

# **“The philosophical foundations of Chapter 24 of *TGT*: Is mankind’s destiny the essence of Keynes’s evolutionary vision?”**

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## *Abstract*

It is difficult to advance a point beyond what Keynes himself commented about his own vision in *The General Theory of Employment, Interest and Money* in 1936 (hereafter *TGT*) in its Chapter 24. It is also difficult to express a deeper thought than what Skidelsky wrote about Chapter 24 of *TGT* (cf. Skidelsky, 1997).

The purpose of this article is to identify whether Chapter 24 of *TGT* is the gist of Keynes's legacy, having set the foundations of macroeconomics in the previous 23 Chapters. Relevant topics included in Chapter 24 are the consequences of full employment, the fate of income distribution, the future of overall wealth, the socialization of investment, saving, expectations, the role of the State in economies, the future of financial markets and the interaction between economics and other disciplines. Indeed this Chapter displays Keynes's genius as a social philosopher, following the tradition of *The Economics Possibilities for our Grandchildren* (1930).

In Chapter 24 he was taking a glance at his product as did Phillip II when he was observing the construction of his castle *El Escorial* in XVII Spain. Within his vision, is this piece of work a justification of capitalism? Keynes sees the State as both the spender and the employer of last resort, thereby proposing a new role for the government (Skidelsky, 1998). He also suggests a new role for the private sector and reconsiders the interrelation between the two sectors. He is fully optimistic about this issue, which he considers as evolutionary.

In addition, Keynes blurs the distinction between economics and sociology, advancing new interdisciplinary hints in his thinking. Keynes is also concerned about the epistemological role of assumptions in order to obtain defensible conclusions. Thereafter the British economist proposes new methods. He was a neo-realist and was against the inductive method. In addition, it can be stated that *TGT* is grounded on new psychological laws and motivations, that is, on a new vision of humankind, especially in the analyzed chapter.

His topics are the bypassing of Classical Economics; the destiny of macroeconomics in both theoretical and policy terms, highlighting new roles for interest rates; savers and rentiers; and the relevance of such concepts as ideas, interests and power. In all these respects Keynes is once again far ahead of his time. Finally a debatable topic dealt with by Keynes in Chapter 24 of *TGT* is

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socialization of investment. This is in words of Skidelsky, a shift in the balance of social power.

Keynes is thus in Chapter 24 of *TGT* a visionary, an idealist, a reformer, and certainly a trans-generational thinker. When he talks about the passion of thriftiness and the setting of reasonable financial rewards arising from financial instruments he is advancing explications for financial crises in terms of speculation.

The open conclusion is that Chapter 24 contains the gist of Keynes's mature philosophical thinking and legacy, confirming that for him attitudes are one of the most relevant issues in life. In addition, he considers that both social and psychological elements are necessary for a thorough understanding of economic issues and their consequences, such as peace and happiness.

Section 1 is an introduction. Section 2 is both a literature review and a summary of Keynes's general philosophical insights. Section 3 is an analysis of Chapter 24 of *TGT* in the specific fields of Epistemology, Ethics, Ontology, and Political and Social Philosophy, with emphasis on the latter two. Section 4 is an open conclusion. References are listed at the end of the article.

*Keywords:* Keynes, philosophy of economics, social philosophy, epistemology, method, ethics, ontology, uncertainty, full employment, income distribution, wealth, euthanasia of the rentier, saving, socialization of investment, O'Donnell, Carabelli, Fitzgibbons, Skidelsky.

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## **1. Introduction**

*The General Theory of Employment, Interest and Money (TGT)* published in 1936 is in a nutshell the analysis of the existence of underemployment equilibria in economies, demolishing the Classical concept of a self-attainable full employment equilibrium. Unemployment is its main concern as well as the inequality between saving and investment. In *TGT* the distinction between the real and the monetary aggregate sectors is blurred and a new role for money and the monetary variables is identified. It is thus the beginning of macroeconomics, wherein phenomena are studied in organic terms, and uncertainty -rather than scarcity- is pervasive.

Although interpretations vary, it is superfluous to comment on the relevance and impact of this magnificent book. The economic framework, context and implications of the famous book have been widely studied by thousands of authors, perhaps more specifically by Keynes's biographers: Moggridge (1992), Skidelsky (1992; 2000), Hession (1984) and Harrod (1951). The main economic authors that have studied *TGT* and Keynes's work are listed in Table 1 below.

