Skidelsky's Keynes: a Review Essay

Robert Skidelsky: *John Maynard Keynes, Vol. 1: Hopes Betrayed 1883-1920,* pp.447 + xxviii; *Vol. 2: The Economist as Saviour, 1920-1937,* pp.731 + xxxv; *Vol. 3: Fighting for Britain 1937-1946,* pp.580 + xxiii; London, Macmillan.(1983, 1992, 2000)

by

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1. Introduction

The sheer scale of Robert Skidelsky's biography of Keynes - three volumes (henceforth 1, 2 and 3), amounting to over 1,500 rather large and closely set pages, not counting prefaces, notes, references, etc., and published over an eighteen year period - guarantees that no-one is likely to emulate it in the foreseeable future, and ensures that it will long be a standard reference for those interested in the life, times and work of an undoubtedly great man.[1] The critical adulation with which its first two volumes were received suggests that this is just as it should be. Skidelsky, however, is an historian, not an economist, let alone one specialised in the history of economic thought, and, as is appropriate to this journal, I shall pay particular attention to his endeavours in this latter role. Here, his work has limitations, stemming from what seems to me to be a sometimes uncertain grasp of how macroeconomics has developed over the last hundred and twenty five years.

In part these failings reflects the fact that the last twenty years have seen considerable advances in the profession's understanding of these broader matters, and Skidelsky is hardly to be blamed for failure to take account of papers and books that sometimes appeared while his own work was in

[1]Thus, Roy Harrod (1951) is completely superceded by Skidelsky. Matters are more complicated in the case of Donald Moggridge's (1992) *Economist's Biography*. This single volume work necessarily goes into less detail than Skidelsky's, and Keynes's personality emerges less vividly from its pages. However, as its title suggests, it was written of, by and for an economist, and as such, readers of this journal will find that it is frequently clearer and more accurate than Skidelsky on the matters of doctrine and history that will be of special interest to them.

progress, or even after it was finished. In part also, some distortion of vision is inevitable when the history of any set of ideas is relentlessly viewed from the stand-point of a single contributor, and a biographer ought not to be blamed for having written a biography. But my purpose in stressing these matters is not to convict Skidelsky of scholarly offences. Rather it is to warn his prospective readers to check his judgements against other sources, particularly as they appertain to Keynes' place in the history of economic thought, and the relationship of his work to that of others.

2. The Biography

Before turning to these criticisms, though, let me express my admiration, strictly that of an amateur but no less sincere for that, for this biography *qua* biography. Skidelsky's task was to bring to life and fix on the page what was by general agreement, an extraordinarily complicated character, and to set him in his social milieu. Whether he has every nuance right, I can't say, but his Keynes is a fascinating personality, particularly when we can meet him in an environment where we are safe from becoming the object of his sometimes withering scorn.

Skidelsky grants his readers access to the narrow but privileged social environment which formed Keynes, in which a father, academically ambitious for his son, relentlessly coached him through examinations with a determination approaching that which some North American families nowadays bring to promoting their children's success in little league baseball and junior ice-hockey. He enables them to accompany Keynes through Eton and Cambridge, to the Treasury and Bloomsbury, to the Versailles Conference, and to pry into his *ex ante* unlikely, but *ex post* immensely successful, marriage to the utterly unintellectual but irrepressibly shrewd Lydia Lopokova, a great artist in her own right, be it

recalled, despite Bloomsbury's inability to come to grips with this fact.

Skidelsky also shows us, in his first volume *Hopes Betrayed,* how the Great War and its aftermath convinced this disciple of G.E. Moore, devoted to such things as art, beauty, and love, that a society needed to get its economic affairs in order before these higher pleasures could be enjoyed, and how he thenceforth devoted himself to providing a satisfactory intellectual foundation for such a state of affairs. This is an important theme, for Moore was one of those moral philosophers who moved beyond utilitarianism, and Keynes's lack of interest in utility maximisation as a basis for economics perhaps stems in some measure from his influence.[2] Monetary stability and full employment were, for Keynes, necessary to permit people to live his conception of the "good life", not preconditions for an economy to achieve an optimal allocation of resources, as they are for most economists.

