

MG, 22 april 1946, p.4, Lord Keynes death

LORD KEYNES

Lord Keynes has died at a moment when his country can ill spare him. He was just coming into his full usefulness as the leading British architect of the new international economic order. Much still lay before him, and all had counted on his wise guidance and powerful advocacy in the conferences of the coming months. The country has lost a supremely able counsellor. But though we may mourn the death of the great public servant, with his work uncompleted, we can feel some little satisfaction with the English system of government that in a crisis those who differed from him most profoundly in politics and who had suffered from the lash of his pen were not too proud to enlist his help. Americans have noted almost with envy that we were not afraid to put trust in a man of ideas. As *Fortune* wrote recently, "Keynes represents something rare" on the American scene - an intellectual who has not been afraid to mix his practical affairs, and an intellectual whom the British Government has not been afraid to use in the pinch. America, the paper concluded sadly, is apt to shy at brilliance. It was good fortune that, when the Churchill Government came in, the strongest critic of our methods of war finance was called to advise and that a Conservative Chancellor of the Exchequer should have been able to adapt himself so rapidly to the new ideas. It also says much for the continuity of our life that the change of Government last year did not disturb the technical adviser conducting negotiations on our behalf with the United States. These things seem natural enough, yet when the mind runs back over Keynes's career his recognition as a leading adviser on financial policy seems hardly less remarkable than was Mr. Churchill's return to power from obscurity and neglect when war broke out. But when the country is in need we have the sense to call in our heretics.

The war has made heresy orthodoxy. It is barely ten years since Keynes threw down his challenge to "classical" economic theory on the treatment of unemployment and trade depression, yet it is not too much to say that his main ideas are now broadly accepted by the great body of economic opinion and have become the background of Government policy. To him, more than to any other man, we owe the conception of "full employment" as an achievable national ideal. It puts a new face on the problem of unemployment that cursed us before the war and gives us hope that, if we have wisdom and restraint, the tools for controlling it are in our hands. In the closing words of "The General Theory" Keynes wrote that "the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood."

He bore out his prophecy, and, for good or evil, he has affected national policy as, perhaps, has no economist since Malthus or Ricardo. Yet it is only a bare fifteen years since the received prophet could preface his essays as “ the “croakings of a Cassandra who could“ never influence the course of events "in time!”

The death of this many-sided English genius should send many back to the book which first brought his name before the public. “The Economic Consequences of the Peace ” was written in passionate anger and sadness in the autumn of 1919 at just such a time as we are in to-day. The ruins of Europe lay around and the statesmen were failing in their duty. "A great part of the Continent was sick and dying; its population was greatly in excess of the numbers for which a livelihood was destroyed, its “transport system ruptured, and its food supplies terribly impaired.” Yet the treaty that had just been concluded

includes no provisions for the economic rehabilitation of Europe - nothing to make the defeated Central Empires into good neighbours, nothing to stabilise the new States of Europe, nothing to reclaim Russia; nor does it promote in any way a compact of economic solidarity amongst the Allies themselves; no arrangement was reached at Paris for restoring the disordered finances of France and Italy, or to adjust the systems of the Old World and the New.

We have in 1946 as yet no peace treaty; the Foreign Ministers are just about to meet in Paris to try to make them. Yet the more closely the parallel between 1919 and 1946 is examined the more depressing is the conclusion. We have learned something—the folly of trying to exact monetary reparations from the defeated enemy. But we have not yet learned how to take ordinary eggs (instead of golden ones) without killing the bird. The Allied agreements on reparations in kind and on the level of industry to be permitted to Germany are as much lunacy as were the terms against which Keynes drew his terrible indictment. It is possible that Keynes in his revulsion from the chicaneries of the Peace Conference unwittingly strengthened the legend of the “M. Versailles Diktat” which exercised so powerful an influence over the resurgent Germany. But in essence his diagnosis was right and the moral holds good to-day. The opportunity for tackling in time the economic catastrophe that the war had brought on Europe was missed. Years of inflation and internal convulsion had to be overcome, and the international structure of Europe was never fully restored. Now we seem even farther away than, we did in 1919 from a policy for Europe in which the Allies can co-operate. Keynes's book was a magnificent appeal for courage, idealism, and humanity in applying a programme of economic rehabilitation to Europe. That is our need to-day and one to which all political aims should be subordinate. It is not yet too late, and we can

at least feel that this time Britain and America are more conscious of their duty than they were in 1919.