
Was Keynes a Liberal?

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Keynes and Neomercantilism

It is now common practice to rank John Maynard Keynes as one of modern history's outstanding liberals, perhaps the most recent "great" in the tradition of John Locke, Adam Smith, and Thomas Jefferson.¹ Like these men, it is generally held, Keynes was a sincere—indeed, exemplary—believer in the free society. If he differed from the "classical" liberals in a few obvious and important ways, it was simply because he tried to update the essential liberal idea to suit the economic conditions of a new age.

There is no doubt that throughout his life Keynes endorsed various broad cultural values, such as tolerance and rationality, that are often referred to as "liberal," and, of course, he always *called* himself a liberal (as well as a Liberal—that is, a supporter of the British Liberal Party). But none of this carries great weight when it comes to classifying Keynes's political thought.²

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1. See the anthology edited by Bullock and Shock (1956). Numerous other scholars, such as E. K. Bramsted and K. J. Melhuish (1978) treat Keynes as a major twentieth-century (and hence presumably more relevant) representative of the sequence that begins with the Levellers or Locke. Locke's biographer, Maurice Cranston, categorizes Keynes, like Locke, as a liberal (1978, 101). Bernard Corry goes so far as to term Keynes "essentially an economic liberal arguing for specific non-liberal measures solely in periods of unemployment" (1978, 26). Douglas Den Uyl and Stuart Warner include Keynes in their list of "clear-cut" liberals, along with Smith, Turgot, Constant, and others (1987, 263). John Gray insists that Keynes's position is one that must be accommodated in defining the creed (1986, xi). Logically enough, Gray's definition of liberalism omits any mention of belief in private property. Anthony Arblaster, however, remarks that although Keynes was a "convinced Liberal," "it was, in the end, social democracy which inherited the legacy of his thought" (1984, 292).

2. In his logically rigorous terminological schema, Karl Brunner concludes that Keynes's "rejection of the liberal solution" is readily discoverable because "[h]e finds the severe limitation imposed on government unacceptable. The matter requires, in his judgment, a thoroughly fresh approach" (1987, 28).

Prima facie, Keynes as model liberal is already paradoxical on account of his embrace of mercantilist doctrine. When *The General Theory of Employment, Interest, and Money* (Keynes 1973b) appeared in 1936, W. H. Hutt was about to send his *Economists and the Public* (1936) to press. In later years, Hutt would subject Keynes's system to detailed and withering criticism (Hutt 1963, 1979), but at this point he could only hurriedly insert some initial observations. What struck him most of all was that this renowned economist "would have us believe that the Mercantilists were right and their Classical critics were wrong" (a position expounded in chapter 23 of the *General Theory*) (Hutt 1936, 245). Hutt was writing from the standpoint of economic science. Here we are dealing with the integrity of liberalism as a social philosophy. If, as I have argued elsewhere (Raico 1989, 1992, 1999, 1–22), the liberal doctrine is characterized historically by a repudiation of the paternalism of the absolutist welfare state, it is characterized even more so by its rejection of the mercantilist component in eighteenth-century absolutism. How, then, can a writer who tried to rehabilitate mercantilism be counted among the liberal greats?³

In defense of Keynes, Maurice Cranston contends that no one would deny John Locke inclusion in the liberal ranks in spite of his adherence to mercantilism (1978, 111). Whether Locke espoused mercantilism is debatable; Karen Vaughn (1980) has furnished grounds for believing otherwise. But even if he had been a mercantilist, that fact would lend no support to Cranston's argument. Locke is rightly viewed as a liberal great *not* because of his views on economic theory and policy, whatever they may have been, but by virtue of his libertarian account of natural rights and what he believed followed from that account.⁴

The Keynesian System

According to his supporters and himself, Keynes's turn to neomercantilism was necessitated by his discovery of fundamental flaws in classic economics. The classical theory, the claim goes, proved impotent to explain the causes of either Britain's chronic high unemployment in the 1920s or the Great Depression, whereas in *The General Theory* Keynes did both. He accomplished this feat by exposing the inherent gross defects of the undirected market economy, thereby effecting a "revolution" in economic thought.

3. Charles Rowley writes that Keynes promoted "a belief in a fundamentally flawed, non-self-correcting market economy, continually in need of government intervention if it was not to degenerate into chaos. . . . Neomercantilism once again was waging war against the invisible hand, much as it had in pre-Smithian England" (1987b, 154).

4. Despite the statement cited in note 1, Cranston implicitly surrendered on the question of Keynes's fundamental liberalism: "Keynes really belonged with Francis Bacon, and the *philosophes*, and the utilitarians and the Fabians, to that class of intellectual which believes that intellectuals should rule" (1978, 113). A number of more or less classical-liberal writers have also held that Keynes could not be denied the title *liberal*; see, for example, Haberler 1946, 193.

Yet the particular crises to which Keynes reacted were themselves the products of misguided government policies. The persistence of high unemployment in Great Britain is traceable in part to Winston Churchill's decision as chancellor of the exchequer to return to gold at the unrealistic prewar parity and in part to the high unemployment benefits (relative to wages) available after 1920. The Great Depression resulted primarily from government monetary management, in particular by the Federal Reserve System in the United States. Both of these crises are amenable to explanation by means of "orthodox" economic analysis, requiring no theoretical "revolution" (Rothbard 1963; Johnson 1975, 109–12; Benjamin and Kochin 1979; Buchanan, Wagner, and Burton 1991).⁵

As Hutt noted, Keynes in *The General Theory* turned his back on all the recognized authorities, from Hume and Smith to Menger, Jevons, and Marshall, and on to Wicksell and Wicksteed. Those thinkers, whatever the degree of their adherence to strict laissez-faire, at least held that the market economy contained self-correcting forces that rendered business depressions temporary. Keynes, discarding his "orthodox" predecessors (and contemporaries), aligned himself with what he himself dubbed that "brave army of heretics," Silvio Gesell, J. A. Hobson, and other social-reformist and socialist critics of capitalism whom mainstream economists had dismissed as crackpots (Friedman 1997, 7).

In a popular essay in 1934, Keynes had already ranged himself on the side of these "heretics," the writers "who reject the idea that the existing economic system is, in any significant sense, self-adjusting. . . . The system is not self-adjusting, and, without purposive direction, it is incapable of translating our actual poverty into our potential plenty" (1973a, 487, 489, 491). *The General Theory* was intended to provide the analytical framework to justify this position.

