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KEYNES AND THE CAMBRIDGE KEYNESIANS*

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The (original) draft of my book *Keynes and the Cambridge Keynesians. A Revolution in Economics to be Accomplished* was delivered to Cambridge University Press for publication in May 2006. This means that the book was written *before* the outbreak of the catastrophic economic crisis that is still at present gripping the economies of the whole world. This does not mean of course that the content of the book should have nothing to do or say on the present terrible crisis. Quite the contrary: for the very original purpose of the book was precisely that of giving a warning, a shake-up so to speak, to the economists' profession, that had fallen into a complacent dozing conviction of having achieved a sort of perfected economic theory which had come to crown the analytical efforts of the latest generation of economists – mainly American trained economists of the latter part of the XX century – relying on the conviction of having achieved a beautiful scientific model of *optimum allocation of existing resources*, that could be obtained through the grace of a mythic, individualistic, unrestricted freedom of competing rational individuals, acting under the simple stimulus of self-interest in a regime of unregulated *laissez-faire* competition. This conviction was propounded as if inspired by the original ideas of Adam Smith, the well-recognized 'father' of Classical economics. But such attribution is incorrect and misleading. The view of an ideal, entirely free, competitive and unregulated market system was, and still is, the strongly proposed, but pernicious and restrictive idea, of leading Chicago economists, such

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as Milton Friedman and Robert Lucas (both recipients of the Nobel Prize in Economics!), who have been very able in promoting the illusory belief that good businessmen, while intent on a purely self-interested behaviour, would in so doing, actually be performing the social function of achieving the best allocation of resources for society as a whole.

My book was written precisely with the aim of strongly criticising and antagonizing such a (mainstream) view, which the author of this book deemed, and even more now believes, to be both socially dangerous and analytically unjustified.

It would of course be too easy to behave equally unwisely now, in the grip of the present crisis, and say: "I told you, and you did not listen". The purpose of the book is not polemical; it will simply, and amply, be justified if it provides grounds for reason and explanation.

The book was, and remains, sub-divided in three distinct parts.

Part One is devoted to the "revolution in economics" which the Cambridge economist, John Maynard Keynes, initiated with his famous masterpiece *The General Theory of Employment, Interest and Money* (1936). The first aim of this Japanese translation is simply to remind the readers that, on the basis of past history and of Keynes's work, what we observe as happening today to our economies is by no means an unknown or unpredictable or imaginary phenomenon. It is largely the effect of a refusal to really learn what supposedly we should have learnt already from recent past history.

Very simply, Part One of the book is a straight and dramatic warning, an invitation to the whole economists' profession and to public opinion to remember what happened only 80 years ago, in 1929, when a *Great Crash*, as J.K. Galbraith later defined it, took place involving the economies of the entire industrial world. As is well known, huge idle productive capacities and mass unemployment had become widespread, characterising what came rightly to be termed the *Great Depression*, in the U.S. and in all industrialized countries, as we have all learnt, or at least as later on it was said we had learnt.

The economics profession should not forget!

Most of all, we should remember the way in which that disaster was overcome, namely through the implementation of economic policies of massive *deficit spending* and budgetary public debts aimed at stirring up the all too defective "effective demand", that was generated by the economic system. In fact, it was only in this way, i.e. according to what had been advocated by J.M. Keynes in his *General Theory* in 1936, that slowly the whole advanced industrial world could return to normality and then to expansion.

Again, we should also remember that later, after World War II, it was thanks to the by then largely known "Keynesian" economic policies, that

the industrialized world could be led to the reconstruction of the appalling damages of the world war and, subsequently, to the resumption of economic expansion.

Japanese economists will surely remember this golden post-WWII period in which the Japanese economy, after being badly shattered by the war, was reconstructed and achieved, in an extraordinary way, one of the most exuberant periods ever to be recorded in its economic history. As we all know, in merely a couple of decades, Japan was transformed into one of the major, most active, and overall most innovative and powerful economies of the modern world.

On a personal level, I may say that this was still the perception of Keynes's theories in major parts of the world, when I first visited Japan in the early 1980s on the invitation of Professor Izumi Hishiyama, then Rector of the University of Kyoto, under whose initiative I also went round Japan to lecture in various other Universities.

At the time, I argued that J.M. Keynes was right in being convinced that a "revolution" was necessary in economics, but I also claimed that much theoretical work still remained to be done.

