

## Keynes and Einstein

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In a recent issue of *History of Economics Review*, Steven Kates (1994) claims to have uncovered two previously undocumented influences on the development of Keynes' attack on the "classical" economists. My investigation into the process by which Keynes choose his *tactics*, leads me to suggest another, or rather to add more information about a candidate that has, obliquely, been mentioned in this context.

As Keynes was pondering how to maximise the influence of the work that would, from late 1933, be called *The General Theory* (second draft table of contents), he met the author of another theory with a similar name and a similar claim: "The old theory is a special limiting case of the new one" (Einstein, cited by Clark 1984, 257). Keynes had used the Einstein analogy before (CW IX [1929], 91), and was aware of the rhetorical possibilities of presenting his revolution as the social science equivalent of the revolution that had conquered the physical sciences in the inter-war period: "The classical economists resemble Euclidean geometers in a non-Euclidean world ... the postulates of classical theory are applicable to a special case only and not to the general case, the situation which it assumes being a limiting point of the possible positions of equilibrium ... We are thus led to a more general theory which includes the classical theory with which we are familiar, as a special case" (1936, 16, 3, vii).

Several authors have noted, in passing, the Einstein analogy, and Pigou - Keynes' primary whipping boy - was rather caustic, if perceptive, about Keynes' "poisoned dart ... Einstein actually did for physics what Mr Keynes believes himself to have done for Economics ... But [Einstein] did not, in announcing his discovery, insinuate, through carefully barbed sentences, that Newton and those who had hitherto followed his lead were a gang of incompetent bunglers" (1936, 115, n8).

But one dimension has, I think, passed without analysis. By the time of Keynes' meeting with Einstein in October 1933 (Moggridge 1992, 659), Einstein had become the Nazi Government's primary hate-figure; shortly it became compulsory to mark his work 'Translated From The Hebrew'. Members of the 'circus' around Keynes saw Hitler's accession to power as a turning point: "we were up against sound finance and the Treasury view ... [the revolution] grew urgent with the grim events of 1933 ... The Treasury view was that [Hitler's] unsound policies would soon bring him down. But the little group of Keynesians were despondent and frustrated. We were getting the theory clear at last, but it was going to be too late" (Joan Robinson 1975, 131, 123, 125). On 15 October 1933, after Germany withdrew from the World Disarmament Conference (withdrawing from the League of Nations a week later), Keynes wrote to Lydia that "The news about Germany seems to be *frightfully serious*" [emphasis in original] (cited by Moggridge 1992, 610).<sup>1</sup>

Keynes assisted fleeing German scholars through his involvement with the Academic Assistance Council, and quoted from Einstein's *Essay on the Special and General Theory of Relativity* in a review of Einstein published in the *New Statesman* in October 1933 (Skidelsky 1992, 486-7; CW XXVIII, 20-22). The 'popular' persuasiveness of Einstein's General Theory can only have been enhanced by having such an unappealing and self-ridiculing mob in opposition - including, on the other side of the Atlantic, The American Women's League and The National Patriotic Council (Clark 1984, 562, 547-8).<sup>2</sup>

The genesis of *The General Theory* involved prolonged tactical discussions; with Joan Robinson almost alone amongst Keynes' colleagues encouraging him to use the 'Classical'

caricature (Leeson 1996). Keynes may well have been attracted to the Einstein analogy because of its potency, and the clarity of its impact on inter-war perceptions. He certainly wanted to be provocative and controversial: "my assault on the classical school ought to be intensified rather than abated ... I am certain it will be water off a duck's back unless I am sufficiently strong in my criticisms to force the classical to make rejoinders. I want, so to speak, to raise a dust; because it is only out of the controversy that will arise that what I am saying will get understood ..." [emphasis in text] (CW XIII [1935], 547-552).

Keynes came to regret some of the tactical decisions embedded in *The General Theory*. Also, somewhat ironically, the statistical physics which grew out of relativity was 'orphaned' by a disapproving Einstein (Clark 1984, 415, 422); as Keynes was to 'orphan' the macroeconometrics that he had unwittingly stimulated (Leeson 1998).

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## Notes

- <sup>1</sup> From this time Keynes was almost silent on foreign affairs until after the publication of *The General Theory*.
- <sup>2</sup> As anti-semitism scattered Jewish scientists into concentration camps or into exile, the American Women's League demanded that Einstein should be denied an entry visa to the United States on the grounds that he was a Communist.

## References

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