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Shaping the Post-war World: The Clearing Union: Volume Xxv
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THE COLLECTED WRITINGS OF
JOHN MAYNARD KEYNES

Managing Editors:

Professor Austin Robinson and Professor Donald Moggridge

John Maynard Keynes (1883–1946) was without doubt one of the most influential thinkers of the twentieth century. His work revolutionised the theory and practice of modern economics. It has had a profound impact on the way economics is taught and written, and on economic policy, around the world. *The Collected Writings of John Maynard Keynes*, published in full in electronic and paperback format for the first time, makes available in thirty volumes all of Keynes's published books and articles. This includes writings from his time in the India Office and Treasury, correspondence in which he developed his ideas in discussion with fellow economists and correspondence relating to public affairs. Arguments about Keynes's work have continued long beyond his lifetime, but his ideas remain central to any understanding of modern economics, and a point of departure from which each new generation of economists draws inspiration.

This volume, the fourth of six dealing with the Second World War, is concerned with the origins of what became the International Monetary Fund and the World Bank. It traces the origins of the ideas involved, the process of argument and redrafting that occurred in Whitehall and the subsequent, primarily Anglo-American, negotiations themselves. It takes the story up to the Joint Bretton Woods Conference. As it contains copies of all drafts of Keynes's Clearing Union proposals, together with extensive sampling of discussions with economists such as Dennis Robertson, James Meade, Roy Harrod and Harry White, it combines the presentation of a set of ideas of continuing relevance, with essential background material on the origins of an important post-war international institution.

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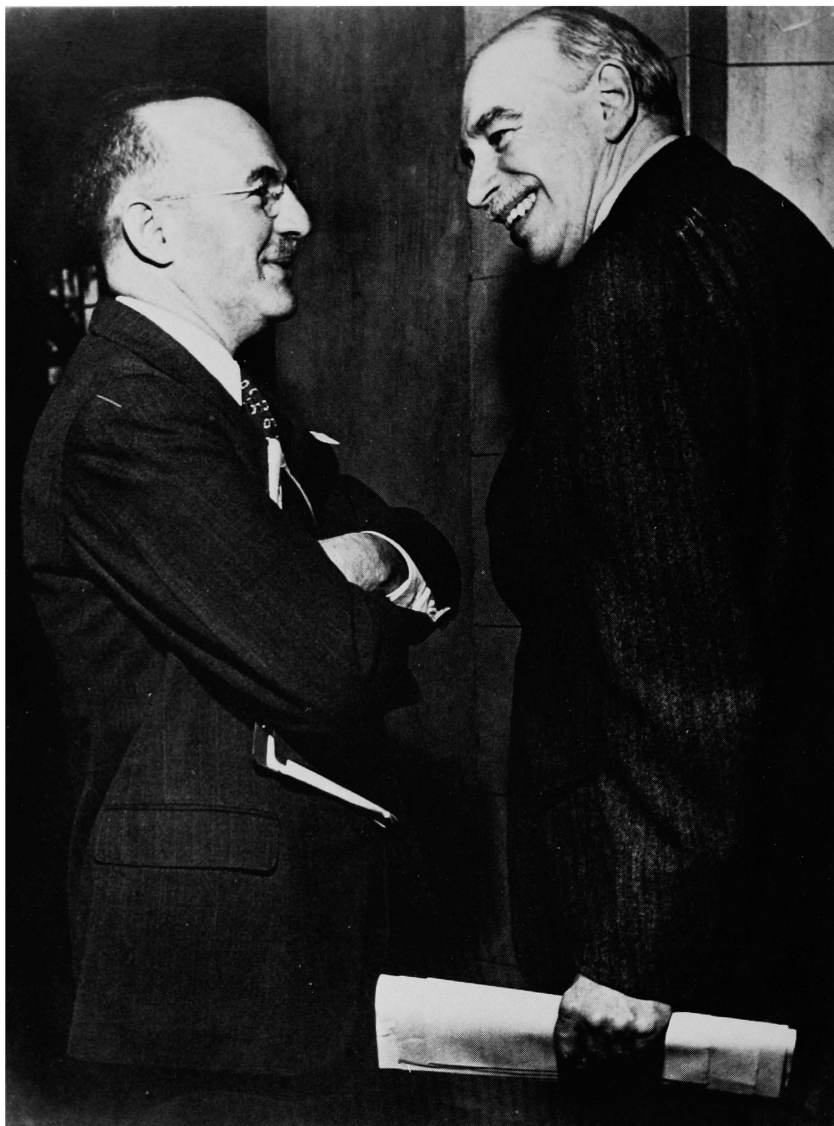
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Frontmatter

