Unresolved Issues in Fiscal Policy: Metaphors in Collision

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Abstract

Recent debates over the suitability of fiscal policy in part reflect an Austrian critique of the Keynesian approach. The meaning and significance of the source of the dispute may not yet have been identified, especially so far as the effects of deficit financing are concerned. In some respects, the debate barely extends beyond assertion and crude metaphor. The different intuitions are in collision; they are not yet in exploratory engagement.

It may be possible to accept much of the Austrian vision while preserving significant scope for forms of Keynesian fiscal policy. George Shackle generally wrote little about policy issues, but his views on fiscal policy suggest that some sympathy with the Austrian vision can be consistent with fiscal intervention.

Shackle combined mathematics, formal prose and metaphor. He argued that these approaches can be and should be reconciled. Arousing the intuition and probing it by astute metaphor may enhance the quality of policy advice and foster scientific advance.

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A slogan is often more effective than a treatise.

Dagobert D. Runes (1966, p. 131)

When it comes to metaphors, macroeconomics is well endowed. Our textbooks explain the circular flow of income, with its leakages and injections rendered concretely in the famous Phillips machine. Money has its own metaphorical repertoire too: it serves both as a lubricant and a veil, but do remember what a danger the liquidity trap can be. There are asset bubbles, and there can be inflation, deflation and reflation. Events may depend on animal spirits, so watch out for bulls and bears. Economies follow random walks but can move in cycles. Fortunately we have policy levers, and there are instruments that we can tighten and loosen. Occasional pump priming may be needed in slumps, but the economy may need to be cooled when it overheats. But demand management is like driving a car and only being able to see from the rear-view mirror. While a rising tide indeed raises all boats, but we must admit that not all of these boats are seaworthy. Even so, during good times there are surpluses in our granary that we can use up in lean times. Funds are stored in government coffers from the surpluses we accumulate in good times. Fiscal deficits are responsible in lean times, provided we don't leave a burden of debt on our grandchildren. And premature fiscal and monetary easing may use up our ammunition too soon, especially if fiscal cash splashes are mere sugar hits for consumers.

Perhaps we need a dictionary of the economics metaphors that we have accumulated. But, on the other hand, perhaps we don't: isn't a test of a good metaphor whether it is self-explanatory in its context? One reason for the flurry of metaphors in macroeconomics would be that thinking in terms of the operation of an economic system as a whole is not itself directly part of ordinary experience.

Even the most secluded of academics has likely noticed that recent fiscal stimulus packages in Australia and the US have been extensively criticised. Old debates and their modern corollaries are being re-argued spiritedly; see for example the web debate in The Economist (2009). Discussion among academics has been in the public arena, so the deep differences in the approaches of Keynesian and classical economics have been stated in plain and accessible terms. Analogies have been used to show the intuition underlying the case of each side. This has been a rare opportunity to get into the minds of the rivals who are major figures in the discipline. For decades technical economics has masked these deeper differences that have been long and deeply debated in the history of economic thought and never properly resolved. Neither side seems to be much aware of the exaggerations underpinning their confident claims and counter-claims. We are not just playing academic games now; ideas matter again. Science may not be a fully efficient process; the best knowledge is not always well known. The latest working paper does not contain all the relevant knowledge of the discipline. While money on a pavement is soon picked up, good ideas are often left lost in the library. This paper responds to these debates from a slightly idiosyncratic perspective but one that at least is somewhat informed by the history of economic thought and the philosophy of science.

What is striking is that Keynesian ideas once regarded as routine and introductory are now widely regarded as being fallacious at best and dangerously imbecilic at worst. Clearly the critics of fiscal policy are baffled and frustrated by the widespread academic and expert acceptance of fiscal stimulus. They surely were right and they had the Nobel Prizes to prove it. Indeed, salient authorities dismiss standard elementary textbook teachings with a flick of the hand. In the Australian context, see Ergas (2009a; 2009b), Kates (2009a: 2009b) and Makin (2009a; 2009b). There are real differences in nuance and degree, but the thrust of their objections is conceptual and theoretical. Fiscal stimulus is close to oxymoronic in the eyes of its circle of hardline critics. It may be that the leaders of the discipline recognise that they need to speak to (not with, none of us does that) the public without using incomprehensible jargon. One wonders whether these authorities are also trying to convince themselves that they are right. It is like the dressing room before the big game or the barracks before the battle. The chanting raises individual and group aggression, it strengthens bonds with allies and it promotes contempt for all opponents. Or perhaps people mean exactly what they are saying, and the profession is sincerely divided over the foundations of macroeconomic reasoning.

Joshua Gans (2008) has asked “How exactly did Keynes survive?” Keynes has essentially disappeared from mainstream US graduate training. The most obvious answer is that most introductory textbooks today, like the textbooks used by key middle-aged public servants, have at least preserved some basic metaphors, analogies and slogans that provide the hooks necessary to support weightier argument. These metaphors are intended to have didactic value and to contain a kernel of truth. They should be taken more seriously than they commonly are. They have rhetorical power and they provide insight into how scientists frame their explanations of more complex phenomena. Some illuminate more exactly than any formal modelling what each disputant has in mind. They point to what is assumed and to what causal connections are held as dominant. Metaphors can be overextended and overworked, as is well known.

George Shackle is famous for using metaphor. But his method is not combative, at least not overtly. The debates are mostly internal, and his appeal to the reader is a personal one. There is no clamorous ideological manifesto for action. It invites quiet reflection in the reader and it is the opposite of triumphalist in tone. Shackle’s acceptance of the inherent uniqueness of the experiences of each individual overlaps with aspects of Austrian subjectivist microeconomics and with its regard for liberty, yet he sees some scope for judicious and humane intervention beyond the domain associated with the Austrian school. Austrians see pattern in complex systems. These patterns indicate to them that interventionist attempts to control these systems undermine the subtle control systems that have already evolved. Consequently Austrians limit the scope for government action, including fiscal policy. And they sometimes put their case with confidence, if not brashness. By contrast, textbook Keynesians explain how policy actions by a few properly trained macroeconomists (remarkably like themselves) can engineer a higher order in a system otherwise lurching out of control. Austrian stories of causation centre on how individual actions create spontaneous order. Keynesians explain how individual actions can generate widening and deepening disorder. It is conventional to regard these paradigms as incommensurable, but syntheses happen whether the protagonists like it or not. Shackle sits between, perhaps above, the Austrians and the Keynesians. In Shackle there may be a workable synthesis at both the conceptual and the practical levels.

