

KEYNES'S PRINCIPLES OF EUROPEAN RECONSTRUCTION

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ABSTRACT

In 1922-3 J.M. Keynes was general editor of a series of 12 publications on *The Reconstruction in Europe*. (Manchester Guardian Commercial Supplements). Its contents are little known today, although when published it had an extraordinarily wide readership, having been published simultaneously in English, French, German, Italian, and Spanish. Its contributors were politicians (Lloyd George, UK, Calvin Coolidge, USA, etc.), bankers (Paul Warburg, USA, Hjalmar Schacht, Germany, Josiah Stamp, UK, etc.), famous socialists (Rudolf Hilferding, Germany, Maxim Gorki, USSR, Jean Longuet, France, grandson of Karl Marx, etc.), economists (Gustav Cassel, Sweden, A.C. Pigou, UK, Charles Gide and Charles Rist, France, etc.), and Nobel Laureates for Peace (Norman Angell, Frithjof Nansen). A most prominent contributor was Keynes himself. At the end of the series, in January 1923, Keynes reflected on "The Underlying Principles", focussing in particular on "Pacifism" and "Population" as principles for a future reconstruction in Europe. The article argues that in his endeavours for the reconstruction in Europe Keynes practiced a third principle, namely that of pragmatism. It kept him from underwriting propagandistic programmes for Pan Europeanism although the reconstruction of the basic unity of Europe was his major aim. Practicing this principle Keynes laid important foundations for the European integration which did happen after World War II. He did not live to see the success of his life-long endeavours. The article ends with the claim that Keynes definitely should have a place of special honour in the Pantheon of Pan European personalities.

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INTRODUCTION

There is a vast secondary literature on – seemingly – all aspects of Keynes's life and thought. Recently, a writer on Keynes has multiplied his

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life by the factor seven in the attempt to do justice to his many aspects (Davenport-Hines 2015).¹ But one important topic is still underexposed: Keynes as an economist who is strongly oriented towards European affairs. To some extent, this omission is understandable if we regard Keynes mainly from the vantage point of his *magnum opus*, the *General Theory*. There, the argumentation is set in the context of an economy of a single sovereign state. But although that book has been eminently important for subsequent economic debates, it covers Keynes's endeavours only partially.

Occasionally there is indeed treatment of some of Keynes's European involvements. Thus we have a recent article by Temin and Vines (2016) on "Keynes and the European economy". But the first sentence of their "abstract" states the main intended message of these authors as being: "Keynes was interested predominantly in the world economy". This statement confirms in short the main tenor of Markwell's (2006) excellently researched book on *Keynes and International Relations*. But excellent research does not necessarily replace a relevant paradigm.

According to his own testimony after the Great War, Keynes's canvas for picturing economic conditions after 1919 was neither England, nor the Commonwealth, nor the vast wide world. Over many years Keynes's main preoccupation was regionally focussed on Europe, on analysing and hopefully influencing the economic conditions on the European continent. As Keynes (1919: 2) himself put it in the "Introductory" chapter of his *Economic Consequences of the Peace* (henceforth *Peace*, for short):

England still stands outside Europe. But Europe is solid with herself ... At any rate an Englishman [namely Keynes himself] who took part in the Conference of Paris and was during those months [of 1919] a member of the Supreme Economic Council of the Allied Powers, was bound to become – for him a new experience-a European in his cares and outlook.

It is remarkable that there is no reference to this 'European confession' in any of the above-mentioned writings on Keynes, nor in the important biographies by Roy Harrod (1951), Robert Skidelsky (1983) or Donald Moggridge (1992).

Skidelsky (384) writes that Keynes's *Peace* of 1919 "was written very much from an Anglo-American point of view".² This is maybe true as far as its style of writing is concerned, but not with respect to its "cares and outlook", as we just read. They are European.

¹ Keynes as Altruist, Boy Prodigy, Official, Public Man, Lover, Connoisseur, and Envoy.

² Keynes (2) himself had a rather cynical assessment of the "unconscious" mentalities in England and America.

The neglect of Keynes's confession to have become "a European" could be condoned if European orientation was just his passing pastime. But the present volume is in commemoration of Keynes's monumental editorial project on *The Reconstruction in Europe* which occupied him up to 1923, its last instalment being published in January of that year. Much of his later concerns related also to Europe, especially as far as her financial situation was concerned.

For Keynes, the European "cares and outlook" certainly were not passing fads. They were the impetus for some of his most important proposals. Keynes intended to further European reconstruction with an intensity which is not sufficiently recognised in the secondary literature.

Keynes's endeavours bore rich fruit for posterity, but with tragic delays and with deficient recognition in Europe and in his own country as will be argued at the end of this article.

1. KEYNES AND THE "ECONOMIC UNITY OF EUROPE"

Keynes's confession of 1919 to have become "a European" prefaces a chapter on "Europe before the War" which, later on in his book, is followed by one on "Europe after the Treaty". This juxtaposition dramatised Keynes's (1919: 143) main critique of the Peace Treaty of that year, namely:

[The] extraordinary fact that the fundamental economic problem of a Europe starving and disintegrating before their eyes, was the one question in which it was impossible to arouse the interest of the Four.³

Keynes (1919: xix) has a similar statement also in the preface to the French translation of his book: "our representatives at the Paris conference ... overlooked the economic unity of Europe".

Keynes's main concern in 1919 and in the following years is not European integration as a novel idea. He implores the public to regard the "economic unity of Europe" not as an idealistic dream but as an essential reality. Thus, for Keynes the most important task ahead is not to *create* this unity but to *understand* it and to let it unfold. "The book described the European economy before the war as a fragile but effective machine, and aimed to

³ This refers to Woodrow Wilson, President of the USA, to the British Prime Minister David Lloyd George, to France's Prime Minister Georges Clemenceau, and to Italy's Prime Minister Vittorio Orlando. Of these, Lloyd George, Orlando and his successor Francesco Nitti, and the second successor of Woodrow Wilson, Calvin Coolidge, they all contributed in 1922 to Keynes's Reconstruction Numbers, as may be gathered from column one of table 1 below.

restore it” as Markwell (2006: 107) summarised. But his summary needs some qualifications.

The only time when Keynes (178) used the expression “the system is fragile” he did *not* write about “the European economy” as the just quoted summary might suggest. He rather referred in that context to the system of international “payments to a foreign nation” in general, taking not Europe but “the New World” (Argentina) as relevant example. As we read above in our introduction, in Keynes’s view continental Europe was and “is *solid* with herself” (emphasis added). After the Great War the main problem on the continent was not so much an inherent European economic fragility but an imminent dismemberment of her unity (169):

Economic frontiers were tolerable so long as an immense territory was included in a few great empires; but they will not be tolerable when the empires of Germany, Austria-Hungary, Russia, and Turkey have been partitioned between some twenty independent authorities.