While, however, I found it not so difficult to show that the Keynesian economic policies were right, I found it not so easy to show that, as I claimed, their whole theoretical framework should be further developed and brought to completion.

I became convinced that a challenging task for me to carry out was that of examining in depth the works that had been done and were being done in Cambridge by the immediate pupils and followers of J.M. Keynes. Of course Keynes himself was no longer around, but most of his immediate pupils were still working there. This is the reason why I went to the University of Cambridge, where Keynes's pupils became my senior colleagues. With them, I lived and discussed the "Keynesian" ideas at length in long, most of the time pleasant, conversations.

The results of my studies from that period are presented in the essays that constitute Part Two of the present book. These essays include what I have been able to gather as relevant for the task of understanding in depth what the Keynesian "revolution" was meant to consist of. I did this as a life experience, talking a lot to, and relentlessly discussing my ideas with, the major leading components of what I have dared to call the *Cambridge School of Keynesian Economics*. It is to them that Part Two of the present book is entirely devoted.

This Part Two turned out to be the most voluminous part of the book, entirely devoted to a narrative of the vicissitudes of that group of brilliant economists who grew up as the pupils of J. M. Keynes. Their stories are

told with reference to the works of those members of the group who were the most outstanding. They tell the historical vicissitudes, the development of the outgrowing lives, the difficulties, the counter positions, and also the human frailties of the people who in Cambridge lived within what in the end emerged as a Keynesian drama.

Of course, I expressed my thoughts, as they emerged from this inter-thought-connection with the immediate pupils of Keynes. But I must immediately add that I became convinced that what was worked out was still an incomplete undertaking. At the end of Part Two, I was pressured to compose a list of quite clear features (I listed 9 of them, though also specifying that they were not exhaustive) of what appeared to me to be characteristic of the attempted "Keynesian Revolution". I synthesised them into a *Postlude* at the end of Part Two, that appeared to me as being what could be considered a valorous "fight for independence" as against a still resisting and die-hard traditional (mainstream) economic theory. In this sense, that was not the conclusion of the investigation. Though with all the acknowledgments with reference to what had been achieved, in terms of economic policies actually implemented, the "revolution" still remained to be completed: not so much in terms of factual achievements, which had already been extraordinarily numerous, but in terms of a truly *new* economic thinking.

By now, looking *ex-post* at Part Two, I am myself surprised, yet compelled to realize, that perhaps some of my young pupils had a point when they suggested that I had been too successful in telling the various details of the Keynesians' stories. From the reactions I have had from those readers, with whom I have been in touch, in conversations, discussions, correspondence, it seemed that most of them actually focused their attention precisely on what is gathered in Part Two of the book, especially on what is synthesised in the *Postlude*. At the end of my description of their works and life, which I singled out as aiming at "Fighting for independence", it would seem that many readers happened to be so thrilled by the narrative and exposition as to be discouraged to proceed any further and face arguments that were becoming more complex and engaging.

I hope this is not the general case, but, if it were, I would be very disappointed. For Part One and Part Two were meant to be a preparation for the most important Part of the book, i.e., which is Part Three.

It is worth recalling once more that when Keynes published his book, he was convinced he had proposed "a revolution in economics". But when I delivered my final draft of this book to the Publishers, I did stress, and in fact specified explicitly in framing the subtitle, that I meant to contribute to a "Keynesian revolution" that was still "waiting to be accomplished".

So convinced was I of this as to state it immediately at the beginning of my original English *Preface* (in 2006). In my view, the real "revolution" had not yet been accomplished in terms of concepts and ideas. The "Keynesian revolution" was, and still remains today, a task to be completed.

And here I arrive at the central and major point which I should like to stress in this *Preface* to the Japanese edition.

What I say may appear paradoxical: the part of the book that in my intention should have emerged – and still should emerge now, at last – as the *new,* original, contribution, is precisely contained in Part Three. The Paradox is that Part Three of the book is the part which has received the least attention. Excluding a few exceptions, the economic literature has practically ignored it.

The *Journal of Economic Literature* itself, probably unwillingly, seems to have contributed to creating this paradox by deciding not to review the book at all. It merely devoted to it a minor annotation, with the simple list of the table of contents.[1]

An explanation should be given to this lack of attention.

Meanwhile, I shall try myself to sketch out a tentative response, by recalling briefly some relevant facts, that I presume the readers of this book will clearly recognize as really major events of the very last part of the XX century and of the very beginning of the XXI century.

