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The Anti-Benthamism of J. M. Keynes:

Implications for The General Theory

By PETER V. MINI*

ABSTRACT. *Keynes* severely criticized the “Benthamite tradition,” the overvaluation of the “economic criterion.” He found “the love of money” corrosive of community and esthetic values and an encouragement to reckless exploitation of places that should be in the public domain. In “Art and the State,” he proposes the rebuilding of large sections of modern cities to rekindle popular feelings of beauty and community values.

One of the factors behind this philosophy was G. E. Moore’s *Principia Ethica* (1903). It criticizes Bentham for committing “the naturalistic fallacy” of confusing means with ends and idealizes two “goods” in themselves, the pleasure of human relations and the enjoyment of beauty in nature and art. These ideals Keynes saw undermined by the Benthamite tradition.

Such criticism is the “moral-political paradigm” on which *The General Theory* is erected. Minute calculation of advantages and disadvantages, on which classical economics is based, is rejected. Behind consumption and investment functions are sociological and psychological factors, “animal spirits,” and the like. Calculation prevails in the stock and bond markets (*liquidity preference*)—to everybody’s sorrow. The proposed slow elimination of institutions that make *liquidity preference* possible, and of the *rentier*, follow logically. *Econometrics*, viewed as the tool of the overvaluation of the economic criterion, is also rejected. In many articles Keynes aimed at much more than revolutionizing *political economy*, he aimed at weaning England from Benthamite *utilitarianism* and raising the cultural values of the populace. By 1938 he knew that he had failed.

EVEN A SUPERFICIAL SURVEY of the *Collected Writings* of John Maynard Keynes suggests that comfortable academic boundaries were not for him. He often wrote as a technical economist and an academic philosopher, but just as often, he wrote as a sociologist, a philosopher of history, a social critic or a gifted journalist. One theme stands out in Keynes’ “lesser writings”—the theme of anti-Benthamism. It has hitherto been ignored or dismissed as “purple prose.” This article starts with the presupposition that Keynes’ utterances on Benthamism should be taken seriously as part of a cohesive political philosophy and view

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of society. Furthermore, we shall show that his anti-Benthamism carried over to his *General Theory*. Keynes' attitude toward Benthamism may, in fact, be viewed as the metaphysical foundation, the moral-political "paradigm" on which his technical economic works stand. Accordingly, we will first review the nature of Keynes' anti-Benthamism, then relate it to one of its sources, and finally, we shall trace its influence in *The General Theory*.

I

COGNIZANT OF THE FACT that they represented a cultural movement of importance in the intellectual life of Britain, the members of Bloomsbury in 1920 constituted themselves into "The Memoir Club" devoted, as the title suggests, to self-analysis and reflection.¹ The Memoir Club is credited with encouraging many autobiographies, including Leonard Woolf's. It also fathered an important essay by Keynes. Read to his friends in 1938, it was published as "My Early Beliefs" in 1949 and was immediately recognized as an important document for the understanding of Keynes' mind and Bloomsbury's. Referring to the dozen years after 1903, when Keynes entered Cambridge and was elected an Apostle, he writes,

[W]e were amongst the first of our generation, perhaps alone amongst our generation, to escape from the Benthamite tradition. . . . It can be no part of this memoir for me to try to explain why it was such a big advantage for us [Apostles] to have escaped from the Benthamite tradition. But I do now regard that as the worm which has been gnawing at the insides of modern civilization and is responsible for its present moral decay. We used to regard Christians as the enemy, because they appeared as the representatives of tradition, convention and hocus-pocus. In truth it was the Benthamite calculus, based on an over-valuation of the economic criterion, which was destroying the quality of the popular Ideal.²

This quotation deserves careful examination. Between 1903 and World War One, Keynes, through his association with the Apostles and under the spell of G. E. Moore's *Principia Ethica*, was enabled to "escape from the Benthamite tradition." Dislike for this tradition evidently continued throughout his life, for Keynes says, "I *now* [1938] regard" it as "the worm" which has been causing the "moral decay" of our civilization and which has been destroying "the quality of the popular Ideal." And what is this "Benthamite tradition"? Nothing less than the habit to act and judge on the basis of "the Benthamite calculus," which overvalues the importance of the "economic criterion," of economic standards.

We should note here that Keynes is not attacking Jeremy Bentham. In fact, except for a citation in "The End of Laissez-Faire," purporting to show Bentham's more dogmatic attitude than Adam Smith's on laissez faire, he never quotes directly from Bentham's work.³ I believe that when he talks about the "Benthamite tradition" Keynes is referring to the *Zeitgeist*, to an attitude of mind, an outlook on life which characterizes the populace at large. He is referring—

almost in the tradition of German scholarship—to nothing less than “the spirit of capitalism.” And this spirit consists in giving paramount importance to the “economic criterion” in judging and acting. Do we decide whether to undertake this or that field of study after a careful comparison of monetary costs and returns? Does the same calculus precede a decision whether to have a child? Do deans eliminate liberal arts courses from the curriculum because they “do not pay”? When we look at a house or a yacht do we see mainly their monetary value . . . and the income of their owner? Do we, in fact, judge men by their earning ability? Do we see a coastline as “beachfront property?” Does a cost-benefit analysis precede decisions that should be taken on other grounds—esthetic, moral, public health grounds? If the answer to these questions is even a qualified, “Yes” we are in the Benthamite tradition, overvaluing the “economic criterion.”

