Introduction

When John Maynard Keynes was born in 1883, Queen Victoria still had seventeen years to reign and, much to her disdain, the great Liberal hero Gladstone was again her Prime Minister. This was the world in which Maynard grew up, as a child of earnest, Liberal, Nonconformist parents in Harvey Road, Cambridge. His father, John Neville Keynes, was a university don, an economist and a dutiful administrator; whereas Florence, Maynard’s much more vibrant and civic-minded mother, was to become the first woman mayor of Cambridge in 1932. Their house was unpretentiously comfortable, semi-detached and newly built, as the old university city expanded towards the railway station. Religious tests for College fellows had been removed by Gladstone’s first government in 1871, thus allowing Neville (both father and son were known by their middle names) to become a Fellow of Pembroke College; but his decision to get married, once Cambridge’s new statutes of 1882 made this possible, also lost him his college fellowship under the complex provisions now in place, though he retained a position in the expanding University bureaucracy. The Keynes family, with Florence having been an early student at the new women’s college of Newnham, thus exemplified the changing status and character of the University, just as Harvey Road provided much-needed accommodation for a new type of academic family.
Maynard’s first biographer, Roy Harrod, was perhaps too discreet by our standards about certain aspects of his life; but he was not wholly amiss in identifying ‘the presuppositions of Harvey Road’ as a formative influence – notably ‘that the government of Britain was and would continue to be in the hands of an intellectual aristocracy using the method of persuasion’ (Harrod 1951, 192–3). Keynes died prematurely in 1946, before either of his parents, but not before exerting great influence upon not only economic thought but upon many issues of public policy.

He lived in an era before it had become a cliché to say that the role of a public intellectual is to speak truth to power. But the problem that this phrase suggests was central to his career, which was an unusual one in many respects. Economists have long found it all too easy to appraise Keynes’s analysis in terms of their own modern professional and academic ambit – often very different from his own. Conversely, historians looking at major policy questions in which Keynes was implicated have usually done so with more interest in the practical outcome than in his own perspective. In the process, ‘Keynesian’ has become a familiar adjective but often at the expense of losing sight of the person I call ‘the historical Keynes’. The fact that he neither followed a strictly academic career path, nor simply adapted to an alternative role as an anonymous policy advisor, has implications that have been too little explored.

This remains the case despite the best efforts of his biographers. For Keynes has been lucky in this respect, inspiring a number of biographical studies which we can now take as our starting point. Roy Harrod, a distinguished economist
himself, led the way in 1951 with a book full of insight though also, in that era, couched in deliberately evasive terms about aspects of his hero’s life that it was not thought helpful to mention (especially not if the Americans were listening). In a later generation, uninhibited by such concerns, notably after the legal acceptance of homosexuality, Robert Skidelsky began afresh and, as his work expanded to three majestic volumes, offered a kaleidoscopic revisionist view. Meanwhile Donald Moggridge, steeled and sustained by his unrivalled archival mastery, which he had acquired in his role of guiding the invaluable thirty published volumes of Keynes’s collected writings to completion, gave the world a weighty and authoritative tome of his own.

These landmark publications have both aided and stimulated authors in teasing out other biographical strands, with one notable book by Richard Davenport-Hines inventively exploring what he called ‘the seven lives of John Maynard Keynes’ to good effect. For example, it is indeed notable that Keynes’s formative years had been spent with the friends who subsequently became identified as ‘Bloomsbury’, with their diverse and wide-ranging aesthetic interests. Moreover, the core of this group was the cohort of young Cambridge men whom Keynes had first met as fellow members of a cliquish – and ostensibly secret – society generally called ‘the Apostles’. Though much of this is now well known, its significance remains contested; and we plainly have more to comprehend than simply the predestined career of an academic economist, however eminent.

If the great man was referred to as ‘Professor Keynes’ he would sometimes riposte that he would not accept the
indignity without the emoluments. And it is not just pedantry to point out that he never actually became a ‘professor’ at Cambridge University, though obviously he could have done so if he had chosen otherwise. His only earned degree, achieved in the Cambridge Tripos examinations, had been a BA in Mathematics (all successful undergraduates in Cambridge, whether in the humanities or the sciences, graduate with this same Bachelor of Arts title). Keynes’s subsequent formal tuition in economics had been cursory and informal; no question of a PhD, a degree that only arrived in Cambridge after 1920; and the dissertation that instead won Keynes a college fellowship was in philosophy. In modern academic terms, this all looks a bit amateurish.

