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**FROM PEACE THROUGH FREE TRADE TO INTERVENTIONISM FOR THE  
PEACE : THE DEVELOPMENT OF J.M. KEYNES' THOUGHT  
FROM THE FIRST TO THE SECOND WORLD WAR**

**Alain Alcouffe<sup>\*</sup> et Fanny Coulomb<sup>\*\*</sup>**

The link between Keynes and the economy of war is rather paradoxical. On the one hand Keynes played a significant role in his country's war effort during the two world conflicts and recognized the stimulus on growth induced by European rearmament, on the other hand, his inclination towards different dimensions of pacifism manifested itself on many occasions in his life, as in the conclusion of the *General Theory*, which ends with hope that the envisaged reforms of capitalism will lead to a world without war. We propose to show that Keynes, even if he has not developed a true economic theory of war and peace, was nevertheless constantly concerned to promote solutions.

The expression "*military Keynesianism*", which was widely used during the US-Soviet arms race, helped to raise suspicions of Keynes' sympathy for rearmament or war as privileged economic stimulus, or even for authoritarian regimes. His hostility to trade liberalism in times of crisis also fostered the image of a Keynes who was a proponent of economic nationalism, the latter often paired with the praise of militarism, as illustrated by the case of Friedrich List in his *National System of Political Economy* (1840).

A reading of Keynes' writings can however undermine these assumptions. Indeed, pacifism has clearly marked his thinking and his concern to resolve the economic crisis is directly linked to his hostility to war, which he considers nevertheless inevitable in the absence of a return to prosperity.

After presenting the asserted pacifism of young Keynes (part I), we will explain that his thinking of the 1920s is marked by a radical critique of the spirit of revenge and the call for international cooperation (Part II). Finally, we will show how, in the 1930s, when the economic crisis is prolonged and rearmament accelerated, he will propose an original economic theory, in breach with liberalism, whose validity can be tested by the increase in European military expenditure (Part III).

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## I - FROM THE WAR OF THE BOERS TO THE FIRST WORLD WAR: A STATED PACIFISM

The young Keynes is marked by the liberal thought and pacifism, which was widely spread among economists at the beginning of the 20th century<sup>1</sup>. Close to conscientious objectors, he is in accordance with the ideas developed by the future Nobel Peace Prize winner Norman Angell, who calls for European disarmament.

### Hostility to Recruitment and Militarism

It was during the Second Boer War (October 1899-May 1902) that Keynes, who had been studying at Eton College since September 1897, was confronted directly with the war<sup>2</sup>. Indeed, at the beginning of the year 1900, the directors of the college informed the students that it was their duty to join the ranks of the volunteers<sup>3</sup>. Keynes asks his parents for advice and, faced with their lack of enthusiasm, decides to stay away, exposing in a letter to his parents his lucidity about the patriotic outbursts:

*« About the volunteers—I have not joined ... I think that without your letter which amounted to a refusal I should have been compelled to be engulfed in this marvellous martial ardour that has seized the school. Some say that patriotism requires one to join the useless Eton shooters, but it seems to me to be the sort of patriotism that requires one to wave the Union Jack. » (ibidem).*

These reservations of a very young man towards the recruitment do not necessarily translate a conviction pacifist but four years later he reaffirms, in his essay on Burke: *« there is a certain minimum of personal freedom which should never be infringed »*<sup>4</sup>.

This hostility to the recruitment is reflected in his memoir *My early beliefs* where he writes that he and his friends believe *« in a continuing moral progress by virtue of which the human race already consists of reliable, rational, decent people, influenced by truth and objective standards, who can be safely released from the outward restraints of convention and traditional standards and inflexible rules of conduct, and left, from now onwards, to their own sensible devices, pure motives*

<sup>1</sup> Coulomb F., Hartley K., Intriligator M.D. (2008), 'Pacifism in the economic analysis : a historical perspective', *Defence and Peace Economics*, Fall.

<sup>2</sup> Gilles Dostaler, 2005, *Keynes et ses combats*, Paris, Albin Michel.

<sup>3</sup> Dostaler, op.cit., p. 233.

<sup>4</sup> Cite par Markwell Donald (2006), *John Maynard Keynes and International Relations: Economic Paths to War and Peace*, Oxford & New York: Oxford University Press, p.32.

and reliable intuitions of the good. ».<sup>5</sup> and is found in the letter he sent to the tribunal in February 28, 1916, for the recognition of his conscientious objection :

*« I claim complete exemption because I have a conscientious objection to surrendering my liberty of judgement on so vital a question as undertaking military service. I do not say that there are not conceivable grounds on which I should voluntarily offer myself for military service. But having regard to the actually existing circumstances, I am certain that it is not my duty to so offer myself, and I solemnly assert to the Tribunal that my objection to submit to authority in this matter is truly conscientious. I am not prepared on such an issue as this to surrender my right of decision, as to what is or is not my duty, to any other person, and I should think it morally wrong to do so. »*<sup>6</sup>

This document distances itself from a pacifism of principle since it admits circumstances in which he could engage in war. The positions he asserts are no doubt the result of multiple influences, but the hesitations to conscientious objection show his concern not to be cut off from his pacifist friends. In fact, as soon as the war broke out, Keynes put his talents at the service of the finances of his country, as shown in his September 1914 article in the *Economic Journal*<sup>7</sup>, then in his analyzes of German finances (1915) and his activities at the Treasury, which suffice to exempt him from conscription. In fact there is a coherence between Keynes's positions in his works devoted to the First World War, as shown in particular in his article on the German war economy. Keynes, editor of the *Economic Journal*, published reviews of German economic literature. The publication in December 1914, January and March 1915 of special issues of the journal *Archiv für Sozialwissenschaft und Sozialpolitik* devoted to the economic analysis of war could not escape him. He first analyzes the articles dealing with financial problems and notes the analogies with the situation in the United Kingdom, which he studied in his September article:

*« The state of credit in Germany during the first two or three weeks of war seems to have resembled that which we experienced here much more closely than we have known hitherto. ». This issue also contains an article by Professor Brentano on the war and on the avoidance of its recurrence. Professor Brentano bases his hopes on the internationalisation of the sea and of the establishment in the future of such union between civilised peoples as may make impossible the recurrence of such misfortunes as those which the world now suffers. »*

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<sup>5</sup> Collected writings, vol. 10, p.447.

<sup>6</sup> Collected writings, vol. 16, p.178.