Much, of course, follows from this spirit. For instance, if a coastline is viewed as a thing of beauty, public authority will take steps to hold it in trust for the people. While, if it is viewed as “beachfront property,” the state will have no choice but to encourage its monopolization by the few. Then, will the many (non-property owners) envy the few and, I suspect that Keynes regarded envy as one of those factors that destroy “the quality of the popular Ideal.”

Other writings of Keynes leave no doubt that he viewed acquisitiveness, envy, excessive economic individualism as factors corroding community values. This is why, for instance, after his visit to Russia following his marriage (1925), he praised the Bolshevik experiment. The new Soviet leaders, he wrote, are trying to construct a “framework of society in which pecuniary motives as influencing action shall have a changed relative importance, in which social approbation shall be differently distributed, and where behaviour once moral and respectable ceases to be either one or the other.” In the Russia of the future worldly success won’t be measured by money, as it is with us: “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 gentleman burglar or acquiring skill in forgery and embezzlement.” And this, the great novelty of the new Russia, a society in which money making and money accumulating does not enter into the life calculations of a rational man, “is a tremendous innovation.”⁴

Benthamism, the philosophy of the West, based on an overvaluation of the importance of the economic criterion, is now given a new dimension: it becomes synonymous with overattachment to money. And how could it be otherwise? A tool of *calculating* financial benefits and costs, money easily becomes the *lode-star* of action, the *measure* of success. This is the philosophy that the new Russia has promised to destroy, thereby becoming perhaps “a moral force” for the West, pointing the way to “a new religion.” With her help, we may yet solve

“the moral problem of our age . . . the love of money . . . the habitual appeal of the money-motive in nine-tenths of all activities of life”⁵

That the *homo economicus* is a perversion, Keynes will reiterate in two other essays, one, a review of a book by H. G. Wells (1927), the other, an effort to look ahead one hundred years (“The Economic Possibilities for Our Grandchildren,” 1928). In the former, he indicts businessmen for failing to use their power to build a better society. They cannot do so because “they have no creed . . . no creed whatever. That is why . . . they fall back on the great substitute motive, the perfect *ersatz*, the anodyne for those who, in fact, want nothing at all—money.”⁶

In “The Economic Possibilities” Keynes looks ahead to the day (only a century away) when abundance, in the natural evolution of capitalism, will have killed the acquisitive ethos and the Benthamite tradition. Then the “love of money as a 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 specialist in mental disease.”⁷ In this state of bliss Keynes sees us “free . . . to return to some of the most sure and certain principles of religion and traditional virtue—that avarice is a vice, that the exaction of usury is a misdemeanor, and the love of money is detestable, that those walk most truly in the paths of virtue and sane wisdom who take least thought for the morrow”⁸

Popular Benthamism, the overvaluation of the economic factors, the calculating mentality, the philosophy of money-making, these are all synonymous terms in Keynes’ writings for a major disease of the spirit to which capitalist countries have succumbed. It is not merely that these characteristics are undesirable from the standpoint of a higher philosophy, they also cause the atrophy of feelings of beauty and of communal values. Disinterested friendship, love for one’s neighbors, sympathy—what Trotsky (as quoted by Keynes) calls “the mighty ringing chords of socialist poetry”⁹—are sacrificed to the cold, calculating utilitarian mentality. Here, as so often elsewhere, Keynes is dealing with imponderable, spiritual, nonmaterial factors, factors which those trained in the mechanicism of science are ill-equipped to understand. Furthermore, Keynes’ strictures apply to the contemporary ethos, to our outlook—another reason, an implicit one, why we neglect his words. His observations are sociological, not economic, as we understand the term. They actually echo the work of a German scholar, Ferdinand Tönnies, who, in 1887, wrote *Gemeinschaft und Gesellschaft*, translated in 1957 as *Community and Society*. Tönnies developed the theme (already implicit in Marx) that human relations fall into two ideal types: communal and societal. Communal relations are those prevailing in the family, where people do not do things for each other out of self-interest; they do not try to

exchange “equal for equal.” Considerations of affection, duty, love, respect, tradition rule behavior. Societal relations instead are arm’s length relations. Each party is interested in giving no more than, and in getting, his due and the feelings and attitudes of the person with whom he is dealing are immaterial.