Changes in prices, wages, and interest rates, according to Keynes, do not fulfill the function ascribed to them in standard economic theory—tending to generate a full-employment equilibrium. The level of wages has no substantial effect on the volume of employment; the interest rate does not serve to equilibrate saving and investment; aggregate demand is normally insufficient to produce full employment; and so on. The false assumptions, conceptual incoherencies, and non sequiturs that vitiate these extravagant claims have been frequently exposed (for example, in Hazlitt

5. On the disastrous consequences of the exchange-rate error, Harry Johnson states: "Had the exchange value of the pound been fixed realistically in the 1920s—a prescription fully in accord with orthodox economic theory—there would have been no need for mass unemployment, hence no need for a revolutionary new theory to explain it, and no triggering force for much subsequent British political and economic history. . . . Britain has paid a heavy long-run price for the transient glory of the Keynesian Revolution, in terms both of the corruption of standards of scientific work in economics and encouragement to the indulgence of the belief of the political process that economic policy can transcend the laws of economics with the aid of sufficient economic cleverness" (1975, 100, 122). Regarding unemployment benefits, Daniel Benjamin and Levis Kochin point out that Edwin Cannan was one of the few contemporaries to understand the part the dole played in creating excess unemployment (1979, 468–72). Keynesian writers such as Donald Winch continue to condemn Cannan, for his pains, as hard-hearted and lacking in compassion (1989, 468 n. 40).

1959, [1960] 1995; Rothbard 1962, 2:passim; Reisman 1998, 862–94).⁶ As James Buchanan sums up the issue, “There is simply no evidence to suggest that market economies are inherently unstable” (Buchanan, Wagner, and Burton 1991, 109).

In any case, not every system that retains elements of the private-property market order can reasonably be considered liberal. In modern history, there was, famously, a system that included private property and permitted markets to operate in a restricted and limited way. Its overseers insisted, however, on the state’s overriding role, without which, they believed, economic life would collapse into anarchy. Economic liberalism arose as a reaction *against* this system, which is called mercantilism.

Equally crucial to the question at issue are the ways in which Keynes’s errors undermined confidence in the free-market order and opened the way for the colossal growth of state power.

Murray Rothbard notes that Keynes posited a world in which consumers are ignorant robots and investors are systematically irrational, driven by their blind “animal spirits,” and that he concluded that the overall volume of investment had to be entrusted to a *deus ex machina*, a “class external to the market . . . the state apparatus” (Rothbard 1992, 189–91). Keynes refers to this process as “the socialization of investment.” As he declares in *The General Theory*, “I expect to see the State, which is in a position to calculate the marginal efficiency of capital-goods on long views and on the basis of the general social advantage, taking an ever greater responsibility for directly organizing investments” (1973b, 164). He argued for the creation of a National Investment Board. As late as 1943, he estimated that such an authority would directly influence “two-thirds or three-quarters of total investment” (Seccareccia 1994, 377).⁷

Robert Skidelsky insists that in these instances Keynes did not have in mind the state in the sense of a central government (1988, 17–18), but rather those “semi-autonomous bodies within the State” of which he spoke in 1924, “bodies whose criterion of action within their own field is solely the public good as they understand it, and from whose deliberations motives of private advantage are excluded” (Keynes 1972, 288–89). Skidelsky, however, appears oblivious to the problems of this high-sounding conception. Keynes never specified how such bodies were to operate, never gave any reason to believe they would be in a position to calculate the “marginal

6. Some of the key errors were rooted in Keynes’s methodology—for example, his conclusion that an unmanaged market economy was incapable of achieving intertemporal coordination. In Roger Garrison’s (1985) view, Keynes’s operating with higher levels of aggregation concealed the mechanisms by which such coordination is in fact brought about by market processes, even while Hayek set forth the real coordinating processes. Hayek himself believed that Keynes’s most basic mistake was methodological, pursuing the “pseudo-exactness” of apparently measurable magnitudes, while disregarding the real interconnections of the economic system. According to Hayek, Keynes’s approach rested on the assumption that constant functional relationships exist between total demand, investment, output, and so forth. In this way, it tended “to conceal nearly all that really matters,” leading to the “obliteration of many important insights which we had already achieved and which we shall then have painfully to regain” (1995, 246–47).

7. Mario Seccareccia (1993) rebuts the common view of Keynes as a would-be or actual savior of capitalism.

efficiency of capital” (a thoroughly confused concept, in any case; see Hazlitt 1959, 156–70; Anderson [1949] 1995, 200–205), and never indicated by what subtle means they would be kept untainted by motives of private (including personal ideological) advantage.⁸ Moreover, because Keynes granted that these “semi-autonomous bodies” would be “subject in the last resort to the sovereignty of the democracy as expressed through Parliament” (1972, 288–89), how could they be prevented from effectively becoming agencies of the central state?

If liberalism’s core doctrine is that, given institutional adherence to the rights of life, liberty, and property, civil society can be counted on by and large to run itself, and if the showcase example in liberalism’s brief is the undirected market economy’s capacity to function satisfactorily, then the “Keynesian Revolution” signaled the abandonment of liberalism.

Within a very few years, Keynesianism triumphed among economists prominent in the academy and government, becoming after World War II the official doctrine in advanced countries. The administrators of the Marshall Plan and their allies in the United Nations Economic Commission for Europe mandated it, as did the administrators of the European Recovery Program. Italy, for example, “was constantly urged to reflate by both these agencies” (de Cecco 1989, 219–21).⁹ Although West Germany, under the leadership of Ludwig Erhard and advised by economists such as Wilhelm Röpke, resisted, in Britain both major parties championed Keynesian demand management as the means to full employment, now the principal goal. In the United States, the Employment Act of 1946 recognized the federal government’s primary role in ensuring maximum employment through fiscal operations. The results of this revolution were disastrous.

Prior to Keynes, budget balancing had been the goal of the governments of civilized countries at least. Keynesianism reversed this “fiscal constitution.” By making governments responsible for “countercyclical” fiscal policy and by ignoring shortsighted politicians’ tendency to accumulate deficits, it set the stage for the unprecedented increases of taxation and public debt of the decades following World War II (Buchanan 1987; Rowley 1987b; Buchanan, Wagner, and Burton 1991).

It is sometimes maintained that Keynes was “not a Keynesian” in the sense that he cannot be held responsible for his followers’ applications of his theory. Yet, with what other “great” or “model” liberal do we have a coterie of highly influential acolytes who interpret him in a sharply antiliberal sense? As Michael Heilperin observes sardonically, “If [Keynes] was a liberal, then he was that extraordinary kind of

8. “None of [Keynes’s] essays ever elaborates in the slightest the content of this proposal [to socialize investment]. We do not know in what form the socialization should be implemented. The institutional choices are never examined . . . [and we have no way] to assess the consequences of such socialization” (Brunner 1987, 47).

