

12. Why was he disappointed in the twilight of his career?
13. Explain the meaning of the emphasized words.
14. Discuss the text together with your groupmates.

3.10. JOHN MAYNARD KEYNES (1883-1946)



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.

British economist John Maynard Keynes wrote those words in 1936, in a book that revolutionized the field of political economy: **The General Theory of Employment, Interest and Money**. The words were marvellously **prophetic**. Perhaps no other economist has had so great an impact on economic thought and policy.

John Maynard Keynes (pronounced “canes”) was born on June 5, 1883, in Cambridge, England. His father, John Neville Keynes, **registrar** to Cambridge University, was a well – regarded logician, and his mother, Florence Brown Keynes, devoted her energies to public service and once served as a mayor of Cambridge. He grew up among his parents’ academic, literary, artistic and political friends.

Keynes won a full scholarship to Eton, England’s finest secondary school, and another to King’s College at Cambridge University, where he **majored** in mathematics. Economic historian Robert Heilbroner **sums up** Keynes’s college days: “Cambridge was a triumph. Alfred Marshal **begged** him to become a full-time economist. Professor Pigou-Marshall’s **heir-to-be** – had him to breakfast once a week. He was elected Secretary of the Union, a post automatically carrying an eventual presidency of one of the most famous nongovernmental debating societies in the world.”

After receiving his degree, Keynes turned to the civil service, accepting a position in India in 1907. He later complained that his only important duty had been making arrangements to ship a **pedigreed** bull to Bombay. He was miserable and bored, but the lack of **intellectual challenge** allowed him to take up other pursuits. He chose to analyze the Indian economy.

In 1909, Keynes gave up the civil service and returned to Cambridge to teach. He became editor of *Economic Journal*, England’s most influential economics

publication, and in 1913, he published *Indian Currency and Finance*, a book that earned him respect for his **insight** into monetary issues.

With the outbreak of World War I, Keynes returned to civil service. His mastery of financial issues and his diplomatic **flair** led to a rapid climb up the Treasury ladder and by the end of the war he held a position equivalent to an assistant secretary. He resigned in 1919 in protest against British diplomatic policies.

After the war Keynes started dealing in commodities and international currencies. He spent one-hour in bed each morning **poring over** financial statistics and making phone calls to his broker. That was all Keynes needed, it seems, **to parley** an initial investment of a few thousand pounds into a large personal fortune. While attending a ballet performed in London by Diaghilev's Ballet Russe, Keynes was **enraptured** by one of the ballerinas, Lidia Lopokova. They were married in 1925.

Not long after the American stock market crash of 1929, Keynes published **A Treatise on Money**, in which he began to depart from one of the basic **tenets** of classical economics: that the economy automatically corrects any **lapses** from its full-employment level of income. By 1936, after visiting the Depression-stricken United States and witnessing the economic **deterioration** throughout Europe, Keynes published **The General Theory of Employment, Interest and Money**. In it, he agreed that the economy tended toward equilibrium but argued that equilibrium didn't necessarily occur at full employment. Indeed, he argued, the economy could **stall** far short of the full-employment ideal, and it could remain stalled indefinitely.

The length of **severity** of the Great Depression provided **ample** support for Keynes's assertions. But he wasn't **content** merely to explain the problem; he offered a solution. Where private industry failed to provide the investment and thus the employment and the income-necessary to get the economy back on its feet, government could come to the rescue. Keynes **advocated** large-scale government spending as a means of restoring economic health. Keynes didn't live to witness the importance his theories would have in economic policy making, but he was aware of the impact his book would have.

In a letter to George Bernard Shaw shortly before completing the manuscript, he wrote, "You have to know that 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." Keynes spent the remaining decade of his life travelling around the world on various diplomatic and intellectual missions. Although he was quite involved in cultural and commercial concerns as well, his activities were **curbed** somewhat by a heart condition. In the spring of 1946 he died of heart failure at the age of 63.