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It is widely assumed that Keynesianism is as dead as the dodo, and that Keynes's own life and thought are matters of purely historical interest. I am not going to challenge the first proposition head on: I have some sympathy with it. There is no future in the hubristic Keynesianism of thirty years ago, which regarded economies as machines to be pushed and pulled this way and that by technical experts on the basis of huge macroeconomic forecasting models. But I have a great affection for the mind and spirit of John Maynard Keynes, and hope to show that much of his thought retains its freshness over the gap of fifty two years since he died.

The war years when, as he put it ironically, he used the calm of war to reflect on the turmoil of the coming peace, are particularly fertile ground for the Keynes biographer. He wrote, with his usual optimism, 'Theoretical economic analysis has now reached a point where it is fit to be applied'.[2] The war years are spattered with clues as to how he would have tried to apply his own doctrines had he lived into the 1950s and 1960s, instead of dying prematurely in 1946. These suggest an alternative Keynesian dispensation to the one which actually emerged.

Tonight I want to concentrate on three questions. What did Keynes mean by full employment? What did he mean by budget deficits? And how did he propose to deal with the problem of what Alvin Hansen called 'secular stagnation'?

* * *

Let's start with the concept of full employment. Keynes did not mean by this zero or near zero unemployment. He always distinguished between structural unemployment and demand-deficient unemployment. He was the first economist to identify the second as an analytical problem, ignored by the mainstream economists of his day, for whom fluctuations in employment, due to the trade cycle, were no more than frictional disturbances to the otherwise smooth adjustment of the structure of production to demand or supply shocks.

Keynes's starting point was the observation that high levels of unemployment could persist. On this base he erected his 'general theory of employment' in which variations in output and employment are not incidents in the adjustment of relative prices to new conditions, but are themselves the mechanism which keeps aggregate supply and demand in balance at various possible levels of employment and prices.

However, he did not thereby claim that injections of exogenous government expenditure could keep total unemployment at or near zero. In a free society there was always bound to be some level of 'structural unemployment', reflecting, as he put it in the *General Theory*, 'the refusal or inability of a unit of labour, as a result of legislation or social practices or of a combination for collective bargaining or of slow response to change or of mere human obstinacy, to accept a reward corresponding to the value of the product attributable to its marginal productivity'.[3] For the purpose of his short-run model he took the level of structural unemployment as given.[4] This did not mean that government was powerless to influence the level of structural unemployment. Buoyant demand conditions might themselves tend to reduce it indirectly by increasing labour mobility. But in general this component of unemployment required, for its reduction, what are now called 'supply side' policies.

It was very natural for Keynes to think in this way, for the outstanding feature of Britain's interwar unemployment experience was that unemployment was 'abnormally' high. The comparison was with pre-war level of unemployment. This ran, on average over the cycle, at about 5 per cent; whereas unemployment in the interwar years was never less than 9 per cent, and, in the 1930s, much higher.[5] So already we find him, in a speech in 1924, attributing about half of the then unemployment level of 1.3m, or 12% of the insured workforce, to the 'monetary' factor. 'When we have got unemployment down to 4 or 5 per cent, then there are other causes which also have to be tackled by other methods, but, if you have the financial factor responsible for the difference (say) between 5 and 12 per cent, then .. it is a matter well worth bending our energies to get rid of'.[6] By the 'monetary factor' he meant the policy of deflation being pursued in an effort to put sterling back on the gold standard at its prewar parity with the dollar. At the back of Keynes's mind thereafter, there was always the notion of 5 per cent as Britain's 'normal' level of unemployment, with everything above this

being due to demand-deficiency.

It is tempting to see this as a crude precursor of the 'natural rate' hypothesis developed much later by Milton Friedman. And there is a similarity, in the sense that the prewar 5 per cent 'norm' had reference to a constant -over the cycle -price level. Indeed, the concept of 'low full employment' developed by Keynes's disciple, A P Lerner, in 1951, which is that employment level below which the price level is stable, is more or less identical to Friedman's 'natural rate of unemployment'.[7] There is no evidence that Keynes ever thought it possible to push employment above this institutionally-given 'norm'. The difference is that Friedman thought this was the level to which the economy 'naturally' gravitates, whereas there is no such assumption in Keynes. He did not view the higher average level of unemployment experienced by Britain in the interwar period as evidence that the 'natural rate of unemployment' had gone up, but as evidence that monetary policy had been consistently too deflationary.

