

John Maynard Keynes and Ludwig von Mises on Probability

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Abstract

The economic paradigms of Ludwig von Mises on the one hand and of John Maynard Keynes on the other have been correctly recognized as antithetical at the theoretical level, and as antagonistic with respect to their practical and public policy implications. Characteristically they have also been vindicated by opposing sides of the political spectrum. Nevertheless the respective views of these authors with respect to the meaning and interpretation of probability exhibit a closer conceptual affinity than has been acknowledged in the literature. In particular it is argued that in some relevant respects Ludwig von Mises' interpretation of the concept of probability exhibits a closer affinity with the interpretation of probability developed by his opponent John Maynard Keynes than with the views on probability espoused by his brother Richard von Mises. Nevertheless there also exist significant differences between the views of Ludwig von Mises and those of John Maynard Keynes with respect to probability. One of these is highlighted more particularly: where John Maynard Keynes advocated a monist view of probability, Ludwig von Mises embraced a dualist view of probability, according to which the concept of probability has two different meanings each of which is valid in a particular area or context. It is concluded that both John Maynard Keynes and Ludwig von Mises presented highly nuanced views with respect to the meaning and interpretation of probability.

Keywords: Quantitative and Qualitative Probability Concepts: Meaning and Interpretation; Frequency Interpretation; Logical Interpretation; John Maynard Keynes; Ludwig von Mises; Richard von Mises;

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Deposited By: [VAN DEN HAUWE, Ludwig, Ph.D.](#)

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