

## JOHNSON ON CAMBRIDGE AND KEYNES

*R. T. Naylor*

Elizabeth S. Johnson and Harry G. Johnson, *The Legacy of Keynes*, Oxford: Basil Blackwell, 1978.

Probably no Canadian social scientist of the post war era has invoked the respect or provoked the ire of as many people in as many places as did Harry G. Johnson in his professional life. He was an unparalleled pedagogue, a monumental synthesizer, and a prodigious writer. However, he was a master of words, rather than a source of ideas; and hence he left little of any real originality in the field of economic science behind him. He put the discipline *per se* ahead of himself and dedicated his professional life to the clarification and advertisement of other people's ideas. Thus his main influence derived from his capacity to persuade others to a point of view of which he was a propagandist, rather than from original contributions. His political and pedagogic influence was considerable in his lifetime both in Canada and around the world. But even without the presence of the force of his personal conviction and energy, even without credentials as an original scholar, his influence on politics and ideology is likely to be long enduring — by virtue of that very capacity he had of persuading others in positions of political or ideological power of the appropriateness of an often superficial and pernicious point of view, but one which happened to coincide with the political and economic interests of those in positions to wield such power. Within Canada certainly he will be alternately revered and loathed for many years to come: revered by those members of our academic establishment who are mesmerized by Johnson's apparent "success" (defined as acceptance in the world centres of economic, political and ideological power); loathed not only by his ideological enemies, but also by those of his own persuasion who were left behind in the scramble for such "success", and who are thus forced to redefine their career goals within the parochial context Johnson spent so much vindictive energy in belittling. Johnson was a Canadian Gulliver, a giant among the little people who populate Canada's universities, and a little man pledged in the service of the truly powerful in the real world of military and corporate behemoths outside his own country's borders.

To call forth the depth of feeling that he did, both positive and negative, is in itself a noteworthy achievement which demands explanation. Part of the answer lies in the sheer volume of his written output, albeit such a judgement must be tempered by the fact that many of his scholarly articles were really the same scholarly article, by the fact that his books were largely collections of

## JOHNSON ON CAMBRIDGE

that same article, and by the fact that much of his professional time seemed to be spent creating permutations and combinations of and on a few simple themes. Part of the answer lies in the arrogance with which he pushed the point of view he held with such religious conviction, though the sin in this respect was partly atoned for by the fact that his proselytizing was ideologically rather than personally inspired, by the fact that his objective was to demonstrate the validity of other people's invalid ideas rather than promoting his own. Part of the answer lies in the message itself — the right wing liberalism, the lauding of the mythology of the free market, and the unabashed apologetics for American business imperialism — that invoked approval in many and anger in many others. Part of the answer lies in the fact that for all of his blind arrogance as an ideological servant of the free market mechanism, Johnson could also be a penetrating and deadly accurate social critic, making acerbic judgements on the social and academic pretenses of others, thus earning himself the plaudits of likeminded but meeker souls and the hatred of his victims and their fellow travellers.

In the last mentioned guise, as judge and critic of the personal and political, social and scholarly faults of others, Johnson made his final contribution to economic literature. His last book, co-authored with his wife, the posthumously published *The Legacy of Keynes* is also the most useful in judging Johnson himself, both the man and his influence; it is the most personal and at the same time the most sweeping in its professional range of all of his books. In it we find a young graduate of the University of Toronto and the Canadian army in 1945 approach the thoroughly Keynesianized world of English economics; we watch him immerse himself to the best degree a "colonial" could in the pomp and empty circumstance of academic life in the most prestigious centre of English Keynesianism, Cambridge; we see him becoming increasingly repelled by the intellectual mediocrity and social pretense of the institution, and subsequently by the society as a whole; and we are ultimately appalled to observe him seeking refuge in the American neoclassical orthodoxy from the demonic influence of which Cambridge after Keynes claimed to be saving the world. The immediate and vitally important question arises — to what degree did Johnson's subsequent uncompromising and uncritical adherence to the canons of American orthodoxy result from a genuine and dispassionate intellectual conversion, as opposed to personal revulsion from the nature of English society in general and Cambridge in particular? The question is not a frivolous one, as the tone and content of the book makes clear.