Keynes took an intermittent part only in the planning of postwar employment policy, being much more heavily occupied with his Clearing Union plan. The running here was made by the Economic Section of the War Cabinet, particularly by James Meade, whose paper 'Internal Measures for the Prevention of Unemployment' triggered off the inter-departmental discussions which eventually led to the Employment White Paper of May 1944. From the start there was a division between the 'optimists' of the Economic Section and the 'pessimists' in the Treasury about the possibility of maintaining employment at a 'high and stable level'. The economist Hubert Henderson was the chief Treasury pessimist, his pessimism being largely based on pessimism about export prospects. About one of his early papers, Keynes, a natural optimist, wrote scathingly 'the author [seems to be] scared to death lest there might be some date at which the figure of unemployment would fall below three million'.[8]

The background to the optimistic scenario was the war itself. By 1942, unemployment was down to under 100,000, or less than one per cent. Between 1941 and 1945, prices rose at about 2 per cent a year. But this was not of course, a normal peacetime performance, nor did Keynes regard it as such. Richard Kahn commented later: '[The problem of consent] could be solved in

war when the efforts of the people of this country were devoted to one common end. Its solution, it is true, depended on the operation of war time controls, including price controls and labour controls, but also compulsory arbitration, together with rationing and subsidies'.[9] One could also interpret the war experience, as Hubert Henderson did, as having accelerated the collapse of Britain's exporting position, its full employment and tolerable living standards only being maintained by the fool's gold of Lend-Lease.

In 1942 Keynes joined Richard Stone in preparing estimates of postwar national income. These estimates depended on an employment assumption. It turned out that Hubert Henderson's was 1.8m, or 12 per cent of the 'normal' workforce. The Keynes-Stone assumption was 800,000-900,000 or between 5 and 6 per cent. (The assumption of the Beveridge Report of 1942 was 8 per cent.) This 5 to 6 per cent was the structural residue.[10]

Keynes still held to this opinion a year later:

> .. it may be argued that even 1,200,000 [unemployed] is a pessimistic assumption in the light of the greater knowledge and experience of these problems and, above all, of the greater will to grapple with them and to regard their solution as one of our primary responsibilities .. We cannot, on this view, regard the unemployment problem as substantially solved so long as the <u>average</u> figure is greater than 800,000 namely 5 per cent of the [male] wage-earning population, or rest content without resort to drastic changes of policy so long as it exceeds one million'.[11]

He did not change his mind thereafter. When Beveridge's *Full Employment in a Free Society* appeared in December 1944, with a much lower unemployment assumption than in the Beveridge Report itself, Keynes wrote to Beveridge: 'No harm in aiming at 3 per cent unemployment, but I shall be surprised if we succeed'.[12]

It is hard not to believe that Keynes still had the pre-1914 'norm' of 5 per cent at the back of his mind. In a note of 3 June 1942 he explained that he and Stone had arrived at their figure 'chiefly on the grounds that it seemed to us that this was about the highest the public would

stand in post-war conditions without demanding something very drastic to be done about it, coupled with the fact that it did not seem to us impracticable to take drastic steps which would bring down the figure to this total'.[13]

Full employment emerges from this remark as essentially a culturally, or politically, determined variable. It is an estimate of the maximum unemployment the community will stand and the minimum that can be achieved without imposing on it an unwanted cost. The idea that a free society in peacetime might not be willing to pay the cost—in terms of either liberty or inflation—of a very high level of full employment escaped the hubristic Keynesians of the 1960s, looking back to what had been achieved in the war. Alan Coddington has put this point extremely well, in a passage which deserves quotation. He is commenting on G D Worswick's remark of 1977: 'The lesson of the past is not that demand management did not work. It did—but it was not enough. The point is not discard it but to buttress it with additional instruments'. Coddington writes:

> What this means in plain English is that as well as pushing up on demand, the government should press down on costs. But in what sense is the government then practising 'demand management' rather than 'cost management' or even 'profitability management?' .. This talk of 'buttressing with additional instruments' is not only unhelpful, it is also disingenuous. For, given enough buttressing, anything can be achieved: if the central government authorities are in a position to write a script for the whole economic drama, then they can make sure that it conforms to their prevailing idea of an edifying overall plot, and one in which the supporting characters never have a chance to upstage the stars. But this leaves unasked and unanswered a number of politically contentious questions concerning just how much power is, could be and should be concentrated in the hands of the central authorities of government. Indeed, this way of looking at the matter has the result that the degree of centralisation of economic power is allowed to emerge as a residual from the solution to problems of macroeconomic management.[14]

Keynes would surely have ticked this.

