On Post Keynesian economics and the economics of Keynes[1]

Roger E. Backhouse

University of Birmingham and Erasmus University Rotterdam

and

Bradley W. Bateman

Denison University

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1. Introduction

Given that it so clearly borrows from the title of Axel Leijonhufvud's great book (1968), your expectation may well be that we are going to provide a detailed analysis of the analytical errors of Post Keynesian economics, setting up an opposition between Post Keynesian economics and the theory that John Maynard Keynes developed in *The General Theory of Employment, Interest and Money* (JMK VII [1936]). However, this is

1 This talk, was written for the Keynes Seminar at Cambridge, on 23 May 2011. Section 3 draws on Backhouse (2010a) and section 4 draws extensively on Backhouse and Bateman (2010). Many of the ideas about Keynes are discussed in Backhouse and Bateman (forthcoming). It has been revised following helpful comments from Victoria Chick, Mark Hayes, Tony Lawson and Roberto Scazzieri. It should not be inferred that any of them would endorse the conclusions we reach.

not the line we intend to pursue. Thus we are not challenging interpretations such as the one offered by Mark Hayes (2006) who has sought to identify a consistent theoretical framework within *The General Theory*. Instead, we wish to challenge the Post Keynesian claim to exclusive rights over Keynes's legacy – that their ideas are, to use the metaphor popularized by Joan Robinson, the only legitimate progeny of *The General Theory* and that mainstream Keynesianism is not. Our contention is that to make such a claim is to take a position in relation to *The General Theory* that is very different from the one that Keynes himself took.[2] The Samuelsonian neoclassical synthesis, or the new Keynesian macroeconomics are, we contend, no more Keynes's bastard progeny than are the various strands of Post Keynesian economics. We are not denying that some interpretations of Keynes are better than others – there are some of which we are as critical of as are any Post Keynesians – but that the range of legitimate interpretations is much wider than the Post Keynesian literature generally admits.[3]

The first step in our argument is to establish the centrality to Post Keynesian economics of the idea that mainstream Keynesianism, from Hicksian IS/LM analysis and the Samuelsonian neoclassical synthesis to the new Keynesianism, is, to use Robinson's much quoted term, "bastard" Keynesianism. We then discuss, drawing on a recent paper (Backhouse and Bateman 2010), Keynes's attitude towards economic theory and to his own legacy. In particular, we explore why Keynes did not try to constrain more narrowly the ways in which his work was taken up. Clearly, the decade after *The General Theory*

2 This point stands apart from any general claim that the process whereby communities interpret texts is sufficient to make this point.

3 See Backhouse and Bateman (2010) for a list of interpretations.

was published was one in which he was seriously ill, with a heart problem, and in which his main concerns lay elsewhere – not least with financing Britain's war effort and making plans for a postwar economic order that would be better than the one that had failed so disastrously in the 1930s. Yet we argue that his tolerance of different interpretations of his work went further than having other preoccupations, and stemmed from deep moral and philosophical convictions rooted in Bloomsbury that raise serious questions about the ways in which notions of legitimacy and illegitimacy have been applied to his work.

2. The legitimacy of Keynes' progeny: the Post Keynesian view

Post Keynesian economics, as the term is now understood, has a history that goes back to the 1970s. Some Post Keynesians, of whom John King (2002) is the most notable example, trace its history right back to *The General Theory*; but although the term was used in the 1950s (as in Kurihara 1953) its meaning was completely different then, including within its compass those who would nowadays be considered "orthodox", "neoclassical", or "hydraulic". We prefer to follow Fred Lee (2000) and Tiago Mata (2004) in arguing that, although some of the crucial ideas had been developed earlier, Post Keynesianism as the term is now understood emerged only in the early 1970s, when a group of economists began to organize under the Post Keynesian banner to signal their opposition to the Keynesian orthodoxy that was under increasing attack from "monetarist" and "new classical opponents" (see also Backhouse 2010b). Like those who would resurrect classical doctrines, the Post Keynesians accepted the need for change, but claimed that it could be found not by abandoning Keynes but by reconstructing