This article aims to add a philosophical analysis of Chapter 24 for widening the analysis conducted by Skidelsky about this specific issue. This Chapter displays Keynes's genius as social philosopher. He is taking a glance at his vision as did

Phillip II when he was observing the construction of his castle *El Escorial* at the outskirts of Madrid in XVII Spain. The comparison is relevant since rarely a contribution to knowledge contains at its end such a relaxed vision. As Skidelsky states, Keynes starts in Chapter 24 of *TGT* his imaginative life, and it can be added: it summarizes the implications of the lessons learnt from its former chapters.

Our interest arises from the fact that in most of his books and especially in *The Economic Consequences of the Peace (ECP)* and in *TGT*, Keynes exhibited a gift for prophecy, which inspired further analyses and generated qualitative predictions (Skidelsky, 1996). His predictions are based both on his theoretical and practical insights supported by the use of intuition. It is hence convenient to relate the above mentioned economic and political issues with the so-called Maynard's "Universals", which are identified by philosophers of science, i.e. time, uncertainty, money, equilibrium, organicism and realism. The point of departure for this task is to conduct a literature review of Keynes's philosophy.

## 2. Literature review of Keynes's general philosophical insights

The purpose of this section is to undertake an outline of the basic philosophical foundations of *TGT* for the latter conduction of the philosophical analysis of Chapter 24 of Keynes's magnum opus.

The philosophical analysis of Keynes's writings was initiated in the late 80's along with a new and innovative interest in his life and accomplishments. This reflected a fresh interest in his thought. Recent literature on these topics takes the readers to the authors mentioned in the first column of Table 1.

<b>Table 1 A non-exhaustive list of writers on Keynes</b>		
<b>On Keynes's philosophy of science</b>	<b>Biographers</b>	<b>On Keynes's Economics</b>
Sheila Dow	Roy Harrod	Axel Leijonhufvud
Victoria Chick	Charles Hession	Don Patinkin
Anna Carabelli	Daniel Moggridge	Milton Friedman
Roderick O'Donnell	Austin Robinson	Friedrich Hayek
Bill Gerrard	Robert Skidelsky	Jacob Viner
Tony Lawson	Robert Heilbroner	Paul Samuelson
Athol Fitzgibbons	Hyman Minsky	Paul Krugman
John B. Davis		Brian Reddaway
		Robert Clower

Source: Own elaboration, 2012.

The first relevant question in this context is: How evolutionary was Keynes's thinking? According to **Bill Gerrard** (1991), the "recent emergence of the 'new' Keynesian fundamentalism associated with Carabelli (1985), Fitzgibbons (1998) and O'Donnell (1989a) amongst others, represents a shift of weight in favor of Keynes's early philosophical papers (Gerrard, 1991, p. 99)."

For Gerrard (1991), Keynes also advocated induction and represented a sort of middle way between skepticism and rationalism, but was a realist concerned with external consistency.

Anna Carabelli (1985, 1988) and Roderick O'Donnell (1982) argue that Keynes's ideas show an essential continuity. In contrast Athol Fitzgibbons (1991) and Richard B. Braithwaite (1988) advocate the opposite perspective. In any event Keynes's philosophy is related to his economic and political views. Another issue is the relation of Keynes's thinking with the philosophy of G. E. Moore who was interested on goodness and on states of mind. What can be stated about Keynes as a general philosopher?

### **A summary of Keynes's general philosophy**

According to **John B. Davis** (1992), the "task of those who seek to explain Keynes's philosophical thinking, [...] is, to demonstrate how Keynes resolved problems specifically in economics as a philosophical self-conscious thinker (Davis, op. cit., pp. 120-1)." Thus Maynard's themes are judgment, characterization of behavior, induction, interdependence, uncertainty and intuition.

For **Roy F. Harrod** (1951), Keynes's principles are constructive. In the *ECP* Maynard handles quantitative affairs that have been taken for granted. Keynes rejects impractical and absurd principles, contemplating transitory stages, not only final ends. Interrelations among economic agents must lead to action. Keynes's overall contribution is related to method, vision and approach, where uncertainty is pervasive thereby impacting money and investment. This is also true for *TGT*.