On analogies – and things that are like them

You may have encountered claims that the government is scooping a bucket of money from one end of a swimming pool and tipping it into the other expecting the water level to rise beyond its starting level. This illustrates how (proves that?) "expansionary" fiscal policy cannot raise employment because government borrowing reduces private spending." This view (e.g., John Cochrane, University of Chicago) is simply the notorious British "Treasury view" of the 1920s and 1930s. The rejoinder that seemed obvious at the time is that idle money (or unused lines of bank and trade credit) exists in a general business slump because few in the private sector were willing to borrow it to buy new investment goods.

And there is the old, but influential, illustration from Bastiat about striving to stimulate trade by smashing windows so that glaziers will be busy repairing them. But for every metaphor there is a rejoinder. For example, no Keynesian is advocating the policy-equivalent of breaking windows, but, if they are already broken, it makes sense to repair them.

Metaphors may be powerful and legitimate devices. Suppose someone says, "Too much spending and debt got us into this mess, so how can Keynesians advocate more borrowing to spend our way out?" A suitable answer may be, "Suppose that overeating and lack of exercise put us into the cardiac intensive care. The solution is not to pull out the tubes and go jogging. Bed rest is needed for now." (This is analogous to just letting the deficit rise and relying on automatic stabilisation.) Or maybe even, "If a morphine addict is injured and in pain, it may be right to administer morphine." This goes further and involves an active injection (of expenditure). Or suppose someone says, "Financial regulation created the problem, so it cannot solve it!" Reply: "Botched surgery may require more surgery to fix it – preferably by a different surgeon." These rhetorical exchanges do have mirror images in economic debates. They are not evasions.

Doubtless there is a literature (I am not familiar with it) that maps the meaning and significance of analogy and metaphor in art, poetry, pedagogy and science. In each context some specific aspect of the truth may be revealed or concealed by the method used to convey it. It is now commonplace to say that economics has its rhetoric, and analogy is part of rhetoric. Here I shall loosely use metaphor, analogy, simile, slogan and parable interchangeably though the differences in the meaning of these terms can matter in other contexts (and matter here too, as I am discovering). What they have in common is that they aim to distil difficult or unfamiliar interrelationships into a form that is more readily assimilable. They charm the intuition, and they unleash and direct it. Metaphor reduces complexity to something expressible. It extracts some simplicity from complexity, or it finds something well-known or tractable within the mysterious. Formal mathematics can camouflage implausible combinations of assumptions[1], while plausible metaphors contain a cluster of recognisably context-consistent assumptions. Familiar things need not be simple; we may strive to understand an unfamiliar complex system by finding similar patterns in complex systems that we know better.

[1] The allusion is to Keynes's *General Theory*, p. 297.

Progress in scientific debate may result from the testing of the causal narrative by its intuitive appeal, its fit with other stories, and whether it explains vexing anomalies. Prediction under conditions of controlled experiment applies less in social science, and statistical evidence can be interpreted in different ways. In practice, what matters is whether a metaphor pierces and penetrates, as well as whether it is part of a resilient network of explanations with which it has an affinity.

Keynes had a banana parable in his *Treatise on Money*. It explained how a resolute thrift campaign would extinguish production. Don Patinkin did not regard Keynes's banana parable in *The Treatise on Money* as sufficiently rigorous to count as a pre-formulation of a key link in *The General Theory*. One parable did not form a critical mass[2]. Search theory had its island parable, and it was a missing link that neoclassical economics was then looking for. The point of a New Testament parable is that it is more likely to affect thought, feeling and action than a turgid formal lecture on the reconciliation of moral precepts[3]. Parables in economics have parallel intent.

Things need to be likened to processes and scenarios we understand well in order to make initial progress ourselves or to persuade others of the plausibility of the line of analysis. The onus of proof subtly shifts to the opponent to disprove or displace the metaphor.

Speaking generally, an apt metaphor may present a truth in a teasing haze or in its starkest essence. A weak metaphor, whether offered honestly or not, may conceal a truth in part or whole, or even convey what is outright false. Rhetoricians often rely on these arresting and persuasive short-cuts, with the result that verity and verisimilitude may sing in seductive unison. Analogies eventually break down, as we all have been sagely told. But this suggests that up to some point they in fact work. Casting a metaphor may be useful, but we are sometimes told[4] that it is mere introductory pedagogy; it is certainly no substitute for proper analysis, we are assured.

But metaphors may be pregnant ones. Extension and elaboration may reveal further insight into the phenomena under investigation. Exactly where the analogy breaks down may tell us something new about what the problem we are studying. Metaphor and verbal analysis may be entwined in the way that a rope gains strength from its strands. They may be complements. It would be brave to claim that a metaphor deep down is a substitute for formal analysis. Does saying that an economic variable moves like a pendulum suggest less than writing the equation of a swinging pendulum?

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[2] The vigour and extreme conclusion of extreme poverty in the face of a decline in investment revealed to Patinkin only what Keynes had not yet grasped about the equilibrating role played by the consumption function. A demonstrated equilibrium is a valued more by a mathematical formalist. By contrast, for those interested in the initial creative and confident insight, the rapture and relief of achieving logical closure is secondary.

[3] Indeed, a sensible view is that the cryptic New Testament parables were intended to raise questions about what they really indicate and to pose dilemmas where hitherto platitudes had posed as certainties. Those listening to Jesus were meant to mull over these problems afterwards rather than take them as decrees from God wrapped inside a story. See John Dominic Crossan (1994).

[4] I recall Bob Lucas asserting this.

Perhaps it does, but perhaps writing the equation invites taking the metaphor beyond its breaking point. Certainly it is safe to say that it is at least an aid to formulating scientific hypotheses. And it is dubious to assert that metaphor is merely decorative or helpful for those lacking analytical ability to gain a rough idea of the processes involved.

Schumpeter's notion of the pre-analytical *vision* (itself a metaphor) refers to clusters of simple ideas that affect how we impose meaning on data, or extract from meaning from data. Society and individuals within it may be viewed as clockwork mechanisms, for example. The problem in a scientific dispute is not necessarily with the analysis itself but with the pre-analysis. But this is a familiar issue, and disputes in the history of ideas are routinely traced to rival frameworks of interpretation, of which the principal protagonists may or may not be aware. Mirowski traces the neoclassical framework to 19th century physics; others may trace genuine uncertainty and free will to a different vision.

It may be that aspects of the core vision may be similar: for example a Keynesian and a classicist may both be willing to speak in terms of a machine metaphor, but the differences in dispute may relate to the sequencing of phenomena (such as during the interest rate controversies of the 1930s) or whether significant corrective mechanisms exist at all or can function in time.

What if the problem is that any process requires a chain of causal insight? Can metaphors convey what you are trying to say *better* than formal analysis can? Are some ideas so complex (or complicated) that a familiar metaphor captures a mass of nuance we already apprehend in something already? If people understand but do not accept the parallel, do the disagreement help identify "hardcore" beliefs about the detail of causal processes?