As a book *The Legacy of Keynes* tends to be uneven, being a collection of essays, most of them previously published to suit many different times and purposes. The essays are sometimes repetitive, and their flow of argument occasionally disjointed. Elizabeth Johnson contributed a group of sketches

dealing predominantly with Keynes, the man, while Harry Johnson focussed on Cambridge and the economics of Keynes. However the division of labour between them is not a rigid one. Elizabeth Johnson's essays contain much useful insight into Keynes as a political being, while Harry Johnson makes a highly successful attempt to locate Keynes's economics in the social assumptions he acquired from his milieu. (Harry Johnson also manages to settle quite a few outstanding personal scores in a vicious and often hilarious way in the process.) A joint essay on the social origins of the *General Theory* is likely the strongest in the book. Despite certain leaps in the argumentation and gaps in the material, there is nonetheless a basic continuity to the essays, assured by the close relationship of the several themes interwoven through them. These themes are: the social boundaries typical of English society and Cambridge; Keynes and the economics of Keynes as derivative from those social boundaries; Keynesian economics (as distinct from the economics of Keynes) and its political success as an outgrowth of Cambridge academic politics and the incestuous links between Cambridge and British governing elite; and the failures of Keynesianism in a modern world, evidenced, as Johnson sees it, by the failures of British economic policy, in contrast to the alleged political and technical superiority of American mainstream economics. How Johnson might have revised his opinions in this regard in light of the recent evidence of even greater policy disasters once the British government began pursuing a policy line more in tune with Johnson's ideology, one can only speculate. These themes are worth close examination.

### Cambridge: Its Life and Times

Keynes' Cambridge of the 1930's had changed but little when Johnson, newly discharged from the Canadian army, arrived there in 1945. Nor indeed was it much different in the late '60's and early '70's when I experienced its charms. Cambridge, like Oxford, was and is more than merely an educational institution of debatable merit. It was (is) a finishing school in which the offspring of the British upper classes were (are) trained in social etiquette and an understanding of their natural position as heirs to an era and an empire that they would be surprised to learn no longer exist. The point was (is) not to learn something, but rather, as Johnson confesses to have realized only much later, to simply be there, and take part in its "academic" and social life. That life then (and now, though to a lesser degree) revolved around a set of autonomous colleges, the nature of which in relation to their socio-economic setting provides an important insight into the character of their academic progeny. The colleges were feudal institutions living off the income from endowments of land. (Indeed one of the things that made Keynes a legend at Cambridge was his success as bursar of King's College in shifting his college's endowment

## JOHNSON ON CAMBRIDGE

from land to securities, moving it into the twentieth century years before other colleges woke up to the possibilities of such a transition, and laying the groundwork for a controversy over the college's portfolio of South African securities that flared up briefly in the late 1960's.) The tribute payments the colleges regularly exacted from the peasantry working their land went partly to support the academic and social endeavours of the fellows of the college and such elected graduates of the "public" school system they condescended to admit into their presence, and partly to meet the minimal subsistence needs of the bedmakers, porters, kitchen staff and gardeners that the colleges drew from the surrounding urban population. Indeed, in my time, a deeply rooted belief among the few politicized graduate students (largely foreigners) was that the university deliberately blocked the industrial development of the town and environs to assure a continuing supply of cheap, menial and docile labour for college service.