In pre-capitalist organizations communal feelings ideally existed not only within the family but also among the manorial lord and his tenants, the master and his apprentices, the baker and his customers. In nineteenth-century England such relationships still existed among professional people and their clients. In Keynes’ own days a barrister would come to the wedding of his client’s children and a doctor would not dream of advertising his services. Money was not supposed to pass between a Cambridge student and his “coach”: the former “hid” his fees somewhere in the room “pretending that the relationship was not a pecuniary one.”¹⁰ An aged maid was cared for by the family she had served, and through the “old school ties” the children of the elite helped one another to obtain positions of leadership in the civil service, the Army, the Church and colonial administration.

All this changes when the “Benthamite tradition” gains the upper hand. Relations become impersonal, based on the exchange of equal for equal. Workers are mainly valued for their “net revenue product,” and if this falls below a certain level they are dismissed. Every taxpayer will want to know where “his” money goes, and will resent the fact that it does not come back to him in the form of government services. Sentiments are snuffed out by the economic criterion, Marx’s “cash nexus.” In some “neighborhoods” the opening of a child care center, for instance, will be opposed as depressing “property values.” In America, at least, some marriages are even preceded by a financial agreement, a pre-nuptial contract, between the parties outlining the division of property in case of divorce! In a “society” ordinary men are no longer *citizens*, public spirited and capable of taking the broad view. They are, quite simply, businessmen, looking after themselves. Keynes saw all this, and felt that the “quality of the popular Ideal” was suffering thereby.

His 1936 article “Art and the State”—almost totally ignored by economists—reiterates all this and leaves no doubt as to Keynes’ meaning. The article was the result of invitations issued by a periodical (*The Listener*) to representatives of the Italian, German and Russian governments to discuss the role of culture in the new social orders they were creating. Keynes was asked to introduce the topic and present, so to speak, the democracies’ view. The democracies got more than they bargained for since Keynes took the opportunity to excoriate their values. He started out by asserting that from Stonehenge to the age of Sir Christopher Wren, Louis XIV and Peter the Great, the State, the Church and the

nobility made it their duty to spend an important part of their wealth on magnificent buildings, works of art and ceremonies. But

. . . there commenced with the eighteenth century [Bentham's century] and reached a climax in the nineteenth a view of the functions of the state and of society which still govern us today. This view was the utilitarian and economic—one might almost say financial—ideal, as the sole, respectable purpose of the community as a whole; the most dreadful heresy, perhaps, which has ever gained the ear of a civilized people.¹¹

Civilization fell prey to the petty "Treasury view": "bread and nothing but bread . . . and bread accumulating at compound interest until it has turned into a stone." Under this philosophy, Keynes says, it's no wonder that we build no Parthenons, hanging gardens, cathedrals, boulevards and public places. Even the great works of the past are allowed to fall into disrepair, if they are not flattened first by the bulldozer of the developer. Lincoln Cathedral, one of the glories of England, may collapse before the "sub-human denizens" at the Treasury will devote some public money to it!

It is not with the creation of beauty as such that Keynes was primarily interested. He was mainly concerned, I think, with the rekindling of a sense of community, of belonging. For he knew—as the architect-philosopher Lewis Mumford knew—that there is a connection between the environment and man's character and behavior. The works of the past were *public* and thus shaped man into a *communal* being for they invited him to participate in a common activity, be it only talking politics in the public square. Keynes mentions Parthenons, hanging gardens, cathedrals, colonnades, squares, colosseums, Roman baths . . . and all of them are public structures, places which brought men together, sharing a common feeling of belonging to a larger unit than themselves. And, he adds, public places encourage something else that is lost: "ephemeral ceremonies, shows and entertainments in which the common man can take his delight and recreation after his work is done." Festivals and festivities once associated with the harvest and with religious or civic events do spring from, and encourage, a communal spirit. It did not escape Keynes that we have now become such "earnest Victorians," such petty utilitarians, that we are incapable of enjoying ourselves and we consider public shows and ceremonies "barbaric, or at least childish, and unworthy of serious citizens."¹² The provision of opportunities for the rekindling of the spirit of community, Keynes adds, is understood only by the dictatorships of Russia, Germany and Italy which exploit the "human craving for solidarity" for their nationalistic goals.¹³ But the rebirth of this spirit "should rank high in the art of [democratic] government," too.

Keynes has plans for the Bentham-ridden democracies. Having held his true philosophy in check during his labors on *The General Theory*, he now (a few months after its publication) lets himself go. To rekindle the realm of beauty

and human solidarity there should first be a Commission of Public Places with power to prevent the commercial exploitation of land of public interest. (In one of his letters to the editor of *The Listener* Keynes refers to plans by a developer that will deface a stretch of the Thames.) Second, there should be “a rebuilding at the public cost of the unplanned, insalutary and disfiguring quarters of our principal cities.” Taking London as an example, he proposes to demolish the majority of the existing buildings on the south bank of the Thames from the County Hall to Greenwich and lay out these districts as “the most magnificent, the most commodious and healthy working class quarters of the world.” In accordance with his belief that man is a communal animal, Keynes notes that the State’s effort at reconstruction should include “parks, squares, and playgrounds . . . lakes, pleasure gardens and boulevards, and every delight which skill and fancy can devise . . . The schools of South London should have the dignity of universities with courts, colonnades and fountains, libraries, galleries, dinning halls, cinemas and theatres . . . Why should not all London be the equal of St. James’s Park and its surroundings?”¹⁴ asks Keynes. He knew, of course, that much of the admired London was the work of Christopher Wren and his assistants who rebuilt the city after the fire of 1666. If that immense effort could be undertaken with the meager resources and primitive technology of those days, how much more could be done today! And do Manchester, Leeds, Liverpool, the Bronx, Los Angeles . . . deserve less? With the rebirth of the city there will also be a rebirth of our ability “to join together in a celebration, an expression of common feelings, [in the] sharing in common of a simple pleasure.”

