

1. Introduction

The master-economist must possess a rare *combination* of gifts. He must reach a high standard in several different directions and must combine talents not often found together. He must be mathematician, historian, statesman, philosopher – in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must lie entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near the earth as a politician.

Keynes, 'Alfred Marshall (1842–1924)', (1924–25, pp. 173–4)

Maynard is a great man, I rather think. They had caught three mice in one trap; this excited him to the verge of hysteria. Now that's true of greatness; combined as it is with buying a whole flock of sheep; ditto of cows; he had been also dictating a letter to the *Times*; is overcoming the innumerable actors and actresses [at his Cambridge Arts Theatre] who won't act Phedre; they will act Phedre; had also a complete knowledge of Tuberculosis in cows; meanwhile gave permission for Auntie to drive with Edgar [chauffeur] to Lewes to buy stockings; all details are referred to him; yet he remains dominant, calm; intent as a terrier to every word of L's [Lydia Lopokova-Keynes] play; spotted at sight things I'd never seen from sheer vacancy; and left me crushed but soaring with hope for a race that breeds men like Maynard. And I kissed him and praised to the skys his Memoir Club paper ['My early beliefs']; by which, most oddly, to my thinking, he was really pleased.

Virginia Woolf, letter to Vanessa Bell, 8 October 1938 (Woolf, 2003, p. 415)

John Maynard Keynes was one of the most influential figures of the twentieth century. His *General Theory of Employment, Interest and Money*, published in 1936, stands alongside Adam Smith's *Wealth of Nations* or Karl Marx's *Capital* as one of the most important works in the field of economic and social thought. And yet Keynes's work is much more than this single book. He was a man of action, fully engaged in the problems of his time. Economics, inseparable from the social and the political, was only one of his preoccupations. The economic reforms he advocated were but one (however major) element in a process of political and social transformation necessary to save a world threatened by war, revolution and all forms of extremism. Keynes proposed a global vision of society, its evils and the means to overcome them.

After World War Two, his ideas became an essential part of economic, political and social thought. Keynes appeared to many at the time to be responsible for preserving capitalism. But this view changed in the 1970s, when the Welfare State was being called into question and neoliberalism started gaining ground.¹ Keynesian policies then came to be seen as responsible for the evils of contemporary economies, and some economics students were discouraged from seeking awareness of his theories and recommendations.

I believe that reading Keynes's work while studying his engagements with the issues of his times is of the highest interest, from a historical point of view, but also for an understanding of our own times. Keynes's thought has often been reduced to a series of mechanical prescriptions which, in some cases, contradict his understanding of society. More

pragmatic than dogmatic, Keynes claimed to provide a diagnosis of the state of modern economies, but did not claim to provide remedies for their ills applicable to all times and places. And, as we shall see, the economy did not occupy centre stage in his conception of society. The first quotation above, an obituary note Keynes wrote for his professor Alfred Marshall, can be read as a self-portrait, illustrating the fact that an economist must be more than an economist to understand his time. As the second quotation above shows, his friend Virginia Woolf described with humour the multiple facets of this surprising figure.

Keynes's name has been used to refer to a revolution, a current of thought, states and policies. However, what is called 'Keynesianism' arises from a rather complex relationship with Keynes's ideas. As is generally the case with schools of thought, their founders' works have often been simplified, vulgarized and dogmatized by disciples. The Keynesianism associated with the postwar economic boom and called into question in the 1970s has in many regards little in common with most of Keynes's arguments. Moreover, intellectual inheritances frequently give birth to virulent quarrels. As such, several variants, from radical to moderate, exist within Keynesianism.

This book is devoted to Keynes and not to Keynesianism, and to a Keynes who is far from reducing himself to a mere theoretician of the economy. It is hoped that the reader will be convinced of the accuracy of the positions advanced above, particularly the distance separating Keynes and Keynesianism and Keynes's contemporary relevance, which will be discussed in the Conclusion.

WAR OF WORDS

Keynes left behind an enormous body of work. It is of substantial literary quality and extends across many fields, from philosophy and economics to history and politics. He excelled in all genres: abstract treatises or pamphlets, academic or newspaper articles, official reports or personal correspondences, statistical analyses, biographical essays. A master of the spoken as well as the written word, his effectiveness as lecturer, conference speaker, member and president of boards of directors, political activist, member of various commissions and committees, negotiator of private and public, particularly international, affairs, was unmatched. Accounts attesting to his skill at verbal jousting abound. He made use of brutality and seduction alternatively, exploiting a voice that fascinated his listeners in spite of a light stutter he transformed into an asset. For his friend Leonard Woolf, husband of Virginia, 'he could outwit a banker, business man, or Prime Minister as quickly and gracefully as he could demolish a philosopher or crush an economist . . .; he might, at any moment and sometimes quite unjustifiably, annihilate some unfortunate with ruthless rudeness' (L. Woolf, 1960, pp. 144–5).²

