

Donald Moggridge (ed.), *Keynes on the Wireless*

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REVIEWED BY SELWYN CORNISH¹

John Maynard Keynes rarely hesitated to communicate his ideas to the public. His books, articles, letters, memoranda, speeches, political tracts, and addresses to shareholders — reproduced in the 30 volumes of *The Collected Writings of John Maynard Keynes* — testify to his literary fecundity. Yet he did not confine himself simply to the printed word; he quickly recognised the power of the electronic media, which in his day meant ‘the wireless’ (or radio). From January 1925 to July 1945 he made 21 broadcasts, all but one of them for the British Broadcasting Corporation.

Keynes on the Wireless contains all of Keynes’s broadcasts. The date when each of the broadcasts was made is indicated, and footnotes provide the date and place of the first British publication of the broadcast and its location in *The Collected Writings*. The editor, Donald Moggridge, provides both a general introduction to the collection and shorter introductions to most of the individual broadcasts.

Moggridge states that Keynes experienced some difficulties with the broadcasts. The first broadcast, entitled ‘Inter-allied Debts’, went to air on 9 January 1925 during politically delicate Anglo-French negotiations over French war debts to Britain. Keynes was warned that his views would not be welcomed in high places, and his text was censored at the last moment by the Foreign Office on the grounds that it was pro-French. A later talk — ‘The Pros and Cons of Tariffs’ — also ran into difficulties with the BBC; Keynes was asked to remove certain references considered to be politically sensitive. There were problems, too, about the relation between the spoken and written word: Keynes expected to publish his talks but did not want to spend precious time rewriting them. The BBC, however, expected the talks to sound right and was not interested in their written form.

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Since all the broadcasts are included in *The Collected Writings of John Maynard Keynes*, there is reason to ask why they have been reproduced again. Moggridge provides no justification for their re-publication. A CD of Keynes's spoken words would have been more apposite, and welcome, but the editor does not raise this possibility. I suspect any original sound recordings have been destroyed, but we are not told.

What Moggridge could have said, but does not, is that in these broadcasts Keynes expresses simply, but with great clarity and cogency, some of his most profound and enduring ideas and policy proposals. For this reason alone, the broadcasts were worth publishing as a collection.

Let me make my case for this assertion by reference to four of the broadcasts.

In 'State Planning' (14 March 1932), Keynes dismissed the kind of planning followed in contemporary Russia and Italy, and advocated instead macro-economic planning. What he had in mind was 'the problem of the *general* organisation of resources as distinct from the *particular* problems of production and distribution which are the province of the individual business technician and engineer.' (79) 'The problem of planning', he said, 'is to do those things which, from the nature of the case, is impossible for the individual to attempt. To bring in the collective intelligence, to find a place in the economic scheme of things for central determination is not to disparage the achievements of the individual mind or the initiative of the private person.' (80) By contrast, it was 'the essence of state planning', he said, 'to do those things which in the nature of the case lie outside the scope of the individual. It differs from Socialism and from Communism in that it does not seek to aggrandise the province of the state for its own sake. It does not aim at superceding the individual...or of transforming the wage system, or of abolishing the profit motive.'(81) The 'most outstanding opportunity for state planning throughout the world', he argued, 'is to be found in the avoidance, or in the mitigation of industrial slumps during which there is so vast a loss of the world's potentialities for the creation of wealth.' (83) It was here, Keynes asserted, that the individual was helpless, 'however ardent his desire and however pressing his personal interest. He is swept along, together with all his fellows, on a flood which he cannot control or direct. And nothing can be of the least avail which does not come from concerted action at the centre.' (83)