Disagreements about processes may be crude: one side may be unable or unwilling to grasp the consequences of a monetary economy operating differently from an essentially barter economy. (Or those who insist on the difference will need to deflect claims that money systems do, provided assumptions are made indeed act as if barter applied.) But what if the disagreements become more subtle: what if assumptions and auxiliary arguments are press-ganged into service to plug a gap the other side strives to occupy or to prise a rival's position open? Whether the rhetoric is opportunistic and unscientific (i.e. is a type of immunising stratagem) on the one hand or inventive and scientific on the other may not be clear.

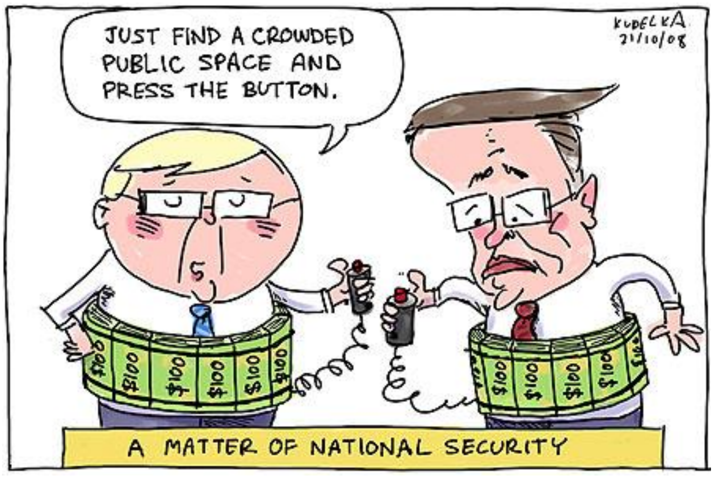
Keynes (CW, XIII, pp. 369-371) urged his readers to "catch the bundle" rather than seek to grasp some formal step-by-step proof. But this metaphor acknowledges that an entire bundle may instead be dropped or just fly straight past. There needs to be a prior softening up; persuasion requires a willingness or susceptibility to seduction. A slogan can garner sympathy, or a metaphor can arrest attention and convey much of the intuition behind an argument that is complicated in its particulars.

Policy debates

Helicopters

In a deep slump, a wide and complicated network of financial connections has been disrupted or destroyed. Money flows required for debt repayments and purchases of inputs and outputs contract. Isolated individuals cannot repair a network of coordination across space and time. They can only reconfigure the system slowly, one pair of connections at a time. By contrast, a government can take a system-wide viewpoint and inject funds widely to restore viable connections simultaneously across the economy. Governments can supply coordination and clarity. Printing and distributing money (even via a helicopter) is supplying a valuable service.

http://www.ronpaulforums.com/showthread.php?p=1780466



> This is equivalent to Friedman's (1969, p.4) famous helicopter example, if it is newly created rather than borrowed money.

Friedman regarded any increase in the money supply as essentially monetary policy, even if it was delivered by fiscal means, such as a tax cut, government spending or a cash payment. Friedman clearly was a demand-side economist. In Friedman it does not matter much how the new money entered the economy. In Keynesian economics, it does matter whether the injection occurs in the expenditure stream (fiscal policy by their definition) or in the financial sector (monetary policy). Keynesians often regard easier monetary policy via open market operations (where the central bank buys bonds) as less reliable in slumps. Funds may sit in financial portfolios and not reach the expenditure stream in a predictable or timely manner. Old-style Keynesians therefore tended not to care much whether this money was newly printed or borrowed from the holdings (hoards) of wealth holders. Friedman claimed that Keynesians had not provided evidence for their speculations.

The use and abuse of Milton Friedman

During February 2009, Australians discussed the size and mix of the proposed stimulus package. The debate soon converged to the proposition that productive infrastructure would be ideal stimulus. Next best would be tax cuts. Discussion turned to whether lump-sum transfer payments to households (reverse-flow taxes) would be more effective in imparting fast and large fiscal thrust than cuts in the rate of taxation on household and corporate income. Attention then came to centre on the difference between temporary and more permanent stimulus. John Taylor and Milton Friedman were enlisted by the Opposition in support of the claim that cutting tax rates was more "permanent" than a "once-off" windfall. Thus tax cuts would yield a greater stimulus, according to the permanent income hypothesis[5].

During routine fluctuations, the TTT (temporary, targeted, timely) principles are traditional Keynesianism. Friedman argued that such fiscal policy was uselessly weak as a tool of counter-cyclical demand management. A tax cut in a slump will be removed later when the economy fully recovers[6]. The restoration of normal capacity utilisation would normally take a year or two, or more. Such tax cuts are *temporary* in Friedman's system. At best we are arguing about whether a temporary cut is much stronger than a very temporary (once-off) cut. If the Coalition advocated cuts that would only last for a year or two, Friedman would have rejected their proposal – and so would John Taylor, whom the Opposition also enlisted. . John Taylor's fiscal orientation is conservative. Rely on automatic stabilisation to limit the downturn and cut tax rates to improve the longer-term

[5] To sensibly answer questions like these, you need to frame the options properly (our politicians, of course, did not do this).

1. You must have definite alternatives regarding both size and duration.
2. You must compare a *series* of single payments with an extended tax-cut of the *same size*

[6] I don't recall Friedman going further and saying that it was important that it would be reversed in the next boom. Friedman's agents are not as super-rational and forward-looking as in New Classicism.

recovery of trend growth as aggregate supply reconfigures. So he rejects TTT in favour of approach PPP (permanent, pervasive, predictable).

Misconceived metaphors: but whose?

There are many ways to misuse metaphor and its kin. The analogy may be false or crucially misleading in the very context that it was supposed to illuminate. Or the analogy may simply be too confronting or too clumsy or fiddly.

Misleading metaphors: Idle thoughts

Keynesians tend to aggregate and render homogeneity across the class. This matters if fiscal stimulus in practice affects input and output markets where the responsiveness of supply may vary considerably. And there are “cash” and “bond” markets where compositional issues are secondary. But critics of the logic of Keynesian demand stimulus also make peculiar assumptions that are much harder to justify. They argue that there is great diversity and that decentralisation best achieves the matching of detailed demand requirements and specific supply characteristics. But there is an extra claim. Even if a resource or asset appears to be idle, it may be waiting for the efficient moment to become active. What appears to be idleness is stillness poised to leap. The argument (if this is the right word) is used in connection with labour, capital and with financial assets.

Unemployed workers would not in truth have been idle. They would be resting, waiting, rethinking, relocating and retraining. Recorded GDP figures do not count these things properly. To date, Keynesians have largely ignored this argument or have dismissed it as absurd. And because it, in essence, has recently resurfaced in several forms, it requires a reply – and perhaps some limited accommodation.