For **Anna Carabelli** (1998), Keynes's practical rationality is embodied in human experience, whereas criticism is referred to logical principles. Investigation must not be empirical or rational. Keynes rejects certainty, perfect knowledge and universal causation. He aims to achieving the art of reasoning in uncertainty (perhaps as in Freud). Truth is the objective. However, rationality as a means, complemented by intuition, must be practical and contingent.

Here economics is a way of thinking. Keynes's use of intuition with persuasion has to do with both convention and practice. For Keynes theory must be operative and the choice of models is an art (perhaps taking his inspiration from the methodology of John Neville Keynes). Uncertainty can be understood, whereby events are unique and hence non repetitive. In addition, Keynes's post-positivist thought is relevant. Here conclusions are linked to premises and assumptions must have practical consequences.

For Keynes there is no such a thing as logical independence, says Carabelli (1992). His main issues are organicism, openness and complexity. In terms of method, the British economist advocates the use of ordinary and non demonstrative language. There is pluralism as phenomena are variable. There is continuity in his philosophical ideas from 1921 through 1936. However it can be added that Keynes's philosophical enquiry started in his initial days as a member of the Bloomsbury Group.

Carabelli (1992) states that Maynard criticizes lack of clearness, and hence lack of generality and interdependence. Keynes advocates relevance being against the permanence of social forces and exhaustiveness. The existence of non-isolated elements implies that systems must be open. Keynes thus envisaged a particular and relative perspective within the contingent situation, because he was not interested on material ontology but on how things actually work.

**Alessandra Marzola** (1992) identifies similarity between Keynes's analysis of instability in *TGT* and his reconstruction of the psychology of the society in the *ECP*. She states that argumentation in Keynes's writings is both semantic and methodological. For her, Keynes conducts dissociations within a single thought, which requires and generates a re-organization of elements. Rhetorical figures delineate a distinctive content. It can be added that imagination of new states of mind plays a key role in Chapter 24 of *TGT*.

**Athol Fitzgibbons's** work is also addressed to Keynes's early work on philosophy. Fitzgibbons (1988) states that Keynes believes in what is probably true. Both art and reason must be used in investigation. Keynes also represents a middle way between nihilism and quantification. Here probability judgments arise from either convention or emotion, and rationality is a law of thought.

In practical life a wider notion of rationality must be used, like in 'animal spirits' (this being a relevant theme in *TGT*). Keynes rejects a conventional basis of knowledge wherein no excessive abstraction must be used, because theory is a framework for intuition and expectations are highly relevant.

Keynes enlarged the central scheme of reasoning to both problems and theory. Thus his philosophy is both an inspirational source (witness *TGT*) and a framework. In this view Keynes's main issues are theoretical, methodological and political, whereby ethical concerns are pervasive. Keynes is concerned with ethics of virtue rather than with Utilitarianism. Ethics is relevant in Keynes's system as the basis for political economy and public duty.

There is no universal Keynes's theory and he does not incur in epistemological excesses. According to Fitzgibbons, Keynes's early philosophical issues are organicism, a middle-way stance, realism, limited rationalism and action. For Keynes truth is the rational basis for action, and uncertainty is imperfectly related to imperfect knowledge. His essentials are constant but their application varies. Keynes is also aware that theory is different from reality.

Fitzgibbons (1992) writes that Keynes emphasizes purpose in terms of goodness. He rejects mechanistic views as they do not anticipate the complexity of politics.

Instead rational intuition (discretion?) must guide politics. His political philosophy is based on the old right. This may be a return to a pre-enlightenment system of thought, in Fitzgibbons view. However Keynes was a liberal philosopher, combining feelings with reason.

For Fitzgibbons Keynes only makes sense in a wider context. Maynard's philosophy is about practical wisdom mixed with ideals, since he was interested in both liberty and equality. For him Keynes is now more relevant due to his recent biographies and recently discovered methodological roots. Finally, Maynard was interested on Platonic ideal forms.

**Roderick O'Donnell** (1982, 1989) analyzes the roles of rationalism, intuition, conventions, realism and assumptions in the British economist. O'Donnell (1989) focuses on Keynes's early philosophy, stating that his main issues are uncertainty, probability, information, public policies, practical principles and social goals, with emphasis on his analytical framework and clarification.

Rationality is the method for integration in Keynes, but the issues of influence and continuity are also relevant. The British outstanding economist is also interested in the role of induction and statistics as well as in the field of aesthetics.

