



John Maynard Keynes.

Keynes, John Maynard (1883-1946)

by Jeffrey Escoffier

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John Maynard Keynes was the most influential economist of the twentieth century. His economic theories provided the basis of the modern welfare states of North America and Western Europe. For a quarter of a century after World War II, Keynesian economic theories, and the policies that followed from them, dominated the economic life of industrial countries. Both liberals and conservatives owe something to his thinking.

Keynes, however, was much more than an economist. He was a complex and gifted man who brought about, both in economic theory and policy, some of the most significant and influential changes of the twentieth century. His most fundamental legacy, however, was not only an economic theory, but also a new philosophy of government.

Early Life and Education

John Maynard Keynes's life spanned a period of momentous historical change: from the end of the nineteenth-century, marked by the sensational persecution of Oscar Wilde, to the grim world dominated by the rise of Hitler and Stalin, a world in which millions of Jews, along with thousands of leftists and other political dissidents, gypsies, and homosexuals, died in death camps.

Keynes was born on June 5, 1883 in Cambridge, England, the son of a Cambridge economics professor and one of the first female graduates of Cambridge, a woman who would later serve as mayor of the city. A child of privilege, he attended Eton and then entered King's College, Cambridge, where he became friends with Lytton Strachey and Leonard Woolf and a member of the Apostles, an elite social and philosophical club that included a number of homosexuals.

Keynes, Strachey, and Woolf formed the nucleus of the Bloomsbury group, which also included such important and successful figures as painters Vanessa Bell and Duncan Grant, novelists Virginia Woolf and E. M. Forster, art critics Clive Bell and Roger Fry, and psychoanalysts James and Alix Strachey.

Duncan Grant

After taking his degree in 1906, Keynes moved to London and worked for the government service that administered India, then a British colony. While working there, in 1908, Keynes met one of the great loves of his life--Duncan Grant. The handsome and charismatic Grant, less than two years Keynes's junior, was then twenty-three.

Their affair started somewhat clandestinely, because Grant had just ended an affair with Keynes's close friend Lytton Strachey. Keynes's relationship with Grant was his first happy and significant relationship with a man. Over the next few years Keynes and Grant led active lives, dividing their time between Cambridge (where Keynes accepted an academic appointment in 1908) and London, academic duties and artistic pursuits, friends and work.

After a number of years, Keynes and Duncan Grant ended their sexual relationship, but remained friends for life. Soon after they separated, Keynes took stock of his sexual life and compiled a list of everyone who had ever been his sexual partner--approximately 25 different men and perhaps, from a somewhat vague reference, one woman.

From 1906 he had also kept a numerical record of his sexual activity in which he tabulated his copulations, masturbations, and wet dreams. This pursuit, which obviously reflected Keynes's pleasure and interest in both statistics and sex, was a remarkable anticipation of the statistical material collected by the American sex researcher Alfred Kinsey in the 1940s.

Economic Consequences of the Peace

At the end of World War I, Keynes was a representative at the Peace Conference to conclude a treaty between the Allies (principally Britain, the U. S., and France) and Germany and Austria-Hungary. He was so disappointed in the vindictive policies that emerged there that he left the conference and wrote a passionate critique of the future effects of these punitive policies, *The Economic Consequences of the Peace* (1919), which had an enormous impact.

The book was widely debated in Britain, the United States, and France. It also had a decisive effect on the way later generations have viewed the Treaty of Versailles and the negotiations of peace treaties generally.

Harvard economist Joseph Schumpeter wrote that *The Economic Consequences of the Peace* "met with a reception that makes the word success sound commonplace and insipid. . . . the book is a masterpiece--packed with practical wisdom that never lacks depth; pitilessly logical yet never cold; genuinely humane but nowhere sentimental; meeting all facts without vain regret but also without hopelessness; it is sound advice added to sound analysis."

During the 1920s, Keynes, as a result of his wise investments, became wealthy, able to live the kind of comfortable life that few other Cambridge dons could afford. As a Fellow of King's College, he also wisely invested funds on behalf of the institution.

Marriage

At the beginning of the 1920s, Keynes had found no one to take Duncan Grant's place in his emotional and sexual life. After the end of their relationship, he engaged in casual sex and had several other affairs with men. In the fall of 1921, however, Keynes fell "very much in love" with Lydia Lopokova, one of the stars of Serge Diaghilev's Ballets Russes. "She seemed perfect in every way," he explained to Vanessa Bell.

