

# KEYNES – THE ETHICAL INSPIRED ECONOMIST

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## Abstract

To some, the discipline of economics should not escape the fact that it is, at least to some extent, based on ethical and moral aspects. Historically, it was in general accepted that economics had to include ethical considerations. However, later it became fashionable to focus primarily on doing positive economics. Deductive logic combined with a formal mathematical reasoning became the way to do macroeconomics in more modern times. As such, the old Keynesian paradigm founded on the writings of Keynes, the ethical inspired economist, became overthrown by economists inspired by Friedman, one of the foremost proponents of positive economics. However, can macroeconomists really do without concerning themselves with questions of morality? Ought macroeconomics not to have an ethical foundation? The present article argues that economics need to have some form of ethical anchorage and aims at discussing the ethical kind of understanding that Keynes advocated.

**Keywords:** Macroeconomics; Keynes; post-Keynesianism; ethics & morality.

**JEL Code:** A20; B31; B41; E10 & E12.

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## 1. Introduction

Basically, economics has always had a normative dimension. It is so, because economics is somehow never free of various kinds of value judgements<sup>1</sup>. As such, not surprisingly, to some economists, the discipline of economics should not escape the fact that it is, at least to some extent, based on ethical and moral aspects, see e.g., Olesen (2021 & 2023). Historically, it was in general accepted that economics had to include ethical considerations, see e.g., Wittmer (2017) and Best & Widmaier (2006). In more modern times, however, it became fashionable to see economics as covering only positive aspects, see e.g., Hodgson (2014). Rooted in deductive logic using almost only an approach of formal mathematical reasoning as the only acceptable way of doing relevant economics, the road towards the establishment of the modern macroeconomic understanding of New Neoclassical Synthesis with its DSGE models was paved with success. As such, the old Keynesian paradigm founded on the writings of John Maynard Keynes, the ethical inspired economist, became overthrown by economists inspired by Milton Friedman, one of the foremost proponents of positive economics.

However, can macroeconomists really do without concerning themselves with questions of morality? Ought macroeconomics, and economics in general, not to have an ethical foundation? Can one really escape the problems addressed by normative economics? As we all know, economies are inhabited by real human beings not textbook-like robots like the representative agent and when they act economically, they often also include ethical considerations. And so do governments, at least to some degree, suffice it to mention the concern for environmental sustainability that nowadays of obvious reasons is high on the public agenda.

Addressing these aspects, some important lessons might still be learnt from studying the writings of Keynes. To him, economics was basically a moral science. As such, Keynes *the philosopher* throughout most of Keynes's writing inspired the work done by Keynes *the*

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<sup>1</sup> As pointed out by Tarascio (1971, p. 98): "The problem of values and its implication for economic science has been a source of methodological controversy ever since logical positivists distinguished between positive and normative economics". Furthermore, as argued by Boumans & Davis (2016, pp. 175 & 190): "Scientists and economists live in a world of values. Though values and value judgments are not the only determinants of how they understand and practice science ... they certainly exert a considerable influence ... value judgments enter into economics in a number of distinct ways: in the way in which the economy is investigated, in the often value-laden character of the concepts employed in economics, in the ethical views implied by the fundamental propositions of standard economics, and in how explanations in economics incorporate ethical values and moral norms".

*economist*. Therefore, as an economist, Keynes had to work methodologically different from that of the mainstreamers of his time. As Carabelli & Cedrine (2018, p. 1184) states it: “Keynes ... [the mathematician] ... never yielded to the positivistic character of Robbins’s conception of economics as ‘pseudo-natural’ science”.

Be that as it may, with certainty Keynes was not an ordinary economist. In many respects he was much more broadminded than a common fellow economist of his time when he addressed various economic matters, concerning theoretically, methodologically and/or economic policy aspects. This observation is in good accordance with those character traits of Keynes that is given by Mini (1991, p. 453). To him, Keynes: “[...] often wrote as a technical economist and an academic philosopher, but just as often, he wrote as a sociologist, a philosopher of history, a social critic or a gifted journalist”. As his friend Austin Robinson has characterized him: “[...] Keynes was in fact two men. He was the economic statesman. He was the creative pioneer in economic theory<sup>2</sup> ... [he] ... was essentially a political economist, essentially an applied economist” (Robinson, 1972, p. 553). Or as Johnson (1974, pp. 107 & 109) points out: “[...] Keynes behaved from day to day in public like a working politician. In private, he was deeply and seriously concerned with the science of economics. He kept coming back to the central problem that the existing theory would not explain ... Keynes was a politician, but a politician whose constituency was not electoral but intellectual – he had to be a scientist to be a politician ... he was a scientific political economist”.