The evolution of Capitalism into an ethically rational society is the middle way in all questions. Moore's theory of right is a cause of Keynes's turning to the study of probability. There Keynes explores the relations between probable and ought, between quantity and quantity and between the parts and the whole.

O'Donnell writes that up until 1908 Keynes's pursuit was philosophical. It can be added that there is continuity in Maynard's philosophy from 1904 through 1921 and from 1921 through 1941.

Keynes was investigating the foundations of certainty by means of a philosophic and logical analysis. The implications are the critique of the assumptions of perfect information and foresight and the resolution of the problem of human knowledge.

O'Donnell states that Keynes considers the following elements: an unusual conception of economics, a generalizing tendency and the dichotomy between theoretical and practical reason. Here political economy is a moral (non exact in modern jargon) science, but also a branch of logic and a method rather than a theory.

Shifting and complex elements are interrelated and inter-disciplinarity is necessary. Economic rehabilitation is highly relevant and there must be an evolution towards an ideal commonwealth.

In O'Donnell's view, Maynard searched for no partial formulations. Hence Keynes aimed for a synthesis at new and higher levels of generality. Generality brings about practical orientation, whereby criticism is against the then prevailing Neoclassical premises. Other core element of Keynes's vision is the symbiosis between diagnosis and cure (perhaps as in Marx's celebrated dichotomy theory-praxis). The objective of his analyses is truth. For O'Donnell, Keynes held his own early objectivist tradition.

In **Robert Skidelsky's** view, philosophy "provided the foundations of Keynes's life (R. Skidelsky, 1983, p. 133)." Moore's lectures on ethics and Burke's political writings had an everlasting influence on the young British philosopher. Skidelsky's Keynes is a non-conformist, writing with successive overemphasis. Keynes's aims are truth, purpose, moral commitments, individualism, and social and intellectual traditions. The *ECP* (and perhaps the aftermath of the attainment of full employment in *TGT*) is an elegy of a vanished age, and Keynes exhibits there a middle-way attitude.

**Peter Clarke** (2010) thinks that uncertainty is the *leitmotif* of Keynes. An example of uncertainty for Keynes would be investors' behavior. On the other hand, if Maynard is an immoralist, arguments are more than rules. Probability is thus an epistemic theory. Here ethics is thus consequentialist, although this statement can be debated as it may only be a label based on the title of some of his works.

**Tony Lawson** (1994) considers that Keynes analyses the nature of social reality as well as the mutability of reality. Lawson refers to Keynes's realism in terms of both the subject of study and in his emphasis on the role of assumptions. Lawson (2009) also states that Keynes was interested in ontology, which is the study of the structure of the nature of reality. An example of this is Keynes's organicism, wherein all events and agents are interrelated.

According to **Sheila Dow** (1991), Keynes's views on method and theorizing varied from poetry and intuition through lawyer-type arguments to formal logic and mathematics. This means that he is a pluralist not only in terms of categories and definitions but also in terms of language and method. On the other hand **Austin Robinson** considers that Maynard never believed in the privacy of arguments (Austin Robinson, 1936).

For Dow, the dichotomy convention-impulse as the result of new developments is relevant for Keynes. In addition, the author of *TGT* relies in terms of method upon personal interpretation, states of confidence and 'animal spirits'. Motives and psychological uncertainties are also important, wherein complexity has its own logic and must be highly applicable.

According to **Victoria Chick** (1992), "Keynes's revolution consists in the choice of method." Chick claims that according to Keynes deviations from equilibrium are the rule due to the existence of several subequilibria.

Keynes's view, as opposed to Keynes's revolution, is a framework of thought. For the British economist constructiveness, purpose and aliveness are pivotal. This is related to the creation of a new science and organicism. According to **F. G. Adams**, a "striking and easily forgotten fact is that, before Keynes and Klein, there really was no macroeconomics (Adams, 1992, p. 31)".

For **D. E. Andrews** (2010), Keynes philosophical principles are: Cambridge (the Apostles), Bloomsbury and G. E. Moore, which have an effect on his mature economic and political thought. Andrews considers that both his politics and economics are subsets of his ethics. Maynard represents reaction against tradition, dogma, superstitions and restrictions, his objective being the return to appropriate moral values.