From his position inside the Treasury, Keynes fought a running battle to get his Department to take a more cheerful view of postwar employment prospects. A favourite target was Sir Wilfrid Eady, who had been put in charge of drafting the main Treasury reply to the Economic Section's proposals. Typically, he wrote to him on 30 June 1943: 'I disagree fundamentally with the underlying theory of your paper. It seems to me .. not much more than Neville Chamberlain disguised in a little modern dress'.[15]

Keynes accused the Treasury of being simultaneously ignorant about demand and pessimistic about supply.[16] Keynes was far from oblivious to the supply side problems of the British economy. An important basis for his optimism was his belief that Britain had caught up substantially with American productivity levels during the war, by limiting restrictive practices and imitating mass production methods.[17] He acknowledged that the Economic Section attached too little importance to structural issues. But the Treasury's answer to this should not be to retreat into defeatism, but put forward constructive proposals of its own.[18] When he received a draft of the Employment White Paper in February 1944, he endorsed it as an 'outstanding State paper', but, significantly, strongly agreed with Lionel Robbins' 'Note of Dissent' on restrictive practices, and urged that 'the Report would be much enriched and its balanced effect on public opinion enhanced, if Ministers were to approve the substitution of his Note for the parched and desiccated passages of the Report which correspond to it'.[19] But Keynes's plea had no effect on the drafting.

A final quotation shows Keynes's ideas in a state of flux. On 5 June 1945 he wrote to an Australian correspondent S G McFarlane: 'I expect that both of our countries incline to underestimate the difficulty of stabilising incomes where exports play so large a part. One is also, simply because one knows no solution, inclined to turn a blind eye to the wages problem in a full employment economy'.[20]

* * *

How did Keynesians expect to maintain full employment? The answer seems relatively straightforward. They would use national income statistics to calculate any prospective imbalance between the aggregate supply of resources and the demand for them; and use fiscal policy to close any gap. If prospective national expenditure exceeded prospective national supply, threatening inflation, the government should run a budget surplus; in the opposite case, where unemployment was the danger, it should run a deficit. In either case, the state's budget was the balancing factor. It should be used to 'balance the national accounts' at full employment with constant prices.

When one looks at what Keynes said, both before and during the war, this neat fiscal schematism starts to dissolve. One of its axioms, repeated like a mantra, was that 'investment is interest inelastic'. Yet here is Keynes writing to the American economist Mordecai Ezekiel on 6 June 1941:

> I am far from fully convinced by the recent thesis that interest rates play a small part in determining the volume of investment. It may be that other influences, such as an increase in demand, often dominate it in starting a movement. But I am quite unconvinced that low interest rates cannot play an enormous part in sustaining investment at a given figure; and when there is a movement from a higher rate to a lower rate, in allowing a greater scale of investment to proceed over a very much longer period than would otherwise be possible'.[21]

However, this caveat is unimportant for present purposes, since Keynes certainly believed that what he called 'state intervention' was the more important determinant of the scale of investment.[22] The first problem is to understand what he meant by 'the state'.

I have argued elsewhere[23] that Keynes's State was defined, not by legal prerogative but by what we might call 'degree of publicness'. By the state Keynes meant not the government and its servants, but that group of institutions, legally private or public, which pursue public aims. He gave as examples the Bank of England—then privately owned—the ancient universities, the public utility companies, even *The Times* newspaper. He believed that the state, in this sense, was a growing force in economic life, or as he put it, that the economy was

'socialising' itself. The agents in this process were the divorce of management from ownership and the growing concentration of industry: in 1926 he wrote of the 'trend of the Joint Stock Institutions, when they have reached a certain size, to approximate to the status of the public corporation rather than that of individualistic private enterprise'. By this he meant that 'the general stability and reputation of the institution are more considered by the management than the maximum of profit for the shareholder'.[24]

Keynes was clearly influenced by the 'associationist' view of the state fashionable in the 1920s (for example, in the work of Harold Laski) which saw it as a *primus inter pares* in an order of associations or corporations; more specifically, by the highly decentralised character of the 19th century British state, with its strong tradition of municipal and local initiative—now, alas, little more than a memory. But he was equally impressed by the fact that an increasing share of national investment was being done by quasi-public, semi-socialised institutions. In 1927 he estimated that two-thirds of the capital of large-scale undertakings could not be classed as private any more.[25] He regarded this 'socialised' investment as imparting much-needed stability to the investment market.[26] His demand in the *General Theory* for a 'somewhat comprehensive socialisation of investment'[27] was not a demand for greater public ownership but for what would now be called an extension of public-private partnerships. After the long detour of public ownership one can see a revival of this idea in the policies of the Major-Blair governments.