The stifling nature of the social milieu was enhanced by its physical isolation and the lack of telephones and automobiles. This isolation was defended by those at the top of the academic heap as essential to the undistracted pursuit of true intellectual labour — undistracted, that is to say, by any contamination from contact with the day to day realities of normal life, save that carefully laundered through the tory *Times* each morning. (Undergraduates in the 1960's showed their solidarity with the radicalisation of student politics elsewhere at the time by shifting their reading preference to the liberal *Guardian*.) Thus the social and physical inbreeding of the British elite was reinforced by their college association, bolstering their conviction of their natural superiority *vis à vis* the lower orders who impinged upon their lives by sorting mail, making beds and fetching tea.

Despite the obvious, continual fluctuations in the composition of the undergraduate population, college life was remarkably stable — in good measure because of the permanent nature of the academic-administrative staff. This stability in turn explains a great deal about the peculiar viciousness of interpersonal relations among the academic staff (of which Johnson's book itself is a striking affirmation). Once an aspiring academic has survived the initial purges through carefully cultivated deference to whatever faction of the already firmly ensconced was ascendant at the time, it was then assumed that he (the male form is almost inevitably the correct one in this context) would be a fixture of Cambridge life for several decades. Given the normal expectation of dealing with the same small set of colleagues for life, and given the insularity of the context in which one had to deal with them, the fact that academic politics were characterized by a remarkably high development of the arts of petty, personal vindictiveness should be no surprise. Personal conflicts, which thrived in such fertile soil, would be turned into artificial differences of intellectual stance on third rate issues in order to give them a socially

respectable basis. These rivalries could even spill over into such matters as the setting of examination questions, with candidates judged by their degree of acceptance or rejection of some rival's doctrines. It was from such a happy institution, where isolation from reality and intellectual narcissism flourished, that Keynesian economics was launched into academic, professional and political respectability.

### Keynes and the Unnecessary "Revolution"

The economics of Keynes culminating in the *General Theory* — which his more enthusiastic followers and, indeed, Keynes himself, for reasons of self-promotion were wont to laud as "boldly revolutionary —" Harry Johnson prefers to type as "mildly revisionist." The Johnsons attempt to deduce Keynes's economics, from three sets of influences. One was the character of Keynes himself, a brilliant applied theorist and a political opportunist whose ideas were in a constant state of flux and tailored to fit whatever seemed to be the outstanding current political issue — the reform of the gold standard in Britain or India, the economics of reparations, the requirements for re-establishing the Victorian monetary order, the evil consequences following from someone else's efforts to re-establish the Victorian monetary order, the ill effects of protection, the benefits of protection, the adverse effects of excessive government expenditure, the desirability of deficit financed government expenditure, and the essential primacy of the full employment goal among social objectives.

A second set of influences derived from the social assumptions Keynes inherited from his temporal, spatial and social context. The primacy of the full employment goal resulted from Keynes's "aristocratic Victorian view of the economic requirements of a happy society;" and, more specifically, from the view that "social happiness consists of a job for everyone in his appointed place in life." Thus while a modern economic liberal would be concerned with rendering more equal, opportunities for economic and social advance, Keynes with his ersatz-aristocratic mien and inherited Victorian concern with social stability focussed instead on the prerequisite for maintaining an ordered hierarchy of employment. This perspective was further reinforced by the fact that, in common with others of his professional and social milieu, Keynes saw the working class solely in the role of college servants, duly deferential to their natural superiors and happy to reciprocate the favour of guaranteed employment plus fringe benefits by abstaining from inflationary wage demands that would threaten the socio-economic pecking order.

Capitalists were, to Keynes, of a radically different genre. Drawn from among the weaker intellects of Keynes's own social class, they were by themselves, intrinsically incapable of making the sorts of decisions that

## JOHNSON ON CAMBRIDGE

assured social progress and, more importantly, social stability. Fortunately, the potential problems posed by the inherent deficiencies of English capitalists could be solved by the fact that the best brains of the English elite showed a natural propensity to forsake the squalid world of money making and instead embrace public service and the academic life. Hence the government, influenced by the academic establishment (most notably Keynes himself) could make appropriate policy to guide the terms on which the lesser social orders, workers and capitalists, would interact in the broader society.