Keynesian economics so as to get away from the etiolated vision found in the textbooks. What made the events of the early 1970s significant was that this is the period when Post Keynesians established themselves as a self-consciously heterodox group standing outside the main stream of the discipline, and that their calls for a reconstruction of economics went beyond simply trying to get Keynes right: whereas, in the 1950s and 1960s, Joan Robinson and Sidney Weintraub had published in the same journals as their more orthodox counterparts, from the 1970s, Post Keynesians began, from necessity as much as choice, to publish elsewhere.

To reconstruct Keynesian economics it was necessary to adopt one of two routes. One was to turn back to Keynes's own text and to find in it ideas that had been neglected or misunderstood. This was the strategy of Paul Davidson (1972), following the example of forerunners such as Sidney Weintraub (1956, 1957, 1958), Hyman Minsky (1976) George Shackle (1972). The alternative route, followed by Joan Robinson (1956, 1970, and elsewhere), Jan Kregel (1973), Luigi Pasinetti (1974), and Alfred Eichner (Eichner and Kregel 1975), was to combine Keynesianism with ideas taken from Michal Kalecki, or Joan Robinson's extension of Keynesian economics to the classical long run as represented in the Ricardian/Marxian theory of value and capital as recast by by Piero Sraffa (1951, 1960).

Common to both of these routes was a rejection of what was often, following, Robinson's terminology, labeled "bastard" Keynesianism. This was the Keynesianism of the neoclassical synthesis, represented above all by the IS-LM diagram of John Hicks (1937) and Alvin Hansen (1953) and the 45-degree line diagram put forward in Paul

Samuelson's *Economics* (1948). Indeed, it was Samuelson who, in the third edition of his textbook (1955) coined the term "neoclassical synthesis".

The term bastard Keynesianism, though it may have been used earlier in correspondence by Sidney Weintraub[4], appeared in print in a review, by Robinson (1962) of Harry Johnson's *Money, Trade and Economic Growth* (1962), in which she focused on one chapter, originally delivered as a lecture to the American Economic Association, "*The General Theory* after twenty-five years" (Johnson 1961). Johnson had closed that lecture by observing that it was impossible, in a single lecture, "to take a census of the progeny of the *General Theory*" (Johnson 1961:17). Robinson took up this remark to observe that Johnson was neither old enough to have had first-hand experience of pre-Keynesian economics, nor young enough to have realized he needed to find out what it was: instead of discussing the changes that Keynes actually brought about, he had confronted Keynes's theory "with its own bastard progeny" (Robinson 1962:690). In *Economic Heresies* (1970:87, 88) she implied that this bastard progeny included Milton Friedman's quantity theory, claiming, citing Patinkin (1969), to the effect that "insofar as he offers an intelligible theory, it is made up of elements borrowed from Keynes".

Though the bastard progeny of *The General* Theory included the modern quantity theory, Robinson also denied the legitimacy of the Keynesianism of the neoclassical-synthesis.. In her lecture, immediately after explaining how John Hicks and James Meade had mis-represented Keynes, she referred to "The bastard Keynesians" who used "arguments which are purely Keynesian (though formalistic and silly)" and "seriously

4 We are indebted to Antonella Rancan for posting this information about the first use of the term on the SHOE list.

defective in logic" (Robinson 1962: 690, 691). Being a bastard Keynesian thus involved using Keynesian ideas, but in a way that missed the point of what Keynes was trying to say, usually because it involved expressing his ideas in a mathematical model that made precise things that Keynes had left vague. Though she did not use the term, the arguments she criticized could have come from almost any textbook based around the IS/LM model, something she criticized explicitly in *Economic Heresies*, claiming that Leijonhufvud (1968) had destroyed it "by its own internal contradictions" (Robinson 1970:85).