This detour of our own has been necessary to understand the importance Keynes attached, especially in his wartime writings, to separating the capital from the current or, as he called it, 'regular' or 'ordinary' government budget. The latter was for public expenditure out of income raised by taxes. This budget, Keynes argued, should always be balanced except as a last resort. In fact, Keynes favoured running a 'primary surplus' on the revenue budget which would be used to reduce debt in a boom or be transferred to the capital budget and used to replace dead-weight debt by productive or semi-productive debt. Cyclical fluctuations would be offset not in the ordinary budget but by variations in the capital budget.' Deficit finance' would mean 'reducing the normal sinking fund to zero' rather than budgeting for an actual deficit.[28] The capital budget should comprise, in addition to borrowing by government agencies like the Post Office, and the surpluses and deficits of the extra-budgetary funds like

the Road Fund and Unemployment Insurance Fund, the capital expenditure of the Local Authorities and Public Utilities.[29]

A further insight into Keynes's fiscal philosophy is given by his comments on the Beveridge Report. Sir Richard Hopkins of the Treasury had suggested that Beveridge's proposals be treated for what they were—a scheme for social benefits financed from general taxation. In reply, Keynes strongly advocated the principle of hypothecated taxation:

> We need to extend, rather than curtail, [he wrote on 20 July 1942] the theory and practice of extra-budgetary funds for state operated or state supported functions. Whether it is the transport system, the Electricity Board, War Damage or Social Security. The more socialised we become, the important it is to associate as closely as possible the cost of particular services with he sources out of which they are provided .. This is the only way by which to preserve sound accounting, to measure efficiency, to maintain economy and to keep the public aware of what things cost. The social security budget should be one section of the capital or long-term budget .. For the ordinary Budget should be balanced at all times. It is the capital budget which should fluctuate with the demand for employment.[30]

These ideas can be traced back to Churchill's raids on the Sinking Fund in the 1920s, to the extra-budgetary funds set up by Lloyd George and his successors, to those sections of the Liberal Yellow Book of 1928 which Keynes had written.[31] What Keynes had supplied in the interim was the theory of effective demand which justified them. Thus it is the capital, not the ordinary, budget which emerges as the balancing item between prospective national saving and investment.[32]

Keynes had to fight his corner against strong opposition from James Meade of the Economic Section. Meade's favourite scheme was to vary social insurance contributions across the cycle. But he also thought that the government, anticipating a slump, might want to stimulate demand by lowering taxes 'before unemployment develops in order to prevent such unemployment from appearing. For this purpose we must be free to plan taxation (and so the deficit of the current budget) ahead'.[33] This was the essence of the discretionary approach

favoured by post-war Keynesians. It relied heavily on the accuracy of forecasts.

It is significant that Keynes subjected it to a barrage of criticisms, theoretical and practical. First, the volatility which had to be offset was volatility in investment not in consumption. Secondly, it was easier to influence investment than consumption. Keynes doubted whether attempts to influence consumption behaviour would have much effect in the short-run. People had established standards of living. A remission of taxation which people could rely on only for an 'indefinitely short period' might not stimulate their consumption by much. Moreover, it would be very hard politically to reimpose the tax once employment improved. Thirdly, the effects of income tax changes were subject to a 'huge time lag'. Fourthly, the idea of borrowing for capital spending in a slump would be understood much better by the 'common man' than encouraging consumption. The latter was 'a much more violent version of deficit budgeting' than the former, since capital expenditure 'would, at least partially, if not wholly, pay for itself'. Fifthly, because of this feature capital spending would not involve a progressive increase in the national debt.[34]