9. Concerning the role of the Christian Democrats for decades, de Cecco adds that they “helped the technocrats maintain their hold over the economy. They became the arch-defenders of the IRI,” the vast state holding company that was by far the largest firm in Italy (1989, 222).

liberal whose practical recommendations consistently promote collectivism” (1960, 125).

Rules or “Discretion”?

In contrast to earlier absolutist and later collectivist ideologies, liberalism is characterized by its insistence on rules in political life as in economic life (cf. Hayek 1973, 56–59). The rule of law as the foundation of the *Rechtsstaat* is an obvious example, as is the doctrine of *laissez-faire*, to which even John Stuart Mill felt obliged to pay lip service as a (readily defeasible) principle (“*Laissez-faire*, in short, should be the general practice”). Maximum flexibility and leeway in the exercise of power are not traits that commend themselves to liberals. A government of laws, not of men, is a well-known liberal slogan.¹⁰

Murray Rothbard noted that Keynes was, as it were, opposed to principle *on principle* (1992, 177).¹¹ It is no exaggeration to say that Keynes was constitutionally averse to rules, or “dogmas,” as he often called them. This attitude dominated his thinking throughout his life. In 1923, he declared: “when great decisions are to be made, the State is a sovereign body of which the purpose is to promote the greatest good of the whole. When, therefore, we enter the realm of State action, everything is to be considered and weighed on its merits” (1971a, 56–57).

In his last years, Keynes found “much wisdom” in the proposition that the state should “fill the vacant post of entrepreneur-in-chief,” “interfering with the ownership or management of particular businesses . . . [only] on the merits of the case and not at the behest of dogma” (1980, 324). In a letter to F. A. Hayek, apropos of Hayek’s recently published book *The Road to Serfdom*, Keynes chided him for not realizing that “dangerous acts can be done safely in a community which thinks and feels rightly, which would be the way to hell if they were executed by those who think and feel wrongly” (1980, 387–88).

This opposition to acting strictly on principle, Robert Skidelsky claims, is the heart of Keynes’s “second revival of liberalism” (after the earlier “New Liberalism” of the Hobhouse school): Keynes aimed to “superimpose a managerial philosophy . . . a philosophy of *ad hoc* intervention based on disinterested thought” (1988, 15). Alec Cairncross states: “He hated enslavement by rules. He wanted governments to have discretion and he wanted economists to come to their assistance in the exercise of that discretion” (1978, 47–48). Yet it is precisely the *ad hoc* nature of Keynes’s approach, his faith in a strangely disembodied “disinterested thought,” and his predilection for

10. It is another, theoretically perhaps more important, question whether these liberal goals could ever have been compatible with the continued existence of an institution based on monopoly power and the authority to tax—that is, the state. On this question, see the pioneering work of Hans Hermann Hoppe (2001, especially 229–34).

11. “Keynes was famous, and not just among economists, for changing his mind. Indeed, mutability was part and parcel of his public persona” (Caldwell 1995, 41).

government “discretion” unencumbered by principled limits that run straight against the grain of the liberal doctrine.¹²

Authentic liberalism has traditionally harbored a deep distrust of state agents, on the grounds that they lack competence or detachment or both. Keynes’s airy reliance on economic experts whose sage advice would be put into effect by self-denying politicians flies in the face of this wholly warranted suspicion and all of the historical and theoretical evidence supporting it. In contemporary terms, it contradicts the teachings associated with the school of public choice.¹³

Keynes’s Utopia

Keynes was often given to ruminations on the nature of the future society. Because his writings are rife with inconsistencies,¹⁴ it has been possible for some of his followers to contend that what he basically wanted was merely “to wed full employment to classical liberalism,” that “his model was very much ‘capitalism plus full employment,’ and he was relatively sanguine about the feasibility of macro-control” (Corry 1978, 25, 28).

Throughout Keynes’s career, however, clear indications appear of his longing for a much more radical social order—in his words, a “New Jerusalem” (O’Donnell 1989, 294, 378 n. 27). He confessed that he had played in his mind “with the possibilities of greater social changes than come within the present philosophies” even of thinkers such as Sidney Webb. “The republic of my imagination lies on the extreme left of celestial space,” he mused (1972, 309). Numerous statements strewn over decades shed light on this somewhat obscure avowal. Taken together, they confirm Joseph Salerno’s (1992) argument that Keynes was a *millennialist*—a thinker who viewed social evolution as pursuing a preordained course to what he conceived to be a happy ending: a utopia (O’Donnell 1989, 288–94).

Keynes looked forward to a condition of “equality of contentment amongst all”

12. In an appreciation of Keynes, *The Economist* perversely declared that “a theme that recurs in his work is a preference (echoing Hayek, please note, whose work he praised) for rules over discretion in economic policy” (“The Search for Keynes” 1993, 110).

13. Rowley describes Keynes as being “about as far away from the approach of modern public choice as an individual conceivably could be” and accuses him of ignoring “the dangerous discretion that his theories had placed in the hands of vote-seeking politicians” (1987a, 119, 123). Donald Winch, who defends Keynes against the charge of statism, seems to concede that the logic of Keynesian thought leads in a statist direction: “When the technocratic interpretation of state capacity associated with Keynes himself is mixed with politics, can Keynes’ own minimalist position be sustained? Are not left-Keynesians (and their monetarist opponents for that matter) correct in believing that the logic of Keynesianism leads to greater intervention, such that what may have begun as macroeconomic management requires extension into microeconomic intervention to ensure success?” (1989, 124).

14. See Thomas Balogh’s peculiar judgment on Keynes: “His strength and infinite, yet tantalizing, charm lay in being able to discard views (and people) at the drop of a hat” (1978, 67). This view does not seem far from Rothbard’s characterization of Keynes as an intellectual “buccaneer.”

(whatever that might conceivably mean) (1980, 369), where the problem facing the average person will be “how to occupy the leisure, which science and compound interest will have won for him, to live wisely, agreeably, and well” (1972, 328). Technological progress, fueled by socialized investment, will automatically guarantee adequate consumer goods for all. At that point, the serious questions of living will arise: “The natural evolution should be towards a decent level of consumption for everyone; and, when that is high enough, towards the occupation of our energies in the non-economic interests of our lives. Thus we need to be slowly reconstructing our social system with these ends in view” (1982a, 393).

