

Richard Ferdinand Kahn 1905–1989

1. Biographical essentials

PROFESSOR LORD KAHN,¹ who was elected a Fellow of the British Academy in 1960 and who delivered the British Academy Keynes Lecture in 1974, died in the Evelyn Hospital, Cambridge, after a few months' illness, on 6 June 1989, at the age of 83.

He was born in London on 10 August 1905.

He had been a Fellow of King's College, Cambridge, since 1930, and a Professor of Economics at the University of Cambridge since 1951 (Emeritus since 1972).

He was appointed CBE in 1946 and was made a life peer, as Baron Kahn of Hampstead, in 1965.

He was unmarried.

2. The Cambridge Keynesian School of Economics

The disappearance of Kahn marks the end of a historical phase, almost an era, in the recent history of Keynesian economic thought—a historical phase centred in Cambridge. Thanks to Keynes, in the 1930s, and to a formidable group of Keynes's pupils, in the immediate post-war period, Cambridge became, for a few decades, a unique place for intellectual leadership and imaginative, though unconventional, mode of thinking in economic theory.

¹ In compiling this *Memoir* I have drawn freely on two previous notes of mine (Pasinetti, 1987 and 1989). The (anonymous) *Obituary* published in the *King's College Annual Report 1990* has been of great help. I am grateful to Geoffrey Harcourt, Marco Dardi and Cristina Marcuzzo for helpful comments. For the bibliography, I have taken advantage of works by Dardi (1983) and Marcuzzo (see Kahn, 1988).



R. F. KAHN

Ramsey & Muspratt

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The Cambridge Keynesian school of economics has by now left its mark on the history of ideas, but—in the course of a few years—its major representatives have all quickly disappeared: Joan Robinson and Piero Sraffa both died in 1983, Nicholas Kaldor in 1986 (Roy Harrod, who had, however, remained in Oxford, had died in 1978); and now, Richard Kahn.

The chronological succession of events left it to Kahn to conclude the cycle, the man who might legitimately have claimed to have started it. For, Keynes himself was after all a traditional economist who, at the unusual age of 50, became a ‘convert’ to Keynesian economics. Kahn was a true Keynesian economist since the very beginning. Joan Robinson used to say even before Keynes!

Kahn’s association with Keynesian economics was indeed complete. He was Keynes’s favourite pupil and closest collaborator, in the 1930s, at the time of elaboration of Keynes’s celebrated work, *The General Theory of Employment Interest and Money*.

At Keynes’s death, in 1946, he became at King’s College his successor in all respects. He succeeded him as First Bursar of the College. He was also his literary executor and remained, throughout his life, the staunchest defender and the most faithful propounder of Keynes original ideas. Yet, Kahn never was a prominent protagonist. His influence was always exerted quietly and unobtrusively. This has created an air of mystery around the actual role played by this elusive figure, whose merits go well beyond those that can be attributed to him on the basis of his writings, and whose personality was known to few people beyond the small circle of his closest friends.

3. Life and scientific contributions

Richard Ferdinand Kahn came from a Jewish family of strict religious observance, who lived in Hampstead (North-West London). His father, Augustus Kahn (1869–1944) was a first generation Englishman (both his parents being German). He had graduated in mathematics at St John’s College, Cambridge, and was a Government Inspector of Schools. He actually went back to Germany to marry Regina Schoyer, Richard’s mother. They had several children, four of whom survived infancy—three daughters and Richard, their eldest son.

The Kahn family was described as a ‘comfortable, cultured family which had a commitment to communal service and combined punctilious and decorous orthodoxy with a thirst for education and culture ... [following] ... a form of Judaism associated with a very distinguished Jewish thinker, Rabbi Samson Raphael Hirsch who, in the middle of the

nineteenth century . . . [advocated] strict observance of the laws of the Torah, combined with openness to secular learning' (Tabor, 1989).

Richard remained strictly faithful to his religious upbringing well beyond his adolescence.

