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## Keynes and Sustainable Development

***Abstract:** Since the beginning of the 1970s, questions related to ecology have reached the forefront of policy discourse and progressively led to the adoption of the concept of sustainable development, which now appears to be a new worldwide objective. We argue that numerous writings of Keynes contain the premises of such a sustainable development. Indeed, Keynes's positions on uncertainty, money, the place of economics, arts, philosophy, etc. are consistent with a strong sustainability based approach. Finally, we try to offer some insights for an indispensable twenty-first-century post Keynesian sustainable development program.*

***Keywords:** environment, Keynes, Post Keynesian, sustainable development, uncertainty.*

The ideological reversal that occurred in the late 1970s, along with the triggering of the debt crisis, marks a complete change in the way the issue of development is approached. Even though, since the end of World War II, many considered underdevelopment to be a global problem that had to be addressed on a national scale according to each country's specificities, in the early 1980s the monetarist counterreform was to reverse the old proposition. This counterreform considered the problems to be originating from bad choices made in some countries that had wandered off the path that should have allowed them to make up for lost time. From then on, only a global answer, inspired by the Washington consensus, has appeared to be able to put the developing

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countries back on the straight and narrow path. There were many works showing the inefficiency, if not the untenable side, of such reasoning.<sup>1</sup> Indeed, the growing instability of the global economy goes hand in hand with worsening inequality, and the satisfaction of basic needs, reduction of poverty, and massive unemployment remain challenges to be taken up. The international institutions embarked on the road to sustainable development, but their approach, based upon the weak sustainability view coming from the neoclassical paradigm,<sup>2</sup> does not prove to be up to the task—the planned failure of the Millennium Development Goals proved this.

Yet, some heterodox approaches have addressed this question by adopting a methodology stamped with strong sustainability. This is the case for part of ecological economics (Daly 1990, 1996; Røpke 2005; Soderbaum 2000) or for the regulation school (Zuindeau 2007). Post-developmentalists adopt an even more radical position rejecting the occidental development mode (Latouche 1993; Nederveen Pieterse 1998; Rist 1997; Schuurman 2000). On the other hand, the post-Keynesians have faced some difficulties in involving themselves in sustainable development. Even though Davidson and Weintraub (1978) were conscious of the coming ecological problems when they founded the *Journal of Post Keynesian Economics*, they were barely supported on this matter.<sup>3</sup> It is indeed relevant to note that no specific entry on sustainable development is devoted to the issue in John King's *Elgar Companion to Post Keynesian Economics* (2003). I can find only an environmental economics entry referring to a microeconomic approach.

This paper aims at revisiting the works of Keynes to show that his analysis is compatible with a sustainable development-based approach. Indeed, his positions on the environment and the arts, which lead him to a virulent criticism of capitalism, constitute the basis for an ecological sustainability approach. This base is reinforced by his philosophy of uncertainty, which foreshadows the precautionary principle. Regarding social aspects, which constitute a second pillar of sustainable development, Keynes also gives some useful clues. Indeed, the emphasis put on unemployment and equity, on the one hand, and his views of economics as a secondary science, on the other hand, represent the foundations of a social sustainability that remains to be achieved.

### **Environment, Arts, and the Critic of Capitalism**

Keynes's references to environmental issues are rather rare. This can be easily explained if one keeps in mind the historical context of the first

half of the twentieth century. Indeed, the main concerns are about how to manage the consequences of World War I, to correct monetary and financial imbalances, to fight against mass unemployment, or more generally to implement an international environment aiming to favor peace. However, he is aware that some classical economists had investigated environmental issues, such as Malthus on population or John Stuart Mill in connection with the search for a steady state.

In a text titled *National Self-Sufficiency* (1933/1982), Keynes militates in favor of a gradual movement of relative withdrawal of national economies from international trade and finance, in opposition to nineteenth-century internationalism, to restore the primacy of politics over economics. This national self-sufficiency is, however, only a necessary condition to the advent of a new model, which can break with the logic of *laissez-faire*. His critique of free trade foreshadows certain positions of the supporters of sustainable development.