Leaving aside the question of who will decide when the level of consumption is high enough, we have to ask, What techniques did Keynes imagine existed to bring about such a restructuring of society? As always when he pondered the future, specifics are nonexistent.¹⁵ What is clear is that in the future utopia, the state will be the incontestable leader.¹⁶ Putting an end to “economic anarchy,” the new “régime [will be one] which deliberately aims at controlling and directing economic forces in the interests of social justice and social stability” (1972, 305).¹⁷

The state, according to Keynes, will even decide on the optimal level of population. Regarding eugenics, Keynes at times gave the appearance of indecision: “the time may arrive a little later when the community as a whole must pay attention to the innate quality as well as to the mere numbers of its future members” (1972, 292; see also Salerno 1992, 13–14). At other times, he was quite definite: “The great transition in human history” will begin “when civilized man endeavors to assume conscious control in his own hands, away from the blind instinct of mere predominant survival” (1983, 859).¹⁸ So the state—in its guise as “civilized man”—will channel and oversee the reproduction of the human race as well.

In all these matters, the state will be guided, in turn, by wise and far-seeing

15. Keynes’s approach here is characteristic of critics of the market economy. As Roger Garrison observes: “His failure to explain in any detail just how this ideal system would work is consistent with socialist thought in general, which has always focused on the perceived failings of the actual system rather than on the allegedly superior workings of the imagined one” (1993, 478).

16. “At bottom, Keynes’s prescription was that the state should act as the guardian, supervisor, and promoter of civilized society. . . . [I]t was an active supervisor with an ethically directed program of gradual evolutionary change, including modification of the rules of the game” (O’Donnell 1989, 299–300).

17. In this same famous essay, “Am I a Liberal?” Keynes *also* asserts, with his usual muddle when it comes to his social philosophy, that he is merely striving for “novel measures for safeguarding capitalism” (1972, 299).

18. On another occasion, Keynes reiterated the need to confront the problem of overpopulation “with schemes conceived by the mind in place of the undesigned outcome of instinct and individual advantage. . . . It is many generations since men as individuals began to substitute moral and rational motive as their spring of action in the place of blind instinct. They must now do the same thing collectively” (1977, 453). Around the same time, Leon Trotsky expressed similar eugenic views on the “great transition” to the future utopia, although in a more “Promethean” spirit: “The human species, the coagulated *homo sapiens*, will once more enter into a state of radical transformation, and in his [*sic*] own hands will become an object of the most complicated methods of artificial selection and psycho-physical training. . . . The human race will not have ceased to crawl on all fours before God, kings, and capital, in order later to submit humbly before the dark laws of heredity and a blind sexual selection!” ([1924] 1960, 254–55).

intellectuals of Keynes's own sort.¹⁹ How could it be otherwise? Left to their own devices, the great majority of people are virtually helpless. As Keynes declared, "Nor is it true that self-interest generally *is* enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these" (1972, 288). Because he held that in economic questions "the right solution will involve intellectual and scientific elements which must be above the heads of the vast mass of more or less illiterate voters" (1972, 295), one wonders how much of "the sovereignty of the democracy" would continue to exist in his utopia.

Naturally enough, given his own tastes, the arts played a central role in his vision. He complained of the niggardliness of state subsidies to the arts that was defended by "the sub-human denizens of the Treasury." Such a policy was incompatible with any loftier conception of "the duty and purpose, the honor and glory [*sic*] of the State." Art subsidies were a means for the State to fulfill its duty to elevate "the common man," to lead him to feel himself "finer, more gifted, more splendid, more carefree" (qtd. in Moggridge 1974, 34–35). During World War II, Keynes served as a leading spokesman for what afterwards became the Arts Council. "Death to Hollywood" was his slogan. He was immensely gratified to be able to report that three thousand English factory workers in the Midlands had reacted with "wild delight" to a ballet performance (qtd. in Moggridge 1974, 41, 48). In the future, besides state subsidies, there would be inculcation of art appreciation in the schools: going to plays and visiting art galleries "will be a living element in everyone's upbringing, and regular attendance at the theatre and concerts a part of organized education" (1982b, 371). The utter banality of this state-sponsored crusade for aesthetic Uplift—a key to the realization of Keynes's utopia—is exceeded only by its spirit-crushing dreariness.

Keynes and the Totalitarian "Experiments"

Further grounds for doubting Keynes's liberalism pertain to his attitude in the 1920s and 1930s toward the continental "experiments" in planned economy. At times, he displayed an outlook on German National Socialist and Italian Fascist economic policy that is surprising in a supposed model liberal thinker. Two texts are at issue here: the preface to the German edition of *The General Theory* (Keynes 1973b, xxv–xxvii) and the essay "National Self-Sufficiency" (Keynes 1933; also given in Keynes 1982a, 233–46).

In the preface, Keynes observes that he is deviating from "the English classical (or orthodox) tradition," which, he notes, never totally dominated German thought. "The Manchester School and Marxism both derive ultimately from

19. See Corry's comment: "Politicians were seen by Bloomsbury as an uneasy mix of fools, opportunists, and knaves; so what are we left with to steer the country? Some sort of intellectual establishment, closely allied to academia (or rather a small part of it with Cambridge roots!), who could give dispassionate, expert advice and control. . . . Keynes had a Bloomsbury belief in the power and duty of the intelligentsia to advise and control events" (1993, 37–38).

Ricardo.^[20] . . . But in Germany there has always existed a large section of opinion which has adhered neither to the one nor to the other. . . . Perhaps, therefore, I may expect less resistance from German than from English readers in offering a theory of employment and output as a whole, which departs in important respects from the orthodox tradition” (1973b, xxv–xxvi). To entice his readers in National Socialist Germany even further, Keynes adds: “[M]uch of the following book is illustrated and expounded mainly with reference to the conditions existing in the Anglo-Saxon countries. Nevertheless the theory of output as a whole, which is what the following book purports to provide, is much more easily adapted to the conditions of a totalitarian state, than is the theory of the production and distribution of a given output produced under conditions of free competition and a large measure of laissez-faire” (1973b, xxvi).

Roy Harrod does not mention this preface at all in his earlier biography (1951).²¹ Robert Skidelsky refers to it as “unfortunately worded” and leaves it at that (1992, 581). Alan Peacock writes of the passage (without quoting it) that Keynes indicated “that the then German (Nazi) government would be more sympathetic to his ideas on the employment-creating effects of public works than the British government” (1993, 7). This view, however, runs contrary to the clear meaning of the text: it is not that the Nazi leaders chanced to be more sympathetic to one of Keynes’s particular proposals, but that, in Keynes’s view, his theory “is much more easily adapted to the conditions of a totalitarian state.” Peacock adds that “there is some dispute over whether or not the preface was accurately translated.” But that issue in no way affects the excerpt quoted here, which is from Keynes’s English manuscript.²²

Nazi economic thinkers sometimes used references to Keynes to support the explicitly antiliberal economic policies of National Socialism. Otto Wagener, who headed a Nazi economics research bureau before the seizure of power, gave Hitler a copy of Keynes’s book on money because it was “a very interesting treatise,” conveying the feeling that the author was “far on the road to us, without being familiar with us and our viewpoint” (qtd. in Barkai 1977, 55, 57, 156, my translation). Publication of the German edition of *The General Theory* received critical reviews from publications that had managed to keep their distance from official Nazi economic policies, whereas a Nazi apologist at Heidelberg welcomed it “as a vindication of

20. This is typical of Keynes’s cavalier way with the history of economic thought. Ricardian economics exercised no influence on the thought of Cobden and Bright; see Grampp 1960, 7, 106–7. On Keynes’s distortion of Thomas Malthus as a precursor of his own position, see Rothbard 1995, 105–6. On Keynes’s ignorance of and lack of interest in even the precursors of his own theories, see Garvey 1975.