The most relevant aspects of the Keynesian vision reduce to these simplicities. If resources are left idle, output is lost forever. It is not stored up for later use. It is therefore better to produce and consume now than not to produce at all. Compared to producing nothing, more consumption spending does raise GDP if a flow of resource utilisation is available. Our wealth is our ability to produce. Inactive capacity is less valuable than active capacity. Wealth rises when it is used. In a slump, a rise in effective demand raises *effective wealth*.[7]

Waiting to activate a flow of services from labour and capital can only reduce our wellbeing[8]. Critics of Keynesianism appear to regard resources as a stock. If you use something now, you can’t use it

[7] Share prices rise, for example, as expected profits rise during recovery. The distinction between notional and effective is made in the works of Clower and Leijonhufvud. I have extended the distinction into the domain of wealth.

[8] I will need to find the passages in Shackle where he rejects Austrian capital theory in part because it makes no sense to him that waiting of itself achieves anything.

later when it would have been more valuably allocated. Surely the analogy is revealed as false as soon as it is identified and stated. Pondering analogies helps us to catch the bungle. Capital and labour that are currently in existence need to be used now and used later. Nothing is gained from not using them now but only using them later. Analogies with oil reserves, maturing bottles of wine or a growing forest are false. Production using what already exists cannot be wasteful if demand covers the variable cost of production. Sunk costs are not opportunity costs.

The same false analogy spreads across a range of critiques of fiscal stimulus. Suppose governments use idle resources to build roads that go nowhere in particular. All that is then left behind is a new road, and better a road that currently leads nowhere than no road at all. And it will probably lead somewhere one day. There is no more of a "distortion" in allocation than if a natural event made transport easier than before. A road that is built, or a river that is navigable, is there to be used. If resources later are attracted to the river, there is no market "distortion". If resources are attracted to a road, likewise there is no distortion in allocation. A road that is built is largely a sunk cost. There is no opportunity cost any more when all the cost is sunk. The only economic cost once the bridge is built is maintenance, and if it turns out that the marginal social benefit does not even cover this, then let it degrade. If the choice is between a road to nowhere and no output at all, the former involves greater aggregate economic wealth. At least the road is potentially useful, and is likely to be more useful than nothing instead.

In 1942 Keynes (CW XXVII, p. 272) said, "anything we can actually *do* we can afford". If all the resources are just sitting there going to waste, it is silly not to use them instead. If the only thing holding production back is a temporary reduction in demand, then raise demand back towards a sustainable level.

It's also that finance is not a *constraint*: it is a means of coordinating exchange and production. It is a technology, and if governments and large private agents are inventive enough, we can expand the viable network of production and exchange. Organising finance to permit us do what is do-able is something one should just tell the treasury boffins to sort out: if there are idle resources, somewhere there will be idle money or untapped credit available to borrow, or you can just print money. You think there would be no secure demand for these houses? If the unemployed had a job, there would be significant demand. Or all or some it can be public housing; there's no shortage of people wanting to live in a house. If the community wants some public housing, and are willing to pay taxes or pay interest on a debt out of their full employment income, then fine. If you know from experience that normally 100 houses are bought and sold, but in a slump the figure is only 60, it's pretty safe to build an extra 20 or 30.

The question is this: how much scientific value is contained in the preceding paragraph? My view is that it is conclusive enough for national policy may be based upon it. We may be uncertain about true causality, but there is a sufficient degree of well-founded rational belief in this case. It is demonstrable common sense, even if it is not provably true by formal means or demonstrably valid statistically. My reservation is that in forming my judgement there may be a large amount of reading, reflection, observation and mixed metaphor crammed between the lines and in the margins. Perhaps we can use economics neophytes to gauge whether there is any natural resonance in such story-telling.

In one case though, Keynes's rhetorical flair got the better of him[9]:

> During a 1934 dinner in the U.S., after one economist carefully removed a towel from a stack to dry his hands, Mr. Keynes swept the whole pile of towels on the floor and crumpled them up, explaining that his way of using towels did more to stimulate employment among restaurant workers. [See Reddy (2009).]

This only makes sense if Maynard is sent the bill and pays it. Raising the private costs of doing business without raising demand (revenue) by at least as much does no good.

What about the issue of idle *money*? Here is where things become more difficult.

Keynesians often speak of idle money as the counterpart of idle resources. They argue that fiscal policy can impart stimulus if monetary policy cannot. Idle savings can be borrowed and re-injected into the circular flow. If funding extra government outlays by printing new money is unacceptable, the necessary funds can be borrowed. The early Keynesian vision was of wealthy, do-nothing, coupon-clipping rentiers being rewarded merely for "waiting". Siphoning funds from them can do no harm to production; indeed, their gradual and automatic "euthanasia" in a maturing economy is something to look forward to. (Nowadays we would refer more accurately instead to "palliation".)

Anti-Keynesians retort that funds in reality are seldom idle or unproductive. While brief periods of hoarding are possible, saved funds generally are put to work to earn a return, and real returns can be sustained only by increases in real productivity. If someone puts money in the bank to save up for a holiday, these funds are used by someone else in the meantime. The complex tendrils of asset and finance markets are too opaque and delicately structured to allow heavy macro-interventions, especially in the form of lorry loads of broadly homogeneous government paper being dumped in one part of the system.

The Austrian View in tolerably truthful caricature is that saved funds return to the real economy as productive investment in due course after an efficient linking and networking of financial flows through space and time. Keynesians are wrong to regard these funds as "idle" and ripe for borrowing. Whether circulating around the financial system or sitting in a short-term savings vehicle, these funds are busily linking present saving to future consumption. Just as investment is roundabout, so is finance.

The Keynesian approach to financial markets is also macro: a rising financial tide raises all assets. The fine microstructure of financial markets is no more crucial than the fine microstructure of the real economy. Markets will sort out compositional disturbances. Indeed, financial markets are often more speculative and unruly than product markets and price outcomes are less likely to be grounded initially in objectively verifiable conditions or in stable conventions. The stock of savings can be regarded a pool, though it need not be flat and quiescent. During a slump, funds may be siphoned by

[9] Steve Kates has also criticised Keynes here, but this example in fact rather poorly explains what Keynes meant. It was a carelessly chosen metaphor.

government borrowings and returned to the circular flow of income. Prosperity increases the pool of savings: as income rises, replenishing funds flow back into the pool of saving.