On the other hand, he endorsed, without great enthusiasm, Meade's suggestion for varying social insurance contributions, partly because 'it could be associated with a formula', 'partly because it would be pumping purchasing power into the hands of the class which can most easily vary its expenditure on consumption without radically altering its general standards', and partly because it would 'promote stability in the size of the social security fund itself'.[35] However, he insisted that the variations be applied only to employee contributions not to those of employers or the state. The state's contribution, from the Revenue Budget, should be held constant; reductions in employers' contributions would not lead to increased employment if they were seen as merely temporary.[36]

What emerges from these comments is a distinct bias against deficit finance and fine-tuning. The emphasis should be placed on prevention, not cure; on maintaining a steady stream of employment, not offsetting fluctuations. If—and here Keynes reverts to his ideas of the 1920s—'two-thirds or three quarters of total investment is carried out or can be influenced by public or semi-public bodies, a long-term programme of a stable character should be capable of reducing the range of fluctuation to much narrower limits than formerly ... If this is

successful it should not be too difficult to offset small fluctuations by expediting or retarding some items in this long-term programme'.[37]

* * *

My final section can best be introduced by quoting from a letter Keynes wrote to T S Eliot on 5 April 1945. 'The full employment policy by means of investment' he wrote 'is only one particular application of an intellectual theorem. You can produce the result just as well by consuming more or working less'.[38] To make sense of this mysterious remark one has to go back to Keynes's essay, 'Economic Possibilities for our Grandchildren', first read to Winchester schoolboys in 1928, or even further back to G E Moore's *Principia Ethica*, the bible of his youth and the source of his ideas about the good life. Economics, Keynes always insisted, is only useful if it can get us over the hump of scarcity, as quickly as possible, into the realm of plenty, when man would confront his 'real, his permanent problem—how to use his freedom from pressing economic cares .. to live wisely and agreeably and well'.[39] 'The full employment policy by means of investment' is Keynes's method of accelerating through the barrier. From this perspective, the mass unemployment of the interwar years was not just the result of a random collapse of confidence, but the precursor of what can happen to rich societies which fail to make adequate preparations for the good life which wealth makes possible.

It is typical of Keynes that he should have returned to this vision during the war itself, as soon as it became clear that the Allies would win. The core of it is contained in a memorandum he wrote on 25 May 1943 entitled 'The Long-Term Problem of Full Employment'. He saw three phases after the war. In Phase I, which he thought might last 5 years, investment demand would exceed full employment saving, leading to inflation in the absence of rationing and other controls. In this phrase, the emphasis should be on securing a high rate of saving in order to reconstruct the war damaged economy. In Phase II, which he thought might last between 5 and 10 years, he foresaw a rough equilibrium between investment and full employment saving 'in conditions of freedom', with the state active in varying the pace of investment projects. In Phase III investment demand is so saturated that it cannot be brought up to the level of full employment saving without embarking on wasteful and unnecessary programmes. In this phase the aim of policy should be to encourage consumption

and discourage saving, and so absorb some of the unwanted surplus by increasing leisure, with shorter hours and more frequent holidays. This will mark the entrance to the 'golden age', the age of capital saturation. Eventually, Keynes thought, 'depreciation funds should be almost sufficient to provide all the gross investment that is required'.[40] It is the age, foreshadowed in the *General Theory*, of the 'euthanasia of the rentier', since there will be no demand for new capital.

The same objection can raised against this essay in prophecy as was raised against Keynes's earlier 'Economic Possibilities for our Grandchildren': that it assumes that all material wants in the wealthy nations will be quickly saturated, and that it completely ignores the capital needs of the poor countries. In these respects Keynes was very much a child of his times. He did not foresee the ability of technology constantly to create new products, and underestimated the ability of advertising constantly to create new wants. Above all, he did not foresee the postwar population explosion in the developing countries. This factor, more than anything else, has rendered his prophecy academic.

Nevertheless, it does raise some pretty fundamental questions about what economics is for, as well as the distinctly awkward question of how far the peoples of wealthy nations should continue postponing their own 'golden age' till everyone in the world has caught up with them. What is certain is that Keynes would never have worshipped at the altar of GDP. The rate of per capita income growth was only important to him as an indication of the speed at which societies were approaching material abundance. Beyond that point, he expected that rates of growth would and <u>should</u> slow down. One can surmise that he would have had little sympathy for 'endogenous growth theory' which promises to postpone the slowdown of rich countries, and thus the 'catch up' of poorer countries, into a far distant future.

