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Let Us Eat and Drink, for Tomorrow We Die*

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John Maynard Keynes emphasized short-run economic concerns over long-run concerns. A quotation of his is often used in this light: "*In the long run* we are all dead." The quotation seems to fit the situation when there is a depression and the concerns of policymakers involves unemployment. However, Keynes's views on the unimportance of the long run stem from his university years and had nothing to do with the Great Depression. I examine his views on short run versus long run, the source of the quotation, and the negative consequences stemming from the change in perspective among both economists and policymakers concerning short-run issues.

Introduction

The title of the article comes from the apostle Paul's first epistle to the Corinthians in the midst of a discussion of the resurrection. He argues that if there were no future resurrection, then Christians are fools and should eat and drink just like the pagans. And it is in this sense that the famous quotation of John Maynard Keynes—"*In the long run* we are all dead"[1]—can be interpreted. Keynes was an atheist who rejected Victorian ethics and mores, including the Victorian value that people should save for the future. Instead, he advocated that one should enjoy life in the moment rather than be concerned with saving and building for the future.

In this article, I will examine Keynes's ethical system and how it disparaged both saving and delayed gratification in favor of current gratification. I will also examine the context of the quotation and how it, too, was consistent with Keynes's evolving ideas on depression economics. Finally, I will look at how the concept has been carried forward to today by Keynesian economists, as well as by politicians and pundits. I close by discussing the dangers inherent in such an approach.

Keynes's Ethical System

Robert Skidelsky's magisterial three-volume biography of Keynes delves into Keynes's ethical system developed while he was a student at Cambridge University in the early twentieth century. Skidelsky says that Keynes worked out his philosophy between 1903 and 1906, which were his final two years as an undergraduate and his only year in postgraduate work. But even before Keynes's formal adoption of a philosophy, the atmosphere at Cambridge was an important influence. Skidelsky writes, "Intellectual life in Victorian Cambridge was shaped by the crisis and eventual decline of religious belief. The 1860s were the decade when Cambridge men lost their religious faith."[2] With the loss of a Christian base for ethics, the intellectuals at Cambridge searched for an alternate tradition of moral philosophy that could supply an authoritative ethical system. The two main contenders were intuitionism and utilitarianism. By the time Keynes arrived at Cambridge, moral philosophy was unsettled. But G. E. Moore's *Principia Ethica* became the foundation for the moral philosophy of Keynes and many of his Cambridge friends.

Moore operated within the intuitionist tradition. His project was to provide a philosophy that could be a guide for ethics in a godless universe. He said that the more one analyzed any aspect of life the more it seemed that rules of thumb and other traditional ways of doing something were inadequate. Instead, a person was forced to rely on intuitive judgments. A consequence was that those who believed this way tended to rely on, and associate with, similar-thinking people. One contemporary of Keynes said that the previous generation thought highly of their friends while the contemporary generation thought *about* their friends and friendship more. While there were several key aspects of Moore's thought, one that particularly influenced Keynes and his Cambridge friends was that "the only things valuable in themselves are states of mind, of which the most valuable are 'the pleasures of human intercourse and the enjoyment of beautiful things.'"[3]

Keynes followed Moore and other friends in making the aesthetic ideal primary. Keynes also described himself as an "immoralist."[4] Keynes looked back on his Cambridge days in a talk in 1938 entitled "My Early Beliefs." He acknowledges the important role Moore had played and continued to play in his thought. There was a shift from an emphasis on the public sphere to the private sphere. Experience independent of external events was what mattered. There was also a shift from the emphasis on the future to the present. Skidelsky notes that

Moore effectively "placed on a pedestal the very things the Puritan ethic had most devalued—personal relations and enjoyment of beauty."[5] Skidelsky compares a line by Goethe that summed up his aesthetic belief, "Then to the passing moment I would say, Thou art so beautiful, wilt thou not stay?" with Keynes's line, "*In the long run* we are all dead," and claims that both have the same spirit. He adds, "we need a system of economics to enable us to enjoy life now, not in the future when we shall be dead. In shifting the basis of economic speculation from the long run to the short run he was being true to Moore's credo."[6]

The fact that Keynes continued to embrace Moore's philosophy thirty years after his days as a student shows that his beliefs had not changed significantly. Nevertheless, some aspects of the Puritan ethic clung to him. From his family he received and maintained a sense of duty and purpose in life. Over time he became very involved in public affairs and in trying to influence public thought and policy. But his aesthetic ideal persisted as well. He provided financial support to museums and started some ballet companies in which his wife, a ballerina, could dance. He believed an age of plenty was coming to Great Britain, and he wanted that age to be beautiful rather than vulgar.