Keynes's personal capacities and social assumptions by themselves cannot account for the final form of the *General Theory*. To complete the picture a third set of influences must be introduced: those deriving from the on going crisis of the British economy after the first world war that turned Keynes's social prejudices into practical economic policy advice or, more accurately, into rationalizations for existing political practices disguised in the form of a scientific revolution.

The mass unemployment that afflicted the British economy in the 1920's, well before the onset of the Great Depression, Johnson attributes to two major factors. One was the impact of the long term industrial decline of Britain, begun in the late nineteenth century and becoming acute in terms of its social effects in the 1920's. The second was the result of conscious political choice, namely the government's yielding to the pressure of the *rentier* class in restoring gold convertibility at too high a parity. Sensible, institutionally oriented economics would focus on the first factor with its implicit critique of the laws of operation of market economy; Johnson, of course, focusses on the second, for it gives him an opportunity to assail governments for their misinformed meddling with the omniscient market mechanism. The consequences of over valuation were: to raise the level of unemployment by cutting into the already limited export markets available to an already senescent industrial structure; to tilt the income system stream in favour of the *rentier* class (including academics and civil servants); to generate acute social tensions by upsetting the natural order of social classes; and to help perpetuate the myth that Britain was still a wealthy and powerful society. Without over-valuation, says Johnson, there would have been no mass unemployment, and therefore no need for a "revolutionary" theory to explain it. For a century and a half the accumulation of capital and entrepreneurial capacity in Britain had concentrated on certain specific lines of activity that complemented the most predatory imperialism known to modern human history. Yet for Johnson the economic and social consequences of the absolescence of the resulting industrial and financial structure, as well as the rapid erosion of imperial power that accompanied it, could have been obviated simply by letting the free market mechanism select the optimum rate of exchange! It is this mixture of insight and inanity that makes Johnson such fascinating reading.

Taking Johnson's argument at face value, it is then only necessary to add to the basic error of British monetary policy an equally basic but more far reaching error in American monetary policy — the action of the Federal Reserve in allowing a monetary contraction in 1929 to deepen into an enormous economic crisis — and Britain's massive unemployment experience was deepened and then generalized throughout much of the world. That experience thereby set the groundwork for the subsequent elevation of a theory of dubious relevance for a particular time and place to the status of a scientific revolution of universal applicability. All of the factors generating the economic crisis that led to the framing of the *General Theory*, Johnson claims, are fully explicable in terms of orthodox monetary theory. The problem was: first, that no one bothered; and second, if they had, the structure of academic politics in Britain would have precluded their ever being taken seriously.

Much of what Johnson has to say is simply apologetics for the revival of monetarism in the U.S., another attempt by the American antediluvian neoclassical mainstream to reassert its technical and political superiority over British rigor-mortis Keynesianism, and a put-down of the traditional Keynesian concern with the level of employment in order to give covert sustenance to the latest neoclassical fantasy, the presumed "natural" rate of unemployment — a type of construct that reaffirms the primacy of the market and the implicit social justice of free market solutions with that fervid conviction that only fully tenured academic economists can muster. But much of Johnson's critique goes well beyond such objectives, and provides a healthy corrective to the usual kind of fawning appreciations that dominate scholarship dealing with Keynes. It also helps explain the great transformation of Keynes, the strictly orthodox monetary and fiscal conservative, completely in tune with nineteenth century "sound money" prejudices, as he appears in the *Tract on Monetary Reform* (where inflation is portrayed as the consequence of a conspiracy by debtors to defraud creditors, aided and abetted by fiscally irresponsible governments who prefer printing money to politically unpopular decisions like raising taxes) to the fiscal and monetary "radical", as he appears at first blush in the *General Theory* (where inflationary spending by governments and deficit finance are heralded as the means by which the power of the creditor class to block social progress can be undermined). In between the two books (when Keynes simply converts cowboys into Indians, and then Indians back into cowboys again, leaving the confrontation between them essentially the same) lay a series of economic events of great import: an overvalued exchange rate in Britain, apparently exacerbating an already acute industrial crisis; the example of Germany where a public works program (and *not* arms expenditure, as apologists for British and French military incompetence tried to claim subsequently) financed by government deficit spending had already demonstrated the way out of the