As argued by Gram (2011), combining economics with ethical aspects might be seen as a common characteristic of the Cambridge School of economics. As he points out, to Alfred Marshall one of the founding fathers of the Cambridge economic tradition “[...] economics was rooted in ethics and an abiding concern for what he called the ‘standard of life’ ... [therefore, to Marshall] ... The duty of economists was to serve ethics” (Gram, 2011, pp. 974 & 975). Furthermore, as a consequence of this view on economics, as Gram observes, this might even be one of the motivating factors behind Keynes advocating the methodological approach of doing open system analysis in his *General Theory* as such a theoretical framework “[...] leave space for ethical and moral concerns” (ibid. p. 992). And such an understanding has of course consequences for how you should conduct your economic research the right way seen from a Cambridge perspective as argued by Morgan

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<sup>2</sup> As Robinson later emphasises, theoretically “Keynes's thought never stood still ... This seems to me Keynes's important contribution to economics: that he asked a number of very fundamental new question” (Robinson, 1972, pp. 540 & 541).

(2016, pp. 683 & 674-675): “[...] a hallmark of the Cambridge tradition is that the mathematics does not become the focus because the starting point is a real-world focus to which the mathematics is subordinated ... [simply because] ... economics has a context and a basic fallibility. As such, it would seem fundamental for any and all economists to be aware of this context and of the nature of fallibility”.

The present article aims primary to focus on the ethical kind of understanding that Keynes advocated. As such, it argues that Keynes always had a keen eye for important ethical concerns and moral aspects when he addressed economic matters. To him, it was basically such a philosophical framework, that defined how one as an economist should construct theory and design economic policy the right way accepting the fundamental freedom of the individual to act economically in a sovereign manner and at the same time ensuring the best possible outcome for society as a whole. Accepting this view on economics, macroeconomic reasoning even in our modern time still need to have some form of ethical anchorage.

## **2. Modern mainstream macroeconomics – without value judgments?**

As mainstream macroeconomics at its core relies heavily on the existence and strength of the market mechanism it is grounded on a kind of neoliberal ideology, thereby actually adhering to a given set of normative values<sup>3</sup>. Letting markets functioning freely without any kind of interferes ensures that society gains both efficiency and optimality it is claimed. Seen from this perspective, the economic game becomes a game that is all about obeying “[...] the generally accepted rules and norms of engaging in impersonal exchange, such as being honest, keeping our promises and contractual obligations, respecting the property rights of others, and not intentionally harming others”, which could be termed a mundane kind of morality as pointed out by Lee & Schug (2011, p. 75). Besides accepting these rules and norms, the modern mainstream macroeconomics in general skips moral dimensions.

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<sup>3</sup> To some, such a kind of market fetishism must be criticised. As an example, Nothelle-Wildfeuer (2018) argues that such an understanding is much too narrow as it lacks concerns for the socially vulnerable members of society. As pointed out by Nothelle-Wildfeuer (2018, p. 85) economics need also to include some kind of concerns that has to do with the “[...] standards of humanity and justice, of fundamental values of social and economic order that is ultimately implemented in the inner core of our culture”. So to her, without some kind of morality and ethical considerations economics becomes empty and loses interest for the majority of citizens in our modern societies.

Furthermore, by transforming the empirical facts of heterogeneous households and firms to be represented by a single representative agent – a modern kind of *homo economicus* – with his quest for gaining optimality is to accept an economic behaviour that follows the rules of doing pure positive economics. Of course, accepting such a modern kind of *homo economicus* is in itself a normative choice. It is value laden to postulate a particular set of given economic social relations as explained by Ballor (2022, p. 18): “Social scientific models such as *homo economicus* give us a picture of the human person. In this way they presuppose and represent an anthropology, an understand of the human person”. That is, the modern mainstreamers seem to assume that the economic system is inhabited by, and must be modelled with “[...] individual hyper-rationalists, who are motivated exclusively by insatiable materialist ambitions” (Kirshner, 2015, p. 406).

As such, although the modern macroeconomic mainstream textbooks might present a world of perfection to its readers this is not in any way backed by empirical evidence [see e.g., Juselius (2023, 2011 & 2009)]<sup>4</sup>. It is out of sync with facts of real life as “[...] the assumptions of hyper-rationalism routinely and repeatedly fail when subjected to empirical tests ... [and furthermore] ... the academic embrace of hyper-rationalist assumptions has contributed to real-world policy catastrophes” (Kirshner, 2015, p. 406). And of course, such an understanding of economics contradicts that of Keynes as he viewed the economic system to be “[...] characterized by uncertainty ... and from there, a conceptualization of economics that had to reckon with, among other things, values, moral purpose, systems effects, and the instability of behavioral relationships over time” (ibid. p. 404).

However, we know as a fact, that a broader set of normative aspects than the above-mentioned rules of a mundane kind of morality *are* important for humans. Not only are norms and values determinants of human behaviour, but humans also have many social relations as they often in important ways interact with one and another. Furthermore, human behaviour is purposeful. That is, real human beings shape culture and patterns of culture change over time thereby somehow continuously transforming the minds of human beings. As such, modern democratic societies undergo changes by the will of the people and the way they act is at least to some degree dependent also on ethical and moral aspects.

