THE ECONOMIC ADVENTURES OF ROBINSON CRUSOE: AN INSTITUTIONALIST CRITIQUE AND REINTERPRETATION

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ABSTRACT

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In 1719, Daniel Defoe wrote his first fiction *The Life and Strange Surprizing Adventures of Robinson Crusoe* without knowing that the protagonist of the novel, Robinson Crusoe, would be liberated from his cultural matrix and deployed as a dominant economic metaphor with the advent of the so-called marginalist revolution in the second half of the nineteenth century. This thesis intends to: i) with reference to an habits of thought approach, unearth the institutional nature of the metamorphosis of Crusoe from a figure of the literary realm to the economic man of neoclassical economics, and ii) based on a rereading of Defoe's original text, offer an alternative reinterpretation which would turn upside down the prevalent presuppositions of neoclassical economics portraying an isolated, universal and axiomatically rational Crusoe. Accordingly, in this study, Crusoe is presented as a specific time- and space-bound human being preserving and perpetuating his institutionally forged character traits even during his sojourn on the 'institution-free' uninhabited island; a methodological and expeditious man, whose rationality was based not on the fulfillment of axioms but on reasoning; and an entrepreneur aiming at economic development through innovation.

Keywords: Robinson Crusoe, habits of thought, institutions, rational economic man, entrepreneur

ÖZ

ROBINSON CRUSOE'NUN İKTİSADİ MACERALARI:
KURUMSAL BİR ELEŞTİRİ VE YENİDEN YORUMLAMA

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Daniel Defoe 1719 yılında *Robinson Crusoe'nun Yaşamı ve Garip Sürprizlerle Dolu Maceraları*'nı yazarken romanın ana karakteri Robinson Crusoe'nun ondokuzuncu yüzyılın ikinci yarısında marjinalist devrim ile birlikte, onu şekillendiren kültürel temelinden bağımsız olarak yeni bir rol üstleneceğini bilmiyordu. Bu tez i) düşünce alışkanlıkları yaklaşımıyla, Crusoe'nun edebiyat alanına ait bir figürden neoklasik iktisadın iktisadi insanı olmasına uzanan başkalaşımının kurumsal yapısını ve ii) Defoe'nun metninin yeniden okunması yoluyla, Crusoe'yu soyutlanmış evrensel bir birey ve aksiyomatik ussallık ile tanımlayan egemen neoklasik varsayımları baş aşağı çevirmeyi amaçlamaktadır. Bu doğrultuda, bu çalışmada, Crusoe belirli bir zaman ve mekanın içinde kurumlar tarafından biçim verilen kişilik özelliklerini kimsenin yaşamadığı ve dolayısıyla kurumların olmadığı bir adada bile sürdüren; ussallığı aksiyomların sağlanmasına değil de akıl yürütmeye bağlı olan yöntemli, becerikli ve yenilik yolu ile iktisadi kalkınmayı hedefleyen bir girişimci olarak sunulmaktadır.

Anahtar Kelimeler: Robinson Crusoe, düşünce alışkanlıkları, kurumlar, ussal iktisadi insan, girişimci

To Friday, Victim of Unequal Exchange

In Payment of an Intellectual Debt

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When all is said and done, the last task to carry out in a work of this sort is to express thankfulness to all those who have been part of the writing process in one way or another. This is what I am attempting here knowing that I will be unintentionally unjust in my judgments in consequence of the unconscious tricks played by one's mind in recollecting past events and memories.

I pour out my warm thanks to Eyüp Özveren, who has been an embodiment of a plurality of connotations for me; a well-rounded scholar inducing me to shape a diversified, coherent and robust intellectual background, part of which was reflected in the subject-matters discussed throughout this thesis; a tireless and tolerant mentor, who more than once prevented my personal ruin when I was on the verge of abandoning what I signed up for at the beginning; a more-than-academic friendly and father-like role model always having faith in me. I hope that his companionship will be a long-lasting one all along my life.

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Last but not least, my family and friends. I would not have embarked upon such a painful venture had it not been for the perseverance, spiritual and material support of my family. Likewise, I thank Emre Bilgiç, Kenan Cengiz, İlker Comart, Burak Sayar, and Oğuz Yağcı, representing the core of our extended fellowship group, with whom I shared most of my extra-curricular time. Without those mentally healing and entertaining moments, I would have been reduced to a mere intellectual cadaver, stuck in between those works to be read and written.

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CHAPTER 1

INTRODUCTION

1.1 A Brief Outline of the Thesis

Daniel Defoe published his first fiction and most known work *The Life and Strange Surprizing Adventures of Robinson Crusoe* in 1719. The book had enjoyed a huge success and was followed by a second volume, *The Farther Adventures of Robinson Crusoe* in the very same year, and by a third volume, *Serious Reflections During the Life and Surprizing Adventures of Robinson Crusoe* in 1720.

The turbulent life and versatile character of Defoe as a merchant, adventurer, spy, and the prolific pamphleteer of the mercantilist era stamped its mark on the interwoven thought-provoking themes reflected in the *Crusoe* trilogy, and through generations different interpretations of it came into prominence almost always centered on the island solitude of the protagonist Robinson Crusoe. Unfortunately, the power of evoking alternative readings was, more often than not, accompanied by abridged versions, rereadings, and rewritings of Defoe’s text within the genre of the *Robinsonades* that lead to the myth of Robinson Crusoe circulating independently of the letter of his birth-mother.

In the initial stages of classical political economy, for the fact that the demarcation line between the literary and the scientific was obscure, fictional elements diffused into the works of economists as experimental and illustrative devices that were used to reflect basic economic realities (Turk, 2010). Following the mid-nineteenth century, an economic Crusoe had emerged in the works of the

economists, and before long a Robinson Crusoe economy was constructed by the marginalist economists so as to show the workings of the supply-and-demand economic theory.

Apart from his exemplary role in obtaining maximum satisfaction via calculation, the economic Crusoe was also wheeled on as a shield against the attacks of the German and British historical economists to back up the claim that the laws of behavior depicted by the early neoclassical economics applied everywhere irrespective of the particular type of economy. Having further consolidated his place, Crusoe was baptized as the rational economic individual in the twentieth century, and since then has been frequently appealed to by economists.

In contradistinction to the standard deployment of Robinson Crusoe, voices raised from feminist and postcolonial scholarship have served to cultivate a new round of critical interest in this now-classic text. Within this context, in this thesis, a reinterpretation of Defoe's novel *vis-à-vis* the neoclassical appropriation is offered, this time, through the lens of institutional economics.

The organization of the thesis is as follows: Chapter 2, in a sense a historical sketch, reveals the place of Robinson Crusoe in economic thought. It begins with the eighteenth century and drags its feet well into the twentieth, setting out the methodological contexts into which Crusoe was incorporated. Classical political economists of the eighteenth and nineteenth centuries were not fond of Crusoe, but with the coming of the 1870s, suddenly Crusoe was in fashion among the early neoclassicals. This constitutes an interesting problem as to how Robinson came down to the treatises of the marginalist economists.

To this question, an answer is provided in Chapter 3, via keeping track of the shifts in two seemingly different yet interwoven lines of inquiries: literary criticism and economic thought. The focus of the early literary comments on the non-economic traits of Crusoe together with the methodology of classical political economy reinforced each other in obstructing the incorporation of Crusoe in economic texts. This institutional complementarity continued in the latter half of

the nineteenth century, yet, this time in the reverse direction. The shift of focus in the literary criticism and the methodological changes introduced by the marginalist economics engendered a massive deployment of Crusoe following the 1870s. In this, it is claimed that the peculiarity of the nineteenth-century civilization played an important role, introducing the third institutional factor into the scene, so that in the end we arrive at a three-pillared analytical construction.

Based on the conclusions of the previous chapter that detects economists' notorious disregard of the institutional character of Robinson, Chapter 4 tries to turn this perception upside down through a rereading of Defoe's novel from the vantage point of institutional economics, at the same time introducing the reader of the thesis to the letter of the novel. Here, it is asserted that Crusoe's past habits of thought continue to operate on the island without an abrupt interruption between the pre-island and island episodes. Habits and routines step in the subsistence economy of Crusoe on the island, and they together reduce the conscious effort and attention Crusoe has to use up, by way of which more room is provided to focus on innovation in an entrepreneurial sense.

By delivering an in-depth analysis of a certain episode in the book, Chapter 5 evaluates whether or not Crusoe's 'real' fictional actions support the view that equates him to rational economic man. The discussion proceeds with the arguments leveled against the choice theoretic framework; mainly on the implications of information extensiveness, complexity, uncertainty, and the untenability of the ends-means framework.

Chapter 6 provides a Schumpeterian critique of Israel Kirzner on Crusoe. The latter economist wheeled on Crusoe surprisingly not to exemplify the workings of neoclassical theory, but, swimming against the tide, to show a certain portion of his theory which put the emphasis on the issues revolved around entrepreneurship and the market process. Although a valuable attempt, it is claimed that Kirzner's way of handling Crusoe cannot shed light into the economic development visible

on the island, for which another theory of the entrepreneur that owes its existence to Joseph Schumpeter is badly needed.

Chapter 7 concludes the thesis.

1.2 Daniel Defoe and *Robinson Crusoe*

Today, Daniel Defoe's fame rests upon his most known work *Robinson Crusoe*, a pioneering work of fiction, so much so that in the twentieth century he was pointed out to be among those who gave birth to a new literary form—the novel—together with Samuel Richardson and Henry Fielding (Watt, 1957). Yet, in his time, Defoe was not known mainly as a novelist but as an active and prolific disputant. When *Robinson Crusoe* was published in 1719, he was nearly sixty years old, leaving behind a very lively and eventful course of existence as a man of versatile interest, fiercely engaging in the major political, social, economic and religious debates of the times in his numerous pamphlets and periodical publications.

Defoe was certainly an important propagandist, "writing on almost every major political issue that arose between 1693 and 1730" (Backscheider, 1986: 53).[1] Being a merchant and manufacturer, a businessman so to speak, he also held astute views about commerce treaties, national and overseas trade, not to mention the religious quarrels sparked off by the Dissenter Defoe.[2]

Be that as it may, whether he has a revered place in economic thought is a questionable issue. More often than not, to search for Defoe in the history of

[1] "Before he died, he had written over sixty-five individual works on issues affecting the Dissenters, another fifty-five or so on the recurrent threat of the Jacobites, some thirty-five on the Scottish Union, more than thirty on the debates that led to the Peace of Utrecht, and dozens of others on such controversies as the benefits of William's Partition Treaty, the standing army, the Act of Settlement" (Backscheider, 1986: 45).

[2] The religious breeding of Defoe in his childhood accompanied him all along his life: "James Foe, the father of Daniel Defoe, was a baptist. The family of the Foes assiduously attended the meetings of a presbyterian church . . . As soon as he was able to write, his mother made him copy long passages from the Bible. Thus he copied the whole Pentateuch. These early readings of the Bible left an inextinguishable mark on Defoe's style and also on his way of thinking" (Hausermann, 1935: 299-300).

economic thought texts is like looking for a needle in a haystack. This is not the case for William Petty, Bernard Mandeville, Pierre le Pesant de Boisguilbert, or Richard Cantillon, who have their well-earned places. For instance, there is no mention of Defoe in Blaug (1997), Ekelund and Hebért (1997), Medema and Samuels (2003), Vaggi and Groenewegen (2003), Screpanti and Zamagni (2005), a collection of the most widely read pieces of economic thought.[3]

In Roncaglia (2005: 79), Defoe, albeit momentarily, appears amidst the international trade discussions, that is to say protectionism and free trade controversies, typical of the mercantilist literature of the times.[4] This particular reference most probably owes its existence to that monumental work of Schumpeter, *History of Economic Analysis* posthumously published in 1954, setting the stage for the post-war economic thought.

Indeed, Schumpeter, in a footnote, attributed to Defoe the linking of high real wages to better economic performance in *Plan of the English Commerce*, published in 1728. Yet, this was not a substantial achievement, only one among other “hints at motivating analytical propositions,” which “did not amount to much” (Schumpeter, 1954: 267, fn.2). A few pages later, in discussing the full employment of children in the eighteenth-century England, Schumpeter, for purposes of exemplification, referred to Defoe’s observations narrated in *A Tour thro' the Whole Island of Great Britain* (Schumpeter, 1954: 274, fn.9). Finally, under the section the title of which is *Foundations of a General Theory of International Trade* (Schumpeter, 1954: 367), the final verdict was passed on Defoe. Schumpeter pointed to the slow speed of analytical progress in the international trade debates and as a case in precedent represented the controversies revolving around the free-trade clauses of the peace treaty of Utrecht, signed in

[3] For that matter, Defoe is not a part of *The New Palgrave Dictionary of Economics* as a separate entry. His name appears in a couple of entries incidentally.

[4] “Another defender of the free trade doctrine was Daniel Defoe (1660-1731), the well-known author of *Robinson Crusoe* (1719), who published a tri-weekly paper, the *Mercator* for some months during the period of heated debate following upon the Treaty of Utrecht of 1713” (Roncaglia, 2005: 79).

1713, ending the war between Britain and the Dutch Republic. Immediately after the clauses had become public knowledge, an opposition came from those writers of protectionist persuasion, which gave birth to a counter-attack from the side of free-trade proponents. Among them, Defoe had his place:

> The Tory counterblast was *Mercator*, or *Commerce Retrieved*, which appeared three times a week from May 1713 to July 1714 and was more of a one-man show. That man was Daniel Defoe of Robinson Crusoe fame, a most brilliant and prolific writer. *But even his most ambitious efforts in our field remained in the sphere of economic journalism. In particular, his case for those clauses of the Treaty of Utrecht did not contribute anything new to economic analysis, though they rank high in the history of free- or freer-trade opinion.*
>
> (Schumpeter, 1954: 372, fn.15, emphases added except for *Mercator* and *Commerce Retrieved*)[5]

As is clear from Schumpeter's remarks and his way of dealing with Defoe, the latter figure was mainly interested in not bequeathing an analytically coherent and systematic legacy that would influence the subsequent direction of economic thought but in shaping opinions about immediate policy issues, whether they were of an economic, social, or religious origin. Accordingly, understandably enough, he had been given a very limited place in the retrospective assessments of historians of economic thought, who look for specimens of genius in economic method and theory.

All the same, Defoe was a lucid observer and a practical man, never abstaining from passing judgments and narrating the then current situations and trends, even if they lacked a full analytically supportive structure.[6] In this latter capacity, Defoe was given his due respect mainly by economic historians, along with scholars of various disciplines such as social history, political history, and British

---

[5] Notwithstanding his judgement about Defoe, Schumpeter made a mistake here. The novel, *Robinson Crusoe*, which brought fame to Defoe was written in 1719, that is to say six years after the Treaty of Utrecht had been signed. Hence, Defoe could not possibly have enjoyed the success of his popular work when his writings were published in *Mercator*.

[6] Backscheider (1986: 67-68) hit upon the weak argumentative basis of Defoe's ideas related to economic issues: To support his cause, "Defoe often casts accounts, reviews history, quotes documents, and answers objections. His strategies tend to be unsophisticated but evidence of genuine understanding of complex concepts and large issues . . . He appeals disconcertingly often to his readers' self-interest in an unrefined manner and he often reassures his readers—without much evidence—that time will prove him right."

history, fields in which empirical observations of the distant past are cherished and utilized for constructing what the image of past might have been looked like.[7]

In this context, writing at the same time with Schumpeter, Karl Polanyi in his *The Great Transformation*, spoke in high terms of Defoe, based on his *Giving Alms No Charity and Employing the Poor a Grievance to the Nation*, a work that discussed the harmful effects of the Old Poor Laws:

> The economic reason why no money could be made out of the paupers should have been no mystery. It was given almost 150 years before by Daniel Defoe . . . Defoe insisted that if the poor were relieved, they would not work for wages; and if they were put to manufacturing goods in public institutions, they would merely create more unemployment in private manufactures. His pamphlet . . . was followed by Doctor Mandeville's more famous doggerel about the sophisticated bees whose community was prosperous only because it encouraged vanity and envy, vice and waste. But while the whimsical doctor indulged in a shallow moral paradox, the pamphleteer had hit upon basic elements of the new political economy. *His essay was soon forgotten outside the circles of "inferior politics," as problems of policing were called in the eighteenth century, while Mandeville's cheap brilliance exercised minds of the quality of a Berkeley, Hume, and Smith*.
>
> (Polanyi, 2001: 113-114, emphases added)

From another perspective, we again witness the undervaluation of Defoe's significance as far as economic thought is concerned. Perhaps, this was to do with his down-to-earth style of argumentation, a direct, not roundabout and rhetorical way to speak one's mind, which might not have been culturally and intellectually valued outside the spheres of "inferior politics," as Polanyi called.[8]

And yet, at another instance, within the realm of economic history, Fernand Braudel in his three-volume magnum opus *Civilization & Capitalism 15th-18th Century*, a book which is "guided by concrete observation and comparative

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[7] Although not as much as economic historians, historians of economic thought also emphasized this side of Defoe. The above quoted passage of Schumpeter is an example. Also, here and there, it is possible to find references to Defoe's observations. Writing about the power of England in the turn of the seventeenth century, Samuels, Biddle and Davis (2003: 79) resorted to Defoe: "As Daniel Defoe observed in 1724, England was "the most flourishing and opulent country in the world.""

[8] This was also the case in his literary work: "Unlike his great contemporaries, he did not rely primarily on classical dramatic and poetic forms nor did he attempt to create an *object* of beauty, one worthy of contemplation because of its structure, language, models, subject, unity, and completion. The measure of art in the eighteenth century, however, has been supplied by Milton and Dryden, Evelyn and Clarendon, Pope and Feilding" (Backscheider, 1986: 3).

history" by way of which Braudel aimed to "to see and let others see, by allowing what [he] show to speak for itself, in all the richness, complexity and heterogeneity of real life" (Braudel, 1992a: 25), Defoe had a much respected place. Braudel abundantly quoted Defoe on various subjects, ranging from his ideas and observations on fashion, shopkeeping, credit, and the chain of production in cottage industry to foreign and domestic trade. Yet, none captures the significance of Defoe for a piece of work in economic history better than the following remark made by Braudel on such an important pillar of his analysis as the creation of English national market in the eighteenth century:

> For a true picture of the establishment and creation of a national market by London, one cannot do better than read – or better still re-read The Complete English Tradesman by Daniel Defoe. He is such a precise observer in every detail that although the words 'national market' nowhere appear, the reality of this market, its unity and the interlocking nature of exchange, with the advanced division of labour operating over wide areas, leap from the page to provide a thoroughly instructive sight.
>
> (Braudel, 2002: 366)

From the ongoing discussion, we think that Defoe's place in the history of ideas can be properly deduced as a brilliant and practical observer hitting at the bull's eye at times in particular issues, yet lacking an overall significance for economic thought due to his underdeveloped theoretical foundation as opposed to his place in economic history. But this applies equally well to any practitioner of economics during the mercantilist era. That being said, the next thing to do is to look for a way to make sense of the place of *Robinson Crusoe* in Defoe.

In this respect, one can search for the novel's intended meaning—what Defoe aspired to convey to the reading audience—by way of taking into account Defoe's *oeuvre* together with the then contemporary political, economic and social agenda of England, covering a period from the late seventeenth to the early eighteenth centuries, along with the writings of other contributors to the controversial debates, to which Defoe's writings were meant to be adamant responses. Such an attempt should take into account a wide variety of prose forms of the same age, ranging from journals and pamphlets to satirical fictions and poetry. This would befit a contextual reading, which asserts that the key to the comprehension of a

text should be looked for in the total state of affairs of a certain period (Skinner, 1969). Unfortunately, the scope of this work does not allow us to undertake an obligation as excessive and overzealous as an in depth contextual reading of the novel at hand requires. Instead of delving into the sphere of the religious, social, and political, we will only briefly hint at the novel's economic implications.[9]

Like the protagonist Crusoe, Defoe was a merchant engaged in the channels of export and import, which influenced his writings on economic issues. As touched upon earlier, he opted for a free-trade policy contrary to the protectivist measures put into practice in most of the European countries throughout the mercantilist era. Certainly, this does not purport to mean that Defoe rejected all the principles and spirit of mercantilism from the outset. Not surprisingly, he thought that a positive balance of payment was a favorable thing and that trade, i.e. wealth, should make a nation powerful. Accordingly, in a number of works such as *Giving Alms no Charity*, and *Reflections on the Prohibition Act*, he "championed the development of new markets . . . the expansion of English trading interests, the explorer's spirit that had made England rich" (Backscheider, 1986: 65).

It is in this context that one possible way emerges for searching the reflections of Defoe's experience in the novel. Towards the end of his life, witnessing that the economy of England was at a standstill, Defoe warned his fellows to wake up from "a "lethargic Dream" and urged them in book after book to take to the seas and to expand into Africa and throughout the Americas. He reminded his countrymen of the spirit of Raleigh, that trade was "power and wealth," and that individuals could explore, trade, and invest without help from Parliament" (Backscheider, 1986: 68).

Not surprisingly, Crusoe was very much in the spirit of Raleigh. He left his home to go to the sea, which he accomplished eventually. His story before the island period ushered had been one of continuous wandering around the Atlantic ports of Africa and the Americas. Trading trifles, commodities, and slaves here and there,

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[9] For a political discussion of *Robinson Crusoe*, see Novak (1962) and Schonhorn (1991).

and setting up a plantation business in Brazil, he filled his pockets with sums of money. After spending nearly three decades on the island, in the second volume of the *Crusoe* trilogy, without any qualms, he proceeded on his venturing this time in the remote countries of Siberia and China, as if no calamity had fallen upon him in the past, which should have taught him a lesson.

Here is the adventurous and fearless merchant which was partly designed to be a role model to England's children which would, by way of force and fraud if it was necessitated by the occasions, expand the British Empire in the hostile and unknown countries of the Seven Seas. Relegating the moral issues related to the non-European Other, *Robinson Crusoe*, as an adventure story, was "the literary reflection . . . of the expansive imperialist thrust of the white race" (Green, 1990: 1-2).[10] As opposed to Jonathan Swift's *Gulliver's Travels*, Defoe's novel was in favor of globalization (Goodwin, 2010).

In this way, the novel can be read as an argument in favor of the expansion of overseas trade.[11] Such a reading appeared in the post-mid-nineteenth century literary criticism, but that is another story which will be told later on in this work. So much for the relationship between Defoe and the novel. In what follows, the then contemporary realities will only enter into our field of view in so far as the literary critics of the ensuing periods made them a part of their commentaries upon Defoe and *Robinson Crusoe*.

1.3 Answering the Question: "What is Your Story?"

How the author of this thesis arrived at the subject matter of this work, the choice of the theoretical apparatus resorted to, as well as the analytical depth of the deployment of certain figures, and the reasons behind the particular sequencing of chapters require a concise biographical story, if not an exhaustive background excavation. Fortunately, such an attempt will clear misunderstandings and preemptively avoid questions that are likely to appear even after a careful reading.

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[10] Within this framework the rise of the novel has been linked to colonialism. See Azim (1993).

[11] For more, see McInelly (2003) and Schmidgen (2001).

The germ of the idea to study Robinson Crusoe was sown by the supervisor of this work in the mind of the author during his quest for a topic befitting a master's thesis in economics. Apparently, the neoclassical incorporation of an isolated individual living in no man's land without access to the production and circulation of goods and services typical of modern society was an anomaly, deserving a mental exercising on its own. Furthermore, the critical studies of postcolonial and feminist scholars trying to shed light on the discursive implications of such an anomaly acted as an encouragement to offer an alternative reinterpretation.

In this context, originally, the plan was to embark upon a reading of the novel of Defoe in the light of the French economic historian Fernand Braudel's extraordinary historiography presented in *Civilization and Capitalism*. Perhaps, this particular preference was more of a logical necessity than a choice willingly opted for since at the time, being a first year graduate student, the author was lacking an enough-to-hit-the-road level of competence in economics. At any rate, this plan, still at an embryonic stage, was not put into practice due to the author's notorious sluggishness on one hand, and dissatisfaction with the topic, which he then found not a theoretically worthy line of inquiry, typical of a fickle-minded novice's attitude who has grand aspirations, on the other hand.

Had it not been for a term paper to be written for a graduate course, Advanced Studies in Institutional Economics, taken a year later, in all likelihood, this thesis would have remained a dead project. During that course, the students were introduced to the works of such figures as the founder of original institutional economics Thorstein Veblen, Walton Hamilton, Clarence Ayres, Herbert Simon, as well as Karl Polanyi,[12] who, together with Joseph Schumpeter, had already made their debut in the intellectual landscape of the author earlier via an introductory course to political economy.

[12] The above list of names is constrained with respect to their relevance to the current work. The course covered a wide range of subjects, to mention only the works of John Commons, Ronald Coase, Oliver Williamson, Douglass North, Gary Becker, Walter Neale, and Geoffrey Hodgson.

In that inaugurating term paper, with the help of protests raised against the choice theoretic framework, the main line of argument rested upon a refusal of the straightjacket of rationality put on Crusoe by neoclassical economics. In order to conform with the basic requirements of a conference paper, this start up paper was later on supplemented with a slightly more elaborate discussion of Crusoe's place in economic thought, as well as the analysis of Crusoe's economic actions during his island sojourn from the vantage point of institutional economics, abundantly resorting to the ideas of Veblen, but also the two leading figures of pragmatist philosophy and psychology, namely William James and John Dewey, along with Polanyi, Schumpeter, and last but not least Braudel.

The follow up version, emphasizing the continuity of Crusoe's social character on the island loneliness, giving the details of how Crusoe instituted his endeavours for providing himself with material needs, offering an alternative explanation for his rationality, and presenting him as a Schumpeterian entrepreneur, formed the basis upon which Chapters 2, 4, and 5 of this thesis were constructed. A criticism of a conference discussant[13] asserting that Crusoe was more of a Kirznerian entrepreneur engaged in discovery, with regard to Kirzner's deployment of Crusoe then unknown to the writer of these lines, than a Schumpeterian one involved in innovation triggered a further inquiry about the differences of the two theories of entrepreneurship, enforcing one to take into account the wider framework of the Austrian approach to economics. Accordingly, the need for a separate chapter emerged and thus the related issues were discussed in Chapter 6 on its own, yet, partly building on the arguments laid out in Chapter 4. In this scheme, apart from Chapters 1 and 7, introduction and conclusion, the last piece to be written was Chapter 3, in which the stage was set to the play of the institutional nature of Crusoe's enigmatic metamorphosis from Defoe's protagonist to the esteemed illustrative-cum-persuasive device of neoclassical economics.

[13] Miguel-Angel Galindo was the discussant of the paper presented at the ESHET 2010 Conference held in Amsterdam. Special thanks go to him for bringing up the issue.

The chronological appearance of separate parts was converted into the current sequence of this thesis according to a certain logic. Chapters 2 and 3 are in a sense a historical sketch, an archeological attempt, whereas Chapters 4 through 6 offer a rational reconstruction of the novel in the light of theories that belong not to the novel's native eighteenth-century context but to the late nineteenth- and twentieth-century heterodox excursions.

So much for the *façade*. As for the theoretical building blocks, from the outset, the reader should be aware of the fact that the extreme conditions of the uninhabited, 'institution-free' island environment is both a hindrance and an opportunity. Economic theories, irrespective of their particular methodologies, are concerned with explaining, partially or generally, economic phenomena, however defined, as part and parcel of a larger social whole. In this sense, the distance of the island from society is both a physical and theoretical reality, casting shadow on the would-be attempts to make sense of Crusoe's actions by resorting to analytical frameworks purported to apply not to isolated individuals but to the sum of social ones. Based on this, the reader should be tolerant of certain compromises between the way reciprocal relations of aggregate concepts are constructed in the original works of scholars and their particular forms and reflections in this thesis. Be that as it may, it should be kept in mind that such tissue incompatibility might also pave the way for novel insights, and crossbreeding between seemingly different theoretical perspectives, giving a chance to the mutually beneficial interaction of ideas foreign to one another.

Another relevant aspect is concerned with the intellectual depth of arguments presented, borrowed from such giant names as Veblen, Schumpeter, and Polanyi. Due to the fact that the principal interest here is not to develop an entirely new and all inclusive perspective but to offer a critique and reinterpretation, the discussion will not delve into the details but proceed with the help of particular passages and notions carefully selected. Hence, even if there appears an interesting possibility worth to pursue on its own, the urge to succumb to

temptation will be resisted since the current work is not the right place to set sail for such a venture.

Before terminating the Chapter, a few words should be uttered on behalf of Friday, to whom this thesis is dedicated. Notwithstanding the fact that issues concerning the relationship between Crusoe and Friday will not be discussed, this is only due to the focus of this study on Crusoe as an isolated man, a choice engendered by the almost immutable tastes and preferences of the neoclassical writers. The economic Crusoe encountered in supply-and-demand economic theory is not a *paterfamilias* surrounded by his progeny, or a member of any community whatsoever, but a lonesome castaway. That is why Friday remained outside the scope of this work. Yet, no harm will be infested in specifying the prospective direction of the future work that will address itself to the reciprocal relationship between Crusoe and Friday.

The arrival of Friday on the stage, and hence society, opens up room to discuss the basic issues of exchange and market. As is well known, the textbook depiction of the relationship between Crusoe and Friday is that of trade pursued by gentlemanly means based on reciprocity and equality, as if the transaction takes place instantaneously in a perfectly competitive market, involving price-taking buyers and sellers with perfect information. Nevertheless, when Crusoe is accompanied by Friday, the ambiguity concerning property rights and terms of trade which poses no problem in the isolated one-man economy, paves the way for the possibility of a prolonged social contact that is prone to force, fraud, and friction.

In this context, further study might follow the line of speculating different scenarios of establishing the harmony and order with particular reference to transaction cost economics literature. One of these scenarios is the standard treatment of Crusoe and Friday as partners on equal footing irrespective of their historical backgrounds, then enforcing the necessity to arrive at a mutually agreed-upon price in order for the trade to commence. Another scenario puts

forward a hierarchical structure, a *latifundium*, i.e. a firm, Crusoe being the manager and owner of the whole island.

CHAPTER 2

ROBINSON CRUSOE AND ECONOMIC THOUGHT

Despite the fact that the English publications of the *Crusoe* trilogy were of a multivolume character throughout the eighteenth and nineteenth centuries (Free, 2006)[14], the idea of shipwrecked, isolated Robinson Crusoe, which covers only two-thirds of the first volume, was borrowed by the many and adapted to different and often conflicting intellectual environments. The transfiguration took place via the changing perceptions of the novel and its protagonist from the vantage point of successive systems of ideas, and via rewritings of the original text within the literary genre of the *Robinsonades*. Economics was not immune to the repercussions of this process, and by the time of the marginalist revolution Robinson Crusoe became ripe enough to be drawn upon as the economizing isolated individual. This chapter outlines the cornerstones of the shifting place of our hero as an exploratory, defensive and persuasive device[15] in thought experiments from the eighteenth to the twentieth century.

2.1 Pre-1871 Period: Securing a Stronghold in Economic Thought

A decisive influence upon the path along which Robinson Crusoe would be used and abused came in 1762 with the publication of *Émile, ou De l'éducation* (*Emile: or On Education*) by an eminent figure of the eighteenth-century Romanticism,

[14] By analyzing the publication statistics of the trilogy, Free (2006) demonstrates that the third volume of the trilogy was almost completely left out of publication after the end of the eighteenth century, making stronger the connection between the first two volumes. However, the fate of the second volume resembled to the third and it was virtually vanished from the shelves of the bookstores following World War I.

[15] Hereafter, to connote the deployment of Robinson Crusoe in the texts of neoclassical economics, "the Crusoe device," "the Robinson Crusoe device," or "illustrative device" expressions will be used interchangeably.