## JOHNSON ON CAMBRIDGE

Great Depression; and the final collapse of the old gold standard which opened the way across western Europe and the U.S. for government deficits and inflationary monetary policy without the discipline formerly imposed by the requirements of convertibility of paper money into gold. Nor, as the concluding sections of the *General Theory* make clear, was Keynes unaware of the long legacy of more acute economic analysts than the British academic establishment could tolerate, who had argued for just the measures that Keynes made respectable by removing their political bite.

The result is the hotch-potch of technical confusions that went into the making of the *General Theory*. Essentially what was involved was an attempt to take elements of an apparatus concocted for entirely different times and purposes, dress it up in Marshallian garb oblivious to the inconsistencies thereby created and coax or twist the resulting hybrid into supporting an empirical conclusion that in the 1930's was undeniable even in the isolated world of English academia: namely the conclusion that, yes indeed, capitalism could generate and sustain for long periods of time a large pool of involuntarily unemployed labour. If at any point prior to 1935 Keynes and his colleagues had put down their teacups long enough to ask a college servant about capitalism's capacity to generate a secure source of employment, the *General Theory* might have been born years before. But then, college servants are not supposed to pronounce on such weighty matters and, if they do, certainly should not be given much consideration. That the inescapable conclusion was finally faced is not really to Keynes's credit, as to the complete discredit of his profession that it took so long. And the manner in which Keynes chose to finally face up to it is again hardly a circumstance for professional self congratulation.

Indeed Keynes's reputedly great intellectual generosity in acknowledging his debt to Malthus could be interpreted more cynically as merely a ploy to avoid the charge of plagiarism. Apart from his substitution of *rentier* capitalists for Malthusian landed proprietors, and the different institutional mechanics of money creation, precious little differentiates Keynes's whole analytical apparatus from that of Malthus — except that Malthus's was analytically more profound, represented a much greater and more radical breakthrough in terms of intellectual history, was inherently more consistent, and was on balance a good deal more convincing.

Political conclusions based on *fait accompli* observed elsewhere still required rationalization in terms of a type of economic theory that the British establishment could swallow. Thus, John Hobson's observation that, given different marginal propensities to consume of rich and poor redistribution of a given level of income would inflate total demand, could be easily rendered respectable by recasting it in terms of an aggregate consumption function with no reference to the distribution of income. Inflationary policies that led to the

euthanasia of the rentier class as well as plugging the gap in the circular flow of income and expenditure may have had the same social, economic, and financial implications as Major Douglas' call for major institutional restructuring to effectively destroy the private financial sector, but it was certainly much easier to sell to the relevant authorities. Giving old concepts like the marginal productivity of capital new names that were sufficiently esoteric to command a confused respect; adding to them "a college bursars' theory of interest" rate determination and an investment function that reflected jointly the presumed stupidity of entrepreneurs and the depression induced, temporary glut of loanable funds available at the going rate of interest carried the process further. Then it sufficed to put Keynes's social prejudices to work *vis à vis* the working class, and to translate their presumed social deference in the face of an increase in the demand for labour into an infinitely elastic supply at the going wage, and the *General Theory* was born. It was now merely a matter of getting it enthroned as the basis of a new orthodoxy.

### The Triumph of Keynesian Economics

Johnson sees a number of reasons for the rapid conquest of the economics establishment, and governments, by the canons of Keynesian orthodoxy. One obvious one was the apparent failure of the hitherto prevailing orthodoxy (a failure he feels to be more apparent than real) to account for the existing crisis circumstances. Another was the laundering of formerly unacceptable political propositions through the pen of an eminent Cambridge don. And most important was the structure of Cambridge academic politics and the tight relationship Cambridge economists had with the centres of political power in Britain. (The lack of such an incestuous relation between one or a few key academic establishments and government is offered as one major reasons why Keynesianism failed to become the overwhelming orthodoxy in the U.S. that it did in Britain.)

