

Keynes in transition:

‘The Economic Possibilities for Our Grandchildren’¹

Jesper Jespersen, dr. scient. adm. is a Professor(em) of macroeconomic theory, history and methodology of Roskilde University, Denmark

e-mail: jesperj@ruc.dk

ORCID ID: 0000-0003-4973-2854

Abstract

Keynes’s short essay *The Economic Possibilities for our Grandchildren* published originally in 1930 is an important paper. Here, Keynes admitted that he is in a position of methodological transition from being a heretic neoclassical macroeconomist (*A Treatise on Money*) into an open-system economist, where economic behaviour no longer should be dominated by ‘avarice, usury and love of money’. Unfortunately, Keynes was still trapped by his neoclassical theoretical macroeconomic upbringing, where savings are the ultimate source for real investments.

This essay demonstrates clearly that Keynes was at that time caught ‘mid-stream’ in his intellectual development. He was not yet ready to explain theoretically why and how financial savings could be analytically detached from real investments. Although very regretfully, he had to conclude the essay in accordance with the ‘fundamental equation’ of his just published book (*ToM*). To fulfill his vision for a ‘materially good society for our grandchildren’ a continuously economic growth generated by increased savings has to be realised. Therefore, for another hundred years we (his ‘children’) have to accept (even to promote) an immoral behaviour, where ‘foul is [considered] fair’ and ‘fair is foul’.

The full transition had to wait until *The General Theory* where Keynes liberated himself from the neoclassical chains of assuming savings causing real investment. Not until this revolutionary insight was perceived he could turn to his ‘Early Beliefs’ of his youth, where ‘being good’ was considered the ethical foundation of human behavior also in the economic sphere. This moral dilemma was not yet solved in the 1930-paper. But it did not prevent him from finishing the essay the following way: ‘But, chiefly, do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance’.

Keynes was definitely in transition on his way to establish the theoretical foundation of the *economics for a good society*.

Keywords: immoral economics, ethics, Keynes’s dilemma, Good Society,

¹ I have benefitted from profound comments on an earlier version from Roy Rotheim and the late Victoria Chick. Of course, without any commitments. The paper is prepared for presentation at the Lille-Conference, December 2023 and to be published in a Festschrift for Sheila Dow.

Introduction²

J. M. Keynes is known for his contribution to macroeconomic theory and methodology. A realistic analysis of ‘The economy as a whole’ to sustain a ‘good society’ was his ambition from a very early stage of his academic life. In fact, while being student at Cambridge University, 1902-05 he studied philosophy and mathematics and wrote essays on themes like ‘ethics, beauty, virtue, happiness and egoism’, see among other Fitzgibbon (1988), O’Donnell (1989) and Carabelli (2021). His fellowship-dissertation for King’s College focused on probability-theory: how to make rational decisions in a (partly) unknown and unknowable environment. These human aspects of understanding social processes were constantly on his mind during his academic work on (macro)economics.

Many scholars have discussed the development in Keynes’s (macro)economic thinking and his transformation from a rather conventional neoclassical economist accepting and teaching ‘the Quantity Theory of Money and Prices’ into the genuine original macroeconomist of *The General Theory*. They have also discussed whether this transformation occurred abruptly or as a more continued exercise digging deeper into the methodological challenges of understanding ‘the economic society in which we actually live’ (*GT*, p. 3). I have no definitive answer to this question. But after studying *The Economic possibilities for our grandchildren* (Keynes, 1930b) in its historical context³ I am inclined to say that this essay belongs to the in the beginning gradual process of Keynes’s continuous challenges to neoclassical economics.⁴ A process which came to a dramatic change when the economic consequences of the economic slump (of the early 1930s) became apparent. He could no longer defend neoclassical economics as a moral science⁵

Keynes characterized his intellectual path to the *General Theory* as ‘a struggle of escape from habitual modes of thought and expression’, (*GT*, p. viii). This transformation of his mind from a description of a closed non-monetary economy to an open-system expressed in his essay *A Monetary Theory of Production* (1933) was, indeed, remarkable for so many reasons. As we shall see, the ‘*Economic possibility*.....’ represent an important stepping stone guiding Keynes towards

²This paper is about macroeconomic methodology. I have through many years taken inspiration during many years from numerous conversations with my mentor, the late Victoria Chick taking departure from her seminal book ‘Macroeconomics after Keynes’. At a later stage Sheila Dow’s book on ‘Economic Methodology: an Inquiry’ was revealing. In many ways these two books were the stepping stones for my understanding of the significant difference between ‘Macroeconomic Methodology’ as different from ‘Macroeconomic Method’, which, off course, originates from Keynes, and supported the writing of my doctorate dissertation ‘Macroeconomic Methodology’, Edward Elgar, Jespersen (2009).