I sympathise, therefore, with those who would minimise, rather than with those who would maximise, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel—these are the things, which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national. Yet, at the same time, those who seek to disembarrass a country of its entanglements should be very slow and wary. It should not be a matter of tearing up roots but of slowly training a plant to grow in a different direction. (Keynes 1933/1982: 236)

This reduction of the interdependence between nations is wished for today either by the advocates of a strong sustainability or the postdevelopmentalists. Through it, we would assist in the relocation of production, thereby limiting transport in productive processes, including various pollutions. Keynes continues by denouncing the fact that

the same rule of self-destructive financial calculation governs every walk of life. We destroy the beauty of the countryside because the unappropriated splendours of nature have no economic value. We are capable of shutting off the sun and the stars because they do not pay a dividend. . . Or again, we have until recently conceived it a moral duty to ruin the tillers of the soil and destroy the age-long human traditions attendant on husbandry if we could get a loaf of bread thereby a tenth of a penny cheaper. (1933/1982: 242)

Keynes realizes that economic and financial logic are in opposition to ecological and social reasoning. Keynes condemns environmental

destructions and reacts to the disfigurement of the planet, which led him to minimize the role of economics (Keynes 1930/1972). He refutes the mainstream view that, according to the neoclassical model, integrates the environment as a natural capital within a production function whose factors—labor, physical capital, and thus natural capital—are substitutable, thereby subordinating nature to economic calculation (Holt 2005).

If direct references to environmental problems are rather limited, the stance of Keynes toward the arts, or his philosophy of uncertainty (which will be further developed), contains the premises of a Keynesian approach to the environment that foreshadows sustainable development. Keynes feels that the purpose of life is to enjoy beauty, knowledge, friendship, and love, all concepts that are not primarily concerned with economics. He rejects the “classical” vision, based on Benthamite utilitarianism, coming from the eighteenth and nineteenth centuries, which he considers to be a catastrophic change for civilization. In his opinion, the arts, like nature, must be disconnected from economic considerations because “the exploitation and incidental destruction of the divine gift of the public entertainer by prostituting it to the purposes of financial gain is one of the worst crimes of present-day capitalism” (Keynes 1936b/1982: 344).

His positions concerning the environment and the arts lead Keynes to formulate a virulent criticism of capitalism, which can be found in many texts. Visiting the Soviet Union in 1925, he notices that if the communist “faith” is likely to involve a collective adhesion, nothing like this can happen with capitalism because of its amorality. In his opinion,

it seems clearer every day that the moral problem of our age is concerned with the love of money, with the habitual appeal to the money motive in nine-tenths of the activities of life, with the universal striving after individual economic security as the prime objective of endeavour, with the social approbation of money as the measure of constructive success (Keynes 1925b/1972: 268)

Although he may be wary about communism, he feels that we should give Russia a chance, “that out of the cruelty and stupidity of Old Russia nothing could ever emerge, but that beneath the cruelty and the stupidity of New Russia some speck of the ideal may lie hid” (Keynes 1925b/1972: 271).<sup>4</sup>

Whatever his criticism of capitalism, Keynes rejects any idea of revolution and preaches gradual changes toward a society less subjected to international constraints. He recognizes, however, the risks of an

“economic nationalism” that introduces many dangers, in particular the one of great haste:

it is of the nature of economic processes to be rooted in time. A rapid transition will involve so much pure destruction of wealth that the new state of affairs will be, at first, far worse than the old, and the grand experiment will be discredited. (Keynes 1933/1982: 245)

This criticism, which is addressed to the Russian Revolution of 1917, is quite relevant to the “shock therapy” imposed on Russia in the early 1990s, whose negative consequences are well known. But the main risk for Keynes is intolerance, that is, the confiscation of the power by a minority for its own interest.<sup>5</sup> Indeed, “it is the modern method—to depend on propaganda and to seize the organs of opinion; it is thought to be clever and useful to fossilise thought and to use all the forces of authority to paralyse the play of mind on mind” (Keynes 1933: 245). On this point, the partisans of a strong sustainability fully agree with Keynes. Indeed, they consider capitalism to be responsible for the increase of inequalities while it reinforces the power of the “powerful”—that is, multinational firm managers, northern and southern political leaders, and the mainstream media—whose cupidity or ignorance make them put their own interest before the general interest. Thus, they manage to convince the victims of the system how they need to make sacrifices today to reach an unceasingly differed and largely illusory happiness.