Suppose money is understood as in the form of notes and coins. Such money can sit in coffers. It seems that when you spend it, it is gone. So be careful how you spend it. This picture of money has shaped contemporary policy debates. Money is regarded as ammunition that can be fired once. Governments should not use up their ammunition before the war is over. It very much reflects the fallacious lump of resources view, but when money is used, it is not used up. But even if we accept the metaphor up to a point, it still does not bear the burden placed on it. One concern over the lump-sum cash payments to households is that we fritter away our ability to fund better quality, timelier and more predictable spending. Worse yet, much of the supposed stimulus has been saved. But the ammo has not been used up; it has merely been moved from government coffers to private ones. If the slump turns out to be lengthy, then these funds will still handily dribble from financial saving back into the expenditure stream.

Certainly, the circulation and allocation of money and finance across time and place is far more opaque than allocating relatively immobile and illiquid units of capital and labour. So intervention in financial markets may have consequences that are rather less predictable than the traditional Keynesian view permits.

The Keynesian use of the term, “idle”, has probably misled many people, including some Keynesians. Money held as wealth in the financial sector may be whizzing around from one financial market to the next. Money can be “hot” and energetic or it can instead sit in cold storage in a term deposit. The asset velocity of money may be extremely high, but its income velocity may be low. Funds churned furiously do not lead to the generation of currently produced goods and services. Asset prices (house prices, share prices) rise, but the production of new houses and new factories lags, or never eventuates. Asset bubbles lack real substance: there is a serious disconnect between financial markets and the real economy. Keynesians believe that this circuit of funds from savers to investors is slow, weak and unreliable. This is why investment in first-year economics is autonomous (and not connected to saving), at least in the short run. Asset markets are not efficient in traditional renditions of Keynes[10].

Hasty induction

Analogy sometimes is an extension of induction. Fiscal stimulus won’t work today; something very similar was tried in the past. One word: “Japan”. Here is a succinct case for doubting the easy universality of Keynesian stimulus.

Kates (2009a; 2009b) argues that the US recovered only to the extent that it relied on classical balanced budgets and that fiscal stimulus in reality did not help at all Cole and Ohanian (2009) critique the received wisdom that Keynesians saved America from languishing even longer in the grip

[10] “New” Keynesians defend rational expectations and the efficiency of asset markets. In this important respect, they scarcely deserve to be called Keynesians at all.

of the Depression. But Roosevelt's policies were a peculiar mixture of modest fiscal stimulus combined with heavy-handed and counter-productive interventionism at the micro-level. The analogy may not be so valid. Price controls, cartelisation, the seizure of privately held gold and excessive centralisation are not characteristics of Keynes's approach then or the approach of Keynesians today. As Schlesinger (2003, p. 406) notes, Roosevelt and Keynes did not communicate at all effectively when they met. It is not absurd though to draw some family resemblances between the US, Italy and Germany during the 1930s and even world war two. Schivelbusch (2006) makes quite a reasonable case that there were significant degrees of similarity, at least in matters of economics. Keynes, of course was no proto-fascist, though Ergas (2009b) and Boughton and West (2009) argue to the contrary. Of course it is easier to implement Keynesian policy if you have centralised political power and the leadership thinks it's a good idea, but acknowledging this is not advocacy of fascism. This issue deserves an extended discussion elsewhere. Suffice for the moment simply to assert: "I decide who is a Nazi."

The overstretched metaphor

> The Rabbi: Speaks of the Sages and the Sages speak of God.
> You cannot place a statue on the bare ground, you need a pedestal.
> The rabbis are the pedestal.
> Dagobert D. Runes (1966, p. 113).

Ah, now I see why we need rabbis.

Some metaphors clearly are better than others. Each can take us only so far. We have a sense of when a metaphor is strained, when it extends beyond its supply lines and needs to be switched. A zone is reached when metaphor needs to be augmented by formal reasoning or by evidence. All models simplify, and squeezing the world's complexities into these intellectual corsets will always leave awkward bulges hanging over. The line between the simple and the simplistic will be difficult to draw deeply[11].

[11] Keynes's green cheese metaphor from Chapter 17 of the GT has gone rather mouldy. The transfer of "yield" from agriculture to finance conceals and reveals. A high yield is good for a farmer but bad for a bond holder. But high rural yields do indeed raise rents and the price of land. And there are opaque characterisations of the nature of capital that supposedly reflect the perniciously dogmatic essentialist and teleological orientations of their authors (c.f. Mark Blaug).

The provocative metaphor

The key ideas of Keynes's economics are fairly simple, but Keynesians have delighted in presenting them as paradoxical, and this may have been a bad rhetorical tactic. ("You have to be in a really clever minority, like me, to understand Keynesian economics.") But simple truths probably will sound paradoxical when placed against classical truths which may be more familiar. Most plausible arguments are valid in some domain, and I hope to identify expressly some of what each side assumes tacitly. But if the truth provokes the complacent, wild words may be needed.

"Deficit" is a word, not a sentence. It triggers moral panic (and the "yuk" response) in many circles, but Keynesians are almost blasé about it. Doing whatever needed to be done, and accepting whatever fiscal deficit that resulted (i.e. functional finance), was once publicly acceptable, perhaps with the contemporary proviso that over the cycle the budget should be balanced. Building reserves in good times to run the down in bad times should make tolerable sense to any conservative. But sound finance is instinctive for much of the populace. Allan Meltzer (2009) wrote:

> When Keynes read Abba Lerner's paper on functional finance, he accepted Lerner's argument for large deficits, then he added: "but heaven help anyone that tries to put it across."

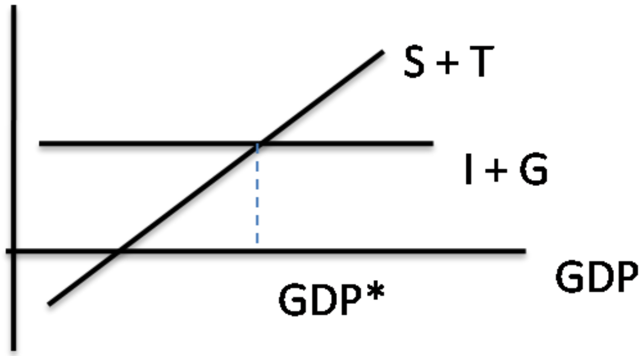
When two pieces of common sense collide, the conventional, the one introduced earlier and the one most verified in your personal experience has the advantage in debate. Principles of sound finance are applicable to the individual, and are taken in, as Keynes once said, with one's mother's milk. Functional finance still sounds blasphemous to many. We still suffer from deficit attention disorder.

Why do Keynesians worry rather less about fiscal deficits than just about everybody else? They do so partly because of experience. At the end of World War 2, the ratio of government debt to GDP in the US, Britain and Australia was around 1.7 to 2.4; i.e., around double GDP. Efforts made in Australia to paint an extrapolated figure of 20% as a severe burden on future generations of taxpayers would appear to be over-statements. Had economists urged us to surrender to the Japanese to prevent an excessive national debt, we would have called this treason. But we are being urged now to hold our fiscal ammunition back as though it was in tight supply.