Skidelsky contrasted Keynes's views with those of his friend Dennis Robertson. Keynes disregarded the past and the future relative to the present while Robertson sought for a better tomorrow. Skidelsky writes,

> The sacrificial nature of Victorian economics—"Jam yesterday, jam tomorrow, but never jam today"—was alien to Keynes's spirit; he mocked it from the outside, even when he understood what it had made possible. For Robertson the struggle was for a better tomorrow—"the procreant urge of the world"—was at the heart of the moral, as well as the economic, battle.[7]

Like Schumpeter, Robertson saw industrial fluctuations inherent to the system that relied on capital goods and that out of industrial dislocation came greater riches in the future. Keynes was more concerned with stabilization schemes. So Robertson searched for a more dynamic theory while Keynes remained more static.

Another important part of Keynes's belief system is the role of uncertainty. He notes that our knowledge is uncertain so we cannot act on the basis of what is absolutely true. Instead, people have to make decisions on the basis of probability. Keynes wrote,

> Given as our basis what knowledge we actually have, the probable, I have said, is that which it is rational for us to believe. For it is not rational for us to believe that the probable is true; it is only rational to have a probable belief in it or to believe it in preference to alternative beliefs. To believe one thing *in preference* to another, as distinct from believing the first true or more probable

> and the second false or less probable, must have reference to action and must be a loose way of expressing the propriety of *acting* on one hypothesis rather than another. We might put it, therefore, that the probable is the hypothesis on which it is rational for us to act.[8]

Keynes's reliance on Moore and intuitionism has a role here too: often the probability assigned to one belief or another is not arrived at solely by rational thought but by intuition. Skidelsky notes that Keynes's "short-termism" had a philosophic base that Keynes got from both Moore and Edmund Burke. Keynes was concerned with moral risk and argued that it is "more rational to aim for a smaller good with a high probability of attainment than for a larger one with a low probability of attainment."[9] Keynes also thought that a person's belief can be less probable, other things being equal, the further into the future the action would take place.

A Tract on Monetary Reform

Keynes considered himself a monetary economist. After World War I, he wrote often about inflation, currency stabilization, and the international financial system. In 1923 he published *A Tract on Monetary Reform*. His first chapter concerned the effects of changes in the value of money. He divided society into three classes—the investing class, the business class, and the earning class. He discussed the history of the value of money and noted that there was a progressive deterioration in the value of money throughout history. He argued that this deterioration was not an accident and had two driving forces behind it: "the impecuniosity of Governments and the superior influence of the debtor class."[10] Later he stated, "When the value of money is greatly fluctuating, the distinction between capital and income becomes confused. It is one of the evils of a depreciating currency that it enables a community to live on its capital unawares."[11] While these quotations may not be what modern economists associate with Keynes, by the end of the chapter he is arguing for the regulation of the standard of value to be subject to deliberate decisions rather than to a nondeliberative process such as the gold standard.

It is in the third chapter concerned with the theory of money and of foreign exchange where he writes negatively of the long run. He describes the quantity theory of money and says it is fundamental and not subject to question. The quantity theory of money says that increases in the quantity of money in the economy generate proportionate increases in the price level.[12]

Keynes writes the equation in this form:

$$n = p\ (k + rk')$$

where n is the number of currency notes or other forms of cash in circulation, p is the overall level of prices, k is the number of consumption units the public keeps in cash, k′ is the number of consumption units the public keeps in checking accounts, and r is the proportion of liabilities (k′) banks keep on hand. So long as k, r, and k′ are constant, then n and p—the currency level and the price level—move in concert.

Keynes claims that some have taken the above equation to presume that an increase in n has no effect on k, r, or k′, so a doubling of n will double p. He then writes, "Now, 'in the long run' this is probably true…. But this *long run* is a misleading guide to current affairs. *In the long run* we are all dead. Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is long past the ocean is flat again."[13] He then goes on to argue that actual experience shows that a change in n often affects all three variables—k, k′, and p—followed by some historical examples. The famous quote has to do with whether the transmission mechanism associated with changes in the money supply will affect variables other than price in the short run. It has nothing to do with the Great Depression, fiscal policy, or sticky wages. In its context it makes sense, for the question whether increases in the money supply affect the economy in the short run differently from the long run is an open question.