Not that Skidelsky pretends that there was anything of the "humble dentist" about Keynes as an economist; the sub-title of his second volume, *The Economist as Saviour,* is surely closer to describing Keynes's own view of his role. He revelled in the success of the *The Economic Consequences of the Peace,* and suffered real distress from the relative failure of *The Treatise on Money* among academic economists; and there was clearly a large grain of truth in Pigou's (1936: 115) angry complaint that the lesson learned in 1919, that "the best way to win attention for one's own ideas is to present them in a matrix of sarcastic comment upon other people" was consciously applied in the *General Theory*. Skidelsky's Keynes enjoyed making a splash, and took it for granted that he had a

[2] And from his work on probability too: anyone as concerned with fundamental uncertainty as Keynes was in *The Treatise on Probability* could hardly have much time for the application of the utilitarian calculus to decisions taken with respect to anything other than a very short time horizon.

right to leave bigger ripples than anyone else. This attitude too had deep roots in his Cambridge upbringing.

But for all that, getting the economics right (according to his own, and sometimes changing, lights) always took priority over self-promotion. *How to Pay for the War* saw Keynes turn away from his contributions to what he called the "economics of plenty" upon which his academic reputation was to rest, back to the "economics of scarcity", and as Skidelsky shows us, he would in due course quite literally work himself to death *Fighting for Britain*. The conflicts with which this final volume deals are not, however, those between Britain and its allies and the Axis powers, but between Keynes and representatives of the United States, particularly Harry Dexter White, and also between Keynes and the British government which he served, and they were about the form which the post-war international economic order would take.[3]

[3]In a companion review to this, Moggridge will pay particular attention to this third volume, which is why I do not give it more space here. Suffice it to say that Skidelsky's tendency to paint Harry White as particularly antagonistic to Britain's interests because of excessive, and perhaps even disloyal, sympathy with the Soviet Union seems to me to be over-done. I find it hard to see anything in the negotiating positions and tactics he adopted that cannot be explained by a desire to pursue the American national interest, as perceived by himself and his political masters. Though Skidelsky (3: 281-2) refers to a letter from James Boughton and to Roger Sandilands (2000) which question allegations that White and Lauchlin Currie were soviet agents (the latter is described as " probably . . a soviet agent, though there is still some reasonable doubt about this" in Skidelsky's *dramatis personae),* he probably became aware of their work too late for it to have any influence on his own conclusions. On the question of Keynes vs White see also, Boughton (2001) and Moggridge

(2001).

In telling the tortuous story of these conflicts, Skidelsky keeps Keynes's complex personality in the forefront. We are shown how his mental restlessness and large capacity for trying on new ideas for size led Keynes for a while to admire the economic (and only the economic) content of the international order that Hjalmar Schacht planned to impose on a Europe under Nazi hegemony, but we also see him steadily shifting away from this blueprint towards the promotion an altogether more liberal set of arrangements for the post-war world. As Skidelsky emphasises, however, Keynes stuck longer to his judgement that the United States ought, as a matter of moral obligation, to compensate Britain for what he believed to be her greater war-time sacrifices. His self-confidence, moreover, enabled him to convince himself and the government he represented that, because justice demanded such an outcome, it would be forthcoming.

The fact that American interests would not be served by making a gift to Britain that would support the survival of the sterling area and of a trading order based on imperial preference, and would, after 1945, also make life easier for a newly elected dirigiste socialist government, seems to have dawned on Keynes only slowly. And he was equally reluctant to face the corollary of this fact, namely that American negotiators would pursue their own national interest when addressing these issues.

There is a tragic overtone to Skidelsky's account of the slow erosion of Keynes's self-confidence in the course of the negotiations that led to the Bretton Woods system being based more closely on Harry White's blueprint than on his own, and of its near collapse, along with that of his health, as he found himself increasingly isolated, between intransigence on the part of the Americans and incomprehension of the true state of affairs on the part of his own government, during the loan negotiations of 1945. But personal tragedy was averted, because Keynes's well practised ability to look

facts in the face, and to change his opinions in their light, eventually re-asserted itself, as Skidelsky's account of his House of Lords speech in defence of the loan makes clear. And there was much in this last phase of his life to console Keynes too: time spent at his country home, Tilton, and at Cambridge; his work on behalf of his old school Eton College, the Council for the Encouragement of Music and the Arts (later the Arts Council of Great Britain), the National Gallery, the Royal Opera House, and the Sadler's Wells (later Royal) Ballet; not to mention, when the loan negotiations were approaching their worst point, his beloved Lydia's prowess as a shopper, undiminished, indeed perhaps sharpened, by years of rationing and shortages:

> ". . .two hundred objects purchased, including eighteen pairs of shoes, forty pairs of stockings, between twelve and twenty costumes [ladies' suits], a new suit and a tie for me (the suit costing a thousand times as much as the tie) a new raincoat for me, a large trunkful of food, five safety razors, ten ferocious jewels, half a dozen headgear and in addition enough odds and ends to fix up a shop . . .but from tomorrow, having had a satisfactory birthday present, she proposes to shop seriously" (Keynes to his mother, Oct. 21, 1945, as quoted by Skidelsky, 3: 419)

So, at his death in 1946, shortly after the Savannah conference that launched the IMF and the World Bank, Keynes was, in Skidelsky's words "like Odysseus, a successful, not a tragic hero" (3: 478)

Even so, Skidelsky describes a more complex hero than the English-economist-as-boy-scout that Roy Harrod (1951) created for the edification of lesser mortals. His frank handling of Keynes's homosexuality caused something of a stir in 1982, even though Michael Holroyd had already revealed it in the late 1960s. (See, e.g., Holroyd 1971: 379-87). It is perhaps a measure of how attitudes have changed since then, under the influence of a not-always-bad political correctness, that many will now

find Keynes's casual antisemitism a more troubling trait, and will be unconvinced by Skidelsky's efforts to put it in context (2: 238-9). It is surely one thing for a still youthful product of Eton and Cambridge to have indulged in demeaning racial and religious stereotyping before the 1930s, and quite another to find his older self still doing so in the 1940s. Furthermore, Keynes was, throughout his life, often unscrupulous in debate and capable of appalling, even brutal, rudeness to those who crossed him, while his deeply ingrained anglo-centrism deteriorated from time to time into patronising anti-Americanism. During the war all this mattered, because he occasionally seemed to be fighting not so much for Britain, as for a rather narrow slice of England, and his snobbish arrogance sometimes reduced his effectiveness as a negotiator.

Keynes was, in short, a product of his country, his class and his education, and it is one of the great strengths of this biography that Skidelsky never lets his readers lose sight of this. But he was also an economist of genius. It is this fact which justifies a biography on this scale, and that is why Skidelsky's treatment of Keynes's contributions to our discipline requires the reviewer's special attention.

3. Skidelsky on Keynes's Economics

Skidelsky's account of the evolution of Keynes's own economics seems to me to be broadly right. His is not always the clearest account of particular matters, but readers who rely on him as a source of what Keynes thought and wrote will not usually be misled.

Thus, *Indian Currency and Finance* is presented as a first rate account of a gold-exchange standard at work, but it is also noted that, in focussing on India, a peripheral country, Keynes takes the

monetary stability of the country at the centre of the system for granted, rather than as something whose maintenance might create policy problems of its own. The pros and cons of Keynes's diagnosis of *The Economic Consequences of the Peace* are carefully laid out. The reliance of *The Tract on Monetary Reform* on the Cambridge version of the quantity theory is stressed, and Skidelsky correctly points out that its policy discussion does not, as is sometimes thought, make a general case for flexible exchange rates, but only for a heavily managed float - Skidelsky prefers to think of it as an adjustable peg (2:159) - between Sterling and the U.S. Dollar.

The complexities of the *Treatise on Money* are given their due, its theoretical high points, liquidity preference theory and the introduction of an explicitly Wicksellian element into English economics, as well as its theoretical low point, its failure to integrate a theory of output fluctuations into its analytic heart, are all discussed. And Skidelsky pays considerable and justified attention to Keynes's underlying vision of a world in which economic progress is driven by investment, or enterprise, rather than by saving, or thrift. If, at the end of the day, Skidelsky rates the *Treatise* more highly - "a great essay in intellectual compromise . . . [f]rom this point of view, Keynes's classic achievement" (2: 337) - than do I - "a little less than the sum of its parts" (Laidler 1999: 131) - that is perhaps something that reasonable people can disagree about. I doubt whether anything in his discussion of its contents would have seriously disturbed even Don Patinkin, though the latter's (1987) account of the theoretical core of the *Treatise* will be easier to follow for any student approaching Keynes's work for the first time.