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<sup>4</sup> So much so, that Juselius (2023, pp. 312-313) concludes that: “My best guess for an empirically relevant theory in macroeconomics would be Keynesian macroeconomics with a fully incorporated financial sector and with expectations based on uncertainty, loss aversion, and imperfect/incomplete knowledge”.

Therefore, mainstreamers in general – both back then when Keynes confronted the mainstream thinking of his time and now in our own modern time – see things differently than Keynes did and how the post-Keynesians do. As such, the two camps hold and advocates different kinds of methodologies. And methodological aspects matter. They govern as a paradigmatic framework both the structure and the content of a given theoretical understanding. Or as the post-Keynesian economist Victoria Chick argued repeatedly throughout her life: methodology should be taken seriously. You cannot just do economics. You must always consider *how* to do economics<sup>5</sup>.

### 3- The ethical inspired Keynes: Economics *is* a moral science

As stated in the introductory remarks, the primary aim of the present article is to argue that Keynes was somehow always inspired by ethical concerns and moral aspects when he addressed economic matters. As such, Keynes *the philosopher* throughout most of his writing inspired the work done by Keynes *the economist* – as Mitchell (2017, p. 29) writes: “[...] a concern for ethics permeated Keynes’s thinking throughout his life”. Therefore, it comes as no surprise that he characterized economics as a discipline that had to include ethical considerations. To Keynes, economics had to be a moral science.

As he argued in some correspondence with Roy Harrod in 1938 when reviewing the pioneering econometric work of Jan Tinbergen:

Economics is a science of thinking in terms of models joined to the art of choosing models which are relevant to the contemporary world. It is compelled to be this, because, unlike the typical natural science, the material to which it is applied is, in too many respects, not homogeneous through time ... **Progress** in economics consists almost entirely in a progressive improvement in the choice of models ... I also want to emphasize strongly the point about economics being a moral science. I mentioned before that it deals with introspection and with values. I might have added that it deals with motives, expectations, psychological uncertainties. One has to be constantly on guard against treating the material as constant and homogeneous (CW, vol. XIV, pp. 296 & 300; bold is in the original).

Seen from Keynes’s perspective, there does not exist one unique model that can analyse all relevant economic problems of all times. Contrary to what many mainstreamers might believe, the quest for finding such one model is a futile task. As Davis (1989, pp. 1168 & 1167) points out, economics being a moral science means:

[...] that we cannot expect economic relationships to take on an unchanging quantitative character, despite our considerable confidence regarding their qualitative character ... [therefore] ... the character of the underlying economic

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<sup>5</sup> As she stated her fundamental view on these matters in an interview some years ago: “I think methodology is terribly important, because people who don’t look at that level do ridiculous things” (Armstrong, 2020, p. 22).

material precludes any reasonable inductive argument about the future on the basis of these past statistics.

To Keynes and the post-Keynesians, economics is ‘the art of choosing’ the right model for the problem at hand to be analysed. And which model to choose is also context determined as the macroeconomic landscape changes over time. Furthermore, such changes over time are dependent on many factors. Of obvious reasons economic aspects play a major role in such processes of transformation. However, development over time is also at least to some degree sometimes also dependent on ethical considerations.

Therefore, Keynes was rather critical towards accepting the traditional view of economic theory aiming at being ethical neutral – not all that is relevant can be described thoroughly and correct by doing positive economics. Likewise, he opposed the dominance of methodological individualism – to him an approach of pluralism was much more likely the relevant one to use. More so, the right kind of individualism seen from Keynes’s perspective might perhaps be described as “[...] the recognition of the human individual’s creativity ... [which should be all about] ... art, science, and the real of social relations”, as interpreted by Makasheva (1994, p. 77). To Keynes, it had nothing to do with egoism as Keynes “[...] subscribed to a ‘soft’ principle of coordinating individual and social good, believing that what is good for the individual will *most likely* also be good for society ... [seeking] ... a compromise between man’s unconditional right to freedom, not only economic but also moral, and the good of society”, (ibid. p. 79-80). Or as O’Donnell (1989:165) points out, in a letter to the Archbishop of York from 1941, Keynes confirmed the ethical anchoring of economics. Keynes wrote:

[...] economics more properly called political economy is a side of ethics. Marshall always used to insist that it was through ethics he arrived at political economy and I would claim myself in this, as in other respects, to be a pupil of his.

Furthermore, as argued by Andrews (2017) testimony of Keynes’s firm ethical understanding is evident present in especially the two essays *My Early Beliefs* from 1938<sup>6</sup> and *Economic Possibilities for our Grandchildren* from 1930.

Although Keynes as a youngster seems to have had a somewhat hostile attitude toward religion, Andrews (2017, p. 959) points to the fact that Keynes later actually often used or hinted to religious analogies. As such, Andrews states:

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<sup>6</sup> This famous essay was written when Keynes was very ill suffering from serious heart problems. It was read to a number of Keynes’s Bloomsbury friends at his country estate Tilton on September 11, 1938. It was posthumously published in 1949. As Skidelsky (2000, p.18) notes quoting Virginia Woolf who participated at the meeting, she states that Keynes read: “[...] a very packed profound & impressive paper”. To Skidelsky, in this paper Keynes “[...] partly confirmed and partly repudiated them [that is, the Bloomsberries]”.