Lucas, in Huizinga, Murphy and Lucas (2009), wondered how fiscal policy could be tightened later on to repay the deficit. Pointing to the stimulus package involving the laying of optic cable, he joked whether the plan was to pull it up later. It got a laugh; it should have been derided. It's a version of the "joke" that Keynesians would build hospitals in booms and close, or even demolish, them in slumps.

One aspect of traditional Keynesianism is particularly counter-intuitive to those of classical vision. It is the notion that investment leads to saving rather than saving leading to investment. Or more generally (but in a closed economy, which the global economy is), an initial increase in *total* injections raises *total equilibrium* leakages, which in turn can fund the initial stimulus.

The traditional Keynesian position is put by Krugman (2009):



> In this picture savings plus taxes equal investment plus government spending, the accounting identity that both Fama and Cochrane think vitiates fiscal policy — but it doesn't. An increase in G doesn't reduce I one for one, it increases GDP, which leads to higher S and T.

This may sound too good to be true[12], and there is a catch. The increase in G is soon self-funding[13] as shown above, but there is still the matter of covering the cyclical deficit created by the slump itself. For this, there will need to be subsequent booms to generate cyclical fiscal windfalls. However the fiscal stimulus does fund itself, so a large part of the total (global) debt should soon disappear.[14]

This comforting conclusion stems from the key assumption that investment is autonomous, unaffected by the higher G. And other slope and intercept values are assumed constant. Given the assumptions, the Keynesian case is correct. No amount of formal mathematics will persuade a sceptic because they'll simply reject the starting equations, the signs of functional relationships or the posited dynamics. The conversion of circular-flow analogy into its mathematical counterpart convinces nobody who rejects the validity of the thought experiment being modelled.

[12] Ergas (2009) dismisses this as nonsense on stilts, but provides no reasoning, except perhaps the idea that government spending is wasting resources that were going to be put to a better use soon anyway. I recall Makin referring to the magic pudding as though this immediately discredits the argument. Of course, a successful advertising campaign would recoup its own costs. There are serviceable analogies in the familiar micro domain.

[13] Recall the standard two-sector model. Investment drives saving rather than saving leading to investment. Investment can initially be funded by newly created bank credit. Subsequent saving *re-finances* investment. Firms can borrow the created saving and issue securities to repay the credit.

[14] The extra saving and taxation generated in the restoration of GDP to trend recoups *either* the new structural (the stimulus) component of the deficit *or* the existing cyclical (automatic stabilisation) component of the deficit, *but not both*. To repay both, you need a boom (or a few smaller booms) as big as the current slump, and in practice this could take a decade of fiscal discipline or rather more to claw back. But a big chunk (half) of the deficit would quickly be self-funding.

Shackle on Policy and its Rationale

Shackle is richer on the purely metaphorical aspects of rhetoric than Keynes is, and we know rather more about Keynes's views on policy. It appears that Shackle shares much with Keynes about the direction which social policy should travel in promoting balanced, fair, ethical and peaceable ways of living.

Shackle to Msr Beugrand (29 Jan., 1982; Box 22):

> As you say, I have never expressed any views about public economic policy, except a feeling that the mixed economy may avoid the harshness of extremes. I have no taste for public controversy. The green meadows of thought are more seductive than the dusty arena of public affairs[15].

But something specific can be extracted from a letter to Sir Charles Carter (10 April 1980; 9/12, unnumbered, Out letters 1980) concerning strategies for the future of the country[16]

1. Food: the need for self-sufficiency
2. Occupation: something interesting to do for everyone
3. Education, conservation and the arts (music, painting etc., theatre)
4. Excellence: a universal dedication to beauty and efficiency in products and performances
5. Clarity of tone in our lives: a muting of the blatancy of advertising; a pursuit of ends rather than distractions

He elaborates: "Richness of experience, variety of possessions and satisfaction in living could be preserved and intensified by a less extravagant and more attentive way of life... [that is, not] … feeling that things could be used casually and thrown away; if pleasure was taken in having man-made things; fewer but more individual things; our import bill might be reduced and our extent of satisfying employment increased." Exports would involve "craftsmanship, design, ingenuity, virtuosity not mass products" and we would need to provide products "which are better (more efficient, more trustworthy, more beautiful) than other nations can produce"[17] He advocates "education for artisans, art, science and education, conservation of historic things." He strives to justify a view that he realises is rather out of step: "Perhaps such ideas sound like isolationism. But

[15] The Years of High Theory, p. 293.

[16] My handwritten notes do make it clear whether all what follows is verbatim or a close paraphrase. Note also that Shackle's *Economics for Pleasure* has a chapter, "Planning", and *An Economic Querist* has a chapter, "Policy", on how action is best guided. But the contents deal more with abstract principle than with concrete application.

[17] This renounces comparative advantage and competition in favour of striving for an absolute advantage in the production of what is meritorious.

perhaps one sound motive for protectionism may be the need to avoid paying other countries for things that do us no good."[18] This is not Austrian social policy. "Liberal society yes, liberal economy no" fits Keynes and Shackle. Perhaps Shackle and Keynes draw from the same well[19].

But Shackle thought that Keynes had erred in framing *The General Theory* in such a mechanistic way. The poetry of Chapter 12 of *The General Theory* was out of character with the formal structure of the book. What a strange thing for Shackle to say. He had reconciled his own forays into poetry and formality, yet he could not delve deeper into how Keynes achieved something similar. Shackle argued in *Keynesian Kaleidics* that that freedom and necessity were in disharmony within the predominantly mechanistic system of *The General Theory*. Chapter 12 did not lie well with the apparent determinism of rest of the book. This is why Shackle preferred Keynes's earlier *Treatise on Money*.

We can think of an individual and of a group both in terms of free will and of mechanism. Commonly, we explain the behaviour of both the individual and the group using one framework or the other. The human is a mechanism, and (by supposed implication) so is society. Or we are creatures of free will, and our interactions are open-ended. But it is possible that as individuals we are free within the constraints imposed by other free individuals, and it is possible that group behaviour has a coherence and possible predictability. The invisible hand may be an example of a benign collective mechanism guiding the actions of free individuals. It may be that Keynes's multiplier provides a counter-example whereby free individuals are remorselessly driven towards collective misery[20]. And even unpredictable shifts in market sentiment may have broadly predictable effects in that particular market and well beyond.

