

Keynes's essay, *Economic Possibilities for our Grandchildren*, whose issues were first dealt with in some talks, after being revised on the occasion of a lecture in 1930, was finally published in 1931 in *Essays in Persuasion* (Keynes 1931[2012])¹. Its core consists of a forecast on future growth based on simple arithmetic and a view of long-term growth as the result of capital accumulation and technological innovation. This view of growth is Smithian in its essence, the two forces being already highlighted in the process of development that Smith sketched in *The Wealth of Nations* right from the opening pages in the *Introduction and Plan of the Work*. On such a Smithian skeleton, John Stuart Mill and Alfred Marshall developed their analysis of long-term growth, the open question being whether an increasing standard of living was compatible with an increasing population. Keynes's view of long-term growth, in opposition to gloomy prospects of stagnation, forecasts a path of rising productivity and capital accumulation such that "a hundred years hence" the increased standard of living will permit our grandchildren to live in plenty, working no more than 15 hours per week. In this bright future a hundred years hence, the fight for subsistence will be receding among human toils and troubles; but people might be fighting their inner demons facing leisure time, being deprived of the motives and occupations that scarcity and long work hours imposed on them in less wealthy times.

Beyond this exercise on the arithmetic of growth, Keynes's argument about the humanity of the future confronting plenty and leisure time is the intriguing aspect of the essay. How will our grandchildren deal with the end of scarcity? Which social and cultural changes are needed for common people to employ their leisure time without

1. See Hagemann (2019) for details about publication, a summary exposition and the essay's place in Keynes's thought.

feeling deprived of any purpose in life? Keynes seems to suggest that only educated, enlightened elites can properly employ leisure time in activities such as the arts and culture, which provide purpose and entertainment only to those who are trained by their education and lifestyle to enjoy opera and theaters, museums and galleries, poetry, or concerts. Will the greedy, despicable money motive recede in the era of affluence? Will people learn to appreciate present enjoyment and a good life instead of the search for profit that dominates social life in capitalist societies?

Considering the elusive nature of Keynes's sparse reflections about the bright future of "economic bliss", his text may be commented in various ways. Conjectures on human psychology in one or two hundred years are controversial, and the path is open to both criticism and different stories about our grandchildren. Some 80 years after Keynes had written his essay, Pecchi and Piga edited a collection of comments on it; eighteen economists expressed their views on Keynes's forecasts and growth theory, the historical record, and his moral philosophy (Pecchi and Piga eds. 2008). The book includes comments by G. Becker, A. Leijonhufvud, E. Phelps, R. Solow, J. Stiglitz, among others. Jean Paul Fitoussi provided his own essay; a French version of it was published the year before (Fitoussi 2007, Fitoussi 2008).

Fitoussi acknowledges the stimulating questions that Keynes raises about the future, but his comments are mostly critical. Rich in cultural background, addressing the moral philosophy side, they retain their relevance today, at a greater distance in time. They put the emphasis on three faults in Keynes's argument: the lack of attention to income distribution, the disparaging view of the profit incentive, and the slippery distinction between absolute and relative needs. Fitoussi appreciates Keynes's broad views on long-term growth and its basic arithmetic, but he notes the lack of attention to the inequality of income distribution in anticipating future welfare; he underlines how only active attitudes aiming at social cohesion may ensure better standards of life for all in the future. Fitoussi criticizes the underlying elitist ideology, and the contempt that Keynes shows between the lines for various categories of people: "the purposeful, the Jews, the wealthy classes, the wives of the well-to-do classes, and so forth" (Fitoussi 2008: 157). He takes his distance from the "caricatural picture" of capitalism that he reads in some passages, where the search for profit is dealt with as a filthy motive, an expression of greedy souls, and thus condemned;

but he shares with Keynes interrogations on the future of capitalism and on alternative social systems. He clarifies the conceptual confusion into which Keynes is falling, between the love of money as a pathological psychic attitude and the long-term forward view, including the profit motive, as conducive to investment, education, and entrepreneurship. Fitoussi notes that while Keynes firmly condemned Soviet socialism, he seemed to nurture the dream of some “Elite Communism”, when the end of scarcity will bring humanity into the economic bliss.