Our contention is that this opposition to bastard Keynesianism, or some equivalent notion, was an important element in the constitution of Post Keynesian economics. Post Keynesians were united in their opposition to the Keynesian orthodoxy that was falling out of favor but for many years were not agreed on the approach that should be followed as an alternative. In their much cited survey, written over a decade after Eichner and Kregel had drawn attention to Post Keynesian economics in the pages of the *Journal of Economic Literature*, Omar Hamouda and Geoffrey Harcourt (1988) made a virtue of this. The essence of Post Keynesian economics, they argued, was that it adopted a "horses for courses" approach to economic theory: the insights of Keynes, Kalecki and Sraffa (using the latter as a shorthand for the Ricardo-Marx approach to value and distribution) might not be amenable to being forged into a single system, but they reinforced each other. Sheila Dow (1985), had called this approach "Babylonian", contrasting it with the "Cartesian/Euclidian" approach, with its emphasis on precise axioms and logical rigor, that was increasingly dominating the subject. Hamouda and Harcourt (1988:2) came close to conceding that the only unifying feature of Post

Keynesian economics was the desire to find an alternative to "mainstream neoclassical theory and the IS/LM general equilibrium versions of 'Keynesian' theory", for it comprised approaches that differed in both method and the assumptions about the world that were incorporated into those models. Take away the opposition to neoclassical orthodoxy and its bastard Keynesianism, and it would have become harder to maintain any semblance of unity. This was summed up by Robert Solow, when he wrote,

> I don't see an intellectual connection between a Hyman Minsky … and someone like Alfred Eichner … except that they are all against the same thing, namely the mainstream, whatever that is. … It [Post Keynesian economics] seems to be mostly a community which knows what it is against, but doesn't offer anything very systematic that could be described as a positive theory. (in Klamer 1984:137-8)

This situation arose in part because there significant differences between the situations in the United States and Britain. In the United States Post Keynesianism had a clear identity because of the student-teacher relationships between Weintraub, Davidson and Kregel and because it achieved an institutional presence in a small number of universities such as Rutgers and Amherst. In contrast, in Britain, though Joan Robinson was the iconic figure on account of her association with Keynes and the Cambridge "circus" and her role in questioning the neoclassical theory of capital, and though Cambridge was the central institution, the institutional links were looser, resulting in a wider variety of approaches being taken. There were of course strong transatlantic links: Kregel, a student of Davidson, was close to Robinson; and Victoria Chick, a leading British Post Keynesian, was taught by Minsky at Berkeley. But these links were not sufficient to bring about a shared set of beliefs on the basis of which a common identity could be created.

In recent years, Post Keynesians have managed to achieve a greater sense of unity, this being forged around a focus on uncertainty as the key Keynesian insight, the position long taken by Davidson and Minsky. Those inspired by Sraffa and the capital controversy, much closer to Marx than someone like Davidson, and who were never as influential in the United States as in Europe, have not disappeared but have gone in different directions. As a result, agreement has formed among many Post Keynesians that there is a need for an "open systems" methodology sometimes, but not always linked to Tony Lawson's (2003) critical realism. Thus the second edition of Dow's survey of schools of macroeconomic thought, Dow (1996), introduced closed and open-systems methodology to supplement the distinction between Cartesian/Euclidian and Babylonian modes of thought around which the first edition was structured. In his recent account of Post Keynesian methodology, Jesper Jespersen (2009) adopts a similar approach, linking it specifically with critical realism. Others do not make this last link, though the connection between uncertainty and open-systems theorizing is widely made. The Sraffian and Kaleckian approaches have thus become less prominent in Post Keynesian economics (perhaps because adherents to those approaches have simply gone their own way) than the uncertainty approach represented most characteristically by Victoria Chick (1984) and Paul Davidson (1991).[5] Since the financial crisis of 2008, when awareness of

5 It is interesting to note that one of the most eloquent proponents of the uncertainty approach to Post Keynesian economics, George Shackle has largely disappeared from the Post Keynesian literature. This may be because Shackle's work had an Austrian flavor that led him to sometimes suggest that

financial instability and expectations burst into the public arena, Davidson's view has been prominent (Davidson 2007, 2009), especially with the author of the most substantial biography of Keynes, Robert Skidelsky (2009) taking a similar position. The Cambridge capital controversies, central to the creation of the Post Keynesian identity in the 1970s (see Mata 2004), has received less and less attention.