Keynes did not follow the trajectory of a conventional modern academic career, partly through personal choice, but also because of structural changes during his lifetime. For the university system in England (leaving aside Scotland in this respect) was nothing like what we see today when half of all school-leavers go on to higher education. In 1914, to be sure, there were already about four thousand university students in London and over six thousand at provincial civic universities. But the pre-eminence of Oxford and Cambridge, together numbering nearly eight thousand (overwhelmingly male) undergraduates, seemed unassailable, with most of the wealth and patronage still in the hands of the ancient colleges. Conversely, the struggle for recognition of economics as a new academic discipline – a challenge in which John Neville Keynes had diligently supported the efforts of his former patron Alfred Marshall – was still a work in progress. There was an air of informality and improvisation in that era, unlike
the institutionalised structure familiar to later generations. The members of the Royal Economic Society, who constituted the subscribers to its periodical the *Economic Journal*, numbered only 563 when Keynes, at twenty-eight, took over as editor in 1911: a number that was to climb to 4,502 by the outbreak of the Second World War (Winch 2009, 356, 364). In a sense, Keynes grew up with the profession as we now see it; and today many of his own activities would be regarded as quite unprofessional.

In the world as it had looked to the young man brought up in Harvey Road, his parents’ efforts in giving him a privileged education allowed him latitude in many dimensions that he only later came to appreciate as specific to a particular era. A scholarship to Eton College for his secondary education, secured with assiduous coaching in Cambridge and with the University’s Vice Chancellor serving as one of the examiners, opened doors for him. Maynard’s younger brother Geoffrey (later a distinguished surgeon) was sent to Rugby School – the days of his youth, so he recalled, ‘lived under the shadow of a far more forceful and intellectual character than my own’ (Keynes 1981, 19). Maynard later acted as best man when Geoffrey married Margaret Darwin (granddaughter of the great Charles) in 1917; their sister Margaret Keynes, likewise overshadowed, had already married A. V. Hill, a Fellow of Trinity, who was to win the Nobel Prize for Physiology in 1922. The Keyneses became part of an inbred Cambridge elite. Maynard’s youthful homosexual adventures can be seen as one kind of rebellion; his later marriage to an exotic Russian ballerina as another. He always liked to have the best of both worlds.
Maynard’s application for a university place at Cambridge had dangled before him the temptations of Trinity, simultaneously the college of Newton (always an iconic figure for him) and also the wealthiest in the university. But the attractions of King’s prevailed: a college with historic institutional links that still reserved half of its entrance scholarships for boys from Eton. Happily, John Maynard Keynes now became one of these, adept in his performance not only in mathematics but adding to his lustre (and his emoluments) by proficiency in classics. The college obligingly shifted the date of the examination to allow young Maynard to secure combined scholarships that gave him not only £80 a year (say, £8,000 in today’s money) but also free rooms and tuition. This was meritocracy with an insider twist – a lifelong theme in Keynes’s career.

Keynes’s uniquely long tenure as Editor of the Economic Journal, in that era probably the most respected forum in the world for discussions of economic theory, later served to reinforce his authority and influence within the burgeoning academic profession worldwide. Alongside all this, for at least thirty years Keynes sustained a close, persistent and often influential role in shaping public policy. He had been a civil servant in London, at the India Office, before he became a don in Cambridge. In the First World War he served in the Treasury in a temporary position; and it was in this role that he went to Paris in 1919 while Lloyd George, as British Prime Minister, negotiated the peace terms subsequently imposed upon Germany. Here was the origin of the book that made Keynes famous, The Economic Consequences of the Peace (1919), published in Britain in December 1919 and a few weeks later in its American edition, following his resignation in the
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Previous summer in protest at Lloyd George’s actions over the reparations demanded from Germany.

Keynes’s widely read tract precipitated him to international fame, as much in the United States as in Europe. His career was nothing if not controversial: first over the Versailles Treaty and reparations, then over Britain’s return to the gold standard in 1925, and with an ongoing concern in both explaining and remedying the high levels of unemployment that beset not only Britain but most of the world by the 1930s. That Keynes was recalled to government service in Britain during the Second World War was in a sense predictable. As a result, in the 1940s he directed his energies not only to coping with Britain’s immediate financial exigencies but also to envisaging a new international economic order. Keynes’s work in preparing this sort of agenda for the Bretton Woods conference of 1944, increasingly enmeshed with negotiating a post-war financial settlement between the impoverished sterling area and the now dominant dollar economy of the United States, became the final task of his life. These are all themes and episodes that I explore in this book; and in doing so I hope to bring out the significance of an abiding issue that needs addressing explicitly.