³ See, Skidelsky (1983) & (1992)

⁴ It is remarkable that none of the contributors to Boldrin and Levine (eds) (2008) takes up the methodological and theoretical question, which Keynes was struggling with in the early 1930s: that the neoclassical model could not explain that the economic possibilities were not realized!

⁵“I also want to emphasise strongly the point about economics being a moral science. I mentioned before that it deals with introspection and with values. I might have added that it deals with motives, expectations, psychological uncertainties.”, Keynes in a letter to R. Harrod, 1938. (CWK XIV, p. 296), see also Skidelsky and Skidelsky (2012).

a macroeconomic methodology of relevance for ‘real world phenomena’ and the foundation of a good society’.

Hence, in the essay we find Keynes ‘midstream’ – halfway out of neoclassical macroeconomic, but less than halfway into *The General Theory*. One should keep in mind that he had just published in October 1930 *A Treatise on Money*, (Keynes, 1930a) which was an attempt to elaborate on *The Quantity Theory of Money and Prices*.

Further, he took in this essay an unconventional long term view: ‘[T]ake wings into the future. What can we reasonably expect... . . . hundred years hence?’ Nothing could, of course, be said, definitively, but we see that Keynes’s mind had started working within an open (macroeconomic) system. Anything could happen, depending on external, unforeseeable events and political decisions. The long term outcome of the course taken by the macroeconomic system, what he later called the *Quaesitum*, was not pre-determined⁶. This argument goes counter to neoclassical general equilibrium economics. Hereby he demonstrated that he was prepared to envision really long term challenges to society with respect to, for instance, technology, demography and in today’s world: climate changes. Government cannot know the future with any kind of certainty; but it can reduce its possible individual and social costs by precaution and protection to reduce the potentially disastrous and irreversible consequences of uncertain events.

As we shall see, Keynes was caught in 1930 in the middle of an intellectual sloughing from the neoclassical straight-jacket of *A Treaty of Money* into the open-system analysis of *The General Theory*. In this present essay Keynes argued that the future is open. He concludes the essay the following way: ‘chiefly, do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance’ (*ibid*, p. 332). Obviously, he was searching the economics for a ‘good society’, where ‘love, truth and beauty could be our guiding motives’.

Background for ‘Economic Possibilities for Our Grandchildren’

The essay ‘*Economic Possibilities for Our Grandchildren*’ should be read and interpreted in the above presented perspective of Keynes being ‘mid-stream’ in his (macro)economic and social thinking. This essay was originally given as a lecture for undergraduates in 1928 – before the slump initiated. But Keynes did publish it in a slightly edited form in the Autumn of 1930 in the weekly *Nation and Atheneum* and finally, after some further editing, he did include it in his book, *Essays in Persuasion*, published in late 1931. So, this essay must be taken seriously as a stepping stone in Keynes’s continuous attempts to reconcile his philosophical vision of ‘a good life’ and his macroeconomic thinking partly inherited from his mentor Alfred Marshall.

In retrospect one can see, as mentioned, that this reconciliation was a lifelong process, which involved some fundamental thinking about the methodology of macroeconomics and individual behaviour in perspective of uncertainty. On one hand Keynes seemed to stay loyal to the fundamental principles of his utopian vision of a ‘good society’ developed within the ‘Apostle

⁶ Furthermore, this long run view is also a fundamental change from his defeatist 1923-statement: *In the long run we are all dead*. The aim of this essay is nearly the opposite to prepare the future economy for the coming generations!

Society' in Cambridge and debated at length with the participants of the Bloomsbury circles⁷. On the other hand, this vision was increasingly on a collision course with the foundation of neoclassical economics based on individual optimization of utility and profit and a perfect market economic system. An economic theory he had learned while sitting at the feet of Alfred Marshall, but increasingly at odds with the real world economic outcome.

