

Econ 115 Lecture: Fall 2009: U.C. Berkeley

John Maynard Keynes

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The 1920s

There are many ways to get into the 1920s—and many ways to give a lousy, disconnected lecture on the 1920s. So this time let me try an experiment: let me try to organize my lecture on the 1920s through the life of one man: John Maynard Keynes.

Background

Let me start with a commercial: Robert Skidelsky's *John Maynard Keynes: Hopes Betrayed*, *John Maynard Keynes: The Economist as Saviour*, and *John Maynard Keynes: Fighting for Britain* are an extraordinarily wonderful set of biographies—everyone, I think, should read them: you should read a 2000 page biography of somebody at least once, and Keynes is at least as good a subject as anyone and better than almost everyone, and Skidelsky is a truly exceptional biographer.¹

¹ There are a few problems with the biography due to the fact that Skidelsky is not a technically-trained economist. For example, Skidelsky seems frustrated at the apparent appearance and disappearance of the quantity theory of money from Keynes's thought

And let me next give you the theme of this lecture: John Maynard Keynes—both because I have recently been rereading all three volumes of Skidelsky’s biography and because Keynes’s life is a very good prism with which to view the interwar period. This lecture needs a theme, or else it becomes too scattered and disconnected, and the biography of Keynes makes a very good theme indeed.

Keynes’s biography does not provide a very good theme because he changed the world in the interwar period—he definitely did not. In retrospect certainly, and to some degree at the time, the era from 1871-1914 had been a relatively happy period for the globe—a period in which the globe was or was at any rate heading for its Happy Place. After World War I there was a strong desire to get back there—a desire that was to be frustrated, as that “I” after “World War” indicates. So we focus on Keynes not because he changed the interwar world—he did not. Rather, his struggles and failures—“the croakings of a Cassandra” as he called them—provide a very good magnifying lens on the interwar period

(and from economic thought in general). He writes that: “In his youthful exuberance Keynes claimed that adherence to [the quantity theory] was a test of scientific competence.... A few years later he cheerfully jettisoned it; in the 1970s back [the quantity theory] popped [into economics].... If economics were really like physics, it would be impossible for ideas fundamental to the subject to disappear one moment and reappear the next...” (HB, page xviii). To an economist this sounds simply silly. In the Marshallian tradition in which Keynes was trained, it was always clear that the constant-velocity quantity theory of money was just a first approximation—and indeed Keynes’s *General Theory* is very clear about just how he intends to get a better, second approximation that reduces to the constant-velocity quantity theory when velocity is indeed constant. The quantity theory may have “popped back” into the sights of economic journalists like Skidelsky in the 1970s; but it had always been present in economists’ models—under the guise of the LM curve. And Skidelsky does not seem to be able to clearly set out what Keynes was trying to achieve in his *Treatise on Probability*. This is no crime: Keynes was not able to set it out clearly either. We today can perhaps see what Keynes was getting at because we have the mathematical tools—information sets and expected values taken with respect to them—that make Keynes’s objections to what he took to be “empirical” theories of probability both cogent and obvious. But I am not sure that even now we fully understand what he had in mind.

And in the long run he did change the world. No more arrogant or more true words were ever written than Keynes's when he wrote, at the very end of his *General Theory of Employment, Interest and Money*, that his book would change the world because:

Is the fulfilment of these ideas a visionary hope? Have they insufficient roots in the motives which govern the evolution of political society? Are the interests which they will thwart stronger and more obvious than those which they will serve?...

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas. Not, indeed, immediately, but after a certain interval; for in the field of economic and political philosophy there are not many who are influenced by new theories after they are twenty-five or thirty years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil.

The place to start is with the observation that John Maynard Keynes appeared to live more lives than any of the rest of us are granted. Keynes was an academic, but also a popular author. His books were read much more widely outside of academia than within it. Keynes was a politician—trying to advance the chances of Britain's Liberal Party between the wars—but also a bureaucrat: at times a key civil servant in the British Treasury. He was a speculator, trying to make his fortune on the stock market, but also at the core of the "Bloomsbury Group" of artists and intellectuals that did so much to shape interwar culture.