The treatment of the *General Theory* is a different matter, however, and Skidelsky records that "Don Patinkin has reproached me with having adopted a post-Keynesian interpretation of Keynes's economics" (2: xi). Here, with a little trepidation that I might provoke a similar reproach,

even from beyond the grave of that magnificent scholar, I am inclined to side with Skidelsky. For Patinkin, the central theoretical contribution of the *General Theory* was that output movements, brought about by the multiplier process, were an equilibrating mechanism for saving and investment, and he thought of the IS-LM model as being not only the appropriate analytic framework for displaying this mechanism at work, but also as one that was embedded in the book (cf. Patinkin, 1982, 1987, 1990). That, for him, was what the Keynesian Revolution was about, and *as far as the subsequent development of mainstream macroeconomics is concerned,* he was surely right. Indeed, Skidelsky concedes as much:

> ". . .the version of Keynesianism which came out of the debates following the publication of the *General Theory* was by no means wholly Keynes's. In the work of the reconcilers there was more than a hint that his revolutionary assault on the orthodox framework had failed. Perhaps Joan Robinson was right to call it 'bastard Keynesianism'. But only in that form could the Keynesian Revolution survive and grow." (2: 621).

But a biographer in particular has to be concerned with his subject's intentions as well as the impact of his work, and Skidelsky, like Allan Meltzer (1988), stresses the many passages in the *General Theory* that deal with the role of fundamental uncertainty in economic life, and relates this strand in Keynes's thought back to the *Treatise on Probability.* He also pays careful attention to Keynes's extreme skepticism about the self righting properties of a market economy, and insists on taking his (1937) *Quarterly Journal of Economics* reply to reviewers seriously as a statement of the message that he had intended to convey to readers of his book. Neither the fact that post-Keynesian economics, as, for example, epitomised by the work of Paul Davidson (1972) and Victoria Chick

(1983), has always remained a minority taste, nor the fact that Keynes himself seemed later to draw back from the thoroughgoing skepticism that he expressed about "orthodox economics" in 1937, can in my view alter the legitimate claims of this school of economic thought to be a direct development of that skepticism.

That being said, it can also be argued that, by the very choice of ending his second volume in 1937, Skidelsky manages to place more emphasis on the heterodox element in Keynes's economic thought than the overall record perhaps justifies. Historians of economic thought routinely treat the *Tract, Treatise* and *General Theory* as a trio of great works that encompass Keynes's essential contribution in the role of *Economist as Saviour,* but it is worth recalling that, in Donald Moggridge's (1992: 629) view, *How to Pay for the War* lay at the heart of "the most sophisticated and successful of Keynes's many campaigns as a publicist".

As with Keynes's other works, I have no real complaints about Skidelsky's account of the contents of this pamphlet, though once again a new reader might want to start elsewhere in coming to grips with it.. Moggridge's treatment (1992: 628 et seq.), for example, is marvellously clear and to the point. I do, however, have a problem with the way in which Skidelsky locates its economics within the evolution of Keynes's thought. He takes the view that *How to Pay for the War* is fundamentally an application of the apparatus developed in the *General Theory* to the problems of an economy operating in a state of excess demand. Now it would be ridiculous to suggest that the author of the *General Theory* had forgotten all about that book within four years, and it is clear that it had provided one impetus to the ongoing development of Colin Clark's quantitative work which, by Keynes's own (1940: 13) account, was in turn the starting point both for the empirical elements in his pamphlet, and for

subsequent budgetary calculations based on the approach it developed too.[4]

Harry Johnson long ago noted (1972: 117-8), however, that the analytic core of *How to Pay for the War* owes nothing essential to the *General Theory*. Johnson suggested that Keynes had developed the relevant ideas during the first World War. Keynes himself told his readers (1940: 70) that the "analysis of how inflation works . . .is fairly simple" but that "economists have only got clear about it (although it is a case much simpler than what happens in peace-time, when, instead of a fixed maximum output, we have to allow for the effect of fluctuations in employment) in the *last quarter of a century, . . .*" (Italics added) ie. since 1915, not since the early 1930s. He also noted, however, that he had not encountered the analysis in question among his colleagues at the Treasury during the first World War.