This essay takes a very long term perspective, two generations or even longer. Keynes reveals himself as being concerned with the consequences of a process of continuous technological progress leading to an ever enlarging capacity of producing material goods. A quadrupling of the economic possibilities for our grandchildren, but for what use, when all the basic needs are more than fulfilled? Keynes did wonder. Material output is, of course, a necessary means to achieving a certain standard of living to get a 'good life'; but could not and should not be an end by itself. Traditional (and often dirty and hard) work in agriculture and manufacturing could never be a goal by itself.

"But beware! The time for all this is not yet" – he wrote in 1930 and continued: "For at least another hundred years we must pretend to ourselves and to everyone that fair is foul and foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer. For only they can lead us out of the tunnel of economic necessity into daylight" (CWK IX, p.331).

So, by November 1931, the dating of the Preface to his volume of *Essays in Persuasion* in which the essay on the economic possibilities for our grandchildren was included, Keynes was still in a sense arguing as a neoclassical economist. Without hesitation he claimed that savings, even in the form of 'love of money' are 'tremendously useful in promoting the accumulation of capital which within hundred years will make us reach our destination of economic bliss', *ibid*, p. 329). Not until the marginal utility of an extra unit of output (for ourselves) has become zero will mankind be released from the chains of perceived economic necessity. According to neoclassical economic utilitarian philosophy human wants are unlimited. Enough will never become enough, at least, according to neoclassical economics, until the economic problem has been solved for the individuals. So, the bliss of the transcendence of these loathsome premises will never happen in our life-time. Capitalism will generate new demand for material and positional goods (and services). But Keynes, being a sceptic towards calculated utilitarianism had to hesitate: could it be right to let this immoral economic practice go on for another hundred years at the expense of real human values like 'love, beauty and truth'?

In addition, following the neoclassical dictum could cause a Faustian temptation, which Keynes sees as a likely consequence of the neoclassical ethical support of 'avarice, usury and love of money'. He asked himself (and the reader): will it be possible after another 100 years, where people have been told that 'foul is useful and fair is not' for them to make a psychological turn around? When goods no longer are scarce and 'enough has (at last) become enough', what should people then do? Are they mentally able to make such a change of priorities, after they for more than two generations have accepted that Mammon is the superior God?⁸

⁷ See, *My early beliefs*, 1937 a short biographical note, CWK, vol. X, pp. 433-51

⁸ Recall Michael Douglas in the movie 'Wall Street' (1987) exclaiming 'Greed is Good!'

Keynes was in the early 1930s facing an existential transformation in his intellectual life. He wanted to liberate himself from the neoclassical straightjacket of analysing the economy as a whole within a deterministic/closed market model guided by immoral individual behaviour. The defining moment of this existential intellectual transformation came, when he admitted that adherents of mainstream neoclassical paradigm had no method of analysis open-system macroeconomics.⁹

He was under his way of merging his vision for a ‘good society’ with a relevant and therefore realistic macroeconomic theory. This challenge had in many ways been a methodological driver all his intellectual life, where he had gone all the way from G.E. Moore’s lectures on philosophy, while being a student in Cambridge, via *Treatise on Probability* and *A Treatise on Money*. In 1930 he was obviously still not satisfied, so the ‘long struggle’ had to go on leading towards *The General Theory* (1936) and later to *How to pay for the War* (1940) with a summing up on philosophy and economics for a ‘good society’ in *My early Beliefs* (Keynes, 1946)¹⁰, see Chick & Jespersen, 2016.

When reading the essay on ‘*The Economic possibilities.....*’ one should keep in mind that back in 1930 Keynes was less than halfway through his methodological transformation of his macroeconomic analysis [but one should be aware that the word ‘possibilities’ indicates that he was dealing with an open system analysis. That the economic outcome was not predetermined, especially not in the very long run. Obviously, he was still struggling with the methodology of the intermediate period: when the tempest/crisis is over after say 3-5 years, what could be said? He was in doubt without, yet, a theoretical alternative.

As we shall see, in this 1930-essay he is surprisingly neoclassical when looking at the medium run, even though it caused him strong moral distaste. He had to be loyal to his (inherited) understanding of medium run economics, where ‘avarice and usury and precaution must be our gods for a little longer’ (*ibid*, p. 331). It took him another six years to elaborate his fundamentally new methodology based on his understanding of ‘uncertainty’ and rational *social* behaviour of individuals and government. In 1936 he could, at last, abandon the belief that the ‘morbidity of greed and avarice’ were needed for solving the economic problems of mankind.