This paradoxical figure, though physically fragile, was a man of action as much as thought, economics and politics comprising only part of his meticulously organized schedule. With an eye constantly on the clock, he never seemed pressed for time to those around him. He always found a moment to share confidences and gossip, which constituted one of the preferred activities of the circle of friends to which he belonged and which has come to be known as the 'Bloomsbury Group'. With the exception of Keynes and Leonard Woolf, this group counted no economists or politicians among its members, who were artists, writers, art critics, journalists, biographers and psychoanalysts.

Keynes maintained a sharp division between his public and private lives. The latter was devoted, in addition to romantic and friendly relationships, to an important involvement in the art world, to activities as a collector of paintings and rare books, to gardening and the work of being a gentleman farmer. His public life involved politics, in which he intervened both as party militant and government adviser, and of course economics, in which he acted as theoretician, but also as financier, speculator and administrator. He claimed to accord priority to his private universe, even though in the end he devoted most of his energy to the public sphere. The exhausting negotiations he led with the United States in the name of Great Britain during the Second World War probably hastened his end. In the spring of 1934, Virginia Woolf composed what she called 'a biographical fantasy' of Keynes which began by enumerating words characteristic of his centres of interest: 'Politics. Art. Dancing. Letters. Economics. Youth. The Future. Glands. Genealogies. Atlantis. Morality. Religion. Cambridge. Eton. The Drama. Society. Truth. Pigs. Sussex. The History of England. America. Optimism. Stammer. Old Books. Hume' (V. Woolf, 1934, p. 274).

His life was characterized by combats and battlefields. If there exists one common thread throughout Keynes's kaleidoscopic activities, it is that of a permanent struggle to convince his contemporaries, particularly political and economic leaders, of the urgent necessity of radical transformation in preventing the collapse of a fragile and threatened civilization. Poverty, intolerable inequalities of income and fortune, unemployment, crises and international conflicts were all conditions favourable to the rise of extremism, of which Fascism and Bolshevism represented two of the most dangerous forms. These economic calamities were not consequences of inescapable natural laws, but the result of human error and irrational impulses buried in the unconscious, much like the love of money. It was not only possible but essential that major reforms be undertaken to confront such perils, to master such demons. Keynes defined himself, not as a professor, economist or politician, but as a spreader of ideas, a publicist³ and a prophet of misfortune. He gave the title *Essays in Persuasion* to a 1931 collection of articles and book extracts, describing their contents as follows:

Here are collected the croakings of twelve years – the croakings of a Cassandra who could never influence the course of events in time. The volume might have been entitled 'Essays in the Prophecy and Persuasion', for the *Prophecy*, unfortunately, has been more successful than the *Persuasion*. But it was in a spirit of persuasion that most of these essays were written, in an attempt to influence opinion. (1931-1, p. xvii)⁴

Keynes displayed here his customary false modesty; in fact, he entertained few doubts on his capacity to influence public opinion. It was necessary for him to struggle against the threats looming over society. And economic difficulties were but one of these. In an ideal society, 'the economic problem will take the back seat where it belongs, and . . . the arena of the heart and head will be occupied, or reoccupied, by our real problems – the problems of life and of human relations, of creation and behaviour and religion' (*ibid.*, p. xviii). But this struggle, however pitiless, must remain peaceful. The rejection of violence was a fundamental principle for Keynes. It prevented him from joining Labour, a party some of whose values he shared but which included in its ranks advocates of the violent overthrow of the social order. It also brought him, like most of his Bloomsbury friends, to claim objector of conscience status during the First World War.

At the age of 20, Keynes, then a student at Cambridge, presented a paper written during the winter of 1902–1903 before a King's College literary society. Its subject was Abelard,

lover of Eloise.⁵ He emphasized the former's struggles against the established political and religious powers of his time. He praised the 'dialectical skill' (1903-1, p. 27) of this philosopher who investigated the logic of language and religious discourse and composed numerous hymns. But mostly he admired him for having been inclined 'rather to the war of words than to the war of arms' (*ibid.*, p. 14). Keynes clearly felt kinship with the medieval philosopher. Like Abelard, he rejected violence in spite of the glaring injustices he denounced throughout his life and led a relentless war of words against the dominant views of his time, as much in morality as in politics and economics.