Jean-Jacques Rousseau, and there were in it Rousseau's philosophy of education and his views on the nature of relationship between the individual and society.

The tutor Jean-Jacques though he hates books for they "teach one to talk about what one does not know," in order to provide his fourteen years old pupil Emile with the "the most felicitous treatise on natural education," surprisingly, gives him not any book written by Aristotle, or Pliny, but Defoe's *Robinson Crusoe* since it presents a much sought-after "means of bringing together so many lessons scattered in so many book . . . in a way a child's mind can sense" (Rousseau, 1979: 184). For Rousseau, the island solitude of Crusoe implied the "state of nature" exempted from all social conventions and whims, keeping only what is necessary and natural. [16] There, by putting himself in the shoes of the isolated man, Emile will have the chance of rising above unreasonable preconceived beliefs or convictions, discovering the real relations of things away from the harms of luxury and division of labor, and learning many useful arts in a do-it-yourself fashion.[17] Being outside of society will also make Emile aware of the illusion stemmed from "a public esteem attached to different arts in inverse proportion to their real utility," [18] that conceals "the veritable value of things" (Rousseau, 1979: 186). Without any market and exchange present, Emile will value things only "by their palpable relation to his utility, his security, his preservation . . . Thus, iron ought to be much more valuable in his eyes than gold, and glass than diamonds" (Rousseau, 1979: 186).

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[16] "This state [that of desert island], I agree, is not that of social man; very likely it is not going to be that of Emile. But it is on the basis of this very state that he ought to appraise all others. The surest means of raising oneself above the prejudices and ordering one's judgments about the true relations of things is to put oneself in the place of an isolated man and to judge everything as this man himself ought to judge of it with respect to his own utility . . . In place of the social laws which he cannot know, we have bound him with the chains of necessity" (Rousseau, 1979: 184-187). "Nature and natural needs are all that is of concern to him" (Bloom, 1979: 7).

[17] "I want him[Emile] to learn in detail, not from books but from things, all that must be known in such a situation; I want him to think he is Robinson himself . . . [A]n hour of work will teach him more things than he would retain from a day of explanations" (Rousseau, 1979: 185-186).

[18] "This esteem is calculated directly on the basis of their very uselessness, and this is the way it ought to be . . . [T]he price is set by whim everywhere in contradiction to the price based on real utility, and that the more a thing costs the less it is worth" (Rousseau, 1979: 186).

Owing to these particular opportunities offered by the island as an alma mater for Emile, Rousseau wanted the novel to be "disencumbered of all its rigmarole, beginning with Robinson's shipwreck near his island and ending with the arrival of the ship which comes to take him from it," keeping what seemed to be the only self-improving period (Rousseau, 1979: 184).[19]

The message was taken on board by Joachim Heinrich Campe, and led him to rewrite the original text put on paper by Defoe in accord with the objections articulated in *Emile*, ending up with the publication of *Robinson der Jüngere* (*Robinson the Younger*) in 1779/80, which at the time sold nearly more than Defoe's text on the Continent (Watt, 1996: 178). To kill two birds with one stone, that is to give the young reader a sensational picture of all the shortcomings of desolation in a manner that would make him/her appreciate the many blessings of society, and to show that even in that miserable condition man's progress is inevitable, Campe deviated from Defoe's text by omitting the episode wherein Crusoe salvages many items from the shipwreck to his convenience (Campe, 1781: xx-xxi).

Campe's version, though a flamboyant one, was only a member of the already propagated literary genre of the *Robinsonades* dating back to the early eighteenth century (Gove, 1941); that group of narratives entwined around voyages to isolated, uninhabited islands, shipwreck adventures of individual survivors, and discussions of colonial settlements with respect to social development in stages.[20]

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[19] The literary critic Ian Watt maintains that although Rousseau was much impressed by Defoe's novel, it was only the basic idea of the island sojourn which cultivated his imagination. According to Watt, Rousseau "did not necessarily consult its text either often or with care" to the extent that his view was "a betrayal of Defoe's" (Watt, 1996: 176).

[20] For a fuller introduction to the different classifications within the *Robinsonades*, see Johann Haken's (2009) *Bibliothek der Robinsone: In zweckmässigen auszügen vom verfasser der Grauen* published between 1805 and 1808 in five volumes. There were over two hundred imaginary voyages in prose fiction in the eighteenth century (Gove, 1941). Thereafter, the lure of the *Robinsonades* continued to influence the creative powers of the ensuing generations. *The Swiss Family Robinson*, by J. D. Wyss; *The Coral Island*, by R. M. Ballantyne; *Friday*, by Michel Tournier; *Foe*, by J. M. Coetzee; *Concrete Island*, by J. G. Ballard are among the most known reproductions of the genre.

Karl Marx was keen-sighted enough to detect the diffusion of the *Robinsonades* into the writings of political economists. In *Grundrisse*, published in 1857, he raised a protest against the use of "individual and isolated hunter and fisherman, with whom Smith and Ricardo begin" (Marx, 1993: 83), an illustrative tool itself a remnant of the four-stages theory (White, 1982: 135), developed by the Scottish and French pioneers in the 1750s (Meek, 1976), resembling the last strand of the *Robinsonades* mentioned above.[21]

Indeed, both Adam Smith and David Ricardo elaborated on the labor theory of value with the use of thought-experiments taking place around the exchange of beavers for deers among primitive individuals, but neither a Robinson Crusoe economy model nor the name of Crusoe did appear in their works.[22] [23] Herein, the target of Marx's criticism was the depiction of independent solitary individual as producing and exchanging in a social vacuum, a "twaddle," which only made sense in "the *unimaginative conceits of the eighteenth-century Robinsonades*" that were "pulled back into the centre of most modern economics by Bastiat, Carey, Proudhon" (Marx, 1993: 83-84, emphases added), and the ahistorical application of concepts that are part and parcel of capitalist society.[24]

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[21] Based on the Enlightenment ideas of modernity and progress a four stages theory of development was invented, stages being hunting, pasturage, agriculture and commerce, respectively. See Meek (1976) for more.

[22] In *The Wealth of Nations*, Adam Smith wrote: "In that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally exchange for or be worth two deer" (Smith, 2000: 52). Later on, in his book *On the Principles of Political Economy and Taxation*, extending the labor theory of value to include the formation of capital, Ricardo argued "[e]ven in that early state to which Adam Smith refers, some capital, though possibly made and accumulated by the hunter himself, would be necessary to enable him to kill his game . . . All the implements necessary to kill the beaver and deer might belong to one class of men, and the labour employed in their destruction might be furnished by another class; still, their comparative prices would be in proportion to actual labour bestowed, both on the formation of the capital, and on the destruction of the animals" (Ricardo, 1821: 16-17).

[23] In the next chapter, more will be discussed about the literary characteristics of economics, use of thought-experiments being part of it.

[24] In *A Contribution to the Critique of Political Economy*, in 1859, Marx asserted that "the full development of the laws of value presupposes a society in which large-scale industrial production and free competition obtain, in other words, modern bourgeois society. For the rest, the bourgeois form of labour is regarded by Ricardo as the eternal natural form of social labour. Ricardo's

At this point, it is important to note that Marx's furious remarks did not touch the "fount and origin" of the Crusoe narratives, in other words Defoe's *Robinson Crusoe*; rather, Marx aimed at "the *myth of Robinson Crusoe*, not the book itself" (Frawer, 1978: 274; quoted in Watt, 1996: 178). Showing his dislike in *Grundrisse* and *Zur Kritik*, it was only years later in 1867 that Marx, to pay whom he disagreed back in their own coin, had recourse not to the perversive *Robinsonades* but to Defoe's text for an illustration of his own labor theory of value in *Das Kapital* (Marx, 1990: 169)[25], a move all the more interesting in indicating Crusoe's heightened appeal in the realm of political economy by the second half of the nineteenth century (White, 1982: 137).

As a matter of fact, in 1833, William Forster Lloyd in his *A Lecture on the Notion of Value, as Distinguishable not only from Utility, but also from Value in Exchange* had succumbed to the temptation of Crusoe's charm long before Marx did. Without any mention of exchange, Lloyd tried to convey the idea that "[o]bjects may be of real importance to the professor, as much in the case of an isolated individual, such as Robinson Crusoe, as in the case of a society, such as exists in England" (Lloyd, 1834: 20; quoted in Seligman, 1903: 361). According to Jürg Niehans,

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primitive fisherman and primitive hunter are from the outset owners of commodities who exchange their fish and game in proportion to the labour-time which is materialized in these exchange-values. On this occasion he slips into the anachronism of allowing the primitive fisherman and hunter to calculate the value of their implements in accordance with the annuity tables used on the London Stock Exchange in 1817" (Marx, 1970: 60).

[25] "[L]et us first look at Robinson on his island. Undemanding though he is by nature, he still has needs to satisfy, and must therefore perform useful labours of various kinds: he must make tools, knock together furniture, tame llamas, fish, hunt and so on. Of his prayers and the like, we take no account here, since our friend takes pleasure in them and sees them as recreation. Despite the diversity of his productive functions, he knows that they are only different forms of activity of one and the same Robinson, hence only different modes of human labour. Necessity itself compels him to divide his time with precision between his different functions. Whether one function occupies a greater space in his total activity than another depends on the magnitude of the difficulties to be overcome in attaining the useful effect aimed at. Our friend Robinson Crusoe learns this by experience, and having saved a watch, ledger, ink and pen from the shipwreck, he soon begins, like a good Englishman to keep a set of books. His stock-book contains a catalogue of the useful objects he possesses, of the various operations necessary for their production, and finally of the labour-time that specific quantities of these products have on average cost him. All the relations between Robinson and these objects that form his self-created wealth are here so simple and transparent that even Mr Sedley Taylor could understand them. And yet those relations contain all the essential determinants of value" (Marx, 1990: 169-170).

> Lloyd wanted to persuade his readers that marginal utility schedules have meaning *even in the absence of markets*. Utility, he argued, is more fundamental than exchange. Since he did not have firsthand knowledge of economies without markets, he searched in Defoe's novel for telling experiences of Robinson Crusoe as quasi-empirical evidence (1834, 21f). Lloyd was not quite satisfied with what he found, but Crusoe had thereby obtained his honored place among the paradigms of value theory.
>
> (Niehans, 1990: 122, emphases added)

Lloyd's impact on the ensuing career of Crusoe in the realm of economics was negligible since his work was not known until Edwin Seligman (1903) dug it up from the graveyard of unheeded treatises (Niehans, 1990: 123). Even so, similar to his contribution to the theory of value, the end to which the use of Robinson Crusoe serves in Lloyd's work is a harbinger of the future deployments of the Crusoe device in the framework of marginalist analysis for opposing the historicist attacks.

In the context of this chapter, an eye catching feature of the works of Lloyd (1834) and Marx (1990) is that their inquiries and illustrations focused upon the original text written by Defoe unlike most of the economists who had recourse to Crusoe. In this respect, Frédéric Bastiat in *Les Harmonies économiques* (*Economic Harmonies)*, published in 1850, constitutes an interesting case.[26] Defoe and his *Robinson Crusoe* were certainly known to Bastiat as his discussion indicates.[27] Yet, contrary to the fact that he was aware of Crusoe's salvaging many items from the shipwreck including tools to work with, a necessary concession to be made by Defoe in order to claim the novel to be "a just history of

[26] Note that a few pages before it was mentioned that Bastiat was one of the political economists whom Marx accused of for bringing back the misleading *Robinsonades*-inspired figure of solitary individual.

[27] "One of the most popular of philosophers, in a novel that has had the good fortune to charm generation after generation of children, shows us how a man can rise above the hardships of absolute solitude by his energy, his initiative, and his intelligence. Desiring to show all the resources possessed by this noble creature, our author imagines him accidentally cut off, so to speak, from civilization. It was, therefore, Daniel Defoe's original plan to cast Robinson Crusoe ashore on the Isle of Despair alone, naked, deprived of all that can be added to one man's strength by united effort, specialized skills, exchange, and society. Nevertheless, and despite the fact that the obstacles are purely fictitious, Defoe would have deprived his novel of every trace of verisimilitude if, overfaithful to the thought he wished to develop, he had not made necessary social concessions by allowing his hero to save from the shipwreck a few indispensable objects, such as provisions, gunpowder, a rifle, an ax, a knife, rope, boards, iron, etc.—decisive evidence that society is man's necessary milieu, since even a novelist cannot make him live outside it" (Bastiat, 2010: 70).

fact" (Defoe, 1994: 7), in his chapter on capital, Bastiat projected Crusoe without implements, thus, preferring to start from scratch.[28] On this occasion, as Marx pointed out, the diffusion of the European *Robinsonades* (White, 1982: 136), particularly that of Campe's rewrite *Robinson der Jüngere* into the works of economists (Watt, 1996: 178), was the crucial factor.

Before long, in 1854, Campe, this time with an explicit reference made to his name, appeared in Hermann Heinrich Gossen's *Entwickelung der Gesetze des menschlichen Verkehrs und der daraus fließenden Regeln für menschliches Handeln* (*The Laws of Human Relations and the Rules of Human Action Derived Therefrom*). Gossen, following Bentham's hedonic calculus, built his theory upon the pillars of pleasure and pain. "At one point, Gossen produced the main principle governing the gratification obtained through work: the offsetting of discomfort. The results of this principle were experienced in reality, but [as Gossen argued] "in order to convince oneself completely of this, one need only read Campe's children's story 'Robinson Crusoe,' up to the point where he finds his man Friday"" (quoted in White, 1982:135). Similar to Lloyd, Gossen appealed to Crusoe for persuading his readers at particular points. In addition to this, what was more striking was his use of Crusoe for attacking the German National Economists (White, 1987).

2.2 Post-1871 Period: The Marginalist Appropriation versus Unheeded Criticisms

All in all, there was no systematic use of Robinson Crusoe up to the dawn of the marginalist revolution. Thereafter, he was dressed up neoclassical garments. In 1871, Robinson Crusoe as an elucidatory device appeared incidentally in William

[28] "In order thus to harness the forces of Nature, he [an individual living in isolation] needs tools and instruments . . . No man is willing to waste his strength for the mere pleasure of wasting it. Our Robinson Crusoe will not, therefore, set about making the tool unless he can foresee, when the work is done, a definite saving of his labor in relation to his satisfaction, or an increase in satisfaction for the same amount of labour . . . Reflection and experience will have taught our Robinson Crusoe, stranded on his island, better working methods; *the first tool* itself will furnish him with the means of making others and of gathering his supplies more quickly" (Bastiat, 2010: 145-146, emphases added).

Stanley Jevons's *The Theory of Political Economy* (Jevons, 1957: 80), but its presence was really felt in Carl Menger's *Grundsätze der Volkswirtschaftslehre* (*Principles of Economics*). Elaborating on his theory of value, at one point, Menger made use of Crusoe as the "isolated economizing individual" inhabiting "a rocky island on the sea," allocating the limited supply of water he had among various ends (Menger, 2007: 133-136).

Later on, in 1888, Philip Wicksteed in *The Alphabet of Economic Science* for expounding the principle on which "a man distribute[s] his work between two objects of desire" made Crusoe allocate his labour between "digging for esculent roots [and] gathering fresh rushes" in a fashion that guarantees "the last hour's work devoted to each several task results in an equivalent body of satisfaction in every case" (Wicksteed, 1888: 58-63, 124).[29]

Eugen Böhm-Bawerk, in 1888, in *The Positive Theory of Capital*, like Bastiat in ignoring the salvaged capital goods in line with Campe's rewrite, introduced "a recluse working absolutely without capital—say some Robinson Crusoe thrown

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[29] "Suppose Robinson Crusoe has provided himself with the absolute necessaries of life, but finds that he can vary his diet by digging for esculent roots, and can add to the comfort and beauty of his hut by gathering fresh rushes to strew on the floor two or three times a week. Adopting any arbitrary standard unit of satisfaction, let us suppose that the marginal usefulness of the roots begins at six and would be extinguished (for the week, let us say) when eight hours' work had been done. That is to say, the quantity which Robinson could dig in eight hours would absolutely satisfy him for a week, so that he would not care for more even if he could get them for nothing. In like manner let the marginal usefulness of rushes begin at four and be extinguished (for the week) by five hours' work ; and let the other data be such as are depicted on the two curves in Fig. 13. Now suppose further that Robinson can give seven hours a week to the two tasks together. How will he distribute his labour between them? . . . On p. 58 we considered what would be the most sensible way of distributing labour amongst the various occupations which might claim it on a desert island. There labour was the purchasing power, and the question was in what proportions it would be best to exchange it for the various things it could secure. We were not then able to extend the principle to the more familiar case of money as a purchasing power, because we had not investigated the phenomena of exchange value and price. We may now return to the problem under this aspect. The principle obviously remains the same. Robinson Crusoe, when industrial equilibrium is established in his island, so distributes his labour that the last hour's work devoted to each several task results in an equivalent mass or body of satisfaction in every case. If the last hour devoted to securing A produced less satisfaction than the last hour devoted to securing B, Robinson would reduce the former application of labour till, his stock of A falling and its marginal usefulness rising, the last hour devoted to securing it produced a satisfaction as great as it could secure if applied otherwise. He would then keep his supply at this level, or advance the supply of A and B together in such proportions as to maintain this relation" (Wicksteed, 1888: 58, 124).

on a lonely shore without either tools or weapons," and posited capital formation with respect to resource allocation between current consumption and future production (Böhm-Bawerk, 1971: 101-105). At the end of his discussion, Böhm-Bawerk, swimming against the remarks of Marx, declared his favorable overall assessment concerning the incorporation of Crusoe in his analysis:

> Robinsonades and pictures of primitive circumstances are very good when the object is to present clearly the simplest typical principals—to give a kind of skeleton of economical procedure,—and to that extent, I trust, our Robinsonade also has done good service. But, naturally they cannot give us an adequate picture of those peculiar and developed forms in which this skeleton clothes itself in the living actuality of a modern economic community And it is just at this point that it becomes important to fill out the abstract formula with explanation and illustration taken from life.
> (Böhm-Bawerk, 1971: 104-105)

Tailing along Böhm-Bawerk's introduction of "[a] colonial farmer, whose log but stands by itself in the primeval forest, far away from the busy haunts of men" for clarifying the meaning of marginal utility (Böhm-Bawerk, 1971: 149), Knut Wicksell in *Value, Capital and Rent,* published in 1892, though the farmer was anonymously referred in the former author's work, replaced Crusoe for the place of the colonist,[30] and allowed him and a fellow to exchange commodities, a "very nicely chosen example" (Wicksell, 1954: 49) according to their marginal utilities. This was not the first time Crusoe had company; before Wicksell, in 1881, Francis Ysidro Edgeworth in *Mathematical Psychics* had already arranged a contract between Crusoe and, this time, Friday, the articles of which are "wages to be given by the white, labour to be given by the black . . . [or] Robinson Crusoe to give Friday in the way of Industrial Partnership a *fraction* of the produce as well

[30] "Let us consider an example which Böhm-Bawerk gives of a colonist living alone in the virgin forest, whose entire wealth consists of a supply of corn which he has just harvested and which must suffice until the next harvest. One sack of corn will be absolutely necessary to him if he is to maintain life during the winter; another sack gives him enough nourishment to preserve his health and bodily strength; a third sack would be superfluous, but is nevertheless valuable because it enables him to keep poultry, and thus procures for him a desired change in an otherwise purely cereal diet; a fourth sack he converts into spirits. If, finally, he possesses in addition to that a fifth sack, he can procure for himself in exchange for it no greater increase of his well-being than, for example, the amusement of feeding parrots. If we now suppose that our Robinson Crusoe is offered some other commodity in exchange for one of his sacks of corn, then it is clear that the value (according to his estimate) of the quantity of corn which he would dispose of, would be wholly determined by the least urgent of the above-mentioned modes of application, or by the need to which it corresponds" (Wicksell, 1954:48).

as wage, or again *arrangements about the mode* of work" (Edgeworth, 2003: 28-29).

In 1890, Alfred Marshall in *Principles of Economics* appealed to Crusoe at several instances.[31] In the fifth edition of his book published in 1907, Marshall threw in Crusoe as follows:

> The first difficulty to be cleared up in our study of normal values, is the nature of the motives which govern the investment of resources for a distant return. Incidentally it is to be seen how *these motives operate in nearly the same way in all phases of civilization*, and are not peculiar to its modern, or so called "capitalistic" phase. *Our illustrations will be equally applicable to Robinson Crusoe and to an enterprising capitalist builder of to-day*.
>
> (Marshall, 1961b: 368, emphases added)

Marshall's attempt to claim universality for the particular kind of economic theory, which was dubbed neoclassical economics by Thorstein Veblen, was by no means the first of its kind. The American marginalist economist John Bates Clark, in his *The Distribution of Wealth*, published in 1899, was ahead of Marshall in appropriating the Crusoe device for this specific purpose:

> Exchanges add much to the economy of primitive life, but they subtract nothing from the essential laws of it. Man must still tame the forces of nature and transform materials into commodities. The general laws of the wealth-creating and the consuming process are the same in all economics; and it is this persistence in civilized conditions of the laws that govern primitive life which makes it worth while to study that life after all . . . It is not because the life of a Crusoe is of much importance that it has been introduced into economic discussion: it is because the principles by which the economy of an isolated man are directed still guide the economy of a modern state.
>
> (Clark, 1956: 52, emphases added)

Both Marshall's and Bates' endeavors followed in the wake of an earlier debate about the nature and scope of economic theorizing. In the second half of the nineteenth century, the German and British historical economists rose against the

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[31] "The two kinds of producer's surplus are independent and cumulative, and they stand out distinct from one another in the case of a man working and saving things for his own use. The intimate connection between both of them and consumer's surplus is shown by the fact that, in estimating the weal and woe in the life of a Robinson Crusoe, it would be simplest to reckon his producer's surpluses on such a plan as to include the whole of his consumer's surplus . . . Robinson Crusoe erecting a building for himself would not find that an addition of a thousandth part to his previous accommodation increased his comfort by a thousandth part" (Marshall, 1961a: 831, 850).

use of deductivist methods in the analysis of economic phenomena which might have different characteristics based upon the specific institutionalization of societies in different periods and countries. Nonetheless, Jevons beat back the attacks of the historicists, in particular that of Cliffe Leslie's (1969) volleys articulated in *Essays in Political Economy*, by stating that the laws of political economy "are so simple in their foundation that they would apply, more or less completely, to all human beings of whom we have any knowledge" (Jevons, 1965: 196). It was exactly at this point that the Robinson Crusoe model assumed a new and more potent role, both defensive and aggressive, apart from that of mere illustration and exemplification. Thus, what William Lloyd had hoped to find in Defoe's book for supporting his position early in the nineteenth century was given a good deal of consideration in the major works of the marginalist economists decades later, without any justification traced in the latter authors' text for the use of the Crusoe device.

Still, it is hard to claim that the consensus around Crusoe reached at the end of the nineteenth century was saluted by every economist. Even then, cracks were opened up in what seemed to be a solid rock. The American economist Edwin R. A. Seligman took a stand against the individualistic overtone in the discussion of value, particularly that of John Bates Clark (Currarino, 2009). In a 1901 dated article, Seligman argued that what economists deal with under the notion of value is primarily a *social* phenomenon, a point often ignored to the detriment of economics. Though an individual living in the midst of no man's land values the commodities available to him according to their marginal utilities, Seligman concludes that "we live in society, not on a desert island," where "the relation of man to man, of class to class," upon which social economics is built is absent (Seligman, 1901: 323). Accordingly, albeit "the study of Robinson Crusoe is important in showing us that the foundation of value is independent of exchange between man and man," but entailing two things to be weighed against each other, when the searchlight is focused on society, "[v]alue presupposes in addition at least two men" (Seligman, 1901: 326-327).

Then, it is not much of a surprise to see Seligman's evaluation taking place on the opposite side of Böhm-Bawerk's: "In dealing with the problems of actual life, however, we treat not of a Crusoe living on ducks and fish, but of men living in society and making exchanges with each other. The individual economy is profoundly modified by the social economy. Our study is social economics. This is the point that has often been overlooked" (Seligman, 1901: 331). For Seligman, the skeleton Böhm-Bawerk drew upon the *Robinsonades* with the notification that it should be dressed up with down-to-earth explanations, to approximate contemporary reality, is a wrong start since value is determined at the level of society, which is nonexistent on the desert island of Crusoe, a charming condition that make it possible to reduce the analysis to its simplest dimensions for Böhm-Bawerk and others. Before passing, note how Rousseau and Seligman are set apart in this respect. While Rousseau exalted the absence of society for it enabled Emile to be aware of 'real value' based on direct utility independent of what other people might have thought, it implied an inappropriate ground to build upon economic theory for Seligman.

Before long, in 1925, a similar line of reasoning revealed itself in Gustav Cassel's *Fundamental Thoughts in Economics*. Inquiring into the object of economic science, Cassel reached the conclusion that it is "a more or less extended social organization," which is "always essentially *a social phenomenon*," so much so that referring to his earlier work *The Theory of Social Economy*, Cassel suggested to rename economic science as "social economy" (Cassel, 1971: 15, emphases added). Within this context, the Swedish economist passed his adverse decision as regards ""Crusoe economics," upon which economic science has bestowed so much flattering attention. For economy, as we know it, is an essentially social process, and economic science has therefore very little to learn from the study of the household of an isolated person" (Cassel, 1971: 26).

Notwithstanding these adversary steps off the beaten path, the reign of the Crusoe device continued, thanks to the course economic inquiry in general adopted in the twentieth century. As a case in precedent, in Chapter III of his *Risk, Uncertainty,*

and Profit, published in 1921, before elaborating on the implications of uncertainty, in order to lay down the main features of perfectly competitive stationary economy, Frank Knight embarked upon a summary of the theory of choice and exchange in the line of the then received economic theory spearheaded by Marshall, and stated the "Law of Choice" in a marginalist fashion, upon which Crusoe was introduced into the discussion. Deciding the alternative courses of action is subject to the same laws in the peculiar case of Crusoe on the island even if there is no trace of a market or anybody to exchange with, since "[i]n Crusoe's mind there would undoubtedly be built up something of the nature of a price system or value scale…a set of equivalence ratios or scale of equivalent amounts of things [which] is the essence of a price system," a sufficient condition in itself contrary to Seligman's reservations (Knight, 1957: 74).

Perhaps a more decisive influence was Lionel Robbins' widely known and read *An Essay on the Nature and Significance of Economic Science*, published in 1932. In the first chapter of his book, Robbins got round the table with the definitions of economic science put by such figures as Marshall, Edwin Cannan, Vilfredo Pareto, and J. B. Clark, all of which, Robbins stated, viewed economics as "the study of the causes of material welfare" (Robbins, 1952: 4). Following Cannan's materialist foundation of economics on wealth in *Wealth, A Brief Explanation of the Causes of Economic Welfare*, published in 1914, and his exemplification based on a man—Robinson Crusoe—living in isolation (Cannan, 1948: 5), Robbins cautiously took up Crusoe for criticizing Cannan. As Robbins put it, although the distinction of economic and non-economic may have sense in the case of Crusoe, it lacks validity when Crusoe is back in society.[32]

[32] "Professor Cannan commences by contemplating the activities of a man isolated completely from society and enquiring what conditions will determine his wealth-that is to say, his material welfare. In such conditions, a division of activities into "economic" and "non-economic"-activities directed to the increase of material welfare and activities directed to the increase of non-material welfare-has a certain plausibility. If Robinson Crusoe digs potatoes, he is pursuing material or "economic" welfare. If he talks to the parrot, his activities are "non-economic" in character . . . But let us suppose Crusoe is rescued and, coming home, goes on the stage and talks to the parrot for a living. Surely in such conditions these conversations have an economic aspect. Whether he spends

In another instance, to square up to the views, especially that of Alfred Amonn's in his *Objeckt und Grundbegriffe der theoretischen Nationalökonomie*, which maintained that economics is concerned with a particular type of behavior conditioned "by the institutions of the Individualist Exchange Economy," Robbins enunciated that "the phenomena of the exchange economy itself can only be explained by *going behind* such relationships and invoking the operation of those laws of choice which are best seen when contemplating the behavior of the isolated individual" (Robbins, 1952: 17-20). Hence, for Robbins, "Crusoe Economics," the economics of an isolated individual, was a critical persuasive expository weapon upon which the claims of rival economic theories were assessed and disproved.[33]

A similar use was praised by John Maynard Keynes in 1936 in his *The General Theory of Employment, Interest and Money*. When commenting upon the German-born economist Silvio Gesell's theory of interest and money as appeared in *Die Natürliche Wirtschaftsordnung durch Freiland und Freigeld* (*The Natural Economic Order through Free Land and Free Money*), published in 1911, Keynes pointed out the persuasiveness of a story told by Gesell: "His [Gesell's] dialogue between Robinson Crusoe and a stranger is a most excellent economic parable—as good as anything of the kind that has been written—to demonstrate" a particular point in the latter author's theory (Keynes, 1960: 356). Gesell had deployed a long parable in the form of a dialogue between two people, Crusoe and a stranger, in which he rejected Marx's views of interest and money.

A careful reader will remember Marx's use of Crusoe for showing his own labor theory of value in *Capital*, discussed above. Gesell, at odds with both classical

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his earnings on potatoes or philosophy, Crusoe's getting and spending are capable of being exhibited in terms of the fundamental economic categories" (Robbins, 1952: 10).

[33] As such, Robbins disagreed with Cassel whose verdict was negative: "Professor Cassel's dismissal of Crusoe Economics (*Fundamental Thoughts*, p. 27) seems unfortunate since it is only when contemplating the conditions of isolated man that the importance of the condition that the scarce means must have alternative uses if there is to be economic activity, which was emphasized above, leaps to the eye. In a social economy of any kind, the mere multiplicity of economic subjects leads one to overlook the possibility of the existence of scarce goods with no alternative uses" (Robbins, 1952: 20).

liberalism and Marxist visions of communism, in an ingenious way, depicted a Crusoe believing in Marxist theories, as if he got stuck and became rusty in between the pages of *Capital*, and introduced a more up-to-date enlightened stranger challenging Crusoe and convincing him to renounce Marxist views.[34]

Perhaps the most striking if not the most powerful criticism after Marx, in the context of this chapter, came with the publication of the groundbreaking *Theory of Games and Economic Behavior* by John von Neumann and Oskar Morgenstern in 1944. A Robinson Crusoe economy model is one in which the individual, faced with the given technology, resources and wants, that is to say "a given number of data which are "dead"" (von Neumann and Morgenstern, 2004: 12), solves a maximization problem with exact willpower and control, the difficulties of which are purely of a technical character. Yet, in a social exchange economy, there exists interaction between the different individuals exchanging with one another, neither of whom have complete prior knowledge of other's expectations. According to

[34] "R.C. What? The cause of interest lies in money? That is impossible, for listen to what Marx says of money and interest: "The change of value of money that converts it into capital cannot be derived from the money itself, since money in its function of medium of payment does no more than pay the price of the commodity it purchases, and, as hard cash it is value petrified, never varying. Just as little can the change occur in the second act of circulation, the re-sale of the commodity. [For in both cases] equivalents are exchanged, and the commodity is paid for at its full value. We are therefore forced to the conclusion that the change originates in the use-value of the commodity, after its purchase and before its sale." (Capital I. VI). S. How long have you been on this island? R.C. Thirty years. S. I thought so! You still appeal to the theory of value. My dear sir, that theory is dead and buried. At the present day it has no defenders. R.C. What ?, Marx's theory of interest dead and buried. Even if no one else defends it—I defend it. S. Well then, defend it not only with words but also in practice if you wish, in relation to me! I hereby break off the bargain we have just made. From their nature and destination your goods are the purest form of what is usually called capital. But I challenge you to take up the position of a capitalist towards me. I need your stuff. No worker ever appeared before a capitalist as naked as I stand before you. Never has there been so clear an illustration of the relation between the owner of capital and the individual in need of capital. And now make the attempt to exact interest! Shall we begin our bargaining again from the beginning?. . . R.C. Then the cause of interest is to be sought in money? And Marx was mistaken? S. Of course Marx was mistaken, and as he was mistaken about money, the nervous system of economic life, he was mistaken about everything. He and his disciples excluded money from the scope of their enquiry; he was fascinated by the shining 'metal disks', otherwise he could never have written: "Gold and silver are not by nature money, but money is by nature gold and silver, witness the coincidence of their natural properties and its functions." R.C. Practice certainly doesn't confirm Marx's theory, that has been clearly shown by our negotiations. For Marx money is simply a medium of exchange, but money does more, it seems, than "merely pay the price of the commodities it purchases," as Marx asserted. When the borrower refuses to pay interest, the banker can close the door of his safe without experiencing any of the cares wich beset the owner of goods—that is the root of the matter" (Gesell, 1958: 369-370).

von Neumann and Morgenstern, "[t]he chief objection against using this very simplified model of an isolated individual for the theory of a social exchange economy is that it does not represent an individual exposed to the manifold social influences" (von Neumann and Morgenstern, 2004: 10). Be that as it may, even after taking the social dimension into account, it is still questionable whether the characteristics of the problem change:

> [T]he study of the Crusoe economy and the use of the methods applicable to it, is of much more limited value to economic theory than has been assumed heretofore even by the most radical critics. The grounds for this limitation lie not in the field of those social relationships which we have mentioned before—although we do not question their significance—but rather they arise from the conceptual differences between the original (Crusoe's) maximum problem and the more complex problem sketched above.
>
> (von Neumann and Morgenstern, 2004: 12)

For von Neumann and Morgenstern, the rational behavior in a social exchange economy should better be studied from the perspective of games of strategy—two-person games in its simplest form—not from the ordinary maximization perspective. However, in an opposite direction, the post-WW II witnessed the appearance of the masterpieces of general equilibrium theory (Arrow and Debreu, 1954; Debreu, 1959), in juxtaposition to game theory's falling into oblivion until the 1970s (Blaug, 2003).