<sup>7</sup> “War and the Financial System”, August, *The Economic Journal*, Vol. 24, No. 95 (Sep., 1914), pp. 460-486

Keynes also reports an article by E. Bernstein on the failure of the general strike to oppose the war. He explains in detail how the German Social-Democracy found itself trapped by the chain of events by which each country could consider that it was a defensive war for him and Keynes takes advantage of it to attack all the warmongers:

*« It is the horrible paradox of war and the perpetual scourge of peace parties in all countries, that when once war is joined it is for all nations a war of defence—a scourge of which those who, I will not say love war, but hate lovers of peace, do not spare the use. »*

On the other hand, he is pleased with Bernstein's manifestation of an *undiminished love of internationalism and international amity*, which he contrasts with an article by Edgar Jaffe (March, 1915) on the militarization of economic life. This is an opportunity for Keynes to denounce *the 'German myth', shared by a minority of the German population, which recommends economic isolationism, 'permanent war' (and thus economic militarization), and the refusal of individualism, with a regulation system based on the State apparatus, aiming at an increasing effectiveness rather than human welfare.* On this point he speaks of an *'hideous doctrine'*<sup>8</sup>.

However, according to him, such theories are largely minority among German economists.

*« What is the general impression produced on the mind of an English reader of these Kriegshefte? Principally, I think, that Germany and Germans are not so different from the rest of the world as our daily Press would hypnotise us into believing. The German myth, which is currently offered for our belief, is of a superhuman machine driven by inhuman hands. The machine is a good one, but has by no means moved with such uncanny smoothness, as we come too easily to believe when it is hidden from us by a curtain of silence. Nor are the drivers, after all, so changed from what before the war we used to think them. In spite of Professor Jaffe, the general note is of moderation, sobriety, accuracy, reasonableness, and truth. »*

This respectful analysis of the German economists must be compared with the recommendations contained in the letter to the *Times* of A. Marshall of August 22, 1914, in which, if the latter accepted the idea of a defensive war in view of the risks to England posed by the installation of the Germans in Antwerp, he asserted his esteem for the German people (*exceptionally conscientious and upright, sensitive to the calls of duty, tender in their family affections, true and trusty in friendship*) . *« It is therefore our interest as well as our duty to respect them and*

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<sup>8</sup> "The Economics of War in Germany", *The Economic Journal*, Vol. 25, No. 99 (September 1915), pp. 443-452.

*make clear that we desire their friendship, but yet to fight them with all our might.* »<sup>9</sup>.

This letter from Marshall provoked strong criticism. In a period of patriotic excitement, Marshall's love for Germany was taken as a provocation and unleashed anger against him.

### **The influence of Norman Angell's active pacifism**

The peaceful liberal movement was very active on the eve of the First World War, especially in Great Britain. Thus, in 1910, in a real best-seller, *The Great Illusion*, a revised edition of a 1903 book, the British economist Norman Angell<sup>10</sup> asks governments to realize that the time for wars is over and to proceed to disarmament. Over and above strictly economic considerations, Angell portrays the progress of civilization as bringing about a reduction in the psychological influence of physical force, and human combativity tending more and more to transfer to the intellectual level. Thus, intellectual strength would gradually replace physical force, including at the level of the army, whose effectiveness increasingly depends on engineers and technicians<sup>11</sup>. Psychological progress must also lead to collective accountability, awareness of the need to renounce the use of physical force between states, thereby destroying the "*homogeneous personality of States.*"<sup>12</sup> Denouncing the international arms race<sup>13</sup>, The idea that "the prosperity of nations depends on their political power, from which flows the necessity of protecting themselves against the aggression of other nations, desirous of diminishing our power to their advantage" is a "*Gross and dangerous mis-conception*", an "*illusion*"<sup>14</sup>. He wants to show that "*no other nation could gain any advantage from the conquest of the British colonies, and Great Britain could not suffer material damage by their loss ...*"<sup>15</sup>.

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<sup>9</sup> Lettre 1027, Marshall, A., & Whitaker, J. K. (1996). *The Correspondence of Alfred Marshall, Economist Volume 3. Volume 3.* Cambridge, Cambridge University Press.. Keynes rappellera cette position de Marshall vis-à-vis de l'Allemagne dans sa biographie de Marshall (Keynes, J. M., & Johnson, E. S. (1972). *The collected writings of John Maynard Keynes. Volume X, Essays in Biography.* London, Macmillan.

<sup>10</sup> Norman Angell (1910), *La grande illusion*, Hachette et Cie, Paris.

<sup>11</sup> Ibid., pp. 210-243.

<sup>12</sup> Ibid., p. 244.

<sup>13</sup> Ibid., pp. 274-300.

<sup>14</sup> Ibid., p. xv.

<sup>15</sup> Ibid., p. 93.

He also opposes the idea that a nation can be enriched by war, since the war indemnity itself fails to cover all the costs generated by the conflict and its preparation<sup>16</sup>.

On this point, Angell expresses ideas as early as 1910 which will be found in Keynes' *The Economic Consequences of Peace (ECP)*. According to Angell, it is useless to impose a war indemnity, which could only be paid by exports to the recipient country, causing a social crisis due to the "dumping" represented by these devalued foreign products. The negative effect of the receipt by Germany of the payment by France of 225 billion gold marks at the end of the war of 1870-71 is an illustration of the undesirable nature of the reparations.

Keynes endorsed Angell's ideas, and even invited him to speak at the Political Economy Club in February 1912<sup>17</sup>.

Norman Angell will consider in 1921<sup>18</sup> that the Keynesian criticism of the Treaty of Versailles in ECP validates his theory of 1910 on war indemnities as detrimental to the basic interests of the victorious countries. He admitted, however, an error in his book *The Great Illusion*: the claim that international economic interdependencies would prevent the occurrence of prolonged hostilities because of the risk of economic collapse. However, Germany had been able to endure four years of economic isolation and blockade without collapsing. But according to Angell, the German economy would not have resisted beyond this, in the absence of a declared conflict<sup>19</sup>.

Keynes warmly welcomed Angell's book of 1921, calling it (according to Angell) "*extremely good*"<sup>20</sup>. Keynes also supported Angell in 1931 when he successfully applied for the Nobel Peace Prize.

However, as we shall see later, Keynes later departed from the pacifism of the left, considered as too wait-and-see, of which Angell was one of the representatives.

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<sup>16</sup> Ibid., pp. 77-92.