[More information](#)



Keynes with Harry White

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Frontmatter

[More information](#)

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VOLUME XXV

ACTIVITIES 1940–1944

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FOR THE
ROYAL ECONOMIC SOCIETY

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Frontmatter

[More information](#)

CONTENTS

<i>General introduction</i>	page vii
<i>Editorial note</i>	xiii
1 THE ORIGINS OF THE CLEARING UNION, 1940–1942	1
2 FROM CABINET AGREEMENT TO WHITE PAPER, 1942–1943	145
3 FROM WHITE PAPER TO JOINT STATEMENT, APRIL 1943 TO APRIL 1944	238
<i>Appendix 1</i> Changes from Draft of 4 August 1942 in Version sent to H. D. White on 28 August 1942	449
<i>Appendix 2</i> Changes from Draft sent to H. D. White on 28 August 1942 in the Version sent after the Dominions Discussions, 9 November 1942	453
<i>Appendix 3</i> Changes from the Draft of 9 November 1942 in the White Paper published on 7 April 1943 other than the Preface	459
<i>Appendix 4</i> Joint Statement by Experts on the Establishment of an International Monetary Fund	469
<i>List of Documents Reproduced</i>	478
<i>Acknowledgements</i>	483
<i>Index</i>	485

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Shaping the Post-war World: The Clearing Union: Volume Xxv

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[More information](#)

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Frontmatter

[More information](#)

GENERAL INTRODUCTION

This new standard edition of *The Collected Writings of John Maynard Keynes* forms the memorial to him of the Royal Economic Society. He devoted a very large share of his busy life to the Society. In 1911, at the age of twenty-eight, he became editor of the *Economic Journal* in succession to Edgeworth; two years later he was made secretary as well. He held these offices without intermittence until almost the end of his life. Edgeworth, it is true, returned to help him with the editorship from 1919 to 1925; Macgregor took Edgeworth's place until 1934, when Austin Robinson succeeded him and continued to assist Keynes down to 1945. But through all these years Keynes himself carried the major responsibility and made the principal decisions about the articles that were to appear in the *Economic Journal*, without any break save for one or two issues when he was seriously ill in 1937. It was only a few months before his death at Easter 1946 that he was elected president and handed over his editorship to Roy Harrod and the secretaryship to Austin Robinson.

In his dual capacity of editor and secretary Keynes played a major part in framing the policies of the Royal Economic Society. It was very largely due to him that some of the major publishing activities of the Society—Sraffa's edition of Ricardo, Stark's edition of the economic writings of Bentham, and Guillebaud's edition of Marshall, as well as a number of earlier publications in the 1930s—were initiated.

When Keynes died in 1946 it was natural that the Royal Economic Society should wish to commemorate him. It was perhaps equally natural that the Society chose to commem-

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Shaping the Post-war World: The Clearing Union: Volume Xxv

Edited by Donald Moggridge

Frontmatter

[More information](#)

GENERAL INTRODUCTION

orate him by producing an edition of his collected works. Keynes himself had always taken a joy in fine printing, and the Society, with the help of Messrs Macmillan as publishers and the Cambridge University Press as printers, has been anxious to give Keynes's writings a permanent form that is wholly worthy of him.

The present edition will publish as much as is possible of his work in the field of economics. It will not include any private and personal correspondence or publish letters in the possession of his family. The edition is concerned, that is to say, with Keynes as an economist.