In Shackle, Keynes's economics was needed to make Smith's economics true. Full employment required creative action by individuals in government. This permitted individuals within the economy to achieve what lay within their potential reach. Employing the macro arts enabled the fullest expression of the micro arts. Prudence, acumen and entrepreneurship can apply in both domains, as Keynes showed in his own life. One would think that individual freedom and wider constraints are natural companions, but intellectual conventions separate them. The ideologues demand that we choose between freedom and the machine. The Austrian rejects the machine metaphor; neither the individual nor the group function in mechanical, predictable and ways that can be harnessed and steered. The hydraulic Keynesian trusts in engineers and in fine-tuning; unpredictable shifts in sentiment and in animal spirits do not fit this vision well.

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[18] Shackle admits, in *Economics for Pleasure*, p. 230, that the UK "would find it literally impossible to exist without bringing in every year a flow of goods from other countries; the flow actually brought in during peacetime being worth about one-quarter of the national income." One gains the overall impression that he may regard this fraction as unsuitably high.

[19] Keynes's bucket is rather bigger.

[20] Leijonhufvud noted that, when people do not have savings buffers, they lack the effective power to choose their level of consumption during periods of unemployment.

So far as I know (or remember), Shackle does not squarely address how the system gains coherence by restricting the freedom of those who make decisions. Creativity surely extends to some limit and only in some dimensions. The actions of others can advance, deflect or annihilate one's own plans. Shackle's oeuvre dwells upon open-ended freedom rather than on how an order emerges. Perhaps he simply accepts that Smith had already done this in one way and that Keynes (and Myrdal[21]) had already done it in another. Smith showed how efficiency grew and spread over time. Keynes showed how total output varied.

Keynes himself had no major complaints about how market forces settled the composition of output of individual items, but he pointed to the behaviour of key groups of decision makers in explaining fluctuations. Shackle's views seem closes to Keynes's. Keynes's position was that the State would provide a pliable but stable framework within which individuals could live and give. Macro structures that impeded or overrode market forces could cultivate wellbeing at micro level; benign macro regimes are enabling and may collectively rescue us from destructive pits in which individuals languished involuntarily. Let individuals find their place in a world where the scope for beneficial voluntary action is maximised. This is consistent with considerable political and economic freedom. Firms are not forced to invest; if they decline to act, they government takes the opportunities that are presented. In a deep slump, a wide and complicated network of financial connections has been disrupted or destroyed. Isolated individuals cannot readily repair a network. But a government can inject funds to restore viable, even if not optimal, connections simultaneously across the economy.

The broad size and structure of the economy emerged from the actions of all, but individuals found their own place in a system that responded imperceptibly to the actions of any one of them. Details are unpredictable, but broad tendencies in the aggregate may be identifiable. An individual is free to act within the domain of available possibilities. Changes in these constraints are better explained at the level of the system. Freedom presses against necessity. Some actions are voluntary; others are involuntary.

Shackle's views on individual decision making are much more closely aligned to putting oneself into the shoes of the other. Each individual has a unique view, and particular aspirations and expectations. Keynes, on the other hand, deals with *types* of people. Keynes spoke to those in government. As Shackle's focus is on the smaller scale, he sees more human idiosyncrasy and indeterminacy.[22]

In Shackle, under the invisible hand, if there is a coherent outcome, it is not a determinate one, and still less some pre-ordained optimum: "I think that there is pretty complete indeterminacy. [E]xpectations are far too elusive and subtle to find out any principles or rules to explain their emergence."[23] Even the invisible hand is essentially macro in the sense that it emerges at the level of the entire system, and it likely draws from a prior body of detailed reflection on God's role in the universe. In a letter to Kirzner (11 May, 1980; 9/12) Shackle referred to the "cloudscape of

[21] See *The Years of High Theory*, ch. 10.

[22] This suggests, by the way, that the economy is not viewed as fractal in nature.

[23] See Shackle's interview by Richard Eberling (1983).

experience", a possible allusion to Karl Popper's *Of Clouds and Clocks* (1966). And he writes to Mark Perlman (who had referred to the Talmudic tradition of arguing with God) that "the Talmud story means that creation is not a once-for-all event, but a *continuing absolute origination.*" Shackle applies his own theological vision to the complexity and order of the economy.

Shackle on Method

One may reason by analogy, but it is not a formally rigorous method. Indeed, its principal appeal at first is to common sense, and physics for a century has confounded common sense. But in the social sciences introspection grounded in real and imagined experience may be more respectable. Pattern recognition is a form of applied intelligence: the human mind is a complex system and it may be suited to discerning patterns in others and in making sound entrepreneurial conjectures. Economics is not as weird as quantum physics or cosmology. C.P. Snow spoke of the two cultures, the literary and artistic on the one hand and the scientific on the other. Shackle aspired to bridge them. Norman Fisher, in his review[24] of Shackle's *Economics for Pleasure*, remarked that typical economists are "distinguished by an equal ignorance of both scientific and literary culture".

An artist's or a scientist's qualitative explanations may be somewhat adductive[25] in nature. New knowledge at first is a conjecture: hypothesises are drawn from what one surveys. Educated hunches are short-cuts to deeper insight. Charles Sanders Peirce argued that our knack to discern, or guess, true explanations has evolved through natural selection. As experience and evidence expand, we converge towards valid inferences, despite there being innumerable possible explanations of what we observe. Our repertoire of causal associations and patterns expand as well as our narrative and intuitive skills. A metaphor may be a means by which our hunches can be expressed, extended, explored and tested. One can tell in a *Blink*[26]. And scientists admit to dismissing data that seem to be implausible on the basis of their initial instinctive response[27].

Reasonable explanations emerge after sifting for patterns, by testing narratives and metaphors and through the creative insights that are so often born of despair. The joints may be of a material different from the parts[28]. One "catches the bundle"[29], makes sure-footed and agile leaps,

[24] *Education*, "For Students Only", March 11 1960.

[25] This is in contrast to deductive and inductive reasoning; the formation of hypotheses here is regarded as the creative aspect of the practice of science. Art and science overlap here. Jacob Bronowski has explored these themes. The two did correspond, but I have yet to find any exchange squarely on this matter.

[26] Malcolm Gladwell (2005), *Blink.*

[27] See James W. McAllister's review (2007) of *Blink.*

[28] When one weaves in wool, it is still of one material; likewise threads in confusion may form a skein. But muscle and bone cohere; they are alive and can grow and even evolve. There is no intrinsic fault or necessary contradiction in an organic system of diverse substance, if the interactions are viably harmonious in potential.

[29] Keynes, CW XIII, pp. 469-471.

apprehends the whole and appreciates how sensitive the conclusions are to the assumptions. By contrast, more formally consistent structures of interpretation, perhaps calcified by ideology, capture the minds of many others. Stiff consistency and informal pliability do not lie together comfortably.