<sup>17</sup> Turnell Sean (2002), *Keynes, economics and war*, Macquarie Economics Research Papers, 7, Sydney.

<sup>18</sup> Norman Angell (1921), *The fruits of victory*

<sup>19</sup> Williams Andrew J. Failed Imagination?: New World Orders of the Twentieth Century, *Failed Imagination? Anglo - American New World Orders from Wilson to Bush*, Manchester University Press, 1997 and 2007.

<sup>20</sup> Op.cit.

## **II- THE ECONOMIC CONSEQUENCES OF THE PEACE : AN ADVOCACY AGAINST REVANCHISM AND FOR INTERNATIONAL ECONOMIC SOLIDARITY**

Keynes became advisor at the British Treasury in 1915 and was then directly interested in the question of war finance. He vainly opposed the option of total war for Great Britain, even being on the brink of resigning from the Treasury when the British government called for conscription.

After the German capitulation, his book *The Economic Consequences of the Peace* (ECP) published in 1919 had a great impact, as a major criticism of the conditions of the Treaty of Versailles. Keynes then plays a central role in the debate on the economic future of Germany and calls for international cooperation.

### **Keynes and the Ashley report (1916)**

Keynes is not as hostile as Angel to the principle of war indemnities. In the spring of 1916 the English Government was concerned about the effects on the English economy of an indemnity paid by the defeated country<sup>21</sup>. It was finally William Ashley who was asked to write a report on this subject. Ashley then asks the assistance of Keynes, who accepts in June. At the instigation of Ashley is translated a note of Adolph Wagner imputing the difficulties of Germany after the War of 1870 to the indemnity paid by France. Finally, after a few shuttles, the report was delivered by its two authors on 2 January 1917<sup>22</sup>. The memorandum states that the payment of an indemnity generally has negative effects on the economy that pays it and positive ones for the recipient economy. The memorandum estimates that the effect of the indemnities paid by France from 1871 was at first positive for the German economy but was then cancelled out by the speculation that followed. In particular, the report rejects the idea that the indemnity stimulates the trade of the defeated country and is an obstacle to the exports of the winners. The report does not, therefore, exclude the idea of reparations, and in that regard it constitutes a disavowal of the positions expressed by Angell before the war.

The Ashley report, however, questions Germany's ability to pay and advocates moderation in the demands of the victorious allies. Keynes was to return to this

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<sup>21</sup> Le détail de la préparation du Memorandum se trouve dans Markwell Donald (2006), *John Maynard Keynes and International Relations: Economic Paths to War and Peace*, Oxford & New York: Oxford University Press. (pp. 55-58), Voir aussi W. Barber Barber W. J. (1991), 'Attempts to comprehend the nature of war, 1910-20', in Goodwin C.D. (ed), *Economics and national security, History of Political Economy*, annual supplement, 23, Duke University Press, 75-76..

<sup>22</sup> *Activities, 1914-1919*, (London, MacMillan, 1971, pp. 311-330)

question at the end of 1918<sup>23</sup>. He sets out as the starting point for negotiation a total income paid by Germany (reparations and others) not exceeding 3 billion pounds : an effective payment of 2 billion, if paid without adverse consequences, was considered as being very satisfactory in all cases.

### **The criticism of war indemnities *The Economic Consequences of the Peace***

The criticism of the reparations imposed on Germany by the Treaty of Versailles, developed in ECP (1919)<sup>24</sup>, has remained famous. Keynes went so far as to leave the British Treasury to protest against the reparations, and he militated firmly for a revision of the treaty and even for a cancellation of all reparations. He talks in ECP of a "Carthaginian peace", leading to the destruction of Germany, which if forced to pay the expected amount of reparations will plunge definitively into the crisis and even famine. And then the reaction can be terrible. Keynes considers that the economic collapse would exacerbate the risk of a workers' revolution in Germany, making the spread of Bolshevism in that country and its strengthening in Russia likely. But he also evokes another scenario, that of an authoritarian reaction, with the setting up of a regime having the ambition to dominate Europe<sup>25</sup>. In 1921 he reaffirmed that, in Germany, the economic weakening added to the political humiliation of the Treaty of Versailles could lead to a power takeover by the military<sup>26</sup>. The Allies must be wary of an "*authoritarian reaction*" as much as of Bolshevism, as it could lead to a world war.

On this issue, he was much criticized by American economists, but even more by French economists, notably for his condemnation of the French plan of the occupation of the Ruhr (the French government considering that Germany was voluntarily escaping its payment obligations). In ECP, Keynes is himself very critical of the French demands and the intransigent position of Clemenceau<sup>27</sup>. His opinion is that the French are not aware of the disastrous economic implications of reparations for the whole of Europe. He regretted in 1930 that economic science was not sufficiently disseminated in French academic and official circles<sup>28</sup>. In ECP

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<sup>23</sup> *Memorandum by the Treasury on the Indemnity Payable by the Enemy Power for Reparation and Other Claims* (2 december 1918) (Activities, 358-378).

<sup>24</sup> *The Economic Consequences of the Peace* (1919), in the *Collected writings of John Maynard Keynes* edited by D. Moggridge, vol II, Macmillan, St Martin's Press.

<sup>25</sup> ECP, chapter VII

<sup>26</sup> *The Manchester Guardian*, 26/27 April 1921, Volume 17 p 230.

<sup>27</sup> ECP, chapitre II.

<sup>28</sup> *The Macmillan Committee, Committee on Finance and Industry*, 7 March 1930, Volume 20 p 154.

(1919), he wrote that the main issue is not whether the reparations are morally justified : only economic pragmatism should influence the political choices of Allied governments. And precisely, Keynes puts forward the argument of international economic interdependencies: the political measures aimed at weakening the German economic potential are short-sighted, as an economic recession in Germany would spread to the rest of Europe. Since Germany was the economic heart of Europe before the war, its economic collapse would directly destabilize several Central European countries, which need a strong German economy<sup>29</sup>.