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What is truth? How do we know what we think we know? With what degrees of certainty can we hold our beliefs? How should we act? How far should we feel constrained in our actions by their likely consequences? How can we perceive in advance the likelihood of those consequences? How far can we trust such perceptions? Such questions frame A Treatise on Probability (1921), the first academic book published by Keynes,
who treated them there with relentless scholarly rigour. But the questions themselves inevitably provoke concerns within a much broader and more practical context, with implications for issues of economic policy and political action alike.

I am not only concerned with the status of truth in Keynes’s thinking but also with the claims of expediency in resolving issues of public policy, where other considerations might well impose their own priorities. In such a perspective, it may be simplistic to deride the efforts of those charged with political or economic responsibilities for ‘selling out’, or for ‘betrayal’, or for ‘covering up’ or for ‘lying’. Expediency, discretion, pragmatism and common sense may have their own legitimacy, not least in judging actions by their likely consequences. Do we need, then, a process of unmasking to reveal the implicit motives that silently moved Keynes in some of his actions in policy-making?

These are matters on which the thirty volumes of the Collected Writings of John Maynard Keynes, to which all scholars are now indebted, can offer us different kinds of perspective; and I shall make citations from twenty-nine of them in the chapters that follow. But many assumptions have changed since the time when this worthy project was first conceived as the Royal Economic Society’s tribute to a great economist who was claimed as one of their own – a point that can be illustrated even by an anomaly in the way that one of the volumes is numbered, as soon becomes apparent when they are all stacked in line along the bookshelf.

The first volume duly reprints Indian Currency and Finance, originally published in 1913, which was an indirect offshoot of Keynes’s initial professional career as a civil servant
in the India Office from 1906 to 1908. It is a work that displays not only his facility in expounding the subject with theoretical rigour but also his evident expertise in the actual workings of the system of public finance in British India. The exposition is relieved on occasion by the sort of dry wit prized in the higher civil service in Whitehall. This is sometimes turned against its begetters, for instance in one remark on how ‘the natural instincts of the Treasury officials became uncontrollable, and respect for the independence of the India Office had to be abandoned’ (JMK 1:46). Nor are the bankers spared comment on ‘certain, almost Gilbertian, characteristics calculated to bring the name and profession of banking into derision or disrepute’ (JMK 1:162). And even when such an exalted figure as the Secretary of State for India is quoted, Keynes’s cursory comment – ‘no need to name him, it is the eternal secretary of state speaking’ – suggests some lack of awe for his former political masters (JMK 1:165). But these are rare flashes of mischief in a dense and austere account.

The second volume of Keynes’s Collected Writings reprints his Economic Consequences, as originally published at the end of 1919. The adjacent third volume reprints A Revision of the Treaty, a sequel published in January 1922; but that was not the only work of revision on which Keynes had meanwhile been engaged. For his new book on the Treaty was written, rather quickly and drawing on his published journalism, just after Keynes had spent much of the autumn of 1920 and the spring of 1921 in preparing a major scholarly tome for publication.

A Treatise on Probability was published in August 1921 – but numbered by the editors of the Collected Writings
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in the early 1970s as the eighth volume, thus awkwardly appended, out of sequence, to what was then considered the relevant \textit{oeuvre} of Keynes as an economist. In the half century or so since that decision on scholarly republication was taken, our perspectives have shifted a good deal; and it is now generally recognised that the young Keynes was not simply ‘a philosopher’ who subsequently decided to refashion a different career as ‘an economist’. Instead, we have a fertile academic literature to draw upon in showing us that his concern with the concept of probability stayed with him as a lifelong intellectual concern. The problem here was thus stubbornly persistent, but whether his response to it was consistent has been a matter of scholarly contention.

\textit{Probability} was, as we now know, a detailed revision of drafts that dated back to the two dissertations that Keynes had submitted for competitive research fellowships at King’s College, Cambridge, in 1907 (unsuccessfully) and in 1908 with eventual success in getting him elected as a Fellow. It is apparent, then, that he had at least twelve years to refine his drafts – and very likely about fifteen years from the moment when he had first focussed on these abstruse epistemological problems, with their implications about the status of our knowledge, not least when making moral decisions.

Admittedly Keynes’s time had meanwhile often been pre-empted for more pressing concerns: learning as well as teaching economics in Cambridge; serving on the Royal Commission on Indian Finance and Currency (1913–14) for which his \textit{Indian Currency and Finance} had so obviously prepared him; and then in his career as a temporary civil servant in the Treasury, dealing with the external finance of the war;