[4]Readers who are inclined to think of modern national income accounting and macro-econometrics as being a natural development of the economics of the *General Theory* are referred to the altogether more complicated story that is told by Patinkin (1976). The construction of data by Simon Kuznets and Colin Clark preceded the publication of the *General Theory,* and not vice versa. Nor was Keynes always as supportive of Clark's work as he was to become in 1940. See Patinkin 1976: 251 et seq.

Precise dates, however, are not the point here, theoretical ideas are, and the basic economic mechanism deployed in *How to Pay for the War* is "forced saving", albeit in a less carefully nuanced version than had been deployed by Dennis Robertson, with much help and advice from Keynes, in *Banking Policy and the Price Level* (1926), or by Friedrich von Hayek in *Prices and Production* (1931).[5] Given that, in wartime, the economy's productive capacity would fall chronically short of the combined demand for output of the government and private sectors, this was a mechanism that would be set in motion if other measures were not used to eliminate the "inflationary gap", which Keynes defined as follows: "the amount of purchasing power which has to be withdrawn either by taxation or primary saving . . .in order that the remaining purchasing power should be equal to the available supplies on the market at the existing level of prices" (Keynes, letter to Nicholas Kaldor April 19, 1941, as quoted by Skidelsky 3: 84). This reversion on Keynes's part to an analytic idea whose relevance to full-employment situations he had never quite repudiated (cf. 1936: 79-81) suggests that his retreat from the radicalism of the 1937 *Quarterly Journal of Economics* paper towards his well known endorsement of "classical teaching" as embodying "some permanent truths of great significance" in his last published article (Keynes 1946) began early, and was no aberration produced by the ill-health of his last few months.

[5]It was probably no accident, therefore that Hayek was full of praise for Keynes' work on these matters. See (3: 56). Skidelsky does not connect the analysis of *How to Pay for the War* to Keynes collaboration with Robertson in the 1920s. His treatment of the latter's (1926) *Banking Policy and the Price Level* (2: 278 et seq.) seems to me to be one of his less happy efforts to make sense of the work of Keynes's contemporaries, but this book, which uses its author's own eccentric vocabulary is surely one of the most impenetrable of the inter-war years. See Laidler (1999: 91 et seq.) for my own efforts at expounding its message.

4. Skidelsky on Some Other Economists

When the influence of "Keynesian Economics" began to fade in the 1960s and '70s, that was, as Skidelsky points out, because of the rise of "monetarism" which is popularly associated with the work of Milton Friedman. It is worth noting, therefore, that though Friedman himself has sometimes confessed to being strongly influenced by the Keynes of the *General Theory* at an early stage in his career (see eg. Friedman and Friedman 1998: 112), his earliest work on inflation demonstrably derives from *How to Pay for the War*.

I base this latter assertion on a reading of his "Methods of Predicting the Onset of Inflation", (1943), a version of which was evidently in circulation in late 1941.[6] Among the methods of forecasting inflation that Friedman discusses and rejects are that of James Angell (1941), which used the rate of change of the nominal money supply as the key leading indicator of inflation, and "Methods using the relation between investment and income" whose "logical foundation . . . is often claimed to be the Keynesian analysis. According to this analysis, changes in income are brought about by discrepancies between ex ante saving . . . and ex ante investment. . ." (1943: 141-2). Friedman's preferred method centres instead on "The 'inflationary gap'", which he treats as separate and distinct from Keynesian analysis. Indeed he does not associate the approach with Keynes at all, and his paper contains neither a citation of *How to Pay for the War*, nor any other evidence that he was aware of Keynes' role as its