To begin with, my first deep conviction is that there must have been something *dramatically* important in those few decades, even quite outside and beyond the normal evolution of scientific research. And my guess is that concentrating on "Keynesian" economic theory should help precisely in perceiving such drama.

My reflections move from the realization that what took place was not only an abrupt stoppage of the evolution of a till-then successful economic theory. It was a complete reversal of attitude, of paradigm, or even of vision. Not only was there an abrupt end to the continuation and completion of a theory; there was something more substantial and drastic. From a theoretical movement of continuous development to a stark, really sharp break and reversal of direction. From eulogies that gushed forth, when the previous theory had been accepted or was in course of discussion to an abrupt rejection, at times even to hostility. And what is most impressive for modern researchers is that all this was not the result of any empirically managed, or sophisticated test, organised with up-to-date scientific purposes. Rather, it was an abrupt break, as if it came from a sudden external inspiration entailing a turnaround of the whole theoretical thinking.

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[1] See *Journal of Economic Literature*, 2009, 4: 1170.

In my view, it was not only the refusal to go ahead on established, practical and useful Keynesian lines of thought and facts. It was an outright radical rejection of the whole Keynesian paradigm.

What had happened?

When one wants to detect solid explications of phenomena of this so sharp sort, one must open one's mind to views spanning in broader contexts. If this is done with profound attention and freedom from compelling principles, in unprejudiced space and with some effort of imagination, I am sure one can easily point out at least a few real features that characterise the paths on, or through which, our economies have changed over the last few decades.

Let me mention at least four such features.

First = To begin with, already the 1970s turned out to be years in which, for political events of major world relevance, concerning especially the relations of the technologically advanced West with the areas of the troubled Middle East, a general oil crisis (which obviously concerned a major source of energy) broke out. It affected the whole world. In economic terms, it caused sudden and disproportionate increases in the prices of oil all around the globe. The immediate effect in all countries, especially in those importing oil, was the beginning of considerable increases of the general level of prices, i.e., price inflation. The informed reader will realize that this meant generating factual situations that were opposite with respect to those which Keynes had faced before the war. Keynes and then the Keynesians had concentrated their attention on problems concerning avoidance of mass unemployment, not on problems concerning curbing inflation. In a situation of abnormal increases in the general level of prices, governments and their expert economists had to turn attention to *monetary* phenomena, which were the most immediate and pressing ones. This distracted attention away from the more physical problems, which Keynes and the Keynesians had normally been concerned with. Horizons opened for consultation of *monetarist* experts. Labour and unemployment experts were not even prepared for the task (this definitely was, by the way, one of the incompletenesses of Keynesian economic theory, although Keynes himself had been clever enough to forecast the likely appearance of the problem of inflation at the end of the war).

Second = In the following decade, the 1980s, unexpected situations emerged (earlier unknown in the West), which created serious problems concerning physical production and employment, not in capitalist but in almost all socialist countries. All Eastern European countries, and in the end the Soviet Union itself, found themselves in unsustainable economic

difficulties. Eventually, toward the end of the 1980s, the whole set of those European countries, which were behind what had been called "the iron curtain", and which supposedly had put into effect the institutions of "real socialism", literally fell into a general overall economic collapse for unexpected, mainly political, reasons. In 1989, the dramatic fall of the "Berlin wall", symbolically came to underscore the end of the whole institutional bloc of Eastern European communism. The impact of this event was terrific. It gave the impression, to the world public opinion, that the actual confrontation between capitalism and socialism, which had been at the forefront of the political scene for seventy years, since the 1st World War, had definitely ended with an evident success of capitalism. In any case, it is a fact, that since these events, a forced and dramatic change of political institutions took place in the whole bloc of Eastern European countries, with an ensuing more than disorderly end of communist institutions and with an even more disorderly spread of primitive, unregulated forms of *laissez-faire* capitalist arrangements.

In any case, as far as the leadership in economic science is concerned, it is a fact that, since these events, the Swedish Academy of Science was quite determined in excluding entirely any valid economist of Keynesian tendency from being even considered for a Nobel Prize in economics. Keynesian economists began to be considered, or in any case to be perceived, rightly or wrongly (more often wrongly), as being sympathetic, or at least leaning more easily toward "socialist" tendencies and institutions. The impact on the programmes of economic education in the Universities of the whole world was really crushing. Traditional mainstream economics reached its peak of popularity. It was almost entirely turned into the direction of favouring and recommending *laissez-faire* policies on the basis of theoretical models, which left no room for non-orthodox approaches of any kind in the teaching and research of economics, in almost any University in the whole word.