However, despite the emergence of a less fragmented Post Keynesian view, it can be argued that Post Keynesian economics still defines itself in opposition to versions of Keynesian economics that are considered illegitimate representations of Keynes's ideas. There is considerable imprecision, for instance, on what "open-systems theorizing" involves; certainly not enough precision upon which to build a research program. It is so broad that it can encompass approaches that have very different heuristics, to use a term that the philosopher Imre Lakatos popularized.[6] If Post Keynesian economics is to be distinguished from mainstream economics, which is in practice far more flexible and "open ended" than the widespread emphasis on rigor and formal modeling would suggest (see Backhouse 2007), such a broad methodological stance needs to be supplemented with substantive beliefs about the economy as well as, crucially, with analytical techniques that capable of allowing Post Keynesian analysis to develop.[7]

uncertainty mean t that economic policy might be of limited value, for one common thread of Post Keynesian economics would ber a string belief in the desirability of activist governme nt economic policy, especially fiscal policy.

6 Lest the contrary conclusion be drawn, nothing here implies that our perspective is Lakatosian. We are doing no more than use a helpful vocabulary.

7 It is often argued by those who espouse "open systems methodology" that the appropriate way forward it to make "partial closures" that permit limited use of more formal methods. However, this does not

One might have thought that this need to find alternatives to conventional ways of analyzing the economy, something that critics find lacking in Post Keynesian economics, would have led Post Keynesians to embrace some of the approaches taken by the "new Keynesians" who emerged in and after the 1970s, for the new Keynesians have sought, in a very eclectic way, to challenge the classical presuppositions about how competitive markets work; furthermore, recent behavioral economics would seem to have much in common with the way Keynes himself analyzed behavior in financial markets, a claim that George Akerlof (2007) made in his widely discussed presidential address to the American Economic Association.[8] However, Post Keynesians have mostly distanced themselves sharply from such developments. Jespersen (2009:222-5) argues that there is a clear methodological divide, whilst Davidson (2009) focused on the non-ergodicity of economic systems and on the assumption of sticky wages.

3. Keynes's attitude to economic theory

For Keynes, economics was what Hoover (2006) has termed a "diagnostic" science. It should, as was all his own theory, be driven by a concern for policy. He did construct economic theories, the prime example being *The General Theory*, aimed specifically at

define a distinctive approach for it is arguable that, even if they do not talk in such language, this is what mainstream economists routinely do when they acknowledge that their models are incomplete representations of the world.

8 For example, there may be good reasons to be skeptical about some experimental work; but the literature on experimental economics might look very different if more of it were undertaken by economists who did not share the belief held by some or the most prominent experimentalists that markets work well.

his fellow economists, but he was developing a new theory, not for its own sake, but because existing theories were not serviceable as a basis on which to draw policy conclusions. He approached economics as a physician, diagnosing problems with the economic body, and prescribing solutions.

This view of Keynes's attitude towards economic theory is consistent with the appraisal offered by Austin Robinson (1947), soon after Keynes's death. Keynes greatness, Robinson argued, lay in his having brought together economic theory and policy at a time when they were in danger of drifting apart. Robinson found the consistency that he believed characterized Keynes's career in his having placed certain objectives, notably full-employment, at the heart of the policy agenda.