First, he came to see his own early beliefs as constituting a 'religion' ... Moreover, Keynes came to see another force ... [instead of religious prejudices] ... as the central problem of modern society, namely, the greedy, selfish and materialistic attitude expressed in the philosophy of Jeremy Bentham ... From this perspective, Keynes came to view religion and tradition in a positive light, because they stood in opposition to the selfish and materialistic tendency.

Probably the core elements of Keynes' view on the nature of economics had been formed early on in his youth by the influence of the philosophy of G.E. Moore. As Keynes said it himself in *My early Beliefs*:

The influence ... [from Moore's book published in 1903] ... was not only overwhelming ... it was exciting, exhilarating, the beginning of a renaissance, the opening of a new heaven on a new earth, we were the forerunners of a new dispensation, we were not afraid of anything (CW, vol. X, p. 435).

With Kirshner (2015, p. 399), as such, Keynes and his friends from the Cambridge community "[...] threw themselves into heady questions in the way only young, smart, privileged students can". Put differently, as youngsters they wanted to free themselves from the old habitual mode of conform thinking and norms of the Victorian society – in the respect they were rebellious; Keynes characterised himself as "[...] a non-conformist"<sup>7</sup>. Or as Winslow (1990, pp.788 & 817) describes it: "[...] the revolt was an expression of rationalism and antiauthoritarianism ... [a kind of] ... critical rationalism". That is, anti-Victorianism together with Moore's ethics were key elements of the Bloomsbury spirit.

They, the Bloomsberries youngsters, saw almost unlimited opportunities for success for the bright, intellectually, and well-educated young ones<sup>8</sup> who should take on the task of creating an intellectual and political environment for the future enabling space for a more modern and beneficial society for all its citizens than the one they themselves had been brought up under. A civilized and democratic society should include a number of important social values such as focusing on happiness, equality, and freedom. To them, being young, the power of the future lay in the hands of the modern rational man fully freed of all dogmatic limitations. As Kirshner (2015, p. 399) states it: "[...] what Keynes meant was that rational men could arrive at just conclusions and prescriptions through reason and uninhibited debate instead of slavish devotion to ancient, arcane, and absolute doctrines". As such, Keynes believed that "[...] individuals are able to form genuine and reasonable judgements concerning the future" (Carabelli & Cedrini, 2018, p. 1200). Such judgements based on

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<sup>7</sup> Thereby expressing "[...] a rejection of things past – as such generational declarations of independence tend to be: a repudiation of crude materialism and a refusal to conform to the norms of proper society" (Kirshner, 2015, p. 402).

<sup>8</sup> As Keynes pointed out: "[...] we enjoyed supreme self-confidence, superiority and contempt towards all the rest of the unconverted world" (CW X, p. 442).

various kinds of evidence should govern necessary changes, that is, they had the role of being the guide of action. And from reading Moore, the Bloomsberries youngsters knew, that “[...] ethics is a science, and a subject in which reason is capable of providing true, objective and synthetic answers” (O’Donnell, 1989, p. 133).

Acting accordingly was an ideal they saw for themselves as a goal worth striving for: “We were at an age when our beliefs influenced our behaviour” (CW X, p. 435)<sup>9</sup>. As Keynes expressed himself in more details:

Nothing mattered except states of mind, our own and other people’s of course, but chiefly our own ... Their value depended ... on the state of affairs as a whole which could not be usefully analysed into parts ... victory was with those who could speak with the greatest appearance of clear undoubting conviction and could best use accents of infallibility (ibid. pp. 436 & 438).

Somehow, it was all about posing the right questions: “[...] we spent our time trying to discover *precisely what* questions we were asking, confident in the faith that, if only we could ask precise questions, everyone would know the answer” (ibid. p. 440). As such, addressing economic theory properly, when you have enlightened your fellow economists, the politicians as well as the public the right way, all should be able to understand the essence of your argument and become your faithful companions in the fight for truth and against every kind of falsehood. Unfortunately, the theoretically innovative vision of *The General Theory* didn’t have exactly that effect when it was published on February 4th, 1936.

More so, from Moore, Keynes understood that it was necessary to focus on the philosophical aspects of the purpose of human life when working as an economist. Therefore, to him, the crucial political problem was how to combine “[...] three things: economic efficiency, social justice, and individual liberty”, Goodwin et al. (2009, p. 9), the right way. Or as Skidelsky (1992, p.133) points out:

Philosophy provided the foundation of Keynes’s life. It came before economics; and the philosophy of ends came before the philosophy of means ... It was an outlook which also enabled Keynes to exert moral authority. His calculations and actions were in the service of ends he believed to be true.

Therefore, seen from the perspective of Skidelsky, it makes sense to presuppose “[...] that Keynes took his moral philosophy seriously; that he felt a need for ‘true beliefs’; that he needed to justify his actions by reference to his beliefs; that his actions were in fact influenced by his beliefs”, (ibid. p. 147).