For the litterati it is Keynes of Bloomsbury—his loves, enthusiasms, acts of patronage, and wit—who is the most interesting. For economists like myself, it is Keynes the academic who is the real Keynes: he was the

founder of the half-science half-witchcraft discipline of macroeconomics. For those interested in the political and economic history of the twentieth century, it is Keynes the author and politician who is primary. In either case, John Maynard Keynes is the man who has the best claim to be the architect of our modern world—whether it is how our central banks think about economic policy, what our governments believe that they must try to do, the institutions through which they work, or the habit of thought that views the economy not as Adam Smith’s “system of natural liberty” but as a complicated machine that needs adjustment and governance by trained professional technocrats, all of these trace large parts of their roots to the words and deeds of John Maynard Keynes.

How did this man come to be?

Here is my first bow at the feet of Robert Skidelsky, who writes the best narrative interpretation of growing up as a smart and privileged children of academics in late Victorian Britain than I can ever conceive of being written. He writes of how Keynes was one of a relatively small number of brilliant students thrust as a leaven into the mass of Britain’s upper class at Eton, and thus became part of “an intellectual elite thrust into the heart of a social elite” (HB, page 77). An entire cohort of Britain’s upper class thus learned before they were twenty that Keynes could be very smart, very witty, very entertaining—and very helpful if there was a hard problem to be thought through or something to be done.

Keynes went to college at Cambridge University. There he joined the secret society of the Apostles, and eagerly grasping with both hands of the philosophy of the aesthete common among the students of the philosopher G.E. Moore. As Keynes put it in 1938, he believed that one should arrange one’s life to achieve the most good, where “good” was nothing more or less than:

states of mind... states of mind... not associated with action or achievement or with consequences [but]... timeless, passionate states of contemplation and communion.... a beloved person, beauty, and truth.

Thus Keynes left Cambridge convinced that:

one's prime objects in life were love, the creation and enjoyment of aesthetic experience, and the pursuit of knowledge. Of these love came a long way first... (HB, page 141)

This embrace of aestheticism was and remained the key to the "Bloomsbury" avatar of John Maynard Keynes, for whom the lodestars were to "be in love with one's friends, with beauty, with knowledge" and who was and remained an enthusiastic member of the Bloomsbury group, sharing "its intellectual values and its artistic enthusiasms," and participating "in its wild fancy dress parties" (HB, page 234). Keynes was a man who could celebrate this appointment to the British Treasury with:

...a party for seventeen... at the Café Royale.... Afterwards they went back to 46 Gordon Square for Clive [Bell]'s and Vanessa [Bell, the sister of Virginia Woolf]'s party. There they listened to a Mozart trio... and went upstairs for the last scene of a Racine play performed by three puppets made by Duncan [Grant], with words spoken by the weird-voiced Stracheys. 'The evening ended with Gerald Shove enthroned in the center of the room, crowned with roses...' (HB, page 300)

But at the same time Keynes's pursuit of knowledge was shading over into politics and policy as well. For Keynes it was never enough to pursue knowledge in order to achieve a good state of mind, one had also to be sure to cause the knowledge to be applied to make the world a better place. And how one could act in politics and policy was greatly constrained by the limits of our knowledge. One argument from Edmund Burke, especially resonated with Keynes. As he wrote:

Burke ever held, and held rightly, that it can seldom be right... to sacrifice a present benefit for a doubtful advantage in the future.... It is not wise to look too far ahead; our powers of prediction are slight, our command over results infinitesimal. It is therefore the happiness of our own contemporaries that is our main concern; we should be very chary of sacrificing large numbers of people for the sake of a contingent end, however advantageous that may appear... We can never know enough to make the chance worth taking... (ES, page 62)

Keynes's industry and intelligence thus made him a trusted and effective member of Britain's intellectual and administrative elite well before the eve of World War I. Sir Edwin Montagu, especially, pushed him forward both before and during the war. Before the war Keynes decided that he wanted the life of an academic rather than of an administrator: Cambridge rather than the India Office or the Treasury. Yet he kept a strong presence in both worlds, writing his practical and policy-oriented book *Indian Currency and Finance* in spare moments as he worked on the deeper and philosophical project that was his *Treatise on Probability*.