Fortunately, shortly after the publication of *A Treatise on Money* in 1930, the deepening of the economic crisis made Keynes increasingly dissatisfied with the (macro)economic analysis within that book. In this process he was supported by a very inspiring dialog with the young colleagues in Cambridge, known as the Circus, see Kahn, 1987. But, it was not until the Michaelmas Term of 1932 that Keynes changed the title (and content) of his lecture plan. For years the course had been announced as ‘*The Pure Theory of Money and Prices*’ based on the ‘Quantitative Theory of Money and Prices’ in perspective of the ‘fundamental equation developed in *A Treatise on Money*. In 1932 the content of the course was changed and was called as ‘A Monetary Theory of Production’. Here, it was demonstrated, how ‘aggregate demand’ could play an active role shaping the future of (macro)economic development. At last he was able to reconcile his vision of a good society with solid (to say the least) macroeconomic arguments, and ethically respectable individual behaviour,

⁹ A critique Keynes developed in early 1930s, see especially three essays published: *A Monetary Theory of Production*, CWK XIII, pp. 408-11; *The Means to Prosperity*, (CWK IX, 335-366) and *National Self-Sufficiency*, *The Yale Review*, Vol. 22, no. 4 (June 1933), pp. 755-769

¹⁰ Published post-humt.

which made him able to write in 1942 rather affirmatively: ‘In the long run almost anything is possible’, [CWK, XXV, pp. 264-70].

Hence, one of the stepping stones for his transformation from ‘*A Treatise on Money*’ (1930) to ‘*The General Theory*’ (1936) may have been his re-writing of ‘*The Economic Possibilities for our Grandchildren*’ for the *Essays in Persuasion*, 1931. This essay operates with the very long view, where, as mentioned, Keynes reconciled his Utopian view for a good society with a morally respectable macroeconomic theory for the long run, although his was still surprisingly neoclassical in his medium term economic analysis.

A closer look at the arguments within the ‘Economic possibilities.....’

Within the essay Keynes really takes a long run view on society, where economics should be considered as an instrument to realise a ‘good life for everyone’, but should never be considered as a goal by itself. This is a remarkable vision presented in the middle of the early 1930s where the slump dominated. He even dared to conclude: ‘it is a wildly mistaken interpretation ... that a decline in prosperity is more likely than an improvement in the decade ahead of us’ (*ibid*, 321).

Why? Let me explain: If capital increases, say, by 2 per cent per annum, then the capital equipment will have increased by one half in twenty years, and seven and a half times in hundred years. ‘At the same time technical improvements in manufacture and transport have been proceeding at a greater rate in the last ten years than ever before in history’ (*ibid*, 325).

But, Keynes was still only halfway out of the neoclassical grip, so he did not (yet) worry about ‘aggregate demand’. This worry had to wait for *The General Theory*.

However, it is interesting that Keynes sees the present (1930-slump) in this essay as caused by ‘a new disease of which some readers may not yet have heard – namely, *technological unemployment*... the use of labour outrunning the pace at which we can find new uses for labour’ (*ibid*, 325).

‘All this means in the long run *that mankind is solving its economic problem ... - but not the permanent problem of the human race*’ (*ibid*, 326) (my emphasis)

This prophecy about the possible increase in production within 100 years seems by and large to have held true. On the other hand, his vision that this huge expansion of GDP/capita in the industrialised countries would create a material saturation, did not materialise. The idea of abundancy that ‘this is enough’ has definitely not showed up as a dominant political argument. In some way Keynes was also here more of a prophet than he would have liked himself to be, when he wrote, ‘we have been trained too long to strive and not to enjoy. To judge from the behaviour and the achievements of the wealthy classes today... the outlook is very depressing!’ (*ibid*, 328)

But Keynes was an optimist at least with regard to the ‘possibilities’, because if production was distributed more equally (fairly!) no reason to let all technological advances be transformed into increased material production. Keynes played with the idea of splitting the continuous productivity increases into on the one hand a doubling of production and on the other a halving of the need to work: ‘Three-hour shifts [a day] or a fifteen-hours week ... is quite enough to satisfy the old Adam

in most of us! (*ibid*, 329). Working is a necessity; but not the meaning of life. Keynes quoted an old epitaph of a charwoman: ‘Don’t mourn for me.... For I’m going to do nothing for ever and ever’, (*ibid*, 327).

Unfortunately, Keynes optimism was reversed less than half a page later in the essays for at least two reasons: one microeconomic: people’s changed psychology, and one macroeconomic: the neoclassical analysis of economic growth.