21. Michael Heilperin, in a long footnote, comments on the absence of any reference to this preface in Roy Harrod’s (1951) work, the major biography of Keynes at the time Heilperin wrote. In view of the suppression of academic and other freedoms in Nazi Germany, Heilperin calls Keynes’s ingratiating text “an indelible blot on his record as a liberal” (1960, 127 n. 48).

22. The dispute involves some sentences that appear in the German edition, but not in Keynes’s manuscript; but these sentences do not seem to inculpate Keynes any further, except for the use of the phrase “pronounced national leadership [*Führung*]” with a positive connotation. In any case, it seems likely that Keynes approved of the additions. See Schefold 1980.

National Socialism.” Keynes himself remarked that the German authorities had permitted publication “on paper [that was] rather better than usual, and the price was not much higher than usual” (both quotations in Skidelsky 1992, 581, 583).

A weightier instance of the difficulty of classifying Keynes as a liberal is his essay “National Self-Sufficiency” (Keynes 1933, 1982b, 233–46).²³ Here, *laissez-faire* and free trade are treated with characteristic Bloomsbury derision. In the dismal past, they had been viewed “almost as a part of the moral law,” a component of the “bundle of obsolete habiliments one’s mind drags round” (Keynes 1933, 755). Very different, however, is Keynes’s posture toward the doctrines that were all the rage as he wrote. “Each year it becomes more obvious that the world is embarking on a variety of politico-economic experiments” as the presumptions of nineteenth-century free trade are abandoned. What are these “experiments”? They are those under way in Russia, Italy, Ireland (*sic*), and Germany. Even Britain and America are striving for “a new plan” (761).

Keynes is oddly agnostic on the chances for success of these various projects: “We do not know what will be the outcome. We are—all of us, I expect—about to make many mistakes. No one can tell which of the new systems will prove itself best. . . . We each have our own fancy. Not believing that we are saved already [*sic*], we each should like to have a try at working out our own salvation” (761–62).

He concedes that “in matters of economic detail, as distinct from the central controls,” he favors “retaining as much private judgment and initiative and enterprise as possible” (762). But “we all need to be as free possible of interference from economic changes elsewhere, in order to make our own favorite experiments towards the ideal social republic of the future” (763).

At the time Keynes wrote this article, the doctrine of “national self-sufficiency” he was preaching was often identified with National Socialism and fascism. When Franklin Roosevelt “torpedoed” the London economic conference of June 1933, the president of the Reichsbank, Hjalmar Schacht, smugly told the *Völkischer Beobachter* (the official newspaper of the Nazi Party) that the American leader had adopted the economic philosophy of Hitler and Mussolini: “Take your economic fate in your own hand and you will help not only yourself but the whole world” (Garraty 1973, 922).

Keynes admits that many errors are being committed in all the contemporary essays in planning. Although Mussolini may be “acquiring wisdom teeth,” “Germany is at the mercy of unchained irresponsibles—though it is too soon to judge her.”²⁴ He

23. The version in *The Collected Writings* is from *The New Statesman and Nation*, July 8 and 15, 1933. The essay was first published, however, in the *Yale Review*. Quotations here are from the latter version, Keynes 1933. Heilperin states that this essay “can well be regarded, for all its brevity, as one of Keynes’s most significant writings” and observes that Keynes downplays the totalitarian character of the regimes he discusses: “They were experimenting—that was the wonderful thing about it!” (1960, 111). Here, Heilperin captures the essential spirit of this piece and of Keynes’s thought over several years.

24. This and similar criticisms of Nazi Germany were omitted in the German translation of the essay, evidently with Keynes’s permission; see Borchardt 1988. Although Borchardt is aware of the *Yale Review* version, he cites the essay from *The Collected Writings* and thus overestimates its liberal tenor.

reserves his harshest criticism for Stalin's Russia, perhaps a historically unprecedented example of "administrative incompetence and of the sacrifice of almost everything that makes life worth living to wooden heads" (766). "Let Stalin be a terrifying example to all who seek to make experiments," Keynes declares (769).

Yet his critique of Stalin—who had just condemned millions to death in the terror-famine and was filling Lenin's gulag with additional millions—is curiously oblique and off-center. What the Soviet and the other socioeconomic experiments require above all is "bold, free, and remorseless criticism." But "Stalin has eliminated every independent, critical mind, even those sympathetic in general outlook. He has produced an environment in which the processes of mind are atrophied. The soft convolutions of the brain are turned to wood. The multiplied bray of the loud-speaker replaces the soft inflections of the human voice. The bleat of propaganda bores even the birds and the beasts of the field into stupefaction" (769). "Wooden heads . . . brains turned to wood . . . bores . . . into stupefaction." The reader may judge for himself whether this critique—redolent of John Stuart Mill's harping on the all-importance of endless discussion and debate—is adequate to the deeds of Stalin and of Soviet power as of 1933.

Finally, one passage in this essay as it appeared in its first version in the *Yale Review* is omitted from *The Collected Writings*.²⁵ "But I bring my criticisms to bear, as one whose heart is friendly and sympathetic to the desperate experiments of the contemporary world, who wishes them well and would like them to succeed, who has his own experiments in view, and who in the last resort prefers anything on earth to what the financial reports are wont to call 'the best opinion in Wall Street'" (Keynes 1933, 766).²⁶

Skidelsky's comment on this essay is brief and bland: "As Keynes noted in his 'National Self-Sufficiency' articles [the essay appeared in two parts in *The New Statesman and Nation*], social experiments were in fashion; all of them, whatever their political provenance, envisaged a much enlarged role for government, and a greatly restricted role for free commerce" (1992, 483). This description hardly seems sufficient.