Another crucial dimension of Keynes attitude to theory was the importance he attached to intuition. As he explained, his starting point was intuition or vision, "the grey fuzzy woolly monster" in his head (Moggridge 1992:551-71; Skidelsky 1992:539-48). However, though he did then go on to make arguments more precise, he believed that it was impossible to be completely precise. We therefore find, in *The General Theory* (JMK VII:297-8) a critique of the use of formal mathematics:

> It is a great fault of symbolic pseudo-mathematical method of formalising a system of economic analysis … that they expressly assume strict independence between the factors involved and lose all their cogency and authority if this hypothesis is disallowed. … Too large a proportion of recent "mathematical" economics are merely concoctions, as imprecise as the initial assumptions they rest on, which allow the author to lose sight of the

> complexities and interdependencies of the real world in a maze of pretentious and unhelpful symbols.

Such passages are, no doubt, music to Post Keynesian ears. We do not wish to minimize their importance or their applicability to much economic theorizing since *The General Theory*.

However, there is an important tension in *The General Theory*. Keynes was indeed a skeptic about taking formal mathematical methods too far – we can clearly say that he was a critic of formalism – but he nonetheless used mathematical arguments. Though his accounts of the key relationships (the marginal propensity to consume, liquidity preference and the marginal efficiency of capital) contain a lot of intuitive, informal theory, and though he rejected some formal models that he might have used (such as his friend Frank Ramsey's (1928) model of saving, published in the journal of which Keynes was editor) mathematical language and reasoning pervades the book, and he did provide simple mathematical models of these things. Thus although he may not have put them together to form the IS/LM model, all the components of that model were in *The General Theory*. Thus it is possible to argue that, though Keynes did not confine himself to a simple, formal model, there *is* a model in there.

Furthermore, the model that can be found in *The General Theory*, which Hicks and others later extracted as the IS/LM model, was an important part of the book's argument. Judged by the number of pages containing algebra, *The General Theory* is not a mathematical book. However, remove all the pages that use algebra, and the book is completely eviscerated. The points at which Keynes uses algebra include some of the most crucial parts of his argument, notably the determination of effective demand (see Backhouse 2010a).

To understand Keynes's attitude to economic theory it is helpful to return to the example used at the end of the previous section, how might Keynes have responded to recent behavioral economics? Our contention is that, even if he were skeptical about behavioral economics (and we concede that he might have treated it with great skepticism), he would have encouraged those who were developing the field. The evidence on which this contention is based is that in the decade after the *General Theory* was published, he did not try to prescribe the

correct way to interpret the book. In his very important restatement of his ideas in *Quarterly Journal of Economics*, he does state, in very clear terms, that the fault of the classical theory lay in its neglect of uncertainty about the future that could not be reduced to calculable, numerical probabilities. Yet, in that article he also wrote,

> I am more attached to the comparatively simple fundamental ideas which underlie my theory than to the particular forms in which I have embodied them, and I have no desire that the latter should be crystallized at the present stage of the debate. If the simple basic ideas can become familiar and acceptable, time and experience and the collaboration of a number of minds will discover the best way of expressing them. (JMK XIV[1937]:211-12)

This passage, of course, can be read in different ways, but it suggests considerable modesty as regards specific formulations of his ideas.

This modesty makes sense of his oft-quoted remark to John Hicks that he found his paper on what became called IS/LM model "very interesting and really have next to nothing to say by way of criticism." (*JMK* XIV: 79). It also makes sense of his encouragement of Abba Lerner, Brian Reddaway, James Bryce, James Meade, Richard Stone and Joan Robinson, who were developing his ideas in very different ways, some of which amounted to what was later called "bastard Keynesianism" (see Backhouse and Bateman 2010 for an extended account).

Nowhere in the voluminous correspondence after the publication of his magnum opus does he tell anyone that they must adhere exactly to the form of his models in the *General Theory*. He even praised the paper in which Harrod (1937) concluded that,

"Mr Keynes has not effected a revolution in fundamental economic theory but a re-adjustment and a shift of emphasis" (JMK XIV:84; c.f. Moggridge 1986:361).

