that the employment question in Mandeville is depended exclusively on the natural forces or it is entirely left to the realm of the dexterous management of the skillful politicians. Let us begin by quoting Mandeville’s vivid insight into the nature of the involuntary unemployment. He writes:

“...When all traders and handicrafts overstock’d, it is a certain sign there is a fault in the management of the whole; for it is impossible there should be too many people if the country is able to feed them. Are provisions dear? Whose fault is that, as long as you have ground untill’d and hands unemploy’d”.<sup>20</sup>

Mandeville expresses his reliance on the self-adjusting process in case of dislocation. According to Mandeville

“...It is folly to set up trades that are not wanted, so what is next to it is to increase in any one trade the numbers beyond what are required. ...**Proportion as to numbers in every trade finds it self,** and is never better kept than when no body meddles or interferes with it”.<sup>21</sup>

<sup>20</sup> 1970, pp. 305-306.

<sup>21</sup> 1970, pp. 304-305, (italics added). Also cf., 1924, vol. II, p. 353. Let us indicate that Mandeville believes in the role of providence in the social order. “Providence superintends and governs every thing without exception” and “in sickness and other dangers, as well as afflictions, where are the hand of God is plainly to be seen” [1924,

Thus, in the first place, as a remedy, Mandeville strongly incurs demerits of saving<sup>22</sup> and abhors 'hoarding'. He describes 'hoarding' as "narrowness of soul that hinders misers from parting with what they have and makes them covet it only to hoard up".<sup>23</sup> Eventually, the virtue of spending comes into prominence in Mandeville's economics and prodigious expenditure of the rich is approved along with governmental or military conspicuous undertakings. Mandeville writes that

"...the money of most rich men is laid out... in the most expensive undertakings, **their principal aim is the employment of the poor**".<sup>24</sup>

None the less, if the habit of hoarding is maintained, 'scarcity of money' will take place that a failure of demand is of inescapable. Mandeville finds the panacea in the monetary adjustments through which bottlenecks in production and supply are to be removed in stimulating the economy. Mandeville writes:

"...The chief and most pressing use there is for money in a nation, is to pay the labour of the poor, and when there is a real scarcity of it, those who have a great many workmen to pay, will always feel it first, ...For this reason the quantity of circulating coin in a country ought always to be proportioned to the number of hands that are employ'd".<sup>25</sup>

The missing dimension in Keynes's interpretation of Mandeville in "**The General Theory**" is Mandeville's apparent proclivity

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vol. II., p. 54; 87] are some examples of his entrenched proclivity to natural forces in the establishment and the maintenance of economic order.

<sup>22</sup> Cf., *ibid.*, 1970, p. 91.

<sup>23</sup> 1970, p. 132.

<sup>24</sup> 1924, vol. II, p. 43 (italics added). It is apparent that Mandeville's eulogy of luxury unifies excessive consumption with the concept of demand and consumers' choice and their relevancy to subjective value theory. Though examples are numerous in "**The Fable**" covering both the subjective and objective values, the distinct theory of value is not consciously elaborated by Mandeville. None the less it is true to argue that Mandeville's proclivity towards subjectivism overshadows his conceptual contributions to objective value theory. On the other hand Keynes who completely discredited the issue had no point to be shared with Mandeville. In this context see A. G. Sayar, 'Sundry Notes on Mandeville's treatment of Value Theories', "**İ. Ü. Siyasal Bilgiler Fakültesi Dergisi**", (1984), cilt I, pp. 287-290.

<sup>25</sup> 1970, p. 209.

toward 'laissez-faire' which has been a topic of hotly debated in the recent literature. It is true to contend that Mandeville strengthens his approval of 'laissez-faire' individualism and its connection to natural order with his openhearted belief of the role of providence in the self-equilibrating process with which he anticipates Smithian concept of 'invisible hand'. More accurately, Mandeville adumbrates the economic nature of society bearing on 'laissez-faire' individualism. If his controversial motto, 'Private Vices, Publick Benefits' is disintegrated, it is seen that individuals are regarded economic decision units as being either producers or consumers or both. As producing units, individuals make money and get in capital accumulation through indulging in vicious economic activities namely, socially undesirable, dishonest livelihoods. When money is earned, Mandeville strongly recommends spending in a lavishly manner, i.e. vicarious consumption and abhors 'hoarding' and higher degree of propensity to save. In both cases economic agencies' vicious endeavours are to be in concordance with Mandeville's limits. For he utterly denounces that

"...the sordid and reasonable means of acquiring wealth, ought to be equally condemned and explored with the vile, the pitiful and penurious ways of saving it".<sup>26</sup>

The point in Mandeville's paradoxical motto is that the unifying bridge from 'Private Vices' to 'Publick Benefits' is the operation of freely set up individualistic economic behavioural framework of which smooth functioning Mandeville urges governmental interference driving at the establishment of market oriented order.