In this theoretical bending of the mid-century, the Dutch economist Tjalling Charles Koopmans in his *Three Essays on the State of Economic Science* published in 1957 builds up a general equilibrium model with the help of "the classical and time-honored example of a man by whom production and consumption decisions are made in combination: Robinson Crusoe" (Koopmans, 1957: 17). Crusoe, in his capacity, on one hand acts as a producer, and on the other hand as a consumer and laborer. Endowed with complete preference orderings, a continuous utility function, with given technology, prices, and wages, i.e. all that is needed to be known, Crusoe tries to maximize his profit in the first case, and his utility in the second one.

In a similar manner, Hal Varian, in *Intermediate Microeconomics: A Modern Approach*, among the most widely used textbooks in economics education

throughout the world,[35] deployed an entire chapter discussing the place of production in the general equilibrium framework with the help of the Robinson Crusoe economy. Varian even made Crusoe set up a firm, Crusoe Inc., and thus become a shareholder in addition to his role as a consumer and worker.[36] Later on, Friday is introduced into the analysis so as to explicate the benefits of specialization and trade based on comparative advantage; the classic example of trading coconuts in exchange for fish.[37] Similar uses come up in Mankiw (1998: 53), and Holley (1983: 26).

With the advent of micro-foundations project in explaining macroeconomic phenomena, Robinson Crusoe, in line with Koopmans' and Varian's scheme of analysis, appeared in Robert Barro's *Macroeconomics*, published in 1984. Once again, Crusoe was charged with the task of allocating his resources optimally between consumption and leisure.[38] Crusoe, yet again in Real Business Cycles approach, appeared as a representative agent (Plosser, 1989).

2.3 Concluding Remarks

Thus far, we have tried to run an eye over the centuries-old relationship between a literary character and economic thought. It could not by any means be claimed that all works incorporating Robinson Crusoe in the history of economic thought,

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[35] Also see Varian's graduate level microeconomics textbook *Microeconomic Analysis* (Varian, 1992: 349).

[36] "The firm is going to look at the prices for labor and coconuts and decide how much labor to hire and how many coconuts to produce, guided by the principle of profit maximization. Robinson, in his role as a worker, is going to collect income from working at the firm; in his role as shareholder in the firm he will collect profits; and, in his role as a consumer he will decide how much to purchase of the firm's output. (No doubt this sounds peculiar, but there really isn't much else to do on a desert island.)" (Varian, 2005: 593).

[37] "For every pound of coconuts that Friday gives up, he can get two pounds of coconuts. In this circumstance we say that Friday has a comparative advantage in fish production, and Robinson has a comparative advantage in coconut production." (Varian, 2005: 603).

[38] "In Chapter 2 we examine the choice problems of an isolated individual, similar to the Robinson Crusoe of Daniel Defoe's novel. We assume that Crusoe's choices are guided by enlightened self-interest; that is, we exploit the central economic postulate of optimizing behavior. In the initial framework, the only choice variable is the level of work effort, which then determines the quantities of production and consumption. By studying Crusoe's behavior, we can understand in a simple way the trade-off between leisure and consumption that applies analogously in complicated market economies" (Barro, 1997: 23).

let alone the wider circle of social sciences, in one way or another were touched upon under the heading of this chapter, which would be an immense task, if not an impossible one. Yet, the works and their authors that were mentioned were the ones that have been widely read and circulated among the sphere of economists, which is all that matters given the scope of the current study.

The choice of the year of 1871 as marking a shift and a split in the preponderate characteristics of references to Robinson Crusoe might somehow be considered as random at first sight. However, it underlines the year of publication both of Menger's *Principles of Economics* and Jevons' *The Theory of Political Economy*, two works that are considered to set off the marginalist revolution in economics. To comprehend this point, one should first need to take a step back and have a look at the career of Crusoe in economic thought prior to the marginalist revolution.

One of the distinguishing features of the pre-1871 period deployments of Crusoe is its pluralistic dimension, which is to say that it is not plausible to congregate the different references to Crusoe under one umbrella. Notwithstanding the fact that all has the common point of serving as an illustrative-cum-persuasive device, the romanticist Rousseau, the proto-marginalists Lloyd and Gossen, Bastiat, and Marx himself represent too diverse a group to share a collective theoretical position. Still, it is this period in which Crusoe earned himself a distinctive position as the title of the first section suggests, thanks to the contributions of Rousseau and Marx, more than others.

From 1870s on, the Crusoe device is not only more extensively used but also a more systematic pattern meets the eye so much so that it seems reasonable to claim that it was appropriated by a particular group of economists—marginalists—sharing a common approach to the study of economic phenomena.

Although Crusoe economics was challenged time and again, Crusoe continued to serve the interests of his deployers in his ability to act as an isolated economizing individual. It is also to be noted that the beginnings of this period coincided with

the heated quarrels about the methodology of economics, famously known as the *Methodenstreit*, the implications of which will be pursued hereafter.

In the next chapter, we intend to inquire into the literary characteristics of economics in general and the process that lead to Crusoe's metamorphosis into the universal catchword for "*homo economicus* par excellence" (Grapard: 1995: 37).

CHAPTER 3

THE PRODUCTION OF ROBINSON CRUSOE AS A NEOCLASSICAL AGENT: AN HABITS OF THOUGHT APPROACH

In the previous chapter much has been said about the honored place of the Robinson Crusoe device in the momentous texts of economic thought. Yet, at the classroom level, Crusoe looks in the eyes of the students and faculty members under the guise of a problem set or a blackboard figure. Crusoe's name is uttered without any conscious deliberation and with much ease so much so that neither the instructors nor the listeners think that there might be something wrong about it. If a good-for-nothing member of the audience should advance an argument about it, the authoritative positivist economist, feeling dispirited, will probably claim that the criticism is ill-disposed and that Robinson Crusoe is just an illustrative figure of speech—a humorous one indeed—an easily expendable shallow item, in place of which Person Whoever can be wheeled on without any qualms of conscience. Be that as it may, the allegedly top-of-the-water explicative discourse of economics might also serve as a fishnet with the help of which the basic set of presuppositions regarding socio-economic phenomena can be extracted.

In this context, the implications of the incorporation of Crusoe in mainstream economics discourse have been studied from Marxist (Hymer, 1980), and feminist perspectives (Hewitson, 1994, 1999; Grapard, 1995). Nevertheless, there is still much ground to be covered and much to be learned from a rhetorically conscious study of the Crusoe device. This is what we intend to deliver in this chapter keeping in sight the conclusions drawn in the preceding one, which pinpointed a remarkable takeover of Crusoe by the early neoclassicals.

A crucial question that begs a satisfactory answer is the following: Why did the economists of the past and today choose to draw upon Crusoe rather than Don Quixote of Cervantes' *The Ingenious Gentleman Don Quixote of La Mancha* or the Underground Man of Dostoevsky's *Notes From the Underground*?

3.1 Metaphor and Economics

The literary categories of story, parable, allegory, or analogy are interchangeably used to define the different manifestations of Crusoe in economics. However, common to all is the notion of metaphor. Diana Spearman stated that "no one in his senses would choose the story of a man cast alone on an uninhabited island to illustrate *a theory which only applies to the exchange of goods and services*" (Spearman, 1966: 166, emphases added). However, "such "absurdity" and "falsity" are of the essence: in their absence, we should have no metaphor but merely a literal utterance" (Black, 1993: 21). As such, Crusoe is recognized as a "dominant economic metaphor" (Browne and Quinn, 1999).

In the last three decades or so, following the pioneering work of Deirdre McCloskey (1983), the positivist belief that the language of economics is objective, transparent, unambiguous, and precise and in no way contains non-ornamental metaphorical expressions was shaken. Thereafter, numerous works that shed light into the literary characteristics of economics, its use of fictions, narratives, stories, and metaphors cascaded (McCloskey, 1985, 1990a, 1990b; Klamer, McCloskey, and Solow, 1988; Klamer and McCloskey, 1991; Mirowski, 1989, 1994; Strassmann, 1993; Henderson, 1994; Strassmann and Polanyi, 1995; Coşgel, 1996; Morgan, 2001; Phillips, 2007; Turk, 2010).

In a parallel fashion, with the burgeoning studies in the field of Cognitive Linguistics (Lakoff and Johnson, 1980; Lakoff, 1987; Johnson, 1987; Ortony, 1979; Gibbs 1994), the Great Wall of China between plain literal language and non-literal figurative language was torn down and the centrality of metaphor in organizing thought processes was widely recognized. The resulting enhanced awareness led to a close investigation of a number of favorite metaphors prevalent

in economics discourse (Boers, 1997, 1999, 2000; White, 1997, 2000; Charteris-Black, 2000; López Maestre, 2000).

The aim of these studies was not so much to follow the strategy of condemning the use of literary devices. In the case of metaphor, via accepting its ubiquity, the need for a more balanced understanding was implied rather than drawing a black-and-white picture for once and all. In other words, running up against a metaphor, one should neither eulogize it in a blinded manner, nor categorically reject it. As it is capable of opening up new alleys of insights, the use of metaphor is also susceptible to divert the attention to certain aspects of reality rather than others, which is a consequence of the fact that metaphor is not constituted in a vacuum but in a social and institutional context with its prevalent habits of thought. This is a vital point that will be revisited later on.

Well then, how do metaphors work?[39] Basically, there are three answers provided to this question: the substitution view, the comparison view, and the interaction view (Black, 1962). For a statement of the form "A is B" where A and B are apparently different entities—"Man is a Wolf" or "Richard is a Lion"—the substitution view asserts that the metaphorical expression B, to borrow a term from economics, is a 'perfect' substitute for a plain literal expression, which might as well be used instead. As such, metaphor is considered to serve the end of amusing the audience, "a happy extra trick" (Richards, 1936: 90); hence, it may be dispensed with at will, its role is downplayed: Employ the words fierce, and brave in place of wolf, and lion, respectively, and there is no need for metaphor.

The comparison view, an improvement upon and a subset of the previous one, holds that there exists a preconceived analogy between A and B so that A is similar to B in certain respects. Thus, the responsibility of detecting the resemblances and unearthing the intended meaning falls upon the reader or listener. Once the veil over the literal meaning is lifted, the metaphor can be substituted with an equally able surrogate literal expression. Yet, it is often the

[39] For a bird's eye view of the history of metaphor, see Henderson (1994).

case that prior to the statement “A is B” there is not an available ground of similarity so that “it would be more illuminating in some of these cases to say that the metaphor creates the similarity than to say that it formulates some similarity antecedently existing” (Black, 1962: 37).

The shortcomings of the earlier views led Max Black to offer a more comprehensive analysis of metaphor, building on the earlier work of Ivor Armstrong Richards. As early as 1936, in his *The Philosophy of Rhetoric*, Richards stated that “in its simplest formulation, when we use a metaphor we have *two thoughts of different things active together* and supported by a single word, or phrase, *whose meaning is a resultant of their interaction*” (Richards, 1936: 93, emphases added). The mind of the person connects ideas belonging to different contexts. Accordingly, metaphor is “a borrowing between and intercourse of *thoughts*, a transaction between contexts” (Richards, 1936: 94). It is Richards’ wisdom to search for the origin of metaphor not in language but in thought process, foreshadowing the recent inquiries in the field of Cognitive Linguistics.

Black picked up the issue where Richards left off. In the interaction view he developed, the aforementioned statement of the form “A is B” has two different subjects: A is defined as the primary, and B as the secondary. In this scheme, the secondary subject connotes “systems of things” and “ideas” and how they relate to each other rather than a solitary unconnected “thing.” As such, “the metaphorical utterance works by “projecting upon” the primary subject a set of “associated implications,” comprised in the implicative complex, that are [characteristic] of the secondary subject.” This way, the particular metaphor harnessed sets the tone to the discussion: “The metaphor selects, emphasizes, suppresses, and organizes features of the primary subject by applying to it statements isomorphic with the members of the secondary subject’s implicative complex” (Black, 1993: 27-28).

The choice of chess to describe war, with its implications of cool-headed decision- and strategy-making, suffering the loss of insignificant pawns to seize the opponent’s rook, to speak metaphorically, holds back the horrors of a

bloodshed from public's attention (Black, 1962). To give an example from within economics, to think of competition in terms of rivalry, fighting and warfare metaphors is different from seeing it through fitness and racing metaphors. The former set is more likely to bring up a price war whereas the latter set may lead to a heightened importance of innovative activities (Boers, 1997).

Metaphor matters and the use of it may induce a biased representation through pushing aside supposedly 'irrelevant' aspects of the primary subject at hand. Hence, it is no surprise to hear that "a rhetorical awareness of what it is that is being suppressed by the metaphor can be as important as an understanding of what is being expressed" (Henderson, 1994: 357-358). The subsequent discussion will pursue this end.

3.2 An Inquiry into the Nature and Causes of the Absence of Robinson Crusoe in Classical Political Economy

The literary critic Ian Watt (1957) in *The Rise of the Novel* approves the representation of Robinson Crusoe as *homo economicus* on the ground that his actions depend very largely on the orientations of economic individualism under which the primacy of economic motive reigns supreme over all other modes of thought associated with traditional group relationships. Like other heroes of Defoe, Crusoe pursues money, and this, he does methodologically according to the profit and loss book-keeping and with an innate reverence for the law of contract. However, later on, in *Myths of Modern Individualism*, Watt goes on to say that,

> one should not, of course, pretend that Crusoe is only that ideal type, *Homo economicus*: for one thing, he contrives some little diversions and amusements, which make the time on the island pass more pleasantly . . . Crusoe is something between *homo economicus* and the ordinary man . . . There can be little question that although Crusoe is not complete *Homo economicus* and no more, he is nevertheless very alive to, if not governed by the economic motive. His sensibility is concerned with material things; he is businesslike; he works effectively; and he keeps excellent account of the results.
>
> (Watt, 1996: 154-157)

In the earlier work referenced above, it is highly likely that what Watt had in mind is a definition of economic man akin to John Stuart Mill's account in *On the Definition of Political Economy*, which is interested in man only in his capacity to pursue wealth effectively. Indeed, if Watt had kept up to the latest theoretical dispositions of his time—mid-twentieth century—then, he would have known that the "little diversions and amusements"[40] he indicated as the contrary evidence in his later work was harmless to Crusoe's reputation as an economic man.[41] As Robbins put it: "So far as we are concerned, our economic subjects can be pure egoists, pure altruists, pure ascetics, pure sensualists" (Robbins, 1952: 95). In the mid-twentieth century, economic man was allowed to do anything on condition that his choices are rational in an axiomatic framework, pushing aside the outmoded psychological presuppositions—centered on such terms as utility, pleasure and pain—of the early neoclassicals. In the words of institutional economist John Maurice Clark, 'economic man' became, as of 1930s, "very self-conscious and bafflingly non-commital . . . [H]e says: "I may behave one way and I may behave another, but what is that to you? You must take my choices as you find them: I choose as I choose and that is all you really need to know"" (Clark, 1936: 9).

Clearly, the mental qualities attributed to economic man changed in due course and, being a literary critic, Watt cannot be blamed for not keeping track of the highly formalistic, hypothetico-deductive methodology of the mid-century orthodox economics that was demarcated from the rest of social sciences with thicker lines more than ever.

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[40] Watt might have changed his position after reading Marx's statement: "Of his prayers and the like, we take no account here, since our friend [Robinson] takes pleasure in them and sees them as recreation" (Marx, 1990: 169).

[41] This point offers a prolific base of discussion. Yet, in the current chapter it will not be commenced in view of presenting a stream of argument that can be followed with ease. In chapter 5, via a close investigation of a particular episode in Defoe's *Robinson Crusoe*, whether Robinson acts like a rational economic man will be questioned.

Moreover, to Watt's favor, retrospectively looking, it is clear that there is a close affinity between Defoe's Robinson Crusoe and Mill's economic man as the latter author's portrait of Political Economy in 1836 suggests:

> It does not treat of the whole of man's nature as modified by the social state, nor if the whole conduct of man in society. *It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means for obtaining that end*. It predicts only such of the phenomena of the social state as take place in consequence of the pursuit of wealth. It makes entire abstraction of every other human passion or motive; except those which may be regarded as perpetually antagonizing principles to the desire of wealth, namely, aversion to labour, and desire of the present enjoyment of costly indulgences. These it takes, to a certain extent, into its calculations, because these do not merely like other desires, occasionally conflict with the pursuit of wealth, but accompany it always as a drag, or impediment, and are therefore inseparably mixed up in the consideration of it. Political Economy considers mankind as occupied solely in acquiring and consuming wealth; and aims at showing what is the course of action into which mankind, living in a state of society, would be impelled, if that motive, except in the degree in which it is checked by the two perpetual counter-motives alcove adverted to, were absolute ruler of all their actions.
>
> (Mill, 2004: 92-93, emphases added)

Based upon a reading of the text written by Defoe, one realizes that as a fictional character Crusoe complies with the standards set by Mill to a large extent. In his pre-island life, as a merchant, Brazilian planter, and slave-trader Crusoe always seeks material wealth without any commitment to any human being, which would divert his mind from the important business ventures he is in. He has no inclination towards sexual indulgence, no profound fondness of human beings that would act as drags to material satisfaction. Furthermore, the impediments listed by Mill are not valid for Crusoe. He is overzealous in his undertakings and cautious in his consumption, caring first for necessities. Yet, a potential impediment for Crusoe would be his never-ending lust for wandering around. Even in that case, his travels proceed in tandem with various trading activities, buying and selling of goods whether of slaves or commodities. In other words, he never goes for a visit solely to see the beauty inherent in nature or different cultures. In general, Crusoe might be dubbed as a first approximation to Mill's economic man.

Although the central argument articulated in the previous paragraphs is valid by and large, if taken at face value, this would mean subscribing to a twentieth-century reading of *Robinson Crusoe* together with Mill's works, and getting rid of a more important issue, which is that of Mill's would-be perception of Crusoe in the early nineteenth century. What should be accounted for is how the literary commentators of the eighteenth- and early nineteenth-centuries viewed the work of Defoe in general and *Robinson Crusoe* in particular.[42] This is so because political economists handed down so miniscule, if not non-existent, a commentary upon Defoe's novels. By investigating the approach of the literary critics, valuable insights might be gained into the intellectual milieu of the time, which was bound to shape the portrait of Crusoe in the minds of economists.

To proceed with this issue, Mill in his *Autobiography* stated that Robinson Crusoe was one of the books he had read during his childhood with great pleasure. Yet, Mill did not pick up and elaborate on any particular theme of the book. Still, it is known that in later years Mill read the works of romantic poets and literary critics, one of which was Coleridge. Commenting upon the work of Defoe and praising it for its realism, Coleridge, in 1830, underlined a critical point: "Crusoe rises only where all men may be made to feel that they might and they ought to rise—*in religion, in resignation, in dependence on, and thankful acknowledgement of the divine mercy and goodness*" (in Rogers, 1972: 85, emphases added). His discussion carried on with quotations of telling episodes from the novel whereupon issues of a spiritual bent are handled.

What is more, Coleridge was not alone in his comprehension of the prominent feature of Defoe's story as it was perceived at the time. Indeed, Michael White detected a convergence of emphasis via a meticulous study of the literary comments presented—and edited by Pat Rogers (1972)—in *Defoe: The Critical Heritage* prior to the mid-nineteenth century: "The early commentaries stress the achievement of reconciliation to a social position and the importance of religion in

[42] Looking for evidence which might shed light on *Crusoe*, Defoe's other works should also be kept in mind.

that process” (White, 1982: 127). It is high time to take a digression and see with our own eyes briefly what judgments were passed in the past on behalf of *Robinson Crusoe*.

A comment posted in 1753 celebrated the realistic style of *Robinson Crusoe*, “written in so natural a manner . . . that, for some time after its publication, it was judged by most people to be a true story.” [43] Then, the commentator continues with Defoe’s other “writings of a serious and religious turn, . . . his *Religious Courtship*, and his *Family Instructor*; both of which strongly inculcate the worship of God, the relative duties of husbands, wives, parents, and children, not in a dry dogmatic manner, but in a kind of dramatic way” (in Rogers, 1972: 49-50).

In another instance, in 1789, “a note by [some] ‘Borealis’” in *Gentleman’s Magazine*, a leading journal of the time, recognized the popularity of Defoe’s works among the countryside, which “on account of their moral and religious tendency . . . in some measure counteract the pernicious effects produced by the too general circulation of modern novels, those occasional vehicles of impiety and infidelity” (in Rogers, 1972: 55-56).

In 1783, James Beattie provided a well-rounded analysis of important themes of the novel:[44]

> *Robinson Crusoe* must be allowed by the most rigid moralist, to be one of those novels, which one may read, not only with pleasure, but also with profit. It breathes throughout a spirit of piety and benevolence: it sets in a very striking light . . . the importance of the mechanic arts, which they, who do not know what is to be without them, are apt to undervalue: it fixes in the mind a lively idea of the horrors of solitude, and, consequently, of the sweets of social life, and of the blessings we drive from conversation, and mutual

[43] The identity of the commentator remains suspicious. Pat Rogers tells us that he took this excerpt “from the article, ‘Daniel De Foe’, in *The Lives of the Poets* (1753). The work is attributed on the title page to ‘Mr. [Theophilus] Cibber’ (1703-58); son of the famous Colley Cibber, and like his father an actor-manager – though an even more eccentric and trouble-prone figure. However, it is now believed that the text was substantially the work of Robert Shields (d. 1753), a friend of Dr Johnson” (Rogers, 1972: 49).

[44] Beattie (1735-1803) was a “Professor of Moral Philosophy at Marischal College . . . Text from the original publication in Beattie’s *Dissertation and Critical* (1783), pp. 566-7” (Rogers, 1972: 59).

> aid: and it shows, how, by labouring with one's own hands, one may secure independence, and open for oneself many resources of health and amusement.
>
> (in Rogers, 1972: 60)

For Beattie too the novel is an instructional manual that shows the youngsters what is really valuable and what is at most a trifle. The novel with its island sojourn episode imprints on children's memory amenities of social life, of which one could taste by the agency of God.

Likewise, in the same year, Hugh Blair reported that in juxtaposition to its veracity the novel "suggests, at the same time, very useful instruction; by showing how much the native powers of man may be exerted for surmounting the difficulties of any external situation" (in Rogers, 1972: 61).[45] Surely, the native powers of man were his piety, diligence, endurance, and resignation to Providence.

Writing in 1817, Sir Walter Scott[46] saw in Crusoe "an example of what the unassisted energies of individual of the human race can perform," a period during which "Robinson Crusoe's moral sense and religious feeling are awakened" (in Rogers, 1972: 76-77). However, Scott did not welcome Defoe's other works such as *Moll Flanders*, *Colonel Jack*, *Roxana: The Fortunate Mistress*, and *The King of Pirates:*

> This class of the fictitious narrative may be termed the Romance of Roguery, the subjects being the adventures of thieves, rogues, vagabonds, and swindlers, including viragoes and courtezans. The improved taste of the present age has justly rejected this coarse species of amusement, which is, besides, calculated to do an infinite deal of mischief among the lower classes, as it presents in a comic, or even heroic shape, the very crimes and vides to which they are otherwise most likely to be tempted.
>
> (in Rogers, 1972: 67-68)

Be that as it may, before Scott, George Chalmers[47] in 1785 had already passed a favorable judgment upon the 'secondary' novels of Defoe:

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[45] "Hugh Blair (1718-1800), Scottish divine and critic, was Regius Professor of Rhetoric and Belles Letters at Edinburgh from 1762. The extract is from Lecture XXXVII in Blair's *Lectures on Rhetoric and Belles Lettres* (1783), vol. ii, p. 309" (Rogers, 1972: 60).

[46] Excerpt from *The Miscellaneous Works of Sir Walter Scott, Bart.* (1834).

[47] Excerpt from *Life* of George Chalmers (1785).

> Of fictitious biography it is equally true, that by matchless art it may be made more instructive than a real life . . . De Foe was aware, that in relating to a vicious life, it was necessary to make the best use of a bad story; and he artfully endeavours, that the reader shall be more pleased with the moral than the fable;…with the end of the writer than the adventures of the person.
>
> (in Rogers, 1972: 62)

Chalmers' advocacy was later on followed by Charles Lamb,[48] whose "contribution . . . had an immense influence on [the Victorian] English taste" as Rogers put it (Rogers, 1972: 18). Indeed, in 1829 Lamb spoke of the thieves and pirates of Defoe in high terms:

> We would say that in no other book of fiction, where the lives of such characters are described, is guilt and delinquency made less seductive, or the suffering made more closely to follow the commission, or the penitence more earnest or more bleeding, or the intervening flashes of religious visitation, upon the rude and uninstructed soul, more meltingly and fearfully painted.
>
> (in Rogers, 1972: 88)

In 1830, Walter Wilson in a lengthy study[49] joined in with the rest in his positive assessment: "[Defoe's] villains never prosper; but either come to an ultimately end, or are brought to be penitents. In dressing up the present story [*Moll Flanders*] . . . he endeavours to interest the reader in the reflections arising out of it, that the moral might be more enticing than the fable." Of Colonel Jack, Wilson said that "his conscience becomes gradually awakened to the enormities he had committed; and he resolves henceforward to live like a reasonable being, and a good Christian" (in Rogers, 1972: 92-94). Turning to Crusoe, Wilson stated:

> The fine sentiments that abound in *Crusoe*, its delicate touches, and pure morality, are not the least parts of its beauties, and give it a decided superiority over every other work of the same description. Whilst it instructs us in the development of the human powers, under the guidance of natural reason, it points to the Almighty as the source from whence man derives his capacities, and to whom his homage should be directed . . . It has been justly observed that 'society is for ever indebted to the memory of De Foe, for his production of a work in which the ways of Providence are simply and pleasingly vindicated, and a lasting and useful moral is conveyed through the channel of an interesting and delightful story.'
>
> (in Rogers, 1972: 91)

[48] Excerpt from *The Works of Charles and Mary Lamb*, edited by E. V. Lucas.

[49] Originally a part of the three-volume *Memoirs of the Life and Times of Daniel De Foe*, written by Wilson, published in 1830.

To bring an end to this long chain of commentary, at least for a while to come, let us draw a balance. First of all, Defoe was praised on account of the verisimilitude of his fictions. Secondly, the above quoted members of the literary jury, with the exception of Scott on the 'secondary' novels which proves the rule, came to a verdict that underlined and welcomed moral and religious instructions of Defoe's texts, *Robinson Crusoe* and others alike.[50] Furthermore, there was no separate evaluation of his would-be economic traits or his cost-benefit analysis. At times, there happened to be minor remarks on how Crusoe in his island solitude survived through laboring energetically with the use of mechanic arts. And yet, such comments were a part and parcel of an overall assessment that pointed to redemption and thankfulness via clinging to, and treasuring, what was at hand with the mercy of God. Hence, Crusoe was conceived as an isolated individual and yet, ironically, the moral was perceived to be related to social—religious—issues.

To add a theoretical dimension to the discussion, it might help to think of and conceptualize the literary comments *en masse*. Yet, in view of the fact that the literary comments did not, and do not, add up to a formally structured and well-defined entity like laws and formal institutions, one needs an unconventional approach. To do that by way of resorting to—original—institutional economics seems reasonable to us.

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[50] Perhaps, Wilson's overall assessment of Defoe as a novelist was the best of its kind: In the 'secondary' novels of Defoe "there are incidents, indeed, that cannot be welcome to a virtuous mind; but the fault is in the subject rather than the author, whose aim is to describe human nature as it is, for the purpose of contrasting it with what it should be . . . His facts, however disreputable to virtue, are always subservient to it in the long run: he tells his story for the sake of moral, which forms a constituent part, and yet so inartificially produced, as to be essential to the narrative. As a correct painter of life and manners, he was under the necessity of taking the world as he found it; as a moralist, he was desirous of leaving it better" (in Rogers, 1972: 98-99). Note the parallel between the commentaries and what Defoe wrote in the Preface to the novel: "The story is told with modesty, with seriousness, and with a religious application of events to the uses to which wise men always apply them (viz.) to the instruction of others by this example, and to justify and honor the wisdom of Providence in all the variety of our circumstances, let them happen how they will. The editor [Defoe] believes the thing to be a just history of fact; neither is there any appearance of fiction in it. And however thinks, because all such things are disputed, that the improvement of it, as well to the diversion, as to the instruction of the reader, will be the same; and as such, he thinks, without further compliment to the world, he does them a great service in the publication" (Defoe, 1994: 7).

In one of the early attempts to conceptualize institutions, the institutionalist economist Walton Hamilton in 1932 came up with an answer that is highly relevant to our purpose:

> The range of institutions is as wide as the interests of mankind. *Any simple thing we observe* — a coin, a time table, a canceled check, a baseball score, a phonograph record — has little significance in itself; *the meaning it imparts comes from the ideas, values and habits established about it*. *Any informal body of usage* — the common law, athletics, the higher learning, literary criticism, the moral code is an institution in that it lends sanctions, imposes taboos and lords it over some human concern.
>
> (Hamilton, 1932: 84, emphases added)

Apparently, Hamilton's definition covered informal institutions as well as formal institutions. Within this scheme, in this chapter it is suggested that literary commentary is an institution in itself with its ingrained habits of thought. "Institutions fix the confines of and impose form upon the activities of human beings" (Hamilton, 1932: 84). Hence, thinking that the commentators did not belong to an insulated group but were active participants of the controversial economic and social debates of their times in close connection with political economists,[51] it is inevitable for the career of Crusoe as an economic artifact to be *partly* shaped by the diffusion and articulation of verdicts passed by literary critics. Only now a satisfactory answer can be given to the query made about the late eighteenth- and early nineteenth-century economists', Mill's in particular, would-be perception of Crusoe.

