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Editorial: Keynes and Moral Issues

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Developed nations are increasingly haunted by doubts about the legitimacy of their economic structures. This paralyzing anxiety crosses all lines of ethnicity, religion, class, party, and ideology. It played a prominent role in the startling presidential victory of former fringe figure Donald Trump, and in the equally startling political success of former fringe figure Bernie Sanders. Before them, it fueled both the Tea Party and Occupy Wall Street, as well as economic attitudes among millions of ordinary, apolitical Americans.

This is not a mere selfish concern about who gets how much of what. It is a moral anxiety, a concern about what kind of people we are becoming. Is America still a country where it pays to "work hard and play by the rules," in Bill Clinton's famous phrase? Or have we become the kind of place where cheaters consistently get ahead and slackers get a free ride—where working hard and playing by the rules is for chumps?

All around us we see business practices that extract money without creating value for the customer. We see crony capitalism that uses illicit collusion or government favoritism to enrich big firms and political cronies at the expense of customers, investors, small business, and entrepreneurs. We see able-bodied people living in long-term dependency on handouts (from parents, from the state, from churches). People increasingly feel like those who have wealth—from the top to the bottom of the economic ladder—generally do not get it because they deserve it. Working hard and playing fair does not pay.

A pervasive, persistent moral anxiety is one of the worst things that can befall a nation. Wars and disasters are immediately catastrophic, but moral anxiety robs people of their sense of dignity and purpose. People feel like their decisions do not matter and their lives are without real meaning. Some respond with cynicism, injustice, and exploitation; others with anger, resentment, and political extremism; and others simply fall into a paralyzing state of learned helplessness and dependency (evidenced, for example, by our current opioid epidemic).

The worst part is that we keep trying to fix the problem, but nothing seems to work. Politicians in both parties keep touting America's traditional economic virtues: diligence, honesty, entrepreneurship, opportunity for all, earning your own success by doing work that makes the world a better place. They promise us ambitious plans to preserve our way of life; sometimes they even implement those plans, or at least scaled-back versions of them. Yet the scoundrels always seem to stay on top.

One reason for the unresolved debate over whether Trump's success is more due to "economic" or "cultural" issues is because economics *is* a cultural issue. The whole question needs to be reframed without this false dichotomy.

Indeed, as this special issue of the *Journal of Markets & Morality* will help illuminate, our need to sort issues into separate "economic" and "cultural" categories is historically abnormal. It is the culmination of developments in economic philosophy—developments whose key turning point is canvassed and evaluated in this issue.

Our conviction, which we will spell out at greater length in our forthcoming book, *The Keynesian Revolution and Economic Materialism: We're All Dead* (Palgrave Macmillan), is that the economic/cultural dichotomy not only dominates how we think about our problem; it is a key cause of the problem. A revolutionary change in the discipline of economics in the first half of the twentieth century, known as the Keynesian Revolution, moved professional economists away from the robust set of moral presuppositions that had traditionally defined their discipline. John Maynard Keynes led the way as economists distanced themselves from ethics—from a more fully rounded understanding of what counted as a flourishing human life—and described the economy in much more materialistic, amoral terms. A comprehensive reorganization of the discipline along these lines contributed, in turn, to a comprehensive reorganization of the economy itself—as well as our cultural understanding of economic activity.

Of course, Keynes did not come from nowhere. The discipline of economics had been gradually moving in this direction throughout the "neoclassical" period that preceded his revolution in the nineteenth century. The original seeds of this movement can be identified in the works of Adam Smith and David Ricardo.

But the very popularity of the phrase "Keynesian Revolution" reflects the special role Keynes played in recognizing the full implications of this transition from moral to materialistic economics, and reorganizing economics comprehensively in light of those implications. While Keynes's direct methodological influence was in the subfield of macroeconomics, his ethical and anthropological narratives were transformative for the discipline as a whole and society at large.

We are all Keynesians now, in a chilling sense. Through the cultural effects of the Keynesian Revolution, we have been taught to think of ourselves fundamentally as consumers, as bundles of desires striving to be satisfied, rather than as producers of good things that improve the world and serve humanity. We have been taught to think only of what satisfies present desires, not to build up good things over time so our grandchildren inherit a better world. "*In the long run* we are all dead," Keynes said, banishing from our horizons any concern for what kind of world we leave our descendants when we go.[1] And we have been taught to think of ourselves as cogs in a vast machine, under the control of managerial experts. To accommodate the experts' demands we must all be ready to reorder our lives down to their very roots—since taking control of the economy necessarily involves exercising ever-greater control of all areas of human life.