The question at this point is: How can someone who expressed a wistful sympathy for the "experiments" of the Nazis, Fascists, and Stalinist Communists, and

25. This passage should have appeared in *The Collected Writings* after "For I must not be supposed to be endorsing all those things which are being done in the political world today in the name of economic nationalism. Far from it" (Keynes 1982b, 244). The version in *The Collected Writings* likewise omits a few other passages, of negligible importance, that appear in the *Yale Review*. The editor of this volume in no way indicates that the version included differs from the one published in the *Yale Review*; moreover, he incorrectly gives the issue of the *Yale Review* in question as "Summer 1933."

26. Keynes reiteration during the 1920s and 1930s of the wonderfulness of social engineering "experiments" finally becomes almost laughable. Another example appears in *The End of Laissez-Faire*, where he wrote: "I criticize doctrinaire State Socialism, not because it seeks to engage men's altruistic impulses in the service of society, or because it departs from *laissez-faire*, or because it takes away from man's natural liberty to make a million, or because it has courage for bold experiments. All these things I applaud" (1972, 290, emphasis added).

whose threadbare Bloomsbury mockery was reserved for the freely functioning society of laissez-faire be considered a clear-cut example of a liberal or any liberal at all?²⁷

Soviet Communism

The tone and substance of some of Keynes's more extended remarks on Soviet communism also raise questions. Following a trip to the Soviet Union in 1925, he published *A Short View of Russia* (1972, 253–71). Skidelsky, with astonishing implausibility, calls this essay “one of the most searing attacks on Soviet communism ever penned” (1994, 235).

It is true that Keynes perceives some grave flaws in the Soviet regime, especially the persecution of dissenters and the general oppressiveness. But these flaws he holds to be in part the fruit of revolution and the result of “some beastliness in the Russian nature—or in the Russian and Jewish natures when, as now, they are allied.” They form “one face” of the “superb seriousness of Red Russia.” Such seriousness can be dour, “crude and stupid and boring in the extreme,” witness the Methodists (1972, 270)—another Bloomsbury touch. Keynes gives no sign that despotism might be the natural consequence, the entirely predictable result, of such a concentration of power in the state as the Bolsheviks had effected in Russia. This latter view has been a mainstay of liberal thought from at least the time of Montesquieu and Madison, through Mises and Hayek, and on to the present day. One would expect a liberal to highlight this point.

Instead, Keynes gushes over the Soviets' will to engage in bold “experiments” in social engineering. In Russia, “the method of trial-and-error is unreservedly employed. No one has ever been more frankly experimentalist than Lenin.” As for the catastrophically failed “experiments” of the first years of Bolshevik rule, which had compelled the shift from “war communism” to the then-current system of the New Economic Policy (NEP), Keynes describes them in the most anodyne terms: earlier “errors” had now been corrected and “confusions” dissipated (262).²⁸ Keynes is dazzled by the regime's character as “the laboratory of life” and concludes that Soviet

27. Throughout his career, Keynes was a relentless critic of the laissez-faire principle. *The End of Laissez-Faire* (Keynes 1972, 272–294) is perhaps his most famous polemical essay. It was reviewed at the time (1926) by the Italian (by no means “doctrinaire”) liberal economist Luigi Einaudi, who noted that the pamphlet was not at all original or particularly significant: the notion that it represented some kind of historical turning point was “a pure fantasy” by hurried reviewers. Einaudi asks why Keynes, “having once again placed the rule of laissez-faire *hors de combat* as a scientific principle, did not add some additional page examining the present importance of that rule as a practical norm of conduct? . . . Has the practical importance of the laissez-faire rule for the conduct of men really diminished?” Granting that the tasks of government have become more numerous, this concession does not yet “prove the decadence of the laissez-faire rule, since it may well be that, contemporaneous with the extension of public activity and interference in some branches of economic life, there has been a much greater increase of new kinds of activity where the old rule of laissez-faire retains its value intact” (1926, 573).

28. *Errors* and *confusions* seem hardly adequate terms for what a recent historian of Soviet communism has characterized as “the titanic descent into chaos” of those years; see the chapter “War Communism: A Regime Is Born, 1918–1921,” in Malia 1994, 109–39; see also the illuminating analysis in “War Communism—Product of Marxian Ideas” (Roberts 1971, 20–47).

communism has “just a chance” of success. He asserts in this “searing attack” that “even a chance gives to what is happening in Russia more importance than what is happening (let us say) in the United States of America” (270).²⁹

What lay at the root of Keynes’s sympathy for the Soviet experiment? A hint appears at the beginning of his essay, where he playfully suggests that the archbishop of Canterbury might deserve to be called a “Bolshevist” “if he seriously pursues the Gospel precepts.” (Jesus Christ as the first Chekist?) What moves Keynes most deeply is the “religious” element in Leninism, whose “*emotional and ethical essence centers about the individual’s and the community’s attitude towards the love of money*” (259, emphasis in original). The Communists have transcended “materialistic egotism” and brought about “a real change in the predominant attitude towards money. . . . A society of which this is even partially true is a tremendous innovation”: “in the Russia of the future it is intended that the career of money-making, as such, will simply not occur to a respectable young man as a possible opening, any more than the career of a gentleman burglar or acquiring skill in forgery or embezzlement. . . . Everyone should work for the community—the new creed runs—and, if he does his duty, the community will uphold him” (260–61).

In contrast to this inspiring religiosity, “modern capitalism is absolutely irreligious,” lacking in any sense of solidarity and public spirit: “it seems clearer every day that the moral problem of our age is concerned with the love of money, with the habitual appeal of the money motive in nine-tenths of the activities of life, with the universal striving after individual economic security as the prime object of endeavor, with the social approbation of money as the measure of constructive success, with the social appeal to the hoarding instinct as the foundation of the necessary provision for the family and for the future” (268–29). This preference for Communist over capitalist morality was to remain with Keynes for years.

In 1928, he paid a second visit to Russia, which produced a less favorable assessment. Even though Skidelsky assures us that “the romance was clearly over” (1992, 235–236), this judgment is not correct. The romance continued at least to 1936, with Keynes’s review of *Soviet Communism* by his friends Sidney and Beatrice Webb. None of those who argue for Keynes’s liberalism has frankly confronted his quite unambiguous pronouncement³⁰ included in a brief radio talk delivered for the BBC in June 1936 in the *Books and Authors* series (1982b, 333–34).

29. Keynes adds that Soviet Russia is very much to be preferred to tsarist Russia, from which “nothing could ever emerge” (271). This statement is an extraordinary judgment, especially in view of Keynes’s love of the arts. Old Russia can, of course, boast of great achievements in many fields, including music, dance, and, above all, literature.