1. Faustian temptation

Keynes is sceptical towards the ‘possibility’ of a transition of the human nature and behaviour from greed to ‘love, beauty and truth’ even when the economic problems are solved. For thousands of years human beings have been struggling to get enough material goods to survive and to protect themselves towards uncertain events. As Keynes could have said: ‘about the future we simply don’t know’. So, to protect yourself and your family the ‘rational’ behaviour is to accumulate – especially in societies with little or no welfare state.

This behaviour of selfishness has an outcome in an unregulated market system, some families will be (much) more successful than others. There will be an elite of wealthy people, who have a trend-setting material living standard. What the elite gets as a ‘normal’ living-standard, the masses will aspire for, especially in a society with a liberal ideology where everyone is his own ‘wheel of fortune’. The social hamster-wheel of work, greed and envy is driving the economic system along. If everyone were more equally wealthy – and the economic consequences of the uncertain future would be more equally shared there would be less inclination to acquire more and more richness.

But even if this desire of ‘getting as rich as the other’ were reduced, then another psychological problem emerges Keynes warned: what to do (meaningfully) when the working load is reduced and free time increased? For more than 200 years accumulation of private wealth has been the social norm. We have been taught by neoclassical economists that the rational, social and ethically correct behaviour was to strive for increased money-income. Accordingly, if the economic problems are solved, mankind will be deprived of its traditional purpose.

Unfortunately, this ‘rational’ behaviour of striving for money-income has for now been promoted for such a long time, that it is considered the only way to behave while being a respectable family father (and even citizen). These norms of ‘purposiveness’ (Victorian) duties (which Keynes calls ‘the old Adam’) are built into our social norms and moral by the (protestant) religion (Max Weber and all that).

On the other hand, if the economic system really does deliver an abundance of material goods, by the time our grandchildren are living, there will be no reason to continue acting according to what Keynes called pseudo-moral principles: the love of money as a passion. Such behaviour should rather be recognised as a ‘disgusting morbidity, one of those semi-criminal, semi-pathological propensities.’ (*ibid*, p. 329), Keynes concluded this section of the essay: ‘I see us free, therefore, to return to some of the most sure and certain principles of religion and traditional virtue – that avarice is a vice, that the extraction of usury is a misdemeanour 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', (*ibid*, 330-1).

2. Neoclassical analytical resistance

Two sentences later Keynes demonstrated how deeply rooted his macroeconomic analysis still was in neoclassical logic and its acceptance – even recommendation - of immoral behaviour like ‘avarice, usury and love of money’ to overcome material needs for ordinary people. A seemingly blind belief in the neoclassical ‘trickle down’ effect.

He felt himself committed, therefore, to give intellectual support to an economic behaviour of which he has just expressed his deepest human distaste. Here we find Keynes caught between ethics and academic integrity. He was trapped between the rather conventional (macro)economic analysis in the *Treatise on Money* and his ethics expressed clearly while being a student and reiterated in his self-biographical essay ‘My Early Beliefs’ from 1937. In 1930 he was not (yet) able to present an alternative macroeconomic theory to overturn the neoclassical medium term analysis of economic growth presented within *A Treatise on Money*.

Therefore, Keynes did not dare to scrap the neoclassical (macro)theory in the medium term analysis. It would have been like throwing the baby with the bath-water, because he was not yet ready with a substituting macro-theory. Keynes had to be loyal to his *magnus opus* published contemporary with the essay on ‘Economic Possibilities....’:

So, to be academically consistent Keynes had to write (although with some unease): ‘Be aware! The time for all this is not yet. For at least another hundred years we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice, usury, and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into daylight’. (*ibid*, p. 331)

While Keynes was writing ‘*A Treatise on Money*’ during the second half of the 1920s neoclassical theory held that the market economic system will after a while adjust to full employment equilibrium. Keynes’s aim in this book was to explain short run obstacles to this adjustment process could be coherent with the neoclassical medium term theory of market equilibrium. On the other hand looking at the real economic development during the 1920s it was obvious that it had taken some time, to say the least, for the economy to adjust, if at all? In fact, high unemployment had prevailed in Great Britain all way through the 1920s

By the Autumn 1929 the economy fell apart once again; but the *Treatise on Money* was nearly finished (especially the theoretical vol. 1). Keynes had a problem maintaining that it was only short term mal-adjustment, which prevented the macroeconomic system to adjust to full equilibrium by following the path plotted by his novelty the ‘fundamental equation’ (an elaboration of the ‘Quantity Theory of Money and Prices’). Even though many short term obstacles to market equilibrium were suggested and analysed by Keynes on the trajectory of the fundamental equation He did not challenge that the adjustment process would converge into full employment sooner or later. So, only avarice and usury ‘*can lead us out of the tunnel of economic necessity into daylight*’ (*ibid*, p. 331).