There is a sense in which even the anti-Keynesians are all Keynesians now. The major schools of economic thought that have emerged to challenge Keynesianism—the Chicago and Austrian schools—developed within the amoral discourse incubated in the neoclassical period and consolidated by Keynes. They share, in a somewhat mitigated but essentially similar form, Keynesianism's privileging of consumptive preferences over productive purposes, and its reductive inability to think cross-generationally. And while they strive to resist the Keynesian tendency to justify the encroaching powers of managerial technocracy, their acceptance of Keynesianism's materialistic anthropology and morally shallow categories for thinking about economic activity leaves them unable to offer the effective resistance to creeping totalitarianism that is one of their primary goals.

As a result, within the profession of economics Keynes's moral shallowness is so taken for granted—so deeply embedded in the structure of the discipline's very thought—that for a long time it was difficult even to start a discussion of them. The language and the boundaries of discourse did not permit a challenge to these assumptions to be seriously heard, much less debated. Sociologist Peter Berger declared in his memoir that when examining moral issues in the social sciences, economists were "the one group of social scientists with whom it was generally impossible to work."[2] He recounts an exchange from a conference on economics and culture that "was a complete fiasco": "Exasperated, the speaker asked, 'Don't you accept that some people act for reasons of conscience?' 'Oh, yes,' said one of the economists. 'Conscience—we call it "internal price controls."'"[3]

In the long run, however, it is the Keynesian Revolution that is dead. Awareness of the limitations of dominant economic categories is growing. It is much easier now than it was fifteen or even five years ago to start a serious conversation about the inadequacy of the *homo economicus* model, or the tendency to overemphasize the importance of GDP growth and other aggregate quantitative outcomes to the exclusion of other outcomes that people also care about, such as unemployment, opportunities for cronyism, or suicide rates.

One clear sign of good things to come is the ease with which we found so many talented scholars interested in writing about these issues. These articles were originally written in response to calls for papers distributed ahead of two 2016 academic conferences, held by the Association of Private Enterprise Education (APEE) and the Evangelical Theological Society (ETS).

The authors of the articles in this issue do not necessarily share our view of Keynes and his influence; what they do share is an intense concern to understand the implications of the reductive moral and anthropological narratives that have come to dominate economics. The APEE session was on the moral implications of the Keynesian Revolution. The ETS session was more broadly defined as covering moral issues in economics; we include in this issue several articles we received in response to that call for papers because they provide theological perspective on the anthropology and ethics implicit in modern economic orthodoxy.

We begin the issue with John Lunn, whose summary of Keynes's ethical development brings the key issue into focus; Lunn points out the similarity between Keynes's "*in the long run* we are all dead" and Paul's expression of the worldly mind: "Let us eat and drink, for tomorrow we die." Hadley Mitchell places this within the broader ethical lay of the land, noting Keynes's influences and legacy.

From here we turn to several evaluations of that legacy. Edd Noell finds it ambiguous, appreciating Keynes's desire to solve real problems and serve real human needs alongside his embrace of materialistic attitudes. Daniel Smith and Sean Alvarez reach a more negative conclusion, contrasting the central place of "civilizing effects" in the goals of classical economics with the absence of such concerns after Keynes. Ross Emmett disagrees with this, finding in Keynes a concern for equipping the managerial elite to preserve civilization. Finally, Phillip Magness and Sean Hernandez argue that Keynes's economics was interdependent in important ways with his support for eugenics, raising far-reaching questions about the moral implications of his economic theory.

Moving from Keynes's immediate legacy to contemporary concerns, two papers offer theological critiques of the economic world incubated in the neoclassical era and consolidated by the Keynesian Revolution. Brian Fikkert and Michael Rhodes offer a theological critique of "orthodox economics"—the shallow materialism and anthropological myopia of *homo economicus*. Robert Tatum, on the basis of a similar critique, points to specific deficiencies and blind spots in contemporary economic analysis.

Our final three papers consider more specifically how the legacy of the Keynesian Revolution shapes contemporary economic concerns. Samuel Gregg considers Wilhelm Röpke's critique of Keynes's view of inflation and its implications for the moral foundations of social order. Peter Boettke and Patrick Newman consider how the definition of terms and scope of analysis in economic policy is profoundly shaped—misshaped, in their view—by Keynes's legacy. And Steven McMullen and Todd Steen consider several specific examples of how contemporary economic analysis could be improved by correcting the materialistic assumptions of the *homo economicus* model with a theologically-informed model that acknowledges the significance of labor as a moral and spiritual activity.

We're deeply grateful for the work the authors put into these excellent articles. We look forward to what we expect will be a growing interest in exploring these questions in the generation ahead.

Notes

1. John Maynard Keynes, *A Tract on Monetary Reform* (Cambridge: Cambridge University Press, 2013), 65.
2. Peter L. Berger, *Adventures of an Accidental Sociologist* (Amherst, NY: Prometheus Books, 2011), 213.
3. Berger, *Adventures*, 214.