It is said that, as Bursar of King's, he would not sign cheques on the Sabbath day. But later in life he abandoned orthodoxy. He was encouraged to eat meat on account of his health, and became less and less active in religious practice. 'Only on rare occasions could one see him at Synagogue . . . observance, ritual and the religious tradition no longer touched him . . . [yet] . . . he retained his identity as a Jew with pride and took a positive—if sometimes somewhat critical—attitude to Israel . . . In his last years there was some turning back' [to the Jewish religion] (Tabor, 1989).

Richard was educated at St Paul's School in London, from 1918 to 1924. (Curiously enough Joan Robinson was educated at the girls' section of the same school.) Then he won a scholarship to King's College, Cambridge, where he read Mathematics, being placed in the first class of the Tripos Part I, and then Physics, graduating in 1927. He was placed in the second class of the Natural Science Tripos, which was a disappointment to him. (But he was said to be a very clumsy experimenter, and to get bored with carrying out experiments whose answer was already known.) His scholarship entitled him to a fourth year, but he was on the point of looking for a job, feeling that he should help the family. However, encouraged by Keynes and Shove, he stayed on to read economics. He attended lectures delivered, among others, by Pigou, Keynes, Shove, Dennis Robertson, and (in the following year) by Piero Sraffa. His determination was vindicated. After only one year, he was placed in the first class of the Economics Tripos Part II.

He himself recently described the beginning of his research in economics in the following way:

Some months passed before I selected the subject of my dissertation. Keynes, who in addition to Gerald Shove, was my teacher when I was working for the Tripos, tried to secure for me access to the statistics of the Midland Bank, with a view to my making something of them. (. . .) I cannot conceive what use I could have made of the Midland Bank's statistics. But I was young and inexperienced, and unwilling to resist Keynes's influence.

Keynes took me along to meet Reginald McKenna, the Chairman of the Midland Bank, who was easily persuaded by Keynes. I was then taken to his own room by the Head of the Intelligence Department of the Bank, A. W. Crick. He bluntly informed me that if anybody was going to make use of their statistics, it was he and his staff, and not I. Crick's attitude towards me is partly attributable to the fact that Keynes, as Editor of the *Economic Journal*, had rejected an article submitted by him in April 1928. I tremble to

think how my career would have developed had he taken a conciliatory line. It was a miraculous escape from disaster. Keynes then left me to choose my own subject. Under the influence of Marshall's *Principles*, I chose the *Economics of the Short Period*. In making my choice, I was encouraged by Shove and Piero Sraffa. Keynes happily acquiesced. Neither he nor I had the slightest idea that my work on the short period was later on going to influence the development of Keynes's own thought. But there are no traces of Keynesian thought in the dissertation itself. (Kahn, 1989, pp. x–xi).

The Fellowship dissertation, with the title 'The Economics of the Short Period' (see Kahn, 1989 [1929]), was written in a remarkably short time. It was submitted to the King's *Electors to Fellowships* in December 1929, and secured Kahn a Fellowship at King's College (which he took up in March 1930 and retained for the whole of his life).

Kahn's Fellowship dissertation (which remained unpublished for 50 years) is one of the two substantial works (the other being Joan Robinson's *Economics of Imperfect Competition*, 1933) that developed in Cambridge on the trail of the devastating critique of Marshall's economics launched by Piero Sraffa in the late 1920s (Sraffa, 1925 and 1926). Richard Kahn and Joan Robinson worked very much in collaboration, under the strong influence of Sraffa and Shove. For Kahn and Joan Robinson this was the beginning of an intense intellectual partnership that lasted for life.

The most interesting part of Kahn's 'Economics of the Short Period' is perhaps his analysis of the extent to which—in periods of depression—market imperfections affect the way in which output gets distributed among the various firms, the essential point being that market imperfections prevent the most efficient firms from reaching an optimum utilization of their productive capacities and instead cause all firms (efficient and inefficient alike) to reach equilibrium at a point at which there is under-utilization of productive capacity and less than full employment. This sets obvious relations between the microeconomic behaviour of the single firms and the situations of under-utilization of productive capacity for the economic system as a whole.