On the other hand, along with self-equilibrating mechanism, Mandeville urged 'the greatest care of every legislature' for the employment of the poor or direct government intervention to the labour market. Mandeville writes that

"...the great art than to make a nation happy, and what we call flourishing, consists in giving every body an opportunity of being employ'd; which to compares, let a government's first care be to promote as great a variety of manufacturers, arts and handicrafts...and

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<sup>26</sup> 1924, vol. II, p. 14. By this statement what Mandeville implied was man-to-man relation for acquiring money and man-to-matter relation for spending money. The two aspects are likely to be linked by Mandeville's unconscious step into the domain of value theories; the labour theory of value and the marginal utility theory respectively.

the second to encourage agriculture and fishery in all their branches. ...It is from this policy, and the trifling regulations of lavishness and frugality, (which will ever take place their own course, according to circumstances of the people) that the greatness and felicity of nations must be expected".<sup>27</sup>

While extolling Mandeville's heavy weight emphasis on luxury consumption what Keynes had possibly in mind that the pertinency of Mercantilistic traits of "**The Fable**" to "**The General Theory**" from which Keynes seems to have been delighted to adopt Mandeville's attribution to 'skilful politicians' which would plainly fit 'The Presuppositions of Harvey Road', or 'The Philosopher-King Hypothesis' in waging against unemployment.<sup>28</sup>

The commonist point of both writers on the question of employment is that their ideas emanate from moralistic considerations. The relevancy of Mandeville's ideas to 'morals' has so far been a matter of controversy in the history of ideas. Notwithstanding his irony, his paradoxical ideas and contradictory remarks and as well as his challenging exertions to the predominant moral creeds of his day, it is fair to say that Mandeville was propounding a purely secular moral suasion for the individual behavioural framework as an economic agency.

The snowballing effect of unemployment reshaped Keynes's handling of the issue, which was largely cherished by his moral indignation. The genesis of Keynes's framework of morals was one of the by-products of his youth indulgences in Cambridge, which stretched up to far late 1930s as

<sup>27</sup> 1970, pp. 211-212. Also p. 250. Elsewhere Mandeville maintains this chain of logic while arguing that "sure means might be found out, such regulations made, as to the hands on which to trust the management and direction of these labourers" [p. 322].

<sup>28</sup> Despite Keynes ignored in "**The General Theory**" Mandeville's reliance on self-equilibrating process in redressing the balance, he, contrasting most forcibly with the very kernel of "**The General Theory**", accepts the economic validity of 'invisible hand'. A decade after the publication of "**The General Theory**", in his last work, Keynes pointed out that "deep undercurrents at work, natural forces, one can call them, or even the invisible hand, which are operating towards equilibrium. ...Not to defeat but to implement the wisdom of Adam Smith" [1946, pp. 185; 186]. In the light of above citation, regarding Keynes's changing attitude towards automatic adjustment process, it is certainly a formidable task to realize whether or not Keynes has "important predecessors" and he is "returning to an age-long tradition of common sense." [Keynes quoted by T. W. Hutchison, 1978, p. 135].

unchallengingly impenetrable as a taboo. The philosophy of G. E. Moore and the conventional wisdom or the precepts of the Bloomsbury group are heavily responsible for moulding Keynes's protracted apathy, or sometimes abhorance to the established morals and Christianity. In this conjecture let us remind that Keynes, like Mandeville, had long set sailed in the way of *sui generis* morals.

### III

In 1951, in an article on Mandeville, J. C. Maxwell speaks of the F. B. Kaye edition of "**The Fable of the Bees**":

"...F. B. Kaye's splendid edition of 'The Fable of the Bees' (Oxford, 1924) which has helped to revive interest in Mandeville, and which has moulded the current estimate of his ideas".<sup>29</sup>

As known, "**The Fable**" has been reprinted in several times from 1714 onwards, and, in particular, after the death of Mandeville, praised, interpreted, commented on, and also become a target of cynical attacks by different writers of different ages. However, none of these editions has equalled the academic quality, perfection and pedantry of Kaye's edition. Indeed, this edition contains F. B. Kaye's excellent introductory survey in which what he says on Mandeville's economics might have drawn the attention of the economists of the late 1920s.<sup>30</sup> Though the Kaye edition is responsible for broadening the eyes of economists on Mandeville's paradoxical ideas and unorthodox assertions for which Kaye was to be generously acknowledged by economists of the posterity, but unfortunately it did not even find some sound diffusional bands into the academic circles of 1930s. After the Second World War Kaye's work has been the major source of reference in understanding Mandeville and making his economic ideas understood. In this paper what concerns us most is to establish the connection between Kaye and Keynes, though the latter is

<sup>29</sup> 1951, p. 242. The F. B. Kaye edition of "**The Fable**" showed a spread effect, especially, first, in the philosophical circles around 1925s, the first striking eulogy came from S. P. Lamprecht [1926, p. 561, fn. 1]. Surely, the modern scholarship on Mandeville begins by the appearance of F. B. Kaye's work on "**The Fable**" [1924, vol. I, pp. xvii-cxlv].