To explain the problems with the Treaty of Versailles, Keynes seeks to prove that Germany does not have the capacity to pay. After presenting the three forms of payment of reparations by Germany (transfers of wealth in the form of gold or foreign securities, value of ownership of the ceded territories, annual payments partly in cash and partly in goods such as coal, potash and dyes), he writes :

*« It is evident that Germany's pre-war capacity to pay an annual foreign tribute has not been unaffected by the almost total loss of her colonies, her overseas connections, her mercantile marine, and her foreign properties, by the cession of ten per cent of her territory and population, of one-third of her coal and of three-quarters of her iron ore, by two million casualties amongst men in the prime of life, by the starvation of her people for four years, by the burden of a vast war debt, by the depreciation of her currency to less than one-seventh its former value, by the disruption of her allies and their territories, by Revolution at home and Bolshevism on her borders, and by all the unmeasured ruin in strength and hope of four years of all-swallowing war and final defeat. All this, one would have supposed, is evident. Yet most estimates of a great indemnity from Germany depend on the assumption that she is in a position to conduct in the future a vastly greater trade than ever she has had in the past. »<sup>30</sup>*

He is particularly worried about the risk of inflation in Europe, which can undermine the very foundations of capitalism, preparing for a social revolution :

*« Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. (...) The profiteers are a consequence and not a cause of rising prices. By combining a popular hatred of the class of entrepreneurs with the blow already given to social security by the violent and arbitrary disturbance of contract and of the established equilibrium of wealth which is the inevitable result of inflation, these Governments are fast rendering impossible a continuance of the social*

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<sup>29</sup> ECP, 145.

<sup>30</sup> ECP, chapter V.

*and economic order of the nineteenth century. But they have no plan for replacing it. »*<sup>31</sup>

Describing the trade imbalances of France and Italy, as well as the disastrous budgetary situation of these two countries, coupled with a galloping inflation, he explains that a weakening of Germany would have an aggravating effect on all European economy<sup>32</sup>.

As early as 1918 Keynes had pointed out the possible perverse effects of reparations, which could force Germany to expand its exports, thus worsening international economic competition. Reparations must therefore only absorb the normal German trade surplus, which could have been spent on foreign investment and exports<sup>33</sup>.

In 1920, returning to the question of reparations, he added that it was not justified to hold Germany solely responsible for the war, what was encapsulated within the idea of "reparations". He reproached the injustice of the Treaty of Versailles and its lack of respectability, for it did not respect the fourteen points of Wilson (the basis on which the Germans accepted peace) refusing to pay punitive damages. On this point (already discussed in the first chapter of the ECP), he denounced Wilson's incomprehensible turn, which first had "the words of a philosopher," and then submitted to the "reality of power". "*On some subjects, we have not kept faith. He recalls that there are eternal reasons for man to keep his promises and calls for a "crusade for the inviolability of international commitments"*"<sup>34</sup>.

### **Poor reception of Keynes ideas in France**

In France, the positions of a Keynes judged "Germanophile" arouse much indignation. After the First World War, France's economy was very weak and the idea that "Germany will pay" was dominant.

Many French economists support the Treaty of Versailles. For Biard d'Aunet<sup>35</sup>, the reparations are too weak, in view of the "complicity of the German nation",

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<sup>31</sup> ECP, chapter VI.

<sup>32</sup> ECP, chapter VI.

<sup>33</sup> *Memorandum by the Treasury on the Indemnity Payable by the Enemy Powers for Reparation and other Claims*, 1918, Volume 16 p 380.

<sup>34</sup> Everybody's Magazine, September 1920, Volume 17 p 51.

<sup>35</sup> Biard d'Aunet (1923), *Le règlement des réparations*, *Revue d'Economie Internationale*, pp. 4-40.

whose character is warlike and democratic aspirations uncertain. Blondel<sup>36</sup> shares this point of view. André Tardieu (1921, 16), Clemenceau's advisor to the Treaty of Versailles and future President of the Council, expressed his fear of the future consequences of the aggressiveness of the German people, considering that in Germany, "university intellectuals" provide the "philosophical justification of a war of rapine". He is directly opposed to Keynes's argument about the political risks of too high reparations: "You say that there is a risk of provoking a nationalistic irritation in Germany. The German defeat already created this feeling. Hence the need to protect against a risk that will exist anyway."<sup>37</sup>

Germany's banning from the international community is however disputed by some economists. As early as 1921, the French economist Charles Rist, strongly influenced by Keynes, emphasized the concrete difficulties of a practical implementation of some provisions of the Treaty of Versailles. Moreover, German payments to France were very low in the early post-war years, and in 1924 the Dawes Plan decided to suspend them until Germany's financial situation was restored. Charles Rist refused, however, to adhere to the pessimistic predictions of the British economist regarding the non-payment of reparations, and endeavoured to seek the practical means by which these payments could be made<sup>38</sup>. Similarly, Yves Guyot<sup>39</sup>, editor-in-chief of the *Journal des Economistes*, calls for moderation in the demands of the victors, in order not to maintain the spirit of revenge among the defeated. However, he advocates the dismantling of the German Empire and of the Austro-Hungarian Empire as a basis for future peace. Charles Gide<sup>40</sup>, on the other hand, criticizes the confiscation of Germany's colonies, what will penalize the restoration of its industry and encourage the country to conquer South American and Asian markets.

For Jacques Rueff, on the other hand, in opposition to the principles of the Dawes plan and defender of the mechanism of an automatic balance of payments' adjustment, there is no problem of transfer. Germany may secure the transfer by

<sup>36</sup> Georges Blondel (1920), *La situations économique et financière de l'Allemagne*, *Revue Economique Internationale*, pp. 443-460.

<sup>37</sup> « Vous dites qu'on risque de provoquer en Allemagne une irritation nationaliste. La défaite allemande a créé déjà ce sentiment. D'où le besoin de se protéger contre un risque qui existera de toute façon. » Ibid, p. 445.

<sup>38</sup> See Alcouffe A. (1997), Keynes and the French guardians of the Say's law, ESHET, 1st conference, Marseille et Coulomb F. (2000), « Charles Rist, la revanche de l'économie sur l'esprit de revanche », in Dockès P. (dir.) : « *Les traditions économiques françaises 1848-1939* », Editions du CNRS, Paris.

<sup>39</sup> Yves Guyot (1921), *L'année du Traité de Versailles*, *Journal des Economistes*, pp. 3-27.

<sup>40</sup> Charles Gide (1919), *Le partage de l'Afrique et le traité de paix*, *Revue d'Economie Politique*, pp. 754-765.

obtaining foreign resources by means of an international loan, or, if it is not possible, by internal taxation or borrowing. In the latter two cases, *"the resources obtained would be in national currency. To ensure its transfer, Germany would be obliged to seek foreign currency on all financial markets. The price of the German currency in relation to all other currencies would fall, apart from any measure of inflation and without any appreciable variation in its domestic purchasing power. Due to the positive disparity of the mark thus obtained, German exports would be stimulated, to the extent exactly necessary to supply the State with the foreign currencies it would need. In order to procure them, it would only have to buy them in German currency, from its exporters."*<sup>41</sup> Later, Rueff will oppose the principle of the Dawes Plan of the limitation of transferable cash, which may be lower than the tax levy for reparations, in the event of the risk of monetary problems<sup>42</sup>. Rueff's argument, widely endorsed by French liberal economists, brings water to the supporters of the solution of "making Germany pay".