To call back an argument stated before in the previous section, metaphor works through arousing associated implications and commonplaces, which are part of a shared belief complex. "[T]he important thing for the metaphor's effectiveness is not that the commonplaces shall be true, but they should be readily and freely evoked" (Black, 1962: 40). So then, for the early political economists the figure of Crusoe could only have a limited usage as a metaphor to be drawn upon *partly* because of its non-economic connotations, i.e. commonplaces or implications.

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[51] Note that it was the essayist, historian and satirical writer Thomas Carlyle who named economics "the dismal science." Surely, Carlyle and others were polymaths in their intellectual orientations.

To appreciate this point, it will suffice to think of William Lloyd's foray into Defoe's novel that was discussed earlier. Lloyd wanted to find evidence in the novel which would corroborate his claim that value and utility do not depend on the existence of exchange and the island solitude of Crusoe offered such a chance. Hence, more important than Crusoe's qualifications in the economic realm was the novel's gift of a laboratory without exchange.

Notwithstanding Crusoe's lack of ability to fire economic signal beacons until the mid-nineteenth century, there still remains an unanswered question related to the other side of the relationship between Crusoe and political economy. Let us ask a counterfactual question: If the literary comments had focused on economic traits of Crusoe, would classical political economists have cared to draw upon him? This question brings us to the prevalent habits of thought of economists, that is to say how they conceptualized economic and social phenomena.

One way to approach this issue is by way of trying to understand the characterization of man, the qualities attributed to him, and his place in the analytical constructions of political economists, by picking up a number of representatives for the purpose, without delving into an exhaustive analysis of the particulars.

As is well known, Smith began *The Wealth of Nations* with the story of pin factory via which the virtue of division of labour is conveyed to the readers.[52] For Smith, division of labour derives from the free play of "the propensity of truck, barter, and exchange one thing for another" with the differences in individual talents, two of which together, caught in a cycle, reinforce each other and advance the division of labour, and consequentially form the basis of an economic surplus (Smith, 2000: 14).[53] All the same, there is more to man than mere propensities and

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[52] Note how division of labour contributes to the well-being of societies: "It is the great multiplication of the production of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people" (Smith, 2000: 12).

[53] Without man's desire to exchange, differences of talents cannot be turned into a positive element in society: "The effects of those different geniuses and talents, for want of the power or disposition to barter and exchange, cannot be brought into a common stock, and do not in the least

talents. Self-interest may be the most—notoriously—well-known motivation of man that is traced backed to Smith, but in Smith's account, man is also granted sympathy and fellow-feeling for others (Part I, Section I, Chapter I, *The Theory of Moral Sentiments*).[54] Furthermore, prudence[55], which consisted of reasoning ability and self-command in consumption—or parsimony[56] so to speak—also plays its part in shaping man's conduct. What is more, Smith's man has a preference structure: He gives priority to the countryside over the town; to agriculture over manufacture; to manufacture over foreign commerce (Smith, 2000: 407).

No doubt, the above portrait of man drawn by Smith is a very rich one compared to Mill's wealth-pursuer, let alone the axiomatic rational economic man of the twentieth-century economics. As Mary Morgan put it recently, Smith conceptualized a ""thickly" described . . . rather rounded" economic man, a complex and interwoven character entity, the results of whose actions cannot be tracked properly due to his very complexity. He is not a "model man", from whose conduct laws operating at the level of society could be deduced. In Smith, it is not as an isolated individual but as a member of a certain social group that the

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contribute to the better accommodation and conveniency of the species." The differences were not the result of nature but arouse from "habit, custom, and education" (Smith, 2000: 17-18).

[54] In Smith's words: "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it...Pity and compassion are word appropriated to signify our fellow-feeling with the sorrow of others. Sympathy, though its meaning was, perhaps, originally the same, may now, however, without much impropriety, be made use of to denote our fellow-feeling with any passion whatever" (Smith, 1982: 10).

[55] For Smith, prudence consisted in those "qualities most useful to ourselves…first of all, superior reason and understanding, by which we are capable of discerning the remote consequences of all our actions, and of foreseeing the advantage or detriment which is likely result from them: and secondly, self-command, by which we are enabled to abstain from present pleasure or to endure present pain, in order to obtain a greater pleasure or to avoid a greater pain in some future time. In the union of those qualities consists the virtue of prudence, of all the virtues which is most useful to the individual" (Smith, 1982: 189).

[56] From Book II, Chapter III (Of the Accumulation of Capital, or of productive and unproductive Labour) of *The Wealth of Nations*: "Capitals are increased by parsimony, and diminished by prodigality and misconduct . . . Parsimony, and not industry, is the immediate cause of the increase of capital . . . Parsimony, by increasing the fund which is destined for the maintenance of productive hands, tends to increase the number of those hands whose labour adds to the value of the subject upon which it is bestowed" (Smith, 2000: 367-368).

economic man makes his appearance. What matters is the aggregate—macro—entities, laborers, buyers and sellers so to speak, not the individual ones: "[S]o it is at the various aggregate levels in classical economics where we find the abstract laws of political economy operating, not at the level of the motivations or behavior of individuals" (Morgan, 2006: 4). Given these features of Smith's analytical edifice, it is all the more clear why he did not bother to look for a specific name—such as Robinson Crusoe—for his individual agent.[57]

A narrowing down in the character traits of man was introduced in Thomas Malthus' *An Essay on the Principle of Population*, published in 1798. Malthus stated that "the passion between the sexes is necessary and will remain nearly in its present state" (Malthus, 1959: 4).[58] Accordingly, sexual drive ending in procreation is one motivation, and another is the inclination to avoid it due to self-interested anxiety. Given the speed of increase in human population and the ability of land to increase its produce for human subsistence,[59] with the interplay of these two motivations, Malthus constructed his scheme of analysis. This representation of man, unlike Smith's, is that of a model man, "thin enough in characterization for us to reason with . . . from which we can derive population and economic outcomes" (Morgan, 2006: 4). For the sake of speculation, let us assume that Malthus read Defoe's *Robinson Crusoe*. What he would face off was a man without sexual indulgence in his pre-island life, and a solitary existence without any human contact, until Friday's appearance, in the island stay episode. There is neither any pressure exerted by the geometric increase of population, nor a grave problem of subsistence. This picture would be too good to be true; it could

[57] Also note that if Smith were to read the novel, most probably he would not approve of Crusoe's choices: Unremitting inclination to indulge in foreign commerce, colonization efforts spilled over overseas territories, lack of devotion for homeland.

[58] This is the second postulate of Malthus. First one is "that food is necessary to the existence of man" (Malthus, 1959: 4).

[59] "Taking the population of the world at any number, a thousand millions, for instance, the human species would increase in the ratio of -- 1, 2, 4, 8, 16, 32, 64, 128, 256, 512, etc. and subsistence as -- 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, etc. In two centuries and a quarter, the population would be to the means of subsistence as 512 to 10: in three centuries as 4096 to 13, and in two thousand years the difference would be almost incalculable, though the produce in that time would have increased to an immense extent" (Malthus, 1959: 9).

only be a part of a fictional creation. Hence, these associated commonplaces of Crusoe could not have been fitted to serve as a metaphor in Malthus's theoretical construct even if he had wanted to.

Mill envisaged a more sharp-edged man than Smith and Malthus, in order to provide political economy with scientific integrity and tractability. Such a simplification was a necessary move for Mill:

> The science then proceeds to investigate the laws which govern these several operations [related to the production and distribution of wealth], under the supposition that man is a being who is determined, by the necessity of his nature, to prefer a greater portion of wealth to a smaller in all cases, without any other exception than that constituted by the two counter-motives already specified. *Not that any political economist was ever so absurd as to suppose that mankind are really thus constituted*, but because this is the mode in which science must necessarily proceed.
>
> (Mill, 2004: 93, emphases added)

Mill was perfectly aware that the motivation to seek anything but wealth was only an analytical necessity, not a genuine element of one's flesh and blood. A mental exercise to read Crusoe hand in hand with Mill's economic man has already been attempted shortly before, which led to an investigation of the literary commentary ending up with the essentially non-economic portrait of Crusoe. On top of that, as far as Mill is concerned, it would be a waste of time to come up with a name to enshrine his economic man, whose very existence in the real world is denied.

To sum up what has been said till now, the habits of thought inherent in the two somewhat interwoven lines of inquiry—literary criticism and classical political economy—were not conducive to bring about a massive deployment of Crusoe in the realm of economic treatises. In other words, the two acted as institutional-complements in avoiding the incorporation of Crusoe.

3.3 The Literary Substratum to Political Economy

All in all, it goes without saying that the absence of Crusoe as an economic man in the early stages of political economy implies neither the absence of other literary devices nor a roundabout influence of *Robinson Crusoe*. "Economists, especially theorists, are forever spinning 'parables' or telling 'stories'"

(McCloskey, 1983: 503). One only needs to think of Bernard Mandeville's 1714 dated work *The Fable of the Bees, or, Private Vices, Publick Benefits*, a story with a moral end (Mandeville, 1988), or the story of pin factory just mentioned, not to say anything about the 'invisible hand' metaphor. What is more, the diffusion of *Robinsonades*-inspired stories—rewritings of the original *Crusoe*—of the hunter and fisherman exchanging commodities with each other has already been addressed in the previous chapter.

For the founder of institutional economics, Thorstein Veblen, such storytelling was part of the "”conjectural history" that plays so large a part in the classical treatment of economic institutions, such as the normalized accounts of the beginnings of barter . . . or the characterization of money as "the great wheel of circulation" or as "the medium of exchange"” (Veblen, 1898a: 382-383).[60]

The term "conjectural history" was coined by Dugald Stewart in his *Account of the Life and Writings of Adam Smith* in 1793. Stewart stated that upon a comparison of the differences between the refined cultural and economic conditions of the then contemporary England and which prevailed in rude tribes, the question of the transition between the two arouse. At this juncture, conjectural history as a mode of inquiry served to conceive "by what *gradual* steps the transition has been made from the first simple efforts of uncultivated nature, to a state of things so wonderfully artificial and complicated" (Stewart, 1829: 30).[61]

[60] Note how the French economic historian Fernand Braudel in the first volume of *Civilization and Capitalism* listed a number of metaphors used for conceptualizing money: "[E]xplanations given in the past by Western observers too often considered money in isolation and resorted to metaphorical comparisons. Money was 'the blood of the social body' (a commonplace image well before Harvey's discovery); it was a 'commodity', a view one finds repeated over the centuries. 'For Money,' according to William Petty (1655), 'is but the fat of the Body-politick, whereof too much doth as often hinder its Agility as too little makes it sick.' In 1820, a French businessman explained that money 'is not the plough with which we will till the ground and create goods': it merely assists the circulation of commodities 'just as oil makes a machine move more smoothly; when the wheels have been sufficiently greased, an excess can only harm their action'" (Braudel, 1992a: 439).

[61] Walter Bagehot in 1876 posted a similar comment, with a much more striking expression: "The beginnings of the "[I]n the chair of Moral Philosophy he [Smith] expounded, besides the theory of duty, a great scheme of social evolution. The beginnings of the "Wealth of Nations" made part of the course, but only as a fragment of the immense design of showing the origin and development of cultivation and law; *or as we may perhaps put it, not inappropriately, of saying how, from being*

Taking into account the sparse contact with tribal cultures, "in this want of direct evidence, we are under a necessity of supplying the place of fact by conjecture . . . In such enquiries, the detached facts which travels and voyages afford us, may frequently serve as land-marks to our speculations" (Stewart, 1829: 31). This way, fact and fiction was blended into narratives, the "early versions of economic thought-experiments," with an "embedded lesson" in the end, which cast a methodological mold for the subsequent inquiries (Turk, 2010).

In this context, more than a century ago, in his 1898 essay "Why is economics not an evolutionary science?" it was Veblen's wisdom to hit upon Achilles' heel of pre-evolutionary—classical and neoclassical—economic theories:

> With later writers especially, this terminology is no doubt to be commonly taken as a convenient use of metaphor, in which the concept of normality and propensity to an end has reached an extreme attenuation. But it is precisely in this use of figurative terms for the formulation of theory that the classical normality still lives its attenuated life in modern economics; and it is this facile recourse to *inscrutable figures of speech* as the ultimate terms of theory that has saved the economists from being dragooned into the ranks of modern [evolutionary] science. *The metaphors are effective, both in their homiletical use and as a labor-saving device,— more effective than their user designs them to be. By their use the theorist is enabled serenely to enjoin himself from following out an elusive train of causal sequence*.
>
> (Veblen, 1898a: 383, emphases added)

Veblen's pointing at the use of metaphors and figures of speech in their capacity to corroborate notions of "natural law" that provided "a sort of coercive surveillance over the sequence of events" (Veblen, 1898a: 378) is particularly praiseworthy.

Highly relevant to this feature of classical political economy Veblen pointed to is the influence of a particular story of goats and dogs, which was unearthed by Karl Polanyi in *The Great Transformation*, published in 1944. Surprisingly, the stage was Robinson Crusoe's Island in the archipelago of Juan Fernandez off the coast of modern Chile.[62] To tell the story in brief: The Spanish sailors think of landing a

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a savage, man rose to be a Scotchman" (Bagehot, 1995: 277, emphases added). See Höpfl (1978) for more.

[62] This is not a play on words. There really is such an island named Robinson Crusoe today. The shipwrecked Alexander Selkirk, a Scottish sailor, had lived here for four years—between 1704 and 1708—all alone, long before the government of Chile in 1966 renamed it Robinson Crusoe after

number of goats to the island in order to have access to fresh provisions during their ventures through the South Seas. The size of goat population quickly increases, but to the misfortune of the Spanish, their initial plan backfires. Rather than serving to their interests, goats become an easily acquired source of foodstuff for the English privateers who intervene and damage the Spanish business. As a response, the Spanish authorities decide to land a greyhound dog and a bitch, hoping these carnivorous creatures procreate and prey upon the goats.

Joseph Townsend, in an intellectual environment catalyzed by the debates revolving around the effects of the Poor Law upon the English nation, in Section VIII of his 1786 dated *A Dissertation on the Poor Laws* made the story of goats and dogs summarized above a part of his analysis after commenting upon the current situation:

> Our poor laws are not only unjust, oppressive, and impolitic, nor are they merely by accident inadequate to the purpose for which they were designed; but they proceed upon principles which border on absurdity, as professing to accomplish that which, in the very nature and constitution of the world, is impracticable. They say, that in England no man, even though by his indolence, improvidence, prodigality, and vice, he may have brought himself to poverty, shall ever suffer want.
>
> (Townsend, 1817: 42)

For Townsend, the way out of the harms of the Poor Law was found in the moral end, an "embedded lesson" to the story. After the struggle between goats and dogs had run its course, Townsend concluded: "Thus a new kind of balance was established. The weakest of both species were among the first to pay the debt of nature; the most active and vigorous preserved their lives. It is the quantity of food which regulates the number of the human species" (Townsend, 1817: 45). No doubt that "hunger will tame the fiercest animals, it will teach decency and civility, obedience and subjection, to the most brutish, the most obstinate, and the most perverse" (Townsend, 1817: 22). Hence, the solution to the reform of the

Defoe's famous novel, possibly for harvesting its positive effects on tourism. It was suggested that Defoe was inspired by the 'real story' of Selkirk in writing the novel. This is the sole apparent link between the Crusoe we are contemplating and the subsequent story of goats and dogs—which too served as a metaphor—to be presented. Yet, the two distinct metaphors have a common point that will be revealed later.

Poor Law was to be provided not by the laws of government but by the laws of nature.

Polanyi saw in this a radical break from that tradition of inquiry—typical of Adam Smith—which was based on the laws "natural to man, not to Nature." The metaphorical pairing off of Robinson Crusoe's Island to a particular spatial domain of the late eighteenth century provided a novel conceptual ground and ushered in a "new starting point for political science. By *approaching* human community from the animal side, Townsend *bypassed* the supposedly unavoidable question as to the foundations of government" (Polanyi, 2001: 117-119, emphases added). In social policy-making, the way problems are set, that is "the stories people tell about troublesome situations" often involve "generative metaphors" that embody normative implications (Schön, 1993: 138). To use the terminology of the first section above, conceptualizing the primary subject in terms of the secondary one might result in overlooking and leaving out what might be pivotal elements of the primary subject. In his own way, Polanyi was surely aware of this:

> [N]o human community had yet been conceived of which was not identical with law and government. *But on the island of Juan Fernandez there was neither government nor law*; *and yet there was balance between goats and dogs . . . No government was needed to maintain this balance*; it was restored by the pangs of hunger on the one hand, the scarcity of food on the other. Hobbes had argued the need for a despot because men were *like* beasts; Townsend insisted that they were *actually* beasts and that, precisely for that reason only a minimum of government was required . . . No magistrate was necessary, for hunger was a better disciplinarian than the magistrate. To appeal to him, Townsend pungently remarked, would be "an appeal from the stronger to the weaker authority.
>
> (Polanyi, 2001: 119-120, emphases added except for *like* and *actually*)

The solution was simple for Townsend: Keep out the government and let the biology of man do the rest. This focus on the biological as opposed to political man induced both Malthus and Ricardo to come up with naturalistic laws (Polanyi, 2001:120). Notwithstanding the importance of this link, we would like to call attention to a more relevant issue.

In its implications, the way Townsend wheeled on the story of what supposedly happened on Robinson Crusoe's island preceded the future deployment of the

Robinson Crusoe device in the texts of the early neoclassicals by a century or so. To prevent a grave misunderstanding, one should be aware of the fact that what is asserted here is not that the early neoclassicals wittingly followed Townsend. Both Robinson Crusoe's island and the Robinson Crusoe device served as metaphors. However, the latter did not originate from the former. The common ground is in what was suppressed, to use Henderson's (1994) expression, by the two metaphors, which brings us to the process by which the latter came into being.

3.4 The Marginalist Appropriation of Robinson Crusoe at the Crossroads of Literary Criticism and Economic Methodology

In any case, without a number of changes, it is the claim of this study that the marginalist appropriation of Crusoe was impossible. The habits of thought of a particular group, literary critics, were mentioned earlier. In so far as the non-economic traits of Crusoe were judged to be his exemplary characteristics, Crusoe was doomed to lack the ability to serve in place of economic man. Economic connotations must exist, if not prevail, in the commentaries in order for Crusoe to be at least eligible for holding the catchword for economic man. Let us take this as the first condition.

Be that as it may, on its own, a shift in the characterization of Crusoe focusing on—and praising—his successes in the economic realm by the literary criticism cannot guarantee a massive deployment in any kind of economic theory. Certainly, much more is needed. For instance, classical political economy did not resort to the figure of Crusoe as stated above. Nor did the original institutional economics. Even so, the early neoclassical economists were fond of it, and so were the twentieth-century followers of them. Hence, the legitimate subject-matters and the methodology of studying them in economics are significant. In other words, the habits of thought of a group of economists influence—"impose form upon"—which line of argument with what conceptual toolbox is worthwhile

to pursue. Accordingly, the methodology needs to be conducive to Crusoe's inclusion. This is the second condition.[63]

To begin with the first condition, White argued that the marginalist takeover of the Crusoe device "owed a good deal to the readings and rewritings of Defoe's text by literary commentators . . . after the mid-nineteenth century . . . a significant shift in the behavioural characteristics . . . [when] Crusoe has become more of an isolated individual allocating his resources, calculating costs and benefits" (White, 1982: 115-127). Did this change of emphasis focusing on the craftiness of man in economic ventures only cover the interpretation of *Robinson Crusoe* or did it also apply to Defoe's other—'secondary'—characters, not to say anything about his personality?

Plunging into the literary comments posted after the mid-nineteenth century, it is seen that there really occurred an economistic turn, not to a full extent but in some measure, in viewing Defoe's life-long experience, *Robinson Crusoe*, and the 'secondary' characters.

George Borrow[64] in 1851 stated that *Crusoe* was a novel "to which, from the hardy deeds which it narrates, and the spirit of strange and romantic enterprise which it tends to awaken, England owes many of her astonishing *discoveries* both by sea and land, no inconsiderable part of her *naval glory*" (in Rogers, 1972: 124, emphases added). Borrow envisaged the courageous seafaring-cum-colonizer Crusoe to be bolstering the inclination of the children of England to go to the sea.

A commentary in 1858 pictured Defoe as "the chivalry of middle class," and his life as "the heroism of bourgeoisie." Yet, in the same text, *Crusoe* was taken to provide "new insight into his [man's] own nature, the means of avoiding the evil, and attaining to the good . . . It is *a great religious poem*" (in Rogers, 1972: 152-159, emphases added).

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[63] The numbering does not imply an order of importance.
[64] Excerpt from *Lavengro*, written by George Borrow in 1851.

In 1863, Hippolyte Taine[65] initially considered both Defoe and *Crusoe* in their native eighteenth-century contexts: "Defoe, like Swift, is a man of action; effect, not noise touches him; he composed *Robinson Crusoe* to warn the impious . . . In this positive and religious age . . . practice is of such importance as to reduce art to the condition of its tool" (in Rogers, 1972: 162). Then came the essential nineteenth—and *a fortiori* twentieth—century reading:

> *Crusoe is quite one of his race*, and might instruct it in the present day. This hard race [does] . . . everything with *calculation and method*; they rationalize their energy, which is like a torrent they make a canal for. Crusoe sets to work only after *deliberative calculation and reflection*. When he seeks a spot for his tent, he enumerates the four conditions of the place he requires. When he wishes to escape despair, he draws up impartially, '*like debtor and creditor*', the list of his advantages and disadvantages, putting them in two columns, active and passive, item for item, so that the balance is in his favour.
>
> (in Rogers, 1972: 164, emphases added)

Similar to Borrow, Leslie Stephen in 1868 portrayed a quite striking and aptly written image of an imperialistic Crusoe:

> In *Robinson Crusoe* is De Foe, and more than De Foe, for he is the typical Englishman of his time. He is the broad-shouldered, beef-eating John Bull, who has been *shouldering his way through the world* ever since. Drop him in a desert island, and he is just as sturdy and self-composed as if he were in Cheapside . . . *He does not accommodate himself to his surroundings; they have got to accommodate themselves to him* . . . Long years of solitude produce no sort of effect upon him morally or mentally. He comes home as he went out, *a solid keen tradesman*, having, somehow or other, plenty of money in his pockets, and *ready to undertake similar risks in the hope of making a little more* . . . It shows us all the more vividly . . . what were the men who were building up vast systems of commerce and manufacture.
>
> (in Rogers, 1972: 176-177, emphases added)

Just a year later in 1869, William Lee followed in the wake of now-obsolescent comments in that he dwelled on moral and religious charms of Defoe's works (in Rogers, 1972: 177-190), unlike Stephen, Borrow, and Taine.

In 1856, in an essay which might have been written by Walter Bagehot (Rogers, 1972: 21), religious and economic qualities of Defoe's works were discussed together. Omitting the former issue which is by now emphasized more than

[65] Excerpt from *Historie de la Littérature Anglaise*, written by Taine in 1863.

enough, it would rather be effective to look for any distinctive economic valuation. Of Defoe, hopefully, it was stated in the text:

> [I]n his hearth he must have had an *immense love of property*; *in his novels he lets his passion for it run free*. He gloats over money or bales of silk, over spices and pearls; *no sums are too large for him; no items too minute* . . . Little inventories have an especial charm for him; he always tells you exactly what his thieves' winnings amount to.
>
> (in Rogers, 1972: 140, emphases added)

What is much more interesting, in the same essay, there happened to be an assessment clearly covering and differentiating between Defoe's almost all characters:

> *Crusoe may be said to be only deeply self-engrossed*; *but Moll Flanders, Roxana, Colonel Jack, and Singleton, are selfish to the last extremes of baseness*: their whole lives are only one struggle to secure their own interests, regardless not only of the welfare of others, but of gratitude, natural affection, and decency . . . *Moll Flanders, Roxana, Singleton, Colonel Jack, all stand quite alone in the world.* They are all *single separate molecules* . . . touching others, but never for a moment incorporated with them; *they all live as using the world for themselves, and standing off from its binding influences*.
>
> (in Rogers, 1972: 138-139, emphases added)

Mark how similar William Minto's views were, expressed in 1879:

> Self-interest is on the look-out, and Self-reliance at the helm . . . *All Defoe's heroes and heroines are animated by this practical spirit*, this thoroughgoing *subordination of means to ends*. When they have an end in view . . . they allow *neither passion, nor resentment, nor sentiment* in any shape or form to stand in their way. Every other consideration is put on one side when the business of the shop has to be attended to. *They are all tradesmen* who have strayed into unlawful courses . . . [W]e are *a nation of shopkeepers*.
>
> (in Rogers, 1972: 207-208, emphases added)

Well then, there really seems to be a shift from the firmly grounded focus on the moral reflections of the early criticism to a more diversified one of the post-mid-nineteenth century. Note that religious sensibility by no means disappeared. On the contrary, it continued to be a part of the commentaries. Yet, this time, when speaking their thoughts about *Crusoe*, the critics chose to interpret the novel also from the vantage point of self-interested calculation and England's colonial ventures.

On top of that, this remarkable paradigm change was not confined exclusively to the interpretation of Crusoe's experience but it also spilled over to shed light into

the literary heroes of his other novels and the personality of Defoe by endowing him with the love of pecuniary fortunes as opposed to the previously held dominant force of deity. Furthermore, it was suggested that the grip of selfish and deliberate calculation was even more effective and visible in Defoe's other heroes apart from Crusoe. So, Crusoe was not seen as one of a kind within Defoe's literary portfolio; a self-interested methodological merchant for sure but perhaps a moderate specimen compared to his fellows. This brings to mind an important question: Why was it Crusoe, not Colonel Jack or Captain Singleton so to speak, who became the catchword in neoclassical economics, thinking that one is not less of a wealth-pursuing calculator than the other? Was it because *Crusoe* was the most well-known fiction of Defoe, the most widely read and diffused? Certainly, the novel surpassed all others in running into more editions, which says something on its own. Yet, without trivializing its importance, relying on sale numbers would be too easy an answer in this case.

Early in the nineteenth century, the associated commonplaces of Crusoe were related to his solitary existence and religious awakening. Later in the century, preserving the connotation of isolated man, Crusoe became more of a practical calculator of tradesman type. The economistic shift in contemporary connotations was a facilitating—necessary—condition for penetrating into the orbit of the early neoclassical analysis, yet, not a sufficient one. To make sense of this, let us take a look at Bastiat's deployment of Crusoe in *Economic Harmonies* in 1850, a time, when the above mentioned shift had not taken place yet, at least in a full blooded fashion.

Bastiat's work swarmed with the man in the state of isolation, which was harshly criticized by Marx as the reader will remember. It was not that he believed in the virtues of a solitary existence as Rousseau once did, not to say that he did not even consider it to be a possibility. In Bastiat, the isolated man served as a compare-and-contrast-platform by way of which a better understanding of how operations of an economic kind take place in the social state, as opposed to the atomistic economy, was attained. As such, Crusoe appeared in a number of

chapters, such as the ones on exchange (Bastiat, 2010: 67-71, 91-92), capital (Bastiat, 2010: 145-146), and private property and common wealth (Bastiat, 2010: 174-177).

It is true that on several occasions, Crusoe was made to take forethought in the costs and benefits of certain operations such as tool making. Yet, Bastiat was not primarily in search for a calculating sort of man when wheeling on Crusoe. To put it in other words, Crusoe-the-isolated-man was the striking connotation for Bastiat out of *Robinson Crusoe*. All this is in well accord with William Lloyd's earlier excursion. Both Bastiat and Lloyd were charmed by Crusoe-the-isolated-man, and in this, they preceded the early neoclassical appropriation. So, what distinguished Crusoe from the other characters of Defoe was the distinctive image and implications of the island solitude, which offered so prolific a plane to construct analytical edifices upon.

It was pointed out earlier that Lloyd was not known to the subsequent economists until the beginning of the twentieth century. On the contrary, Bastiat might have had some effect on the English economists through Jevons and Cairnes (White, 1982: fn.49). Besides, by attacking the canons of classical political economy in their use of *Robinsonades*-inspired hunter and fisherman, and also illustrating his labor theory of value with the actions of Crusoe, Marx notably contributed to Crusoe's allurement. And yet, even without these predecessors, it was highly likely that the early neoclassicals read Defoe's *Crusoe* or a version of *Robinsonades*, either of which was bound to strike their cognizance and imagination. However it had come down to them, after 1870s, first and foremost, Crusoe was the man on the island, as he always was. At last, the time is ripe enough to find out what the neoclassical appropriation of Crusoe was really about.

With the advent of the marginalist revolution, the narrowing down of the character of economic man reached to a new level of perfection, as apparent in Jevons' "calculating man" or in Menger's "choosing man" (Morgan, 2006), both of which were isolated individuals. To delve into the particulars of these figures, perhaps,

nothing could serve better than Veblen's contemporary critique of neoclassical economics.

Veblen claimed that the failure of economic theory, classical and neoclassical alike, to fall short of the evolutionary standard in providing "a genetic account of the economic life process" had its source in the outmoded conception of "the human factor" (Veblen, 1898a: 388). In an oft-quoted paragraph, Veblen wittily weighed up the portrait of man drawn by neoclassical economics:

> In all the received formulations of economic theory, whether at the hands of English economists or those of the Continent, the human material with which the inquiry is concerned is conceived in hedonistic terms: that is to say, in terms of a passive and substantially inert and immutably given human nature . . . The hedonistic conception of man is that of a lightning calculator of pleasures and pains, who oscillates like a homogenous globule of desire of happiness under the impulse of stimuli that shift him about the area, but leave him intact. *He has neither antecedent nor consequent. He is an isolated, definitive human datum, in stable equilibrium*.
>
> (Veblen, 1898a: 389, emphases added)

Precisely because "the economic interest was not conceived in terms of action" in an unfolding activity but reaction to external isolated stimuli (Veblen, 1898a: 394), not in the "phenomena of change but at most only with rational adjustment to change" (Veblen, 1909: 621), such an approach is "of a wholly statical character," offering "no theory of a movement of any kind" related to "genesis, growth, sequence, change, process, or the like, in economic life" (Veblen, 1909: 620).

Omniscient man, a 'lightning calculator', by its very dexterity and might, has no need to keep stock of past experiences disguised in the habits of thought by way of habituation within an institutional setup, which would help him in his current undertakings. He has no antecedent. Additionally, what to become of him is of no interest since he does not and would not change. To quote Menger:

> The direct needs of each economic subject are given in each case by his individual nature and previous development (by his individuality). The goods directly available to him are strictly given by the economic situation of the moment. Our direct need and the immediately available goods are in respect to any present moment given facts that are not within our discretion. Thus *the starting point and the goal of every concrete human economy are ultimately determined strictly by the economic situation of the moment.*

(Menger, 1985: 217)

In this, both the economic agent and the institutional conditions are taken as given disconnected solitary points in the vast spectrum of time and space. Tastes, preferences, technological possibilities, in short, any parameter that is of an institutional character is "taken for granted, denied, or explained away" (Veblen, 1909: 622). The institutional entities conditioning the economic environment are taken to be pre-existing realities, "postulates a priori" (Veblen, 1909: 630), "part of the nature of things; so there is no need of accounting for them or inquiring into them" (Veblen, 1909: 624). It was in this analytical construct that we should look for the reasons behind the incorporation of Crusoe.