30. Logically, Skidelsky should have discussed this radio talk in volume two of his biography, which covers the period to 1937. Although he mentions the Webbs’ *Soviet Communism*, he does not touch on Keynes’s radio review (Skidelsky 1994, 488). It seems passing strange that nowhere in his immense, three-volume biography of Keynes does Skidelsky find space even to mention this highly problematic piece. It is also absent from his essay on Keynes and the Fabians (Skidelsky 1999). The radio talk is mentioned in O’Donnell 1989, 377 n. 13.

The only work that Keynes dealt with at any length was the Webbs' recently published massive tome *Soviet Communism*. (The first edition carried the subtitle *A New Civilisation?* but the question mark was dropped in later editions.) As leaders of the Fabian Society, the Webbs had toiled for decades to bring about socialism in Britain. In the 1930s, they turned into ardent propagandists for the new regime in Communist Russia—in Beatrice's words, they had "fallen in love with Soviet Communism" (qtd. in Muggeridge and Adam 1968, 245). (What she called "love," their nephew-by-marriage Malcolm Muggeridge labeled "besotted adulation" [1973, 72].) During the Webbs' three-week visit to Russia, where, Sidney boasted, they were treated like "a new type of royalty," the Soviet authorities supplied them with the alleged facts and figures for their book (Cole 1946, 194; Muggeridge and Adam 1968, 245). The Stalinist apparatchiki were well satisfied with the final result. In Russia itself, *Soviet Communism* was translated, published, and promoted by the regime; as Beatrice declared: "Sidney and I have become ikons in the Soviet Union" (qtd. in Muggeridge 1973, 206).³¹

Ever since *Soviet Communism* first appeared, it has been seen as probably the prime example of the aid and comfort that literary fellow travelers lavished on the Stalinist terror state. If Keynes had been a liberal and a lover of the free society, one would expect his review of the book, despite his friendship with the authors, to be a scathing denunciation, but the opposite is the case. As Beatrice was pleased to note in her diary, Maynard, "in his attractive way, boomed our book in his recent radio talk" (Webb 1985, 370).

In fact, Keynes advised the British public that *Soviet Communism* was a work "which every serious citizen will do well to look into":

Until recently events in Russia were moving too fast and the gap between paper professions and actual achievements was too wide for a proper account to be possible. But the new system is now sufficiently crystallised to be reviewed. The result is impressive. The Russian innovators have passed, not only from the revolutionary stage, but also from the doctrinaire stage. There is little or nothing left which bears any special relation to Marx and Marxism as distinguished from other systems of socialism. They are engaged in the vast administrative task of making a completely new set of social and economic institutions work smoothly and successfully over a territory so extensive that it covers one sixth of the land surface of the world. (1982b, 333)

31. Even Beatrice's friend and biographer Margaret Cole states that the book, though containing some criticisms, was "in some sense, an enormous propaganda pamphlet, defending and praising the Soviet Union" (1946, 199). This remark was not meant as a criticism because Cole, as is evident from her biography, shared the Webbs' admiration of Stalinism.

There is, yet again, fulsome praise for Soviet “experimentation”: “Methods are still changing rapidly in response to experience. The largest scale empiricism and experimentalism which has ever been attempted by disinterested administrators is in operation. Meanwhile the Webbs have enabled us to see the direction in which things appear to be moving and how far they have got” (1982b, 334).

Britain, Keynes feels, has much to learn from the Webbs’ work: “It leaves me with a strong desire and hope that we in this country may discover how to combine an unlimited readiness to experiment with changes in political and economic methods and institutions, whilst preserving traditionalism and a sort of careful conservatism, thrifty of everything which has human experience behind it, in every branch of feeling and of action” (334). In this passage, as in many others, one is struck by the studied backtracking and basic confusion typical of much of Keynes’s social philosophizing—an “unlimited readiness to experiment” is somehow to be combined with “tradition-alism” and “careful conservatism.”

By 1936, no one had to depend on the Webbs’ deceitful propaganda for information on the Stalinist system. Eugene Lyons; William Henry Chamberlin; Malcolm Muggeridge himself; the world’s conservative, Catholic, and left-anarchist press; and others had revealed the grim truth about the charnel house presided over by Keynes’s “innovators” and “disinterested administrators.”³² Anyone willing to listen could learn the facts regarding the terror-famine of the early 1930s, the vast system of slave-labor camps, and the near-universal misery that followed the abolition of private property. For those not blinded by “love,” the evidence was unmistakable that Stalin was perfecting the model killer state of the twentieth century.

The Hatred of Money

What explains Keynes’s praise of the Webbs’ book and the Soviet system? There can be little doubt that the major reason is, once again, his deep-seated aversion to profit seeking and moneymaking, an attitude the Fabian couple shared.

According to their friend and fellow Fabian Margaret Cole, the Webbs looked on Soviet Russia as morally and spiritually “the hope of the world” (1946, 198). For them, “most exciting” of all was the role of the Communist Party, which, Beatrice held, was a “religious order,” engaged in creating a “Communist Conscience.” By 1932, Beatrice could announce, “It is because I believe that the day has arrived for the changeover from egotism to altruism—as the mainspring of human life—that I am a Communist” (qtd. in Nord 1985, 242–44). In *Soviet Communism*, the Webbs gush over the replacement of monetary incentives by the rituals of “shaming the delin-

32. For Lyons’s comments on the Webbs’ admiration of the “strong faith” and “resolute will” of those who carried out the liquidation of the kulaks, see Lyons 1937, 284. See also the remarks by Robert Conquest (1986, 317–18, 321). In his novel *Winter in Moscow*, Malcolm Muggeridge (1934) describes the world of the foreign fellow traveler who visited the Soviet Union; it was more often “New Liberals” and Fabians, rather than non-Communist socialists, who were duped by the Soviet regime, he observed.

quent” and Communist self-criticism (Webb and Webb 1936, 761–62). Up to the very end of her life in 1943, Beatrice was still lauding the Soviet Union for “its multiform democracy, its sex, class, and racial equality, its planned production for community consumption, and above all its penalization of the profit-making motive” (Webb 1948, 491). After her death, Keynes lauded her as “the greatest woman of the generation which is now passing.”³³

Like the Webbs, Keynes identified religiosity with the individual’s self-abnegation for the good of the group. In economic terms, this view translated into working for nonpecuniary rewards, in this way transcending the sordid motivation of “nine-tenths of the activities of life” in capitalist societies. For Keynes, as for the Webbs, this transcendence was the essence of the “religious” and “moral” element they detected and admired in communism.