Thus it was no surprise that Keynes found an important and powerful job at the Treasury during the national emergency that was World War I. How do you mobilize the financial resources of Britain to support the war effort? How large a war effort could the British economy stand? How could an international trade system geared to consumer satisfaction be harnessed as an instrument of national power? These are all deep and complicated questions. These are what Keynes worked on. But as the death toll from World War I mounted up toward ten million, Keynes became angrier and angrier at this monstrous botch of human lives and social energy that was World War I—and angrier and angrier at the politicians who could see no way forward other than mixing more blood with mud at Paaschendale.

Keynes's friend David Garnett wrote him a letter condemning his work for the government, calling Keynes:

an intelligence they need in their extremity.... A genie taken incautiously out... by savages to serve them faithfully for their savage ends, and then—back you go into the bottle.... Oh... our savages are better than other savages.... But don't believe in the profane abomination.

The interesting thing was that Keynes agreed, writing back:

that there was a great deal of truth in what I had said... (HB, page 321)

And then the whole project of post-World War I reconstruction went wrong at Versailles—when the new German government was treated as a foe rather than a democratic ally, when the object seemed to be to extract as much in plunder and reparations from Germany as possible (“until the pips squeak”).

Skidelsky quotes South African politician Jan Christian Smuts on the atmosphere at Versailles:

Poor Keynes often sits with me at night after a good dinner and we rail against the world and the coming flood. And I tell him that this is the time for Grigua’s prayer (the Lord to come himself and not to send his Son, as this is not a time for children). And then we laugh, and behind the laughter is [Herbert] Hoover’s horrible picture of thirty million people who must die unless there is some great intervention. But then again we think that things are never really as bad as that; and something will turn up, and the worst will never be. And somehow all these phases of feeling are true and right in some sense... (HB, page 373)

Keynes exploded with a book called *The Economic Consequences of the Peace*. It condemned the political maneuvering of Versailles and the treaty that resulted in the strongest possible terms. He excoriated short-sighted politicians who were interested in victory rather than peace. He outlined his alternative proposals for peace:

German damages limited to £2000m; cancellation of inter-Ally debts; creation of a European free trade area... an international loan to stabilize the exchanges...

And he prophesied doom—if the treaty were carried out and Germany kept poor for a generation:

If we aim deliberately at the impoverishment of Central Europe, vengeance, I dare predict, will not limp. Nothing can then delay for long that final civil war between the forces of reaction and the despairing convulsions of revolution, before which the horrors of the late German war will fade into nothing, and which will destroy... the civilization and progress of our generation... (HB, page 391)

The Economic Consequences of the Peace made Keynes famous. His horror at the terms of the peace treaty won him friends like Felix Frankfurter, a powerful molder of opinion in the United States. In his book, propelled by “passion and despair,” Keynes “spoke like an angel with the knowledge of an expert” and showed an extraordinary mastery not just of economics but also of the words that were needed to make economics persuasive. Before *The Economic Consequences of the Peace* Keynes was primarily an academic (with some government experience) with a lot of influential literary friends. Afterwards he was a celebrity. He was not only the private Keynes:

the Cambridge don selling economics by the hour, the lover of clever, attractive, unworldly young men, the intimate of Bloomsbury...

He was also—because of what he had done with his pen after Versailles:

he monetary reformer, the adviser of governments, the City magnate, the feared journalist whose pronouncements caused bankers and currencies to tremble... conferences jostled with holidays, intimacy merged into patronage. In 1925 the world-famous economist would marry a world-famous ballerina in a blaze of publicity... (HB, page 400)

So after World War I Keynes used what power he had to—don’t laugh—try to restore civilization.² In Skidelsky’s—powerful and I believe correct—interpretation, Keynes before 1914:

² I am puzzled by Skidelsky’s apparent belief that Keynes’s despair in the immediate aftermath of World War I was an echo of “the Victorian fear of a godless society.” Skidelsky thinks that the rise of atheism “severely depleted” the “moral capital which sustained the accumulation of economic capital...” (HB, pages 401-2). As if everyone would have been optimistic after the Versailles peace conference if only everyone had still gone to church on Sundays! The existential crisis of people seeking meaning for their lives when they can no longer find it in transcendental sanction is one thing. The slaughter of Verdun, the panic of hyperinflation, the social waste of high unemployment, and the (temporary) end of economic progress in Europe is quite another. No one needed the death of God to cause despair when they looked around them after World War I, and contrasted the world they saw with the world as they had seen it only six years earlier.