Neoclassical theory is, according to Keynes in 1930, theoretically correct in the intermediate run. Although the fundamental individual psychological premises were ethically detestable/disgusting to

him, but he recognised that they needed to be our gods as long as there is a material necessity and thereby a need for an increased production (and real income). Savings was needed to be transferred (by the rich people mainly) into real productive equipment and by that to increase the amount of real capital and hence productive capacity.

Concluding remarks

Nearly one hundred years have passed. Keynes was alarmingly right in his worries that the Faustian Challenge of not being able to change human behaviour away from focusing on ‘avarice, greed and love of money’ has come true, even though we (the grandchildren) have (more) than enough. We have lost our ethical compass in our pursuit of wealth, where growth in GDP has become our new religion.

He was equally right when he in the preface to *The General Theory* wrote about his colleagues that they ‘will fluctuate between a belief that I am quite wrong and a belief that I am saying nothing new’, *GT*, p. xxi). Although money-income has more than doubled in the meantime, economic growth in money terms has still the highest priority by politicians and are endorsed by mainstream economists. In addition, the economic policy is also (nearly) unchanged and still supported by the (lack of) ethics within mainstream (neoclassical) economics. All macroeconomic models in use by governments and international institutions are neoclassical general equilibrium models and textbooks at almost all universities are of the utilitarian type.

From Keynes’s 1936 and today’s Post-Keynesian point of view this state of art would have been/is of course very disappointing. Keynes was in the middle of a fundamental sea change in these early years of the 1930s. He struggled with the increasing divergence between economic theory and ‘how to live a good life’ in reality. While writing the essay more than ten years had gone since the end of WWI and unemployment was still high and inequality profound in Britain. Hence, to Keynes it became increasingly unbearable to accept the neoclassical theory of a self-adjusting macroeconomic system could be called anything like a ‘good society’.

What Post-Keynesian scholars claim today, and Keynes had realised in the early years of 1930s, the missing link of a macroeconomic analysis was *effective demand*. This concept was unfolded in *The General Theory* and based on a theory which could be supported by fair and just social behaviour, especially when uncertainty prevails. It is the effective demand decided by firms and governmental institutions, which together could set the tracks of the economic development leading towards a good society for ‘our grandchildren’. *The principle of effective demand* (Ch. 3 of *GT*) gave him, at last, the arguments of how to merge a morally acceptable economic behaviour (of ‘being good’) with a prosperous economic and good society, (See, chapter 24 of *GT* with the title: ‘The Concluding notes on the Social Philosophy towards which the General Theory might lead’). In fact, his new macroeconomic theory made him even more optimistic. In the 1930-Essay he mentioned that it might take hundred years to saturate people’s material needs - within the General Theory where redistribution of income and wealth is recommended, the time-span until saturation was dramatically reduced to twenty-five years, see Chick & Freeman, 2018, p.156.

As we can see, Keynes's ambition was throughout his life to give his economic colleagues especially those who gave policy advises an ethical acceptable and realistic economic theoretical foundation, to promote a 'good society'.

When Keynes stepped down as editor of the *Economic Journal* in 1945, he expressed his firm confidence in his general theory, which made him appeal to his colleagues while offering a toast to

"... economics and economists who are the trustees, not of civilisation, but the **possibilities** of civilisation" Harrod (1951, pp. 193-4).

Notice, that Keynes once again used the word 'possibilities', because nothing is certain with regard to the future. He felt for good reason after the war that he had been rather successful not only in fulfilling the ambition of setting up an analytical framework for establishing a 'good society', but also making a significant contribution to bring the British economy reasonably safe (from an economic point of view) through the WWII¹¹. Now it would be up to his successors in Cambridge, Whitehall and Westminster to teach, administer and realise the *economic possibilities* for our grandchildren within a good society.