Third = It may be instructive to pay some attention to a third interesting event of the 1980s and which surely influenced the attitude towards the established financial institutions on the one side and on the economists' tendencies and preferences and convictions on the other. In October 1987, a horrific *Black Monday* hit the New York Stock Exchange on Wall Street. The Dow Jones Industrial Average Index plummeted by more than 20% in a single day. It was the heaviest drop that had ever taken place in a single day on Wall Street, heavier than the losses of any corresponding day even in 1929! It was a fall that remains exceptional to this day. Some economists reasonably feared that another *Great Crash* was around the corner.

To give an example, Siro Lombardini, a prominent Italian economist, in a series of radio broadcasts, TV interviews and then in a book published soon afterwards – *La Grande Crisi – 1987 come 1929?* (i.e. *The Great Crash – 1987 like 1929?*) predicted a world-wide slump in detail. But, at least apparently, things did not turn out that way. Prompt interventions by the *U.S. Federal Reserve Board*, in conjunction with the IMF and with the help of the major central banks, succeeded in circumscribing the event within strictly *financial constraints*. This event became known as the *Greenspan put*, named after the *U.S. Federal Reserve* Governor, Alan Greenspan. It gave the impression of a great success by the ruling international financial institutions in the Western (capitalist) countries as against what at the same time was occurring in socialist countries, which were all facing great difficulties. It also exerted a strong influence on the opinion which attributed strength to those financial measures put into effect in the West, and at the same time supported the supposed "solidity" of the international financial institutions (I.M.F., U.S. Federal Reserve and other central banks).

It must be noted, in any case, that when one looks at this event now, *ex-post*, from the vantage point of what evolved from that vicissitude, one can see very clearly that the *Greenspan put* of the early 1990s, though a successful event for the U.S., did not work out equally favourably for other countries in the capitalist world. More specifically, it is now clear that it did not work out so well either for Japan or, if I may be allowed to add, for Italy.

In Japan, the 1990s later became known as "the lost decade", due to the really meagre, languishing performance of the Japanese economy. In Italy, taking the words of a former director of the Bank of Italy, entrusted to present a report on that period: "from 1992 and then at the beginning of the new millennium, Italy has come to suffer the worst performance of its economy, in peace times, since the days of Cavour".[2] And this – it must be underlined – not because Italy did not comply with the monetarist, free-market, libertarian trend advocated by the prevailing mainstream economics of that time, but precisely for the opposite reason. The Italian government did carry out in that decade the most extensive privatization operation that had ever taken place in its economic history.[3] The results were disappointing in terms of all major indicators: GNP (stagnant), productivity (stationary), unemployment close to 10%.

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[2] Ciocca 2014b: 292.

[3] In that decade, a huge state-owned conglomeration of manufacturing and service corporations called I.R.I. – which provided employment for over 400,000 people – was literally dismantled through over-all privatization, in obedience to the wide-spread conviction of the time, both internally from political pressure, and externally from the rules of the European institutions (*ibid.*: 292).

Fourth = One may add a fourth event, which by being purely academic is unknown to the public at large. It has nothing to do with actual facts, yet it has exerted an enormous influence on the direction in which the opinion of leading economists have been shaped and consequently on the opinions that came to prevail among their students and, most effectively and importantly, among the managers of the major financial institutions (central banks, commercial banks, CEOs of major business corporations, etc.).

If we start from the sphere of high theory, it must be reminded that the controversies between Keynesians and mainstream economists had never been entirely settled. Ever since the latter part of the XIX century, the Jevons-Menger-Pareto so called "Marginal revolution", had been dominating the official views, generating claims for a regulated *laissez faire,* even (after the 1930's) side by side to Keynes's theories. But most of all, this tendency received powerful support in the XX century with the perfection of that fascinating analytical model, that has become known as *general economic equilibrium*. The latest perfecting versions of it are attributed to Kenneth Arrow and Gerard Debreu (both recipients of the Nobel Prize in economics). It must of course be accepted that discussions between Keynesians and Marginalists should be taken as a normal feature of scientific discourse. But a notable and sudden, really *new*, further event quite suddenly took place in the last part of the XX century. The 1980s was a decade in which the whole analytical framework of the model of *general economic equilibrium* was *extended* much beyond its previous limits: to relations covering money and financial instruments. This was done with unbelievably unrealistic assumptions regarding individuals' rational expectations. (A theorem that went under the names of Modigliani-Miller, by the way, also both Nobel Prize laureates, was stressed in the bibliography sources for practically all Business Schools, to be so fundamental as to deserve application to the exclusion of all others). Through this extension, the consequence was that the views of the Chicago University economists on monetary theory and on optimum management of financial institutions scored an almost complete over-all success. The Chicago financial theories of how the world economies behave really crushed any other views. The Chicago school of financial economics gained almost general domination in the economic theories that were taught, and I am afraid are still at present largely taught, in the majority of universities of the whole world. This means mainly in the United States, but paradoxically even more in Europe.[4]