**Geoffrey Harcourt** (2001) writes that Keynes's economics is full of social purpose. Maynard advocates the usage of real world observations rather than of such axiomatic approaches as profit maximization. Hence he was innovative about the nature and method of theorizing.

### **3. Specific philosophical analysis of Chapter 24 of *The General Theory of Employment, Interest and Money*: Epistemology, Ethics, Ontology, and Political and Social Philosophy**

The rationale for the breakdown of philosophical topics in terms of Epistemology, Ethics, Ontology, and Political and Social Philosophy in this Section is the replication of a previous work by Muñoz & Bonales in 2008, which identified the core of Keynes's thinking regarding *TGT* by investigating the problem, hypothesis and objectives of *TGT*.

There Keynes's main philosophical issues are time, the pivotal role of money, uncertainty, organicism and the inexistence of self-regulation ability on the part of the economic system. These four types of issues are interrelated but have to be studied in isolated depth for achieving the purposes of this article. This Section is thus the main contribution of this article, also complementing the insights of Section 2.

#### **Epistemology**

Keynes's scientific method is Realism (cf. Lawson), as he is interested in the underlying functioning of the problems of his time and place. The implication is that praxis arises from Realism. Further, foundations and viability must be relevant in both ethical and pecuniary terms taking into account that time is historical and non repetitious (irreversible). An example of realism in Keynes is his position on wealth distribution. He writes: "there is social and psychological justification for significant inequalities of incomes and wealth, but not for such large disparities as they exist to-day (Keynes, *TGT*, 1936 [1997], p. 374)".

In addition, the inexistence of a self-regulated system, organicism -which includes the fallacy of composition- and uncertainty -reflected in expectations- are at the

epistemic core of *TGT*. Indeed he writes about uncertainty in Chapter 24 as applied to the whole society, especially after priority economic problems are resolved.

Keynes's investigation is obviously historical, ethical and social. Keynes the realist is stuck to ends, as he aims for external consistency in terms of social ends. Maynard generates predictions on society's destiny, relying on observation, intuition, analysis and interpretation. He also considers language, persuasion –by means of grandiloquence-, reasonableness and propaganda as highly relevant.

Keynes's emphasis on these issues and especially on organicism is confirmed in Chapter 24, particularly on interrelations, remedies and consequences. Moreover, relative situations, knowledge and qualitative predictions are analyzed with objectivity, and they pervade his writing.

Keynes's scientific method is above everything else: "no subject matter is more than its own method" (Robinson, 1932). He preaches optimism and action in Chapter 24, wherein natural, permanent and operational plans must be set and consciousness must be a living reality. This sounds as a replication of Marx's epistemological insights, but is also the continuation of the British empirical tradition started by Locke as can be suspected by the reading of Keynes's *Essays on Biography*.

A part of Maynard's method is to select such chief unstable "meso" socio-economic elements as population, religion, property, government, classes or psychological instability (investors' behavior is a micro element). Therefore not only ideal -core-elements or "universals" are to be analyzed. He turns from analyzing the destiny of Europe in *ECP* to that of humankind in *TGT*.

Economists must possess a thorough understanding of real processes and institutions with realistic hypotheses, but this must not rule out the use of scientific imagination in the search for significance. Further no unreal issues must be introduced (for instance uncertainty replaces scarcity). Logic must be coupled with intuition. Therefore a concrete application of knowledge to the actual state of affairs has to be undertaken. For instance, there is ignorance and "confusion on the public mind (Keynes, *TGT*, 1936 [1997], p. 374)" on the matters of low employment and the growth of capital.

He writes that proposals must be concrete, and scientific considerations based on data must be taken into account. Particular details and subtleties must be considered. Maynard avoids undertaking unsupported future assumptions. Moreover, foundations based on past expectations are also wrong as the world evolves. Method is related to timing. It is relevant to let go impressions about events that never occurred. No hypothetical or inadmissible issues must be taken into account.

At the end of *TGT*, a new era brings about a more complex world. In addition he rules out the usage of spurious values for variables. He writes that clear things

need not to be analysed. However he is aware of the power of ideas. The closing lines of *TGT* are about the comparison between vested interests and ideas. However, according to Joan Robinson, Keynes “very much-over estimated the power of reason” (Robinson, 1983, p. 397).”

Finally Keynes is a builder of knowledge or a constructivist in modern parlance. For instance he writes [o]ur criticism of the accepted classical theory of economics has consisted...in pointing out that its tacit assumptions are seldom or never satisfied, (Keynes, *TGT*, 1936 [1997], p. 378)”.