Several years later, the controversy was revived by the Second World War, which naturally gave rise to many reflections on its causes. In his book against ECP published in 1946, "The calumniated peace or the Economic Consequences of Mr. Keynes"<sup>43</sup>, « *La paix calomniée ou les Conséquences Economiques de M. Keynes* » the French historian Etienne Mantoux accuses Keynes of having caused a polemic on the reparations which contributed to nourishing a feeling of injustice in Germany, creating the conditions of the Second World War. Meanwhile, Mantoux revisits the question of Germany's capacity to pay at the time of the Treaty of Versailles, believing that Keynes' forecasts of his possible economic collapse were unfounded.

Keynes has never spoken beyond the 1920s on this issue, especially since his reflection radically evolved after the publication of the ECPs, which were based on

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<sup>41</sup> « *Les ressources obtenues le seraient en monnaie nationale. Pour en assurer le transfert, l'Allemagne serait amenée à rechercher, sur tous les marchés financiers, les devises étrangères. Le cours de la monnaie allemande par rapport à toutes les autres monnaies baisserait, en dehors de toute mesure d'inflation et sans qu'il y ait variation sensible de son pouvoir d'achat intérieur. Du fait de la disparité positive du mark à l'étranger ainsi réalisée, les exportations allemandes se trouveraient stimulées, dans la mesure exactement nécessaire pour fournir à l'Etat les monnaies étrangères dont il aurait besoin. Pour se les procurer, il ne lui resterait qu'à les acheter en monnaie allemande, à ses exportateurs.* » Jacques Rueff (1922), *Le change, phénomène naturel*, dans *Théorie monétaire*, Volume II, Plon, Paris, 1979, pp. 141-180, p. 173.

<sup>42</sup> Jacques Rueff (1928), *Une erreur économique: l'organisation des transferts*, dans *Théorie monétaire*, op. cit., pp. 181-200, p. 183.

<sup>43</sup> Mantoux, Etienne (2002 [1946]), *La paix calomniée ou Les Conséquences économiques de M. Keynes*, L'Harmattan, Paris.

a liberal theoretical corpus. Thus, according to Turnell<sup>44</sup> : « Keynes was in effect to repudiate much that he wrote on the links between economics and war in ECP. Of course, it is also true that the economics in ECP, and Keynes's analysis of the transfer problem that he was convinced German reparations would impose, was based on an orthodoxy he would spend the rest of his life in trying to change”.

As we shall see later, Keynes also distinguished himself in the late 1930s from the determined pacifism of a part of the radical European left.

### **The call for international economic cooperation to restore economic prosperity**

In ECP Keynes asserts that an economist justifies his existence only if he participates in the elaboration of concrete solutions to improve the functioning of the liberal economy. It is therefore necessary to adopt a particular methodology, namely the observation of concrete problems as the basis of an original economic theory. He predicts the revolution in Europe if nothing is done to educate public opinion, whose hidden currents are ultimately more determinant for the survival of the system than the actions of politicians<sup>45</sup>. In 1923 he reaffirmed that war should be avoided as much as possible, not because it involves an economic cost, but because it is contrary to human nature<sup>46</sup>. However, adequate political and economic structures must be put in place.

To better reconcile the imperatives of international peace and the defence of national economic interests, Keynes calls for international economic cooperation. In ECP, he links the issue of reparations to the question of interallied debt. The argument is that the danger of a debt crisis is weighing heavily on the world economy and is all the greater because, for the first time, the debt burden is not represented by "true capital" and is not "limited by the system of ownership". According to Keynes, the system of large-scale debt between governments is not natural, nor in accordance with human nature, and no people can long consent to work to fulfil a foreign payment<sup>47</sup>. The cancellation of Allied debts would be a sign of solidarity between the Allies and would contribute to the establishment of a new Europe<sup>48</sup>.

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<sup>44</sup> Turnell Sean (2002), *Keynes, economics and war: a liberal dose of realism*, Macquarie economic research papers, Sydney, p. 2.

<sup>45</sup> ECP, p 243.

<sup>46</sup> The Manchester Guardian Commercial, 4 January 1923, Volume 17 p 450.

<sup>47</sup> *Op.cit.*, p 178.

<sup>48</sup> *Scheme for the rehabilitation of European credit and for financing relief and reconstruction*, 1919, Volume 16 p 429.

With the same concern for international co-operation, Keynes requested, as early as 1919, financial assistance from the United States, in the form of an international loan, to help restart an European production penalized by trade deficit and by monetary disturbances<sup>49</sup>. At the 1919 Financial Conference in Amsterdam, he suggested the creation of a new international currency and settlements in the form of barter (compensation). He also proposes a free trade area in Europe to restore the economic efficiency destroyed by the innumerable new European borders and to promote peace<sup>50</sup>.

Keynes' concern to find solutions to pacify international relations was reflected in all his foreign policy proposals. As early as 1921, apart from the cancellation of inter-allied debts<sup>51</sup>, he advocates disarmament, in the belief that national economic structures could benefit from the savings achieved by reducing military spending.<sup>52</sup> It may be noted that the idea of a global disarmament to promote economic recovery was widespread in the aftermath of the war. Thus, the US Treasury, when it refuses to make a new loan to Europe in 1919, advocates disarmament, adequate taxation and domestic loans for the healing of the world. In the framework of the Subcommittee of the League of Nations for the Limitation of Armaments, Keynes proposes the limitation of military expenditure without success<sup>53</sup>.

Finally, at the Genoa Conference for the Stabilization of International Trade in 1922, he called for an international economic agreement. The maintenance of political risks in Europe necessitates this agreement, which must help to organize international relations in terms of peace, commercial freedom and economic wealth, so that *"being a citizen of the European Society allows us to enjoy again the old individual liberties"*<sup>54</sup>.

Keynes adopted a liberal discourse at this period, implicitly linking world peace with the development of international trade regulated by international agreements that prevented protectionism and aggressive trade policies.

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<sup>49</sup> ECP, p 180.