To sum up, I note that Keynes is conscious of the environmental and cultural limits of capitalism. But, for more personal reasons, due mainly to his social origins, he does not reject it and proposes only a regulation of the system.<sup>6</sup> This position does not seem to be free from contradiction on behalf of an author wishing to reduce the importance of pecuniary aspects. Thus, Keynes appears to be halfway between the weak and strong versions of sustainable development.

### **Uncertainty and Precautionary Principle**

The whole economic philosophy of Keynes is based on uncertainty, a concept that prefigures the precautionary principle.

#### *The Philosophy of Uncertainty*

If the concept of uncertainty constitutes one of the pillars of Keynes’s “revolution,” his vision on this subject is strongly influenced by the phi-

osophy of George Moore, whose *Principia Ethica* (1903) deeply marks the apostles of the Bloomsbury group, and particularly Keynes.<sup>7</sup> Besides, this influence is found in his *Treatise on Probability* (1921/1972) and his *General Theory* (1936a/1972).

Moore tries to answer two questions: What is the good? How to make the good? As he feels that one cannot define the good, except by intuition, he deduces that the largest conceivable goods are states of mind associated with aesthetic pleasure and appreciation of beautiful objects, on the one hand, with personal affections, on the other hand. Facing difficulties in apprehending the good, Moore feels that we can never be sure of the results of our actions or even of their desirable nature. As there is no probabilistic basis, we must rely on traditions, rules of conduct, moral standards, and common sense.

Keynes embraces the “religion” of Moore, which allows him to reject Benthamite utilitarianism, which he considers “the worm which has been gnawing at the insides of modern civilization and is responsible for its present moral decay” (Keynes 1938a/1972: 445). This also enables him to push back economic values and therefore the rationality principle.<sup>8</sup> Lastly, Keynes draws from Moore the idea that we live in a largely nonprobabilistic world. Indeed if following Moore we consider the good to be indefinable (because its definition supposes that one knows what it is), we must logically deduce that we can never be sure of the positive or negative effects of our decisions. Consequently, neoclassical mechanics cannot function anymore. Actually, probabilistic calculus based on Bernoulli’s law is not applicable to economics where the same fact cannot be repeated. Thus, between two situations, *a* and *b*, the fact that *a* has a probability one hundred times higher of happening does not prevent *b* from occurring; nor does it prevent any other situation that was not foreseeable. Therefore, Keynes thinks that we must reason in radical uncertainty, that is, in a world where “there is no scientific basis on which to form any calculable probability whatever. We simply do not know” (Keynes 1937/1973: 114).<sup>9</sup>

Thus, as Dostaler (2007) points out, in the moral sciences, the unit of analysis is the human being acting in history while groping in the fog. But, as it is necessary to act, we must find a new basis from which it becomes possible to make decisions. These decisions must be established, according to Keynes, on the basis of expectations by allowing one to determine a conventional behavior, whose foundations are not very solid. Therefore, he argues, “it is reasonable . . . to be guided to a

considerable degree by the facts about which we feel somewhat confident, even though they may be less decisively relevant to the issue than other facts about which our knowledge is vague and scanty” (Keynes 1936a/1972: 148).<sup>10</sup> Expectations also depend on the confidence with which the forecast is made.<sup>11</sup>

The adoption of this convention allows “the immoralist” Keynes to reject the conclusions of Moore, according to whom moral standards must guide our actions. The conventional base that Keynes describes leads rather to situations where rumor, fear, disillusion, or, conversely, hope—which are nonprobabilistic elements—can involve a brutal and sudden revision of these expectations, which may be one of the causes of the crises in the emerging countries that have occurred since the second half of the 1990s and before the post-2007 world financial crisis.

### *From Uncertainty to the Precautionary Principle*

The conventional base defined by Keynes allows us to better understand our behavior concerning environmental questions. Indeed, numerous studies show the unsustainability of the Western model of development. For instance, the increase in the amount of pollution will induce important climatic changes. However, if we are sure that these changes will occur, the fact of being unaware of the form that they will take—according to Keynes, we have a weak confidence—prevents us from fully taking this problem into account, showing that the most important thing is not to know that changes will happen, but to believe in their eventual manifestation.