In 1925, four years after he met Lopokova, he married her. Strachey and Grant had both set up households with women, while continuing to have sexual relations with men. Perhaps Keynes did the same thing. After all, he had led an active homosexual life for almost twenty-five years and did so without regret or guilt. After his marriage, he never repudiated his homosexual friends or shied away from the men he had loved in his past.

Keynes had, in any case, frequently claimed that affection was more important to him than sex. Whatever the sexual content of his marriage to Lopokova, the union was by all accounts happy and fulfilled. Although some of Keynes's Bloomsbury friends considered his wife inappropriate for him, others found her delightful.

It may be significant that in 1937 Keynes made a generous settlement on Duncan Grant, a gift that helped support the artist and his work for the rest of his long life.

The Depression and *The General Theory*

The Depression of the 1930s was one of the largest economic downturns in modern history. To some extent Keynes had predicted such a development in *The Economic Consequences of the Peace*. He was determined to develop a new perspective on the economic factors that led to the Depression.

Keynes showed that in the midst of a depression, savings, which are one of the ways that people hold money for future use, dry up because people's incomes decline. People may even use their savings in order to satisfy their everyday consumption needs. This results in less savings for businesses to borrow. But it is only through investment, which is borrowing money to produce goods for future consumption, that businesses operate, and thus provide employment. And, of course, if people are unemployed, they do not have any source of income and cannot make consumer purchases or save. It is a vicious circle.

The only way out of the vicious circle, Keynes argued, was for the government to boost people's incomes--through public works programs, unemployment insurance, and programs that support new investments. In *The General Theory of Employment, Interest and Money* (1936), the book that Keynes wrote to explain his new theory, he produced a work that revolutionized not only economic thought itself but also the very foundations of the government's role in the economy.

The General Theory served as the foundation of the modern welfare state--a political institution that provides comprehensive social benefits, such as social security, unemployment and disability, and national health insurance.

Post-War Institutions and His Death

After World War II, Keynes sought to avoid the disastrous consequences that had followed from the previous world war. He worked very hard to help design the new international economic institutions, such as the International Monetary Fund, that facilitated a quick recovery from the economic damage of the war--both for the Allies and for Germany, Italy, and Japan.

While at a conference in the United States in 1944, Keynes suffered a mild heart attack. The stress of the war years had seriously undermined his health. When he returned to England that summer, he felt tired and sick. Nevertheless, he maintained a heavy schedule of work for the government. Less than year later, he had another heart attack--this one fatal. He died at Tilton, his home in Sussex, on April 21, 1946. He was sixty-three years old.

The Coherence of His Work

The achievements of Keynes's life and thought are most evident in his three major works: *The Economic Consequences of the Peace*, *The Treatise on Probability* (1921), and *The General Theory of Employment, Interest and Money*.

His work on probability was rooted in his suspicion of the confusion between the statistical norm and the ethical norm, and of the use of the idea of the long-run to justify unfair or unrealistic policies. The fallacious faith that European societies would automatically return to their pre-war prosperity in the long-run underlay the book on the economic consequences of the Versailles treaty.

In *The General Theory* Keynes demolishes the belief that unfettered markets will provide enough jobs and adequate national incomes to guarantee the future of capitalism.

The force of each work rests on Keynes's rejection of the belief that ethically acceptable outcomes will result from the operation of long-run "statistically" predictable social behavior.

The Relevance of His Homosexuality to His Work

It may well be that Keynes's experience as a homosexual gave him a depth of psychological and ethical insight that permitted him an awareness of and concern for those whose welfare is excluded from the dominant social thinking of European and North American societies.

Although he married and ostensibly lived heterosexually for the second half of his life, there is no doubt that homosexual life, together with its emotional and aesthetic sensibility, deeply shaped Keynes's personality. The creativity and daring of his intellectual life--particularly his ability to take unconventional stands and his skepticism towards widely-held illusions--were informed by his experience as a homosexual.

Throughout his life Keynes strove to realize ideals of love and friendship, along with the delights of art, good conversation, and books. His economics might well be seen as an outgrowth of his vision of friendship and the good life.

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About the Author

Jeffrey Escoffier writes on glbtq history, politics, culture, sexuality, music, and dance. One of the founders of *OUT/LOOK: National Lesbian and Gay Quarterly*, he has published widely. Among his books are *American Homo: Community and Perversity* and a biography of John Maynard Keynes in the Chelsea House series on the Lives of Notable Gay Men and Lesbians. He co-edited (with Matthew Lore) Mark Morris' *L'Allegro, il Penseroso ed il Moderato: A Celebration*. His most recent book is *Sexual Revolution*, an anthology of writing on sex from the 1960s and 1970s. He is currently working on a book on sexual politics and writing about the production of pornography.