Keynes, Crises, and Persistent Unemployment

Keynes's emphasis on the short run makes sense also in light of the economic situation in Great Britain during the 1920s. Britain's economy stagnated through much of the decade, with unemployment steadily remaining above 10 percent. The transition from a wartime economy proved difficult, especially after the government returned to the gold standard at the pre-war rate even though inflation financed at least some of the wartime spending. Keynes opposed the policy and argued that deflation would take too long to get the economy to return to any reasonable kind of equilibrium. It is during this time that Keynes began thinking about the possibility of an equilibrium associated with high unemployment. However, much of his emphasis remained on monetary policy as reflected in his book *A Treatise on Money*, published in 1930.

Keynes continued to alter his views as the economy moved into a severe depression. Once again, it is easy to see how Keynes and many others focused on the immediate crisis and were impatient with those who argued that natural adjustments would correct the problem over time. For Keynes himself, one reason for his impatience is that he had come to believe that the economy could easily fall into a high-unemployment equilibrium. He associated classical economists with a focus on the long run and argued that the tools they described were appropriate only for situations in which the economy was in a long-run equilibrium with a normal amount of unemployment. To Keynes's mind, the classical long-run equilibrium with a normal rate of unemployment was a special case that held only under certain conditions. He wanted to offer a general theory that included equilibria with a normal rate of unemployment as well as with persistently high unemployment. And he was convinced that the modern capitalist economy was more likely to end in a high-unemployment equilibrium most of the time.

In *The General Theory of Employment, Interest, and Money*, Keynes emphasized both short-run concerns and the danger of saving. Since national income depended on consumption and investment, any reduction of consumption would reduce income, which would reduce both consumption and saving as a result. The interest rate did not equilibrate saving and investment because investment was more a function of "animal spirits." So a rise in the interest rate would not cause the community to save more even if people increased saving because incomes will have to fall as a result of the increase in saving. This is his "paradox of thrift." He wrote, "The more virtuous we are, the more determinedly thrifty, and more obstinately orthodox in our national and personal finance, the more our incomes will have to fall when interest rises relatively to the marginal efficiency of capital. Obstinacy can bring only a penalty and no reward."[14] He went on to say that actual rates of aggregate saving do not depend on foresight, enterprise, or precaution. There was no part for vice or virtue. He then stated that virtue would be important if the interest rate adjusted so as to maintain full employment. Only in this case would saving exemplify virtuous behavior.

Keynes, during his lifetime, was more interested in the short run and stabilization policies than in the long run and dynamic considerations such as long-run growth rates. This emphasis comported well with his personal philosophy adopted from Moore—to live for experience, for beauty, and in-the-moment. He was able to live this way, at least in part, because he had a privileged background. Skidelsky notes that he and his Bloomsbury friends had servants, which gave them more time to enjoy the good life. Keynes did not focus his attention on poverty or the under classes or on economic development elsewhere. From the 1920s onward, though, he did shift his focus to the plight of the unemployed.

In 1930 Keynes wrote an essay entitled "The Economic Possibilities for our Grandchildren." He claimed that as capital expenditures increase over time eventually the economic problem of scarcity would be solved. People could then focus less on material things and more on leisure and the art of life. He argued that it would be hard for people to adjust to a new reality when intense focus on money-making will no longer be necessary. But if humanity can make the adjustment, then life can be lived beautifully.

Keynes wrote,

> I see us free, therefore, to return to some of the most sure and certain principles of religion and traditional virtue—that avarice is a vice, that the extraction of usury is a misdemeanour, and the love of money is detestable, that those walk most truly in the paths of virtue and sane wisdom who take least thought for the morrow. We shall once more value ends above means and prefer the good to the useful.
>
> But beware! The time for all this is not yet. For at least another hundred years we must pretend to ourselves and to every one that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into daylight.[15]

He concluded the essay,

> But, chiefly, do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance. It should be a matter for specialists—like dentistry. If economists could manage to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid![16]

These passages show a hope for a long run that is almost utopian but is a focus on the shorter term in which life must continue as it is. There can be a return to religious values once the economic problem is solved, but these values actually hinder the economic progress needed to get to Utopia. A second point emerges as well: the idea that economics should be left to the specialists. Then these specialists can keep the economy on track. Skidelsky notes that Keynes thought that all could be managed so long as good and competent men set policy in Whitehall. That is, men like himself.