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<sup>9</sup> Whereafter Keynes ends the sentence stating: “[...] and the habits of feeling formed then still persist in a recognisable degree” (CW X, p. 435).

With the inspiration from Moore to Keynes it was important for humans to live a life where they came to experience the benefits of having good states of mind. According to Andrew (2017, p. 961), it was goodness in its ethical sense meaning the achievement of important pure ends that was of interest to Moore. It all had to do with the experience of love – “[...] the actual mental and physical experience of loving and being loved”, (ibid. p. 961) – and the creation and appreciation of beauty and the efforts to pursue and to contemplate truth. And Keynes seems to agree as he expressed himself in *My Early Beliefs*:

The appropriate subjects of passionate contemplation and communion were a beloved person, beauty and truth, and one's prime objects in life were love, the creation and enjoyment of aesthetic experience and the pursuit of knowledge. Of these love came a long way first (CW, vol. X, pp. 436-437).

However, to achieve these important ends, Keynes knew that two obstacles had to be overcome.

First, you had to solve what he called the economic problem. That is, you have to be able to supply the needed amount of material goods, so that a situation of scarcity was avoided for the many. Not having to struggle with this problem would allow people to have more time trying to experience good states of mind. To Keynes, it was somehow all about the achievement of coming to experience good states of mind. This was how *true* success should be defined:

[...] we all knew for certain what were good states of mind and that they consisted in communion with objects of love, beauty and truth ... I have called this faith a religion<sup>10</sup> ... We regarded all this as entirely rational and scientific in character ... Our apprehension of good was exactly the same as our apprehension of green, and we purported to handle it with the same logical and analytical technique which was appropriate to the latter (ibid. p. 438).

Second, unfortunately, and somewhat ironically the struggle to acquire the material goods needed could call forward a tendency towards a more greedy and selfish behaviour that could – for the moment but not, of course, in the longer run – detract the individual from fulfilling the goal of experiencing good states of mind. As Keynes describes the horrible situation that must be avoided later on if ‘goodness’ is to be gained for the individual as well as for society in *A Short View of Russia* written in 1925:

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<sup>10</sup> However, to clarify somewhat, not religion as understood in the more traditional and popular sense: “Our religion ... being chiefly concerned with the salvation of our own souls ... But religion proper, as distinct from modern ‘social service’ pseudo-religions ... perhaps it was a sufficient offset that our religion was altogether unworldly – with wealth, power, popularity or success it had no concern whatever, they were thoroughly despised” (CW X, p. 437). And as Keynes later concludes: “It seems to me looking back, that this religion of ours was a very good one to grow up under. It remains nearer the truth than any other that I know ... It is still my religion under the surface”, (ibid. p. 442).

At any rate it seems clearer every day that the moral problem of our age is concerned with the love of money, with the habitual appeal to the money motive in nine-tenths of the activities of life, with the universal striving after individual economic security as the prime object of endeavour, with social approbation of money as the measure of constructive success, and with the social appeal to the hoarding instinct as the foundation of the necessary provision for the family and the future (CW, vol. IX, pp. 268-269).

To Keynes, the love of money was a dangerous and moral-wise a low motive. It was far too materialistic as it ‘destroyed’ humans from seeking their true aesthetic goals. It was much too connected with the views of Benthamism. The rebellious young Cambridge intellectuals wanted to escape the rationalistic defined individualism of Bentham “[...]who equated good with satisfaction and viewed man as a rational being who strived to maximize satisfaction” (Makasheva, 1994, p. 76).

Or as Keynes stated his views in *My Early Beliefs*:

[...] we were amongst the first of our generation, perhaps alone amongst our generation, to escape from the Benthamite tradition ... I do now regard that as the worm which has been gnawing at the insides of modern civilisation and is responsible for its present moral decay. We used to regard the Christians as the enemy, because they appeared as the representatives of tradition, convention and hocus-pocus. In truth it was the Benthamite calculus, based on an over-valuation of the economic criterion, which was destroying the quality of the popular Ideal ... [from Moore’s chapter on ‘The Ideal’] (CW, vol. X, pp. 445-446).

However, as Keynes argued in his *Economic Possibilities for our Grandchildren*, for the first time in history in the not that far foreseeable future the possibility finally arises, due to the benefits of continuously economic progress that modern societies experience<sup>11</sup>, for solving the economic problem that hitherto has tormented mankind for centuries. Therefore, when having solved the economic problem for good, mankind would for the first time:

[...] prefer to devote our further energies to non-economic purposes ... [and] ... be faced with his real, his permanent problem – how to use his freedom from pressing economic cares, how to occupy the leisure which science and compound interest will have won for him, to live wisely and agreeably and well (CW, vol. IX, pp. 326 & 328).