Keynes's writings fall into five broad categories. First there are the books which he wrote and published as books. Second there are collections of articles and pamphlets which he himself made during his lifetime (*Essays in Persuasion* and *Essays in Biography*). Third, there is a very considerable volume of published but uncollected writings—articles written for newspapers, letters to newspapers, articles in journals that have not been included in his two volumes of collections, and various pamphlets. Fourth, there are a few hitherto unpublished writings. Fifth, there is correspondence with economists and concerned with economics or public affairs. It is the intention of this series to publish almost completely the whole of the first four categories listed above. The only exceptions are a few syndicated articles where Keynes wrote almost the same material for publication in different newspapers or in different countries, with minor and unimportant variations. In these cases, this series will publish one only of the variations, choosing the most interesting.

The publication of Keynes's economic correspondence must inevitably be selective. In the day of the typewriter and the filing cabinet and particularly in the case of so active and busy a man, to publish every scrap of paper that he may have dictated about some unimportant or ephemeral matter is impossible. We are aiming to collect and publish as much as

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Frontmatter

[More information](#)

GENERAL INTRODUCTION

possible, however, of the correspondence in which Keynes developed his own ideas in argument with his fellow economists, as well as the more significant correspondence at times when Keynes was in the middle of public affairs.

Apart from his published books, the main sources available to those preparing this series have been two. First, Keynes in his will made Richard Kahn his executor and responsible for his economic papers. They have been placed in the Marshall Library of the University of Cambridge and have been available for this edition. Until 1914 Keynes did not have a secretary and his earliest papers are in the main limited to drafts of important letters that he made in his own handwriting and retained. At that stage most of the correspondence that we possess is represented by what he received rather than by what he wrote. During the war years of 1914–18 and 1940–6 Keynes was serving in the Treasury. With the opening in 1968 of the records under the thirty-year rule, many of the papers that he wrote then and between the wars have become available. From 1919 onwards, throughout the rest of his life, Keynes had the help of a secretary—for many years Mrs Stephens. Thus for the last twenty-five years of his working life we have in most cases the carbon copies of his own letters as well as the originals of the letters that he received.

There were, of course, occasions during this period on which Keynes wrote himself in his own handwriting. In some of these cases, with the help of his correspondents, we have been able to collect the whole of both sides of some important interchange and we have been anxious, in justice to both correspondents, to see that both sides of the correspondence are published in full.

The second main source of information has been a group of scrapbooks kept over a very long period of years by Keynes's mother, Florence Keynes, wife of Neville Keynes. From 1919 onwards these scrapbooks contain almost the

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Edited by Donald Moggridge

Frontmatter

[More information](#)

GENERAL INTRODUCTION

whole of Maynard Keynes's more ephemeral writing, his letters to newspapers and a great deal of material which enables one to see not only what he wrote but the reaction of others to his writing. Without these very carefully kept scrapbooks the task of any editor or biographer of Keynes would have been immensely more difficult.

The plan of the edition, as at present intended, is this. It will total thirty volumes. Of these the first eight are Keynes's published books from *Indian Currency and Finance*, in 1913, to the *General Theory* in 1936, with the addition of his *Treatise on Probability*. There next follow, as vols. ix and x, *Essays in Persuasion* and *Essays in Biography*, representing Keynes's own collections of articles. *Essays in Persuasion* differs from the original printing in two respects: it contains the full texts of the articles or pamphlets included in it and not (as in the original printing) abbreviated versions of these articles, and it also contains one or two later articles which are of exactly the same character as those included by Keynes in his original collection. In *Essays in Biography* there have been added a number of biographical studies that Keynes wrote both before and after 1933.

There will follow two volumes, xi–xii, of economic articles and correspondence and a further two volumes, already published, xiii–xiv, covering the development of his thinking as he moved towards the *General Theory*. There are included in these volumes such part of Keynes's economic correspondence as is closely associated with the articles that are printed in them. A supplement to these volumes, xxix, prints some further material relating to the same issues, which has since been discovered.