The logical solution to the dismemberment of the old unions would have been a new one, “a free trade union, comprising the whole of Central, Eastern, and south-Eastern Europe”, Keynes (*ibid.*) adding that it should also comprise “(I should hope) the United Kingdom”.⁴

Keynes then goes on extending the list of members of a desirable economic union. Eventually his list goes from Scandinavia to Siberia and India. This shows one problem of Keynes’s final vision: it went way beyond the “solid” body of continental Europe which he had in mind in the “Introductory” chapter of his *Peace* as we saw above. In the continents-transgressing form sketched on the last pages of his book such a union remained a flight of fancy well unto the 21st century. A system with shared sovereignty from Siberia to India might forever be unrealistic. Keynes seems to have sensed this. He never enlarged on the theme of a free trade “union” – neither in economic political pamphleteering nor in the academic form of a theory of customs unions. But as editor of the *Economic Journal* Keynes did accept a well informed review article of some customs union issues as discussed in the German speaking literature of the middle 1920s.⁵

There is a second problem with European economic union, and this one Keynes does address explicitly: the ‘enemy state’ of Germany is suspected to be the main beneficiary of this unity. This suspicion comes often and up to the time of writing these lines. In January 2017, a few days before he took office as US-American President, Donald Trump addressed the

⁴ Round brackets in the original.

⁵ See DAWSON 1927.

British public in a newspaper interview (see, e.g. theguardian.com 2017), proclaiming: “You look at the European Union and it’s Germany. Basically a vehicle for Germany. That’s why I thought the UK was so smart in getting out”.⁶

Keynes (169) was well aware of severe warnings about Germany’s hegemony. He countered them with: “If other countries were so foolish as to remain outside the union and to leave to Germany all its advantages, there might be some truth in this [warning]”. In 2017 it is sixty years since the treaty establishing the European Economic Community was signed in Rome on 25 March 1957. Founded as a customs union with shared sovereignty among the six founding member states so that no single country could dominate, it developed further into a system of checks and balances. Nowadays there is a democratically elected European Parliament and there has been an independent European court of justice in Luxembourg from the very beginning. In 2017 the union embraces 28 countries, with the UK about to leave in 2019, however. The British exit will be one hundred years after Keynes had written that it would be “foolish” to decide to stay outside “the union” which was meant to contain and to *restrain* Germany by a system of pooled sovereignty.

As briefly mentioned already, Keynes realised after World War I that under the then prevailing conditions of antagonistic nationalism it would be futile to actively envisage details of a European economic union, even with a territorially limited scope. Economic re-integration was his *diagnosis* for Europe. He did not see it as an immediately applicable therapy. He never actively supported movements which addressed a future European integration although at least since the 1920s there were several such movements. In section 5 below we will relate this inconsistent-seeming abstention to Keynes’s principle of pragmatism in European affairs.

2. KEYNES’S RECONSTRUCTION IN EUROPE

After Keynes’s ‘European confession’ of 1919 his next prominent treatment of European “cares and outlook” was a much discussed series of five articles in the *Sunday Times* which appeared from August to September 1921 under the general title of *Europe’s Economic Outlook* (CW 17, Ch. 12:

⁶ Compare NIAL FERGUSON (1999: 461) regretting Britain having entered World War I: “By fighting Germany in 1914 ... when Germany did finally achieve predominance on the continent [by 1999?], Britain was no longer strong enough to provide a check to it”. By February 23 of 2017 Trump voiced, however, that the post-Brexit EU was “a wonderful thing” (BACHELOR 2017).

242-281). Sketching its contents, one can list some of its major topics as being: German reparation payments, current problems with overseas markets, the alleged “failure of the Bolshevik experiment” by 1921, and Europe’s crushing debt to America.

Keynes subsequently decided to publish a new book under the title *A Revision of the Treaty – Being a Sequel to The Economic Consequences of the Peace* which appeared in England in January 1922. This sequence of writings is here of interest because it gives the background for Keynes and C.P. Scott, the owner of the *Manchester Guardian*, agreeing in October 1921 on the publication and Keynes’s editing of 12 issues of *Manchester Guardian Commercial Supplements* under the title *The Reconstruction in Europe*. This turned out to become an outstanding and most voluminous manifestation of Keynes’s European “cares and outlook”. With its about 800 pages in the large broadsheet newspaper format, published between April 1922 and January 1923, it presents an enormous assembly of expertise, of opinions, of controversies. It has more than 60 individual contributions and 27 anonymous texts. In addition there are several country documentations outside the editorial parts. Furthermore, the instalments have compilations of detailed statistical country information from the LSE’s ‘business barometer’ and from the Harvard barometer for the United States. In order to make these *Reconstruction Numbers* available to a global readership, they simultaneously appeared in five major European languages: English, French, German, Italian, Spanish.

This series is a unique documentation of data and of a multifarious global discussion of European problems at the beginning of the 1920s. The editors of Keynes’s *Collected Writings* (CW 17: 447) reproduce a passage from a letter by C.P. Scott who commissioned and financed this project. Its final outcome met his highest praise. There is also much praise from the famous Swedish economist Gustav Cassel (*ibid.*):

The series of your ‘Reconstruction Numbers’ more and more shows itself to be a most magnificent work for the enlightenment of public opinion ... It seems to me that the *Manchester Guardian’s* Reconstruction Numbers, when complete, will have done more for a solution of this problem than any of the big international conferences.

This praise notwithstanding, in the end this encompassing economic and cultural canvas of Europe in the 1920s fell into oblivion although it documents in a unique way the multiple marks and scars after the Great War. Maybe we have here a case of the proverbial ‘missing the forest for the trees’ – only that in this case posterity overlooked most of the individual ‘trees’ as well. Which historian of the last century relates that we have in this series a unique platform of common intellectual exchange among some of the most outstanding witnesses of the time during and after the

First World War? Table 1 may serve as a brief enticement for future studies of this question. The table offers a tentative structuring of some of the most prominent contributors.

The following column (1) has predominantly personalities who, at some time, were heads of respective governments or states. Exception is Gabriel Hanotaux who served only as government minister (before the War). But in the *Reconstruction* issue he represented the French position on reparations in such an articulate form that he was a very welcome counterpart for

Table 1: *Some prominent contributors.*

(1) state and government	(2) banks and business	(3) labour leaders and socialists	(4) academia and intellectuals
H.H. Asquith ^a Lloyd George ^b V.E. Orlando ^c Francesco Nitti ^d Luigi Einaudi ^e Eduard Benes ^f Lord Robert Cecil ^g Joseph Caillaux ^h Marie of Romania ⁱ Gabriel Hanotaux ^j Calvin Coolidge ^k	Carl Melchior ^a Wilhelm Cuno ^b B. Huldermann ^c Dudley Ward ^d Chiozza Money ^e T.W. Lamont ^f Paul D. Cravath ^g Paul Warburg ^h Hjalmar Schacht ⁱ Josiah Stamp ^j Henry Clay ^k	Grigori Sokolnikov ^a Anat. Lunacharski ^b Stanislas Strumilin ^c Sidney Webb ^d Jean Longuet ^e Rudolf Hilferding ^f Rudolf Breitscheid ^g Maxim Gorki ^h Harold J. Laski ⁱ Albert Thomas ^j (David Mitrany) ^k	Gustav Cassel A.L. Bowley D.H. Robertson A.C. Pigou Edwin Cannan Irving Fisher Charles Gide Charles Rist Piero Sraffa Benedetto Croce ^a Norman Angell ^b Frithjof Nansen ^c