However, because ecological matters become an increasingly important component of expectations as environmental risks become more visible, we should adopt a more careful attitude. And if we consider, according to Keynes, that economic issues are secondary and that we live in a world where radical uncertainty prevails, we must promote a necessary precautionary principle. This principle, which appeared for the first time in Germany at the end of the 1960s, is now widely accepted. For instance, the Rio declaration on the environment and development (United Nations 1993) gives in its principle number 15 the following definition: “In order to protect the environment, the precautionary approach shall be widely applied by states according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation” (United Nations 1993: 6).

This principle gave place to two antagonistic conceptions. The first one is connected to a weak precautionary principle that is based on a cost/benefit analysis expressing risk management. In that case, the burden of proof of the danger falls onto the opponents of a decision. Thus, this approach recognizes the primacy of economic values because it is easier to highlight economic benefits than human and ecological costs. The second one, which relies on a strong precautionary principle, considers the promoters of a potentially dangerous decision to have to show the absence of “serious” risk. Joining the “imperative of responsibility” of Jonas (1984), this approach states that environmental issues—and one could add social ones—prevail over economic questions. Therefore, the strong precautionary principle does not stand in opposition to Keynes’s primacy of investment but questions the contents of such investment, emphasizing the role of the state that must urge firms to engage in “clean” investments and promote a code of ethics.

### **Unemployment, Distribution, and the Place of Economics**

Although Keynes is conscious that many economic problems, such as unemployment and distribution, remain, he considers economic issues to not be the most important.

#### ***Economic Matters***

In the final chapter of his *General Theory*, Keynes says that “the outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes” (1936a/1972: 372). Seventy years later, this assertion is still relevant. Indeed, mass unemployment and increasing precariousness are common in developed and developing countries and are assimilated to a collateral damage of globalization despite the speeches of circumstance. Meanwhile, inequality increases.<sup>12</sup>

Keynes, whose economic analysis focuses on demand, cannot accept this situation. Indeed, an increasing instability in employment contributes to creating a morose economic environment, which is resulting in a negative impact on effective demand. Although he summarizes his views on that matter well in a text called *The General Theory of Employment* (1937/1973), Keynes also considers that technological unemployment, “due to our discovery of means of economising the use of labour outrun-

ning the pace at which we can find new uses for labour” (1930/1972: 325) may result in reducing the sorrow of each one, that is, “to make what work there is still to be done to be as widely shared as possible” (1930/1972: 329), a point of view endorsed by the supporters of a strong sustainability.

Concerning distribution, Keynes condemns the love of money as a possession (1930), which generates speculation and therefore an increasing economic instability and more inequality. This diagnosis is confirmed by more than twenty years of neoliberal policies based on the so-called Washington consensus. Let’s remember that the Tobin tax, popularized by the alter-globalist movement, was largely inspired by Keynes, for whom “the introduction of a substantial government transfer tax on all transactions might prove the most serviceable reform available, with a view to mitigating the predominance of speculation over enterprise” (1936a/1972: 160).<sup>13</sup>

Keynes’s solutions concerning unemployment and distribution of wealth are undoubtedly marked with sustainability. He goes a step further in this respect in his *Economic Possibilities for Our Grandchildren*, in which he states that the role of economics is to allow the satisfaction of “those needs that are absolute in the sense that we feel them whatever the situation of our fellow human beings may be” (1930/1972: 326). In the case of developing countries, these absolute needs are now connected with the attainment of the Millennium Development Goals. In his opinion, once these needs are satisfied, humanity will be able to turn to noneconomic activities that will be much more important. With his usual optimism, Keynes thinks that

assuming no important wars and no important increase in population, the economic problem may be solved, or be at least within sight of solution, within a hundred years. This means that the economic problem is not— if we look into the future—the permanent problem of the human race. (1930/1972: 326)

However, despite Keynes’s predictions, the economic problem is still not being resolved. In his opinion,

the pace at which we can reach our destination of economic bliss will be governed by four things—our power to control population, our determination to avoid wars and civil dissensions, our willingness to entrust to science the direction of those matters which are properly the concern of science, and the rate of accumulation as fixed by the margin between our production and our consumption. (1930/1972: 331)

Although population no longer seems to be a major problem, it is not the same concerning the three other conditions: Wars and latent conflicts are expanding. The logic of accumulation keeps progressing and leads science to be a means of achieving such an accumulation, resulting in the precautionary principle being inoperative.