Now, all of this, unfamiliar or unpleasant as may be (“Who will pay?”), does represent a cohesive, comprehensive, well-reasoned, consistent philosophy, meaning by philosophy an outlook toward life, the self and society. Keynes had a classical view of man—man as a communal, political animal, and one capable of being touched by beauty. Under the calculating, financial standards of Benthamism, his nature has been thwarted, but Keynes intended to do his best to rekindle it. In July, 1945, for instance, perhaps fearing the breakdown of that feeling of solidarity caused by the war, Keynes wrote an article in *The Listener* expressing the wish that post-war reconstruction be not limited to “shelter and comfort to cover us when we are asleep and allow us no convenient place of congregation and enjoyment when we are awake.” We should look beyond “bread” and grasp the opportunity to satisfy “the human craving for solidarity.”¹⁵

In addition to the philosophy of G. E. Moore, whose influence on Keynes is the object of the next section, Keynes was perhaps affected by the work of his artistic friends and by literature. From Homer, to Shakespeare, to Thomas Hardy, literature opens up a world of “ephemeral ceremonies, shows and entertain-

ments.” With remarkable sensitivity, Keynes was able to sympathize with the past, and see it disintegrate under his eyes. Keynes had the soul of a romantic.

In 1924 Keynes had the experience of a culture shaped by the “Benthamite tradition.” He went to the cinema and saw Metro-Goldwyn’s “Tess of the d’Urbervilles,” adapted from the famous novel by Thomas Hardy. Advertised as “a masterpiece of literature [which] has now become a masterpiece of the screen,” it appalled Keynes. The setting was modernized. “Not a single cow is seen in the film, not a glimpse of the open downs. . . . Let anyone who wants to vomit see Angel take from his pocket a picture-postcard of Tess . . . The horror of modern exploitations strikes in this film with overwhelming force. . . . Profanity, vulgarity and falsehood cannot go much further.”¹⁶ What would Keynes think of “Friday the 13th?”

II

THE SOURCES of Keynes’ anti-Benthamism are probably complex but he himself attributed paramount importance to the philosophy of G. E. Moore. In 1903 we find him writing to a friend, “I have just been reading Moore’s *Principia Ethica* which has been out a few days—a stupendous and entrancing work, *the greatest* on the subject.”¹⁷ And in his 1938 autobiography he notes that “its effect on *us* [Apostles], and the talk which preceded and followed it, dominated, and perhaps still dominate, everything else. . . . The influence was not only overwhelming; . . . it was exciting, exhilarating, the beginning of a renaissance, the opening of a new heaven on a new earth, we were the forerunners of a new dispensation, we were not afraid of anything.”¹⁸

The importance of *Principia Ethica* to Keynes is also confirmed by the fact that his copy of that book was heavily annotated and that he had a notebook which indicates that he intended to write on philosophical problems arising out of Moore’s work.¹⁹

Moore’s philosophy had an impact on Keynes in both its negative and positive aspects. Negatively, Moore freed Keynes and his friends from the Victorian moral shackles. As he says in 1938, they all “repudiated entirely customary morals, conventions and traditional wisdom.”²⁰ For Moore denied that a moralist’s duty is to prescribe a list of do’s and do not’s, a list of duties to perform, virtues to acquire and vices to avoid. Moralists themselves do not agree on any list, and in any case they should allow for individual character differences and for differences in the times.

More pertinent for us is Moore’s criticism of ethical systems like Bentham’s that judge the desirability of an act in terms of its consequences. Taking Bentham as an example, Moore shows that the “greatest happiness” test is unworkable since nobody knows the consequences of a policy:

In order to shew that any action is a duty, it is necessary to know both what are the other conditions, which will, conjointly with it, determine its effects; to know exactly what will be the effects of these conditions; and to know all the events which will be in any way affected by our action throughout an infinite future. We must have all this causal knowledge, and further we must know accurately the degree of value both of the action itself and of all these effects; and must be able to determine how, in conjunction with the other things in the Universe, they will affect its value as an organic whole. And not only this: we must also possess all this knowledge with regard to the effects of every possible alternative; and must then be able to see by comparison that the total value due to the existence of the action in question will be greater than that which would be produced by any of these alternatives. But it is obvious that our causal knowledge alone is far too incomplete for us to assure ourselves of this result. Accordingly it follows that we never have any reason to suppose that an action is our duty: we can never be sure that any action will produce the greatest value possible.²¹

In the real world everything is related to everything else, and even a simple action may have utterly unexpected and unforeseen consequences. To judge, then, in terms of results, as utilitarians do, is hopeless.