Notes to columns (1) to (4):

(1): ^a UK Prime Minister (PM henceforth) 1908-16; ^b UK PM 1916-22; ^c Italian PM 1916-19; ^d Italian PM 1919-20; ^e Economist, Italian President 1948-55; ^f PM of Czechoslovakia 1921-22, President 1945-8; ^g UK Minister for Blockade 1916-18, Peace Nobel Prize 1937; ^h French PM 1911-12; ⁱ Princess of Edinburgh, wife of King Ferdinand I of Romania; ^j French Foreign Minister 1893-95 and 1896-98, controversy with Keynes 1922; ^k US President 1923-29;

(2): ^a Partner: M.M. Warburg Bk., Hamburg; ^b Director, HAPAG, Hamburg, German Reichs-Chancellor 1922-23; ^c Director, Hamburg-Amerika Line; ^d Founder: British Overseas Bank; ^e Editor *Commercial Intelligence*, economic writings, Liberal MP; ^f 1919 US negotiator for Treaty of Versailles, partner of J.P. Morgan Bk.; ^g influential partner of law firm Cravath, Swaine & Moore; ^h co-initiator of US Federal Reserve System, partner of Kuhn, Loeb & Co.-Bank; ⁱ President of German Reichsbank 1933-39; ^j Director, Bank of England, 1928-41; ^k 1922 Stanley Jevons Prof., Manchester, 1933-44 economic adviser, Bank of England;

(3): ^a People's Commissar for Finance of the USSR 1923-26; ^b People's Commissars for Education 1917-29; ^c Economist, devised Soviet centrally planned economy; ^d Fabian, cofounder of LSE; ^e grand-son of Karl Marx, French labour leader; ^f Marxist theoretician, German Minister of Finance 1923; ^g Prussian Interior Minister 1918-19, German Socialist MP; ^h internationally acclaimed Soviet writer, devoted to Vladimir Lenin; ⁱ Socialist, Labour leader, professor, LSE 1926-50; ^j ILO director 1920-32 (League of Nations), French Socialist War Minister 1916-17; ^k Romanian-born British Labour party intellectual;

(4): ^a Italian philosopher, Minister for Education 1920-21, anti-Fascist; ^b British Labour MP 1929-31, author, Nobel Peace Prize 1933; ^c humanitarian activist, Nobel Peace Prize 1923.

Keynes in that issue. In his *Collected Writings* we have a reprint of the latter text, but it loses much of its significance without knowledge of the French text which Keynes considered as being so important that in the English version he published it in translation as well as in the original French.

Column (2) lists only the most prominent international authors contributing to this field. There are several more contributors dealing with business, financial and banking matters of that time, but even listing their names would take too much space. It is particularly noteworthy that the last names in this column stand for very articulate personalities who were important for the US-American, for the German, and for the British Central Banking systems. Commenting on them could open long forays into the modern history of central banking.

Column (3) shows the unique editorial skill of Keynes in that he managed to have significant contributions from the budding Soviet system of economy and ideology alongside with articles which describe the appalling famine in that system. It is known from Keynes's archive that Lenin himself took interest in this publication. He plausibly apologised for not contributing due to bad health. This column lists also some of the prominent British members of the Labour Party.

David Mitrany is placed in column (3) for being a Labour party member. But he is not typical for this party in that he criticised very much the Marxist treatment of peasantry. He is noteworthy here as partially assisting Keynes in this series, especially with his good contacts to Romania. During World War II Mitrany (1943) propagated the idea of a functionalistic dissolution of nation states and a future peace order based on the idea of functional transborder co-operation.

Column (4) lists some of the most prominent contemporary economists from Sweden, Britain, USA, and France. In addition we have the well-known Italian economist Luigi Einaudi listed in column (1) already. Henry Clay, listed in column (2) should also be mentioned here. Although a renowned university professor in 1922, he later had an influential position as chief economic advisor at the Bank of England.

It would lead too far to comment now in detail on these economists contributions. There is reason, however, to believe that due to the widespread neglect of the entire series some rather interesting individual pieces among them are also unduly neglected, even among specialists.⁷ As far as

⁷ A case in point is A.C. PIGOU (1922). Although the Pigou-specialists ASLANBEIGUI and OAKES (2015: 289) list this piece in their bibliography, they omit that it appeared in the *Manchester Guardian Commercial Supplements*; they wrongly attribute it to a "vol. 3" but the series was published in "numbers", not in volumes. In any case, the correct reference is to issue "number eleven", not "3". In their text the authors never refer to this article or to its substance. This is

Keynes is concerned, in the *Reconstruction Numbers* he had 13 signed articles. As the later editor Elizabeth Johnson points out (CW 17: 323), four of these articles entered other publications. Since the editors of the *Collected Writings* (rightfully) tried to avoid duplications, it is now impossible to see Keynes's contributions in the context and order in which they originally appeared. In the appendix below we show that Keynes's contributions nowadays have to be traced at least in three separate volumes of his *Collected Writings*.

The special challenges for Keynes as author and editor in and of this series are that on the one hand, as author and expert on monetary matters, he had to be quite specific. On the other hand, as editor of very diverse contributions, he had to find a rather general level of argumentation. The latter task he solved, among other ways, with an "Editorial Foreword" (Keynes 1922a: 351-352) stressing a reinforcement of and a platform for a European "generous impulse":

We offer a forum to Europe ... The intellectual forces of Europe will here assemble in order to reinforce those of generous impulse.

Keynes (*ibid.*) hoped in this context: "If those who are best informed in each country can tell their tale ... remedies may issue from them". His special concern was the avoidance of "propaganda":

The editor [Keynes] scarcely expects to succeed in preventing every contributor from a descent to propaganda. But the character of any such writings will be quickly obvious to the reader, and will, I can assure their authors in advance, have no effect at all.

Keynes detested propaganda, and this might explain his aloofness towards European unification movements which intended to convince and to proselyte by means of memoranda and propaganda. As he wrote to his German "enemy" friend Carl Melchior in a letter of 5 January 1922 asking him to collaborate for *The Reconstruction in Europe*:⁸ "The world is now so sick of propaganda of every kind, that an attempt to deal with these problems [of European reconstruction] ... without descending to the usual methods of propaganda, may have a considerable influence" (CW 17: 325).

As we just read, Keynes's approach was an utterly pragmatic one: to gather experts' reports, to let them themselves list the problems about

astonishing because PIGOU (666) criticizes here, in 1922, the USA for their lack of "a generous proceeding", namely: "there can be little doubt that it is what, with their high tariff policy, they are in fact doing". This is a remarkably outspoken position-taking by Pigou on a specific matter of economic policy.