Having achieved such an outcome for the individual and for society “[...] the accumulation of wealth is no longer of high social importance”, therefore because of this “[...] great changes in the code of morals” will be the result to the benefit of all. As Keynes points out, then we would finally be able to conduct the good life because:

We shall be able to rid ourselves of many of the pseudo-moral principles which have hag-ridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues ... The

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<sup>11</sup> “The *pace* at which we can reach our destination of economic bliss will be governed by four things – our power to control population, our determination to avoid wars and civil dissensions, our willingness to entrust to science the direction of those matters which are properly the concern of science, and the rate of accumulation as fixed by the margin between our production and our consumption” (CW, vol. IX, p. 331).

love of money as a possession ... will be recognized for what it is, a somewhat disgusting morbidity (ibid. p. 329)<sup>12</sup>.

That is, to Keynes, “[...] the pursuit of wealth was a means, not an end” (Kirshner, 2015, p. 403).

That is, based on the influence of Moore’s writing, especially in his later years of his professional life, as an economist Keynes argued insistently against following the arguments of Benthamism<sup>13</sup>. As pointed out by Mini (1991, p. 454), his critical attitude toward this strategy could be seen as the “[...] metaphysical foundation, the moral-political ‘paradigm’ on which his technical economic work stand”. To accept Benthamism is seen by Keynes as “a major disease of the spirit to which capitalist countries have succumbed” (ibid. p. 456). Furthermore, being a Benthamite as most classical trained economists have learnt to become, they base their economic understanding on what could be termed as an atomistic methodological approach. As such, they are not capable of explaining why economies at times can be hit hard by severe troublesome economic situations such as the Depression of the early 1930s. They don’t understand that macroeconomics (the economy as a whole) is different than the sum of individual actions (simple aggregation of microeconomic phenomena). And they don’t understand that economic calculations are full of flaws as they are done in an economic environment colour by uncertainty. Therefore, *The General Theory* itself is a crusade against Benthamism. With its attachment to money, it does not serve society well as it gives “[...] nothing less than the poverty of nations” (ibid. p. 464). As such, seen by Mini (1991, p. 463), “Keynes uses Moore (uncertainty about the future) and Bentham (attachment to money) to explain unemployment”.

Furthermore, to Keynes households nor firms act purely individually. Rather they interact with one another in important ways as they are imbedded in societal context

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<sup>12</sup> However, such as situation of truly freedom can only be secured in the longer run. In the shorter run, we have to accept to be governed by rules and incentives characterised by some degree of greed: “[...] we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into daylight” (CW IX, p. 331). Somehow, arguing this way, may indicate that Keynes in 1930 had not broken totally with his old traditional classical economic upbringing – he still seems to have a bit of Benthamism left in him. Later, of course, after the publication of *The General Theory*, Keynes had freed himself from the wrongdoings of the Benthamite influence. Thus, in 1938, writing *My Early Beliefs* Keynes had a quite different view on economics than compared with his earlier understanding when he wrote his *Economic Possibilities for our Grandchildren*.

<sup>13</sup> When talking about the Benthamite tradition (Mini, 1991, p. 455-455) sees Keynes as “[...] referring to ... an attitude of mind, an outlook on life which characterizes the populace at large. He is referring ... to nothing less than ‘the spirit of capitalism’ ... [with its] ... overvaluation of the importance of the economic criterion ... becomes synonymous with the overattachment of money”.

dependent structures<sup>14</sup>. And these structures are not static. They change over time as does the macroeconomic landscape. Perhaps mostly only incremental but at times they may undergo more major and fundamental changes. As such, you need to understand the economy as a whole otherwise you risk being trapped in various kind of fallacies of composition. Macroeconomics is not just x times microeconomics. To Keynes, macroeconomics has to do with economic behaviour ‘on the whole’. In this respect, at least, it lives a life of itself<sup>15</sup>. Therefore, the focus in *The General Theory* is quite different from that of the mainstream that Keynes intended to change fundamentally and replace with his new understanding. He wanted to revolutionise the macroeconomic thinking theoretically as well as methodologically. As explained by Makasheva (1994, pp. 86 & 84), Keynes aimed at giving “[...] economic science the status of a moral discipline ... [he wanted to overcome] ... the gulf between theory and policy, between science and morality ... [as such] ... his scholarly legacy is an affirmative answer to the question of the connection between economic science and ethics”. To Keynes, economics is by no means a light version of any kind of the natural sciences. And as Davis (1995, p. 246) points out “[...] Keynes insisted that judgments of value and introspection were legitimate in economics and then attributed this to the special character of its subject matter”.

Undoubtedly, the content of the essay *My Early Beliefs* is immensely important for understanding Keynes *the economist* addressing economics aspects throughout all his writings when influenced by Keynes *the philosopher*. But as Kirshner (2015, p. 402) has warned, don’t overestimate the exact wording. Keynes might deliberately have expressed himself a bit provocative as “Keynes saw the world at the edge of the abyss – and it was in this context that he reflected on his early beliefs”. Somehow, he might have realised that the beliefs from his youth seen from the perspective of the Summer 1938 represented an unachievable objective. His views as a youngster might have represented without question a most admirable ideal but unfortunately not one that – if ever – could easily be realised. As he concluded in retrospect approaching the end of his essay:

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<sup>14</sup> With Davis (1995, pp. 252 & 254), seen from the perspective of Keynes: “[...] an individual’s distinct identity is essentially determined by the mutual dependence of all that individual’s thoughts and feelings upon one another ... individuals revise and change their beliefs when in contact with one another, and this interaction contributes to the determination of their respective beliefs”.