To triumph abroad, both in Britain at large, and in the outside world, Keynesianism had first to triumph at home, inside Cambridge and the British economics establishment. The war at Cambridge began with the harassment of the principle opposition figures, such as Dennis Robertson, an harassment begun by Keynes and kept up after his death by his followers. The most important of these disciples was Richard Kahn, whose role it became to manage faculty politics in the interest of the Keynesians, especially the neo-Keynesians, Joan Robinson and, later, Nicholas Kaldor. The techniques varied from control over the granting of tenure and promotion, to the conduct of the so-called "Secret Seminar" which everyone was expected to know about and then judge their own merits by whether or not they had rated an invitation to participate.

## JOHNSON ON CAMBRIDGE

Once triumphant at Cambridge, the new orthodoxy had to be sold elsewhere in Britain. One reason for its success lay in the fact that up and coming junior faculty would seize upon it to circumvent the power of their already established senior colleagues and use it as a device for pole vaulting into their own sinecures. Furthermore, cheered on by a weak Oxford, the very power of Cambridge in the British economics establishment assured the ready propagation of its doctrines. Cambridge controlled the major journal, and Cambridge economists not only found the easy road to publication of their articles by making them conform to the canons of Keynesian orthodoxy, but even Cambridge unknowns could get into the act by being selected to review the books of non-Cambridge scholars and judge them by the "correct" set of criteria. Cambridge also controlled the choice of the British economists who took part in the International Economics Association Round Table. And, by virtue of its tight relationship with the governing elite, Cambridge could assure the stifling of any real debate over the direction of British economic policy. Last but not least of the reasons for the rapid success of Keynesianism in Britain was the fact that it gave England one last claim to continued, contemporarily relevant greatness in a world whose political, social and economic evolution had largely passed the country by. Keynes was a substitute for a lost imperial grandeur.

However, Johnson contends, that the Keynesian economics that conquered the British economics establishment had little relationship to the economics of Keynes. Thanks to the structure and operation of Cambridge academic politics it fell to Joan Robinson and Nicholas Kaldor, whom Johnson refers to as Marxo-Keynesians, to carry the torch. Joan Robinson is described as someone who abused the principles of academic discourse and distorted arguments freely for her own devices. Starting from Gerald Shove's demolition of neoclassical wage theory that resulted from his simple observation that capital is a produced factor of production and hence its marginal product is not independent of its price, Cambridge and Joan Robinson in particular rose to dizzy heights of analytical fancy. Her contribution to economic analysis consisted of a priori left-wing political pronouncements followed up with technically incompetent economic reasoning, all prompted by "the mistaken belief that to prove capitalism to be logically impossible is sufficient to dispose of its existence." As to the much touted "victory" of Cambridge, England led by Joan Robinson over Cambridge, U.S.A. in one of the most sterile debates to ever bore a generation of undergraduates and, incidentally, one that had been quietly resolved by Wicksell nearly a century before, Cambridge, England is described as "a voice crying nonsense in an imaginary wilderness," kept in the "zombie business" by Cambridge, U.S.A.'s silly mistake of undertaking to debate it. "Nonsense is nonsense, no matter how prestigiously pronounced; so why take it seriously

R. T. NAYLOR

and reconstruct it to the point where you make mistakes yourself?" As to Joan Robinson's equally illustrious cohort, Johnson pronounces the following judgement:

Nicholas Kaldor, on the other hand, being a man who rolls with the times fairly fast, decided early on that capitalism actually was working. So for him the problem was, given that it works, it cannot possibly work because the theory of it is right. It must work for some quite unsuspected reason which only people as intelligent as himself can see.