⁸ For the term "enemy" see the title of Keynes's (1949) posthumously published essay.

which they were competent as far as European reconstruction was concerned, and to trust that appropriate solutions will emerge from an ensuing intellectual interchange. Although he never used this formulation, in section 6 we attribute to Keynes a “Principle” of pragmatism for the solution of the European problems at hand.

In fact Keynes did indeed appeal to principles. This was another way of finding an editorial generalisation which went beyond his specialisation in monetary and financial matters. In the last Reconstruction Number, in January 1923, Keynes (1923a) reflected on “Underlying Principles”. His very last contribution to the *Reconstruction in Europe* are the words (717, original spelling):

[I]t is our first duty to reflect deeply on the Principles of Pacifism and Population, which are the *Prolegomena* to any future scheme of Social Improvement.

As far as this author knows, this “first duty” has never been taken up in the sense of reflecting at some length upon what Keynes himself had to say in this context.

3. THE “PRINCIPLE OF PACIFISM”

According to Keynes (1923a), his “Pacifism” involves three aspects: (i) Military disarmament. (ii) Self determination of the Dominions who are (or should be) “responsible for themselves”. (iii) Free Trade “as a principle of international morals” including totally free access to resources between countries. These points must have seemed to be extremely idealistic and unrealistic. With hindsight they might now appear to be prescient of how the Second World War could have been avoided and why after that War (much of) Europe finally lived in peace.

As far as (i), disarmament, was concerned, Keynes was aware that Germany as the defeated enemy was compelled to have a very reduced army, while all the neighbouring new states put much effort into armament. That might have been quite understandable if the ambition was to collectively contain a future strongly rearmed Germany. But in fact the diverse nationalistic aims in the newly created and also in some of the already existing victorious countries amounted to fighting almost any neighbour whatsoever. We can be confident that when writing his pacifist lines in 1923, Keynes remembered what he had experienced in the Paris of 1919:

[T]he French and the Italians are pouring munitions into Central Europe to arm everyone against everyone else. I sit in my room hour after hour receiving deputations from the new nations, who all ask not for food or raw materials, but

primarily for instruments of murder against their neighbours. And with such a Peace as the basis I see no hope anywhere.⁹

By 1923 many of Keynes's gloomy concerns had become deadly reality.

The horrors of World War II and of the Holocaust let us now sometimes forget that immediately after the *The War That Will End War* (Wells 1914) and the "Peace" of 1919 there were constantly armed conflicts in several parts of Europe. Morrow Jr. (2004: 286), in his book about the *The Great War*, heads his chapter about "The Postwar World" with two epigraphs: "After 'the war to end war' they seem to have been pretty successful in Paris at making a 'Peace to end Peace' " attributed to Archibald Wavell, later Field Marshal Earl Wavell. There is a second epigraph stating: "The Great War seems to have split up into a lot of little wars", attributed to U.S. Secretary of State Robert Lansing, 22 January 1919. Morrow's chapter then substantiates these cynical characterisations which could well have come from Keynes as well.

To this very day disarmament is not a realistic political aim in itself. It can only come at the end of a successful reduction of conflicts. It is in this sense, as prerequisites of peace, that the next two items in Keynes's list are important. Aspect (ii) of 'pacifism according to Keynes' posits: "The Dominions ... must be primarily responsible for themselves" (717).¹⁰ Keynes does not elaborate what this means but in his context of disarmament it can be understood that there need not and there should not be any military involvement relating to these territories by the 'mother country'. That can be understood as foreshadowing devolution and self determination for all dependent territories. If the Allied governments had subscribed to such a recipe for peace after the Great War, mankind would have been spared much suffering. The long standing policy of the European powers to secure colonial possessions by military means eventually was in vain. The futile suppression of independence movements by force cost not only millions of perished or ruined lives. In addition, the colonial mentality was deadly in itself. It gave a seemingly rational basis for expansionist aggressions by the Axis powers of the Second World War.

This brings us to point (iii) in Keynes's list: Free Trade in a very general sense. As a corollary he added: "I include in Free Trade the abandonment of any attempt to secure for ourselves exclusive supplies of food and material". He justified his extension with the warning:

⁹ Keynes to Duncan Grant, 14 May 1919, quoted from SKIDELSKY (1983: 371).

¹⁰ Original spelling; in JMK 17: 451 "Dominions" is in lower case.

For if pressure of population is to lead to a regime of armed and powerful nations grabbing resources from weak holders, our last state will be worse than it ever can be under any alternative policy.

This warning of 1923 is remarkable on two accounts: (a) It sheds light on some of the ‘worst’ developments up to the end of World War II. (b) It helps to understand the peaceful time in Western Europe after WW II. To (a): Keynes’s warning foreshadows what in fact did happen in the 1930s after Germany under Nazi rule had become again an “armed and powerful nation” claiming that she needed more space and resources for her population. To (b): That the “supplies of food and raw materials” can indeed be organised cooperatively and peacefully among formerly warring nations has been shown in Europe after World War II through the European Coal and Steel Community (ECSC) and the Common Agricultural Policy (CAP).¹¹

Although disarmament is still an unrealistic aim in Europe and in the world at large, the problems of colonies, food and resources – the sources of much armed conflict in Europe’s “interwar period” – have ceased to be bones of military contention in (most of) Europe.

At the present time when there are considerable doubts about the worth of the past European integration it might be indeed worthwhile to heed Keynes’s appeal of 1923 and to “reflect deeply” about the Principle of Pacifism well knowing what had become of Keynes’s erstwhile suggestions concerning this topic.

4. THE “PRINCIPLE OF POPULATION”

With regard to a Principle of Population, Keynes (1923a: 718) writes that if the “Malthusian ... checks of poverty, disease, and war are to be removed, something must be put in their place”. In his view an alternative to the then current decimation of populations by warfare, famine and genocide calls for “schemes conceived by the *mind* in place of the undesigned outcome of instinct” (emphasis added). He refers back to his earlier article in Reconstruction Number 6 where Keynes (1922d) gives “An Economist’s View of Population”. In its final paragraph he declared in 1922 (341): “Indeed the Problem of Population is going to be not merely an economist’s problem, but in the near future the greatest of all political questions”.

¹¹ For the Four Economic Freedoms which were established after the creation of the European. Common Market of 1957 see, e.g., BARNARD (2016).

When discussing Keynes's passages on "Population" of 1922-3, Toye (2000: 170) thinks that it is "difficult not to criticize" Keynes for "his advocacy of contraception" in this context. It is true that not only in 1923 he was indeed worried about population "Numbers" (with capital "N": 718). Keynes repeatedly expressed his reverence for Robert Malthus, especially when, in July 1922, he addressed the "Neo-Malthusian and Birth Control Conference" as president of its Economics section.¹² But it means to belittle Keynes when one claims that he used "coded language" (Toye: 169) for mainly propagating contraception at a time when, without coded language, Keynes warned in the Reconstruction Numbers that the "Problem of Population" is an important *political* one.