<sup>30</sup> F. B. Kaye's impact, though misleading, on J. Viner is a striking example. See for this Viner's letters to N. Rosenberg and F. A. Hayek quoted by D. A. Irwin's 'Introduction' to J. Viner's posthumously published book of collected articles (1991, p. 22; 23).

inclined to cultivate Mandeville's condemnation of saving as an inducement to propensity to consume, neither does Keynes seem to have been influenced from the former's illuminating comments on Mandeville, nor he makes use of the F. B. Kaye edition. The relationship between Kaye and Keynes lies in utmost dimness, however it is worth attempting to surmise the relevancy of Kaye's interpretation of economic dimension of Mandeville's thought to Keynes's treatment of Mandeville.

In his 'Introduction', Kaye probes in great detail and with considerable historical outlook to the background and the influences of Mandeville's economics, referring to English, French and Dutch writers, the pertinency of his thought to 'laissez-faire' and debates around luxury.<sup>31</sup> No doubt Kaye's elaborations of these topics are of no rudimentary academic care and far more superior in regard of what Keynes had displayed in the historical retrospective. That which enables Kaye to step into the domain of the history of political economy is his pedantry in determining the place of "The Fable" in the eighteenth century social thought. Thus, Kaye maintains his survey on Mandeville's economic coordinates as an historian of economic thought.<sup>32</sup>

While interpreting Mandeville's economic ideas Kaye unwittingly puts into prominence the role of demand in economic activity:

"...What he [Mandeville] believed was that 'goods sunk or burnt' and foolish extravagances are beneficial to the class of

workers which will have increased occupation in supplying extra demands."<sup>33</sup>

The most striking point in Kaye's commentaries on Mandeville's ideas about luxury consumption is that he gives the elucidation of the effective demand, by the time England was about to drift rapidly to the very verge of heavy unemployment. As to Kaye, Mandeville:

"...was considering...an actual, imperfect stage of actual, imperfect people where the abolishing of extravagance would mean a curtailment of demand and production."<sup>34</sup>

It must be remembered that the role and significance of consumption, the nature of effective demand and its connection to depressions had been succinctly proclaimed long before Keynes.<sup>35</sup> For example, G. P. Watkins did not exaggerate when he wrote in 1915: "The standard of life is the central fact that in the dynamics of consumption and hence is of dominant importance for the theory of economic and social progress".<sup>36</sup> A. E. Lavett appraised the role of 'efficient demand' in an historical horizon. Professor Lavett writes:

"...As soon as the 'efficient demand' of the peasant began to grow, the stationary condition of society was at an end and the active history of consumption may be said to begin.

...[In the Elizabethian England] the consumer is rapidly becoming a power in the land. As yet, however, he hardly recognises his own power, and the state, perhaps, recognises it only too clearly, and is too ready both to limit and to supplement the strength of an efficient demand".<sup>37</sup>

<sup>31</sup> By his unconditional defense of luxury, Kaye identifies Mandeville as an iconoclast with his challenge to 'orthodox economic theory' [1924, vol. I, p. xeviii] that overtly sounds Keynes of "The General Theory". However, quite the contrary, there was no established 'economic orthodoxy' in the strict sense of the term for which Mandeville was to revolt. Mandeville certainly defied but not to Mercantilism at first hand, though he clashed and contrasted with some of Mercantilistic ideas, along with the predominant moral precepts and traditional conducts and the ideas of moral philosophers of his contemporaries. If Kaye had in mind Mercantilism as 'economic orthodoxy', it is unjust not to detect the changing attitude of the Mercantilist writers towards luxury.

<sup>32</sup> In Kaye's work, the impact of Mandeville on Veblen is brought into daylight for the first time in the history of the subject [Cf., 1924, vol. II, p. 452]. Slightly later, H. J. Laski [1925, p. 96] and far too later Professor J. J. Spengler who wrote that "a cursory check of manuals on the history of economic thought... suggests that Veblen's possible indebtedness to Mandeville has not been considered" [1959, p. 36, fn. 2. Also 1942, p. 217, fn. 24].

<sup>33</sup> F. B. Kaye, 1924, vol. I, pp. lxxviii-lxix.

<sup>34</sup> *Ibid.*, p. lxix. This touch of Kaye's intuition into the nature of 'effective demand' enables T. Tanaka to contend that "he [F. B. Kaye] did not go further, because he did not understand properly that the essence of Mandeville's economic thought was defense of luxury that it was a system of effective demand" [1960, p. 80]. Certainly it is hard to believe that any defense of luxury is to be leading to 'effective demand' and accordingly Mandeville's system of economic thought could hardly be ranked along with that of Keynes's.

