

## **An Analysis of: ‘*Subverting Say’s Law: Keynes, Commons and Harlan McCracken*’**

Steven Kates paper, ‘*Subverting Say’s Law: Keynes, Commons and Harlan McCracken*’ attempts to highlight the parallels between Keynes theories as articulated in *The General Theory* and the workings of Harlan McCracken in his PhD research, (and later book titled, *Value Theory and Business Cycles*) supervised by John R Commons during his tenure as head of economics at the University of Wisconsin.

The argument centres on the interpretation of business cycle theories richly debated by two authors credited as being pioneers of business cycle development, Riccardo and Malthus. Kates believes that there were certain consistencies linking the interpretations of Malthus and Riccardo to both McCracken and Commons, insinuating an impression from both Commons and McCracken was evident, certainly influential, if not inspirational on Keynes book, *The General Theory*.

The phrase, ‘supply creates its own demand’ in reference to Says Law appears paramount in the search for evidence that Keynes had been exposed to McCrackens work. Kates argues that nowhere in the preceding literature does that phrase appear, other than in *Value Theory and Business Cycles*. Supporting this fact there is a consensus of ideas between McCrackens interpretation of demand driven cyclical fluctuations, ‘..voluntary failure of demand on the part of those with the power, but not the will’ and Keynes well known postulation; ‘Incomes are earned but not spent. Savings accumulate and the economy equilibrates at an underemployment level of income.’

These incidences could be put to chance; it would not be improbable that two scholars of business cycles were intricately familiar with the workings of two such prominent and influential economists as Malthus and Riccardo. Kates however provides anecdotes of footnotes in unpublished drafts of *the General Theory* citing Commons and makes reference to archived letters, with limited access from the Cambridge archives, from Keynes to McCracken before the release of his *General Theory* explicitly stating, ‘having now read your book’ provides testimony that, certainly in Kates’ opinion Keynes was aware of McCrackens work and argues on the balance of probabilities it is likely that Keynes was aware of McCracken and as a documented admirer of Commons apparent that fundamental elements of the *General Theory* were inspired by the two without recognition.

The justification of the paper appears to be motivated by a recognition of McCracken’s work, indeed Kates describes him as, ‘...possibly the least known economist of the twentieth century, relative to the level of influence he had.’ The hierarchical nature of the economics profession, Kates believes, prevented McCracken from accusations of plagiarism, so McCracken in later work focused on parallels between Commons (a well respected and accomplished economist) and Keynes to insinuate a lack of recognition on Keynes part for his ideas outlined in the general theory. Although not explicit in his paper, the implied tone is that given proper recognition for his work, McCracken may have been a more household name in the field of economics. Undeniably however the

paper does demand an acknowledgement of the ideas and thoughts of McCracken, allowing history to give accolades to the proper recipient.