Thus, in the same way that Keynes could encourage young economic theorists who were using method that he himself did not use and he could encourage econometricians about whose work he remained skeptical,[9] it would seem very likely that he would have

9 Keynes was, as is well known, very skeptical about the econometric methods used by Jan Tinbergen in the macroeconomic modeling he was doing for the League of Nations, for very specific, technical reasons that stemmed from his work earlier in his career in induction and probabilistic thinking. However, such work did not claim to be Keynesian economics; neither did he try to persuade Tinbergen not to pursue it. Rather, he asked that Tinbergen undertake the inductive work necessary to make

seen behavioral economics as a way to explore and develop some of the ideas, to which he clearly attached great importance, about how people behaved when faced with the problem of acting in an uncertain world.

The point for Keynes was to develop new theories that might have the potential to help with the diagnosis of economic maladies. Keynes had basic beliefs about the way capitalist economies worked that he considered crucial, the most important being that, whilst capitalist economies can sometimes perform well for long periods of time, they can also become unstable because of speculation, the result being prolonged periods of unemployment. He also believed that investment played a major role in this process and that policy makers had both the power and the responsibility to take remedial action. To be usable, these ideas and intuitions had to instantiated in an economic theory, as he had done in *The General* Theory, for this helped to justify the policy recommendations.[10] However, once he had done this, he was happy for others to develop alternative forms of the theory by formalizing his ideas in different ways within different theoretical frameworks.

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legitimate statistical inferences and not simply make assumptions about the distribution of the variables with which he was working.

10 We use the phrase "ideas and intuitions" because the boundary between intuition and theory is blurred. Thus there are no doubt theoretical propositions, such as the relation between investment and effective demand, to which Keynes may have been committed; but we suggest that he was not committed to a specific representation of that idea. When the circumstances changed, so should the theory.

4. Keynes's opposition to dogma[11]

Keynes would, no doubt, have sympathized with Paul Samuelson's outburst against the "unreconstructed Keynesians" he met at the hundredth anniversary celebrations of Keynes's birth:

> I actually did not like a certain note that I thought I detected at the hundredth anniversary of Keynes's birth, celebrated at the holy of holies, King's College, Cambridge. Person after person got up, walked the sawdust trail and said: 'I am just as firm a Keynesian as I ever was. I am an unreconstructed Keynesian.' And I finally exploded and said: 'We don't want unreconstructed Keynesians. We want people who will carry the scientific analysis further.' (Interview reported in Blaug 1990:58)

In fact, Keynes was explicit that he did not value holding onto old theoretical constructs when one's basic insights about the economy had changed. By 1937, he was already looking to move on from the *General Theory*, as he explained in a letter to Joan Robinson. He encouraged her go ahead with her book, which he described as "practically following my *General Theory*", but then wrote, "I am gradually getting myself into an outside position towards the book, and am feeling my way to new lines of exposition" (JMK XIV:150). In correspondence with Richard Kahn, Keynes referred to the efforts of Dennis Robertson and A.C. Pigou to hold onto their old theories in the face of their new found support for public works projects as "a sort of Society for the Preservation of Ancient Monuments" (JMK XIV: 259).

11 This section draws heavily on Backhouse and Bateman 2010.

However, even if Keynes would have agreed with the anti-dogmatism of Samuelson's remark, he would never have expressed it in the same language. His opposition to dogma was not framed in terms of economic science, but followed from his early experience in Bloomsbury where he learned to develop strong opinions while always refusing to hold them up as a new orthodoxy. His friend Roger Fry (1920: 87), for example, explained why he never considered a subject finished in words that could have been used by Keynes: "I have always looked on my system with a certain suspicion. I have recognized that if it ever formed too solid a crust it might stop the inlets of fresh experience". The members of the Bloomsbury Group never considered any subject settled.