Shackle's attempts at formal rigour failed to convince the formalists and alienated those who had discarded formalism. The intent, of course, had instead been to build bridges between the factions. Shackle's orientation towards to mathematics was partly rational and partly psychological. He was emotionally attached to mathematics as it was a link to his father who had taught him. And expression in words reflected as well as shaped the person he was. The prose became more turgid as it attempted to render mathematics verbally and to support metaphorical insight with proof in logic. A psychological reading might speculate that professional frustrations deepened, and he took solace in friendships, love and religion. But this may unduly displace the rational dimension to his attempt to wed rigour with intuition.

Mathematics is a means of clarification but it has its own seductive aesthetic. Mathematics also evokes. And, as with formal logic, it can permit the closing of a system. Shackle writes

> The mathematician 'sees things whole', but in his sense of the indivisible unity of an argument, of the equal indispensability of every step and every element in it, is not always an unalloyed advantage. For it inhibits him from singling out such elements and giving each of them an identity and separate existence of its own by naming it.

He continues (pp. 293-294.):

> There is some danger, as well as suggestive power and inspiration, in too definitely objectifying the elements of a structure of reasoning [such that] they sometimes seem in themselves actual forces or principles of nature, beings with a capacity for making trouble… The names of organs are necessary, their functions, however interdependent, must be separated in thought. In just this way, the mythological type of linguistic economics is indispensable. We need a 'bestiary' and not merely a taxonomy, a taxonomy and not merely a machine…The name-world is vital, not merely in its role as setting up the correspondence between percepts and the terms of logic, but in its heuristic capacity as *suggesting and revealing* these vital links which are in themselves the very essence of the theory.

Here is an attempt to reconcile Shackle's method of combining mathematics and evocative prose, but I am not sure that it explains anything better than Shackle does. Mathematics gets one's head *around* the logical relationships within a topic. But it cannot get your head *inside* the topic. Metaphorical prose may help bridge formal theory and its practical application by inviting the economist to appreciate the realities perceived by individuals in the economy. Application requires nuanced judgements about processes and the balance of tendencies, and these higher attributes are beyond the reach of formalisation. It depends on a sense of the living organic unity of the divisible elements, and metaphor may help in this arousing this insight. By reflecting on both ends of the micro-macro spectrum, there is hope that the two may join well enough in the middle where the policy-maker stands.

Conclusions

A slogan is indeed often more effective than a treatise. One may add – even than a manifesto. But in what sense is it more effective? Philosophers of science do not usually regard emotional and affective engagement as essential to evaluating the truth or usefulness of claims about causality. Initial inspiration and seductive appeal differ from dispassionate corroboration and clinical extended formalisation.

The art of rhetoric centres on controlling the focal point of the discussion. It may be important to chose the battleground or define the terrain of cooperative exploration. Metaphor and its cousins cut through the detail.

It is widely agreed that metaphor may by chance spur discovery, but those who, like Shackle, regard it as an engine of insight to weigh rival causal narratives seem firmly in the minority. Exploring and debating the merits of metaphor has a dialectic character that helps us probe the nature of what we are really talking about. Most linguistic and logical arguments are circular in the sense that the assumptions yield the results. But the arc of argument can sometimes be wide and new terrain discovered; we then forgive the circularity. Other portentous arguments spin around on a dime, and we are insulted to encounter them so often and in such fervent form. Good analogies expand the radius of productive debate.

Metaphors convey meaning in a single word or phrase. We may reject metaphor in our official pronouncements over proper method, but we soon resort to it when we reach an impasse. Analogies encourage and permit extended shadow conversations about what we are really talking about. We are invited to go into depth about the ways in which an economy is or is not like a circulating flow of spending. Analogies lubricate analysis. Effective parables combine the powers of metaphor and analogy. All of them train us and guide us in the art of abstraction. Just as there are degrees of rational belief, there can be degrees of intuitive plausibility. They foster nuanced appreciation as well as the skill in detecting what is potentially misleading or immediately false.

Lessons from the policy debate

One has to admit that Keynesians have unwisely dismissed the possible intricacies of the financial network. The Keynesian assumption that the financial sector can adapt rapidly to digest large volumes of government bonds should have been subjected to more critical scrutiny. Funds may not simply be there to be easily siphoned off. What Keynesians regard as mere liposuction of surplus fat, Austrians regard as the excision of crucial healthy specialised tissue.

Both the Austrian and the Keynesian positions are perfectly intelligible and each may be valid in a particular time or place. These judgements are central to the art of economics. Keynes's point was that the stock of saving is very large, and some of the money now churned in the financial sector can be borrowed by the government and disbursed without significantly reducing the ability of private investors to obtain funds for real investment. You can agree or disagree, but the point is whether you understand what economists are disagreeing about.

It is neither obviously true nor obviously false that money is “idle” in slumps and can be borrowed with or without much concern about side-effects now or later. This is a research topic to explore, not one to decide by edict as a core assumption. It is rationally harder to believe that resources are not really idle when they observably are.

Although the classical end of the spectrum bears the main brunt of criticism in this paper, there is also a surprising high-handedness in how Keynesians respond to their critics. In particular, the effect of large sales of bonds on highly compromised financial markets appears to be of little concern to many Keynesians, if only because there may be no alternative and the problem can be sorted out later.

Lessons from Shackle

It is true that printing money or bonds alters (whether it disrupts or repairs) the state of things. If reality is kaleidic, what does it matter if the tube gets an extra twist? If the old configuration displeases, simply give the tube another twist and let the pieces tumble and reconfigure.

Shackle’s poetics (his analysis of poetry as a means of expression) strives to be at rest with his views on mathematics as logic and aesthetics combined. Both are clear and efficient in their valid domains. Plato knew that the quest for truth was laden with *eros*. But intellectuals in the age of social science are divided in a curious way. Some consider, like Plato, that poetry and language are more likely to deceive; others regard human beliefs as socially constructed and slanted by an evolutionary inheritance. But Shackle thought that both language and mathematics could touch what is real.

The paper is also about how and why Shackle is a micro-Austrian but a macro-Keynesian. Such a combination is uncommon but entirely viable, at least in the realms of intuition and pragmatics. Whether this fusion can be expressed formally is another matter, and it is a much less important one.

Visions may represent a network of ideas, but networks can be pruned and grafted. In a sense they may be better regarded as modular. Any given cluster may have some organic unity, but the ideas can be aligned in new frameworks to achieve new unities. To an artist there is no inherent contradiction, and aesthetic and intuitive judgements suffice to reconcile what can only vaguely be expressed. Admittedly, there are many loose ends that remain to be gathered by those with a keener eye and a surer hand than mine.

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Truth cannot contradict truth.

John Paul II in 1996.

Can reason ever be in conflict with intuition? Why certainly!
There can be false reasons and false intuitions.
But valid reason obviously cannot be in conflict with valid intuition,
since truth cannot be in conflict with truth.*

Or can it?

Raymond Smullyan (1980, p. 121 and n)

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