### **Ethics**

Economics is a moral science with value judgments. This is not supported on irrationality or in empty or (Utopian) ethics. Epistemology and ethics are highly interrelated. There is the pursuit of truth above all ideal worlds. On arriving to this point, Keynes escaped from the Benthamite tradition and the Victorian Morality (Marshallian Economics was added later to his research). However Keynes was an immoralist (CW JMK, X, p. 447), meaning that he was against convention when undertaking practical analyses. In *TGT*, freedom is the remedy for human suffering.

An appeal to Humanism was thus the solution. Keynes is thinking above all as a human being, and he attacks the rentier aspect of capitalism. The solution is that interest rates must be kept low. Maynard’s idea of progress is related to the future security of mankind. He is against conventions in the sense of rejecting irrational behavior such as irrational saving, puritanism and bad persuasion.

Changing times require renewed institutions, new eras and new human beings. Institutions have to be fair, practical and timely. He analyses the effects of extreme immoderation of thriftiness. Indeed Keynes’s ethics is about common interest wherein human spirit must prevail and happiness matters whereas justice is the means for avoiding discontent. Finally both purification and encouragement must be a consequence of the entrance into a new age.

Is Keynes a middle-way thinker? As Skidelsky states Keynes is in depth an optimistic, especially in terms of future wealth, the actual potential of the government and the evolution of capitalism. Chapter 24 is almost Hegelian with respect to the relevance and viability of the evolution of human (idea) spirit.

He signals culprits of inequality when writing that there is “the euthanasia of the rentier ...of the capitalist to exploit the scarcity-value of capital (Keynes, *TGT*, 1936 [1997], p. 376). But this is an evolutionary stage which can be modified by ethical actions, since “I see, therefore, the rentier aspect of capitalism as a transitional phase which will disappear when it has done its work (Keynes, *TGT*, 1936 [1997], p. 376)”.

In other matters Keynes is a moderate revolutionary. As he writes, “the foregoing theory is moderately conservative in its implications (Keynes, *TGT*, 1936 [1997], p. 377)”. Means are revolutionary in ethical terms, but ends are conservative. As the

British economist writes, the result of filling gaps in the classical theory is not to dispose of the “Manchester System” (Keynes, *TGT*, 1936 [1997], p. 379)”. There is also a role for evolution in the shaping social systems, but this last issue pertains to ontology to which now we turn.

### **Ontology**

Everything is timely interrelated in Keynes’s organicist vision of the world, especially in Chapter 24. This key chapter starts by stating that [t]“he outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and income (Keynes, *TGT*, 1936 [1997], p. 372)”. Here Keynes assumes a conciliatory position. Therefore Keynes is the third (dialectical?) alternative for understanding the economic universe. Smith was the first and Marx the second one.

Keynes subscribes to his view of social sciences whereby the conditions of human affairs are not perpetual as they would be in the physical sciences. In addition an age is over in 1936. This has practical consequences since Maynard’s insights allow the identification of false assumptions in the Classical model.

Maynard demonstrates in *TGT* that the economy is an integrated system. If unemployment arises from insufficient demand this is a complex domestic problem. The next step is concern on international stabilization after both individual liberty and life variety are achieved in domestic terms. This can only be achieved by eliminating world unemployment. The implicit ontology is that all facets of human life are integrated in an appropriate sequence.

Keynes talks about organicism in *TGT*. There is no automatic full employment and a self-equilibrating system. Matters cannot be left on their own course. Human adaptation is the key for survival if the system is a natural social organism, which allows planning. In contrast, the Classical economists regarded the state of affairs as normal, certain and permanent. Reality is thus distinct from the ontological Classical atomism, and this insight pervades Chapter 24.

Keynes implicitly states that institutions must be devoted to human ends. His realism suggests that time is irreversible and historical, non ergodic (an insight coming from Davidson, a recent Keynes scholar), perhaps concluding on this basis that no destruction of highly organized economic life must be permitted.

Attention is also paid to transition, especially in times of change. If an ontological investigation is useful for identifying the nature of life and the due course of events and its remedies, ontology and epistemology are integrated in Keynes’s thinking. Neither of these views can be subject to debate as they are part of Keynes’s core. It must be recalled that a core is for Lakatos, irrefutable by nature.