believed (against much evidence, to be sure) that a new age of reason had dawned. The brutality of the closure applied in 1914 helps explain Keynes's reading of the interwar years, and the nature of his mature efforts... to restore the expectation of stability and progress in a world cut adrift from its nineteenth-century moorings... (ES, page xv)

Skidelsky's narrative of the mature Keynes—Keynes in the 1920s—is far from being a one-note recounting of the brave but losing struggle against the approaching Great Depression, against political insanity, and against the Nazi Party's attempted revenge for the German defeat in World War I. Bloomsbury takes up a good chunk of the narrative. Skidelsky's book includes love letters from Keynes to his future wife Lydia Lopokova:

In my bath today I considered your virtues—how great they are. As usual I wondered how you could be so wise. You must have spent much time eating apples and talking to the serpent! But I also thought that you combined all ages—a very old woman, matron, a debutante, a girl, a child, an infant; so that you are universal. What defence can you make against such praises? (page 181)

But when he tries to paint a picture of what it was like to be a member of the Bloomsbury culture group in the 1920s, Skidelsky's words fail him. Instead, he resorts to the imaginings of one of the characters of novelist Anthony Powell, who thinks that Bloomsbury must have been:

...every house stuffed with Moderns from cellar to garret. High-pitched voices adumbrating absolute values, rational statse of mind, intellectual integrity, civilized personal relationships, significant form.... The Fitzroy Street Barbera is uncorked. Le Sacre du Printemps turned on, a hand slides up a leg.... All are at one now, values and lovers... (page 11)

Virginia Woolf had a different, less happy and romantic view. She wrote of her:

vivid sight of Maynard by lamplight—like a gorged seal, double chin, ledge of red lip, little eyes, sensual, brutal, unimagineate. One of those visions that come from a chance attitude, lost as soon as he turned his head. I suppose though it illustrates something I feel about him. He's read neither of my books... (page 15)

There is a clear lesson: if your circle includes novelists with wicked pens, read their books and praise them as often as possible.

Thus in the 1920s Keynes's struggled politically and intellectually: for stable money and full employment, and against deflation, overvalued exchange rates, and the sacrifice of the happiness of today's populations in the hopes of regaining the imagined benefits of the classical gold standard at some time in the distant future. Keynes spent more than a decade arguing against central bankers who "think it more important to raise the dollar exchange a few points than to encourage flagging trade." He tried to prevent Britain's return to the gold standard in 1925 at an overvalued exchange rate, for by overvaluing the exchange rate Britain's Treasury Minister, Winston Churchill, was willing:

... the deliberate intensification of unemployment. The object of credit restriction, in such a case, is to withdraw from employers the financial means to employ labor at the existing level of prices and wages. This policy can only attain its end by intensifying unemployment without limit, until the workers are ready to accept the necessary reduction in money wages under the pressure of hard facts.... Deflation does not reduce wages 'automatically.' It reduces them by causing unemployment. The proper object of dear money is to check an incipient boom. Woe to those whose faith leads them to use it to aggravate a Depression! (page 203)

But in the end Keynes failed more-or-less completely. He was unable to persuade British governments that economic policy should be decided upon by rational thought rather than by obedience to old poorly-understood and intellectually-shaky gold standard verities. He failed to achieve any material easing of the terms of the Versailles treaty. He failed to prevent deflation and high unemployment in Britain. He failed to convince people that the Great Depression was a man-made catastrophe that could be cured relatively easily. His pen—though strong—was not strong enough. His allies were too few. And among central bankers and cabinet ministers understanding of the situation in which they were embedded was rare.

So the 1930s saw a change of emphasis. Fewer short polemical articles were written. Instead, Keynes concentrated his attention on writing a book, a book which he thought:

...will largely revolutionize—not, I suppose, at once but in the course of the next ten years—the way the world thinks about economic problems. When my new theory has been duly assimilated and mixed with politics and feelings and passions, I can't predict what the upshot will be in its effects on actions and affairs. But there will be a great change... (pages 520-521)

And the astonishing, unbelievable thing is that in his extraordinary arrogance and presumption he was 100% correct.