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[4] To give an example, a good friend of mine and economist, who used to be notable among the Italian economists who studied at Cambridge, and who had written relevant papers

All these four features, and particularly the last one, may at least provide a clue to understanding what happened to economic theory in the period that immediately preceded the present crisis. In the major authoritative economic circles, there was not much haste, and even less will, to investigate the deep roots of the crisis, when in 2008 the world economic troubles started. The arising troubles were simply made to appear as the consequence of a "sub-prime" excessive credit speculation concerning the U.S. real estate market. It was generally taken for granted that all the emerging difficulties belonged to the financial sector of the economy. Among mainstream leading economists, very few dared even to suspect that at least some deeper problems might exist that could ramify into the "real", i.e. physical as distinct from the financial, sectors of the economy. And this in spite of the fact that almost all the previously well-known contributions to the study of business fluctuations (not only those due to the followers of Keynes, but also those due to Hicks, Samuelson, Goodwin, and many others) had been framed with reference to the *physical* sectors of the economy. It appeared evident (with the support of so many Economics Nobel Laureates and world financial managers) that the crisis could be circumscribed to, and dealt with, in the sphere of banking and finance, or at most in the related spheres of insurance companies, rating agencies and that panoply of financial institutions that had meanwhile been invented to cover large parts of the U.S. economic system, with widespread imitation in Western capitalist economies.

It really sounds extraordinary now, after seven years from the start of this terrific crisis, to realize how deeply rooted and stubborn are the convictions on the imperative role attributed to monetary and financially-led economies. The decisions of governments and financial institutions have gone through a succession of public decisions that have not eluded even wild contradictions (a symbolic example is the well-known and so much discussed case of the U.S. Government decisions in 2008, to save, i.e. practically nationalise, Bear Stearns on the one side and allow the similar case of Lehman Brothers to face market bankruptcy on the other).[5] The seven years that have by now elapsed since the starting of this really horrific Great Depression are full of discussions, re-iterations, declared convictions and

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along Sraffa's lines, unexpectedly – to me – in 1982 wrote a paper in which he explained how he thought that the economic theory of the 1980s had to make a U-turn, by changing, from earlier-followed views, Cambridge-included, to the soon to be triumphant Friedman-Lucas way of looking not only at economics, but also at an overall-behavioural vision of the whole world. See Spaventa 1982: 1037-1058.

[5] A concise, but interesting examination of this contradiction can be seen clearly from the analysis given in chapter 9 of Ciocca 2014a.

supposed beliefs in the virtues of exclusively monetary policies, according to the suggestions of the Chicago School of monetary and financial economics. Decisions along mainstream lines, based on assumptions of perfect competition, perfect knowledge, perfect rational expectations, unbelievably continue to be taken in the whole advanced industrial countries. Especially in Europe, "austerity" measures are imposed, with little regard to the personal suffering, especially on the less wealthy part of the population. The belief is openly stated that the purpose which is pursued is that of restoring trust and confidence in the banking and financial sector, which by itself is supposed to be capable of self-regulation. Then everybody sits back and waits for the (supposed) confidence and trust to return, with an expected resumption of economic growth. But nothing happens, again and again.

Regretfully, this is the situation at the moment of writing this *Preface*.

But, thank God, there has been an exception – to me quite surprising and unexpected – which I am pleased to recall and underline, since it seems the only authoritative case I can quote that gives hope, in the end, that some place for common sense still exists.