### **Political and social philosophy**

This is arguably the most relevant theme in Chapter 24. According to Lambert, “The General Theory is the keystone of Keynes’s social philosophy (Lambert,

1963)". Keynes was a Liberal, in the European sense of supporting *Laissez Faire* although no automatic equilibrium exists. He sketches the outline for a new Liberalism when stating that "the political problem of mankind is to combine economic efficiency, social justice and individual liberty" (CW JMK, IX, p. 311). Nevertheless he distinguishes between political and social philosophy.

According to Streeten (1954), Keynes wants to "receive" the doctrine from the philosophers of natural law. He is also a Burkean conservative. On the other hand, his political philosophy deals with the search of truth and this line of thought proceeds from Locke. However, Maynard is searching for freedom in the face of new events.

This is related to social philosophy as the world configuration should be changing and bring about a new state of affairs after employment problems are resolved, according to the brilliant aftermath of *TGT*. The implication is that new-generation citizens would benefit from adequate political measures and institutions. Keynes's political and social philosophical insights are thus rooted in his ethics, epistemology and ontology, especially the first one.

Both political and social solutions must be settled on their merits with objectivity. Rules must not prevail and the preference for discretion is also the rule in *TGT* as in the *Treatise on Money*. Motives are related to *Laissez Faire*, however intervention is necessary. At the beginning economic motives must prevail. Eventually both political and social stability will arise in due course if the appropriate measures are taken.

At the beginning growth and stability will entail human development and freedom. Hence in a social system dominated by money matters, the immediate objectives are full employment and the equal distribution of wealth. Fundamental tendencies must be redirected by means of a specific program. This is related to the management of interest rates and the eventual and occasional socialization of investment due to uncertainty. The latter has effects on both investment and liquidity preference, wherein the interest rate is and must be kept permanently low. This political solution is the upshot of epistemological reconsideration of solutions.

Maynard is a conservative. He states that "socialisation of investment will prove the only means of securing an approximation to full employment...[b]ut beyond this no obvious case is made out for a system of State Socialism (Keynes, *TGT*, 1936 [1997], p. 378)".

Nevertheless Keynes believes in a new kind of Liberalism wherein no artificial or misleading positions must prevail. Redistribution of wealth is now considered by Maynard when he analyzes long-run possibilities, hoarding being the problem. Better social institutions must lead investment and growth, which in turn must lead to the quality of wealth and general social advantage. Finally, social security must be the result from detailed quantitative economic planning, which does not rule out

individualism and free competition. This is in favor of the “interests of all”: the pursuit of common good.

For some Marxist economists Maynard is simply an advocator of the system of free enterprise, never analyzing the issue of social justice in terms of the benefits of the lowest-ranked social classes. This is an accusation of superficiality and tilted ideology, for example in Mattick. According to different dissenting views Keynes advocated a totalitarian role for the State with consequences on individual liberty, for example in some writings of both Milton Friedman and Friedrich Hayek.

Are these views fair? For Lambert, “Keynes’s social philosophy is too complex and attempts to reconcile too heterogeneous a set of elements (Lambert, 1963)”. For others Maynard’s message is simple and clear: the functions of government must be enlarged, preserving freedom. In Keynes’s words “there will still remain a wide field for the exercise of private initiative (Keynes, *TGT*, 1936 [1997], p. 380)”. Effective demand has simply to attain the adequate level whereas volatility must be reduced in order to achieve social peace and prosperity. Once the economic problem is solved the government must step out of the scene.

#### **4. Open conclusions**

How visionary is Keynes in Chapter 24? As Maynard writes “the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas (Keynes, *TGT*, 1936 [1997], p. 383)”. Perhaps as Joan Robinson suggests, Keynes the realist and rationalist was simply following an illusion. Nevertheless, ideas last and lead visions, especially in modern and virtual societies.

The previous analyses may represent an objective perspective when stating that Keynes is a realist in terms of political and social philosophy. Wray writes: “attempting to maintain full employment by stimulating private investment would shift the distribution of income toward owners of capital, worsening inequality and thereby lowering the society’s propensity to consume—one of the problems addressed by Keynes in Chapter 24 of the *General Theory*” (Wray, 2007, p. 6). Wray also writes that [m]“any of Keynes’s followers have focused on policy, strategy, and pragmatic approaches to real world problems” (Wray, 2007, p. 6).