<sup>50</sup> Markwell, op.cit.

<sup>51</sup> Sunday Times, 18 September 1921, Volume 17 p 272; Manchester Guardian, 24 April 1922, Volume 17 p 398.

<sup>52</sup> Sunday Times, 11 September 1921, Volume 17 p 271.

<sup>53</sup> February 1921, Volume 17 p 241.

<sup>54</sup> The New Statesman and Nation, 25 March 1938, Volume 28 p 102.

### III – THE KEYNESIAN THOUGHT AS A RESULT OF A REFLECTION ON THE ECONOMIC STAKES OF WAR

As Turnell<sup>55</sup> recalled, Skidelsky<sup>56</sup>, who wrote a biography of Keynes, believed that Keynes had little competence in international relations, particularly because of his distance from the ruling circles of British foreign policy. Turnell contests this point of view, arguing that if Keynes had been able to launch a few "bad calls"<sup>57</sup>, his thought nevertheless evolved during the interwar period, following a thorough reflection on these subjects. Indeed, the "Keynesian revolution" has undoubtedly been largely fueled by empirical reflections on the causes of war and the conditions of world peace<sup>58</sup>. In Keynes's mind, the war, no matter how detestable, brings about new solutions of economic policy and international cooperation through international institutions.

#### **Advocating for the use of economic weapons as a means of preventing a world war**

During the 1930s, Keynes made several proposals for political cooperation for the defence of peace, convinced of the potential effectiveness of the economic weapon. In 1929 he participated in a *Draft Convention for Financial Assistance by the League of Nations* which proposed the future prevention of conflicts by the by means of the financial weapon. The prospect of financial support to one of the two belligerent parties in a potential conflict would deter the other party from starting hostilities<sup>59</sup>. A few years later, in 1935, he defended the principle of economic sanctions against Italy, refuting the argument that this country might declare war. For Keynes, such an act would not fall within a reasonable calculation<sup>60</sup>. Finally, in 1937, he said that there were nine out of ten chances that the threat of sanctions

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<sup>55</sup> Turnell, op.cit., p. 2.

<sup>56</sup> Skidelsky Robert (1983-2000), *John Maynard Keynes*, 3 volumes, Macmillan.

<sup>57</sup> Notamment sa sous-estimation des intentions de Hitler, relevée par Turnell (op.cit.) : "In a world war Hitler will be beaten and knows it. I agree with you that we should bluff to the hilt; and if the bluff is called, back out. I prefer, meanwhile, meiosis and bogus optimism in public." Keynes to Kingsley Martin, 26 August 1938, *CWXXVIII*, p.117.

<sup>58</sup> Coulomb F. (1997), « La révolution keynésienne : une conséquence inattendue de l'analyse de la sécurité internationale de l'entre-deux guerres », *Cahiers de l'Espace Europe*, Contribution en l'honneur du Pfr Robert Eisner, Grenoble.

<sup>59</sup> *The Nation and Athenaeum*, 8/15 March 1930, Volume 20 p 332.

<sup>60</sup> *The New Statesman and Nation*, 28 September 1935, Volume 21 p 370.

against Japan would have a positive effect<sup>61</sup>. More generally, he is confident in the effectiveness of economic sanctions:

*"I am sure that the world greatly underestimates the effect of economic sanctions."*<sup>62</sup>

In 1935 he proposed strengthening the League of Nations by limiting its membership to those countries that truly wished to make peace. He now thinks that it is too late to speak of disarmament, and that, on the contrary, the L.O.N. Must strengthen its economic and military power to be a deterrent to law-breakers. He deplores, with a biting irony, the impasse in this project, because of the refusal of the United States, the keystone of the system, to participate in it.

*"However, we are told that it is an impossibility; The United States is too frightened by their ties with the outside world, they are too far from the fate of the rest of the world and even civilization to make the necessary commitments."*<sup>63</sup>

Keynes does not believe that the confrontation between democracy and totalitarianism can be resolved by armed conflict. Convinced that the adherence of public opinion can only be achieved by adhering to a moral ideal embodied in particular by a new economic theory, he denounces the uselessness of a new "war of religions".

*"I consider with disgust the growing tendency to make the struggle between the two ideologies (or would it be conceded that there are three?) another War of Religion, to believe that the outcome can or will be determined by the strength of arms, and to think that it is our duty to make haste in all the corners of the world where those of our faith are oppressed. Let us suppose that the war is taking place, and suppose for argument that we win. And after ? (...) What are we going to do about the defeated? Are we going to impose on them our favorite ideology (whatever it is by then) in an up-to-date peace treaty, or do we assume that they will adopt it with spontaneous enthusiasm? (...) The defeat would be a complete disaster. Victory, as usual, would be useless, and probably pernicious. It is an illusion to believe that the conscience of guilt in the necessary murder can regulate what is primarily a moral issue. Therefore, and furthermore, I maintain that calls for peace are of the utmost urgency."*<sup>64</sup>

A controversy subsequently emerged, with some critics of Keynes accusing him of having fostered sympathies for the Nazi regime, advancing the evocation of totalitarianism as a privileged regime to apply economic interventionism in the

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<sup>61</sup> Letter to the Editor of The Times, 28 September 1937, Volume 28 p 82.

<sup>62</sup> Letter to Gladwyn Jebb, 29 September 1937, Volume 28 p 83.

<sup>63</sup> *Message on world peace*, Cosmopolitain, fin 1935, Volume 21 p 374.

<sup>64</sup> The New Statesman and Nation, 10 July 1937, Volume 28 p 61.

*preface to the German edition of the General Theory* in 1936. Such an argument seems difficult to accept, as Keynes's pacifism and his attachment to democracy and individual freedoms are reflected in all his writings. In addition, the precise authorship of this preface is subject to caution<sup>65</sup>. Keynes strongly criticized the national autarchy policies of the 1930s, with the development of fascism, Nazism and communism. We have already mentioned his rejection of German economic nationalism in the 1910s (see Part I). In his 1933 article on national self-sufficiency<sup>66</sup>, he explained that protectionism should be treated with caution; "*For I must not be supposed to be endorsing all those things which are being done in the political world today in the name of economic nationalism. Far from it.*" (1933: 244).