It's clear that this is one of the sources of, or at least, fully consistent with, Keynes' major innovation in economics: the belief that uncertainty and ignorance of the future pervade economic decisions. "We have as a rule only the vaguest understanding of the most direct consequences of our actions." As for the remoter consequences we have no understanding at all! Thus calculation is futile.

Bentham is also faulted by Moore for committing the "naturalistic fallacy." Bentham's possible "goods" are at best *instruments* for the attainment of other "goods." They are not ultimates. A tool to attain an end is not the end. Low taxes, for instance, are at best an instrument to attain . . . what? Bentham may answer, "the greatest happiness of the greatest number," but this is dogma, not proof.²²

Most of *Principia Ethica* is dedicated to the negative task of rejecting "imperialistic" systems of ethics but in the last chapter ("The Ideal") Moore provides two ultimates of his own, and it's these that affected Keynes' moral paradigm. These ultimates consist of the pleasures of human relations and the enjoyment of beauty in art and nature:

By far the most valuable things, which we know or can imagine are certain states of consciousness, which may be roughly described as the pleasures of human intercourse and the enjoyment of beautiful objects. No one, probably, who has ever asked himself the question, has ever doubted that personal affection and the appreciation of what is beautiful in Art and Nature are good in themselves; nor if we consider strictly what things are worth having *purely for their own sakes*, does it appear probable that any one will think that anything else has *nearly* so great a value as the things which are included under these two heads. . . . It is only for the sake of these things—in order that as much of them as possible may at some time exist—that any one can be justified in performing any public or private duty . . . ; they are the *raison d'être* of virtue; they . . . form the rational ultimate end of human action and the sole criterion of social progress.²³

This is then Moore's positive contribution to ethics. It has been attacked as shallow, as reflecting the narrow view of a "coterie," a snobbish elite. Be it as it may, it is evident that Keynes' genius in the 1930s was endeavoring to metamorphose Moore's "goods" into a *social* ethics that could wean the people away from the "Benthamite tradition." In Keynes, Moore's "pleasures of human intercourse" became the pleasures of communal life and values, of ephemeral shows and ceremonies, of recreations taken in common. While the "appreciation of what is beautiful in art and Nature" became the elimination of slums, the preservation of natural beauty and of monuments of historic and artistic value. Indeed, by 1938 Keynes had actually merged these two ultimates: *through* the creation and preservation of beauty in man's surroundings one could perhaps encourage a communal philosophy and outlook. This was, basically, the philosophy of revolutionary Russia, as Keynes, in 1925, saw it.

III

THE CONNECTION between Keynes' anti-Benthamism and *The General Theory* can now be briefly indicated. First of all, a major methodological innovation of *The General Theory* consists in rejecting the "atomistic" approach that classical economics, wedded to Benthamism, had traditionally used. The *dramatis personae* of *The General Theory* are *groups*, (speculators, rentiers, businessmen) not individuals. More important, perhaps, is the fact that economic calculation is not the basis of Keynes' three psychological propensities. The propensity to consume is partly based on eight subjective motives of a sociological, psychological, historical and even religious nature, motives that "vary enormously according to the institutions and organizations of the economic society which we presume, according to the habits formed by race, education, conventions, religion and current morals."²⁴ This is a far cry from the calculus of utility and price on which expenditures depend in classical theory.

There is no need here to belabor the fact that Keynes viewed the Benthamite calculus as a fiction. All of chapter 12 of *The General Theory*, and his 1937 article in the *Quarterly Journal of Economics*, are devoted to showing the lack of realism of the economic calculus with respect to estimating the future return of an investment. That this theme was one of the fixed points of Keynes' thought is demonstrated by the fact that he returned to it again and again.

In an address to the Eugenics Society (April, 1937) he remarked that we often substitute for true knowledge certain "conventions," the chief of which is the belief that the future will be like the present. This comforting assumption was given intellectual legitimacy by

an extraordinary contraption of the Benthamite School, by which all possible consequences of alternative courses of action were supposed to have attached to them, first a number

expressing their comparative advantage, and secondly another number expressing the probability of their following from the course of action in question; so that multiplying together the numbers attached to all the possible consequences of a given action and adding the results, we could discover what to do.²⁵

This technique produced “a mythical system of probable knowledge,” the effect of which was “to reduce the future to the same calculable status as the present.” All this, of course, echoes *The General Theory* and the *Quarterly Journal of Economics* article, as also does the observation that “no one has ever acted on this theory.”