<sup>35</sup> Early traces of Keynesian studies in various degrees cf., M. E. Polakoff, [1954, p. 154].

<sup>36</sup> 1915, p. 97. On the other hand E. W. Gilboy, anticipating Keynes in a limited angle, worked on the significance of demand in her neglected article, 'Demand as a Factor in the Industrial Revolution' published in 1932. Reprinted in R. M. Hartwell (ed.), [1967, pp. 121-138]. Also cf., W. H. Whyte, [1932, pp. 9-14].

<sup>37</sup> A. E. Lavett [1929, p. 9; 22], italics added.



The driving force in most of these writings of which examples are proliferated is economists' moral indignation in face of the economic and social turmoil which rapidly spreads all over the country by the advent of the First World War and reaches its climax by the 'Great Crash'. Quite few of these writings were challenging 'The Treasury View' and a few of them, as the years go by, were directly driving at to evince the insufficiency and inapplicability of the orthodoxy. These chains of reasoning can be seen in what Keynes had written until 1933 and, he, then, was to urge an overall challenge to the classical tradition which would lead to a new 'paradigm' or 'research program' differing from the principles of equilibrium.

#### IV

We may conclude that when Keynes grappled the distinct 'building blocks' in some theoretical aspects which unfettered his convictions of the orthodoxy in the path leading to the preparation of "**The General Theory**", it was felt necessary, possibly under the persuasion of Keynes's academic collaboration with his 'circle', that revolutionary claims had to be settled down in an historical outlook. Mandeville was among those to be chosen for this enterprise.

Although Keynes expresses broad agreement with Mandeville, neither does he work quite out Mandeville's economics in full detail nor is Mandeville treated in an essentially literary manner. In short, Keynes might have been better prepared for Mandeville.<sup>38</sup>

It is fact that all contemporary Mandeville studies start by the brilliant and scholarly commentary of F. B. Kaye. However, the timely publication of "**The Fable**" in 1924 by F. B. Kaye escaped from the notice of Keynes for which he had to pay sufficient deed. Professor J. Viner speaks of the F. B. Kaye edition as below:

<sup>38</sup> As to J. K. Fuz, Keynes "did not elaborate on his [Mandeville's] proposals which so much have supported his [Keynes's] own" [1952, p. 87]. Professor J. Robinson finds "Keynes's interpretation of Mandeville in terms of effective demand was somewhat forced" [1968, p. 20]. These sort of statements do clearly reflect for what one, like Keynes, is entitled to substantiate may well find some support out of "**The Fable**". Thus the entire aspects of Mandeville's standing is unduly neglected. For it must be remembered that what Mandeville writes on technical economic matters, as acutely pointed out by Professor F. A. Hayek, are "rather mediocre, or at least unoriginal" which could not be confused with what qualifies Mandeville as a "master mind" [1967, pp. 125; 139].

"...Since the publication in 1924 of F. B. Kaye's magnificent edition of "**The Fable of the Bees**", no one can deal seriously with Mandeville's thought without heavy reliance on it."<sup>39</sup>

As noted earlier, Keynes makes use of the first edition of "**The Fable**" for "**The General Theory**" and does not reap the benefit from Kaye's masterly introduction. Moreover, Keynes missed the second volume of "**The Fable**" which is certainly a drawback for his use of Mandeville.

As regards Kaye's and Keynes's accounts of Mandeville, both meet in the same strata, while the latter is committed in an historical enterprise to substantiate the consistency of the internal logic of his argument, however for the former the matter turns out to be a sheer academic endeavour. Furthermore, Keynes was not aware of S. N. Patten's article on Mandeville and J. Hollander's reply.<sup>40</sup> Instead, Keynes is satiated with approving quotations from L. Stephan, the spiritual father of the 'Bloomsbury Group', whose remarks on the economic dimension in Mandeville's thought could be reckoned as a secondary source in comparison to what those of Kaye's were.

In the course of time members of the Keynesian circle may well publish some accounts on the history of economics such as personal recollections and autobiographies from which we are not optimistic to have any information enlightening the Mandeville-Keynes relationship.

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<sup>39</sup> J. Viner, 1958, p. 334; 1991, p. 178.

<sup>40</sup> Cf., S. N. Patten [1918, pp. 88-98]; J. Hollander, [1918, pp. 338-339]. Here we must quote two flatly narrowly contradicted statements of R. Harrod regarding Keynes's reading: "Unlike many collectors, he [Keynes] almost invariably read what he purchased" and "his own reading after 1914 was probably not much more extensive" [1972, pp. 572; 381]. The latter statement sheds some satisfactory light on Keynes's natural disregard of the recent publication on the very subject.

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