On the other hand, Markwell recalls that in the mid-1930s Keynes spoke of "brigand powers" about Germany, Italy and Japan.<sup>67</sup>

### **Support for the rearmament of democracies**

In the interwar years, Keynes worked for peace and was reluctant until 1938 to recognize the war with Germany as inevitable. In 1937 he wrote :

*« I maintain that the claims for peace are paramount. It is our duty to prolong peace, hour by hour, day by day, for as long as we can. We do not know what the future will bring, except that it will be quite different from anything we could predict. »*<sup>68</sup>

However, his pacifism is not unlimited. As early as 1936, with the rise of military aggressions by the "brigand powers" and the outbreak of the Spanish Civil War, he recognized the necessity of the rearmament of European democracies, with a dissuasive aim<sup>69</sup>. His health problems probably prevented him from multiplying the writings on this issue in 1937-1938. But on the eve of the Second World War he was opposed to the policy of the Socialists who were considering calling on people to refuse to fight, pay taxes or work in case of war. He will even accuse the liberal anti-war economists before World War I, including Angell, of having served the interests of their country by refusing to recognize the reality of a danger to national

<sup>65</sup> Sur ce point, voir Hagemann Harald (2002), *The German edition of Keynes's General Theory: Controversies on the Preface*, Universität Hohenheim, conférence ESHET, mai 2013.

<sup>66</sup> "National Self-Sufficiency," *The Yale Review*, Vol. 22, no. 4 (June 1933), pp. 755-769

<sup>67</sup> Markwell (1995), *J.M. Keynes, idealism and the economic bases of peace*, in Long David, Wilson Peter, "Thinkers of the twenty years' crisis", Clarendon Press, Oxford, p. 197.

<sup>68</sup> *The New Statesman and Nation*, 10 July 1937.

<sup>69</sup> Letter to MSN, 13 July 1936, reproduced in *CW XXVIII*, p.47.

security arising from the international situation and maintaining their calls for peace until the eve of the world conflict.

A few months before the Munich Conference of September 29th, 1938, he opposed the wait-and-see policy of the Allied governments, and he advocated against the ineffective "*negative pacifism*" which Lloyd George and Chamberlain had hitherto opposed to Hitler, A "*positive pacifism*," which he said was the only bulwark against the "*positive militarism*" that characterized Germany. He proposed the creation of a new League of Nations, more responsible, with broad powers<sup>70</sup>. As for the Munich agreement between Chamberlain and Hitler, he wrote:

« *Neither the Prime Minister nor Herr Hitler ever intended for one moment that the play-acting should devolve into reality.* »<sup>71</sup>

All his writings leave little doubt as to his lucidity vis-à-vis the events of the period and his hostility to the strongly militarized undemocratic regimes. However, to the end, he will believe in the power of deterrence to avoid open conflict. For example, in 1938 he referred to the creation of a new "European Pact", which would be responsible for both the defence and the prevention of conflicts, through deterrence, and which would ensure the collective security of Europe by channelling forces in the direction of common action<sup>72</sup>. It would have three types of functions: financial assistance, blockade, a total military alliance. Deterrence is the main idea of the Pact. This institution would be mainly devoted to European problems; For the rest of the world, alongside a European League, similar institutions could be set up in America (the "American League"), the Pacific League, or the African League<sup>73</sup>.

### **The rejection of liberal globalization**

The persistence of the economic crisis in Europe and the United States in the interwar years persuaded Keynes of the need to find other solutions to save the capitalist system from external challenge or internal destabilization. In 1934 he wrote that the inadequate economic policy measures taken in response to the economic crisis stemmed from a misunderstanding of economic mechanisms, still based on the same liberal theory as in the eighteenth century, which was henceforth unsuited to contemporary economic realities. Thus, the "*standard system*" of liberals and Marxists must be abandoned, with the establishment of a new

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<sup>70</sup> The New Statesman and Nation, 25 March 1938, Volume 28 p 99.

<sup>71</sup> The New Statesman and Nation, October 1938, Volume 28.

<sup>72</sup> op. cit. p 99.

<sup>73</sup> The New Statesman and Nation, 25 March 1938, Volume 28 p 102.

"scientific paradigm"<sup>74</sup>. State policy in the economic field is then presented as the main remedy against the crisis. Despite his closeness to the Liberals in linking peace and economic prosperity, Keynes no longer considers laissez-faire to guarantee either of these two goals, and advocates interventionist economic policies.

In 1938 he strongly reaffirmed that economic theory, in the face of the temptation of totalitarian ideologies, which was harmful to world peace, must be fundamentally an instrument of defence for the liberal regime. The role of the economist is essential, at any rate likely to become decisive.

*« We are learning to honour more than formerly the achievements of our predecessors and the Christian civilisation and fundamental laws of conduct which they established in a savage world. We are seeing and enduring events, worse than which have not been seen and endured since man became himself. If we still recognise the difference, not merely between peace and war, but between good and evil, and between right and wrong, we need to rouse up and shake ourselves and offer leadership. »*<sup>75</sup>

In his famous article of 1933, National Self-sufficiency, Keynes recalls that he was raised in the conviction of the need for free trade:

*« I was brought up, like most Englishmen, to respect free trade not only as an economic doctrine which a rational and instructed person could not doubt, but almost as a part of the moral law. »*<sup>76</sup>

Indeed, in his early writings, Keynes firmly denounced protectionism. In 1910 he made a speech at the Cambridge Union against the reform of customs duties: "Protection is a flower which grows in rank soil. Free trade was a barrier to 'internal corruption' generated by protectionism"<sup>77</sup>. And in 1922 Keynes called on Great Britain to resist the wave of protectionism in Europe, dismissing the idea that it could solve the problem of unemployment<sup>78</sup>.

But in 1933, Keynes's thinking on international trade evolved. According to him, the idea that economic liberalism is synonymous with international peace has not been validated by the facts. He accuses the search for maximum international specialization and international dissemination of capital to be responsible for aggressive national policies conducted in order to protect particular interests, conquer new markets and increase economic imperialism. He has doubts about the

<sup>74</sup> The New Statesman and Nation, 10 November 1934, Volume 28 p 34.

<sup>75</sup> The New Statesman and Nation, 25 March 1938, Volume 28 p 99.

<sup>76</sup> "National Self-Sufficiency," The Yale Review, Vol. 22, no. 4 (June 1933), pp. 755-769

<sup>77</sup> Markwell, op.cit.