There might have been an abyss, a stark contrast, between the nineteenth-century civilization and the conditions of Crusoe's island. Indeed, the hurly burly of the market place, the use of money and credit, an industrial complex, the very notion of exchange, and not to say any human to converse with, are absent on the uninhabited island. Yet, to blame the marginalists for their deployment of Crusoe just because of this tissue incompatibility does not mean much if the emphasis is not put on the methodological distinctiveness of the theory in question.

As Townsend ignored crucial issues related to institutions when he wheeled on the story of goats and dogs, so did the early neoclassicals when contemplating the activities of Robinson on the seemingly institution-free island.[66] It is not asserted here that Robinson was a prime mover in economics. On the contrary, in his capacity to serve as a metaphor, he did not provide the catalyzing opportunity for overcoming institutional obstacles, in other words historical specificity, in the economists' attempt to theorize economic phenomena.

Briefly stated, in classical political economy, man was endowed with many features of an institutional makeup. To take Mill as an example, one of the prohibitive motives was that of indulging in extravagant consumption of luxury

[66] It is from the vantage point of the early neoclassicals that the island was conceived to be an institution-free environment. In this study, we hold a different view, which will be presented in the next chapter.

goods, which by its very definition was bound to hold in a specific temporal and spatial domain. These references to social aspects, for instance, the priority of country over town in Smith, were overcome by the marginalists when their analytical edifice had its building block the individual with its unquestionable introspective desires and needs. So, the institutional sensitivity went into oblivion, and this methodological change emerged on its own accord without any help from Crusoe. Yet, after it came into being, Crusoe offered an attractive possibility with its fitting associated commonplaces, and for better or worse contributed to the persuasiveness of the theory he was included in. So, the figure of Crusoe might not have acted as a "generative metaphor" *à la* Schön, but it was surely more than a "pedagogical" one, an illustrative and facilitative device (Klamer and Leonard, 1994).

On one hand there is Crusoe, a fictional character, and on the other hand there is economic theory, which by way of such techniques as isolation, generalization, idealization, and abstraction, reduces the real world to manageable proportions, construct models of it, and this way become a fictionalized version of the reality. In these modeling efforts, metaphors have their proper, although much downplayed places.

The nineteenth-century civilization was based on the institution of self-regulating market, "an economic system controlled, regulated, and directed by market prices" (Polanyi, 2001: 71). Veblen was well aware of this price system, but startled by the notorious ignorance of economists' chucking out of it in their theories:

> Although the institutional scheme of the price system visibly dominates the modern community's thinking in matters that lie outside the economic interest, *the hedonistic economists insist, in effect, that this institutional scheme must be accounted of no effect within that range of activity to which it owes its genesis, growth, and persistence . . . The question which arises is how to explain the facts away: how theoretically to neutralize them so that they will not have to appear in theory* . . . So that the whole "money economy," with all the machinery of credit and the rest, *disappears in a tissue of metaphors to reappear theoretically expurgated, sterilized, and simplified* into a "refined system of barter," culminating in a net aggregate maximum of pleasurable sensations of consumption.

(Veblen, 1909: 632-635, emphases added)

Exchange is based on some set of an equivalence ratio, a mutually agreed upon price level. Be that as it may, in the marginalist scheme, the ultimate end was the utility to be derived from the consumption of the goods that were to be exchanged, so that money could be thrown away from the discussion without any harm. Production was based on the balance between the pleasure to be derived from the consumption of the outcome of one's labouring and the labour's irksomeness (Veblen, 1898b).

Even if there was no market on the island, who said that there had to be one in order to conceptualize Robinson's activities with the tools of the marginalists? Similarly, the island population was confined to a single person, yet, was a second human being really the *sine qua non* of the theory? Utility was prior to exchange, and it did not require the existence of a society, even two people to interact so to say. Crusoe stepped in this scheme in an illustrative guise, the examples of which was provided amply in the previous chapter.

The above summary, more or less, reflects the logic behind the ahistorical and universal neoclassical theory. To be sure, such a restrictive approach was doomed to give birth to a protest, which flourished via the Historical School in Germany and England. It was within this methodological quarrel one should look for Crusoe's assuming a role other than being a mere explicatory figure.

The historicist critics put forward the issue of historical specificity according to which societies differed in their institutional makeup. One step ahead in their argument was the necessity of different, historically sensitive economic theories that would apply to particular societies at particular time periods, thus rejecting the aspiration of neoclassicals to universality (Hodgson, 2001). Nevertheless, on Crusoe's island there were no institutions, no vestige of social artifacts. But look, through applying the concepts of utility, pain and pleasure, Crusoe could order his activities, and allocate his resources among available alternatives. Consequently, behaving in a marginalist fashion did not presume a pre-established institutional

setup. In other words, the absence of the institutions of the nineteenth century did not preclude the validity of the marginalist theory. It was in the nature of human beings to act like a 'lightning calculator of pleasures and pains.' Remember how John Bates Clark and Marshall universalized their assertions with reference to Crusoe, and they were not alone even if other economists did not use the same wording as Clark and Marshall.

The marginalist revolution was a European phenomenon and it would be absurd to think of the economists to wheel on a non-European—e.g. Chinese—character for their purposes of exemplification and conviction. However, ironically, this illustrative-cum-persuasive Crusoe did not display European characteristics because, in addition to the purity of the island which could be inferred from the absence of formal institutions, Crusoe was deprived of the informal institutions that were the reflections of his habituation in a social environment.

"[T]he actual story of Robinson Crusoe, as told by Defoe, is also one of conquest, slavery, robbery, murder, and force," which are the deeds of Crusoe the merchant, Brazilian planter, and slave trader. But, men of the marginalist—and the twentieth-century orthodox—economics deal with each other gentlemanly, and "trade to their mutual benefit under conditions of equality, reciprocity, and freedom" (Hymer, 1980: 29-30). So that, in the hands of the economists, between the time he sank into the water and landed safe on shore, Crusoe was undressed off the social integument under which he had previously existed, which had perverse normative implications. He had to be thoroughly de-institutionalized in order to become a representative of calculative, self-interested yet docile man in any combination of time and space; amicable as opposed to the hostile implications of Crusoe.

This process of de-institutionalization dragged its feet well into the economic texts of the twentieth century; to proceed only with one example, let us take the Chicago School economist Milton Friedman's *Price Theory*, published in 1962. Friedman, in the introduction chapter, briefly discussed the "meaning of

economics" (Friedman, 1962: 6), which was, unsurprisingly, spiced up with the Robbinsian characterization of economic science centered on the effective use of means to secure alternative ends. As such, formally, the economic problem was conceived to be essentially the same for any society. Still, in Friedman's words, economics is "concerned not with the economic problem in the abstract, but with how a *particular* society solves its economic problems." Accordingly, the existence of "different institutional arrangements," and thus the "need for a different economics—or a different chapter in economics—for each kind of society" is recognized by Friedman (Friedman, 1962: 7).

All the same, in a paper originally published in 1953, which was reproduced in *Price Theory*, following the accustomed perception of Robinson, Friedman deployed the isolated, de-institutionalized Crusoe, contrary to the aforementioned institutionally enlightened moments. Furthermore, quite interestingly, this Crusoe was not alone but accompanied by "many identical Robinson Crusoes," all of whom together constituted society (Friedman, 1962: 230). So, the seemingly different individuals interacting with each other were conceived to be all wearing Crusoe's shoes.

Böhm-Bawerk's defense and praise of the use of *Robinsonades*, discussed in the previous chapter, ended up with the warning that the simplified picture of isolated man, a skeleton, should be dressed up with the living modern forms of economic actuality: "We shall, therefore, leave the lonely shore of our Crusoe, and come to the industrial conduct of a great nation with its millions of people" (Böhm-Bawerk, 1971: 105). It seems that in Friedman's scheme, the millions were mere duplicates of Crusoe and this conceptualization had already been succinctly pointed out by Knight in the preface to the 1933 reissue of *Risk, Uncertainty, and Profit*: "[P]rice economics deals with a social system in which every individual treats all others and society merely as instrumentalities and conditions of his own *Privatwirtschaft*, a mechanical system of Crusoe economies" (Knight, 1957: xii). The crux of the matter was the silent passing, within the mainstream economics, of the explanation of "culture history facts and products," such as the state of

technology and the content of wants, to “institutional history,” that is to say out of the scope of economics, which was mentioned earlier with reference to Veblen’s work. On top of that, there is another aspect related to Crusoe’s de-socialization that is related to the theoretical—that is to say formal, not practical—realization of economic rationality.

Social relations have been treated as frictional drags, playing a disruptive role in derailing rational choice from its due course in neoclassical economics (Granovetter, 1985). Again, it was Knight, who in the 1960 dated *Intelligence and Democratic Action*, in a similar way pointed out that a Crusoe economy was badly needed to rise above the disturbing effects of “all the social relations, mutual persuasion, personal antipathies . . . which keep the behavior of an individual in society from being, in any closely literal sense, economically rational” (Knight, 1960: 71-76).

That men behaved economically in the market place was not challenged. Yet, parallel to Veblen’s recognition that economic interest is but one among the “several vaguely isolable interests” constituting the organic agent (Veblen, 1898a: 393), Knight acknowledged men’s mixed motivations so as to include romantic behavior that is part of the larger “feelings side of life” (Knight, 1960: 71). Accordingly, “all interests in or involving other people,” whether cooperation, rivalry, or loyalty, “except only a purely instrumental interest, are irrational” (Knight, 1960: 72). Hence, in order to decorate their conclusions with certainty and definiteness, economists needed, by way of abstraction, to exclude “conflicting factors from the imaginary world with which” they dealt (Mitchell, 1910a: 109). Then, for theoretical purposes, the construction of a Robinson Crusoe economy was purported to be “almost indispensable” (Knight, 1960: 76).

As the reader will remember, in Chapter 2, Knight’s marginalist deployment of Crusoe was presented. This should not provoke the reader to view Knight as an uncompromising defender of orthodoxy. He was perfectly aware of the drastic reduction of reality inherent in the simplifying assumptions. His insight into the

nature of entrepreneurship by way of differentiating between calculable risk and fundamentally unknown uncertainty itself was an essential step towards shaking economists' faith in the framework buttressed by perfect competition, perfect information, and perfect foresight assumptions. In his writings, Knight time and again recognized the shortcomings and unrealism of the mainstream theoretical construct. Accordingly, the indispensability concerning the deployment of de-socialized individual Crusoe was only a theoretical necessity, as far as Knight is concerned, not a reflection of actual economic life.

Thinking that Crusoe was wheeled on by economists not because of the intrinsic qualities underlying the novel but due to its associated commonplaces as a metaphor, pulled out of a larger body of interrelated character traits of Defoe's original Crusoe, the choice of the economists became somehow vindicated. For instance, Koopmans clearly put it: "[O]ur interest is in tools and concepts [of economics], not in Robinson" (Koopmans, 1957: 20). The author's construction of the general equilibrium framework built upon Crusoe's decisions as a producer, consumer, and laborer was pointed out earlier. Whether a single person can arrive at a price level that would result in equilibrium, let alone whether one would willingly and deliberately search for such equilibrium, that is to say the dynamics of the process is out of the discussion. If such a level exists, then it is the defining condition of the equilibrium: "This conclusion, seemingly artificial when related to a single decision maker, is part of the logical and mathematical basis for an understanding of the operation of competitive markets" (Koopmans, 1957: 21). Hence, Crusoe's assuming multiple roles might be "schizophrenic" (Varian, 2005: 593); yet, it is a formal necessity.

3.5 The Missing Link: The Nineteenth-Century Civilization

The fact that economics entertains the use of stories in addition to metaphors has already been emphasized. Having recognized the narrative style of economics, the next step is to differentiate between its narrative structures according to the power attributed to the central character selected among an available basket of

alternatives consisting of the worker, the capitalist, the entrepreneur, the firm, the government, and etc. (Coşgel, 1996). As such, it is possible to compare and contrast different economic theories by recourse to the literary critic Northrop Frye's categorization of fictional modes with respect to "the hero's power of action" relative to other human beings and environment (Frye, 1957: 33).

There are five types in Frye's categorization: The mythical, the romantic, the high mimetic, the low mimetic, and the ironic modes, of which the first four are relevant to the discussion at hand. In the mythical mode, the protagonist is "superior in *kind* both to other men and to the environment of other men, the hero is a divine being," whereas in the romantic mode the superiority is only "in *degree*," the hero's actions being defined as fantastic yet "himself identified as a human being" (Frye, 1957: 33)[67] Hence, the mythical hero is a different kind of creature exempted from any constraints imposed by society or physical incapability of man, as opposed to the romantic one, a man rising above others, endowed with the capacity to reshape and transform his environment, but a man and not a metaphysical living thing after all. One step below is the high mimetic character, different from other men only in degree, yet on an equal footing with the environment, complying with its dictates and "subject both to social criticism and to the order of nature." In the low mimetic mode, the protagonist is "superior neither to other men nor to his environment, the hero is one of us" (Frye, 1957: 34). In this scheme, the course of fiction displays a downward trend beginning with myth and coming down the ladder of narrative modes step by step. Which is of interest for us here is the appearance of the low mimetic mode that predominated "in English literature from Defoe's time to the end of the nineteenth century" (Frye, 1957: 34).

In this context, far from wearing the shoes of a mythical or romantic figure capable of bending rule structures, Defoe's Crusoe was "a dependent man

[67] "The hero of romance moves in a world in which the ordinary laws of nature are slightly suspended: prodigies of courage and endurance, unnatural to us, are natural to him" (Frye, 1957: 33).

belonging to a larger whole and always relying on help and cooperation from others" (Hymer, 1980: 31), in accord with the realistic low mimetic hero, more or less endowed with the same competences granted to others.

As for the neoclassical individual, as is very well known, he operates within a static environment, unable to introduce any change, taking technology, tastes and preferences, as well as institutions as given parameters; he is a price-taker, a cog among many in the equilibrium mill, one of innumerable "vending machines" (Knight, 1960: 73). Accordingly, the narrative of the corresponding economic theory is best paired off with the low mimetic mode.

Be that as it may, the stylistic resemblance between Defoe's novel and the neoclassical narrative structure in terms of fictional modes does not preclude a disparity as to the content, that is to say the surrounding social environment. The former was grounded in the political, religious, and economic vicissitudes of the late seventeenth- and early eighteenth-century England from the vantage point of Defoe. However, such institutional offshoots were trimmed in the formation of Crusoe the economic man, which was all the more intelligible since in order to be ranked as a realistic work, in addition to the limitation of the protagonist's power of action, the literary genre had to be enriched with factual details and controversial issues of the time whereas economic theory in its neoclassical form did crave neither for realism nor for the admiration of laymen. In this manner, there occurred a generalization by way of abstraction, in other words via subtracting irrelevant—institutional—considerations from the picture of social—literary—Crusoe so as to arrive at the economic—metaphorical—one.

The paradigm shift in literary criticism hints at another instance of generalization. It was noted that the economistic bent visible in the post-mid-nineteenth century commentary in rereading Crusoe's actions covered also other fictional—'secondary'—heroes of Defoe, along with the author himself. Crusoe was postulated to be a representative of the English nation, composed of a multitude of tradesmen-like people. This way, the early spiritually-oriented commentary was

supplemented with the addition of a character trait, calculation of costs and benefits, to the inherent qualities of the Englishmen. Even so, one more time, it is our contention that the critics built their views upon a more solid foundation by directly specifying the institutionally-conditioned spatial container compared to the economists who willingly failed to do so.

Interpretation of texts in general, and literary criticism in particular are, more often than not, channeled and given shape by contemporary historical vicissitudes and changes in the institutional setup of society with its various resonating ramifications.[68] There is a manifest inclination to reinterpret the past in terms of its relevance to the present as a result of which certain aspects, if not the whole of a work, might sink into oblivion whereas hitherto non-existent or neglected dimensions might be introduced as the new pivotal exegeses.[69] This is by no

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[68] Once more, Hamilton was very succinct at this point: "As an institution develops within a culture it responds to changes in prevailing sense and reason. A history of the interpretation of Aristotle or St. Paul or Kant at various periods indicates how easily a document lends itself to successive systems of ideas . . . The simple story of the man Jesus presently became a body of Pauline philosophy; the Middle Ages converted it into an intricate theological system and the rationalization of a powerful ecclesiastical empire; at the individualistic touch of the Reformation it became a doctrine of the personal relationship between man and his maker; it is today patching up a truce with Darwinism, the scientific attitude, relativity and even religious skepticism" (Hamilton, 1932: 85).

[69] Recently, an enquiry has been made into the shading away of the second volume of the *Crusoe* trilogy in the early twentieth century. *The Farther Adventures of Robinson Crusoe*, in which the adventures of the mariner-merchant Crusoe's wandering around the world is presented by Defoe, was perceived as an almost inseparable sequel to the first volume of the trilogy throughout the nineteenth-century. Hence, why the reading public and the publishers were not interested in the second volume anymore constitutes an interesting problem. In this Chapter, it was noted that the colonialistic appraisals of the novel by the literary commentators appeared following the mid-nineteenth century. In this context, Free stated that "Victorians, writing eloquently of the influence that *Crusoe* had on their age, almost invariably mentioned overseas travel—and conquest," during which era "the British were often (though not always) winning the day" (Free, 2006: 112-113). Yet, with the confidence shaking World War I, not to mention the inexpressible atrocities of World War II, Crusoe of the second volume was no longer "culturally valued." Free offers an explanation: "[W]e might speculate that Crusoe's shortcomings as a leader and his difficulties in the East [narrated in the second volume] did not translate into a message that war-torn British publishers were interested in conveying to the populace. Perhaps, postwar readers welcomed the relative isolation that predominates in RC1 as opposed to the insatiable wanderlust conveyed in RC2. Perhaps also the fantasy of inexhaustible wealth available to English traders and colonizers and the country's easy and welcome dominance over other lands had become just that—fantasy, one too readily exposed by not one but two wars" (Free, 2006: 115). So, the historical vicissitudes matter. In a like manner, we will construct our own story, that is to say an explanation which would reveal the dynamics underlying the paradigm-shift in the literary commentary that was spoken of as a necessary condition for Crusoe's deployment in economics.

means to discredit literary criticism or any kind of reinterpretation of time-honored texts but to indicate their connection to a particular social context in which they are read.

White (1982) was right in concluding the common point of the early nineteenth century readings of and comments upon Crusoe and in detecting the subsequent paradigm shift. Yet, he did not take a step forward to inquire into the possible reasons occasioning a new focus of attention to emerge. We claim that the missing link between the early and late literary commentary is the nineteenth-century civilization and the codes of behavior it imposed upon society *à la* Polanyi and Veblen.

"Nineteenth-century thinkers assumed . . . that to behave like a trader in the market was "natural," any other mode of behavior being artificial economic behavior" (Polanyi: 2001: 276). However, based upon an state-of-the-art anthropological awareness (Özveren, 2007), Polanyi refuted such self-styled assertions[70] and thought that the gain-seeking individualistic activities reflected the institutional matrix of the market society so that such economically rational behavior was far from being "grounded in the immutable characteristics of the race" (Polanyi, 2001: 258).[71]

Instead of Smith's postulate of the propensity to barter and exchange that was considered to be an invariable constitutive element of human beings, Polanyi posited "the changelessness of man as a social being," on which different

[70] Polanyi threw away the nineteenth-century prejudices on the conception of mankind: "Almost exactly the opposite of these assertions is implied in the testimony of modern research in various fields of social science such as social anthropology, primitive economics, the history of early civilization, and general economic history. Indeed, there is hardly an anthropological or sociological assumption—whether explicit or implicit—contained in the philosophy of economic liberalism that has not been refuted" (Polanyi, 2001: 276-277).

[71] Note how Veblen put it in a very similar manner with respect to the reconfiguration of the ever-present instincts via an institutional impact and response dynamics: "[A]n adequate theory of economic conduct, even for statical purposes, cannot be drawn in terms of the individual simply—as is the case with the marginal-utility economics—because it cannot be drawn in terms of the underlying traits of human nature simply; since the response that goes to make up human conduct takes place under institutional norms and only under stimuli that have an institutional bearing; for the situation that provokes and inhibits action in any given case is itself in great part of institutional derivation" (Veblen, 1909: 629).

institutional settings put their mark (Polanyi, 2001: 48). Hence, in the absence of the self-regulating market mechanism, it is only natural for primitives to have another mentality that was stimulated not by the "alleged predilection for gainful occupations" (Polanyi, 2001: 46) but by "reciprocity, competition, joy of work, and social approbation" and recognition (Polanyi, 2001: 277).[72]

Yet, the change in the institutional settings of society introduced in England by the middle classes following the 1830s paved the way for the domination of market mechanism that engendered "the motive of gain" (Polanyi, 2001: 277) to reign supreme over the hitherto powerful subsistence motive through a process of individual learning and adaptation.[73]

It is this formative institutional container and its logic of economic rationality that profit-seeking activity was theoretically relevant to, and in which the definition of economic man had an empirical counterpart, at least to a certain extent, if not an exact carbon copy.[74] Accordingly, the ramifications of the institutional shift

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[72] Accordingly, "man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets" (Polanyi, 2001: 48).

[73] England in the late eighteenth century was a coherent national economy with a commercialized countryside, on the verge of giving birth to an industrial revolution, the first of its kind (Braudel, 2002). Equipped with numerous consumer markets with a large number of buyers and sellers, what it lacked was a competitive labor market that was held back by the paternalistic legislations such as the Speenhamland Law. Polanyi's assessment of the way the Speenhamland system molded human motives is an illuminating example to understand the later recasting occasioned by the market system: "Not only did it [Speenhamland] put a premium on the shirking of work and the pretense of inadequacy, but it increased the attraction of pauperism precisely at the juncture when a man was straining to escape the fate of destitute" (Polanyi, 2001: 104). Furthermore, even in the late eighteenth century the people of the English nation were mainly motivated by more-than-economic motives: "On the face of it the "right to live" [Speenhamland introduced] should have stopped wage labour altogether. Standard wages should have gradually dropped to zero . . . *But this was an essentially pre-capitalistic age, when the common people were still traditionally minded, and far from being directed in their behavior by monetary motives alone*" (Polanyi, 2001: 85, emphases added). The coming market society was made possible by deliberate political interventions taking effect via a series of legislative moves: "The repeal of Speenhamland was the work of a new class entering on the historical scene, the middle classes of England. Squirearchy could not do the job these classes were destined to perform: the transformation of society into a market economy. Dozens of laws were repealed and others enacted before the transformation was on the way" (Polanyi, 2001: 105). Accordingly, "the Reform Bill of 1832 and the Poor Law Amendment of 1834 were commonly regarded as the starting point of modern capitalism" (Polanyi, 2001: 84).

[74] Polanyi distinguished between the two meanings of economic, the substantive and the formal. "The fount of the substantive concept is the empirical economy. It can be briefly (if not

giving birth to market society and the undisputable reign of the gain-seeking motive help to explain the later-witnessed change of emphasis in literary criticism. This brings us to the connection between the nineteenth-century civilization and Veblen's "pecuniary habits of thought" (Veblen, 1909: 632), another relevant factor.

How Veblen criticized the notorious practice of neoclassical economics in converting a commercial system with its pecuniary institutions, "the whole "money economy"" so to speak, into "a "refined system of barter"" in which the trace of enabling institutions was evaporated was mentioned (Veblen, 1909: 635). At present, instead, we would like to turn to Veblen's way of seeing the working of the price system in shaping the tastes and preferences of human beings:

> Economic institutions in the modern civilized scheme of life are (prevailingly) institutions of the price system. The accountancy to which all phenomena of modern economic life are amenable is an accountancy in terms of price . . . Indeed, so great and pervading a force has this habit (institution) of pecuniary accountancy become that it extends, often as a matter of course, to many facts which properly have no pecuniary bearing and no pecuniary magnitude, as, e.g., works of art, science, scholarship, and religion. More or less freely and fully, the price system dominates the current commonsense in

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engagingly) defined as an instituted process of interaction between man and his environment, which results in a continuous supply of want satisfying material means" whereas "[t]he latter derives from logic . . . [and] implies a set of rules referring to choice between the alternative uses of insufficient means." Hence, the substantive definition is broader than the formal one. Yet, owing to the peculiar characteristics of the nineteenth-century civilization, the two meanings coincided and the crucial implications of the former concept for the study of empirical economies of the past were forgotten. All the same, Polanyi recognized the relevance of the mainstream economic approach to the study of market society: "The last two centuries produced in Western Europe and North America an organization of man's livelihood to which the rules of choice happened to be singularly applicable. This form of the economy consisted in a system of price-making markets . . . As long as the economy was controlled by such a system, the formal and substantive meanings would in practice coincide . . . [U]nder the market system its [economics'] terms were bound to be fairly realistic" (Polanyi, 1957: 244-248). This is where Polanyi seemingly differed from Veblen. Veblen, from the outset, harshly rejected orthodox economic theory, and time and again emphasized its falling short of the evolutionary standard. On the other hand, Polanyi, typical of an economic historian, was concerned with proving the inapplicability and incompetence of formalistic theories not to the study of the modern scheme of life but to the societies of primitive and archaic cultures. Hence, if one were just to choose between the level of relevance—tissue compatibility—of neoclassical economics with respect to the distant past and modern economic life, the conclusion would obviously be picking up the latter one, in other words the lesser evil, which was what Polanyi opted for. Without question, this does not purport to mean that Veblen was interested in economic theory in so far as it applied to the modern society. Apart from these considerations, the relevance and importance of Polanyi's work for institutional economics were widely recognized, albeit with a lag. See Stanfield (1980) and Neale (1987).

> its appreciation and rating of these non-pecuniary ramifications of modern culture.
>
> (Veblen, 1909: 631)

It is our claim that this ""commercialization" of taste and appreciation" affected the literary critics to see a different and hitherto not emphasized side of Robinson Crusoe by way of inducing "pecuniary habits of thought" to channel a non-pecuniary line of inquiry in a particular direction (Veblen, 1909: 632).

To sum up the ongoing arguments, together with the nineteenth-century shift of the institutional settings carried out by way of political interventions, and the prevalent habits of thought of literary commentators and economists, at long last, we have arrived at a three-pillared analytical construction[75] for understanding Crusoe's change of career path from a literary hero to an economic one.

Apparently, reciprocal relations existed between these institutional entities, similar to threads in a hand-knitted tapestry that make the particular direction and momentum of the influence one exerted over another pretty formidable to be detected on a continuous and crystal clear basis. Yet, this is what we are attempting here, albeit only in a piecewise and blurry manner.[76]

First of all, the late eighteenth-century vicissitudes concerning the enigmatic effects of industrialization, the increasing foreign trade and unemployment, and the legislative measures taken to combat poverty that was wreaking havoc, might have induced Defoe's moral ends in writing the novel—spiritual awakening, attachment to one's social standing, perseverance, and the dignity of labour—to persist among the literary critics if one takes into account the instructive and doctrinal role of fiction in steering public attitudes, especially that of the

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[75] After all the talk about Polanyi's work, the reader will not be surprised to hear that in building this framework, we took as our model his attempt to unearth the institutional basis of the nineteenth-century civilization.

[76] Note that this three-pillared structure is a drastic reduction of reality, which consisted of various other factors of political, religious, and historical origin. Yet, it is beyond the scope of this work to set sail for a thoroughgoing archaeological excavation of an eventful period. Therefore, at the expense of a richer and versatile picture and for the sake of analytical manageability, the discussion is limited to keeping track of the developments in these three institutional elements.

undereducated laboring low classes. With the advent of the market system poverty stricken scenes of slums in the industrial towns were by no means relieved, which might also explain the waning yet ongoing religious literary appraisals of the novel, signaling a case typical of institutional inertia when one remembers that literary criticism *en masse*, reflecting the prevailing habits of thought, was conceptualized as an institution in itself.

Secondly, when one considers that the methodology and subject-matters of economic thought are not constituted in a natural vacuum but affected by the thought-provoking controversial social and economic developments of an epoch, then it becomes legitimate to search how the late eighteenth-century social environment—overwhelmed by poverty and pauperism—imposed form upon the nascent political economy.

The vortex of the turbulence was the "figure of the pauper" that "dominated a discussion the imprint of which was as powerful as that of the most spectacular events in history."[77] The Poor Law quarrels, to which Townsend made a contribution immense in its methodological consequences, "formed the minds of Bentham and Burke, Godwin and Malthus, Ricardo and Marx, Robert Owen and John Stuart Mill." Hence, "[p]auperism, political economy, and the discussion of society were closely interwoven" (Polanyi, 2001: 87-88). Consequently, a new science came into its own that discovered "the existence of a society that was not subject to the laws of the state, but, on the contrary, subjected the state to its own laws" (Polanyi, 2001: 116).[78] The implications of such laws were bound to

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[77] Polanyi time and again made this point very clear: Following the 1760s "[i]t happened for the first time that a boom in trade was remarked to have been accompanied by signs of growing distress of the poor. This apparent contradiction was destined to become to the next generation of Western humanity the most perplexing of all the recurrent phenomena in social life" (Polanyi, 2001: 97). "Where do the poor come from? was the question raised by a bevy of pamphlets which grew thicker with the advancing century" (Polanyi, 2001: 94).

[78] In this, the paradigm of the goats and dogs wheeled on by Townsend played its part. Although there existed no political entity on the island of Juan Fernandez, harmony and balance appeared on its own via the operation of nature's laws. Based on the associated commonplaces of the story, the "biological nature of man appeared as the given foundation of a society that was not of a political order. Thus it came to pass that economists presently relinquished Adam Smith's humanistic foundations, and incorporated those of Townsend . . . Economic society had emerged as distinct

influence the commonsense attitude toward the necessity of institutional reforms, which was what happened exactly:

> The drive for a competitive market acquired the irresistible impetus of a process of Nature. For the self-regulating market was now believed to follow from *the inexorable laws of Nature*, and the unshackling of the market to be an ineluctable necessity. The creation of a labor market was an act of vivisection performed on the body of society by such as were steeled to their task by *an assurance which only science can provide*.
>
> (Polanyi, 2001: 132, emphases added)

Therefore, it appears that literary criticism and political economy had been given shape by the late eighteenth-century institutional regulations, and the theories and analysis put forward by political economists later on were partly responsible for the emergence of the market mechanism via providing the politicians and public with scientific bombshells, provoking the introduction of new legislative interventions.[79]

The story does not end here. Thirdly, the new institutional scheme engendered a shift in people's prevalent motivations so that economic man became a part of the empirical reality observed by the literary critics, inducing a favorable bias in the commentaries. Furthermore, Crusoe's actions were poured into a pecuniary filter due to the fact that the literary inquiry was affected by pecuniary habits of thought characteristic of the businesslike nature of the age. A hitherto not mentioned factor in the literary paradigm shift might have been also rooted in the debut of economic man in Mill's writings, which were among the most widely read and influential until Marshall's (Ekelund and Hebért: 1997: 172), having the potential to gradually alter and mould the vantage point of commentators in their appraisals.

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from the political state . . . The apparently insoluble problem of pauperism was enforcing Malthus and Ricardo to endorse Townsend's lapse into naturalism" (Polanyi, 2001: 120-121).

[79] In addition to the role played by political economists in the formation of a competitive labor market, a "similar keying up of economic liberalism from academic interest to boundless activism occurred in the two other fields of industrial organization: *currency* and *trade*" so that when all was said and done "the dogma of laissez-faire [consisted of] . . . [t]he three tenets—competitive labor market, automatic gold standard, and international free trade . . . Thus the Anti-Corn Law Bill of 1846 was the corollary of Peel's Act of 1844, and both assumed a laboring class which, since the Poor Law Amendment Act of 1834, was forced to give its best under the threat of hunger, so that wages were regulated by the price of grain. The three great measures formed a coherent whole" (Polanyi, 2001: 143-145).