Having European "cares and outlook" in mind since 1919, Keynes cannot have failed to know that Germany had the largest population of any country in Europe except for Russia. Even before World War I there were political sections in Germany which cultivated an awareness of not having the same living space (*Lebensraum*) as her neighbours France and Great Britain with their – at that time – vast overseas colonies and dependent territories.¹³ This sentiment was, of course, even more acute and explosive after the Treaty of Versailles in which Germany was stripped of every single one of her former colonies. It was foreseeable that if Germany were ever in a position of pursuing a revanchist policy, space for feeding and accommodating her large population would be one of her major aims.¹⁴

An awareness of potential foreign policy problems in connection with pent-up population pressures is the most likely background for Keynes's extraordinary-seeming principle of Pacifistic Free Trade as just discussed in the last section. It is in this connection, too, and not only in the military one just mentioned, that one can see the Dominions as being "responsible for themselves", namely by letting them grant free trading access for all countries whatsoever.

Keynes's *major* political concern with regard to population was not contraception, although he did propagate birth control. But we consider his paramount concern after the Great War as having been that "[re-]armed and powerful nations" might grab militarily the resources which they claim

¹² See KEYNES (1922c: 60): "[I]t was the reading of Malthus that put his ideas first of all into the head of Darwin. I believe it is in the first edition of Malthus [1798] that the phrase 'Struggle for existence' first appears in literature".

¹³ Concerning some of the history of German worries about "living space" see ch. five on "Lebensraum" in SMITH (1986).

¹⁴ See point three in NSDAP [1920]: 209: "We demand land and territory (colonies) for the sustenance of our people, and colonization for our surplus population". See also: NSDAP 1930: 121: "The creation of space on a large scale for food production and settlement by the growing German people is the task of German foreign policy".

to need for their population (see above). According to Keynes, after the Great War such a turn of events should be avoided in Europe by creating the material and legal conditions for free international commerce. Had that been the case in the 1920s, it would have taken much wind out of the sails of the *Lebensraum* movement of the initially insignificant NSDAP in Germany. It is maybe ironical that eventually, after 1945, British Imperial Preference for trade with the Dominions was given up anyhow, but then not voluntarily, in order to avoid antagonism over access to resources, but unavoidably, in order to accommodate the war ally USA who demanded free access to the Dominions.¹⁵

In commenting on Keynes's views on population in the Reconstruction Numbers, Toye (2000: 170) seconds an opinion which he extracts from Moggridge (1993: 57) whom he quotes affirmatively with:

Keynes's worries about the re-appearance of the Malthusian devil ... were certainly misplaced in the light of the events he was discussing.

What were "the events" to which this quote alludes?

It is in 1919 that Keynes uses the term "a devil" in connection with Malthus,¹⁶ one year after the end of the – until then – most vicious war in modern history which took about 15 million lives¹⁷ To worry about a potential perseverance of Malthusian "checks" of war and famine was by no means "misplaced" (Moggridge / Toye) in 1919. Nor was it misplaced in 1922 with the Russian Revolution and its aftermath taking its toll of nine million deaths just from 1917 to 1922,¹⁸ this figure including the victims of the Russian famine covered, under Keynes's editorship, in the Reconstruction Number 4 by Nansen (1922) and Ammende (1922). Eventually, just 20 years after the Peace Treaty of Versailles, Europe was struck with World War II with a global toll of about 66 million deaths.¹⁹ It is strange

¹⁵ See the diplomatically worded passage in Keynes's letter to Lord Beaverbrook of 27 April 1945 (CW 24: 329): "I value Imperial Preference and would sacrifice no more than is inevitable on account of the changed views of the Dominions and their anxiety to come to terms with U.S.". For the role of the USA see also KAPLAN and SCHLEIMINGER (1989: 13): "Long aggrieved by the Imperial Preference system, the United States wanted access to sterling area on equal terms".

¹⁶ KEYNES (1919: 6): "Malthus [(1798)] disclosed a devil ... Now [1919] perhaps we have loosed him again". The composite term "Malthusian devil" is used by him 18 years later in a *double* sense, KEYNES (1937: 16-17) writing: "Now when Malthusian devil P [Population] is chained up, Malthusian devil U [Unemployment] is able to break loose".

¹⁷ See <http://necrometrics.com/20c5m.htm#WW1>, listing 8.5 mio. military death and 6.5 mio. being civilians, with detailed lists of sources (accessed March 11, 2017).

¹⁸ <http://necrometrics.com/20c5m.htm#RCW>, (accessed March 16, 2017).

¹⁹ <http://necrometrics.com/20c5m.htm#Second>, (accessed March 11, 2017).

that there is the just quoted consensus between Toye and Moggridge that Keynes's worries about a perseverance of Malthusian "checks" on population numbers by war and famine were "certainly misplaced" in the light of the events of the 1920s.

Moggridge (1993: 57) closes the above quoted passage with the remark that Malthus-inspired worries were not only misplaced then. "They may still be today". Nevertheless, he continues, there are "regular recurrences of neo- Malthusianism". But with an assessment of the appropriateness of Keynes's and others' reception of Malthusian population doctrines we are confronted with a topic of a scale which goes beyond our present capacity.

We may note in closing our considerations of Keynes's two "Underlying Principles" that it was through extensive free trade that in the last decades China, by now also an "armed and powerful nation" with a vast population, lived in peaceful symbiosis with the USA – so much so, that Niall Ferguson (2008: 331-340) had an entire section about China and America being amalgamated (economically) to "Chimerica". But he warned that as economic symbiosis broke down in Europe to give way to World War I in the past, in the future something similar might also happen between America and China. Imagining future hindsight, he speculates (339):

Scholars of international relations would no doubt identify the systemic origins of the [imaginable future] war in the breakdown of free trade, the competition for natural resources or the clash of civilizations.

In any case, in this context he advises his readers to study "financial history".

In the present context one could enlarge upon Ferguson's recent advice and suggest to follow first of all Keynes's old advice to reflect seriously upon the "Principles of Pacifism and Population". But one has to concede that, according to Keynes himself, such reflections can only be "*Prolegomena*", foreplays, for solid solutions.

We will see below that Keynes saw 'real' solutions for European Reconstruction in the realm of "financial history", to use Ferguson's thematic accentuation. After all, Keynes (1923b) distilled from his own contributions to the Reconstruction Numbers a book titled *A Tract on Monetary Reform*, and not one on contraception or on disarmament. The *Tract* "expanded Keynes's writing interests beyond their previous focus on reparations and war debts to the broader field of the international monetary system" as Elizabeth Johnson wrote in 1978 in an editorial introduction to vol. 18 of Keynes's *Collected Writings* (CW 18: 1). But we should not forget that vol. 1 of this collection is on *Indian Currency and Finance* (Keynes

1913). Thus interesting the “broader field” of international finance was by no means new to Keynes in 1923. In keeping with his professed “new experience” of 1919 we tend to see the significance of Keynes’s *Reconstruction in Europe* in shifting his monetary and financial thinking from the internal Commonwealth perspective of 1913 to one which saw the British financial interests as being intertwined with those of the rest of Europe.

