

Quotable Keynes, Handout for Robert Coen's Alumnae Lectures, Nov. 11 and 18, 2014

1. "What an extraordinary episode in the economic progress of man that age was which came to an end in August 1914! The greater part of the population ... worked hard and lived at a low standard of comfort ... But escape was possible, for any man of capacity or character at all exceeding the average, into the middle and upper classes, for whom life offered ... conveniences, comforts, and amenities beyond the compass of the richest and most powerful monarchs of other ages. But, most important of all, he regarded this state of affairs as normal, certain, and permanent ... The projects and politics of militarism and imperialism, of racial and cultural rivalries, of monopolies, restrictions, and exclusion, which were to play the serpent to this paradise, were little more than the amusements of his daily newspaper" *The Economic Consequences of the Peace*
2. "The policy of reducing Germany to servitude for a generation, of degrading the lives of millions of human beings, and of depriving a whole nation of happiness should be abhorrent and detestable, - abhorrent and detestable, even if it were possible, even if it enriched ourselves, even if it did not sow the decay of the whole civilized life of Europe. Some preach it in the name of Justice. In the great events of man's history, in the unwinding of the complex fates of nations, Justice is not so simple. And if it were, nations are not authorized, by religion or by natural morals, to visit on the children of their enemies the misdoings of parents or rulers." *The Economic Consequences of the Peace*
3. "If we aim deliberately at the impoverishment of Central Europe, vengeance, I dare predict, will not be limp. Nothing can then delay for very long that final Civil War between the forces of Reaction and the despairing convulsions of Revolution, before which the horrors of the late German war will fade into nothing, and which will destroy, whoever is victorious, the civilization and progress of our generation." *The Economic Consequences of the Peace*
4. "I believe myself to be writing a book on economic theory which will largely revolutionize - not, I suppose, at once but in the course of the next ten years - the way the world thinks about economic problems." Letter to George Bernard Shaw
5. "The outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and income." *The General Theory of Employment, Interest, and Money*
6. "Human decisions affecting the future, whether personal or political or economic, cannot depend on strict mathematical expectation, since the basis for making such calculations does not exist ... [I]t is our innate urge to activity which makes the wheels go round, our rational selves choosing between the alternatives as best we are able, calculating where we can, but often falling back for our motive on whim or sentiment or chance." *The General Theory*
7. "[P]rofessional investment may be likened to those ... competitions in which the competitors have to pick out the six prettiest faces from a hundred photographs, the prize being awarded to the competitor whose choice most nearly corresponds to the average preferences of the competitors as a whole. ... It is not a case of choosing those which, to the best of one's judgment, are really the prettiest. We have reached the third degree where we devote our intelligence to anticipating what average opinion expects average opinion to be." *The General Theory*
8. "Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done..." *The General Theory*
9. "The market can stay irrational longer than you can stay solvent." On losing a speculative bet against the German mark in 1920
10. "An act of individual saving means - so to speak - a decision not to have dinner today. But it does *not* necessitate a decision to have dinner or to buy a pair of boots a week hence or a year hence or to consume any specified thing at any specified date. Thus it depresses the business of preparing today's dinner without stimulating the business of making ready for some future act of consumption. It is not a substitution of future consumption demand for present consumption demand - it is a net diminution of

such demand. If saving consisted not merely in abstaining from present consumption but in placing simultaneously a specific order for future consumption, the effect might indeed be different." *The General Theory*

11. "In a slump, governmental loan expenditure is the only sure means of obtaining quickly a rising output at rising prices ... Some people seem to infer that output and income can be raised by increasing the quantity of money. But this is like trying to get fat by buying a larger belt. In the United States today your belt is plenty big enough for your belly. It is a most misleading thing to stress the quantity of money, which is only a limiting factor, rather than the volume of expenditure, which is the operative factor." Open letter to President Roosevelt in *New York Times*, Dec. 31, 1933

12. "Just as wars have been the only form of large-scale loan expenditure which statesmen have thought justifiable, so gold-mining is the only pretext for digging holes in the ground which has recommended itself to bankers as sound finance." *The General Theory*

13. "If the Treasury were to fill old bottles with banknotes, bury them at suitable depths in disused coal mines which are then filled up to the surface with town rubbish, and leave it up to private enterprise on well-tryed principles of *laissez-faire* to dig the notes up again ..., there need be no more unemployment ... It would, indeed, be more sensible to build houses and the like; but if there are political and practical difficulties in the way of this, the above would be better than nothing." *The General Theory*

14. "Ancient Egypt was doubly fortunate, and doubtless owed to this its fabulous wealth, in that it possessed *two* activities, namely, pyramid-building as well as the search for the precious metals, the fruits of which, since they could not serve the needs of man by being consumed, did not stale with abundance. The Middle Ages built cathedrals and sang dirges. Two pyramids, two masses for the dead, are twice as good as one; but not so two railways from London to York. Thus, we are so sensible, have schooled ourselves to so close a semblance of prudent financiers, taking careful thought before we add to the "financial" burdens of posterity by building ... houses to live-in, that we have no such easy escape from the sufferings of unemployment." *The General Theory*

15. "The ideas which are here expressed so laboriously are extremely simple and should be obvious. The difficulty lies, not in the new ideas, but in escaping from the old ones." *The General Theory*

16. "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back." *The General Theory*

17. Keynes's standard reply to uninvited correspondence: "Dear X, thank you for sending me your article/paper/book. I shall lose no time in reading it, yours sincerely J.M.K."

18. "The master-economist must possess a rare combination of gifts He must be mathematician, historian, statesman, philosopher -- in some degree. He must understand symbols and speak in words. He must contemplate the particular, in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must be entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood, as aloof and incorruptible as an artist, yet sometimes as near to earth as a politician." *Essays in Biography* in reference to Alfred Marshall

19. "How can I accept the Communist doctrine, which sets up as its bible, above and beyond criticism, an obsolete textbook which I know not only to be scientifically erroneous but without interest or application to the modern world? How can I adopt a creed which, preferring the mud to the fish, exalts the boorish proletariat above the bourgeoisie and the intelligentsia, who with all their faults, are the quality of life and surely carry the seeds of all human achievement? Even if we need a religion, how can we find it in the turbid rubbish of the red bookshop? It is hard for an educated, decent, intelligent son of Western Europe to find his ideals here, unless he has first suffered some strange and horrid process of conversion which has changed all his values."