### *The Primacy of Politics over Economics*

A question arises. Why, in a world producing so much wealth, are the essential needs still not satisfied? Keynes deems the reasons to be more political than economic. Dealing with unemployment, he asserts: "I believe that our destiny is in our own hands and that we can emerge from it if only we choose—or rather if those choose who are in authority in the world" (Keynes 1931/1973: 344). He claims that the elite have to show the way to be followed, but remains vague about how. The evolution of capitalism in the past ten years leads us to believe, following the example of the partisans of a strong sustainability and the postdevelopmentalists, that power is confiscated by the "powerful" who actually do not work anymore in favor of the general interest but try to enhance their dominant position and their privileges.<sup>14</sup> According to Perkins (2005), this "corporatocracy" represents the contemporaneous form of imperialism whose "economic hit men" are the trusty servants.<sup>15</sup>

Keynes would certainly not agree with such radical positions, as he considers "that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas" (1936a/1972: 383). Having a high opinion of the bourgeoisie and the intelligentsia, he could not resign himself, even though he often noticed that they were acting in their own interest. However, as Perkins (2005) suggests, the "powerful" maintain conflicting situations to draw a pecuniary advantage and a reinforcement of their power. As regard to employment, they may not find it beneficial to preach a cut in working time that would limit the economic dependence of a growing number of people. In the same way, a very uneven distribution of wealth has, if nothing else, a cumulative effect that favors upper social classes and the most developed countries, while weakening the poorest to make them increasingly more docile.<sup>16</sup> This domination results in promoting a free trade-based competition that appears in fact largely distorted.

Thus, Keynes's criticism is still relevant even though the economic context has changed since the 1930s.

if nations can learn to provide themselves with full employment by their domestic policy . . . , there need be no important economic forces calculated to set the interest of one country against that of its neighbours. . . . International trade would cease to be what it is, namely, a desperate expedient to maintain employment at home by forcing sales on foreign markets and restricting purchases, which, if successful, will merely shift the problem of unemployment to the neighbour which is worsted in the struggle, but a willing and unimpeded exchange of goods and services in conditions of mutual advantages. (Keynes 1936a/1972: 382–383)

Behind what seems to be a plea for a free trade regime, Keynes believes in fact that solutions are national and he promotes a trade regime based on mutual aid rather than on competition. He argues that

it does not now seem obvious that a great concentration of national effort on the capture of foreign trade, that the penetration of a country's economic structure by the resources and the influence of foreign capitalists, that a close dependence of our own economic life on the fluctuating economic policies of foreign countries, are safeguards and assurances of international peace. It is easier, in the light of experience and foresight, to argue quite the contrary. The protection of a country's existing foreign interests, the capture of new markets, the progress of economic imperialism—these are a scarcely avoidable part of the scheme of things which aims at the maximum of international specialisation and at the maximum of geographical diffusion of capital wherever its seat of ownership. Advisable domestic policies might often be easier to compass, if, for example, the phenomenon known as “the flight of capital” could be ruled out. (Keynes 1933/1982: 235–236)

Therefore, Keynes would condemn export-led growth strategies inspired by the Washington consensus. Besides, such strategies were a failure and slowed down the development process rather than supporting it. However, developed countries and international institutions, despite shameful humanistic rhetoric, continue to promote a model that makes it more and more difficult to hide its true objectives. The (wrongfully?) naive interrogation of Keynes concerning the fulfillment of his ideas—“Are the interests which they will thwart stronger and more obvious than those which they will serve?” (Keynes 1936a/1972: 383)—is meaningful to that extent and helps us to understand why the “powerful” are rejecting such proposals.

Ultimately, promoting a cut in working time, rejecting an immoderate pecuniary accumulation, conflicting with speculation, and favoring a balanced international trade result in minimizing the place of economics and make Keynes an initiator of sustainable development.

## **Concluding Remarks: The Post-Keynesians and Sustainable Development**

Keynesian thought is currently neglected. I think, nevertheless, that Keynes was well ahead of his time. Undoubtedly, although not much concerned about ecological issues, he would be in phase with a sustainable-based approach (Holt 2005). And, even though little has been said by post-Keynesians on such issues (Mearman 2005b), post-Keynesians share some key features with sustainable development.