Keynesian Economics Transplanted to the United States

Once World War II started, Keynes was involved with issues relating to how Britain would pay for the war and what the international financial system should be like once the war ended. Since the publication of Keynes's *General Theory*, American economists grappled with the book and Keynes's ideas. Many of the younger economists accepted Keynes's ideas and tried to implement them in their work and teaching. In doing so, they offered models to represent Keynes's thought, often using John Hicks's 1937 article as a base.[17] They also took on Keynes's idea that economists can be specialists who can perform routine tasks that will keep the economy on track.

Coddington identified three types of approaches tried by economists to characterize Keynesian economics—Fundamentalist Keynesianism, Hydraulic Keynesianism, and Reconstituted Reductionism.[18] Coddington says that the first group focused on Keynes's emphasis on the instability of the economy, and the third group emphasized that the economy may not be in a state of equilibrium. Hydraulic Keynesianism emphasized various flows in the economy, such as money, goods, income, sales, and spending. For the most part, American economists fit in the Hydraulic Keynesianism camp. Coddington notes that Hydraulic Keynesianism took the relationships among flows at the aggregate level to be stable relationships. If these relationships are stable, then the government can use changes in taxes and expenditures to generate the appropriate flows to keep the economy on a path of full-employment output.

The 1960s were the years when Keynesian fiscal policy was seen as triumphant. The Kennedy tax cuts were invoked on Keynesian grounds and the economy moved forward. Textbooks taught that if a gap in spending existed, the appropriate fiscal response multiplied by the multiplier could erase the gap. The experts knew what to do to keep the economy on a full-employment path.

Buchanan and Wagner

Buchanan and Wagner challenged the basic tenets of Keynesian economics.[19] They note that since Adam Smith, the idea had prevailed that what is prudent for a family also applies to the nation. For Keynes, all this changed with the differences between the nation-state and the family being accentuated.[20] In particular, saving may be prudent for the family but can wreak havoc on the nation when everyone tries to save. The need to stay within a budget constraint with respect to the federal government was dismissed. According to Buchanan and Wagner, this break from past views has led to the ever-increasing size of federal government, deficits, and years of inflation.

A key part of Buchanan and Wagner's argument is that the criteria for good theory must include the political institutions in society. They state, "Keynes was not a democrat, but, rather, looked upon himself as a potential member of an enlightened ruling elite."[21] This is a point Skidelsky, as well, makes in his biography of Keynes. Keynes's view of government was what prevailed in England in the first part of the twentieth century in which most policy was implemented by elites from Cambridge or Oxford. According to Skidelsky, Keynes never understood the American political system and the role of Congress in the government. The public choice features of American democracy will almost ensure that once the budget constraint is thrown out, deficits will prevail. Even today we see deficits growing regardless of the party in power. One party emphasizes cutting taxes and the other increasing expenditures, but the net result on debt is the same.

Buchanan and Wagner argue that debt financing of government expenditures reduces the perceived price of goods and services provided by the government. It is not surprising then that the public increases the quantity demanded for government-produced goods and services. The budget method mentioned in many textbooks—functional finance where deficits are run during downturns and debt is paid down during booms—never seems to be utilized. "Since our political conversion to Keynesianism during the Kennedy administration," they wrote, "we have been told that deficits today will stimulate the economy into producing full-employment surpluses tomorrow. Only tomorrow never comes."[22]

Keynes himself may have realized some of the problems with his policy prescription and democracy. George Garvy shows that Keynes was unaware of very many economists who preceded him and advocated for increasing government expenditures to help with the depression. Even so, many German economists in the early 1930s had advocated such policies in Germany. In his foreword to the German edition of *The General Theory*, Keynes wrote, "Nevertheless, the theory of output as a whole, which is what the following book purports to provide, is much more easily adapted to the conditions of a totalitarian state."[23]

Another area where the focus on the present over the future offers significant problems in the future involves Social Security and Medicare. The problem here is not due to uncertainty for the demographics are clear—Americans are living longer and drawing on both Social Security and Medicare longer. The funding from current taxes will not cover expenditures in a few years. Yet, plans to shore up the systems fail to receive congressional support. A recent candidate for president advocated increasing the benefits substantially.