It had not been an easy route for Keynes to combine his juvenile vision of a good society with a realistic macroeconomic theory and even more difficult to practice it during the war. The preparation for this success had been a long intellectual journey with a number of (theoretical) stepping stones of which the essay of 'The economic possibilities for our grandchildren' was just one. His procedure was all the way to combine (and adjust) his theoretical work with practical experiences from being a civil servant in the India Office, special advisor to the Treasury during WWI and WWII and bursar at King's College without losing his ethical compass.

This is really an exercise in how macroeconomics should (and could) progress with relevance for how to confront the challenges of rising inequality and emerging climate crisis, which are threatening our civilisation. Allow me therefore to pose a final question to the dominant economic profession: why did Keynes's method of combining a vision for a *good society* with a *realistic* macroeconomic theory not penetrate mainstream economics of today? If Keynes's vision had been understood and then practiced, the life prospects for our children and grandchildren would have been much brighter.

References

Boldrin, M. and David K. Levine, *All the Interesting Questions, Almost All the Wrong Reasons* in Lorenzo Pecchi and Gustavo Piga (ed). (2008), *Revisiting Keynes: Economic Possibilities for Our Grandchildren*, Cambridge, MA: MIT Press. Pp. 161-78

¹¹ A view which was developed and supported in his BBC-lecture on *post-war planning*, April 1942 'How much does Finance matter? Here he concluded: 'Anything we can actually do, we can afford. Once done it is there..... We shall, in very fact, have built our New Jerusalem out of the labour which in our former vain folly we were keeping unused and unhappy in enforced idleness.' Supported by, *In the long run almost anything is possible*, Keynes, 1942, in Moggridge (ed.), 2010, p. 220, 224.

- Carabelli, A. (2021), *Keynes on Uncertainty and Tragic Happiness*, London: Palgrave/Macmillan
- Chick, V. (1983), *Macroeconomics after Keynes*, New York: Phillip Allan
- Chick, V. and J. Jespersen (2016), *John Maynard Keynes (1883-1946)* in G. Faccarello & H. Kurz (eds), *Handbook of Economic Analysis*, vol.1. Cheltenham: Edward Elgar, pp. 468-483
- Chick, V. and A. Freeman (2018), The Economics of enough: a future for capitalism or a new way of living? in S. Dow et al. *‘Money, Method and Contemporary Post-Keynesian Economics*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar, pp. 148-159
- Dow, S. (2002), 'Economic Methodology: an Inquiry', Oxford: Oxford University Press
- Fitzgibbons, A. (1988), *Keynes's Vision: A New Political Economy*, Oxford: Clarendon Press.
- Harrod, R. (1951), *The Life of John Maynard Keynes*, London: Macmillan
- Jespersen, J. (2009), *Macroeconomic Methodology: A Post-Keynesian Perspective*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar
- Johnson, E. and D. Moggridge (eds) (1972-89), *The Collected Writings of John Maynard Keynes*, 30 vol., London: Macmillan and Cambridge University Press
- Keynes, J.M. (1930a), *A Treatise on Money*, in E. Johnson and D. Moggridge (eds) (1972), *The Collected Writings of John Maynard Keynes*, vols V and VI, London: Macmillan and Cambridge University Press
- Keynes, J.M. (1930b), *Economic Possibilities for our Grandchildren*, in E. Johnson and D. Moggridge (eds) (1972), *The Collected Writings of John Maynard Keynes*, vol. IX, London: Macmillan and Cambridge University Press, pp. 321-332
- Keynes, J.M. (1936), *The General Theory of Employment, Interest and Money*, in E. Johnson and D. Moggridge (eds) (1973), *The Collected Writings of John Maynard Keynes*, vol. VII, London: Macmillan and Cambridge University Press.
- Keynes, J.M. (1949), *My Early Beliefs*, in E. Johnson and D. Moggridge (eds) (1972), *The Collected Writings of John Maynard Keynes*, vol. X, London: Macmillan and Cambridge University Press, pp. 433-51.
- Moggridge, D. (ed.), (2010), *Keynes on the Wireless*, London: Palgrave/Macmillan
- O'Donnell, R. (1989), *Keynes, Philosophy, Economics and Politics*, London: Macmillan
- Skidelsky, R. (1983), *Keynes, hopes betrayed*, London: Macmillan
- Skidelsky, R. (2001), *Keynes, as Saviour*, London: Macmillan
- Skidelsky, R. & E. Skidelsky (2012), *How Much is Enough? The Love of Money and the Case for the Good Life*, London: Allen Lane