<sup>15</sup> It is quite interesting – and remarkable – that Keynes again and again in his 1938 essay refers to quotations from Moore’s book that uses the expression ‘on the whole’, as pointed out by Davis (1989, p. 1161), Moore stated for instance in his book, according to Davis that ‘a whole has an intrinsic value different in amount from the sum of the values of its parts’ – maybe that is why Keynes himself came with ease in *The General Theory* to express and explain why the macroeconomic landscape is different from simple aggregation of microeconomic phenomena.

[...] we completely misunderstood human nature, including our own ... I still suffer incurably from attributing an unreal rationality to other people's feelings and behaviour (and doubtless to my own, too) ... I behave as if there really existed some authority or standard to which I can successfully appeal if I shout loud enough ... The attribution of rationality to human nature, instead of enriching it, now seems to me to have impoverished it (CW vol. X, p. 448).

As Mini (1991, p. 466) concurring concludes, when writing *My Early Beliefs* in 1938, Keynes probably knew: “[...] that he and Bloomsbury had failed in weaning Western man from the Benthamite tradition”<sup>16</sup>. Or as Carabelli & Cedrini (2018, p. 1186) concludes, most likely “[...] several reasons can be adduced to show that ‘My Early Beliefs’ is rather an admission of defeat, or a fresco of the disappointment Keynes felt after realizing he had failed to accomplish the enormous task of revolutionizing the values of capitalism”. He never succeeded in humanising capitalism to the extent that he found needed. “Customary morals, conventions and traditional wisdom” (CW, vol. X, p. 446) were after all far more important than Keynes as a youngster had believed. Although Keynes saw capitalism as a very economically efficient system, and in this respect certainly much better than what alternative systems had to offer<sup>17</sup>, capitalism, however modernised, never abandoned its love of money. Benthamism with its money fetishism still ruled the game of economics in 1938 when Keynes read *My Early Beliefs* to his Bloomsbury friends.

However, just because something is very complicated and difficult to achieve with success no matter how hard you may try that is hardly an excuse for not doing your utmost whenever you feel challenged. Seen from the perspective of Keynes that might even be an appropriate way to express the vision for how you as an individual must try to live your life to the full extent. That might indeed be the desirable morale for conducting the good life<sup>18</sup>. Fundamentally, *My Early Beliefs* is an essay concerned with values. Or put differently, it

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<sup>16</sup> Furthermore, as Winslow (1990, p. 817) hints at, the elderly Keynes of 1938 might also have matured and because of this had changed his view somewhat compared to the younger rebellious Keynes, when he states “Keynes ... came in his maturity to view Victorian arrangements in a more positive light”. That is, according to Winslow he had become wiser with age.

<sup>17</sup> As Keynes said it in ‘Am I a Liberal?’ from 1925: “I can be influenced by what seems to me to be justice and good sense; but the *Class* war will find me on the side of the educated *bourgeoisie*” (CW, vol. IX, p. 297). As Keynes pointed out in his letter to George Bernard Shaw on January 1st, 1935, concerning the effects his work on *The General Theory* would have after its publication: “[...] I can’t predict what the final upshot will be on its effect on action and affairs. But there will be a great change, and, in particular, the Ricardian foundations of Marxism will be knocked away” (CW, vol. XIII, p. 493). Or as Heilbroner (1984, p. 683) describes Keynes’s societal conception as: “[...] an economy in which government intervention could assure full employment ... unquestionably provides a propitious setting for the liberal society that was his avowed political preference”. But Keynes was properly not that interventionistic in his views on economics. It must be remembered that he was first and foremost a monetary economist and only seemed to have turned to fiscal policy as the primary instrument for demand management when monetary policy for various reasons had shown its impotence.

<sup>18</sup> In general, as interpreted by Carabelli & Cedrini (2018, p. 1190), Keynes believed that a good life “[...] is a life worth being lived: a moral life made up of friendship and affiliation, which are endowed with intrinsic worth”.

addresses important aspects of visions for a more desirable future – a world where the economic problem had been overcome for good. As such, it may represent how Keynes envisioned the best of societies possible – a kind of paradise quite like the one Marx envisioned as his dream of Communism.

More so, as discussed in Davis (1995), over the years Keynes changed at least in some respects his view on ethics. The older Keynes had learnt by experience that individual economic behaviour was much more dependent on conventions and rules than he had imagined as a youngster. He had put too much emphasis on rational intuition in his early thinking. Individual judgment of many kinds did actually require some kind of anchoring in such conventions and rules<sup>19</sup>. That is, by the 1930s, Keynes had adopted some “[...] important elements of a social theory of judgment and belief” (Davis, 1995, p.238).