OUTLINE OF THE BOOK

The following pages are devoted to an exploration of several of Keynes's struggles, bringing out both their specificities and their interactions. The struggle against Victorian morality that he waged with his Bloomsbury friends was not unrelated to his struggle against the gold standard or against classical economics.

The present work does not propose a new biography of Keynes. In addition to Skidelsky's monumental biography (1983, 1992 and 2000),⁶ those of Moggridge (1992), Harrod (1951), Hession (1984) and Felix (1999), essays published by his nephew Milo Keynes (1975) and several other biographical articles are available to the reader.⁷ It does, however, contain several biographical elements. As it will refer frequently to Keynes's life, a detailed chronology is provided in Appendix 1 which sets out the stages of his life and the major contemporary events in British and, where relevant, world history. Keynes's ideas are thus placed in their biographical and historical context. Awareness of this context is indispensable. A section on the Bloomsbury Group and the Cambridge Apostles and another on British political history are also included. The first outlines the context of Keynes's private life; the second that of his public life. These 'Interludes' are placed, respectively, after Chapters 2 and 4, with whose contents they are closely linked.

The following eight chapters cover four main axes in Keynes's thinking and action. The first axis is philosophy. Keynes's important contributions to this field are little known to the non-specialist. Chapter 2 discusses the question of ethics and the struggle of Keynes and his Bloomsbury friends against Victorian morality. Chapter 3 tackles a more difficult problem, but one essential to understanding Keynes's thought, namely that of knowledge. This chapter traces the influence of his father's ideas, his work on the logical foundations of probabilities, his conception of the 'moral sciences' and economics, and his critique of their mathematization. While in Chapter 2, the philosophers Sidgwick and Moore occupy an important place, in Chapter 3 Bertrand Russell, Frank Ramsey and Ludwig Wittgenstein take centre stage – all close friends of Keynes.

The second axis concerns politics. Chapter 4 presents Keynes's political vision, starting with its genesis in little known early works, such as an important paper on Burke. This chapter examines Keynes's attitude toward conservatism, labourism and liberalism, his complex relations with Marx and Soviet communism, and his unflinching condemnation of Fascism. Chapter 5 is devoted to Keynes's actions and attitudes on war and discusses both the Boer conflict and World War One. It evokes the question of conscientious objection, with Keynes's position having raised a lively controversy. It describes the struggle he led, and lost, during the Paris Peace Conference. The latter gave birth to the Treaty of Versailles; Keynes believed

it iniquitous and denounced it in *The Economic Consequences of the Peace*, a work that made him a world celebrity. His important activities during World War Two are evoked in the chapter relating to international monetary relations.

Three chapters are devoted to the field in which Keynes is best known, economics. Chapter 6 deals with his personal relations with and his conception of money. This chapter also evokes the relationship between Keynes and Freud. Chapter 7 analyses the heart of Keynesian economic theory, the question of employment. It presents the 'classical' arguments Keynes criticized, before presenting the evolution of his own conceptions up to the system presented in *The General Theory of Employment, Interest and Money*. His proposed policies to combat unemployment are also evoked. Chapter 8 discusses international monetary relations, first by recounting Keynes's unsuccessful struggle against Britain's return to the gold standard in the 1920s, and second by relating the events leading up to the Bretton Woods Agreement.

Chapter 9 saves for last an important field neglected by Keynes's interpreters and specialists, namely that of art. Starting with ethics, the book finishes with aesthetics. This chapter evokes Keynes's efforts as patron and organizer of the arts, notably in his role in the creation of the Arts Council of Great Britain. It also describes his activities as an art lover, particularly as a collector of paintings. The chapter begins with an unknown though still important part of Keynes's thought, namely the conception of aesthetics he developed in a series of unpublished papers written during his time as an active member of the Apostles' Society – a conception that has lost none of its relevance.

Each chapter contains analytical, biographical and contextual elements. There are numerous connections among these elements from one chapter to another. This interconnection makes some repetition inevitable as the same subjects are studied from different angles. An effort has been made to render the present work accessible to the non-specialist, interested in the problems with which contemporary societies are confronted. This is why detailed entry into some of the extremely specialized controversies that Keynes's theories have aroused has been avoided.

Most Keynes scholars are economists. Several among them believe that studying his political or philosophical thought, or exploring his life and the context in which it unfolded, is of interest only in light of the theoretical revolution he achieved in economics. It is also believed that his economic thought can be understood independently from other aspects of his world vision. On this view, *The General Theory*, conceived as the culmination of this thought, results exclusively from Keynes's reflection in the domain of economic analysis, as if theories reproduce themselves independently of the conditions in which they were conceived. It is hoped that this book will help invalidate such positions. In effect, Keynes's influence is connected, not only to his economic theories, but also to a political vision and a philosophic conception which he skilfully integrated into his activities as publicist, adviser and theoretician. Moreover, Keynes's influence does not date from the publication of *The General Theory*. Thus, even if economics occupies an important place in this book, it is neither a work of economic theory nor a history of economic thought.