* * *

My purpose in this lecture has not been to enter into an argument with Keynes. It has been to show that his thought, from whatever period of his life one chooses to take it, is richer, more suggestive, and more unexpected that the textbook Keynesianism which still flourishes, or the administrative Keynesianism which ruled policy in the 1950s and 1960s. His views on

the minimum sustainable rate of unemployment and his fiscal philosophy still have a great deal to offer governments. His reminder that economics needs to retain its connection with the non-economic ends of life as these have been conceived by moralists and ethical philosophers remains a necessary warning against blind worship of the golden calf, and against marketisation carried to extreme lengths. So I say: down with Keynesianism, and up with Keynes!

[1] I would like to thank Professor Lord Desai and Professor G C Peden for their helpful comments on the first draft of this lecture.

[2] JMK, 'Post-War Employment: Note on the Report of the Steering Committee', 14 February 1944, *Collected Writing of John Maynard Keynes*, vol.XXVII, p.371, hereafter *CW* followed by volume number.

[3] *C W*, VII, p.6

[4] Ibid, p.245

[5] Pre-1914 figures are based on the records of trade unions that paid benefits to their members. The shortcomings of the data as a measure of unemployment in the labour force are well known. (See C H Feinstein, *National Income, Expenditure and Output of the United Kingdom 1855-1965*, 1972, p.225.) What matters is how Keynes interpreted them. Even so, the percentages varied considerably across the cycle, from 2.0 per cent to 7.8 per cent (Feinstein, p.57). So the figure of 5 per cent is an average, not a minimum.

[6] *C W*, XIX, p.184

[7] A P Lerner, *The Economics of Employment, 1951*

[8] JMK to Sir Hubert Henderson and Sir Richard Hopkins, *CW*, XXVII, p.271

[9] Lord Kahn, 'On Re-Reading Keynes', 1974, pp.28-30

[10] *C W*, XXVII, 28 May 1942, p.281

[11] 'Influences Affecting the National Income', June 1943, ibid, p.335

[12] Ibid, p.381

[13] JMK to Sir Hubert Henderson, ibid, p.299

[14] Alan Coddington, *Keynesian Economics: The Search for First Principles, 1983,* pp.42-3

[15] *C W*, XXVII, p.358

[16] Ibid, p.346

[17] Ibid, p.335

[18] Ibid, pp.354, 357

[19] Ibid, p.369

[20] Ibid, p.385

[21] Keynes Papers, King's College, W2/1

[22] See his letter to Sir Josiah Wedgwood, 7 July 1943, in *C W*, XXVII, p.350; also 'National Debt Enquiry, Lord Keynes's Notes, 8 March 1945, ibid, p.390

[23] R Skidelsky, 'Keynes and the State' in D Helm (ed), *The Economic Boundaries of the State, 1989*, pp.144-52

[24] In his essay 'The End of Laissez-Faire', *CW*, IX, p.289

[25] In his paper, 'The Public and Private Concern', read to the Liberal Summer School, *CW*, XIX, p.696

[26] In the *General Theory*, *C W*, VII, pp.163-4

[27] Ibid, p.378

[28] JMK to Sir Richard Hopkins and others, 15 May 1942, *CW*, XXVII, p.277; 'The Concept of a Capital Budget, 21 June 1945, ibid, pp.410-11

[29] Ibid, pp.406-11

[30] JMK to Sir Richard Hopkins, 20 July 1942, ibid, pp.224-5

[31] See R Skidelsky, *John Maynard Keynes*, vol.2, 1992, pp.267-8

[32] JMK to Sir Wilfrid Eady, 10 June 1943, *CW*, XXVII, pp.352-3; to Sir Alan Barlow, 15 June 1944, ibid, pp.376-7

[33] James Meade to JMK, 19 April 1943, ibid, p.317

[34] JMK to James Meade, 25 April 1943, ibid, pp.319-320; JMK to Sir Josiah Wedgwood, 7 July 1943, ibid, p.350

[35] Ibid, pp.319, 353

[36] JMK to James Meade, 25 August 1942, ibid, p.310

[37] JMK, 'The Long-Term Problem of Full Employment', 25 May 1943, p.322

[38] Ibid, p.384

[39] *C W*, IX, p.328

[40] Ibid, pp.321-4; see also JMK to Josiah Wedgwood, 7 July 1943, ibid, p.350