The remaining fourteen volumes deal with Keynes's *Activities* during the years from the beginning of his public life in 1905 until his death. In each of the periods into which we divide this material, the volume concerned publishes his more ephemeral writings, all of it hitherto uncollected, his

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Frontmatter

[More information](#)

GENERAL INTRODUCTION

correspondence relating to these activities, and such other material and correspondence as is necessary to the understanding of Keynes's activities. These volumes are edited by Elizabeth Johnson and Donald Moggridge, and it has been their task to trace and interpret Keynes's activities sufficiently to make the material fully intelligible to a later generation. Elizabeth Johnson has been responsible for vols. xv–xviii, covering Keynes's earlier years and his activities down to the end of World War I reparations and reconstruction. Donald Moggridge is responsible for all the remaining volumes recording Keynes's other activities from 1924 until his death in 1946.

The present plan of publication, with two of the wartime volumes already published, is to complete the record of Keynes's activities during World War II with the group of volumes of which this forms one. These five volumes cover not only the problems of war finance, internal and external, but also his contributions both in the Treasury and at Bretton Woods and elsewhere to the shaping of the post-war world. It will then remain to fill the gap between 1923 and 1939, to print certain of his published articles and the correspondence relating to them which have not appeared elsewhere in this edition, and to publish a volume of his social, political and literary writings.

Those responsible for this edition have been: Lord Kahn, both as Lord Keynes's executor and as a long and intimate friend of Lord Keynes, able to help in the interpreting of much that would be otherwise misunderstood; Sir Roy Harrod as the author of his biography; Austin Robinson as Keynes's co-editor on the *Economic Journal* and successor as Secretary of the Royal Economic Society. Austin Robinson has acted throughout as Managing Editor; Donald Moggridge is now associated with him as Joint Managing Editor.

In the early stages of the work Elizabeth Johnson was assisted by Jane Thistlethwaite, and by Mrs McDonald, who

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Frontmatter

[More information](#)

GENERAL INTRODUCTION

was originally responsible for the systematic ordering of the files of the Keynes papers. Judith Masterman for many years worked with Mrs Johnson on the papers. More recently Susan Wilsher, Margaret Butler and Leonora Woollam have continued the secretarial work. Barbara Lowe has been responsible for the indexing. Susan Howson undertook much of the important final editorial work on the wartime volumes. Since 1977 Judith Allen has been responsible for seeing the volumes through the press.

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Frontmatter

[More information](#)

EDITORIAL NOTE

This volume, the first of three concerned with Keynes's efforts to shape the post-war world, has as its focus the origins of the Clearing Union and the progress of subsequent discussions in both London and Washington up to April 1944. Two further volumes will be concerned with the negotiations surrounding the founding of the International Monetary Fund and World Bank after that date and with Keynes's activities in such areas as employment policy, commodity policy, relief and reparations.

The sources for this volume are Keynes's surviving papers, materials available in the Public Record Office and the papers of colleagues and friends. Where the material used has come from the Public Record Office, the call numbers for the relevant files appear in the List of Documents Reproduced following page 478.

In this and the other wartime volumes, to aid the reader in keeping track of the various personalities who pass through the pages that follow, we have included brief biographical notes on the first occasion on which they appear. These notes are designed to be cumulative over the whole run of wartime volumes.

In this, as in all the similar volumes, in general all of Keynes's own writings are printed in larger type. Keynes's own footnotes are indicated by asterisks or other symbols to distinguish them from the editorial footnotes. All introductory matter and all writings by others than Keynes are printed in smaller type. The only exception to this general rule is that occasional short quotations from a letter from

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Shaping the Post-war World: The Clearing Union: Volume Xxv

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Frontmatter

[More information](#)

EDITORIAL NOTE

Keynes to his parents or to a friend, used in introductory passages to clarify a situation, are treated as introductory matter and are printed in the smaller type.

Most of Keynes's letters included in this and other volumes are reprinted from the carbon copies that remain among his papers. In most cases he has added his initials to the carbon in the familiar fashion in which he signed to all his friends. We have no certain means of knowing whether the top copy, sent to the recipient of the letter, carried a more formal signature.