The bottom-line is that literary commentary, political economy, and the institutional setup altogether formed an interconnected whole, components of which presented inputs to one another through an institutional feedback mechanism. Accordingly, the metamorphosis of Crusoe cannot be understood adequately, and hence is doomed to be left in the dark corner of the rhetoric of economics, without this institutional framework.

In the next chapter, via a rereading of the original text written by Defoe, we will reclaim the suppressed institutional qualities of Crusoe, as Defoe presented them, in order to turn the uncritical acceptance of Crusoe as a representative of economic man without a temporal- and spatial-bound upside down.

CHAPTER 4

AN INSTITUTIONAL ANALYSIS OF ROBINSON CRUSOE'S ECONOMIC ADVENTURES

4.1 The Social Nature of Robinson Crusoe's Pre-Island Life: Habituation in an Institutional Setup

For the literary critics, whether of the eighteenth or nineteenth century, Robinson Crusoe was always interpreted so as to be got caught in the fishing net of the contemporary historical developments of the age. Though the commentaries did not emphasize the point with this exact wording, it is clear that they viewed the ground upon which Crusoe stood to be an institutional complex. On the contrary, within the scheme of neoclassical economics, Crusoe was stripped of his nourishing institutional integument and considered to be a mere representative of human race in general.

To be sure, such was not the case with Marx, who situated Crusoe in his proper spatial dimension: "Our friend Robinson Crusoe . . . having saved a watch, ledger, ink and pen from the shipwreck, he soon begins, *like a good Englishman* to keep a set of books" (Marx, 1990: 169, emphases added). So did Defoe in delineating Robinson's family tree in the very beginning of the novel:

> I was born in the year 1632, in the city of York, of a good family, though not of that country, my father being *a foreigner of Bremen* who settled at Hull. He got *a good estate by merchandise* and, leaving off his trade, lived afterward at York, from whence he had married my mother, whose relations were named Robinson, a very good family in that country, and from whom I was called Robinson Kreutznaer.
>
> (Defoe, 1994: 8, emphases added)

Although the reader is provided with only this much background of the Crusoe family, it is more than enough to form the basis of a credible guesswork. Being a

German merchant of Bremen, Robinson's father was possibly running away from the atrocities of the Thirty Years War which was then ravaging the soil of Germany. It is highly probable that he was part of a trading circuit with a reliable communications network, possibly a remnant of the Hanseatic League or the High German network of the sixteenth century (Braudel, 1992b: 154), established throughout the northwestern Europe. Hence, Crusoe was born into a pre-existing trading web with its long-lasting methods of doing business and solidarity among its members.

Knowing his son's passion for seafaring, the father urged Robinson to take over his place and enjoy a complacent life:

> He asked me what reasons more than a wandering inclination I had for leaving my house and my native country, where I might be well introduced, and had *a prospect of raising my fortune by application and industry*, with a life of ease and pleasure . . . He told me it was for men of desperate fortunes on one hand, or of aspiring, superior fortunes on the other, who went abroad upon adventures, to rise by enterprise, . . . that these things were all either too far above me, or too far below me; *that mine was the middle state*, . . . which he had found by experience was the best state in the world, the most suited to human happiness.
>
> (Defoe, 1994: 9, emphases added)

It is understood from the above passage that Robinson's father was well aware of the stakes and risks of venturing abroad, and from his advice to Robinson, an image of a risk-averter is inferred. Thinking that the profit margin was around 5% in the former Hanseatic League (Braudel, 2002: 103) and at most 10% in a symmetrically distributed world of buyers and sellers, within which his operations possibly took place, it is no surprise to see the father recommending his son to be prudent, patient, and industrious.

Yet, after a while, Crusoe's passion reigned supreme over his father's distilled advice to stay and prosper in the middle station of life: "[F]illed with rambling thoughts" and "satisfied with nothing but going to sea," Robinson's unmitigated lust for wandering "led [him] so strongly against the will, nay the commands, of [his] father" (Defoe, 1994: 8), to which he later on refers as his original sin. Having a restless adventurer soul, his thoughts were "so entirely bent upon seeing

the world that [he] should never settle to anything with resolution enough to go through with it" (Defoe, 1994: 11).

However, Crusoe did not pick up the itinerary of his elder brothers, "one of which was a lieutenant-colonel to an English regiment of foot in Flanders . . . and was killed at the battle near Dunkirk against the Spaniards; what became of [his] second brother [he] never knew, any more than [his] father or mother did know what was become of [him]" (Defoe, 1994: 8). Instead, "in an ill hour, God knows, on the first of September, 1651, [he] went on board a ship bound for London" (Defoe, 1994: 12).

In London, "it was [his] lot first of all to fall into pretty good company." There, he met with "the master of a ship who had been on the coast of Guinea; and who . . . hearing [him he] had a mind to see the world, told [Robinson], if [he] would go the voyage with him, [he] should be at no expense, [he] should be his messmate and his companion," while at the same time allowing him to trade as he wished (Defoe, 1994: 21).

Thus, Crusoe went "on board a vessel bound to the coast of Africa, or, as [English] sailors vulgarly call it, a voyage to Guinea," carrying with him "about £40 in such toys and trifles" as the captain directed him to buy (Defoe, 1994: 21). This voyage proved to be a handsome one in several respects. Under the supervision of the captain, Crusoe got

> *a competent knowledge* of the mathematics and the rules of navigation, learned how to keep an account of the ship's course, take an observation, and in short, to understand some things that were needful to be understood by a sailor. For, as he took delight to introduce me, I took delight to learn; and, *in a word, this voyage made me both a sailor and a merchant*; for I brought home five pounds five ounces of gold dust for my adventure, *which yielded me in London at my return £300*, and this filled me with those aspiring thoughts which have since so completed my ruin.
>
> (Defoe, 1994:22, emphases added)

Though his dear friend captain died soon after their arrival, Crusoe decided to repeat the same voyage again no doubt due to its giving rise to a superprofit level—£300 for £40—typical of long-distance trading. In this voyage, his

immediate ruin appeared in the guise of “a Turkish rover of Sallee” (Defoe, 1994: 22). After a fight, they were captured by the pirates and carried “all prisoners into Sallee, a port belonging to the Moors,” where Crusoe was kept “by the captain of the rover, as his proper prize” (Defoe, 1994: 23).

There, Crusoe contemplated “nothing but [his] escape, and what method [he] might take to effect it” (Defoe, 1994: 24). After two years, an odd circumstance presented itself when his “patron came on board alone . . . and ordered [him] with the man and boy, as usual, to go out with the boat and catch them some fish” (Defoe, 1994: 24). It was odd because Crusoe’s patron or one of his kinsmen was not going to be on the boat, which had never been the case until that day. Though a little ship, it was at his command and Crusoe, by recourse to deception, supplied the ship with

> a large basket of rusk, or biscuit, of their kind and three jars with fresh water into the boat . . . a great lump of beeswax . . . a twine or thread, a hatchet, a saw, a hammer a great leather pouch, which held about a pound and a half of powder, or rather more; and another with shot, that had five or six pound, with some bullets . . . thus furnished with everything needful, we sailed out of the port to fish.
>
> (Defoe, 1994: 26-27)

He was able to escape from Sallee to sail off to the Atlantic Ocean, where in a hopeless moment a Portuguese ship appeared suddenly in front of them. “[A] Scots sailor who was on board called to [him], and [Robinson] answered him and told him [he] was an Englishman, that [he] had made an escape out of slavery from the Moors at Sallee; then they bade [him] come on board and very kindly took [him] in, and all his goods” (Defoe, 1994: 37). The courteous Portuguese captain of the ship offered to purchase the boat Crusoe escaped with, with the goods included, and, what is more, Crusoe’s escape-company Xury for a fair price, an offer which Crusoe accepted.

With the help and supervision of the gracious English captain, Crusoe learned the basics of navigation and seamanship, and also the essences of being a merchant. After two years of slavery, thanks to another captain’s integrity, he arrived in Brazil. There, the Portuguese captain recommended Crusoe to a “good honest man

like himself, who had an *ingenio*, as they call it, that is, a plantation and a sugar house, [he] lived him some time and acquainted [himself] by that means with the manner of planting and making of sugar" (Defoe, 1994: 38). Observing "how well the planters lived and how they grew rich suddenly," Crusoe "purchased as much land that was uncured as [his] money would reach, and formed a plan for [his] plantation and settlement, and such a one as might be suitable to the stock which [he] proposed to [himself] to receive from England" (Defoe, 1994: 39).

To make use of the effects he left behind in England, Crusoe took the advice of his kind friend the captain and "accordingly prepared letters to the gentlewoman with whom [he] left [his] money and a procuration to the Portuguese captain, as he desired" (Defoe, 1994: 40). Through the established communication networks working on the line of Brazil-Lisbon-London, part of his wealth was transmitted to him. Once again, Crusoe reaped the benefits of long-distance trade:

> The merchant in London vesting this hundred pounds in English goods, such as the captain had writ for, sent them directly to him [the Portuguese captain] at Lisbon, and he brought them all safe to me to Brazil . . . [M]y goods being all English manufactures, such as cloth, stuff, baize, and things particularly valuable and desirable in the country. I found means to sell them to a very great advantage: so that I may say *I had more than four times the value of my first cargo*.
>
> (Defoe: 1994: 41, emphases added)

He spent four years in Brazil and "beginning to thrive and prosper very well upon [his] plantation, [he] had not only learned the language, but had contracted acquaintance and friendship among [his] fellow planters, as well as among merchants of São Salvador, which was [their] port" (Defoe, 1994: 42).

Crusoe was convinced by the merchants of São Salvador to "go their supercargo in the ship to manage the trading part upon the coast of Guinea," where he would engage in a contraband slave trade to supply their plantations with the much sought after yet expensive labor force (Defoe, 1994: 43). Unfortunately, in the midst of the voyage, his ship ran aground and his mates drowned in the sea, and Crusoe was thrown to no man's land in an evil hour (Defoe, 1994: 49), ushering in the long island solitude.

To say a few words, it is seen that Crusoe was a very lucky man throughout his pre-island life. In all of his transactions, he witnessed the goodwill of fellow agents. The family might have been the most suitable means to provide trustworthiness since “the merchant profession could not do without a network of reliable go-betweens and associates” (Braudel, 1992b: 150). However, as mentioned earlier, Crusoe refused to enter into an already established network. Be that as it may, he eventually had to depend upon “an elaborate social network of capitalist intercommunications” operating in another, possibly much more profitable axis (Hymer, 1980: 31).

Crusoe was “conditioned by the capitalist tradition” (Hymer, 1980: 32). By taking his mentors’ suggestions and directives seriously, he gradually learned the A-B-C of the techniques, ways and means of a merchant. A considerable part of the concepts which prevail in the social group man lives with are injected under his skin by formal or informal education (Mitchell, 1910b: 203), and within the toolbox of Crusoe’s mind there appears a subtle mastery of pecuniary concepts, that is to say an awareness of book-keeping and accounting techniques, and a methodological weighing up of advantages and disadvantages of a certain proposed project or state of affairs.

Hence, Crusoe fitted well with Veblen’s specification of the economic agent. Veblen substituted the hedonistic man with an active doer, “a coherent structure of propensities and habits,” which is “cumulatively wrought out under a given body of traditions, conventionalities, and material circumstances.” At any time, the economic agent of Veblen is “the outcome of the past process. His methods of life to-day are enforced upon him by his habits of life carried over from yesterday.” So that, “the base of action—the point of departure—at any step in the process is the entire organic complex of habits of thought that have been shaped by the past process” (Veblen, 1898a: 390-393).

Watt (1957: 70) observes that Defoe’s fiction characters have the calculating conscience in their blood as if it is the state of nature, and they do not need to

learn anything beforehand. However, before he fell to the island, Crusoe had learned whatever might be useful to him within a social environment, that is to say especially his accounting attitudes, and *a fortiori* the whole body of thoughts he is composed of are thus nothing but acquired habits, which are themselves inherited from past generations. In this way, economic or otherwise, his thoughts are filtered through the lens of a merchant-cum-planter's methodology.

When Crusoe fell upon the island, he carried over with him all the habits of thought of a merchant, a Brazilian planter, a slave trader, and a would-be repenter. He was not a universal representative, or a natural man but the product of a specific time and space domain with its particular discursive practices. And yet, had it not been for the intervention of the shipwreck episode, a literary move by Defoe, supplying Crusoe with a basic supply of tools and goods on the island, Crusoe would have been reduced to much less as a human being. Without the salvaged items from the shipwreck, "facts of human knowledge, skill, and predilection; that is to say . . . prevalent habits of thought" (Veblen, 1898a: 387), Crusoe would have been stuck in an impasse.

Off all the economists that mentioned Crusoe in their works one way or another, no one was aware of the shipwreck's role as *deus ex machina* except for Bastiat. He claimed that Defoe "made necessary social concessions by allowing his hero to save from the shipwreck a few indispensable objects, such as provisions, gunpowder, a rifle, an ax, a knife, rope, boards, iron, etc.—decisive evidence that society is man's necessary milieu, since even a novelist cannot make him live outside it" (Bastiat, 2010: 70).

What is more, Bastiat in his own way emphasized the institutional continuity: "And note that Robinson Crusoe took with him into solitude another *social* treasure worth a thousand times more, one that the waves could not swallow up: I mean his ideas, his memories, his experience, and specially his language, without which he could not have communicated with himself or formed his thoughts"

(Bastiat, 2010: 70). In the following pages, this institutional continuity will be the subject of inquiry.

4.2 The 'Institution-Free' Island Sojourn: Habits and Routines in Charge

Robinson Crusoe spent more than twenty eight years of his life time on the island. Of this duration, about twenty five years he lived in solitude aside from the animals that accompanied him. He managed to survive and in the course of time enjoyed a sedate and composed way of living with an abundant supply of various goods, thanks in part to the generosity of the island. Still, Crusoe was equipped with more than the island could offer him, this time, thanks to the supply of the goods and tools he fetched from the shipwreck. Exempted from the competition of any annoying stockholders, he was the sole heir to the considerable part of the riches belonging to the people drown in the sea (Watt, 1957).

In a similar manner, Hymer (1980: 32) pointed to the "pleasant weather and the large store of embodied labor . . . a vast array of materials and tools he never made but were still his to enjoy" as the key factors of Crusoe's survival and prosperity, but belittled his ingenuity and resourcefulness. As a matter of course, Crusoe was aware of the vital role played by the remnants of the wreck's magazine:

> Then it occurred to me again how well I was furnished for my subsistence, and what would have been my case if it had not happened, which was an hundred thousand to one, that the ship floated from the place where she first struck, and was driven so near to the shore that I had time to get all these things out of her. What would have been my case if I had been to have lived in the condition in which I at first came on shore, without necessaries of life, or necessaries to supply and procure them? "Particularly," said I aloud (though to myself), "what should I have done without a gun, without ammunition, without any tools to make anything or to work with, without clothes bedding, a tent, or any manner of coverings?" and that now I had all these to a sufficient quantity.
>
> (Defoe, 1994: 66)

By the help of the tools, as Hewitson (1994) observes, it is not long before Crusoe imposes a pattern drawn on the image of his European heritage upon the landscape of the island. However, it would be a mistake to assume that Crusoe's redeeming his accustomed standard of living is a straightforward and painless

attempt. So, acknowledging the happy chance Crusoe starts with, we are more interested in how Crusoe ordered his time so as to obtain a smooth procurement of the necessaries. Metaphorically speaking, chance provided Crusoe with an automobile but did not tell him the particulars. It was up to him to remember and/or learn how to drive it, determine where and with what speed to go within an environment yet to be discovered.

In his methodological writings, Veblen time and again waged "a continuous war against the prevalent suppositions of economic science" (Kilpinen, 1999: 187), "from a pragmatistic point of view" (Kilpinen, 1998: 31).[80] According to Veblen, the hedonistic calculus has a view of mankind as "clearsighted and farsighted in its appreciation of future sensuous gains and losses" (Veblen, 1909: 623). Instead of being drawn in terms of cause and effect, the resulting theory is confined to the ground of sufficient reason, which "runs only from the (apprehended) future into the present" (Veblen, 1909: 625), from ends and consequences to means.

The existence or importance of the relation of sufficient reason in shaping the human conduct is not denied: "It is this element of discriminating forethought that distinguishes human conduct from brute behavior" (Veblen, 1909: 625). However, it is at the same time the peculiarity of neoclassical economics to inflate the relation of sufficient reason and to count it as the *sine qua non* of human action, to assume that "gift of appraisement and calculation" is the only trait of human beings (Veblen, 1906: 188).

Thus and so, what is in fact a subsidiary and abnormal case is taken to be the standard one (Dewey, 1957: 202), such that human conduct is dealt only in so far as it is subsumed under "rationalistic terms of calculation and choice" (Veblen, 1909: 626). Consequently, agents are supposed to take each situation on its own isolated from the structurally similar experiences of the past and optimize on a

[80] Recently, there has been a flourishing interest in establishing the links between institutional economics and pragmatist psychology and philosophy of Charles Sanders Peirce, William James, and John Dewey. See Liebhafsky (1993), Twomey (1998), Kilpinen (1998), Kilpinen (1999), Kilpinen (2003), Hodgson (2004). Lawlor (2006).

case-by-case basis, which makes sense when deliberation and calculation is as easy as winking as if mind is in possession of Aladdin's lamp, not limited to only three wishes as in the tale but for a lifetime period.

To relate Crusoe's experience with the above theoretical scheme, let us ask a few questions: When he woke up in the morning, did Crusoe start from scratch to deliberate upon and consciously choose between the various activities involved in the satisfaction of his material needs over and over? Or, did he have a habit- and routine-bound regular daily and yearly activity schedule followed almost unconsciously on one hand, and a residual period that was allocated to more novel and effort demanding activities on the other? Furthermore, did the tools grant the necessary skill of using them once Crusoe grabbed their handles? Or, did he need to improve his skills and by recourse to innovation and experimentation, learn about mechanical contrivances that would serve his needs?

Pen, ink, and paper were among the useful things Crusoe saved from the shipwreck. He valued and husbanded them to the utmost: "[A]nd I shall show that while my ink lasted, I kept things very exact; but after that was gone, I could not, for I could not make any ink by any means that I could devise" (Defoe, 1994: 68). As Marx observed, he immediately began to write down his thoughts and projects by keeping a sort of journal. Since during the first month of his lonely sojourn he had been mainly occupied with the clearing out of the wreck and finding out a proper place to construct his fortress that would demarcate him from the 'Other', it was only after some time passed that he settled down to weigh up his situation in a detailed manner.

Like a person who has lost his family and friends during a catastrophe and stupefied with despair, Crusoe experienced the aftermath of his fall to the island with an uneasy mind. His thoughts were "wholly employed about securing [himself] against either savages, if any should appear, or wild beasts, if any were in the island" (Defoe, 1994: 61). Excessive fear drove him to build himself a fortress, but his anxiety about the dismal situation he was in continued to bother

him. His temper cooling down as time passed by, Crusoe decided to draw the balance sheet of his condition on the island trying to differentiate his case from what might have been worse by contrasting good and evil in order to get rid of the same restlessness that tracked him down continually.

> I now began to consider seriously my condition, and the circumstance I was reduced to; and I drew up the state of my affairs in writing, not so much to leave them to any that were to come after me, for I was like to have but few heirs, *as to deliver my thoughts from daily poring upon them, and afflicting my mind*; and as my reason began now to master my despondency, I began to comfort myself as well as I could, and to set the good against the evil, that I might have something to distinguish my case from the worse; and I stated it very impartially, *like debtor and creditor*, the comforts I enjoyed against the miseries I suffered.
>
> (Defoe, 1994: 68, emphases added)

The habits of thought characteristic of one line of activity, in time, effects one's thinking in other lines. With the help of his habits acquired within the world of a merchant, he filtered his conditions into agreeable and disagreeable aspects. He was cast upon an island without any prospect of recovery but at least managed to survive unlike all the ship's crew; there was nobody to converse with, he was isolated from human society, but the ship was sent near enough to the shore, and he was not starved to death without any sustenance. "[T]here was scarce any condition in the world so miserable but there was something negative or something positive to be thankful for in it" (Defoe, 1994: 69).

His inquiries were far from maximizing hypothetical utilities (Picchio, 2003). On the debit side, he anticipated that he would be all alone in the future if God would not work another miracle for him, and on the credit side he was relieved with the fact that at least he would be alive and endowed with a handsome supply of goods and tools. Out of these foreseen consequences and ends-in-view, he derived a meaning of his present situation, recovered his peace of mind, and restored a harmony: "Having now brought my mind a little to relish my condition . . . I began to apply myself to accommodate my way of living and to make things as easy as I could" (Defoe, 1994: 69-70).

From very early on, Crusoe divided his time and determined when to do what. It was the 30th of September that he fell to the island and about a month later he wrote down the following note to his journal:

> *November 4.* This morning I began to order my times of work, of going out with my gun, time of sleep, and time of diversion, viz.: Every morning I walked out with my gun for two or three hours, if it did not rain, then employed myself to work about eleven o'clock; then ate what I had to live on, and from twelve to two I lay down to sleep, the weather being excessive hot, and then in the evening to work again.
>
> (Defoe, 1994: 74)

The plan thus laid out was not a strictly obeyed one for sure. He was in a different climate and soon realized that the seasons of the year might be divided "not into summer and winter, as in Europe, but into the rainy seasons and the dry seasons." Accordingly, he made some changes in his schedule as the season changed and preferred to stay "within doors as much as possible during the wet months," doing whatever work at then he was busy with in his habitation (Defoe, 1994: 107).

In the ninth month of his stay Crusoe got sick: "*June 21.* Very ill, frighted almost to death with the apprehensions of [his] sad condition, to be sick and no help. Prayed to God for the first time since the storm off of Hull" (Defoe, 1994: 88). His distemper and feebleness continued for about two weeks. "[N]ot having the least sense, either of the fear of God in danger or of thankfulness to God in deliverances," throughout his pre-island life, Crusoe has been the "most wicked creature among [their] common sailors can be supposed to be" (Defoe, 1994: 90).

This period of weakness and near death revealed the spiritual void he had been in, and his conscience began to awake. Trying to find a cure for his body, Robinson also found a cure for his soul, discovering one of the Bibles he had carried away from the wreck by chance. Thus, he made peace with God, repenting the wickedness of his past life. He was thankful for being recovered from his sickness, and went on to glorify God: "*July 4.* In the morning I took the Bible, and beginning at the New Testament, I began seriously to read it, and imposed upon myself to read a while every morning and every night" (Defoe, 1994: 97). So, a

new entity was enrolled in Crusoe's daily schedule with the help of which he gained self-control by soothing his passionate, wanderer, and wicked soul.

The peace made with God had a repercussion; soothing his passions and calling in his self-interest, Crusoe learned to take the island in a different sense, and came to terms with it, conditions of which were favorable to him of course.

> My condition began now to be, though not less miserable as to my way of living, yet much easier to my mind; as my thoughts being directed, by a constant reading the Scripture and praying to God, to things of a higher nature, I had a great deal of comfort within which till I knew nothing of; also my health and strength returned, I bestirred myself to furnish myself with everything that I wanted and make my way of living as regular as I could . . . Having now secured my habitation, as I thought, fully to my mind, I had a great desire to make a more perfect discovery of the island and to see what other productions I might find, which I yet knew nothing of.
>
> (Defoe, 1994: 98-99)

Crusoe discovered many pleasant savannas, melons in abundance, very ripe and rich clusters of grapes, and the country appeared to him like a planted garden, "so fresh, so green, so flourishing, everything being in a constant verdure, or flourish of spring" (Defoe, 1994: 101).

The discovery of the soul was accompanied by the discovery of the landscape (Erickson, 1982: 61). Yet, what Crusoe saw was not only the beauty of pristine nature. Typical of a planter, he saw lands to be cleared, improved, and exploited unlike Rousseau's Crusoe who worshipped nature (Watt, 1996: 176).

At the end of his first year, his ink being diminished, he decided to "write down only the most remarkable events of [his] life, without continuing a daily memorandum of other things" (Defoe, 1994: 105). This might be read as a clever literary maneuver on the part of Defoe, with the aim of not boring the readers with the details of actions repeated on a daily basis. Even so, what we see from an economic viewpoint is that, in the wake of his first year, Crusoe had an outline drawn in his mind, whose subtitles would be expanded as the possibilities of the island offered themselves, and as the necessities of life commanded.

Crusoe reassessed his daily schedule in the beginning of the third year, and it resembled the schedule given in his second month, quoted above, with the exception of the Bible reading, which was included later on:

> [T]hough I have not given the reader the trouble of so particular an account of my works this year as in the first, yet in general it may be observed that I was very seldom idle; but having regularly divided my time, according to several daily employments that were before me, such as, first, my duty to God, and the reading Scriptures, which I constantly set apart some time for thrice every day; secondly, the going abroad with my gun for food, which generally took me up three hours in every morning, when it did not rain; thirdly, the ordering, curing, preserving and cooking what I had killed or caught for my supply; these took me great part of the day . . . so that about for hours in the evening was all the time I could be supposed to work in; with this exception, that sometimes I changed my hours of hunting and working, and went to work in the morning and abroad within my gun in the afternoon. (Defoe, 1994:115)

This ordering of what to do when persisted through years. With the help of his pre-island habits of thought and tools to work with, Crusoe in time transformed the untouched soil of the island into a manor that was under his exclusive command.

In the first volume of his magnum opus *Civilization and Capitalism*, the French historian Fernand Braudel, bringing together unusual themes for the traditional history, ranging from food and drink to costume and lodging, tries to define the boundaries in which the pre-industrial economies operated. According to him, in all ages, there exists “a limit, a ceiling which restricts all human life, constraining it within a frontier of varying outline” separating what can be done at ease from what is impossible (Braudel, 1992a: 27).

From fifteenth to eighteenth century this borderline was drawn by inadequate food supplies, population figures, and low productivity of labour. Throughout this period, the limits of the possible were not explored, the only real change coming with the advent of the nineteenth century and the Industrial Revolution. Be that as it may, after being reduced to zilch, we see Crusoe more or less recovering his past standard of life, and in some aspects passing it:

> But I had no need to be venturous; for I had no want of food, and of that which was very good too; especially these three sorts, viz., goats, pigeons,

> and turtle or tortoise; which added to my grapes, Leadenhall Market could not have furnished a table better than I, in proportion to the company; and though my case was deplorable enough, yet I had great cause for thankfulness, that I was not driven to any extremities for food; but rather plenty, even to dainties.
>
> (Defoe, 1994: 110)

The shipwreck's role as *deus ex machina* was detected earlier, and it is not claimed that Crusoe, on his own, developed new techniques or products that had the potential of revolutionizing the structure of the then contemporary economies, unfortunately not known to the rest of the world at the time. However, it is a fact that Crusoe passed the frontier that reflected his past body of technical knowledge by learning to supply himself with the lacking utensils and capital goods that he had used to procure from the market without being involved in their production processes. To grasp this, the need arises to inquire into the nature of habits more deeply.

The pragmatist psychologist William James's treatment of habit directly touches upon economic issues, and for that matter they are relevant to Crusoe's undertakings. According to James, "habit simplifies the movements required to achieve a given result, makes them more accurate and diminishes fatigue" (James, 1950: 112). Through practice and continuity of training, a greater accuracy of movements is acquired and "the expense of nervous and muscular energy" is reduced (James, 1950: 113). Economizing aspect of habits also helps to diminish "the conscious attention with which our acts are performed," and as time goes by, sequenced pattern of actions follow each other "without any alternative offering itself, and without any reference to the conscious will" (James, 1950: 114). Though consciousness and reasoning have a vital role in learning a particular technique, when proficiency is attained and the skill is mastered, "mere sensation is a sufficient guide, and the upper regions of brain and mind are set comparatively free" (James, 1950: 115-116). Praising these features of habit, James admires it as "the enormous fly-wheel of society, its most precious conservative agent" (James, 1950: 121).

Checking Crusoe's testimony, it is seen that he had some notion of the role of habits, albeit not explicitly coined:

> So I went to work; and here I must needs observe that as reason is the substance and original of the mathematics, *so by stating and squaring everything by reason, and by making the most rational judgment of things*, every man may be in time master of every mechanic art. I had never handled a tool in my life, and *yet in time, by labour, application, and contrivance*, I found at last that I wanted nothing but I could have made it, especially if I had had the tools; however, I made abundance of things even without tools, and some with no more tools than an adze and a hatchet, which perhaps were never made that way before, and that with infinite labour.
>
> (Defoe, 1994: 70-71, emphases added)

In the beginning stages of his mechanical undertakings, Crusoe made many discouraging experiments and miscarriages. In each enterprise, a great deal of time was usually invested in search for the appropriate raw materials or the appropriate methods. Conscious deliberation was involved in these stages to diagnose and differentiation by trial and error, and innovation, which at times "cost [him] as much thought as a statesman would have bestowed upon a grand point of politics, or a judge upon the life and death of a man" (Defoe, 1994: 85). However, as he himself witnessed repeatedly, with application and patience he reached an unexpected perfection in time.

Metaphorically, we can think of Crusoe having two containers, the first being larger than the second. From the beginning, each and every day, he filled the second container with the discoveries made, successful experiments carried out, and aspects of the skills mastered if there was any, all of which were then poured into the first one, to be preserved there from then on. So, Crusoe did not start to think out "afresh the means by which the end in view may be attained" (Mitchell, 1910b: 199), but with access to the knowledge and patterns of life stored in the first container his actions were greatly alleviated. As such, the second container represented the consciously deliberating and innovating aspect of Crusoe's mind. As of the first, it was where acquired habits and skills were embodied and operated almost on an unconscious manner. When the occasion called forth, a transaction occurred between the two, by way of which reasoning was constructed upon acquired habits of thought.

A direct counterpart of this division made itself apparent in the allocation of Crusoe's daily time to various activities. With "a sensible acceptance of an established routine proved by experience to be effective" (Mitchell, 1910b: 199), Crusoe was more or less involved in the same sort of activities each day. The only change was that one day he caught a tortoise and read the words "Call on me in the day of trouble, and I will deliver, and thou shalt glorify me" from the Bible; and another day, he trapped a goat and thought of the wisdom of the words, "All these things have not brought thee to repentance" (Defoe, 1994: 95-97).

As of the remaining residual time, "besides [his] yearly labour of planting [his] barley and rice and curing [his] raisins, of both which [he] always kept up just enough to have sufficient stock of one year's provisions beforehand…besides this yearly labour and [his] daily labour of going with [his] gun" (Defoe, 1994: 135), it was spent for overcoming the barriers to make a table, chair, pickaxe, shovel, "utensils proper for the performing all the operations necessary" for making the corn fit for his use (Defoe, 1994: 119), and the like. The established routine was rational in itself, because "there is no more miserable human being than one" for whom all of the daily activities are "subjects of express volitional deliberation" (James, 1950: 122). Furthermore, it became more so rational "through the progress of industrial and business technique" (Mitchell, 1910b: 199).

Moreover, Crusoe's routine fits into what Braudel calls "the material life or material civilization," which forms the first level of the latter's tripartite conceptualization of the economy, the upper levels of which are inhabited by market economy and capitalism respectively. The stage of material life is that "shadowy zone . . . lying underneath the market economy," where "elementary basic activity" in "the word of self-sufficiency and barter of goods or services within a very small radius" rules the lives of man (Braudel, 1992a: 23-24).

The connecting thread is not established upon the analogy between Crusoe's indefatigable pursuit of material fortunes and the very concept of material life, which would be a grave misunderstanding. Instead, Crusoe's self-sufficiency

based on the repetition—perpetuation—of the same kind of activities through years bears a remarkable similarity with the analytical conception of material life that runs according to unconscious economic routines that repeat themselves endlessly with the aim of subsistence.[81] Hence, the common ground is the incessant operation of unconscious routines. In this context, Crusoe was not different from a peasant of the eighteenth century living at a distance from market economy.