#### 4. Conclusion

In essence, economics is about human behaviour. It is about how households and firms plan and act on expectations when they decide what to do. And we know that people in general use more information than just knowledge about prices and price relationships when they act economically as argued by classical economic mainstream theory. They use more information. And some of this has to do with ethical aspects. It covers also to some degree information based on norms and values. In real life, firms and households act as humans do not as robots are supposed to do. As explained by Wight (2015), humans sometimes behave as *homo empathicus* – they do not live in isolation as pure egoistically *homo economicus* focusing unilaterally on how best to pursue their own self-interest to the fullest. In general, they care about other people’s wellbeing as social interrelated individuals. As such: “Ethics provides the institutional framework within which economic activity unfolds” (ibid. p. 8).

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<sup>19</sup> As such, in CW (vol. XIV), Keynes’s sum up article on *The General Theory* from 1937, he explained how one could try to overcome the troublesome kind of fundamental or ontological uncertainty by actioning conventionally as discussed by Olesen (2010). This could be done, for instance, by accepting for the moment that “[...] the *existing* state of opinion ... is based on a *correct* summing up of future prospects”, although we know that this assumption most likely is not correct. Furthermore, we might join a kind of herd behaviour as we know that “[...] our individual judgment is worthless, we endeavour to fall back on the judgment of the rest of the world which is perhaps better informed. That is, we endeavour to conform with the behaviour of the majority or the average” (CW, vol. XIV, p. 114). However, acting pragmatic in the above manner is most certainly imperfect as our decisions is based on “a rather flimsy foundation, it is subject to sudden and violent changes. The practice of calmness and immobility, of certainty and security, suddenly breaks down. New fears and hopes will, without warning, take charge of human conduct. The forces of disillusion may suddenly impose a new conventional basis of valuation. All these pretty, polite techniques, made for a well-panelled board room and a nicely regulated market, are liable to collapse”, (ibid, pp. 114-115).

Such a view on economics is in good accordance with how Keynes understood what economics was all about. Keynes *the economist* was always close to Keynes *the philosopher* in his work on economic matters. As Skidelsky (2009, p. xviii-xix) sees it: “Keynes was a moralist. There was always, at the back of his mind, the question: What is economics for? How does economic activity relate to the ‘good life’? How much prosperity do we need to live ‘wisely, agreeable, and well?’”

That is, to Keynes, the essential economic question was concerned with how to enable people to live a good life. And such a life was not defined by what made people better off although it was important for Keynes to solve the economic problem, as he called it in his essay *Economic Possibilities for our Grandchildren*, for good. At the very core it was about what made people feel good. You shouldn’t behave ‘good’ just because the norms and conventions of society expected you to behave in such a way. You should behave ‘good’ because you really wanted to do so of your own free will. That is, it must be acknowledged that: “To make the world ethically better ... [seen from the perspective of Keynes] ... was the only justifiable purpose of economic striving” (ibid. p. 131). Likewise, Robinson (1972, p. 545 & 546) claims that a truly great man, as he argues Keynes was, is endowed with four rare gifts of which one is: “[...] the gift of being animated not by lust for personal power or personal aggrandisement but by desire to benefit the nation and humanity ... I would claim for Keynes a true altruism”.

Finally, as the late Pope Benedict XVI stated years ago, emphasizing that morality is fundamentally theologically grounded, there are limits to the advantages of running for too much determinism in economics. As such, one must accept the fundamental truth of acknowledging that:

A morality that believes itself able to dispense with the technical knowledge of economic laws is not morality but moralism. As such it is the antithesis of morality. A scientific approach that believes itself capable of managing without an ethos misunderstands the reality of man<sup>20</sup>. Therefore it is not scientific (Ratzinger, 1986, p. 204).

To Ratzinger (1986, p. 204), accepting the normative dimension present in economics the conclusion is quite straightforward. It should be evident even to economists that: “Today we need a maximum of specialized economic understanding, but also a maximum of ethos so that specialized economic understanding may enter the service of the right goals. Only in this way will its knowledge be both politically practicable and socially tolerable”.

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<sup>20</sup> Or as Crespo (2013, p. 60) formulates it: “Morality deals with human beings’ ends, as well as their means – to the extent that they are directed towards ends. An economy that is disconnected from its ends stands outside morality”.

Unfortunately, modern economists in general do not emphasize these matters. To them, economics is not a moral science. Rather economics should be seen as a discipline doing pure positive economics as best it can.

However, we as economists must acknowledge that neither our modern society nor the economy can function properly without some moral guidelines: “Our understanding of social institutions and organizations is inadequate unless we appreciate the moral motivations of individuals within them, and how those institutions help to sustain and replicate these moral sentiments” (Hodgson, 2014, p. 84).

So, we as economists need to go back to basics. The founding fathers of economics got it right as did Keynes. Economics really *is* (and *ought* to be) a moral science. As such, even modern economists might still benefit from reading the writings of Keynes. Doing so they will come to experience that economics in general is much more complex in nature than the understanding they get from reading most modern textbooks on macroeconomics.

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