[6]It is referred to by Salant (1942) in a paper which was presented at the AEA meetings of December 1941. The only extended discussion of this paper of which I am aware is that of Abraham Hirsch and Neil de Marchi (1990). These authors do not seem to me to distinguish sufficiently between Friedman's critical treatment of "the Keynesian analysis", based on the multiplier, and his discussion of the "Inflationary gap", and hence they present this paper as a whole as symptomatic of his early dissatisfaction with Keynesian economics. Crucially, they fail to make a connection between the "Inflationary gap" and *How to Pay for the War.*

originator. Friedman's exposition of "the inflationary gap" does, however, begin as follows: "Much recent English discussion of fiscal policy has centered on the so-called 'inflationary gap' which achieved prominence when it was discussed at some length by the Chancellor in his budget speech in the spring of 1941" (1943: 131). And an attached footnote (1943: 133, #11) shows that he had consulted technical documents associated with that budget, as well as commentary on it by *The Economist* and *The London and Cambridge Economic Service.*

The line of influence from Keynes to Friedman on this matter is thus absolutely clear, even if, as seems to have been the case, Friedman was unaware of it at the time because of its indirect nature.[7] And it is worth noting that the seven paragraphs that were later added (1953: 253-7) to his (1942) "Discussion of the Inflationary Gap", to which many of his subsequent contributions to monetary theory can be traced, extend his original treatment of the concept to incorporate monetary factors explicitly by analysing inflation as a tax on cash balances. Here Friedman follows the line of analysis set out by Keynes in the *Tract*, which had been integrated a year or so later into Robertson's (1926) analysis of forced saving under the label "induced lacking", though it is not clear that he was aware of this at the time.

Perhaps Skidelsky is to be excused for missing this link between Keynes and Friedman, because it has been well hidden till now, but it is less easy to forgive his complete misconstrual of the role of the latter's work on the consumption function in undermining what in the post-war years had come to be called Keynesian economics. He has Friedman " ruthlessly applying the maximising logic to

[7]Friedman has confirmed to me in private correspondence that he has no recollection of having read *How to Pay for the War* when he wrote this paper.

individual behaviour [to give] two of the Keynesian functions - the consumption function and the demand for money function - properties of stability that they lacked in their Keynesian form" (3: 506) Skidelsky has a point as far as the contrast between Keynes's and Friedman's views on the stability of the demand for money is concerned, but he misses the significance of Friedman's work on the consumption function. Keynes *did* believe that the marginal propensity to consume out of *current* income was empirically stable, and understood full well that stability of the multiplier required this. But even in the 1930s, empirical evidence began to pile up that showed this belief to be misplaced, and it was this evidence that began the undermining of Keynesian economics. Friedman's (1957) contribution to the process, an important one because empirical evidence never carries much weight in economics without a theoretical framework capable of explaining it, was to use maximising analysis, derived from Irving Fisher (1907), to show that the marginal propensity to consume that economic theory suggested might be stable was out of *permanent*, not *current*, income.

These particular examples of overlooked or misunderstood linkages among economic ideas are symptomatic of a general weakness in Skidelksy's handling of the work of economists other than Keynes. Elsewhere, although he advises his readers to take Friedman's claims about the allegedly unique "Chicago tradition" of the 1930s with "a pinch of salt" (2: 579, fn.), he simultaneously offers them, as a morsel to be swallowed without seasoning, the story of a Harvard sunk deep in "classical" error before the arrival in 1936 of good news brought from the other Cambridge by Robert Bryce and Lorie Tarshis. There was certainly plenty of bad and pessimistic economics around Harvard in the early 1930s, and Skidelsky is right to cite *The Economics of the Recovery Program* (Brown et al. 1934) as an example of this. But overall, the state of opinion there was much more complicated, something that

Skidelsky ought to have noticed, given that two prominent New Dealers who figure in his third volume, Lauchlin Currie, and Harry White himself, had gone to Washington from Harvard (the latter by way of a brief stay at Lawrence College in Wisconsin) with Jacob Viner of Chicago in 1934.