In an extraordinarily lucid article, posted by Tribune Media Services on October 15, 2008 (i.e., roughly but promptly at the beginning of *this* Great Depression), Paul Samuelson seems to have gleamed the light of truth. The gist of the message is expressed by the title of his article – courageous, precise, drastic, definitive, yet no less dramatic:

"Farewell to Friedman-Hayek libertarian capitalism"! [6]

Samuelson immediately and simply refers back to all what *should* have been done, by taking advantage of the experience of the Great Depression of 1929. The economic measures that should be taken are clearly expressed. Here are his words: "Most losses will be permanent – as in 1929-1932. However, with enough creation of new money by the Fed and the U.S. Treasury, recovery and stability will be possible". He rounds up with: "the middle way of the economic policies of Roosevelt-Truman-Kennedy-Clinton could *have saved* today's chaos and bankruptcies".

And he continues with words that seem almost prophetic: "What then is it that, since 2007, has caused Wall Street capitalism's own suicide? At the bottom of this worst financial mess in a century is this: Milton Friedman-Friedrich Hayek libertarian *laissez-faire* capitalism, permitted to run wild without regulation. This is the source of today's travails. Both of these men are dead, but their poisoned legacies live on".

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[6] Paul Samuelson's, "Farewell to Friedman-Hayek libertarian capitalism". The article also appeared, translated, in the *Corriere della Sera* on October 20, 2008 with the title: "I sette errori dei liberisti senza regole".

He ends, unexpectedly, with a sharp and terrifying sentence (involving himself too!): "I and colleagues at M.I.T., Chicago, Wharton, Penn, et al, may get rough handling when we face St. Peter at the portals of heaven"!

Admirable of Paul Samuelson to call the profession (himself included!) to share some of the responsibility of what has happened. Only too sad that these words should have been written at what turned out to be only a little more than the last year of his life!

But, the deepest sadness of all is perhaps for us now to be compelled to ask: who listened to him? Is Paul Samuelson to be buried into the valley of preserved oblivion? We know only too well that suppression and oblivion has been a well experimented technique in the past economic literature, but normally only with reference to unorthodox economists.

Paul Samuelson is not an un-orthodox economist! He is the famous author of the best-selling economics textbook ever written: a textbook that has sold the highest number of copies published of all time in the whole world!

Should we be invited to treat Paul Samuelson as an unorthodox economist?

At this point the contradiction is complete.

Yet the logical conclusion is much simpler, though no less dramatic.

We should accept that the time has come to discard and bury what, since roughly the 1980s, has shamefully been taught and recommended by mainstream economists and in its place very simply reinstate the well experimented theories and policies which we have learnt from elementary Keynesian economics (especially with reference to the problems of unemployment).

If this were accepted, would it be the end of our arguments?

Not yet.

By accepting the views and recommendations now so wonderfully re-expressed by Paul Samuelson and his sharp evaluation of the origin of the present crises – unexpectedly, along well-known Keynesian lines of the first generation – we are now back to the point where we had arrived above, in referring to the content of the *Postlude* to Part Two. This means to go back to *before* the beginning of Part Three, the part which I claim to be the most important one in the present book, where I make two basic claims: one with respect to Keynes himself and the other with respect to the whole economic theory. The one with respect to the whole economic theory – the most important – is simple but drastic: the whole paradigm of mainstream economics, built on the basis of a trade-inspired vision of the world, should be dropped. It might have been useful in investigating historical events in post-medieval and even Renaissance times. But with the advent of the Industrial Revolution, we have entered a new and different phase of history,

in which production in a capitalistic context has become pre-dominating. This, by the way, also explains why no claim to an empirically proven test has been made by theorists affirming the dominance of the general equilibrium model-cum financially prevailing institutions. The *general economic equilibrium* view has been imposed with the force of logic, and even with the attraction of beauty, but not with the force of facts or the support of empirical tests. And then there is the other claim. As repeatedly said above, the first- generation Keynesian theoretical framework is not sufficient. In itself, the going back to views that are pre-Keynesian is a proof of this: returning to the pre-Keynesian, pre-Great Depression framework may be seen as a further demonstration that the original Keynesian framework was not enough. What must be done now is not only to go back to where Keynes had already taken us, but also to go further ahead, beyond Keynes himself. This is what I argue in Part Three of this book.

The purpose is to press in the direction of taking a jump ***beyond*** Keynes's own version of his *"revolution in economics"* by:

– giving up the whole trade-inspired paradigm of neo-classical economics (chapter VIII);
– framing a "stage of pure production economic theory" (chapter IX);
– completing it with an appropriate "stage of institutional investigations" (chapter X);
– and finally going "back to the future of the Keynesian revolution" (chapter XI)!

Does this sound a too difficult frame of investigation? Maybe. But, it is a challenging one.

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