The investment function, therefore, is not dependent on precise Benthamite calculation. The interest rate is not the main determinant of investment, which largely depends on such abominations as “animal spirits,” the nerves and hysterias and reactions to the weather of businessmen. It is fortunate, in fact, that businessmen can fall back on psychological factors, for not only is Benthamite calculation impossible, it is also paralyzing! If enterprise had to rely on a precise calculation of costs and returns it would “fade and die”! Thus the tables are turned on calculation.²⁶

The third function, the psychological propensity to liquidity, is based on an *attempted* calculus of advantage and disadvantage: whether to buy bonds to reap a return of, say, seven percent, or whether to wait a few weeks and perhaps obtain a return of 7.2 percent. But the foundation of the comparison is so mired in an unforeseeable future that the slightest rumor, political event, economic news, *etc.*, bring about wild fluctuations in bond prices and interest yields. Since money has certain advantages over bonds, and since the lower the interest rate the more solid the reason for expecting it to rise, the interest rate cannot fall below a certain level, a level that is, unfortunately, too high to produce full employment at all times. Uncertainty about the future, plus excessive attachment to money, are the reasons for unemployment. At bottom, then, Keynes uses Moore (uncertainty about the future) and Bentham (attachment to money) to explain unemployment.

Keynes' anti-Benthamism is perhaps most obvious in his attitude toward the stock market. Thanks to this institution, factories and machinery are made “liquid,” too. One may decide to sell his part ownership in a factory and buy it back later in the day if he so wishes. This naturally causes stockholders to become speculators, to concentrate on short-term movements in stocks, rather than on “fundamentals,” as Wall Street puts it, on the basic long-term profitability of the enterprise. Thus a “battle of wits” is joined: investors will devote their intelligence to anticipating what average opinion expects average opinion to be. “And there are some, I believe [Keynes adds sarcastically], who practice the forth, fifth and higher degrees.”²⁷ Benthamite calculation is devoted to “beating the gun,”

to passing the “depreciating crown to the other fellow.” Enterprise, the process of making goods, will be infected by this virus. It becomes, in fact, the byproduct of the activities of a “gambling casino.” Keynes’ rentier, speculator, functionless investor is the extreme exponent of the “Benthamite tradition.” In *The General Theory* he is the counterpart of the “psychological monstrosity” in “Clissold.” To him, and to his attachment to money, we owe nothing less than the poverty of nations: that

. . . the world after several millennia of steady individual savings, is so poor as it is in accumulated capital-assets is to be explained . . . neither by the improvident propensities of mankind, nor even by the destruction of war, but by the high liquidity premiums [interest rate] formerly attaching to the ownership of land and now attaching to money.²⁸

Keynes’ solution to the problem of poverty is not “countercyclical fiscal policy” about which there is next to nothing in *The General Theory*. In line with his belief in the overpowering and pernicious nature of Benthamism on culture, *Keynes’ true solution lay in changing certain crucial institutions of capitalism that encourage and make possible anti-social calculation.*

In an interesting comparison between the London and New York stock exchanges, Keynes finds that the “sins” (Keynes’ term²⁹) of the former are less than those of Wall Street because the London market is made “comparatively inaccessible” by high brokerage fees and high transfer taxes. This, of course, has the advantage of keeping “small players” (“gulls” as Keynes calls them) from feeding the maws of the professionals.³⁰ Keynes now proposes to make the London stock exchange even less “democratic”: the State should increase transfer taxes so as to make the purchase of stocks “permanent and indissoluble like marriage”³¹ (i.e., like marriage was in Keynes’ time and place).

The other great Keynesian institutional proposal is to encourage some enterprise to go beyond economic calculation. “[T]here is [already] a growing class of investment entered upon by, or at the risk of, public authorities, which are frankly influenced in making the investment by a general presumption of there being prospective social advantages for the investment.”³² Keynes proposes that this trend be accelerated, and then we would catch two birds with one stone: not only would we be able to rebuild the South of London but also, by causing an abundance of capital and of income, we would drag the interest rate down to zero. The stranglehold of the rentier would then be broken: “a properly run community equipped with modern technical resources . . . ought to be able to bring down the marginal efficiency of capital in equilibrium approximately to zero within a single generation.”³³ Then would abundance prevail and eventually men could shed the love of money. This is the vision of “The Economic Possibilities for Our Grandchildren.”

In a nutshell, then, *The General Theory* boils down to this. Benthamite attachment to money (liquidity preference, stock market speculation) produces interest rates that are too high for full employment, and they also cause the marginal efficiency of investment to be low and to fluctuate wildly. Public authority should disregard the “economic criterion” and push investment of social importance to such levels as to drag interest rates to zero. Thus “many of the objectionable features of capitalism would disappear,” as would also the rentier and the whole Benthamite tradition. A man would still be able to accumulate his income, “[b]ut his accumulation would not grow. He would simply be in the position of Pope’s father who, when he retired from business, carried a chest of guineas with him to his villa at Twickenham and met his household expenses from it, as required.”³⁴ *Requiescat in pace homo economicus.*

Keynes’ dislike for “the worm which has been gnawing at the insides of modern civilization” hovers over *The General Theory*. The calculus of advantage and disadvantage is either impossible (investment) or is “anti-social”³⁵ (liquidity preference). Money, which classical economists regarded as a bloodless numeraire, is for Keynes the embodiment of a passion, much as it was for the Mercantilists and for medieval divines. (No wonder that Keynes has kind words for the Medieval Church’s attitude toward usury!³⁶) Even “financial prudence,” that Victorian virtue, has mischievous consequences. In the form of a “propensity to save” by individuals and corporations, it, too, causes a low marginal efficiency of capital, and hence, low employment. To it, in fact, Keynes attributes much of the reason for the crash of 1929.³⁷ Financial prudence by the government prevents it from taking the bold action that would reduce interest rates to zero, encourage community values, strengthen human solidarity and inaugurate the realm of beauty (slum clearance).