All the same, surely, Crusoe was more than a peasant. Within the framework outlined above, in the remaining time outside his routine, Crusoe's innovative pursuits converged to that of an Schumpeterian entrepreneur. Under the command of necessity, the passionate wanderer seafaring merchant of the past was converted into an equally passionate and heroic entrepreneur who spared "no pains to bring to pass whatever appeared necessary for [his] comfortable support" (Defoe, 1994: 153). Crusoe seldom gave "anything over without accomplishing it," once he had "it in [his] head enough to begin it" (Defoe, 1994: 166).

The entrepreneur's path inevitably takes him "outside of the routine tasks," in which people feel perfectly at home with their aim of "mere current administration of an inherited domain," considering it as their normal business in life. "[T]o undertake such new things is difficult and constitutes a distinct economic function," and it is in fact "the most unbourgeois of professions," the required aptitudes of which are "present in only a small fraction of the population" (Schumpeter, 1996: 128-134). Having a long run view, the entrepreneur is a "different kind of *homo oeconomicus*," who "cares for different things and acts in different ways" than the rational self-interest scheme

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[81] The choice of Braudel to shed light into Crusoe's activities might provoke controversies, not without good reasons. Surely, Braudel's tripartite schema was conceptualized to apply not to the actions of solitary individual human beings. The analytical concepts of material civilization, market economy, and capitalism were valid on the level of societies. Yet, here we follow the lead of Giovanni Arrighi. In his *The Long Twentieth Century*, Arrighi took "Marx's general formula of capital: MCM'" and interpreted it "as depicting not just the logic of individual capitalist investments, but also a recurrent pattern of historical capitalism as world system" (Arrighi, 1994: 5-6). Hence, Arrighi applied a micro level conceptualization to a macro level. What is done in this study by recourse to Braudel is just the reverse.

commands. His heroism is summed up in the words "seafaring is necessary, living is not necessary" (Schumpeter, 1996: 160).

Crusoe's activities outside his routine management of familiar everyday works easily fit in the Schumpeterian framework. This entrepreneurial activity was greatly buttressed by an established routine- and habit-bound daily and yearly schedule. Although the things to be done required immense labour and patience, Crusoe did not complain:

> But what need I have been concerned at the tediousness of anything I had to do, seeing I had time enough to do it in? All this, as I said, made everything laborious and tedious to me, but there was no help for; neither was my time so much loss to me, because, *as I had divided it, a certain part of it was every day appointed to these works*.
>
> (Defoe, 1994: 68-119, emphases added)

His routine and habit based schedule might be suboptimal, that is to say it would not match the best possible combination Crusoe could have arrived at with clearly distinguished ends, full information of the produce of the island, and perfect foresight, if it had been calculated. Nevertheless, as Crusoe hinted above, his rigid schedule facilitated and smoothed the continuous procurement of the necessaries of life, and by setting free the upper regions of mind and diminishing the conscious attention involved, it spared the time and effort of Crusoe for more novel activities of entrepreneurship. To return to the automobile metaphor used before, "there is no more paradox in this than there is in saying that motorcars are travelling faster than they otherwise would *because* they are provided with brakes" (Schumpeter, 1996: 88).[82]

In this chapter, with abundant textual support from Defoe's text, we tried to see the economic adventures of Robinson Crusoe through the prism of institutional economics in tandem with the pragmatist psychology and philosophy, and also

[82] Unfortunately, a more elaborate discussion of Crusoe's entrepreneurial actions with respect to the Schumpeterian framework will be suspended until Chapter 6, in which a critical assessment of Israel Kirzner's deployment of Crusoe as an alert entrepreneur will be presented with reference to a crack within the wider Austrian approach. This choice of postponement is the result of the urge to preserve the analytical coherence of both chapters, although, naturally, the latter one will be partly built upon the former arguments laid down in this chapter.

with reference to the extraordinary historiography of Fernand Braudel. The main conclusion is that notwithstanding the fact that Crusoe was isolated from society, and as opposed to the prevailing economic reading of the island as an 'institution-free' environment, the *social* continued to influence and order Crusoe's life on the island through the acquired habits of thought and discursive practices, that is, by way of informal institutions.

CHAPTER 5

SALVAGING GOODS FROM THE SHIPWRECK: WAS CRUSOE A RATIONAL ECONOMIC MAN?

5.1 Rational Economic Man: Clearing Decks

The understanding of what lies under the fabric of rational economic man is far from commonplace and explicit. On this point, Martin Hollis and Edward Nell wittily observed that:

> Few textbooks contain a direct portrait of rational economic man . . . He lurks in the assumptions leading to an enlightened existence between input and output, stimulus and response. He is neither tall nor short, fat nor thin, married or single. There is no telling whether he loves his dog, beats his wife or prefers pushpin to poetry. We do not know what he wants. But we do know that, whatever it is, he will *maximize ruthlessly* to get it.
>
> (Hollis and Nell, 1975: 53-54, emphases added)

The title of *homo economicus*, in its twentieth-century formulation, is usually reserved for the agents who are rational in an instrumental sense. In the ideal case, rational economic man is endowed with complete, fully ordered preferences, perfect information and all the necessary computing power (Hargreaves Heap and Hollis, 1987). The basic model can be made more sophisticated by relaxing the assumptions of perfect information and absence of uncertainty in order to approximate to a world where time, risk, and imperfect information are taken into account. However, it could be argued quite plausibly that "central to them has always been the idea that agents are maximizing something, usually called 'utility'" (Hodgson, 1988: 74-76).

The agent is supposed to be endowed with the knowledge of all the available acts that are open to choice, the complete knowledge of the consequences of each of the alternatives, and the certainty in his present and future evaluations of these

consequences (Simon, 1979a). In this overwhelming frame, an agent is implicitly required to "attend to all of the important variables about which he has to make decisions or that can inform him in his decisions" (Simon, 1984: 47). However, even if information is potentially understandable, accessible and easily located, due to practical limitations of time and attention the use of all available information is far from possible (Hodgson, 1997), human minds are not "instruments of unhurried, fully informed reason" (Clark, 1997: 270).

Another trouble comes on the scene when one appreciates that without any information problem at all, there may still be the problem of complexity, which can exist independently of information extensiveness, though partly overlapping. Complexity has to do with the cognitive abilities of man and arises due to the "modest information processing capabilities with which Man is endowed" (Simon, 1979b: 72).

Global rational choice, to which the classical rational choice model subscribes, requires "a feat of mathematical agility which would take centuries of experience and enormous electronic calculators to perfect" (Boulding, 1956: 84). However, contrary to the omnipotent and unbounded agent view of neoclassical economics, there exists a gap between the "competence" of an agent and the "difficulty" of his decision-making problem; a "C-D" gap (Heiner, 1983). Even in a stationary environment possessed with full information, man cannot be a 'lightning calculator', and mind is not in abundant supply.

After having reiterated these arguments, it does not comfort one to see that the problem of information extensiveness is incorporated into the orthodox theory with the advent of the economics of information (Stigler, 1961), and dealt by introducing search and information transfer explicitly as economic activities and including appropriate cost terms within the function which is to be maximized. By way of an analogy, it is apt to say that the fire is not extinguished, it is rather boosted. With this advent, the problem faced by the economic agent becomes far more difficult. The agent, besides computing the shapes of his supply and demand

curves, now also has to compute the related costs and benefits of computing those shapes with greater accuracy (Simon, 1979a).

In this context, early on, John Maurice Clark, referring to William James, discusses the costs involved in the effort of decision-making. “A good hedonist would stop calculating when it seemed likely to involve more trouble than it was worth.” Clark’s point is not that calculations will be done in the marginalist fashion. Quite the opposite, he states that the agent cannot tell just when the optimal point has been reached, and “no claim to exactness” can be made (Clark, 1918: 25).

Furthermore, from a methodological point of view, Christian Knudsen argues that “to make a decision is cost consuming: therefore it must be decided whether it is worth making a decision. But to make a decision implies costs; therefore we must decide, whether it is worth making a decision, etc.” (Knudsen, 1993: 143-144). This chain of reasoning is flawed with the problem of self-reference which ends up either in an infinite regress, a dogmatic interruption or a vicious circle (Knudsen, 1993) and the infinite regress problem runs against the claim that optimization implies rationality (Mongin, 2000). Incorporating the costs of information cannot conventionalize the case into an optimization problem and neither does Crusoe, of which later on.

Another relevant aspect of the rational choice model regards the existence of uncertainty, which is dealt with and tamed within neoclassical economics under the heading of risk by attributing numerical probabilities to events, which is in contradistinction to the true uncertainty defined in the works of Knight (1957), Keynes (1960) and Shackle (1955, 1961). In the latter sense, uncertainty is due to the lack of the knowledge of the future, which does not exist yet, enforcing man to act upon opinion rather than knowledge.

5.2 *I Furnish Myself With Many Things*

Now, let's accompany Crusoe in his energetic attempt to furnish himself with the goods from the shipwreck. Crusoe, before he and others left the ship and got on the boat to embark upon the shore of the island which would be his prison for many years to come, had told us the pitiful and recondite condition they were in: "We knew nothing where we were or upon what land it was we were driven, whether an island or the main, whether inhabited or not inhabited" (Defoe, 1994: 46). After a while, their boat journey was terminated by a "raging wave, mountain like" (Defoe, 1994: 48). Separated from the crew, he found himself sunk into the water. With much effort he made it to the shore alive and spent the night in a bushy tree for fear of being devoured by wild beasts.

When he woke up in the morning, he found the shipwreck miraculously "lifted off in the night from the sand where she lay, by the swelling of the tide" (Defoe, 1994: 51), being just within a mile from the shore. Thinking that he might save some necessary things for his use and survival, though he did not know what he would find there in advance, he tried to get on the wreck, which he accomplished eventually.

On the whole, he made twelve visits until the ship was no more to be seen following a stormy night. Luckily enough, six-months later, after an earthquake and a hurricane shook the earth, the ship reappeared on the scene and Crusoe continued to appropriate the remnants of the wreck. In these activities, what to fetch from the wreck constitutes a decision-making problem for Crusoe and a prolific basis of analysis for the current discussion.

In the first place, what made Crusoe so energetically and at times blindly visit the ship was not so much the scarcity of the goods stored in the ship as the fear of the ship's being lost once and for all, that is to say the scarcity of time period allowed for him to plunder the ship. The very ship which robbed him of the old familiar world was now his only link with that world, albeit a slippery one. Crusoe was well aware of the situation: "I knew that the first storm that blew must necessarily

break her all in pieces, I resolved to set all other things apart, *till I got everything out of the ship that I could get*" (Defoe, 1984: 57, emphases ours).

In his vulnerable condition, being born into an unknown state, the ship was like a mother to Crusoe, benevolent and generous, ready to supply him with whatever comforts she still has (Erickson, 1982). Then, if hunger stricken Crusoe had been a rational economic man, he would have obeyed the dictates of the model characterized by Simon (1979a) above. Sequentially, he would have constructed the context of the decision-making problem, deliberated upon it with the means and ends clearly distinguished in his mind, chosen, and acted accordingly. Nevertheless, extensiveness, complexity, and uncertainty were characteristics of the problem Crusoe faced off in the ship, making it impossible to be rational on the line of neoclassical economics.

In the first visit to the ship, although information about the goods that could be transported to the shore was easily obtainable, Crusoe did not carry out an extensive survey and draw an inclusive inventory of the goods owing to the time constraint he operated under. His first work was "to search and to see what was spoiled and what was free" (Defoe, 1994: 52). Founding all the ship's provisions untouched by the water and hence dry, being very well disposed to eat, he filled his pockets with biscuits, ate as he went about other things and took a large drum of rum in haste.

Having built himself a boat with the materials of the ship and thinking what he wanted most, he filled the boat with provisions, several cases of bottles of liquors after which he saw to his mortification that his coat, shirt, and waistcoat he had left on the shore swimming away. Only then he looked for clothes and took the amount needed for his present use, implying that his preferences cannot be held as stable and predetermined.

After long searching, he found out the carpenter's chest, but did not lose time to check what lies in it, for he knew in general what it contained. His next care was for some ammunition, arms, and powder. Fetching them too, he set sail for the

shore. From what has been said, Crusoe seemed to have done a great work. Though the effort put in was immense, the careful reader will notice that what Crusoe carried away from the wreck in his first visit bear an immense resemblance to the stock of goods, quoted above in the previous chapter, in the boat with which he escaped from his miserable status of slavery from Sallee years ago.

It can plausibly be claimed that the pile of goods in Crusoe's first visit to the wreck were to a great extent an outgrowth of the goods involved in the escape from Sallee. Confronted with a similar matter of life and death, Crusoe drew upon past experience which turned out to work then and hence did not start from scratch. But it should be noted that in the subsequent visits, what to fetch from the ship got more novel and intriguing, a peculiarity to which Crusoe responded not by following the trails of rational economic man but by quick and dirty improvisation.

There are two main approaches to rational behaviour; one has its roots in the revealed preference theory (Samuelson, 1938), demanding internal consistency based on several axioms such as completeness and transitivity, and the other is the pursuit of self-interest based upon the maximization of a utility function.

Crusoe was short of being internally consistent which requires "choices from different subsets should correspond to each other in a cogent and systematic way" (Sen, 1987: 69). In his second visit, next to setting apart "two or three bags full of nails and spikes, a great screwjack, a dozen or two of hatchets, and above all, that most useful thing called grindstone" (Defoe, 1994: 57) he found out "several things belonging to the gunner, particularly two or three iron crows and two barrels of musket bullets, seven muskets, and another fowling piece, with some quantity of powder more" (Defoe, 1994: 57). These latter goods relating to ammunition, arms, and powder Crusoe carried with him to his great comfort had went unnoticed in the first visit because Crusoe was not omniscient, i.e. not well-informed. So, he could not have a complete preference ordering.

A few pages back in the book, it was stated that what Crusoe wanted most was the provisions. All the same, he was surprised later on:

> But that which comforted me more still was that at last of all, *after I had made five or six such voyages as these, and I thought I had nothing more to expect from the ship that was worth my meddling with*; I say, after all this, I found a great hogshead of bread, and three large runlets of rum or spirits, and a box of sugar, and a barrel of fine flour; this was surprising to me, because I had given over expecting any more provisions, except what was spoiled by the water.
>
> (Defoe, 1994: 59, emphases added)

Moreover, after the eleventh visit, he thought that the cabin was rummaged so effectually "as that nothing more could be found" (Defoe, 1994: 60). Yet, in his twelfth visit he "discovered a locker with drawers in it, in one of which [he] found two or three razors and one pair of large scissors, with some ten or a dozen of good knives and forks" (Defoe, 1994: 60).

In these endeavours, rather than proving the exception, he obeyed the rule in that he did not represent the decision-making problem in its fullest richness by attending to all information, which rendered his decisions internally inconsistent at times. Crusoe preferred the good A (provisions) to B (armament), B to C (one pair of large scissors), then B to A, and C to B and A respectively, a cyclical movement contradicting the transitivity assumption. Yet, it would be rather irrational to expect Crusoe, for the sake of fulfilling the axioms of the theory, to leave untouched the provisions and armaments that he found later on in the wreck.

Another point to be made is what Karl Polanyi calls "the simple operation of "earmarking," which demonstrates whether there is or is not enough to go round" (Polanyi, 1957: 246). The scarcity postulate dictates choice to be induced by the insufficiency of means and for that to be the case, "there must be given more than one use to the means, as well as graded ends, i.e. at least two ends ordered in sequence of preference" (Polanyi, 1957: 246).

So, the question waiting an answer is that did Crusoe have a clearly defined end, let alone graded ends? The answer is a blatant no. His lack of the knowledge of the future, that is the fact of chronic uncertainty crippled his decisions and made

him act upon shady opinion. Crusoe's context was much different from a gambling one, the prototypical of rational choice models (Lane et al., 1996); that is to say, he was not the man spending his evening at the casino, playing roulette in which the stakes and possible payoffs are public knowledge. It is way too much to demand Crusoe to attach probabilities to the possible outcomes of the choices, when the future is impossible to be known in advance.

At the moment of retrieval, Crusoe did not know exactly for which end(s) the goods would be put into service and how much pleasure and pain would be procured from "two or three razors," "ten or a dozen knives," "a dozen or two of hatchets," "two or three Popish prayer books" (Defoe, 1994: 67), and etc. A point must be made clear to prevent misunderstandings. Crusoe of course knew that foods serve for the purposes of nutrition; armaments are good for defense, attack, and hunt but not for cutting trees, or for building fences; the carpenter's tools for construction and maintenance but not for stewing the flesh of a goat. But these are merely functions of the goods at hand and at most an understanding of cans and cannots. To say the least, did Crusoe know when and what he would shoot with his gun and how much utility would be derived from the act? Would he be pointing his musket to a bunch of savages equipped with rudimentary weapons, to a troop of blood thirsty civilized pirates, or would it be a goat, a pigeon, or a wild dog? Apparently, between his condition and roulette there exists a hard and fast gap. In addition, what is more surprising is the lack of clarity concerning the amounts of the goods listed above; not two nor a dozen but "two or three" and "ten or a dozen" (Defoe, 1994: 67).

In one of the essays collected for a book written in honor of George Shackle, who from the outset of his career criticized the mechanistic conception of decision-making and pursued a richer imaginative human action amidst uncertainty, Jack Wiseman and Stephen Littlechild stated that the episode that has been analyzed here "illustrates the pervasiveness of marginal evaluation" (Wiseman and Littlechild, 1990: 108) so much so that according to them Crusoe chose a bundle of cargo if and only if its value to him exceeded the value of the best rejected

bundle at a point in time. Contrary to this view of choice at the margin, and in a parallel fashion to Shackle's criticisms, for Crusoe, value and margin were not as clear cut as Wiseman and Littlechild construed .

Crusoe neither walked into the trap of infinite regress nor made any claim to exactness. Without running any marginal calculation to determine the optimum amounts and combinations of the goods to be fetched, without equating the utility derived from the last unit of effort spent between the goods, "all which [he] *huddled together*, whether [he]might want them or no" (Defoe, 1994: 67, emphases added), Crusoe carried them to the shore. After this first period of foray, he was relieved and content with the situation at hand:

> It blew very hard all that night, and in the morning, when I looked out, behold, no more ship was to be seen; I was a little surprised, but recovered myself with this satisfactory reflection, viz., that I had lost no time, nor abated no diligence to get everything out of her that could be useful to me, and that indeed there was little left in her that I was able to bring away if I had had more time.
>
> (Defoe, 1994: 61)

When the shipwreck became available again after the passage of six-months, ushering the second period, it is seen that his attitude to the treasure buried in the ship remained unchanged. His thoughts were diverted from other designs. Having learned not to despair of anything, Crusoe was "*resolved to pull everything to pieces that [he] could of the ship*, concluding that everything [he] could get from her would be *of some use or other* to [him]" (Defoe, 1994: 86, emphases added). This time, not the goods stored in but the body of the ship itself constituted the center of attraction. Check his journal:

> *May 5.* Worked on the wreck, cut another beam asunder, and brought three great fir planks of from the decks . . .
> *May 6.* Worked on the wreck, got several bolts out of her, and other pieces of ironwork; worked very hard and came home very much tired, and had thoughts of giving it over.
> May 7. Went to the wreck again, but with an intent not to work, but found the weight of the wreck had broke itself down . . .
> *May 8.* Went to the wreck, and carried an iron crow to wrench up the deck, which lay now quite clear of the water or sand; I wrenched open two planks and brought them on shore also with the tide, I left the iron crow in the wreck for next day.

> *May 9.* Went to the wreck, and with the crow made way into the body of the wreck, and felt several casks and loosened them with the crow, but could not break them up; I felt also the roll of English lead and could stir it, but it was too heavy to remove.
> *May 10, 11, 12, 13, 14.* Went everyday to the wreck, and got a great deal of pieces of timber and boards, or plank, and two or three hundredweights of iron.
>
> (Defoe, 1994: 87)

Even with an intent not to work, he could not resist the temptation; he was unable to detach himself from the enchantment of the ship and continued to work on it every day until the 15th of June. What forced him to terminate, whether the ship was lost out of sight again or there was nothing left to be appropriated, was not explicitly stated in the novel, but in his last workday he told us that "by this time [he] had gotten timber and plank and ironwork enough to have builded a good boat, if [he] had known how; and also, [he] got at several times, and in several pieces, near a hundredweight of the sheet lead" (Defoe, 1994: 88). If there had been any natural events, an earthquake, a hurricane, and especially those emanated from the sea like a dreadful storm, causing the wreck to sweep away, Crusoe would have noted it for he was extremely sensitive and terrified about the scourges of the sea throughout the novel.

Then, by the tranquil flow of the text, we can plausibly infer that no natural event intervened and Crusoe took away whatever he could from the shipwreck, leaving behind what was too heavy to remove. In this point of the discussion, the reader's attention is called to the fact that what has been put forward so far has the aim of rejecting the view which treats Robinson Crusoe as a rational economic man, who, whatever he does, always pursues the maximum reward with the least effort. Otherwise, we are far from claiming that Crusoe is not rational. This point will become apparent soon. Before that, we need to elaborate some aspects and dwell on others that will complement the discussion.

In neoclassical theory, rational economic man has ends which are clearly distinguished and unaffected by means. However, the dualism of ends and means is not "a distinction in reality but a distinction in judgment" (Dewey, 1957: 36). As such, the division is only of a "temporal and relational" character (Dewey,

1969: 43). The two terms are part of an ongoing stream of events and stand for the same reality. Being ends-in-view, ends do not predate action and lie beyond it as it is held up in the rational choice models but they are "terminals of deliberation, and so turning points *in* activity . . . foreseen consequences . . . redirecting pivots" (Dewey, 1957: 223-225), arising and functioning in the course of activity and providing it with a meaning and stimulus.

In any case, ends are endless and the ones that are foreseen can only "mark out a little island in an infinite sea" (Dewey, 1957: 261). But man is not in a hopeless predicament, for the proper function of ends is to show the way to move and to liberate the mind out of the perplexities and entanglements which block overt action. Hence, ends-in-view are means in present action: "Men do not shoot because targets exist, but they set up targets in order that throwing and shooting may be more effective and significant" (Dewey, 1957: 226).

In parallel with this account and contrary to the rational choice models, ends were not fully formed and clearly articulated in Crusoe's case as mentioned earlier. He was not in a position to register each and every good in the wreck to the ledger in his mind, and upon that, elaborately dream of the various ends these goods would serve. Crusoe's testimony above revealed that he had in his mind only some vague notion "of some use or other" (Defoe, 1994: 86).

By way of an analogy, it is apt to compare and contrast pillager Crusoe with a thief breaking into a house. Aside from the money he finds in the lockers, the latter, assuming he is not going to furnish his home with the goods he fetches, will turn his booty into money with a fair knowledge of the then prevailing prices, that is to say the exchange values of the goods, on the unofficial market somehow established by a network of fellow criminals and associates. Though the thief also suffers from incomplete knowledge and computational limits, at least he has a much more properly defined and quantifiable end, even if the joy of excitement and risk cannot be ignored, which may quite legitimately be an end in itself.

Yet, there was not a shortage on Crusoe's part. The time was not ripe for him to contemplate on various lines of actions and projects that were based on a connected time series. Crusoe appropriated the goods for his use in an environment about which he had little knowledge. Ends had the luxury to take a seat and wait to be crystallized afterwards on a retrospective basis in the scheme of "unfolding activity" (Veblen, 1898a: 390). After all, "we know a road only by what we see as we travel on it" (Dewey, 1957: 192). Then, in his hustle and bustle, his ends-in-view, the foreseen consequences were mainly related to two factors.

On one hand, Crusoe time after time experienced the roughness of the sea. As it could lift off the wreck by the swelling of the tide (Defoe, 1994: 51), it could reclaim it at a moment's notice. He knew that the wreck was not a multi storey warehouse, well established and well protected, not prone to any considerable threat. If it had been one such, then Crusoe would have gone over the land, thought of what was needed to be done in the course of time, and with his projects in mind, come and looked for the required tools.

Unfortunately, the foam of the sea carried with it a danger not to be underestimated. In contrast, the island, i.e. the land, though not entirely knowable, embodied less uncertainty than the sea. Following his first visit to the wreck, Crusoe travelled to the top of a hill for discovery and noticed that he was cast upon an island, which he saw "good reason to believe, uninhabited, except by wild beasts, of whom, however, I saw none" (Defoe, 1994: 56). Thus, Crusoe's inexhaustible resolution in clearing out the wreck was in an extent due to the uncertainty related to the mood of the sea. He reckoned beforehand that if he did not take urgent measure he would then be in a sorry plight.

On the other hand, the wreck's enchantment had also to do with the productive goods it contained. Mankind is a tool using species and "all that man has done and thought and felt has been achieved by the use of tools. The continuity of civilization is the continuity of tools" (Ayres, 1944: 222). In this scheme, what

constitutes value is derived from "the continuation of the life-process-keeping the machines running" (Ayres, 1944: 230).

As stated earlier, the wreck was the only connection with the past habits of thought and hence it was quite rational, valuable, and meaningful for Crusoe to cling to it as strong as he could. All in all, he was well aware that "[his] time or labour was little worth, and so it was as well employed one way as another" (Defoe, 1994: 71). Then, why should have he bothered himself to embark upon a circumstantial discovery of the landscape of the island, which has been sluggishly staring at the earth from the dark abyss of time, instead of trying to grab the materials that would help to reconstitute him in the mould of his habits of thought?

"*Contented with this discovery*, [after the first visit] I came back to my raft and fell to work to bring my cargo on shore, which took me up the rest of that day, and what to do with myself at night I knew not" (Defoe, 1994: 57, emphases added). Following the rhythms of ebb and tide, Crusoe used daylight for his visits to the ship. The volatility of the sea and the goods embedded in the ship combined together provided the necessary stimulus for action, as a redirection point for future occasions and consequences.

Nonetheless, a persistent believer in the virtues of the choice at the margin can still claim that Crusoe chose the best alternative available by sticking to the shipwreck and putting other designs aside. We agree upon this point, albeit not wholly.

Taken in the broad and modest sense, rationality simply claims, whatever their self-interest includes, people act in accord with it; they are not fools. As such, being forgotten, it flows under the narrow and presumptuous models of rationality "as it operates in the minds of economic agents," developed by the marginalist revolution and its followers (Lagueux, 2004: 35). With justification, it is redundant to explicitly mention that a 'lightning calculator' does not act out of sheer stupidity. However, as it was shown that Crusoe could only be an imperfect

calculator "making rough and ready choices about what next to put on the raft" (McCloskey, 1995: 203), it is legitimate for us to take a step back and rest on the broad and modestly understood sense of rationality.

What would a mere savage do, let's say a cousin of Friday, if he were to see the shipwreck? Would he be as resolute as Crusoe in his attempts? If not, would we call him irrational or stupid? In the words of Veblen,

> The ends of life, then, the purposes to be achieved, are assigned by man's instinctive proclivities, but the ways and means of accomplishing those things which the instinctive proclivities so make worth while are a matter of intelligence . . . This apparatus of ways and means available for the pursuit of whatever may be worth to seeking is, substantially all, a matter of tradition out of the past, a legacy of habits of thought accumulated through experience of past generations. So that the manner, and in a great degree the measure, in which the instinctive ends of life are worked out any given cultural situation is somewhat closely conditioned by these elements of habit, which so fall into shape as an accepted scheme of life.
>
> (Veblen, 1964: 5-7)

The hypothetical savage would not possess the institutional integument Crusoe wore. So, he could not see the wreck with the eyes of Crusoe. His habits of thought would be of a different character and the ship would not be valuable to his accustomed way of life in the same way as it was to Crusoe's. If the savage had the courage to get on the ship, may be, we would see him trying to carry the topmast to the shore to supply his village with a new totem. No, the savage would not be irrational because human conduct is given shape "under institutional norms and only under stimuli that have an institutional bearing, for the situation that provokes and inhibits action in any case is itself in great part of institutional, cultural derivation" (Veblen 1909: 629).

Crusoe was a rational man desperately trying to wear the same garment as before, but not a "*homo economicus* par excellence" (Grapard, 1995: 37).

CHAPTER 6

ECONOMIC DEVELOPMENT ON THE ISLAND: A SCHUMPETERIAN CRITIQUE OF KIRZNER ON CRUSOE

6.1 Kirzner on Crusoe: The Alert Entrepreneur

Israel Kirzner is one of the leading scholars behind the revival of Austrian economics in the second half of the twentieth century. In contradistinction to the general equilibrium oriented neoclassical framework with its perfect information and perfectly competitive market structure, Kirzner in his 1973 dated *Competition and Entrepreneurship*, building on the ideas of two dissident Austrian economists, namely, Ludwig von Mises (1949) and Friedrich von Hayek (1949), viewed the market as a process of entrepreneurial-competitive discovery, whereby the initial discoordination of the economy is rectified by alert market participants, who discover unexploited profit opportunities, and by doing so reduce the ignorance and imperfection inherit in the decisions taken by individual agents. In this context, the entrepreneur has an equilibrating role of prime importance for the economy to move from a sub-optimal disequilibrium condition to a more desired optimal equilibrium point, which is a crucial dynamic process that cannot be accommodated within the statical neoclassical scheme of analysis.

Kirzner's persistent attempts to call attention to the entrepreneurial aspect of individual human beings and the market process need to be considered against the vigorous tide of the formation of orthodox theory, especially after World War II:

> The entrepreneur is shorthand for uncertainty, imperfect information, and the unknown. He operates in the shadowy world of intuition, ignorance, and disequilibrium. As a functional agent, he is completely outside the scope of modern orthodox economic analysis because entrepreneurial issues are irrelevant and, more important, inadmissible, in the deterministic, tightly interlocking theoretical environment that is modern microeconomic theory.

(Barreto: 1989, 137)

In the playground of "automaton maximizers" the entrepreneur and all the associated aspects ceased to be an integral part of the dominant economic theory (Baumol, 1968: 68), let alone being a legitimate line of inquiry. Hence, Kirzner's discussion of individual entrepreneurship, in a paper published in *Perception, Opportunity, and Profit* (1979), based on the lonely activities of Robinson Crusoe on his deserted island, which has been the stronghold of neoclassical economics, was all the more interesting in retrospect.

The portrait of Crusoe in Kirzner's discussion shared much with the preceding economics texts in that there was no reference to any version of the story, either to Defoe's original text or to the *Robinsonades*. Not surprisingly, the charm of the story was again the conception of Crusoe as an isolated individual, making the discussion easy to pursue on methodological individualist lines.

To differentiate pure profit rooted in entrepreneurial initiative from standard allocation decisions and windfall gain, Kirzner deployed little narratives based on the activities of an imagined Crusoe:

> 1. Robinson Crusoe has a tree. Without action on his part, the tree yields fruit. Crusoe, who had in the beginning owned only the tree, now has both the tree and the fruit . . . [S]ince the fruit is forthcoming without Crusoe's action or decision, it cannot be linked to any entrepreneurial aspects of Crusoe's actions . . . 2. Crusoe does not own any tree or, if he owns one, does not realize its fruit bearing properties, but is suddenly presented by nature with fruit without having undertaken any actions to produce or secure the fruit. This is a windfall gain . . . an unexpected gift from nature; that is all . . . 3. [Crusoe] can, let us fancifully say, turn one apple into two apples by a costless wave of the hand, or-more plausibly-he can, by laboring in his apple orchard, convert hours of time, valued cheaply at their worth as leisure, into bushels of highly valued apples. If the possibilities of conversion are indeed assured without shadow of doubt, then no entrepreneurial profit is to be discovered in this kind of case. The efficient deployment of means to achieve given ends is simply a matter of maximizing: it calls for nothing entrepreneurial in Crusoe's character.
>
> (Kirzner, 1979: 159-160)

Deliberately sought after entrepreneurial profit originates from the individual's alertness, that is to say entrepreneurial hunch, via which he discovers an error in the existing scheme of valuations after which he opts for a better way of using his

resources. Thus, when Crusoe discovers that "his time is more valuably spent in building the boat than in catching fish . . . his reallocation of his labor time from fishing to boat-building is an entrepreneurial decision . . . the discovery of pure (Crusonian) entrepreneurial profit" (Kirzner, 1979: 161-163).