5. THE “PRINCIPLE” OF PRAGMATISM

Before we consider some of the “financial history” of Keynes’s contribution to European (re-)integration, we must note and briefly comment that in spite of his professed European “cares and outlook” Keynes never showed any interest in any of the great movements of his time which propagated European integration. Particularly noteworthy are (i) the Pan-Europe Movement initiated by the Austrian-born Count Richard Coudenhove-Kalergi 1923;²⁰ (ii) the European Federalist Movement with its prominent Italian exponents Francesco Nitti, Luigi Einaudi,²¹ and Altiero Spinelli (1957); (iii) the European Functionalism with Romanian-born David Mitrany (1943) as initial theoretician²² and the French Jean Monnet as prominent practitioner of what later has been called “neo-functionalism”.

Pro-Europeans of his time tended to propagate their cause by means of proclamations, manifestos, and propaganda. But we saw above (sect. 3) that Keynes made great efforts to keep “propaganda” out. In his Europe oriented endeavours of the early 1920s he aimed not for flowery proclamations but for feasible outcomes, for the identification and then for the solution of strategic problems – for “bread” as Keynes (1922b: 425) put it metaphorically in *Reconstruction* Number three:

Man cannot live by bread alone. But we go hungry on the spiritual sustenance of the best-intentioned propaganda by itself, and want some bread.

When ‘nourishing’ solutions were not forthcoming, then dogmas had to be discarded. Hence, no matter how urgently one aspired the unification of Europe, its attainment could not be made a dogma. When nationalism was rampant, then the proclamation of its absence was futile.

²⁰ For an English version see COUDENHOVE-KALERGI 1926.

²¹ SPINELLI (1957: 37): “Luigi Einaudi ... represent[ed] federalist thinking of the highest caliber”.

²² See AMBROSI 2005 for a comparison of Keynes and Mitrany in the context of European governance.

It is with respect to the “Underlying Principles” that Keynes gave a most stunning proof of pragmatic flexibility. His maxims of 1923 seem to have been totally forgotten when, ten years later, Keynes (1933) published a lengthy article (based on a previous lecture) in two successive issues of *The New Statesman and Nation*. Its title: “National Self Sufficiency” makes clear that Keynes must have had a total mental meltdown.

Since then Keynes has often been cited with a specific protectionist formulation of that article (37). Let ideas, art, etc. be international Keynes wrote there, continuing: “but let goods be homespun”, the reference to home spinning being an allusion to Mahatma Gandhi’s spectacular campaign to boycott British textiles in the non-violent fight for Indian independence.²³ As far as Keynes’s once cherished topic of pacifism is concerned, he then continues (*ibid.*): “the age of economic internationalism was not particularly successful in avoiding war”. He thereby totally contradicts his prior praise for the blessed Victorian age of peace, progress, and international commerce.

Seemingly self-obliterating texts like these of 1923 and 1933 might have been the source of the fanciful gibe that if six economic experts are consulted, seven opinions come forth, two contradictory ones from Keynes (Samuelson 1961). It is in this vein that Eichengreen (1984: 371) comments: “Containing his most extreme protectionist statement, the lecture [resp. article of 1933] is difficult to reconcile with his prior or subsequent views”.

The strange zigzag of Keynes’s views on protectionism becomes understandable once one is aware of Keynes’s context-dependent pragmatism. In July 1933 the article comes at a time when the Great Depression went into its fourth year and Fascism had established itself for “1000 years” as Hitler’s propaganda claimed. It is noteworthy that between the two instalments of this ‘problematic’ article of 1933 in *The New Statesman and Nation* the journal has an editorial on “The Meaning of Fascism” (Editorial 1933). It criticises Keynes’s article by stating that its pleading for economic nationalism is redundant. Protectionism is already all-pervasive in 1933 “not because rational people willed it but because when the system of international finance collapses the capitalists of each country are forced to search for salvation in their home market” (65). In other words: Keynes must be seen not as propagating protectionism but as *resigning* to its unavoidable existence in 1933.

²³ See BEAN (1989: 359): “From 1908 on, these two elements – the economics of cloth and semiotics of cloth – united in Gandhi’s thought. By 1921, *khadi* (homespun cloth) had become central to his politics”. On 5 January 1931 Mahatma Gandhi was declared “Man of the Year” by Time Magazine. See <http://content.time.com/time/covers/0,16641,19310105,00.html>, (accessed March 23, 2017).

Although this editorial does not mention the point, it should also be seen that with aggressive Fascism well entrenched, it was too late in 1933 for any further attempt to contain the NSDAP doctrine of *Lebensraum* with the promise of open access to world markets. Such a policy might have worked as long as the Weimar Republic was still intact. But with Adolf Hitler having become German Chancellor in January 1933 that ‘window of opportunity’ was shut.²⁴

In a recent comparison between Keynes and Hayek the (anonymous) author in the *Economist* (2012) was “struck ... how pragmatic a man John Maynard Keynes was”. With this assessment the *Economist* returned to a topic which has a long standing among some Keynesians (see Dudley Dillard 1946). But so far Keynes’s masterpiece in pragmatism does not seem to have found its due appreciation. It is the Keynes Plan for an international monetary system after World War II.

Conventional financial history regards the Keynes Plan as a failure since in 1944 it was not accepted at the Bretton Woods Conference preparing for the future world monetary system. The main characteristics of the Keynes Plan were: a Clearing Union between Central Banks with an own unit of account, the “Bancor”, and a system of mutual granting of some credit on the basis of the Bancor.

One aspect of Keynes’s pragmatism may be seen in his personal behaviour, namely in the fact that, although he did not get through with his own conception in the USA, back home he vigorously defended the American White Plan before the House of Lords. This may be seen as an act of self-denial so that some sort of a world monetary order may prevail after the war, even if Keynes considered it to be not the wisest possible one.

But in addition to Keynes’s self-denying personal pragmatism, there are two further and quite different pragmatic aspects. They relate to the Keynes Plan itself: its practical appropriateness and its undogmatic beginning. Its practical appropriateness was subsequently proven by the fact that a version modified by Robert Triffin was the basis of the European Payments Union (EPU, 1950-58).²⁵

There is disagreement nowadays whether Europe’s economic recovery after World War II owes much to the EPU.²⁶ Its relation to Keynes is veiled by the fact that it came into existence only after he had passed away in 1946. But we claim here that without Keynes’s undogmatic pragmatism Europe

²⁴ See also SKIDELSKY (1983: 399): “Had Keynes’s 1919 programme been carried out it is unlikely that Hitler would have become German Chancellor”.

²⁵ For a recent account see MAES and PASOTTI 2016.

²⁶ See, e.g., Stanley Fischer in EICHENGREEN *et al.* (1993: 348): “I disagree ... that the EPU was better than the alternative of a more rapid approach to convertibility”.

would not have been sufficiently prepared for its successful steps towards her later prosperity and integration.

