

NOTECARDS FOR JOHN MAYNARD KEYNES by Robert Skielsky

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p. 8 This was Keynes's Burkean side. When he talked of protecting civilization from its wreckers and destroyers, he thought first of the College in its setting. By civilization he meant an endowed aristocracy of learning and the arts, with a strong sense of duty. He was never an egalitarian. Even his orthodox belief in equality of opportunity was tempered by the thought that 'certain small [family] "connections" have produced eminent characters out of all proportion to their size'. Keynes rarely used the word, but he thought of himself as part of the 'clerisy' – a secular priesthood, setting standards of value and behavior, practicing the arts of leadership and mutual accommodations.

p. 14 The success of Lytton's own *Eminent Victorians* (1918) had mellowed him. He still aimed to 'deal little words that poison vast monsters of falsehood'.

p. 17 But Vanessa Bell was right to say Bloomsbury died in 1914, and not just as a closely knit group. Its rootedness in the Edwardian era distanced it alike from the post-war avant-garde and the new Victorianism. The truth is that many of the post-war experiments in life, letters and art were fed not by hope but by despair, a despair which also lay at the heart of the puritan revival in public life. These were all complicated reactions to the war: and old Bloomsbury had no imaginative contact with the war. Its rationalism rebelled against a heroic view of life; its individualism shuddered at the thought of collective renewals. Even

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its espousal of Freud – there were four practicing Bloomsbury psychoanalysts – seemed a superficial concession to the existence of unreason, rather than a coming to terms with tragic events: 'when reason dies, monsters are born'. Members of Bloomsbury were Voltairean survivors, by now subversive by habit, but anxious to retain their dividends and beautiful Georgian houses.

p. 20 Treasury officials like Bradbury, McFadyean and Leith-Ross served on the Reparation Commission in Paris during the first years of the peace, while Ralph Hawtrey, director of financial enquiries since 1919, was the main author of the resolution at Genoa in 1922 calling for a general resumption of the gold standard. Keynes was not against the idea; but he sensed (rightly) that countries had to solve their own problems first. International finance would prosper once domestic adjustments had been secured; it could not be the means to force it. This perception was really the start of the Keynesian Revolution.

p. 60 One important conclusion for action is that, in most cases, it is more rational to aim for an immediate good than to aim for a remote one, since the first is more likely to have behind it both a greater weight of argument and a higher probability of attainment. Consideration of this kind certainly influenced Keynes's ideas about what it is rational for a reformer to aim at. In particular, they help explain his hostility to revolutionary socialism,

which prefers a greater good with a lower probability of attainment to a smaller one with a higher probability of attainment.

p. 484 None of the critics of nineteenth-century capitalism had been able to mount an effective challenge to the central *economic* theory of *laissez-faire*, namely that, left to itself, a competitive exchange economy tends to produce more output and allocate it more efficiently than any alternative wealth by discovering more efficient ways of producing goods, and continually directs the flow of income towards preferred patterns of consumption. All that is produced is consumed, directly or through exchange. Money makes no difference: it facilitates the exchange process by removing the need to trade in specific commodities. Interference by the state in the self-regulating system is bound to produce inferior (less preferred) outcomes. Critics lacked the intellectual tools to challenge the internal logic of this set of arguments. They attacked the market system from outside: as being inconsistent with tradition, morals, social health or the security of the nation. Marx produced the most sustained economic critique of capitalism. But even he could not show convincingly why the 'robbery' of working-class 'holdings' by a capitalist class – even if this could be demonstrated – should impede either wealth-creation or optimal employment.