In his passion to malign moneymaking, Keynes even resorted to calling on psychoanalysis for support. Fascinated by the work of Sigmund Freud, as most members of the Bloomsbury circle were, Keynes valued it above all for the “intuitions” that paralleled his own, especially on the significance of the love of money. In his *Treatise on Money*, he refers to a passage in a 1908 paper in which Freud writes of the “connections which exist between the complexes of interest in money and of defecation” and the unconscious “identification of gold with faeces” (Freud 1924, 49–50; Keynes 1971b, 258 and n. 1, and Skidelsky 1992, 188, 234, 237, 414).³⁴ This psychoanalytical “finding” permitted Keynes to assert that love of money was condemned not only by religion, but by “science,” as well. Thus, besides constituting “the central ethical problem of modern society” (O’Donnell 1989, 377 n. 14), the preoccupation with money was also a fit subject for the alienist.

Keynes looked forward to the time when the love of money as mere possession “will be recognized for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease” (1972, 329). Sad to say, Keynes does not elaborate on the treatment he anticipates that such specialists will mete out to the deranged persons diagnosed as suffering from this mental affliction.

In Keynes’s pro-Soviet remarks and in the lack of any concern about them among his devotees, we find once again the grotesque double standard that continues to be nearly universal (Applebaum 1997; Courtois 1999; Malia 1999). If in the mid-1930s a celebrated writer had expressed himself toward Nazi Germany in the occasionally benevolent terms Keynes used for the Soviet Union, he would have been

33. Written in a letter to George Bernard Shaw (given in Skidelsky 2001, 168). Skidelsky adds, somewhat cryptically, that although Keynes had arranged for an admiring obituary of Beatrice, he “still hankered after an appreciation of her economics” (2001, 527 n. 76). One wonders what an “appreciation” of Beatrice Webb’s economic thought would consist in.

34. Obviously, if one were to proceed as Keynes did, one would have to probe Keynes’s own unconscious mind for the disreputable sources both of his involvement with the subject of money throughout his professional career and of his intense, affect-laden rejection of the money motive.

pilloried, and his name would reek to this day. Yet, as evil as the Nazis were to become, in 1936 their victims amounted to only a small fraction of the Soviet regime's victims.³⁵

In fact, the case of Keynes is worse than that of someone who merely praised Hitler for, say, alleged successes in curing the unemployment problem or restoring German self-respect or bringing about whatever other "achievements" National Socialism might have claimed. The real analogue to Keynes, in his mixture of criticism and sympathy in regard to Soviet Communism, would be a writer who decried the persecutions and suppression of freedom of thought under the Nazis, while at the same time praising them for their "awareness" of the "racial question," from which we might derive some hope for the future. For the very thing that Keynes found admirable in Soviet Russia—the will to suppress moneymaking and the profit motive—was the main source of the horrors.

As adherents of a variant of Marxism, Lenin and, after him, Stalin shared Marx's loathing of money. Communism sought to abolish money, along with profit seeking and private exchange—the whole market system—that money made possible. Soviet communism selected its prey chiefly from among those marked by their supposed love of money and profits: the bourgeoisie and the landlords of the old regime; the "speculators" and "hoarders" of the years of "war communism" and the first Red Terror; then the NEP men and "kulaks" of the period of collectivization and the introduction of the plans (Leggett 1981; Conquest 1986; Malia 1994, 129–33). How could Keynes have overlooked the link between the targeting of individual wealth seeking and the state-inflicted torment that was the rule in Soviet Russia—particularly considering that in the book he reviewed in his radio address the authors glorify Stalin's decision to proceed to "the liquidation of the kulaks as a class" (Webb and Webb 1936, 561–72)?

A notable feature of Keynes's complimentary comments on the Soviet system here and elsewhere is their total lack of any *economic* analysis. Keynes seems blithely unaware that a problem of rational economic calculation might exist under socialism. This question had already occupied continental scholars for some time and was the focus of lively discussion at the London School of Economics.

The year before Keynes's radio address, a volume edited by F. A. Hayek had appeared in English, *Collectivist Economic Planning* (Hayek 1935), which featured a translation of the seminal 1920 Ludwig von Mises essay "Economic Calculation in the Socialist Commonwealth." At the London School starting in 1933–34, Hayek was

35. In a letter to Upton Sinclair dated May 2, 1936, H. L. Mencken, who was often as astute politically as he was witty in general, wrote: "I am against the violation of civil rights by Hitler and Mussolini as much as you are, and well you know it. . . . You protest, and with justice, every time Hitler jails an opponent, but you forget that Stalin and company have jailed and murdered a thousand times as many. It seems to me, and indeed the evidence is plain, that compared to the Moscow brigands and assassins, Hitler is hardly more than a common Ku Kluxer and Mussolini almost a philanthropist" (1961, 403). I am grateful to Paul Boytinck for drawing my attention to this passage.

already giving a course titled “The Problems of a Collectivist Economy.” A seminar directed by Hayek, Lionel Robbins, and Arnold Plant, devoted chiefly to the same subject, had been offered in 1932–33 (Moggridge 2004).

Keynes gave no indication he was at all cognizant of the debate or even interested in the question.³⁶ Instead, what mattered for Keynes was the excitement of the Soviet experiment (was there ever any other economist—or liberal thinker—who so often invoked “excitement” and “boredom” as criteria for judging social systems?), the awe-inspiring scope of the social changes directed by those “disinterested administrators,” and the path-breaking ethical advance of abolishing the profit motive.

Does this evidence mean that Keynes was at any point ever a Communist? Of course not. But his clearly expressed sympathy with the Soviet system (as well as, to a much lesser extent, with other totalitarian states), when added to his state-furthering economic theory and his state-dominated utopian vision, should give pause to those who so unhesitatingly enlist him in the liberal ranks. Viewing Keynes as perhaps “the model liberal of the twentieth century,” or as any authentic liberal at all, can only render an indispensable historical concept incoherent.

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36. As late as 1944, in a letter to Hayek commenting on *The Road to Serfdom*, Keynes stated: “The line of argument you yourself take depends on the very doubtful assumption that planning is not more efficient. Quite likely from the purely economic point of view it is efficient” (Keynes 1980, 386). That Keynes could have referred to this view as an “assumption” indicates that he never became aware of the great debate over economic calculation under socialism. The total lack of economic analysis in his reports from Soviet Russia brings to mind Karl Brunner’s conclusion on Keynes’s notions of social reform: “One would hardly guess from the material of the essays that a social scientist, even economist, had written [them]. Any social dreamer of the intelligentsia could have produced them. Crucial questions . . . are never faced or explored” (1987, 47). Perhaps there is some truth in his good friend Beatrice Webb’s judgment in 1936: “Keynes is not serious about economic problems; he plays a game of chess with it [*sic*] in his leisure hours. The only serious cult with him is aesthetics” (1985, 371). For an evaluation of Keynes as “the consummate artist,” aside from the scientific implications of his theory, see Buchanan 1987.

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