Indeed, Bird (1982) feels that the incorporation of political judgments about the welfare of future generations is an explicit feature of post-Keynesian environmental analysis and stresses the immutable ecological constraint, as Davidson (1979) did. Lavoie (2005) thinks that post-Keynesians attach great importance to the concepts of hysteresis and irreversibility. Combined with radical uncertainty, which prefigures the precautionary principle, these concepts provide the foundations of an ecological approach of sustainability and show that bringing them together is possible with ecological economics (Holt 2005). Moreover, Lavoie (1992) thinks that, except when a crisis occurs, uncertainty creates a certain continuity because the behavior of economic agents or institutions will slowly change in regard to fluctuations of any kind, precisely because of their hesitations vis-à-vis imperfect information. Post-Keynesians also reject the substitutability of production factors and favor complementarities in phase with a reasonable management of natural resources (Holt 2005; Lavoie 2005). They consider today's decisions to have an impact on tomorrow, not only on people but also on the biosphere.<sup>17</sup> Holt (2005) agrees with Keynes when considering that the economic problem can be solved and that we should now turn to a qualitative improvement in the standard of living. We are consequently very far away from the neoclassical analysis, based on the recognition of the environmental Kuznets's curve, which considers that, in the long run, economic growth is beneficial to the environment.

On the other hand, the emphasis laid on distribution, equity, and demand confirms that post-Keynesians join sustainable development. According to Mearman (2005a), they follow Keynes's rejection of the positive/normative distinction,<sup>18</sup> which implies the primacy of politics over economics. Thus, economics should aim only at ensuring the satisfaction of the essential needs.

However, Keynes's analysis presents a few weaknesses that should be

overcome by referring to the second leading instigator of post-Keynesian economics, namely Kalecki. In particular, Keynes underestimates the power of vested interest, whereas Kalecki (1943) underlines that the influence of economic ideas in shaping policy is severely constrained by the prevailing social and political institutions (Eshag 1977). Kalecki seems closer to reality by placing emphasis on political and class struggles, whereas Kapp (1963) should be of great interest to economists aiming to combine post-Keynesian economics and institutionalism. Moreover, Keynes believes that full employment can be achieved through an increase in public expenditure, to favor investment, regardless of what those investments are. With the new awareness of the ecological constraint, post-Keynesian economists should follow Kalecki and his advocacy of state intervention motivated by the desire to improve the conditions of the broad masses of the population. Indeed, he thinks that market forces fail to ensure a full utilization and a rational allocation of resources as far as the welfare of community is concerned, including now the preservation of the biosphere.

We must acknowledge that a unified post-Keynesian approach does not exist yet that deals with a global approach to sustainable development, even though we can find some insights in such an analysis. Following Mearman (2005a, 2005b) or Holt (2005), I feel that today's main objective for post-Keynesians should be to gather these elements to contribute to the advent of a model based on strong sustainability. Such a model should emphasize the realism of assumptions and a "reasonable" rationality, fruit of radical uncertainty, and the principle of effective demand. In this respect, we should integrate time in its historical dimension, leading to the recognition of the irreversibility principle. Such a model should also emphasize social class conflicts, thus rejecting methodological individualism, and privilege production over exchange. The central role of the state, and more generally of its institutions, should be strongly reaffirmed if we consider, following Keynes, that economic issues are subordinated to politics.

But, in succeeding to compete with the mainstream, post-Keynesians need to get closer to other heterodoxies. For example, connections with ecological economics are obvious if we accept the increasing importance of environmental concerns. In the same way, the assistance of institutionalism may be fruitful for better understanding relationships among social groups to promote greater equity.

## Notes

1. See, for instance, Bresser-Pereira and Varela (2004), Berr and Combarrous (2007), and Stiglitz (2002, 2006).

2. A presentation of the distinction between weak and strong sustainability can be found in Neumayer (2003).

3. See, however, the works of Courvisanos (2005), Gowdy (1991), Jespersen (2004), Holt (2005), and Mearman (2005a, 2005b).