About a book, a researcher can investigate about its reception, impact, origins, foundations and meaning. This paper is about the philosophical foundations of Keynes by undertaking a compilation of his core insights, regarding both his general philosophy and his specific philosophy as expressed in Chapter 24 of *TGT*. Keynes’s work has experienced a renewed interest on the part of economists, biographers and philosophers since the 1990s due to the practical soundness of his philosophical insights.

Keynes was a civil servant, a journalist, a speculator in financial markets, an economist, a patron of arts and later on a first-rated political negotiator, but his work was based on deep philosophical insights which left an imprint in social

sciences, especially his qualitative predictions originated by intuition. Hence the appropriate description of Maynard's legacy and meaning is Keynes's vision.

For Keynes there is no *deus ex machine* in social and political activities. Another core assumption is that moral (political or social) sciences are different from natural sciences so their methods and scope differ. A new day would be dawning for civilization provided that the unemployment problem was alleviated and the pecuniary motive was appropriately addressed. Chapter 24 is thus a brilliant contribution to the understanding of human ethics and future. It is a golden final chapter.

Whereas the description of the appropriate historical introduction for the sake of demolishing old ideas is the goal of Chapter 1 of *TGT*, the outlining of the intertwining of both human history and future is found in the final chapter. These two types of humanitarian insights are based on Keynes's mix of rationalism and imagination.

On the other hand, Maynard's plurality in method is the key for the understanding of his message in said Chapter. The role of intuition in Keynes cannot be ignored. Intuition is simply the envisagement of the whole departing from the beginning. This means clarification of means and ends, and this approach is in some senses superior to say, step-laden rationality. Maynard not only collected and processed data, he re-interpreted them. He wanted to resolve unsettled questions by offering innovative moral and social directions.

Keynes's main philosophical ideas in *TGT* are the critique of received ethics, assumptions and economic affairs. Economics as a part of ethics is a precondition of goodness. On the other hand, Maynard exhibits his new conception of time as historical rather than logical. While events are not cyclic, he advocates interdependence, which is spatial continuity.

Perhaps even more interestingly, his concern about organicism addresses a practical purpose. He is attempting to transform energy, experience and knowledge into appropriate action. He also advocates a re-constructive pragmatism, being against inductivism and incompleteness in theory creation. He is against outmoded paradigms just as he condemned hypocrisy in *ECP*. Keynes raised a dust in many areas of knowledge, but exaggeration is useful for sending messages. As a result, he has a totalizing interdisciplinary vision in his search for truth.

His experience in terms of rebellion dating from his Bloomsbury's days informed him that a disintegrating and misleading society was the result of anarchy, rather than the upshot of individualism. Thus he addresses this ontological problem with a plurality of discourses, but with a single moral purpose: the doing of good. The result is that Keynes proposes a new society fed by new hopes.

According to Skidelsky (1992) in 'the Banana Parable', a shock produces cumulative reactions. But the upshot does not bring about equilibrium: it has to be

generated. This is true for both *TGT* after the Great Depression. Skidelsky's reading of Keynes, "order has to be created; it is not natural (Skidelsky, 1992, p. 410)", must be right. Happiness and liberty are to be gained. Problems and disease are the rule and paradises must be conquered. This issue is at the core of Keynes's vision. In other words, Maynard is also interested in the cure at the end of his 1936 book.

Three reflections close this Section. Keynes was a very creative thinker. Truth is for him the rational basis for action; this allowed him to depart from philosophy to political economy and to return to philosophy -especially in the imaginative Chapter 24 of *TGT*. Dissenting views would state that Keynes only reaffirmed the conceptions dictated by the establishment.

From a historical perspective Ricardo dealt with inter-temporary issues, being aprioristic and using the method of natural sciences. Nevertheless Keynes embraced the opposite tradition, humanizing economics by focusing in human destiny at the end of *TGT*. He is a moral philosopher in the footsteps of Malthus (cf. *Essays in Biography*).

Keynes's philosophy rather than Keynes's economics guides the writing of his most famous book. The main issue of his Chapter 24 is the consideration of the overcoming of uncertainty and ill ethics by securing full employment aided by modern governments, as the aim of modern societies. In that respect he is more advanced than his contemporaries who are more concerned with scarcity and rationality translated into considerations related to microeconomic issues.

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