Figure 1 presents the debt-to-GDP ratio for the United States since 1965. The general trend is clear. Further, the huge increase as a result of the last recession is seen. The debt ratio is greater than at any time since World War II. One difference between then and now is that the debt of households was much lower in the years following the war. Private and public debts are at record levels. Even a cursory examination of the federal deficit and debt over time shows that the idea of a balanced budget over the business cycle is not the policy of the US government.

Figure 1
Federal Debt as Percent of GDP

The Crisis Cycle

Mainstream macroeconomics moved away from Keynesianism beginning in the 1970s and the period of stagflation. As Summers recently noted, prior to the financial crisis in 2007, "macroeconomics was primarily about the use of monetary policy to reduce the already small amplitude of fluctuations about a given trend, while maintaining price stability."[24] There was probably more emphasis on the trend of economic growth in the economy than on fluctuations about the trend line. This does not mean that there were not crises that concerned policymakers or that policymakers were focusing on long-run concerns.

During the financial crisis of 2007 and the ensuing recession, there was considerable discussion about moral hazard. If the Fed and the Department of the Treasury aided Bear Stearns, what signal would it send to other financial institutions in trouble? A record of bailing out troubled financial institutions can encourage other financial institutions to take on more risk. But bailouts did not start with the recent financial crisis. Past crises that generated support from the federal government include the savings and loan crisis of the 1980s, the support of Continental Illinois Bank in 1984, and Long-Term Capital Management in 1998. It is little wonder that many financial institutions presume that the government will help them out in a crisis. We have another area of government activity where the focus is on the short term while not seriously considering the long-term consequences.

The recession that followed the financial crisis was the worst since the Great Depression, although not anything like the Great Depression in lost output or unemployment. The Bush administration offered stimulus in terms of tax reduction, and the Obama administration implemented the largest fiscal stimulus plan in US history—the American Recovery and Reinvestment Act of 2009. It was a $787 billion package spread out over a couple of years. According to President Obama in his 2009 State of the Union speech, "The state of the economy calls for action, bold and swift, and we will act—not only to create new jobs, but to lay a new foundation for growth. We will build the roads and bridges, the electric grids and digital lines that feed our commerce and bind us together." The focus was on the short term, although lip service is given to the longer term when he spoke of a new foundation for growth. The Fed also has focused on the short term with interest rates close to zero for seven years.

There was an attempt at longer-term reforms. The National Commission on Fiscal Responsibility and Reform was appointed by President Obama, and the commission was chaired by Alan Simpson and Erskine Bowles. The report did not receive enough support by the commission members to be passed on to Congress for a vote. It received mixed reviews by politicians and economists and is no longer under consideration. As Buchanan and Wagner argued, our political process makes it difficult to rein in government spending.

Does Short-Run Stabilization Policy Hinder Long-Run Performance?

The emphasis since Keynes on short-run results often hinders policymakers from addressing foreseeable problems that are further into the future. But does short-run stabilization policy hinder long-run performance? A Keynesian economist would answer negatively. Certainly Paul Krugman sees no long-term problem with large-scale financial stimulus. An Austrian economist would answer positively, as would Buchanan and Wagner. But one does not have to be an Austrian to observe that low interest rates would have little impact on new housing construction after the last recession because there was a surplus of new housing. Further, many households tried to reduce their levels of debt. The expansionary monetary policy prior to the financial crash encouraged overbuilding, so homebuilding was not an option in the years immediately following the recession.

It is unlikely that there is a clear theoretical link between stabilization policies and long-run economic performance. But the persistence of policymakers to focus on the short run rather than the long run suggests that often long-run performance may be impacted negatively. The real and realized danger is that pointed out by Buchanan and Wagner—the perception of many in the electorate that the price of government programs is less when debt is used to finance the expenditures. This alters the demand for goods between privately-produced and government-produced goods and services. The consistently increasing size of the federal debt is the evidence of this impact.