The undogmatic pragmatism in connection with the beginnings of the Keynes Plan comes from a confrontation with Nazi Germany's programme for "The Economic Reorganization of Europe" (Funk 1940). One of its very Fascistic sounding claims was: "In future gold will cease to be the basis for European currency, because the currency will ... depend on the value given to it by the state" (69). As Donald Moggridge relates in an editorial note (CW 25: 1), Harold Nicolson of the British Ministry of Information asked Keynes to participate in a campaign to counter Dr. Funk's seemingly unsound proposals. Keynes must have shocked Nicolson by replying: "If Funk's plan is taken at its face value, it is excellent and just what we ourselves ought to be thinking of doing" (CW 25: 2).

It cannot be said that it was Funk who inspired Keynes to think of a monetary system not based on gold, since long before the Funk plan Keynes (1930: 289) has argued against the gold standard and the "accursed hunger for gold", taking, in Latin, a line from Virgil's, *Aeneid*²⁷ as a section heading in his *Treatise on Money*. But as it emerges from Keynes's *Collected Writings* (CW 25) it was only after the just mentioned exchange of letters with Nicolson that Keynes made detailed proposals for an international monetary system as later exemplified by the Keynes Plan and subsequently by the EPU.

We may conclude with regard to the "financial history" of Keynes's contribution to European (re-)integration: (i) Keynes's 'shocking' refusal to comply to Harold Nicolson's request to rebuke Funk's Fascist monetary proposals saved Britain from committing herself to unrealistic promises for future monetary arrangements. (ii) Keynes's timely planning for the future international monetary system was important for establishing a European negotiating position at the Bretton Woods Conference, even if the Keynes Plan was not carried. (iii) The Keynes Plan was important for practical European integration because its later adaptation for the regional scheme of the EPU from 1950 to 1958 greatly enhanced the volume of inter European trade which prior to the EPU was conducted on an inefficient bilateral basis. (iv) The internal accounting requirements of the EPU led to enhanced cooperation of European national administrations and thus prepared several of them for the Common Market which came into effect from 1958 on.²⁸

²⁷ See <http://tinyurl.com/auri-sacra> (accessed March 23, 2017).

²⁸ This was admitted even by the sometimes critical Stanley Fischer in EICHENGREEN *et al.* (1993: 349): "through the EPU and other institutions, the Europeans learned to cooperate".

6. KEYNES'S RELATIVE EUROPEAN RELEVANCE

Every one of the protagonists of the great European movements named in the last section had their glorious hour in the long process of European integration. But Keynes seems to have no entitlement for a place in a Pan European Pantheon. This impression is false, as will be argued in the following.

Count Coudenhove-Kalergi saw his life's endeavours crowned when, on the 10th of August 1949, Duncan Sandys, Winston Churchill's son in law, wrote to him: "My dear Richard, I am writing to tell you how much I am rejoicing with you on this great day of the opening of the first session of the Council of Europe. Those of us who have joined your crusade in its later stages pay our tribute to its founder and leader" (Coudenhove-Kalergi 1953: 297). The Strasbourg Council of Europe has now 47 member states but virtually no power except through some voluntary conventions, the European Convention on Human Rights (ECHR) being the most famous among them, but it seems to be rather infamous for some British politicians.²⁹

For Jean Monnet, the European 'functionalist', a comparatively gratifying moment must have been on the 10th of August 1952 when he opened in Luxembourg the first session of the High Authority of the ECSC, the first of the European Communities, a model for supranational sharing of sovereignty among European states. (Monnet 1952) The 'function' of the ECSC was the peaceful, largely market-oriented co-ordination of making and marketing coal and steel on much of the non-communist part of the European continent, incidentally under exclusion of Great Britain which participated only from 1973 on. Few contemporaries might have remembered during Jean Monnet's opening statement of 1952 that it was John Maynard Keynes who, as far back as 1919, most eloquently described the economic necessity for such an arrangement.³⁰

For Altiero Spinelli, the European Federalist, a comparably gratifying day was the 14th of February 1984 when the European Parliament adopted a *Draft Treaty establishing a European Union*.³¹ Since 1941, when he was politi-

²⁹ "UK must leave European convention on human rights, says Theresa May" *the guardian.com* of 26 April 2016, see <http://tinyurl.com/May-ECHR> (accessed March 18, 2017). Meanwhile, in 2017, the ECHR-exit seems to have been postponed for a while.

³⁰ KEYNES (1919: 62): "France, having recovered the deposits of Lorraine ... could hardly deal with the ore unless she could rely on receiving the coal from Germany". According to Keynes such combination of coal and ore should happen through market exchange. This is what the ECSC eventually arranged from 1952 until, in 2002, it merged with the rest of the EU's structure.

³¹ For a brief description see PONZANO 2007.

cal prisoner on Ventotene island, and he co-authored a "Draft Manifesto" for a "Free and United Europe" (European Federalists 2015), Spinelli had worked towards this outcome, strongly influenced in his thinking by the European Federalist ideas of Luigi Einaudi.³² The European Union of the present days no doubt owes much to old European federalist ideas. None of these seem to have found much resonance with Keynes.

Writing about his above mentioned glorious 10th of August 1949, Coudenhove-Kalergi (1953: 297) reported that on that day he felt: "Were I dead, everybody would now say: 'What a pity that Coudenhove did not live to see this day! How happy he would have been'". As far as Keynes is concerned, such a day could well have been the 19th of September 1950 when the European Payments Union was established by the OEEC countries (Maes and Pasotti 2016: 14). There is the sad difference, however, that Coudenhove-Kalergi was still alive on his happy day, while Keynes had died more than four years before what we consider to be his day of triumph. Furthermore, it is not reported that anybody did see and praise this day as one of triumph and joy for Keynes had he lived to see it.

We stated above already that the main elements of the EPU were very much akin to those of the Keynes Plan which had 'failed' at the Bretton Woods conference in 1944. The EPU reversed this temporary failure. In 1950 Keynes could have had the satisfaction of seeing the realisation of his longstanding propagation of a monetary system free from the 'fetish' of gold as the ultimate monetary unit. There is also a quite different reason for Keynes feeling satisfaction. It could have come from the fact that the EPU was a *regional* European arrangement. Its successful working in the subsequent years helped to re-establish some of the economic unity of Europe which Keynes had tried to bring back to the public consciousness more than 30 years earlier.

It is open to speculation whether the high-flying and noble plans of the other pro-Europeans could have ever materialised could they not build on the practical benefits of the EPU. In spite of its speculative nature this thought merits more attention than it hitherto receives. It reminds us of some of the financial themes which Keynes addressed on behalf of the European countries of his time. In view of present tensions in the Euro area there is currently maybe particular topicality of Keynes's erstwhile claim that in a monetarily integrated area not only countries with great current account deficits must correct their position in foreign trade but that the surplus countries are under a similar obligation.

³² See D'AURIA 2012.

7. CONCLUDING REMARKS

In the twelve issues of the *Reconstruction in Europe* which appeared under his editorship, Keynes, writing in the final issue, saw two “Underlying Principles”, namely “Pacifism” and “Population”. Both terms are not very felicitous. It is impossible to take them in the singular form as representing a fundamental law or rule so as to give a “Principle” in the normal sense of the word.