Investment, education, and entrepreneurship are powerful engines for progress and growth. There is a residual ambiguity in Keynes's words, and even in Fitoussi's comments, on how far the criticism of the profit motive and its role in capitalist societies should go. Radical rejection might prove destructive of the social mechanism, which nurtures innovation and capital accumulation in market economies, destroying the very engine of progress and growth, and with it the prospects for future welfare. Moreover, in the contemporary globalized world, a whole spectrum of capitalist market economies exist that work within different institutional and political systems.

Fitoussi's most original reflections deal with the distinction between relative versus absolute needs, a controversial point in Keynes's argument. Fitoussi rejects the notion of absolute needs, underlying that even basic needs take into account social interaction and the means towards social inclusion. Human aspirations to a good life depend on progress and innovation; they are enriched by new goods, higher standards for food, shelter, security and comfort, and the enjoyment of new activities and experiences that innovation and progress provide. The demand for “a better match between goods and needs” is boundless, and it drives further innovation and growth (Fitoussi 2008: 153).

Although he was a scholar who advocated Keynes's message in economic policy, Fitoussi is open-minded in taking his distance from the aspects of Keynes's moral philosophy with which he dissents. He reminds us that we may acknowledge Keynes's intellectual heritage without being blind to the weaker sides of his political and cultural thought, to be read in their historical context, and openly criticized. His essay invites us to avoid taking simplistic, opposing sides when dealing with a complex personality such as Keynes.

At almost a century of distance, there are further faults in Keynes's narrative on future plenty that immediately stand out. Keynes warned

that his prophecies were conditional on the power to limit population growth, to avoid wars and conflicts, and to make good use of science (Keynes 1930[2012]: 373). He recognized “an enormous growth in the population of the world”, but he expected no comparable increase for the future (Keynes 1930[2012]: 363). Today Keynes’s great grandchildren have grown to eight billion, a number that is dramatically changing the outlook for welfare and scarcity in the contemporary globalized world. Extreme absolute poverty is affecting almost one billion people, more or less, all over the world; a few billions more are daily fighting for food, shelter, education and health care, including the poor in affluent societies. Child labor is a plague affecting around 160 million children under age eleven; not even slave work has disappeared (50 million people is the estimate for modern slavery).

Less than ten years after Keynes's lecture in 1930, parents, children and grandchildren were engulfed in the horrors of World War II. The world had a quick recovery after 1945, but since then the shadow of a destructive nuclear war has not left the international scene and is even today the ghost of our affluent societies. Many wars were fought in less affluent countries in the post-war decades, and ongoing wars still destroy resources all over the world. The Millennium Development Goals as stated in the year 2000 have not yet been achieved. In the first quarter of the new century, we are still far from eradicating poverty and hunger, from achieving universal primary education and gender equality, from sufficiently curbing child mortality and improving maternal health, not to speak of ensuring environmental sustainability. A distributional issue is crucially involved, but more is at stake: the developmental engine is not properly working in many countries for intertwined economic, institutional and political reasons. Scarcity brakes are impeding the further progress at compound interest rates, limits which might be loosened only by the joint effects of radical innovations, the careful management of the earth's natural resources, and some brake on further population increase. Scarcity is binding in terms of energy products, rare materials, clean water, agricultural land, and due to the general pressure on natural resources and ongoing climate change. We still live in a world of severe scarcities, and deep inequalities when facing them, and even today we face a menacing risk of world disorder. On the whole, Keynes’s prophecy about our grandchildren’s affluence is to be delayed to our grandchildren’s great grandchildren in future centuries. The dream remains inspiring.

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