Another interesting effect of Keynes’ attitude toward Benthamism is his dislike of mathematics when applied to economics. If the “economic criterion” is not to be trusted, then its *tool* (econometrics) is also suspect, as Keynes makes abundantly clear in his remarks about Tinbergen’s econometric studies.³⁸

IV

THIS ARTICLE has attempted to show that, before he wrote *The General Theory*, Keynes possessed a “metaphysics” based on a thorough dislike of Benthamism. This metaphysics, this “moral paradigm,” deserves to be examined further, with respect to its origins and to its effects.³⁹ Are there reasons other than Mooreism for it?⁴⁰ Did his relations with artists shape his views? I am not aware that any of Keynes’ biographers paid any attention to the influence his wife Lydia had on him. One wonders whether she might not have been to him what Mrs. Harriet Taylor was to that other unhappy Benthamite, John S. Mill.

Did his stock and foreign exchange speculations (for he did not buy “for keeps”) have anything to do with his outlook? Since Benthamism was (and is) civilization itself, how “well adjusted” was Keynes? Is the aim of *The General Theory*, high employment, a mere means to a higher end?

More interesting, was Keynes an economist? Contempt for economic calculation and for the economic man is pretty serious anathema. It is Luther’s ninety-nine theses all rolled into one! It is not merely that economists are drawn to overestimate the importance of the economic criterion by a kind of professional hazard. It is that *all functions in economics depend on the calculus of advantages and disadvantages*, exactly what Keynes found pernicious as a philosophy. Deny it and you might have interesting philosophy, deep psychology or sociology, you might even have great wisdom, but you don’t have economics, as we have understood our science since the marginalist revolution.

Economists might, after all, have sensed that something was amiss in Keynes’ work. For soon after the publication of *The General Theory*, they busied themselves to recast it in a Benthamite form. They did so by eliminating uncertainty and ignorance from all functions, by ignoring his stock market studies, by forgetting about “animal spirits,” by tightening up the links between investment and the interest rate and between consumption and income, and, in general, by giving it a “micro-foundation.”

All of which was probably understood by Keynes as early as 1938. By then he knew that he and Bloomsbury had failed in weaning Western man from the Benthamite tradition. In “My Early Beliefs,” two years after prodding his countrymen to prevent “the exploitation and development of land” and to make plans “for the embellishment and comprehensive rebuilding at the public cost of our principal cities,” an evidently discomfited Keynes observed that, while Moore preserved him and indeed all of Bloomsbury from the “Benthamite tradition” and from Marxism, “We have completely failed, indeed, to provide a substitute for these economic bogus-faiths capable of protecting or satisfying our successors.”⁴¹

Notes

1. The Memoir Club was founded on the principle that the matter read was “both confidential and completely frank and that no one should take offence at anything read.” (Frances Partridge, *Everything to Lose: Diaries, 1945–1960* Boston: Little, 1985, p. 58).

2. John Maynard Keynes, *The Collected Writings of John Maynard Keynes* [henceforth, *C. W.*], (Cambridge: Macmillan, vol. X, 1972) “My Early Beliefs,” 1938, pp. 445–6 and 447. After the title of Keynes’ work, we shall give the year of original publication.

3. Keynes, *C. W.*, vol. IX, 1972. “The End of Laissez-Faire,” (1926) p. 279. Keynes probably did not read much of Bentham (in “The End of Laissez-Faire” he even says that Bentham was not “an economist at all!”). Bentham’s economic works became available in Stark’s convenient

edition, vol. I and II only in 1952 and vol. III in 1954 (W. Stark, ed. *Jeremy Bentham's Economic Writings* (London: George Allen & Unwin). Thanks to this work, recent scholarship now maintains that Bentham's view of the role of the state is actually closer to Keynes' than to A. Smith's. (See W. T. Hutchinson, "Bentham as an Economist," *Economic Journal* LXVI (1956): pp. 288–306. But, as noted, Keynes is critical of *Benthamism* conceived as an ideology and a view on life, but which, perhaps, is only tenuously related to Bentham.