His *General Theory of Employment, Interest, and Money* ends with a bold claim for the importance of ideas rather than interests that, in context, has to be read not as a considered judgment but as his desperate hope:

Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas.... But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil... (page 570)

And yet his hopes were fulfilled.

To recap, as of the end of the 1920s, Keynes was a failure. Keynes was unable to persuade British governments that economic policy should be decided upon by rational thought rather than by obedience to old poorly-understood verities. He failed to achieve any material easing of the terms of the Versailles treaty. He failed to prevent deflation and high unemployment in Britain. And he failed to convince people that the Great Depression was a man-made catastrophe that could be cured relatively easily. His pen—though strong—was not strong enough. But the 1930s and 1940s were for him a complete success.

As Skidelsky puts it, it is a mistake to think that Keynes's key contribution in the 1930s was to find a middle way between "laissez-faire and central planning... conservatism and socialism." Laissez-faire and conservatism promised individual freedom, but what good was individual freedom without prosperity—without the resources and incomes to make that freedom valuable? Central planning and socialism promised full employment and the "rational" use of society's resources, but what good was full employment without economic efficiency produced by good incentives to use resources wisely, and most important without the individual freedom that no collectivist economy has ever been able to create or preserve?

Keynes found not a middle but a genuine Third Way. His proposals did not split the difference between the two main poles of politics. Instead, Keynes promised to achieve the benefits each of the traditional poles had claimed but had never been able to deliver. In Skidelsky's words (p. xvi), Keynes's thought was

...a break-out into a new dimension—in which one could have continuous full employment without suppressing political and economic freedom.

Having written his revolutionary book, Keynes spent the last ten years of his life managing the ongoing Keynesian Revolution. Skidelsky argues that the key to his success was his ability to show that the General Theory was not a call for ever-increasing stimulus and inflation but instead an addition to economists' technocratic analytical toolkit. Aggregate demand management could be as useful in dealing with situations in which aggregate demand was too high (and thus inflation was rising) as with situations in which aggregate demand was too low.

Skidelsky is also superb at bringing out the liberal—classical liberal—nature of Keynes's thought. Keynes saw the market economy as having two great flaws. The first was that demand for investment was

extraordinarily and pointlessly volatile as business leaders and investors attempted the hopeless task of trying to pierce the veil of time and ignorance. The second was that the fluctuations in the wage level that classical economic theory relied on to bring the economy back into balance after such an investment fluctuation either did not work at all or worked too slowly to be relevant for economic policy. (No, I am not going to be drawn into a debate about "unemployment disequilibrium.") However, Keynes believed that if these problems could be neutralized somehow, then the standard market-oriented toolkit of economists was very relevant, and very worthwhile.

Hence Keynes was:

moved... to remind contemporary economists that the classical teaching embodied some permanent truths of great significance.... There are in these matters deep undercurrents at work, natural forces, one may call them, even the invisible hand, which are operating towards equilibrium... (FB, p. 406)

Hence Keynes's eagerness to find a way to let the market work and substitute for simple, crude rationing and command to achieve the necessary balance of resources in time of war. As he wrote at World War II's start, it would be:

sounder in every way to make motoring expensive than to make it the subject of wangling

to get additional petrol coupons.

His *How to Pay for the War* showed that the Keynesian aggregate demand toolkit could be useful for figuring out how to curb aggregate demand when it was too high as in how to boost it when it was too low. The point of *How to Pay for the War* was to reject inflation and to reject rationing as ways of assembling the resources to fight the war. Compulsory saving was to take its place, reducing aggregate demand in the present while preserving for the wartime generation a claim on the future production of the economy.

Keynes's views on war finance won broad intellectual (although not policy) acceptance remarkably quickly. The idea that positive steps had to be taken to diminish aggregate demand, and thus create the potential savings that would finance the war effort, was a remarkable shift in the way in which the British Treasury had traditionally thought. Keynes appears to have prevailed by raw force of argument, by sheer intellectual power. From this beginning, Keynes quickly became the informal but powerful leader of the British Treasury's wartime international economic policy.

Skidelsky is very good at pointing out things Keynes knew during World War II that other economists would only learn decades later. Skidelsky (FB, p. 277) quotes Keynes as arguing against fiscal stabilization via the tax system, for:

...a remission of taxation which they could rely on only for an 'indefinitely short period' might not stimulate their consumption by much

and as biased:

against fiscal fine-tuning. The emphasis should be placed on prevention, not cure; on maintaining a steady stream of investment, not offsetting fluctuations...