As to the overall success of Cambridge and the neo-Keynesians in getting the message across, Johnson concludes that "with enough prestige inherited from superior minds, and with enough vociferousness, you can make a lot of the profession think it must be important."

Most of this is true enough as far as it goes, but it does not go nearly far enough. For in his zeal to propagandize on behalf of American orthodoxy and against the closet communists he perceives in neo-Keynesian garb, Johnson completely misses the real reason for the success of the neo Keynesians — namely that students seeking empirical relevance in their studies of political economy and faced with the choice between Cambridge and Chicago, inevitably pick the lesser of two patent absurdities. As to the criticism that Robinson, Kaldor and their fellow travellers substitute *a priori* political pronouncements for economic reasoning, anyone remotely acquainted with Johnson's writings must come to the conclusion that the real sin that Cambridge commits is not political pronouncement *per se*, but the specific political pronouncements it actually makes, and whether these pronouncements are relatively direct in a form in which all could judge them, or carefully covered up by an array of pseudo-scientific manipulations of imaginary constructs. As to his denunciation of the academic totalitarianism of Cambridge politics, his own record was such as to immediately bring to mind the old proverb about glass houses and the pastimes of those therein. For it was in Johnson's hands that LSE in the late sixties joined the general American post-Samuelsonian retreat into abstract theorizing and petty geometrical manipulations and away from the real world of concrete policy concerns and institutional analysis. By the time Johnson and his associates finished remoulding the graduate program of that once illustrious academic institution, it was possible for a student to acquire one of the most prestigious graduate degrees in the world while remaining blithely unaware that that world consisted of anything but two commodities, and two "factors" of production or, if he enrolled in the international trade program, two countries

## JOHNSON ON CAMBRIDGE

as well, the interaction of which took the form of an intensely competitive struggle within the confines of a perfect square. Finally, one must never forget that Johnson is a far from disinterested critic of English Cambridge's position in the capital theory controversy. For if it really is impossible to draw a smoothly downward sloping marginal product of capital curve, then the bulk of Johnson's own writings join the rest of the neoclassical trash heap.

The response of Cambridge to Johnson's attacks has been quite feeble over the years. Partly this weakness is due to their vain hope that, in conformity with the type of logic embodied in their theoretical models, if they ignore him, he will just go away. Partly it is due to their inability to come to terms with Johnson's style, with his refusal to play the game in terms familiar to the proverbial English gentleman academician — for Johnson's attacks strike not merely at their economic reasoning, but also at the lifestyle and social assumptions that conditioned that reasoning. Partly it is due to the fact that a response to Johnson would probably have made no difference to his thinking in any event.<sup>1</sup>

### The Legacy of Johnson

Harry Johnson was above all else a liberal, not only in terms of a passionate, if anachronistic and naive belief in individual initiative in the context of an economic system based on free enterprise and the market mechanism, but also in the positive sense of seeing equality of opportunity (rather than guaranteed employment, for example) as the paramount social objective. In that capacity he was inevitably disturbed by the implicit, and often explicit statism of Keynesian economics. And he was thoroughly disgusted by the pomposity and social pretense of the English academic elite. But his antagonism towards statism and elitism as he met then in England, specifically at Cambridge, converted him implicitly and indeed sometimes quite explicitly into an apologist for American corporate imperialism which was in its own way equally statist and elitist. How a man of such formidable intelligence and learning and of such acute social perspicacity with respect to British post-imperial pretensions could advocate in its place something as crudely retrograde as American cold war liberalism is indeed an enigma.