Conclusions

A problem with short, pithy statements is that they can take on a life of their own. If the original statement in *A Tract on Monetary Reform* is taken in its entirety, it is more nuanced. Keynes says that the long run can be misleading when dealing with a current situation. Keynes was clever and had a way with words. If he had omitted his famous line, he would have made the point he wanted to make: short-run effects are important and should not be ignored. But by adding the sentence, "*In the long run* we are all dead," he implies that the long run does not matter. Given his philosophical view of life and living for the moment, he may have intended to imply that the long run does not matter. He ignored the question of whether the constant emphasis on the short run might lead to policies that lead to further problems. The Phillips curve is one possible illustration of where a constant focus on keeping unemployment low can lead to persistently ratcheting up inflation.

It is impossible to know if things would have turned out differently if Keynes had used alternative language. It may be that the emphasis on the long run that prevailed for so long was a hindrance to analyzing the Great Depression and to offering some policies that may have reduced its depth and length. However, it is true now that the opposite error is made—the long run is ignored because we are always living in the short run. And it is possible, perhaps even likely, that the greater success governments have in smoothing the business cycle, the greater the likelihood that long-run growth will be impeded. Stabilization is an issue, but so is the view held by Keynes's friend, Dennis Robertson, that greater riches in the future stem from the industrial dislocation that bothers those who focus on the short run. The discouragement of saving and the focus on the present will reduce future economic growth.

Notes

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1. John Maynard Keynes, *A Tract on Monetary Reform* (London: Macmillan and Co., 1923), 80, emphasis original.
2. Robert Skidelsky, *John Maynard Keynes*, vol. 1: *Hopes Betrayed, 1883–1920* (New York: Elisabeth Sifton Books, 1983), 26.
3. Skidelsky, *John Maynard Keynes*, vol. 1, 139.
4. Robert Skidelsky, "The Revolt against the Victorians," in *The End of the Keynesian Era: Essays on the Disintegration of the Keynesian Political Economy*, ed. Robert Skidelsky (New York: Holmes & Meier Publishers, 1977), 5.
5. Skidelsky, "The Revolt against the Victorians," 5.
6. Skidelsky, "The Revolt against the Victorians," 5.
7. Robert Skidelsky, *John Maynard Keynes*, vol. 2: *The Economist as Savior, 1920–1937* (New York: Penguin Press, 1992), 274.
8. John Maynard Keynes, *A Treatise on Probability* (1921, repr., Seaside, OR: Watchmaker Publishing, 2007), 307.
9. Skidelsky, *John Maynard Keynes*, vol. 2, 224.
10. Keynes, *A Tract on Monetary Reform*, 9.
11. Keynes, *A Tract on Monetary Reform*, 29.
12. A classical proponent of the quantity theory was Irving Fisher, *The Purchasing Power of Money* (New York: The Macmillan Company, 1911).
13. Keynes, *A Tract on Monetary Reform*, 80, emphasis original.
14. John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (1936; repr., Mansfield Centre, CT: Martino Publishing, 2011), 11.

15. John Maynard Keynes, “The Economic Possibilities for our Grandchildren,” in *Essays on Persuasion* (New York: Classic House Books, 2009), 201.

16. Keynes, “The Economic Possibilities for our Grandchildren,” 202.

17. See John R. Hicks, “Mr. Keynes and the ‘Classics’: A Suggested Interpretation,” *Econometrica* 5 (1937): 147–59.

18. See Alan Coddington, “Keynesian Economics: The Search for First Principles,” *Journal of Economic Literature* 14 (December 1976): 1258–73.

19. See James M. Buchanan and Richard E. Wagner, *The Collected Works of James M. Buchanan*, vol. 8: *Democracy in Deficit: The Political Legacy of Lord Keynes* (1977; repr., Indianapolis: Liberty Fund, 2000).

20. See J. Ronnie Davis, *The New Economics and the Old Economists* (Ames: Iowa State University Press, 1971). Davis shows that many economists were advocating increased federal spending in the 1930s prior to Keynes’s book. He states that around 1952 the idea of compensatory spending was advanced, which involved running deficits in depressions and surpluses in booms. These included a number of economists in the United States such as Jacob Viner and J. M. Clark.

21. Buchanan and Wagner, *Democracy in Deficit*, 7.

22. Buchanan and Wagner, *Democracy in Deficit*, 165.

23. George Garvy, “Keynes and the Economic Activists of Pre-Hitler Germany,” *Journal of Political Economy* 83 (April 1975): 403. Translation by Garvy.

24. Lawrence H. Summers, “U.S. Economic Prospects: Secular Stagnation, Hysteresis, and the Zero Lower Bound,” *Business Economics* 49 (2014): 65.