One of the central tenets that underpinned the work of the members of Bloomsbury was the effort to debunk myths and undercut dogma. This trait is evident in their painting, in their novels, in their biographical writings, and in their social commentary. Craufurd Goodwin (1999, 2006) has probably made this feature of Bloomsbury most evident and he has certainly gone further than anyone in demonstrating how the ideal of reason over dogma was as a central to Maynard Keynes's work as it was to that of any other member of Bloomsbury. "Keynes found that the political economy of Great Britain, extending from the nineteenth century into the twentieth, like the rest of British culture cried out for liberation from dogma and superstition" (Goodwin 1999: 431).

The importance of avoiding dogmatism in economic matters was very clearly expressed in his reaction to an interview published in the *New Statesman* in 1934:

> [George Bernard] Shaw and Stalin ... look backwards to what capitalism was, not forward to what it is becoming. That is the fate of those who dogmatise in the social and economic sphere where evolution is proceeding at a dizzy pace from one form of society to another. (JMK XXVIII: 32-3)

It was a few weeks after this that he wrote the famous letter to Shaw in which he said that he was writing a book that would “largely revolutionise ... the way the world thinks about economic problems” (JMK XXVII: 42). However, he immediately followed that remark that the theory would be mixed with politics, feelings and passions, and that he could not predict what the outcome would be.

Keynes’s reluctance to respond to the detailed criticisms made by reviewers of the *General Theory* was also characteristic of Bloomsbury. They often did not respond to critics: they just smiled. This reluctance to respond to critics, which Virginia Woolf explored in her novels, may have stemmed from the Quaker pacifism that was pervasive in Bloomsbury, but it is also consistent with their belief that they should set their ideas free in the world and not let them become hardened into any orthodoxy.

Bloomsbury’s attitude to dogma is important if we are to understand the much quoted sentence from the introduction to *The General Theory* in which Keynes talks about the “struggle of escape from habitual modes of thought and expression.” Clearly, this is about escape from the classical theory, but it is important to read it as reflecting a deeply held belief about the danger of dogma in general, rather than simply about a danger that is peculiar to the classical theory. “The difficulty lies,” he wrote, “not in the new ideas, but in the escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds" (JMK VII: viii). This we suggest, was something Keynes believed to be a general problem, not one specific to classical economics. His willingness to compare classical economics with religion suggests that he would have approved of Samuelson's attack on Keynesian fundamentalism.

However, the conclusion that is less often drawn is that Keynes's hostility to dogmatism extended not merely to so-called "classical economics" but also to his own work. He was dogmatic in his assertion that economic theory must recognize the fact of mass unemployment, and the inherent instability of capitalism, but that was not enough to define a theory. Bloomsbury opposition to dogmatism in general explains why, in the *Quarterly Journal of* Economics, he expressed flexibility about the form in which his ideas might be represented and why , as early as 1937, he could write that he was feeling his way to new ways of exposition. It explains why he could encourage young Keynesians who were developing his theory in very different directions.

Keynes also believed in art as one of the highest ends in life: for someone with his Moorean roots, the ideal occupation was to be an artist (see Backhouse and Bateman 2006b:150-3). Keynes may have chosen a career in economics, but this did not imply that he had abandoned the ideals that motivated Bloomsbury's involvement with art. One of these, of course, was the respect for and encouragement of creativity. For it is striking that in each of the cases in which he dealt with a younger economist who was trying to expand upon his model in the *General Theory* or re-formulate it, Keynes was generous in his praise and encouraged the efforts. Avoidance of dogma, and adopting an open and liberal attitude towards those who developed his work in directions different from his own all indicate someone who eschewed dogma. Avoidance of dogma involved being creative and open minded, but modest at the same time. Thus as well as writing about creating a revolution, he could also write, "If economists could manage to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid!" (JMK, IX: 332). His attitude towards *The General Theory* was that of an artist to his or her work: it was to be released into the world, not guarded and preserved.