4. Keynes, *C. W.*, vol. IX (1972) "A Short View of Russia," (1925) pp. 259–60 and 261.
5. *Ibid.*, p. 268.
6. Keynes, *C. W.*, vol. IX "Clissold," (1927) p. 320.
7. Keynes, *C. W.*, vol. IX "The Economic Possibilities for Our Grandchildren," (1928) p. 329.
8. *Ibid.*, pp. 330–31.
9. Keynes, "A Short View," *op. cit.*, p. 255.
10. Sheldon Rothblatt, *The Revolution of the Dons: Cambridge and Society in Victorian England* (New York: Basic Books, 1968) p. 234.
11. Keynes, *C. W.*, vol. XXVIII (1982) "Art and the State," (1936) p. 342.
12. *Ibid.*, p. 346.
13. Benthamism, perhaps, understands this craving, too. Hence the commercialization of sports that bring so many people together.
14. Keynes, "Art and the State," *op. cit.*, p. 348.
15. *Ibid.*, "The Arts Council: Its Policy and Hopes," (1945) p. 370.
16. *Ibid.*, (Review of "Tess of the d'Urbervilles" for *The Nation and the Atheneum*, 1924) pp. 316–17.
17. Roy Harrod, *The Life of John Maynard Keynes* (London: Macmillan, 1951) p. 75. Emphasis in the text.
18. Keynes, "My Early Beliefs," *op. cit.*, p. 435. Emphasis in the text.
19. Robert Skidelsky, *John Maynard Keynes*, vol. I: *Hopes Betrayed, 1883–1920* (New York: Viking Penguin, 1983) p. 134.
20. Keynes, *C. W.*, "My Early Beliefs," *op. cit.*, p. 446.
21. G. E. Moore, *Principia Ethica* (Cambridge: Cambridge UP, 1903) p. 149.
22. *Ibid.*, pp. 10–20.
23. *Ibid.*, pp. 188–9. Emphasis in the text.
24. Keynes, *C. W.*, vol. VII, (1973) (*The General Theory of Employment, Interest and Money*, (1936) pp. 107–9.
25. Keynes, *C. W.*, vol. XIV, (1973) "Some Economic Consequences of a Declining Population," (1937) p. 124.
26. Keynes, *The General Theory*, *op. cit.*, p. 162.
27. *Ibid.*, p. 156.
28. *Ibid.*, p. 242.
29. *Ibid.*, p. 159.
30. *Ibid.*, p. 155.
31. *Ibid.*, p. 160. Keynes does see a "dilemma" with this scheme but there is no doubt that this is what he would like to see.
32. *Ibid.*, p. 163. Furthermore, as early as 1926 Keynes had noted and approved of the tendency of big enterprise "to socialize itself," to be guided by considerations other than the pursuit of profits. See *C. W.*, vol. IX, 1972 "The End of Laissez-Faire," (1926) p. 289.
33. Keynes, *The General Theory*, *op. cit.* p. 220.
34. *Ibid.*, p. 221.
35. *Ibid.*, p. 155.

36. *Ibid.*, pp. 351–2.

37. *Ibid.*, pp. 100–102.

38. Keynes, C. W., vol. XIV, (1973), various letters and “Professor Tinbergen’s Method,” (1938–9) pp. 285–320.

39. I have examined some of these questions in my *Keynes, Bloomsbury and The General Theory* (London: Macmillan, 1991).

40. In his essay on Marshall, Keynes notes that Marshall “near the end of his life” remarked that “economics has too little to do with ideals,” defending his interests, however, by saying that, had he emphasized ideals, he would not “be read by businessmen,” (Keynes, C. W. vol. X, 1972, “Alfred Marshall,” 1924, p. 200). But there is nothing in Keynes’ essay to suggest that he imputed to Marshall an aversion to Benthamism.

41. Keynes, “My Early Beliefs,” *op. cit.*, p. 446.

The Costs of Maintaining a Free Society

The following is excerpted and summarized from an address by the Honorable C. Lloyd Francis, P. C., Ph.D., while serving as Statesman-in-Residence at Babson College, Babson Park, MA 02157. It was part of the Goldston Lecture Series and was delivered on April 3, 1991. He is the former Speaker of the Canadian House of Commons and former Canadian Ambassador to Portugal.

Priorities

A WORLD OF PEACE, under the rule of law is, first and foremost, what all of us want. To know what we must do to protect the kind of society we believe to be worth saving for future generations, requires that we understand events shaping the contemporary world and their possible implications. This, in turn, requires knowledge from many fields.

As one who remembers the failure to stop Hitler in the Rhineland, or even later at Munich, it was heartening to see the efforts in the Persian Gulf of the United States of America and its allies including my own country, Canada, under the auspices of the United Nations.

Support of the United Nations organization is essential, but we should not expect too much, too soon, from it. In 1967, when I was a delegate to the General Assembly I discovered that only 25 out of some 140 member states could be regarded as democracies. The overwhelming majority, even today, are governed repressively, too often brutally. The annual reports of Amnesty International make this clear. But there has been some improvement since 1967. Perhaps 40 of today’s 160 member states could be called democracies. Somewhat to our surprise and delight, more are being added with the profound changes taking place in Eastern Europe.