Johnson himself says little or nothing about the reasons for his conversion. Certainly the gap between Cambridge neo-Keynesian orthodoxy and American neo-classical orthodoxy is a considerable one. And clearly if one wants to avoid dealing with economic reality while at the same time assure one's unimpeded, unmolested ascent up the promotion and tenure ladder, one can retreat with equal ease to either of the two sets of empty ideological boxes, depending of course on which orthodoxy one's senior colleagues prefer. For someone starting down the road Johnson himself travelled in the late '40's and

'50's, there were important aids to making the wrong decision. There was in general the disintegration of political economy as an organic discipline in the wake of the onslaught of Cold War ideology and the concomitant rise of American behaviourism, which forced economists to become technocratic specialists, each manipulating a small part of a whole he could never appreciate, and each growing more hysterically defensive about his peculiar cognitive monopoly the greater his own sense of irrelevance became. But that is the story of the social sciences in general in the post World War Two era. For economists there were additional milestones on the road to futility. Economists of Johnson's generation had Samuelson's *Foundations of Economic Analysis* as a handy counterpoise to Keynes; and Samuelson's text fulfilled admirably its annointed task of separating students even further from reality than English general equilibrium theory of the Hicksian school already had. Then too there was James Meade's monumentally trite study of the theory of international trade and finance, a study which Johnson at the beginning of his career heartily belittled, but then went on to laud as the greatest epic in English economics since the *General Theory* itself. And indeed Johnson's own contributions to the development of economic analysis as he defined it, consisted of little more than further manipulations of Meade's geometry. Yet given the presence of these milestones to mark out the path of his intellectual evolution, the question remains — what started him on it.

Perhaps part of the answer lies in the fact that Johnson was a Canadian who learned, for good reason, to despise many things Canadian. As a result he retreated to a world in which countries were reduced to homogeneous lumps of "land", capital, and labour, and human behaviour itself reduced to a Hobbesian state of nature modified only by the market replacing the omniscient, omnipotent sovereign in holding the social fabric together. He therefore meted out especially venomous treatment to those who asserted the uniqueness of national units and national characters in the face of the tendency of the market system to universalize on terms set by its most powerful participant. Some of the impetus towards nationalism in Canada he correctly perceived to be the result of a failure to produce other things worthy of national pride, although one suspects that Johnson's definition of objects worthy of national pride would be a contentious one, to say the least. He also imputed nationalism, again to some degree correctly, to a plot by greedy Bay street capitalists and second rate members of the cultural establishment to protect their incomes at the expense of the rest of the population. And he was clearly revolted at the frequent fawning on things British that the Canadian intellectual and cultural elite engaged in to offset the overwhelming influences emanating from the United States. His accusation that Canadian Keynesians were being "seduced into colonial service to a moribund cultural imperialism" could have been just as easily directed at the CBC and the Toronto cultural

## JOHNSON ON CAMBRIDGE

establishment. Given that Canada's destination appeared to be inherently and inevitably colonial, then "there seems little to be said in favour of switching our colonial attachment back to dependence on a manifestly non-viable imperial centre." Perhaps when all is said and done the answer to the enigma lies in the fact that Johnson, like Nicholas Kaldor in Johnson's critique, rolled with the times quite easily. Faced with the facts of world power politics and their handy rationalization by the canons of neoclassical orthodoxy, he simply accepted the strongly seductive logic of annexationism. From the vantage point of 1981, it seems hard logic to refute; and, if so, then whatever the contemporary irrelevance of other elements of the ideological orthodoxy Johnson so fervidly espoused, on at least one point, history will bear him out.

Department of Economics  
McGill University

### Notes

I wish to thank my colleagues, Professors Paul Davenport, Allen Fenichel, Eric Kierans and especially J.C. Weldon for their comments and criticisms of an earlier draft of this review article.

1. One interesting illustration is provided by an anecdote that circulated at LSE in the late 1960's. At a banquet at which both Johnson and Nicholas Kaldor were present, Kaldor reportedly rose after dinner and announced that he would like the opportunity afforded by their joint presence to reply to some of Johnson's attacks. The performance duly began — only to have the audience break into smothered laughter; for Harry G. Johnson, true to form, had overimbibed before dinner and consequently slept heavily and noisily through Kaldor's attempted rebuttal.
-