Parallel to the Kirznerian entrepreneur in the market process, who discovers price discrepancies arising due to the ignorance of market participants and acts to capture pure profits by arbitrage activities, here, Crusoe discovers a superior allocation of his resources and acts to accrue individual gain. Be that as it may, it is possible to go beyond Kirzner's own words and interpret the story of Crusoe in a broader Kirznerian way just for the sake of the joy of theoretical exercising, without staying loyal to his narrative of Crusoe but abiding by his theoretical tools.

As very well known, Crusoe fell to the island in an unfortunate manner. Before the ship was overturned by the storm, it is plausible to assume that Crusoe had had a fairly stable ends-means framework. He was heading to the coast of Guinea in order to engage in a contraband slave trade. However, that framework was shattered after the first minute of the island sojourn had begun. Here, Kirzner's distinction between Misesian human action and Robbinsian economizing is relevant for understanding the—Kirznerian—entrepreneurial aspect in Crusoe's actions that is of interest.

Robbinsian economizing assumes an unambiguously defined end-means framework, and is about allocating resources in an efficient manner. Yet, what Crusoe needed before he could carry out economizing was to rebuild a new ends-means framework, which could only be conceived in the broader Misesian notion of human action that "reflects not merely the manipulation of the given means to correspond faithfully with the hierarchy of given ends, but also *the very perception of the ends-means framework* within which allocation and economizing is to take place" (Kirzner, 1973: 33).[83] For Kirzner, it is exactly in

[83] Please note that the discussion is carried on by remaining within the Kirznerian approach.

these supra-Robbinsian moments that entrepreneurial alertness steps in to discover unexploited opportunities that arise due to imperfect knowledge.

As the entrepreneur's actions in the market context diffuse and disseminate knowledge through market learning (Hayek, 1949), so did Crusoe's discoveries reduce the initial ignorance he was stuck in accidentally. Crusoe's pre-island plans had been ruptured with the unfortunate beginning of the island sojourn, upon which followed the entrepreneurial discovery of the 'arbitrage' opportunities embedded on the landscape of the island and the vaults of the shipwreck, and the reconstruction of a new end-means framework to be revised as new information became available. Crusoe gradually got familiar with the environmental conditions, and produce of the island and constructed himself a daily schedule of what to do.

Crusoe's own testimony plentifully quoted in Chapter 4 reveals that with the passing of time he reassessed the valuation scheme and arrived at a stable position that reminds one the equilibrating role of the Kirznerian entrepreneur. Once the discoveries made were turned into routines, it became a matter of allocation converging to the Robbinsian line, after which the Kirznerian entrepreneurial character of Crusoe disappeared. Lest the passing of Robbins' name, economizing, and equilibrium concepts induce some ambiguities, the role of routines and habits must be revisited.

In this context, the institutional economist John Maurice Clark's view of the role of habits is particularly relevant:

> But if the human nature is so largely dynamic there remains one static element, namely habit. And indeed *it is only by the aid of habit that the marginal utility principle is approximated in real life, for only so is it possible to have choosing which is both effortless and intelligent, embodying the results of deliberation or of experience without the accompanying cost of decision* which, as we have seen, must prevent the most rational hedonist from attaining hedonistic perfection. For habit is nature's machinery for handing over to the lower brain and nerve centers the carrying on of work done first by the higher apparatus of conscious deliberation.
>
> (Clark, 1918: 26-27, emphases added)

Apparently, Clark followed in the wake of the pragmatist psychologist William James, who put forward the economizing aspect of habits into the foreground of his analysis. For Clark, it is only by avoiding the immense costs of calculation that a hedonist man could arrive at a first approximation to the optimal solution, which in fact cannot even be detected.

These considerations aside, we would like to draw the attention of the reader to another aspect of habits, which is their enabling role in providing agents with the knowledge of an approximate—within a certain bandwith—level of satisfaction to be derived from a certain activity. Human beings engage in actions and through time repeated actions add up to smooth and harmonious routines consisting of habits, the outcomes of which would be reckoned with a fair degree of precision within a stable environment, where the crippling effects of chronic uncertainty is absent.

Initially, to be sure, Crusoe had scant information about the island and his future prospects were blurred. Yet, with the passing of time, albeit slowly, via a learning process, his information about the island and the vaults load of goods carried from the shipwreck, of which Crusoe still lacked complete information as to their contents, increased, which also reduced, not extinguished for sure, the uncertainty he was surrounded by.

Remember the two metaphorical containers Crusoe had, discussed in Chapter 4. The second one was daily filled with the 'new' aspects of experiences and poured into the first one, which kept them intact and treasured to the most. It is this second container which was partly filled by Crusoe the Kirznerian entrepreneur. Yet, as the newly discovered activities ossified into routines with fairly stable prospects, the Kirznerian entrepreneur in Crusoe disappeared and the routine part of Crusoe's day converged to an equilibrium.

6.2 A Schumpeterian Critique and Rapprochement: Creativity versus Discovery in Rival Austrian Approaches

Joseph Schumpeter is perhaps the most influential economist to shape the debates evolving around the nature of entrepreneurship and its place in contemporary economy so much so that those who find fault with Schumpeter's theories develop their own as a complementary to it (Hebért and Link, 2009:77), as was the case in Kirzner's approach.

From very early on, Kirzner addressed the differences between the Schumpeterian entrepreneur as depicted in the latter author's *The Theory of Economic Development* and *Capitalism*, *Socialism and Democracy*, and his view of the entrepreneur driving the market process. In Kirzner's words,

> Schumpeter's entrepreneur acts to *disturb* an existing equilibrium situation. Entrepreneurial activity *disrupts* the continuing circular flow. The entrepreneur is pictured as *initiating* change and as generating *new* opportunities. Although each burst of entrepreneurial innovation leads eventually to a new equilibrium situation, the entrepreneur is presented as a *disequilibrating*, rather than an equilibrating, force . . . By contrast my own treatment of the entrepreneur emphasizes the equilibrating aspects of his role . . . A treatment such as Schumpeter's . . . is likely to convey the impression that for the attainment of equilibrium no entrepreneurial role is, in principle, required at all . . . For us, on the other hand, the crucial element in entrepreneurship is the ability to see unexploited opportunities whose prior existence meant that the initial evenness of the circular flow was illusory.
>
> (Kirzner, 1973: 72-73, 127)

The crux of the disagreement for Kirzner is the different roles attached to the entrepreneurs in his and Schumpeter's analytical constructions, which continued to be a defining characteristic of the former's approach. Yet, towards the end of his career, Kirzner (1985, 1992, 1999) nourished a more sympathetic attitude, possibly due to the increasing criticisms from both within and outside the Austrian circles, about the exclusion of matters related to the existence of fundamental uncertainty, innovation, and creativity in his account of the entrepreneurially driven market process.

Within this context, in a recently published paper, Kirzner went on to say that "[a]pparently, there must be scope for *both* a creative ("Schumpeterian")

entrepreneur (one who *generates* pure profit) and a "passive," alert ("Kirznerian") entrepreneur (one who snuffs out given profit opportunities by promptly exploiting them) . . . The merely alert entrepreneur identified in my work was never intended as an *alternative* to the creative, innovative Schumpeterian entrepreneur" (Kirzner, 2009: 149).[84] The complementary roles attached to the aforementioned entrepreneurs being in mind, to catch up with the course of the present work, let us turn back to Crusoe.

Although constituting a valuable leap into the stronghold of orthodoxy, Kirzner's discussion based on the activities of Crusoe, perhaps deliberately, lacks to illuminate the economic development of Crusoe on the island, who enjoyed a sedate and composed way of living like the well-off peasants of his native England in the seventeenth century, thanks in part to the generosity of the island and the supply of goods he fetches from the shipwreck.

Despite the happy chance he starts with, Crusoe's reclamation of his bygone standard of living is by no means a straightforward attempt, requiring many tools and necessities to be produced and the means of production to be changed, and hence the indispensability of innovation and creativity comes forward.

In Chapter 4, the details of the mechanical contrivances and experiments carried out in order to arrive at a working method, and the search for proper raw materials to be used in the production of lacking capital goods were mentioned. Through "carrying out new combinations" by way of "the different employment of the economic system's existing supplies of productive means" (Schumpeter, 1962: 68), Crusoe aimed at economic development.

As developed in the previous section, the routine activities of Crusoe were arrived at as the result of an entrepreneurial discovery process befitting Kirzner's analytical construct. However, "outside of the routine tasks," Crusoe addressed

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[84] There is still much controversy going about the different/similar characteristics of the entrepreneur in Schumpeter's and Kirzner's accounts. In the context of this paper, this issue will not be addressed. See Loasby (1989), Boudreaux (1994), Boehm (1990), Choi (1995), and Hebért and Link (2009).

himself to “a distinct economic function,” that of putting into practice “an untried technological possibility for producing . . . an old [commodity] in a new way” (Schumpeter, 1996: 132), which could not be accommodated into the Kirznerian framework.

One instance in Kirzner’s deployment of Crusoe in his account will make the point clearer. As will be remembered, the alert Crusoe discovered that his time was better spent in building a boat than catching fishes:

> Before he realized (knew) the possibility and productivity of boat-building, Crusoe lacked the essential ingredient needed to build his boat. *After somehow acquiring the relevant knowledge*, Crusoe finds himself in a position to build his boat. He may then attribute his boat –not only to the physical resources that go into boat-building, but also *in part to the information on boat-building technology* and on boat productivity in catching fish upon which he based his decision to change his plan of production.
>
> (Kirzner, 1979: 164, emphases added)

Kirzner passed over in silence how the boat was going to be built, that is to say the innovative facet of the initiative that required creativity on Crusoe’s part. This criticism, which seems to be a minor point in the context of the exemplification drawn upon Crusoe, might be answered by the earlier date of the publication when Kirzner’s attitude toward the implications of the Schumpeterian entrepreneurship had been negative on the whole, which came to be replaced by a more positive attitude later on. Yet, in the broader context, it reveals a crack within the different Austrian approaches that can be traced back to the normative orientation of Kirzner.

Kirzner’s limitation of human action to alertness and discovery and his reluctance to pursue the implications of the imaginative, creative, and innovative dimensions that were stressed not only by Schumpeter but also by such figures as Ludwig Lachmann (1994) and George Shackle (1955, 1958, 1961, 1972), can be tied to his inclination “towards an unconditional defense of *laissez-faire* and the free market” (Gloria-Palermo, 2002: 72).

To put it briefly again, Kirzner begins with disequilibrium in which individual plans do not match each other and fit in perfectly, resulting in imperfection and

ignorance. When the alert individuals discover opportunities owing their existence to discoordination, these agents act to grasp pure entrepreneurial profits. Through these discoveries, knowledge is diffused, ignorance is amended, and market is carried away from the initial disequilibrium. This, in Kirzner's view, is the essence of market process: It is an efficient coordinating device. Yet, there is an important presupposition here. In Kirzner's account the opportunities are conceived as existing prior to the alerted action of the entrepreneur, they are passively waiting to be discovered.

Not all Austrians share this presupposition. At least one among them, Ludwig Lachmann, goes one step further in the direction of subjectivism. As very well known, all Austrians share the belief that knowledge is subjective. Yet, few admit the subjective character of expectations related to future prospects. In Kirzner's scheme, entrepreneurs correct mistakes made in the past. However, they are not allowed to imagine the future, act upon the whims of a moment; in short, the creative aspect of human beings is not allowed to have a proper place.

The reason behind this restrictive inclination of Kirzner is that the extension of subjectivism so as to include expectations comes with the cost of jeopardizing the coordinating—efficient—role of market. When individuals are taken as creative, imaginative beings *à la* Shackle and Schumpeter, then the future becomes gloomy in Kirzner's framework, since with the introduction of fundamental uncertainty, market process might lose its ability to converge to equilibrium. Hence, the possibility of indeterminacy and disequilibrium has to be reckoned with.

Although Kirzner later on accepted the validity of criticisms,[85] he did not pursue the implications inherent in them. Yet, within the scope of the current study, an

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[85] In an interview with Stephen Boehm, Kirzner said: "My theory of entrepreneurship has sometimes been criticized as viewing the future as a kind of tapestry waiting to be unfolded: it is already there it is simply behind the screen; it only has to be unrolled and then the future will come into the field of vision, whereas the truth surely is, the critics point out, that the future does not 'exist' in any philosophically valid sense. It must be created so that the notion of alertness in the sense of seeing what is out there in the future is a mistaken notion. I recognize the philosophical validity of this kind of criticism" (Boehm, 1992: 101).

interesting rapprochement might be achieved thanks to the extreme conditions of the island.

Since before Crusoe's arrival the island had been uninhabited, there existed no second human being[86] who would interact with him. Kirzner's theoretical scheme might be vindicated fully only in such an environment. After an initial period of disequilibrium following Crusoe's unfortunate fall down to the island, a routine was attained by the discoveries of Crusoe and maintained thereafter due to the fact that it worked well and there was no external condition to disrupt it.

Of the internal changes which might disrupt Crusoe's routine, changes "not forced upon from without but arise by its own initiative, from within" (Schumpeter, 1962: 63), might be listed the innovative activities of Crusoe on Schumpeterian lines. Crusoe's routine might be conceptualized as the ""circular flow," running on its channels essentially the same year after year" (Schumpeter, 1962: 61). Yet, "the perennial gale of creative destruction" (Schumpeter, 1996: 84) cannot be accommodated within Crusoe's activities since there was no pre-existing line of industry on the island that could be harmed with the new combinations of techniques Crusoe developed on its own. In real society, those who benefit and who were harmed by the innovative activities are different. Yet, this was not the case on Crusoe's island. Hence, no 'social cost' was incurred. Of Crusoe's own circular flow, it is plausible to claim that it was not distorted in any significant measure. The outcomes of successful experiments, new tools and goods produced with the help of them, became part of the new routine. So, creative construction might be a more apt term to describe the innovative endeavours of Robinson, since, Crusoe did not destroy the old way of doing things but tried to converge to them by carrying out mechanical contrivances, mainly via trial and error. Hence, the adjective in the phrase—"new" combinations—represented more or less the "old."

[86] The conclusions apply till Friday's arrival, which comes late in the novel. Out of twenty eight years, Crusoe lives in solitude for twenty five years.

All this was due to the effectiveness of the activities that are part of the routine. Thanks in part to the sweet weather and abundant resources of the island, to the fact that there was only one mouth to be fed and no higher authority to which taxes were paid, Crusoe managed to overcome the barrier of his routine. This was not the case for the peasants of Sardinia in the eighteenth century and others like them, who were enmeshed in the vicious circle of low productivity, bad weather conditions, and a surplus population. The latter was not an environment to which innovation could be introduced peacefully. Braudel made this point very clearly:

> Paradoxically this surplus population was an obstacle to increased productivity: a peasant population as large as this, living very nearly at subsistence level, obliged to labour endlessly in order to compensate for the blows dealth by frequent bad harvests or to pay its many dues, was imprisoned within its everyday tasks and preoccupations and hardly able to move outside them. This was not the kind of milieu in which technical progress made much headway or in which risks could be taken with new crops or new markets. The chief impression it gives is of routine-bound, slumbering masses
>
> (Braudel, 1992b: 254)

Hence, "one could not simply walk into the countryside and do as one pleased; the feudal superstructure was a living, resistant reality; and above all the peasant world was always ready to oppose innovation" (Braudel, 1992b: 252). On the contrary, in the case of Crusoe, the routine-bound part of his day, which can be seen as the domain of capitalist Crusoe, provided the necessary credit of time to indulge in innovative activities, the domain of the entrepreneur Crusoe. To return to Braudel's concept of material life, with which a parallelism was established with respect to the unconscious operation of routines in Chapter 4, a visible contrast now appears since in material life innovation was almost impossible to be given birth amidst the imprisonment of routines, contrary to Crusoe's case where a productive routine went hand in hand with innovative struggles.

Apart from that, there is a close affinity between the analytical basis of arguments laid out in this chapter with those of Chapter 4 notwithstanding the seemingly different implicative complex of institutional economics, together with pragmatist philosophy, and Schumpeter's heritage. A careful reading of *The Theory of Economic Development* shows that underneath the living realities of such terms of

exchange, production, or consumption, Schumpeter's portrait of the circular flow bears a remarkable resemblance to the pragmatist philosophy and psychology beyond a mere analogy.

A further rapprochement is also visible between Kirzner and Schumpeter due to the island's extreme conditions offering novel theoretical opportunities. In this context, we claim that Crusoe, in his capacity to act as an alert entrepreneur, gradually constructed the routine-based circular flow, a move from discoordination and disequilibrium to harmony and equilibrium, beginning with the first day of the island solitude, which then became a part of Schumpeter's overall dynamics, and was not distorted by the discontinuous innovative activities of Crusoe.

CHAPTER 7

CONCLUSION

Contrary to the modernist claims that cherish the objective, value-free, and mathematics-like precise language of economics, in this thesis, we put forward an antipodal view based on the study of Crusoe's strange surprizing adventures in the realm of economic thought, perhaps a little drop in the vast ocean, yet, entitled to a fresh inquiry owing to its idiosyncratic features.

The attempt to study the rhetoric of economics always offers a rewarding challenge. In our case, the complications were all the more intriguing due to the long spectrum of the time period to be covered, from the beginning of the eighteenth to the end of the twentieth century on one hand, and the multi-partite nature of the metamorphosis of Crusoe being influenced by many streams of interrelated developments on the other. To these problems, an answer was provided in two steps.

The first step, Chapter 2, took the reader to a concise journey along the path of economic thought. Similar to a traveler taking photograph of architectural masterpieces during his visit, we took the inventory of references to Robinson, not an all-inclusive but a well-rounded portfolio, and via a close investigation, tried to sum up the general characteristics of certain periods, if any existed at all. Consequently, a broad, if not a razor-sharp classification was arrived at, signaling pluralistic deployments of Crusoe in economics writings prior to the advent of the so-called marginalist revolution, and a systematic appropriation following the 1870s. Another way to interpret and recast this stream of broadcasting is by way of recognizing the silent absence of Crusoe in classical political economy as

opposed to his loud and conspicuous existence in neoclassical economics, positing an interesting problem to deal with as to the hows and whys of such a contrast.

In the second step, in Chapter 3, the institutional nature of the above postulated contrast was revealed by resort to an habits of thought approach. To reduce an otherwise intricate problem into manageable dimensions, a limited number of factors were picked up out of a complex web: Literary criticism, economic methodology, and the institutional setup of society and the historical vicissitudes of certain turn-of-the-events time zones.

Literary commentators in the late eighteenth and early nineteenth centuries, a fertile period in many respects coinciding with the *belle époque* of classical political economy, opted for a religious appraisal of the character traits of Robinson. Through the influence of critics having close intellectual relationships with political economists, our hero was perceived as a more-than-economic social being, if not an altogether non-economic one. Yet, even if the commentators' attention had been focused on the other way around, that is to say if Crusoe had been perceived as an indefatigable wealth pursuer, again, he would not have been attractive for the large body of economists due to the particular methodology of the classical school. The latter was enmeshed in the explanation of macroeconomic phenomena at large, the laws of which were applicable not at the level of individuals with reference to their motivations but at the aggregate levels. Furthermore, in this scheme, the individual was not taken as an isolated being. On the contrary, he was projected so as to be a member of an all encompassing social class.

This double geared basis of analysis also proved to be a powerful one in making sense of the early neoclassical deployments of Crusoe. Following the mid-nineteenth century, literary criticism bended in an economistic direction, speaking more of Crusoe's dexterity in capturing material wealth than praising his religious awakening and attachment to a social status. So, at long last, a necessary condition was fulfilled for Crusoe to become an inhabitant of economic texts. To be

perfectly clear, with this paradigm-shift only a door was opened but it was up to the economists themselves to decide whether to walk in or not, which brought up once more the way economic problems was handled. Had it not been for the fulfillment of another necessary condition, in other words the methodological shift in economics manifesting itself more and more after the 1870s, the distinguishing feature of which was its laws' being built upon the actions of self-sufficient and independent individuals irrespective of their particular social *niche*, the marginalist resort to Crusoe would have remained a remote possibility.

To repeat it once more, Crusoe would have persisted to exist as a *social*—more-than-economic—character, instead of securing the honor to be the catchword for the cool-blooded maximizer of neoclassical economics had it not been for the paradigmatic changes that came into view in the aforementioned institutions. At the crossroads of the newly emerged emphasis by commentators on the economic qualities of Crusoe and the individual's assuming a central role within economic theory, the road was paved for the massive neoclassical deployment of Crusoe.

Later on, a third dimension, the institutional settings of society, was introduced to this two-legged construction so that a three-pillared analytical structure was brought into being. How the social debates revolving around the paternalistic legislative moves of the late eighteenth century affected the habits of thoughts of both the literary critics and political economists was discussed and the reciprocal nature of the relationship between these three institutions that continued to operate and influenced the formation of the self-regulating market was revealed.

This brought us to the end of what might be called as the first part of this thesis. The most important conclusion of this part is that the appearance of a de-institutionalized economic Crusoe in the neoclassical treatises, ironically, was itself an institutional phenomenon, and to make sense of it one has to probe into the subconscious dynamics of an interwoven complex composed of institutions, with its particular channels of habits of thought.

In a nutshell, early in the nineteenth century, the aforementioned factors acted as institutional complements in obstructing the deployment of Robinson Crusoe as an economic metaphor whereas in the late nineteenth century the underlying dynamics worked in the reverse direction, engendering Crusoe's deployment by the neoclassicals. To put it in other words, literary criticism, economic methodology, and the institutional setup, both in the first and second phase, not only formed a coherent whole but also reinforced each other as far as the relationship between Crusoe and economics is concerned. Accordingly, the analytical tool of institutional complementarity, albeit in a different theoretical context and with a certain qualification, can be considered as the connecting thread between these two periods.[87]

In the hand of neoclassical economics, the picture originally drawn by Daniel Defoe was distorted, and the formative and constitutive social garment Crusoe wore, the product of habituation in a specific environment, was skinned out so as to ensure Crusoe's eligibility for representing mankind in all time and space combinations. As such, Crusoe served to explicate the basic workings of supply-and-demand economic theory to which was added a more potent task of defending and imposing the aspiration of neoclassicals to universality that was often challenged by the historicist attacks. These properties of the illustrative-cum-defensive Crusoe paved the way for the counter-arguments laid out in Chapter 4, the opening piece of the second part of this thesis, where a rational reconstruction was attempted.

First, by resort to the letter of the novel written by Defoe, Crusoe's habituation in a vast institutional network prior to the unfortunate shipwreck calamity that

[87] Institutional complementarity hypothesis owes its existence to those scholars trying to understand the institutional diversity between the economies of the United States, Japan, and European countries, not to mention economies in transition (Aoki 1994, 2000, 2001; Amable 2000; Hall and Soskice, 2001). It involves the formation of formal models for the purpose of assessing the performance of a particular mix of institutional factors, for example between different kinds of monetary regimes and labor market structures, with respect to a quantifiable performance criterion, such as the rate of growth. However, owing to the argumentative framework of this study, in our case, institutional complementarity was based not on a quantifiable analysis but on a qualitative one.

ushered in the uninhabited island sojourn was analyzed in order to comprehend his actions on the island. Crusoe's habits of thoughts and discursive practices were forged under the influence of the particular codes of behavior imposed upon man operating within a capitalist trade circuit. With the gentlemanly help of the civilized fellow agents, mainly through an informal apprenticeship period, Crusoe learned the basic methodologies, ways and means of being not only a merchant but also a mariner, planter, and slave-trader. Therefore, as opposed to those views postulating Crusoe as a representative of mankind in any time and space combination, the man who sat his foot on the shore following a stormy night was not a *tabula rasa*. Quite the contrary, Crusoe, a white North-Western Protestant European, was definitely the product of a certain acculturation process. So, even if the economists gave voice to aspirations of universality on behalf of their theoretical apparatus, deep down in their rhetoric, the selection of a time-honored exemplary figure reveals the subconscious prevalence of a Eurocentric bias.

In the neoclassical deployments of Crusoe there exists an implicit normative presupposition of which few economists are aware. Not without any foundation, a commonplace knowledge about Crusoe is the fact that in the solitary existence he did not become a miserable wretched but survived, prospered, and one day returned to his far away homeland. So, based upon this implicative complex inherent in the use of Crusoe as an economic metaphor, one can uncritically accept that even in the midst of no man's land with no markets, exchanges, tools or goods, a man can cope with the hopeless bitter situation he is in via calculation and maximization. This contributes to the effectiveness of the neoclassical claims, not to mention its power of persuasion. If Crusoe had been unsuccessful in his attempts and reduced to a hopeless situation, he would not have been attractive as a metaphor. Nobody would want to take a case of failure and put it forward as an exemplary. Yet, Crusoe was a self-sufficient and independent man, and all that was due to his behavior in accord with the marginalist prescriptions.

In this context, secondly, the factors behind the survival of Crusoe on the island were investigated. To begin with, the climate, flora and fauna of the island offered

a very convenient environment for a man to survive. Furthermore, Crusoe was the sole heir to the accumulated wealth of the passengers and the crewmen of the ship, which was wrecked and ran aground within a reachable distance from the shore. Given these, we then tried to conceptualize Crusoe's actions in line with the substantive definition of economics, i.e. "an instituted process of interaction between man and his environment, which results in a continuous supply of want satisfying material means" (Polanyi, 1957: 248).

The production of consumption goods and capital tools to work with, including the search for appropriate raw materials, development of technical skills and methodologies, necessitated an effective use of time, the most important candidate for being a bottleneck. Crusoe solved this would-be problem by resort to a habit- and routine-bound daily and yearly activity schedule. Due to the fact that there was no population pressure—only one mouth to be fed—on the island, allocating only a part of the day, not all of it, sufficed for the fulfillment of Crusoe's nutritional needs. To attain his subsistence, Crusoe more or less carried out the same sort of activities each day, year in year out. Apart from that, his routine schedule also included a persistent reading of the Scripture, by way of which the sinful and passionate temper of the pre-island Crusoe was curbed into a more controllably self-interested one.

In the course of time, Crusoe attempted to fully impose his European culture upon the island and craved for completing the parts which had been missing. Accordingly, the residual time remaining after a day's routine was utilized, not on a continuous basis but as the need arose, for the production of capital goods which would be employed to produce the much sought-after consumption items. To come up with those utensils and tools that had hitherto been procured from the market was by no means an uncomplicated and effortless process for Crusoe. Yet, by resort to innovation—trial and error, and learning—with the help of the economizing role of habits, sooner or later, new combinations of existing resources were arrived at. Habits and routines stepped in the subsistence economy of the island to provide Crusoe with a continuous supply of his material needs,

and they jointly reduced the conscious effort and attention, by way of which Crusoe had more room to focus on innovation in an entrepreneurial sense as would befit Schumpeter's *persona causa*.

Institutions and habits are part and parcel of any economy, even that of an 'institution-free' island. Accordingly, Crusoe's pre-island habits of thoughts and discursive practices, that is to say informal institutions, pretty much kept on channelling his reactions to the external stimuli. To be sure, outside the world of commerce, the motive of gain gave way to the reign of the subsistence motive, and the indefatigable pursuit of profit, which had caused him to forget the instructions of God, was attenuated.[88] With a sensible adaptation to the new environment, Crusoe's wandering lust and trading passions were transformed into those of an entrepreneur embarking upon innovative activities the outcome of which were unknown and uncertain.

The emphasis put on rationality in Chapter 4 was based on the differences between the neoclassical rational choice framework operating on a case-by-case basis, taking each action as separate from others, and the evolutionary view of rationality as a continuous and long-term affair involving an unconscious perpetual operation of routines together with the innovative creative endeavours grounded on habits (Kilpinen, 2003).

From another perspective, in Chapter 5, we presented more formally structured counter-arguments through a close investigation of the decision-making processes involved in our hero's furnishing himself with the leftovers of the shipwreck.

[88] After four years of solitary existence, Crusoe wrote down the following into his journal: "In the first place, I was removed from all the wickedness of the world here. I had neither the lust of the flesh, the lust of the eye, or the pride of life. I had nothing to covet; for I had all that I was now capable of enjoying . . . I might have raised shiploadings of corn; but I had no use for it; so I let as little as I thought enough for my occasion . . . But all I could make use of was all that was valuable. I had enough to eat, and to supply my wants, and what was all the rest to me? . . . In a word, the nature and experience of things dictated to me upon just reflection that all the good things of this world are no farther good to us than they are for our use; and that whatever we may heap up indeed to give others, we enjoy just as much as we can use, and no more. The most covetous griping miser in the world would have been cured of the vice of covetousness" (Defoe, 1994: 128-129).

Here, it was engagingly showed that Robinson Crusoe did act neither in a marginalist fashion nor within an axiomatic framework. Instead, where available, Crusoe resorted to the solutions that worked well in the past in similar contexts, and where the problems were of a more novel kind, without weighing up the case thoroughly, he acted in a quick and dirty fashion and improvised. This kind of behavior did not only stem from the existence of fundamental uncertainty. Even if there had been no uncertainty, Crusoe would have had to cope with equally annoying complications engendered by information extensiveness, complexity, and the untenability of the ends-means framework. The reader should bear in mind that this conclusion is not due to the extremities of Crusoe's adventures, but it is also viable for an individual shopping in the supermarket, or a firm taking action amid the exigencies of the economy.

The discussion of the entrepreneurial aspect of Crusoe's economic life on the island, briefly touched upon in Chapter 4, was elaborated more deeply in Chapter 6 with respect to the differences of Kirzner's and Schumpeter's theories of entrepreneurship. Crusoe wore the shoes of an alert entrepreneur in his attempts to reconstruct a viable ends-means framework through successive acts of discovery of the pre-existing yet unnoticed opportunities offered by the island, at the end of which he arrived at the routine schedule conceptualized back in Chapter 4. Be that as it may, to give birth to economic development, Crusoe needed to be more than an alert discoverer that was bound to fall short of the task, bringing to the agenda the creative innovator, and, naturally, Schumpeter. Then, it was shown that Crusoe's routine, an equilibrium-like schedule arrived at via alertness and discovery, might be considered as the circular flow in Schumpeter's theory, so that there was room for Kirznerian entrepreneurship within the wider Schumpeterian framework, which also consisted of the far from disequilibrating yet innovative attempts of Crusoe. All in all, irrespective of the specifics, to address Crusoe from the perspective of entrepreneurship is itself a genuine criticism of the perfectly informed and foresighted neoclassical Crusoe.

In this way, at the end of the second part of the thesis, many, if not all, neoclassical presuppositions about Crusoe were refuted and alternative accounts were presented. In so doing, we also wanted to draw attention to the literary substratum to economics. It should be noted that not all of the neoclassical texts use the metaphor of Robinson Crusoe, and they are perfectly capable of surviving without it. However, as we showed, the problem is deeper than it might seem at first glance. Neoclassical economics can kiss Crusoe goodbye, but it cannot do without metaphors and stories that are part of its rhetorical body. Moreover, the use of literary devices is not confined to a particular strand of economics but a general characteristic of it. Hence, economists should be aware of their rhetoric that expresses what is considered as relevant at the expense of equally important yet unnoticed and undervalued aspects.

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