

REVIEW OF ANNA M. CARABELLI, *KEYNES ON UNCERTAINTY
AND TRAGIC HAPPINESS. COMPLEXITY AND EXPECTATIONS*,
LONDON-NEW YORK: PALGRAVE MACMILLAN, 2021

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With a volume that can be described as the *magnum opus* of an established scholar, Carabelli gathers her iconic contributions on John Maynard Keynes's economic thought and methodology. Whilst the book reads as a compilation of articles in the form of chapters – rather than a usual monograph –, it provides a leading synthesis on the methodological structures of Keynes's economic theory, its connections with the history of ideas, and uncovers the less-appreciated view of Keynes as a 'philosopher-economist'. Undoubtedly, it is a pristine written summary of Carabelli's career, with over forty years of research in Keynes's methodology.

The book contains eight chapters (including the introduction, where Carabelli summarises its rationale and main objectives) that cover Keynes's main core methodological themes and their interlinks with philosophy. Namely, Keynes's theory of probability and rationality as "reasonableness" (chapter 2); issues in complexity and heterogeneity in economic reality (chapter 3); Keynes's methodological criticisms to classical economic theory (chapter 4); the controversy of uncertainty and how it can be conceived as a tragic choice (chapter 5); the role of happiness, ethics and aesthetics (chapter 6); moral and rational conflicts/dilemmas (chapter 7) and dilemmas, complexity and interdependence in international relations (chapter 8).

For those interested in going beyond the common imaginary of Keynes as "the economist of government intervention and fiscal policy", this volume is a must read. In particular, Carabelli's reading of Keynes's works as discontinuous and complex (echoing her 1988 book), as well as his criticism to mathematical formalism and conceiving economics as a natural science. The book certainly helps to debunk many of the myths surrounding

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Keynes's interpretations, in particular the Keynesian-neoclassical synthesis approach (or 'bastard Keynesianism'), which became the standard approach in post-war economic theory and policy.

The author's central thesis is how Keynes's philosophy represents as a new way of reasoning in economics. This is done, in my reading of Carabelli, via four main pillars, as follows.

Firstly, the importance of rules, reasoning and probability for human action, in which one must act under uncertainty and social conventions for decision-making, as well as highlighting the importance of public institutions in this process. Here, for Carabelli, "according to Keynes, it is necessary to recognise that rules and practices are conventions; they are grounded in neither reason nor nature" (p. 21), unlike the Hayekian, Humean or Marshallian approach to reason as separated from social or cultural embeddedness. In this sense, within Keynes's rational system it is crucial for public institutions to act in times of uncertainty, guiding expectations. Again, this starkly contrasts with, e.g., Hayekian view that the knowledge held by public institutions is similar to that held by individuals.

Secondly, the importance of complexity and how we should understand the functioning of a specific type of probability comparison: those that are non-quantitative (CASE-III as referred by Carabelli). This relates to Keynes's criticisms to standard, positivist thought, as well as his interest and development of measuring and comparing incommensurable magnitudes, such as beauty, utility, goodness, the general price level, and aggregate output and income, which are "non-comparable and non-orderable" quantities (p. 38). Indeed, this a much-neglected aspect of Keynes's method in economics, and certainly one that would cause discomfort amongst those aiming for measurable magnitudes, processes, and causalities. Noteworthy is Carabelli's argument that, for Keynes, probability and its material are non-atomic, not composed by homogenous parts, and indivisible; rather, they are organic (either partly or entirely). In practical terms, this mirrors Keynes's approach to key macroeconomic elements and the importance of a holistic view of money, production and circulation – not as atomistic, isolated parts, but rather as elements that contribute to a complex system.

Thirdly, Keynes's methodological criticisms towards theorisation and the limits of valid reasoning, both applied to mathematical probability as well as economic theory. Here, Carabelli focuses on his approach to classical economic theory and the critique to two of its core elements: analytical premises and tacit assumptions. For instance, the rejection of homogeneity and the choice of units of measure are two areas in which Keynes detects logical inconsistencies, then "the flaw in these premises lies in the fact that they lack clearness, not empirical realism" (p. 78). A similar issue applies to the tacit (and thus unverified) assumptions of classical theory, such as

the idea of a real-exchange economy, the neutrality of money, and the independence between saving and investment. With this in mind, Carabelli therefore clarifies what Keynes meant by a *general* theory: *general* not in the sense of being universal and timeless, but a theory that does not tacitly introduce hypotheses of “independence from”; it can cope with different hypotheses and allow for change and variability to play central roles (pp. 75 and 84).

Lastly, how economics should be able to deal with human ignorance and limited knowledge, being able to effectively address uncertainty, dilemmas, and conflicts. Keynes sees economics as “a moral science and branch of logic” (p. 3), in which the problems of rightful action, duty and justice constantly emerge. When discussing dilemmas, Carabelli provides a taxonomy for better understanding such puzzling situations: she differentiates between moral, rational and tragic dilemmas, the latter being exemplified with the case of international relations. By relying on Keynes’s commentaries between 1913 and 1945, Carabelli offers valuable insights on the complexity and interdependence of nations when deciding policy alternatives, including *inter alia* Keynes’s discussions on interest rates, price stabilisation and reducing the volatility of the business cycle. Interestingly, this discussion echoes Keynes’s own views of the common good, shared responsibilities and the idea of social betterment for a new world order, in which “mercantilism and the fear of goods need to be eliminated” (p. 136).

It is also worth noting that Carabelli does not shy away from controversy, engaging with other commentators of Keynes’s philosophy and methodology whilst addressing her own approach. I highlight three main controversies that emerge in the book, namely: (i) *contra* Paul Davidson, Carabelli rejects the view of Keynes’s emphasis on the realism of hypotheses, the notion of radical uncertainty and non-ergodic statistical processes; (ii) *contra* Tony Lawson, on the idea of Keynes being a realist and aiming to build a social ontology; and (iii) *contra* Skidelsky, on the continuity of Keynes’s thought when discussing diplomatic issues in the post-war, as well as the continuity of his method for international macroeconomics. Whilst Carabelli’s thesis on Keynes’s philosophy relies on a continuum of his way of reasoning – also going against Bateman’s (1991) hypothesis of a *Das Maynard Keynes Problem* –, one cannot say that his emphasis on epistemology, probability and complexity embedded in ethical principles comes at the expense of neglecting realism or social ontology. Rather than being opposite claims, I see them as important complements to a holistic understanding of Keynes’s social philosophy, founded in his way of reasoning, logic, and exercise of persuasion in his own debates and discourses (Guizzo 2019).

For those that may think this book is targeted at a niche audience required to be familiarised with Keynes's philosophy, I would encourage economists, social scientists, historians, philosophers, and the wider general audience to read this volume as an organised synthesis of philosophical storytelling. It uncovers many aspects and passages of Keynes's career with a methodological purpose, a unique way of reasoning that and many misunderstandings behind Keynes's symbolism. And more importantly, it offers useful messages to those interested in a rethinking of the state and purpose of economics, bringing insights related to ethics, social purpose in economic decision-making, and the role of persuasion. These are good economic practice, bringing practical economic problems with an orderly mode of thought. As Carabelli puts it, following Keynes:

To analyse the complexities and interdependencies of the real world' (CW VII, 298), economists must exhibit (like Malthus, as seen by Keynes): 'profound economic intuition and an unusual combination of keeping an open mind to the shifting picture of experience and of constantly applying to its interpretation the principle of formal thought (CW X, 108)' (p. 90).

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