4. This initial curiosity is partly explained by the fact that Keynes joins Russian communism in its will “to construct a framework of society in which pecuniary motives as influencing action shall have a changed relative importance, in which social approbations shall be differently distributed, and where behaviour, which previously was normal and respectable, ceases to be either the one or the other” (Keynes 1925b/1972: 259–260). However, he finally rejects this experiment: “Let Stalin be a terrifying example to all who seek to make experiments. If not, I, at any rate, will soon be back again in my old nineteenth-century ideals, where the play of mind on mind created for us the inheritance which we are seeking today to divert to our own appropriate purposes” (Keynes 1933/1982: 246).

5. However, Keynes is convinced that only an enlightened elite, of which he considers himself a part, is able to allow great progress. Dealing with “Red Russia,” he asserts: “How can I adopt a creed which, preferring the mud to the fish, exalts the boorish proletariat above the bourgeois and the intelligentsia who, with whatever faults, are the quality in life and surely carry the seeds of all human advancement?” (Keynes 1925b/1972: 258).

6. His political course confirms this ambiguity. As a member of the Liberal Party, to which he remains faithful throughout his political life, Keynes reproaches the Labour Party, with which he shares a number of positions, for being a class party. Although he wonders, in *Am I a Liberal?*, about the possibility of joining the Labour Party, his position is devoid of ambiguity: “To begin with, it is a class party, and the class is not my class. If I am going to pursue sectional interests at all, I shall pursue my own. When it comes to the class struggle as such, my local and personal patriotisms, like those of everyone else, except certain unpleasant zealous ones, are attached to my own surroundings. I can be influenced by what seems to me to be justice and good sense; but the class war will find me on the side of the educated bourgeoisie” (Keynes 1938a/1972: 297).

7. This paragraph owes a lot to Dostaler (2007). Keynes later claims this influence in *My Early Beliefs* (1925a/1972).

8. Indeed, Keynes feels that “the attribution of rationality to human nature, instead of enriching it, now seems to me to have impoverished it. It ignored certain powerful and valuable springs of feeling” (1938a/1972: 448).

9. His conception of uncertainty will lead him to rebel against some of the most famous statisticians of his time, namely Pearson and Tinbergen.

10. “For this reason the facts of the existing situation enter, in a sense disproportionately, into the formation of our long-term expectations; our usual practice being to take the existing situation and to project it into the future, modified only to the extent that we have more or less definite reasons for expecting changes” (Keynes 1936a/1972: 148).

11. So, “if we expect large changes but are very uncertain as to what precise form these changes will take, then our confidence will be weak” (Keynes 1936a/1972: 148).

12. There is a broad consensus to recognize that inequality, either internal or international, has not ceased increasing for approximately thirty years. See, for instance, Bourguignon and Morrisson (2002) and Milanovic (2003).

13. According to Keynes, *speculation* is “the activity of forecasting the psychology of the market,” whereas *enterprise* is “the activity of forecasting the prospective yield of assets over their whole life” (Keynes 1936a/1972: 158).

14. Stiglitz (2002) confirms this judgment in the case of North-South relations.

15. “Economic hit men are highly paid professionals who cheat countries around the globe out of trillions of dollars. Their tools include fraudulent financial reports, rigged elections, payoffs, extortion, sex, and murder” (Perkins 2005). Their job is to convince countries that are strategically important to the United States to accept enormous loans for infrastructure development and to make sure that the lucrative projects are contracted to U.S. corporations. Saddled with huge debts, these countries come under the control of the U.S. government, World Bank, and other U.S.-dominated aid agencies that act like loan sharks—dictating repayment terms and bullying foreign governments into submission.

16. In *The Economic Consequences of the Peace* (1919/1972), Keynes denounces, for instance, the attitude of Lloyd George, who broke the promises made with Germany at the time of its capitulation, supporting a law of the strongest that caused much devastation: “There are few episodes in history which posterity will have less reason to condone—a war ostensibly waged in defence of the sanctity of international engagements ending a definite breach of one of the most sacred of such engagements on the part of the victorious champions of these ideals” (Keynes 1919/1972: 91).

17. Lavoie (2005) believes that post-Keynesian works can be closely related to Georgescu-Roegen, who is one of the pioneers of sustainable development.

18. In a letter addressed to Harrod on July 4, 1938, Keynes clearly asserts his rejection of the positive/normative distinction: “economics is essentially a moral science and not a natural science. That is to say, it employs introspection and judgments of value” (Keynes 1938b/1973: 297).

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