



## The economist who could save the world

By **Ishaan Tharoor**

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**Who's afraid of big spending now?** Across western democracies, the impact of the coronavirus pandemic has compelled governments of various stripes to unleash fiscal stimulus on their battered societies. Even before the virus paralyzed much of the global economy, public attitudes toward austerity had long soured, with parties across the political spectrum increasingly embracing more active social spending and eschewing platforms that touted cuts.

In "The Price of Peace: Money, Democracy and the Life of John Maynard Keynes," journalist Zachary Carter vividly explores the career of the early 20th-century economist whose prescriptions for economic crises linger with us. As The Washington Post's review of the book puts it, governments are "still in thrall" to Keynes in myriad ways, but especially when faced with the troubles of our present. Carter, a reporter at HuffPost, spoke to Today's WorldView about Keynes and his legacy. Below is an edited version of our chat

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## **What do we mean when we talk about “Keynesianism?”**

Most of us encounter a version of Keynesianism in Econ 101 courses, where we learn that Keynes was the guy who counseled governments to spend big during recessions to help bring the government out of the doldrums. But Keynes himself never wanted to be remembered as a deficit therapist. He was a social thinker who was concerned with the great problems of his day: war and economic depression. And I think he would be very troubled by the idea that government spending on *anything at all* became the hallmark of his legacy in the economics profession. Although, he was not a modest man, and I think he would have taken some comfort in knowing that Democrats and Republicans alike have adopted policy strategies named after him.

**Are there ways in which he viewed social goods and the responsibilities of lawmakers that would challenge the mainstream norms of our present, especially in America?**

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Very much so. Keynes was deeply afraid of social upheaval and revolution, but his social values were essentially radical. He was a gay man who lived with a community of pacifist artists and writers, who was very comfortable living against the grain of the social norms of his time. But I think he would be perplexed by what we deem to be political battles in the United States. He thought economic policy was the central political battleground for social justice, and the way economics has become technocratized and hived off from mainstream politics as an arena for specialists would have both excited and frightened him. He would be terrified by the idea that central political questions about equality and inequality have become the terrain of experts who essentially rule in favor of inequality, regardless of which political party is in charge. Keynes viewed inequality as a very dangerous thing — it's something that preoccupied him when he wrote "The Economic Consequences of the Peace" and "The General Theory" — his two masterpieces.



**Dr Liv Gibbs**  
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Portrait of John Maynard Keynes by Duncan Grant 1917

(@CharlestonTrust). Economist. Painted in the garden at Charleston, Sussex.



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**For all the impact he's had on economic policy thinking, he faced repeated political disappointments through much of his career.**

I think there are very few people who have cultivated such monumental political legacies who had such pathetic political careers. Keynes lost essentially every public policy battle he waged between 1917 and 1941. All of his economic thought was developed in an attempt to prevent another calamity like World War I, and he obviously failed in that project. But that failure forced him to be increasingly ambitious with his thinking. If he had been able to persuade governments at Paris in 1919, for instance, to cancel international debts, we might never have seen "The General Theory."

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**The conventional understanding now places Keynes, a champion of stimulus, against Milton Friedman, who came after him and is seen as a champion of austerity. Is that a useful binary?**

I think we lose track of the fact that Friedman and Keynes had different social visions. They weren't just arguing across the generations about which policies would best create the same desired result. They were arguing about what kind of world they wanted to live in. And the mathematicization of economics in the 20th century really obscures this deeper ideological conflict, often by design. Keynes wanted everyone to live in the Bloomsbury of 1913, having their hair cut by Virginia Woolf while drinking champagne and debating post-impressionism with Lytton Strachey. Friedman wanted to preserve these activities as the exclusive domain of the wealthy. Why be rich if you can't live a better life than the masses? To which Keynes would counter: Who cares about the masses when you are drinking champagne with Virginia Woolf?

**So literal champagne socialism?**

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It depends on which Keynes you're talking to, but by the end of his life, I think that's about right. Keynes had a complicated relationship with the word "socialism." He was ferociously critical of the Soviet Union. But he also thought the socialist Labour governments in Britain during the 1920s and 1930s were much too timid and insufficiently committed to economic justice for working people. In the United States, we remember Keynes for deficit spending, but his most comprehensive policy victory was the establishment of the National Health Service in Britain. He was the financial architect of socialized medicine in the U.K.



**Adam Tooze**  
@adam\_tooze

"Along the way, Keynes reinvented Enlightenment liberalism to meet the harrowing crises of the twentieth century"

That sounds about right to me

New book by [@zachdcarter](#) looks really interesting. By [@randomhouseindiebound.org/book/978052550...](https://www.randomhouseindiebound.org/book/978052550...)

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**Given the pandemic and the kind of spending many governments are mustering now, are we entering a new age of Keynesianism?**

In a narrow sense, we've always been living in a Keynesian world. Even Republicans spend big to save the economy. But since 2008 and particularly today, it's obvious that there is no market economy absent political support for economic activity, and recovery will require profound, long-term guidance from today's great powers. But Keynes would not see the crisis as a matter of dollars and cents or imbalanced equations. He'd look to climate change, inequality and the escalating tensions between the United States and China as pressing social problems in need of immediate attention. And so he'd craft rescue packages that attempted to kill multiple birds with one stone: bring the economy to prosperity, of course, but establish a foundation for international harmony.

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Keynes never stopped believing in the potential for people to create a better world, even as the world in his own lifetime descended deeper and deeper into chaos and dysfunction. There was no problem he believed democracies were incapable of overcoming. People criticized him for being naive, but I don't think democracies can afford to break that faith in the future.

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