But both these points—the dependence of consumption not on transitory but on permanent income, and the limits imposed on stabilization policy by ignorance and uncertainty—did not register on economists' minds. They did not enter the consensus vision of the economy until they were forcefully brought up and argued by Milton Friedman a decade and more later.

Skidelsky skillfully recreates the milieu in which Keynes moved during World War II. The British Treasury faced three different tasks. It tried to manage the British economy. It negotiated with the United States over the

details of the terms for wartime aid. And it exerted as much influence as it could on U.S. planning for the post-World War II world.

John Maynard Keynes and U.S. Treasury official Harry Dexter White jointly design of the post-World War II international monetary system called Bretton Woods. When I look at the competing Keynes and White plans for post-WWII monetary reconstruction, I am struck not by their differences but by their extraordinary similarities. The White plan called for a World Bank to finance investment and reconstruction. It called for an IMF to repair the flaws in the interwar gold standard. The IMF was to make explicit and to enforce the rules of international economic behavior expected of countries. I was to manage exchange rate changes, to assist in resolving balance of payments problems, to encourage tariff reduction and free trade, and to control destabilizing movements of "hot money" (like we saw in Mexico in 1995 and in East Asia in 1997). The Keynes plan called for the same two institutions with the same two roles.

Now there were were important differences. Keynes envisioned a much better-funded institution than White did. Keynes's institution would have been capable of taking action on a larger scale. (The IMF we have now, however, is smaller than either envisioned.) Keynes saw a balance of payments imbalance as a problem for both surplus and deficit countries, both of which needed to be encouraged to change their policies. White saw a balance of payments deficit as the problem of the country running the deficit alone. When Keynes disagreed with White, he usually lost the point because of the greater power of the United States. And in almost every case it seems to me that Keynes was probably right: it was a bad thing that he lost the points at issue.

But compared to their common view of the institutions to be built and of the goals to be accomplished, the—important—differences between Keynes and White are orders of magnitude less important than the broad areas on which they agreed. Skidelsky quotes (FB, p. 253) a critic of both plans:

both plans set up a super-national Brains Trust which is to think for the world and plan for the world, and to tell the governments of the world what to do.' They were both British plans... both reflected trends in Keynesian thinking and British monetary policy...

They were fraternal if not identical twins.

Keynes would have agreed. In his view, what was accomplished at Bretton Woods was "... a revolutionary change for the better compared with the position in the interwar period..." (FB, p. 328). The Bretton Woods system did attain Keynes's three most important goals for Britain: the external value of sterling was to conform to its internal value, not the other way around; British monetary policy was to be made in London and not by flights of hot money; and external circumstances would have a hard time enforcing deflation on any country. If the modified version of the White plan that underpinned Bretton Woods was not Keynes's full loaf, it was much more than half of one.

It is only fair to counterbalance Skidelsky's view of Harry Dexter White—a complex man, probable Russian agent of influence, committed New Dealer, ruthless bureaucratic infighter, accomplished technocrat, and co-architect of the post-World War II international monetary system that played a key role in giving the world economy its fastest generation of growth ever—with John Maynard Keynes's view. As Keynes put it (FB, p. 323):

With Harry White, as you may suppose, we have been spending a vast amount of time... over-bearing, a bad colleague, always trying to bounce you, aesthetically oppressive... not the faintest conception of how to behave.... At the same time, I have a very great respect and even liking for him. A very able and devoted public servant, carrying an immense burden of responsibility and initiative, of high integrity and of clear-sighted idealistic international purpose, genuinely intending to do his best for the world. Moreover, his over-powering will combined with the fact that he has constructive ideas mean that he does get things done, which few here do. The way to reach him is to respect his purpose, arouse his intellectual interest (it is a great softener to intercourse that it is easy to arouse his genuine interest in the merits of

any issue), and to tell him very frankly and firmly without finesse when he has gone off the rails...

Keynes's true adversary wasn't Harry Dexter White. His true adversaries were those who feared any form of international financial management, or (alternatively) those who wanted tight controls over all international economic transactions: a planned economy applied to international trade and finance, at least.

And those adversaries were defeated decisively by 1945.

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