In 'Roosevelt's Economic Experiments' (13 January 1934), Keynes predicted that the 'economic experiments of President Roosevelt may prove, I think, to be of extraordinary importance in economic history, because, for the first time — at least I cannot recall a comparable case — theoretical advice is being taken by one of the rulers of the world as the basis of large-scale action. The possibility of such a remarkable event has arisen out of the utter and complete

discredit of every variety of orthodox advice.’ (125–6). Keynes’s point was that Roosevelt was experimenting with new ideas because of the prevailing economic circumstances, which orthodox thinking had failed to prevent and correct; it was not the arrival of new ideas that occasioned their adoption, but rather the conditions of the day. As he put it, the ‘state of mind in America which lies behind this willingness to try unorthodox experiments arises out of an economic situation desperate beyond precedent.’ (126) Roosevelt, Keynes believed, was ‘an empiricist, not wedded to any particular doctrine or any one technique, tolerant, optimistic, courageous and patient, he has been happy to provide the political skill and the power and authority to give some sort of a run to all kinds of *ideas*, ready to judge by results, but admittedly experimenting and watching carefully to drop in time schemes, the actual operation of which begin to seem dangerous or disappointing.’ (127)

Perhaps the most profound of Keynes’s broadcasts was the one he made on 19 November 1934. In the title he asked the question: ‘Is the Economic System Self-Adjusting?’ In the battle of ideas being waged at the time, he identified two main groups: ‘On the one side are those who believe the existing economic system is, in the long run, a self-adjusting system, though with creaks and groans and jerks and interrupted by time lags, outside interference and mistakes.’ (133). ‘On the other side of the gulf are those who reject the idea that the existing system is, in any significant sense, self-adjusting.’ (134) In the first group were adherents to the dominant classical economic theory, among whom Keynes included the followers of Karl Marx. The second group included those whom Keynes referred to as heretics, among them J. A. Hobson and other under-consumptionists.

Keynes declared that he was with the heretics. But he thought the heretics would never win the day until they adequately exposed the flaws in relevant areas of orthodox thinking. Keynes himself was convinced there was ‘a fatal flaw in that part of the orthodox reasoning which deals with the theory of what determines the level of effective demand and the volume of aggregate employment; the flaw being largely due to the failure of the classical doctrine to develop a satisfactory theory of the rate of interest.’ (137) This led him in the broadcast to spell out his theory of the consumption function: as income grew, so did expenditure on consumption, but by a smaller amount; savings would increase and would have to be absorbed by investment — or by devices to increase consumption — if full employment was to be maintained. Traditionally, it was thought that the rate of interest brought saving and investment into equilibrium at full employment. But Keynes contended that there was ‘no theoretical reason for believing it to be true’. (138) Hobson and other heretics had proposed that income should be redistributed to help boost spending on consumption. While Keynes agreed that this might be a remedy for unemployment, he preferred to boost investment by ‘reducing the rate of interest and in other ways’, though at

present he admitted that 'it is important to maintain a careful balance between stimulating consumption and stimulating investment.' (139) He was adamant, however, that 'None of this...will happen by itself or of its own accord. The system is not self-adjusting, and, without purposive direction, it is incapable of translating our actual poverty into our potential plenty.' (140)

In a broadcast entitled 'Will Re-armament Cure Unemployment?', delivered on 23 May 1939, Keynes predicted that the policy conclusions arising from his *General Theory of Employment, Interest and Money* would soon be endorsed as a result of the increase in expenditure associated with the coming war. 'Those in authority', he said, 'have refused to believe that it [unemployment] could be cured by large-scale state expenditure on housing and other needed improvements. If this were correct, it would follow that neither can it be cured by large-scale state expenditure on armaments, of all forms of expenditure the most unproductive. But, for reasons beyond our control, the grand experiment is to be made. In rearming this country, shall we, by accident so to speak, cure unemployment? This is a most exciting question for the workers — and also, I may add, for the economists.' (187–8) Reviewing in some detail current and planned expenditure announced by the government, and assuming moderate multipliers, Keynes concluded that abnormal unemployment would soon disappear. As he put it: 'The grand experiment has begun. If it works, if expenditure on armaments really does cure unemployment, I predict that we shall never go back all the way to the old state of affairs. If we can cure unemployment for the wasted purposes of armaments, we can cure it for the productive purposes of peace. Good may come out of evil. We may learn a trick or two which will come in useful when the day of peace comes, as in the fullness of time it must.' (193) The rest, as they say, is history.