Furthermore, the fact that Currie did not fit the standard stereotype of a Harvard "classical" economist began to be documented by Karl Brunner (1968) and Thomas Humphrey (1971) long before Skidelsky started work on this period, and Currie's biographer Roger Sandilands (1990) not only provided a definitive treatment of Currie's work, but also an extensive discussion of his long-standing friendship and collaboration with Harry White, in good time to merit a mention in Skidelsky's third volume. Skidelsky ignores all this material however. Indeed, in (2: 580), he gives the impression, without quite saying as much, that Currie was a "young Harvard Keynesian" of post-1936 vintage, and, in the same passage he overlooks a good deal of other work on inter-war American economic thought in order to conclude that "What took hold in America were Keynes's tools, not his 'general theory'".

Americans had in fact been discussing fiscal stabilization policy from the early 1920s onwards (cf. Barber 1985), with its advocates during that decade including such major figures as Wesley C. Mitchell of Columbia and Allyn Young of Harvard, neither of whom Skidelsky mentions in this context. And in the early 1930s, the "Chicago Tradition" of fiscal and monetary activism was far from being the isolated phenomenon that Skidelsky, following Friedman (1974), suggests. Indeed, as a recently unearthed January 1932 Memorandum by Currie, P. T. Ellsworth and White confirms, all of its salient characteristics had been fully developed by young economists at Harvard by this early date, (See Laidler and Sandilands 2002, forthcoming). The upshot here is that Skidelsky exaggerates the extent of

Keynes' influence on the economic policy of the New Deal, and simultaneously underestimates the extent of its domestic origins. This is important to the rest of his story, particularly that told in his third volume, because American economics of the 1920s and '30s provided the intellectual foundations of the American negotiating position on the post-second-world-war-economic order. Skidelsky's uncertain grasp of this background tends to undermine the reader's confidence in his treatment of much subsequent history.

There are other non-trivial problems with Skidelsky's accounts of the ideas of economists other than Keynes. To give a final example, in the course of his discussion of the *Tract*, Skidelsky suggests that "By concentrating attention on variations in what he would later call the transactions demand for money, Keynes has moved some way from the orthodox quantity theory of money, in which it is the supply of cash, or legal tender which controls the price level." (2: 157). This is an accurate description of Keynes exposition of the quantity theory, but also of just about every other account given of that theory in the preceding seven decades. Skidelsky (1: 231) gives his readers the impression that the controversy over the Bank Charter Act of 1844 settled matters in favour of Currency School doctrine for the rest of the century, and this, in contrast to the Banking School position, did indeed hold that variations in the quantity of notes and coin alone could influence prices. He ignores the awkward point that the author of the standard economics textbook of that period, J.S.Mill, (1848) whose version of the quantity theory was the starting point for Marshall's work, in fact expounded a moderate, albeit sometimes confused, Banking School position on these questions.[8]

[8]On these matters see Laidler (1991). It should be noted that this book's publication long post-dates the publication of Skidelsky's forays into this material.

And those who have read, for example, Marshall's (1887) "Remedies for Fluctuations in General Prices" in which cyclical fluctuations in output and employment are attributed to the interaction of sticky wages with more flexible prices, and understand that this became, thereafter, standard Cambridge doctrine, will be astonished by Skidelsky's assertion that, during the years of the bimetallic controversy, though ". . .there was much theorizing (mainly on the continent) about business fluctuations, . . . most of it was concerned with 'real' and not 'monetary' factors. The theory of money remained a theory of the price level *and nothing else*" (1: 232, italics added).

5. Concluding Comment

It would not be fair to Skidelsky to pile up a longer list of infelicities of this sort. He is primarily an historian who has had to learn economics more or less from scratch in order to write a biography of a great economist who was much else besides. It is unreasonable to expect him to have turned himself into a full-time historian of economic thought at the same time. His work seems to me to be a great success inasmuch as it is judged as a portrait of an extraordinary human being in his social milieu. Furthermore, the representation of Keynes's own economics as a part of that portrait is by and large accurate. As is so often the case with portraits of individuals, however, the background is highly stylised, designed to enhance the appearance of the sitter, and symbolise his accomplishments to the viewer, rather than to provide an accurate topography of the intellectual landscape which he inhabited. For those of us who are concerned with the biographies of economic ideas as well as of economists, Skidelsky's uncertain treatment of the economic thought of Keynes's predecessors and contemporaries matters more than it will to general readers, but it is to be hoped that some of these problems will have been addressed when

the promised single volume abridgement of this biography appears.

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