QUOTATIONS AND BIBLIOGRAPHY

Keynes's writings, both published and unpublished, are quoted frequently here. Secondary literature, which is extraordinarily abundant, has been consulted and referred to on various

occasions.⁸ The concluding bibliography is a guide for the reader interested in exploring Keynes's work in greater depth. It includes two parts, Keynes's work and a secondary bibliography. The reader is advised to refer to the bibliography's introduction before reading from the start. Regarding the secondary bibliography, the author-date system has been used to indicate references. The referral date is, in most cases, the work's original date of publication. When another edition is used, it will be indicated in the bibliography. In case of possible confusion, for example if two other editions are mentioned, both dates – that of the original edition and that of the one used – will be given in the text. When two or more people have the same name, such as Leonard and Virginia Woolf, a first name initial will be given in the reference indication.

The sources of Keynes's writings quoted are indicated by date of publication (or writing, for an unpublished text), followed by a figure allowing the reader to relocate this entry in the bibliography. The following page numbers refer either to one of the 30 volumes of the *Collected Writings of John Maynard Keynes*, published between 1971 and 1989, or to archival documents. In a certain number of cases, these rules could not be followed. Regarding correspondence or other documents, such as lecture notes or private diaries kept over long periods of time, the following method has been adopted. When a letter is quoted without mentioning the source in the text, this signifies that it has been consulted by the author in the Keynes archives. If a letter, or any other unpublished document of Keynes or another author, has been quoted in another publication, this secondary source is given in the text by using, as in Keynes's bibliography, the code JMK to indicate Keynes's *Collected Writings*. If these documents have been taken from other archives, this has been indicated in the text. The reader will find at the beginning of the bibliography an explanation of the codes used.

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NOTES

1. On this subject see Beaud and Dostaler (1995).
2. See Dostaler (2002a).
3. Keynes used the term 'publicist' to characterize himself. This term, which today signifies a publicity agent or public relations officer, formerly referred to a political writer or a journalist.
4. See the end of the Introduction for an explanation of this reference.
5. Peter Abelard (1079–1142) was castrated on the orders of Canon Fulbert, uncle of Eloise (1101–1164), whom he had secretly married. From her convent, Eloise maintained with Abelard a long correspondence in which philosophical discussions mixed with romantic outpourings.
6. Skidelsky (2003) is a condensed version of the three initial volumes.
7. Among these biographies, the most serious are those of Skidelsky, Moggridge and Harrod, although the last, as the biography 'authorized' by Keynes's family, chooses to overlook several aspects of Keynes's private life. See Dostaler (2002b).
8. Numerous articles on Keynes are collected in Blaug (1991), McCann (1998) and Wood (1983, 1994). Among books on Keynes published in the last twenty years, see Carabelli (1988), Clarke (1988), Dimand (1988),

Fitzgibbons (1988), Meltzer (1988), O'Donnell (1989), Barrère (1990a), Blaug (1990), Littleboy (1990), Asimakopulos (1991), Herland (1991), Abraham-Frois (1991), Orío and Quilès (1993), Davis (1994a), Mini (1994), Cartelier (1995), Felix (1995), Bateman (1996), Verdon (1996), Henry (1997), Parsons (1997), Ventelou (1997), Combemale (1999), Maris (1999), Bousseyrol (2000), Poulon (2000), Castex (2003, vol. 3) and Davidson (2007). Also see the following collections: Thirlwall (1982), Eatwell and Milgate (1983), Harcourt (1985a), Lawson and Pesaran (1985), Poulon (1985a), Vicarelli (1985), Deleplace and Maurisson (1985), Boismenu and Dostaler (1987), Thirlwall (1987), Zerbato (1987), Barrère (1988, 1989 and 1990), Eltis and Sinclair (1988), Hamouda and Smithin (1988), Hillard (1988), Maurisson (1988), Hill (1989), Bateman and Davis (1991), O'Donnell (1991), Gerrard and Hillard (1992), Cottrell and Lawlor (1995), Crabtree and Thirlwall (1993), Marzola and Silva (1994), Davis (1994b), Dow and Hillard (1995), Harcourt and Riach (1997), Benetti, Dostaler and Tutin (1998), Sharma (1998), Pasinetti and Schefold (1999), Dostaler and Nadeau (2003), Runde and Mizuhara (2003), Backhouse and Bateman (2006).