Keynes himself dissolves “Pacifism” into several aspects: unilateral disarmament, granting free access to the goods markets and to the markets for resources. But none of these were realistic maxims for political action at his time, the 1920s. Maybe these three aspects never have unconditional relevance. Up to the present time it is illusionary to demand for unilateral disarmament.

Keynes’s idealistic call for market freedoms of 1923 – for manufactured goods and for resources – may be seen as today corresponding to the four freedoms of the European Communities which cover the markets for goods, services, labour, and capital. In so far as they have been agreed upon among many European countries and have been successfully applied, it is plain today that Keynes’s proposal of 1923 was not as an unrealistic one as it originally appeared.

Keynes’s “Principle of Population” reminds many readers of Robert Malthus’s (1798) essay under this title, and for many of them this is an unwelcome reference. Indeed, the LSE’s director William Beveridge (1923) criticised Keynes who, in his *Economic Consequences of the Peace* had asked in 1919 already the question whether “we” might not have loosed again the Malthusian “devil” of population pressures. If the “we” is just the British population, this question might sound unnecessarily alarmist – then and now. If one has in mind the millions of war deaths, the victims of famines, starvation, genocides, and bloody revolutions, then the question is highly relevant how to deal with the “devil” of population pressures under conditions of economic devastation, disruption, and underdevelopment. One of Keynes’s answers was to propose granting of free market access to resources in order to prevent that “pressure of population” makes “armed and powerful nations grabbing resources from weak holders” as was quoted above. But such proposals were pointless once aggressive Fascism had gotten hold on the European continent. Keynes reacted to this in 1933 by rescinding his former praise of 1923 for liberal market access. If this is reported out of context, it gives the impression of irresponsible fickleness on Keynes’s side. The contrary is the case.

We inferred from Keynes's varying proposals that he followed an overriding principle, unnamed by him, namely one of "Pragmatism". We considered the remarkable example of Keynes having been asked in 1940 to agitate against Nazi Germany's plan for a new monetary order in Europe which was not to be based on gold as reserve, but, in what seemed to be typically Fascist style, on the will of the state. Instead of complying to the demand, Keynes freely admitted the basic soundness of the enemy's plan, which he intended to outdo by developing what eventually became the "Keynes Plan". Keynes, like the German central banker Walther Funk, proposed independence from gold reserves. His new world monetary order was to be based on his famous "Bancor", an artificial unit of account for Central Banks' international transactions. But at the Bretton Woods conference of 1944 this plan did not prevail against the American one which was based on a US dollar defined and convertible in terms of gold.

That was not the end of the Keynes Plan, however. It was revived in 1950 in somewhat modified and regionally limited form as basis for the European Payments Union (EPU), its founding treaty being signed in Paris on September 19th of that year. The EPU greatly facilitated the revival of commerce among European countries. Its administration forced friend and foe of the last war to cooperate on a politically neutral basis. The good working of the EPU was maybe the decisive step for re-establishing the "economic unity of Europe", the neglect of which Keynes regretted from 1919 onwards.

Thus the 19th September 1950 may be seen as the crowning date for Keynes's life-long endeavours in a double way. It started the healing of what Keynes considered to be the most serious fault of the Peace of 1919, namely the neglect of the economic unity of Europe. Secondly, the application of this plan brought to fruition in a European context Keynes's masterpiece of international monetary architecture.³³

We briefly mentioned above that the representatives of the important European movements which contributed to the present state of European integration all lived to see their day of glory: Count Coudenhove-Kalergi (10 Aug. 1949; Pan-Europe Movement), Jean Monnet (10 Aug. 1952; European Functionalism), Altiero Spinelli (14 Sept. 1984; European Federalism). As early as 1919 Keynes professed to have become "a European in his cares and outlook". We are inclined to see him also as standing for a European movement, maybe "European Pragmatism" is an appropriate

³³ MAES and PASOTTI (2016: 25): "[T]he Keynes plan for a new international system was 'to this day, far superior to any of the practical alternatives offered to it' (TRIFFIN 1957: 107)". The praise for Keynes should not diminish the merits of Robert Triffin who devised the EPU.

label, although Keynes himself would not have liked to have a label. But he probably would not have been embarrassed if one of his biographers had called him a Great European. It is maybe regrettable that so far no one seems to have had the idea that the signing of the EPU Treaty on 19 September 1950 might have been *Keynes's* day of glory had he lived to see it. Keynes definitely should have a place of special honour in the Pantheon of Pan European personalities.

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APPENDIX: LIST OF THE SUPPLEMENTS

The following table lists the twelve issues of the Reconstruction Numbers which were edited by Keynes together with the respective topics which were mainly dealt with by the contributors to the respective numbers.

The last column gives catchwords for the articles which Keynes himself wrote for those numbers. They are now available in Keynes's *Collected Writings*. In the respective cells the bold ciphers and the adjacent ones in normal script show the volumes of *JMK*, respectively the pages on which these contributions are republished.

Since Keynes's articles were written in the thematic context of the respective issues, it would be most interesting for later commentators to see them also in the context for which they were written, especially since Keynes, as editor, was fully aware of this context. But since the old Reconstruction Numbers are extremely difficult to be obtained nowadays, this is hardly possible.

This problem can, of course, not be solved in the context of Keynes's *Collected Writings*. Noting this should not be understood as being a critique. But the present list suggests that it is rather complicated to trace Keynes's contributions as belonging to a single editorial project since they appear passim in three different volumes, namely vols. 4, 17, and 18.

Nr.	Date	Topic	Volume (boldface) and pages in <i>JMK</i>
1	20 April 1922	Foreign Exchanges	17 351-2: Foreword, 355-70: Exchanges I 4 70-80; 164-9 Theory and PPP 4 94-115: Forward Markets
2	18 May 1922	Shipping	17 426-33: Introduction to series
3	15 June 1922	Genoa Conference and Textile Industries	17 420-5: The Genoa Conference.
4	6 July 1922	Russia	17 434-40: Russia
5	27 July 1922	National Finances	4 37-53,161-3: Inflation as Taxation; 4 1-28: Society and Value of Money
6	17 Aug. 1922	Population, Agriculture, Peasant Revolts	17 440-6: Economist views Population
7	7 Sept. 1922	Railways, Coal & Steel	no article by Keynes

Nr.	Date	Topic	Volume (boldface) and pages in <i>JMK</i>
8	28 Sept. 1922	Reparations and Devastated Areas	18 32-43: Settlement of Reparations? 18 47-58: Speculation in the Mark
9	26 Oct. 1922	Labour Problems of Europe; Oil Industry	no article by Keynes
10	16 Nov. 1922	The United States and European Emigration	no article by Keynes
11	7 Dec. 1922	Stabilising Exchanges; European Banking	18 70-84: European Exchanges, II.
12	4 Jan. 1923	Opinion in Europe, Disarmament, Peace	17 448-54: Underlying Principles