

THE SYMPTOMATIC KEYNES

The Life of John Maynard Keynes, by R. F. Harrod.
New York: Harcourt, Brace. \$7.50

As is customary with biographies, Professor Harrod's volume provides an abundance of information about insignificant happenings and uninteresting people who crossed the path of his subject. The whole of page 171, for instance, is devoted to the description of a lady who happened to be the niece of an authentic duke. We are told how she dressed, how and where she lived, what her eccentricities were and many other things. Perhaps the lady was really a very eminent woman, perhaps no less remarkable than Mathilde Wesendonck. But she missed her Richard Wagner, and her only claim to fame is that on July 2, 1914, she entertained the Prime Minister and John Maynard Keynes at a small dinner party.

Not only the social side of eating and drinking is amply dealt with, but also the business side. Keynes founded a theater in Cambridge and paid attention to the detail of its management. "Nothing was too trivial for him," says Professor Harrod.

By a happy and successful idea, a restaurant was attached to the theater, and I recall receiving a letter from him asking me to write a testimonial for a chef. . . . He was anxious to encourage expenditure upon wine in the restaurant rather than upon cocktails and spirits. . . . He gave an instruction that, instead of the usual addition of 50 per cent to the cost price, only 2s. 6d. should be added in the case of champagne, with the consequence that profits on that item actually rose!

Such small-talk would do for the many things Lord Keynes was and did besides being Keynes. He belonged to many groups and circles, to the University of Cambridge, to the Bloomsbury Bohemia of the last years preceding World War I, to the active friends of the theater and the ballet. He was a "society" man and a collector. He wrote a noteworthy Treatise on Probability. He played a role in the Liberal Party. He spent a good many of his years as an official, as a government economist. As such he cooperated in the drafting of many ordinances and international conventions, the vast paper work that accompanies the decline of Western civilization, freedom and prosperity. None of these activities elevated him above the rank of the hosts registered in Who's Who and daily mentioned in the newspapers. But other questions remain: Was Keynes not perhaps more? Was he not a man who shaped the ideas and policies of his age? Was he not an historical character? Such are the problems a biography of Lord Keynes ought to deal with.

There are people who believe that the two books of Keynes that became best sellers — "The Economic Consequences of the Peace" (1920), and "The General Theory of Employment, Interest and Money" (1936) — decisively influenced the course of British policies and of world affairs. It is said that the first of these books inaugurated the anti-French and pro-German tendencies of Great Britain's "appeasement" policy which virtually encouraged the rise of Nazism, permitted Hitler to defy the essential clauses of the Treaty of Versailles and finally resulted in the outbreak of the Second World War. It is furthermore asserted that the second book generated the "Keynesian revolution" of economic policies. The abandonment of the gold standard and the adoption of outright inflationary or "expansionist" fiscal methods, the New Deal and the Fair Deal, the full-employment policy, the intensification of anti-importation measures and many

other kindred ventures are ascribed to the "unorthodox" ideas propagated by Keynes. If these assertions are correct, Keynes appears as the most influential personality of our age, whether the effects of these policies are to be considered as beneficial or disastrous.

Because of limitations of space we must set aside the first of these two questions and concentrate upon the second. Keynes was definitely not the inaugurator of a new economic policy. The governments did not have to wait for his advice in order to learn that inflation is a handy means to fill the empty vaults of the treasury. The Keynesian policies were practised by governments and powerful political parties long before they were advocated by Keynes. Keynes's writings were enthusiastically received by people who found in them an apparently scientific justification for what they had already done for a long time in defying the teachings of economics.

For nothing was more contemptible in the eyes of the post-Victorian English than the ideas of laissez faire that had multiplied England's population and secured to the average Englishman the highest standard of living in Europe. Lords and commoners, divines and atheists, manufacturers and union members, Fabians and Colonel Blimps — all agreed in rejecting the "dismal science." They hated the theory according to which there was but one means toward the general improvement of peoples' material well-being, viz., to increase the per head quota of capital invested. They longed for short cuts to an earthly paradise: a protective tariff, a cheap money policy, the closed shop, doles and social security. They did not want to be told by the economists that it is the policy of the unions that creates unemployment as a lasting mass phenomenon and that the periodical recurrence of crises is the inevitable outcome of the easy money policy. They knew better: all evils were caused by capitalism.

To such people the Keynesian slogans appealed strongly. Here they found what they were looking for. If demand lags, create "effective" demand by expanding credit! If there is unemployment, print more money! If you want to increase "the real national dividend of useful goods and service," then "dig holes in the ground paid for out of savings!" And, first of all, do not save, spend!

The triumph of Lord Keynes's last book, the "General Theory," was instantaneous. Although reasonable economists refuted his doctrines, it has become the gospel of the self-styled progressives all over the world. Today many universities simply teach Keynesianism. It is really paradoxical. Nobody can any longer fail to realize that what is needed most is more saving and capital accumulation and that the inflationary and expansionist policies are on the verge of complete breakdown. But the students are still taught the dangers of saving and the blessings of expansionism.

Lord Keynes had, as his biographer points out, "a very rare combination of gifts; his endowment in any one of them would by itself have made him a notable person." But politics and history are not concerned with the virtues Professor Harrod registers in his detailed catalogue. They ask: did he enrich mankind's treasure of ideas and did he influence the course of events? The answer to both questions is in the negative. The ideas he professed were untenable and, even so, not original. The books he wrote supported firmly established policies which would have gone on without this support. He was highly renowned, famous and popular in an age of decay and disintegration, but his writings were not the cause of these disasters; they were only symptoms.

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