5. Towards a richer Keynesian economics

Our central argument is that Keynes encouraged other economists to take his ideas and develop them in a variety of directions. One implication of this is that the accusation made by Joan Robinson and many Post Keynesians that neoclassical synthesis Keynesianism and even the new Keynesianism are illegitimate is to miss the point. The concept of legitimacy and illegitimacy, as these ideas are understood in the notion of "bastard" Keynesianism, is treacherous. In thinking about Keynesian economics, the issue not whether they are being faithful to the theoretical framework *The General Theory*, for by this criterion Keynes himself was ceasing, by the admission he made to Robinson, to be a Keynesian. The real issue is whether they are developing the central ideass about capitalist economies that Keynes was trying to capture with his theory.[12] Of course, that raises questions about what those central ideas were but, from his reactions

12 These intuitions are not the same as the "central message" that Patinkin (1982) defined in order to work out precisely when Keynes made the transition from the theoretical framework of the *Treatise on Money* (JMK V and VI) to that of *The General Theory*. Inevitably, given Patinkin's chosen task, that central message was defined in relation to the *theory* Keynes developed in the latter book, not in relation to the underlying intuitions.

to his younger colleagues', there would seem ample evidence that Keynes would have considered the Keynesianism of economists such as Paul Samuelson, Robert Solow, James Tobin or the new Keynesians to be legitimate developments of his ideas.

Clearly, one implication of this argument about Keynes's tolerance towards different interpretations of his ideas is, in a sense, to "rehabilitate" neoclassical synthesis Keynesianism, for it cannot be dismissed as "bastard" Keynesianism. His support for Hicks, Harrod and Lerner has been mentioned. It is also worth noting that the neoclassical synthesis was based on the idea that the classical theory would come into its own at full employment and that this idea occupies a prominent place in the last chapter of *The General Theory*.

However, to assert the legitimacy of the neoclassical synthesis is not to defend it as the right or "true" form of Keynesianism. That would be as big a mistake as to deny its legitimacy.The adoption of any line of development has both costs and benefits. IS/LM picked out certain features of *The General Theory* and made them the basis for a new set of models. Much that was *also* important to Keynes was left out (see Backhouse and Laidler 2004). The problem lay not in the use of those models, but in believing that they were sufficient to capture the full Keynesian vision, and insofar as they held such a belief, mainstream Keynesians may have exhibited the dogmatism of which Keynes was so critical. Post Keynesian economists have also captured important dimension of Keynes's vision, though here the problem would appear to be the opposite: where the drive towards formal modeling has probably been the most significant factor in constraining mainstream Keynesianism, Post Keynesians have arguably found it much more difficult to find the techniques and models that would enable them to test and develop their vision of how the economy works.[13]

If the Keynesianisms of both mainstream Keynesians and Post Keynesians are limited, where does that leave the economics of Keynes? As we said at the outset, we have no desire to lay down a unique, correct interpretation of Keynes's theory, on the grounds that this was not the fate that Keynes sought for his own work. But if Keynes does not provide us with a single definitive theory, of what value is his work? Though he did provide theories for his own time – notably his analysis of the Great Depression and of the inflationary problems Britain faced during the Second World War – his main value today arguably lies not in a specific theory (though that may be useful) but inoffering a vision of capitalism, as fragile, prone to bouts of disorder, yet absolutely essential both for economic prosperity and for the preservation of the liberal values to which he was passionately committed. More than that, even if his theories do need to be reworked to fit current conditions, many of the conceptual tools he created may prove useful in developing the theories that are needed today.

In principle, this view of Keynes should be no more threatening to mainstream Keynesians than it is to Post Keynesians. Both groups should be reminded of their limitations. Yet, it is probably more of a problem for Post Keynesians because of the way their identity is tied up with the notion that they are protesting against illegitimate claims to Keynes's legacy.

13 See the comparison of Post Keynesian economics and behavioral finance in Bateman 2011.

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