<sup>78</sup> Markwell, op.cit.

economic benefits of an increased reliance on economic structures on foreign capital and external policies. He considers that capital flows (especially when the relationship between marginal efficiency of capital and interest rates is more advantageous abroad) impede the development of sound economic policies and he denounces the separation between ownership and management of firms. While reaffirming his pacifism, he proposed in 1933 a radical break with the orthodox model:

*« For these strong reasons, therefore, I am inclined to the belief that, after the transition is accomplished, a greater measure of national self-sufficiency and economic isolation between countries that existed in 1914 may tend to serve the cause of peace, rather than otherwise. At any rate, the age of economic internationalism was not particularly successful in avoiding war; and if its friends retort, that the imperfection of its success never gave it a fair chance, it is reasonable to point out that a greater success is scarcely probable in the coming years.»<sup>79</sup>*

### **The economic revival through European rearmament, a validation test for the General Theory**

Regarding military expenditure as a specific public expenditure, Keynes is aware of their possible effectiveness against unemployment<sup>80</sup>. The stimulation of economic activities linked to arms production should lead to an increase in employment and wages, which could lead to an increase in demand and hence in production. Assuming a 150 million pounds increase in military spending, Keynes concluded that this could help overcome unemployment, because of their multiplier effect:

*« If so, the direct effect of the armament expenditure may be to take 300,000 men of the dole. I fancy that even the pessimists would reckon that a fairly conservative figure. »<sup>81</sup>*

However, the increase in armaments production is only a second-best solution, which does not meet social needs and which will slow down the productive potential of the economy in the long term. Military expenditures are the most unproductive (but useful for national defence) of public expenditures. Weapons are either stocked or destroyed in the event of war; therefore their production does not

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<sup>79</sup> "National Self-Sufficiency," op.cit.

<sup>80</sup> 'Will Rearmament Cure Unemployment?', *The Listener*, 1st June 1939, 528-532.

<sup>81</sup> Op.cit., 531.

represent an intertemporal transfer of purchasing power, but a definitive exclusion of the factors of production from the economic process. It is unproductive consumption. Preparation for war, more than the war itself, is a temporary incentive for economic activity. But Keynes disapproved of what is now known as "military Keynesianism," because it could only have short-term effects. It is better to direct public investment towards the building sector or civil engineering, which are socially useful.

*« I have a special extra reason for hoping that trade-unionists will do what they can to make this big transition to fuller employment work smoothly. I began by saying that the grand experiment has begun. If it works, if expenditure on armament really cure unemployment, I predict that we shall never go back all the way to the old state of affairs. I we can cure unemployment for the wasted purpose of armaments, we can cure it for the productive purposes of peace.»<sup>82</sup>*

The successes of German industry have in fact been observed by the European democratic countries since the mid-1930s. In 1938 Keynes explains this growth by the fact that the country makes full use of its production capacity and he advises Great Britain to refer to this example. He is in fact favourable to a flexible state planning<sup>83</sup>. But even if he rehabilitates interventionism, it does not mean that he favors a militarization of economic life.

In fact, Keynes regrets that the only public expenditure of his time that helps to absorb unemployment is made in the military sector. Without the military spending, the British government would never have issued public loans. However, military expenditure's effectiveness in overcoming the economic crisis can only be temporary. A policy based on other public spending would be more effective.

Moreover, in 1942, in his analysis on the European economies after the Second World War, Keynes highlighted the lack of productivity of military spending and the burden it represents on the national economy, while public finances should be used to encourage national productive capacities. He denounced Germany's ban on keeping an army and an armaments industry, saying that these measures were a means of ridding the country of a considerable economic burden<sup>84</sup>. The growth of German exports, at the expense of other countries, such as Great Britain, bearing the burden of international security, will be inevitable. Keynes suggests that, in compensation, Germany contributes to the financing of peacekeeping in the world.

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<sup>82</sup> Op.cit. 532.

<sup>83</sup> *Series on the State and Industry*, 14 March 1932, Volume 21 p 90.

<sup>84</sup> *Inter-Departemental Committee on Reparation and Economic Security*, 21 December 1942, Volume 26 p 339.

When the Second World War seemed inevitable, Keynes began to study the best way to finance the conflict without weakening the British economy. In a short paper published in 1940, *How to pay for the war*<sup>85</sup>, he applied the principles expressed in the *General Theory*. Public action is needed to reduce inflation, in a context of economic recovery due to the conflict. Keynes recommends an equal distribution of the financial burden between social classes, for justice and social peace. The economic recovery generates a large private saving, half of which must be levied by the tax, in order to finance the war. Additional financial needs could be met by delaying individual consumption, through state measures in agreement with trade unions, such as deferred payments. These measures could stop inflation by restricting purchasing power.

### Conclusion

After the Second World War, Keynes wrote an open letter to President Roosevelt<sup>86</sup>, but despite the seemingly Keynesian character of New Deal economic measures, there was deep dissension between the two men. If Roosevelt favoured social measures, he remained hostile to the organization of a state interventionism financed by borrowing, a solution nevertheless advocated by Keynes, to revive purchasing power.

Keynes's renewed appeal to international economic solidarity after the Second World War was also not directly followed up: his project to control commodity prices was discarded, as well as that of an international currency managed by a global institution ensuring the equilibrium of all balances of payments through capital transfers from surplus countries to deficit countries.

Keynes' thought was deeply nourished by his participation in international negotiations during the inter-world wars, in particular as adviser at the British Treasury. If he could perceive war as a laboratory of experimentation to test the validity of his theory of the effect of public stimulus spending, he can in no way be considered as a supporter of "military Keynesianism", i.e. the use of military spending as a privileged instrument of economic policy (justified notably by the expected technological spin-offs from military investments). Keynes was openly hostile to militarism and war, convinced that they were contrary to human nature. All his proposals for the reorganization of global governance were aimed at

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<sup>85</sup> Keynes J.M. (1940), *How to pay for the war. A radical plan for the Chancellor of the Exchequer*, London, Macmillan.

<sup>86</sup> *An Open Letter to President Roosevelt* John Maynard Keynes, 1933. Publishing Information.

ensuring the absence of international conflicts related to economic or monetary issues. His disappointment at the failure of international economic sanctions as an effective instrument of peace was great. In September 1945 he called on Europe, as soon as the economies were restored, to return to trade liberalism, with the help of the United States, for the benefit of all in the long term. Even if this may seem contradictory to his declarations of the 1930s in favour of a return to more self-sufficiency, this shows precisely the primacy of his preoccupation with the pacification of international relations. According to him, global peace should be consolidated by international institutions guaranteeing the prosperity of all countries through interventionist measures based on the principle of international solidarity.

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