Only a very short part of the dissertation reached publication in the 1930s (part of Chapter 7). Kahn re-elaborated it in the form of an elegant article (Kahn, 1937), that has since become a standard reference in the economic literature on duopoly and oligopoly. But the whole of Kahn's dissertation deserves closer scrutiny. It has only recently become available, first in an Italian translation (1983) and then (in fact posthumously) in the English original. A careful study of it may well contribute to piecing together the great analytical puzzle of the relations between Sraffa's critique of Marshall's theory of the firm and Keynes's macroeconomic

theory, or, to put it in other terms, of the micro-foundations of Keynes's *General Theory*.

There can be no doubt that, on a strictly intellectual level, these were Kahn's most productive years. It was in the summer of 1930, in the process of criticizing a paper by Keynes and Henderson on public works, that Kahn discovered the principle of the multiplier.

The multiplier is a relation between the *increase* in exogenous aggregate expenditure and the *increase* in net national product thereby generated (and thus also in employment, if employment is proportional to net national product and the economy is in a situation of unemployment due to lack of effective aggregate demand). To put it in simple and compact terms, if c is the fraction of any increase in income that consumers tend to spend, it can be shown that any increase of £1 of exogenous expenditure (or else of such an amount that generates 1 extra job) will finally generate £1/(1 - c) of extra net national product (or else 1/(1 - c) extra jobs). This is Kahn's multiplier. The author originally presented it in an article with reference to employment (Kahn, 1931), and it immediately became relevant for the economic policy discussions of the time. The conventional view was that an increase in government expenditure would simply shift employment from the private to the public sector without affecting its total, as the amount of savings available was fixed. Kahn's analytical device showed that employment would increase, and by how much. The multiplier was then to be used by Keynes, more with reference to national income (and to the process of investments generating a corresponding amount of savings), as one of the major ingredients of *The General Theory*.

It was in 1930, that Kahn started chairing and conducting the so-called 'Cambridge Circus', a group (or rather a closed club) of young Cambridge economists (which included Joan and Austin Robinson, Piero Sraffa and James Meade, besides Kahn) that was originally set up to discuss Keynes' *Treatise on Money*, but then went on regularly to discuss, criticize and propose changes to subsequent drafts of what was to become Keynes's *General Theory*.

But Kahn's contributions extended to micro-economic theory and to other debated subjects in the 1930s: the development of the concept of elasticity of substitution among 'factors of production', as an analytical tool in the traditional theory of income distribution (Kahn, 1933b), and the laying out of the foundations of welfare economics. Kahn's notes on 'ideal output' (Kahn, 1935a), and his article on 'tariffs and the terms of trade' (Kahn, 1947) were later to be basic to Jan Graaff's systematic (and rather pessimistic) theoretical work on welfare economics (Graaff, 1957).

Kahn was appointed a University Lecturer in 1933 and became a member of King's economics teaching staff in 1936. There was later an

interruption due to the war. But for this exception, he was responsible for the teaching of economics at King's College up to 1951 (first with Shove and Keynes and later, from 1949, with Kaldor).

He relinquished undergraduate teaching in 1951—according to University regulations—on his appointment to an *ad hominem* University Professorship, which he held till retirement age (1972).

Until a few years ago, little attention had been paid by his academic friends to his activity during the war. But in a recently published long interview edited by Maria Cristina Marcuzzo (see Kahn, 1988), Kahn has emphasized at length, and in great detail, this little known part of his life.

For seven troubled years, starting from 1939, he was completely absorbed, as a temporary Civil Servant, in Government activity. In 1939, he served at the Board of Trade; his task was to devise ways of restricting the supply of goods to civilians to an essential level, so as to divert the supply of labour, raw materials, equipment, building and shipping space to the needs of the Armed Forces; and at the same time to ensure maximum efficiency in the limited production of civilian goods. In 1941, he moved to Cairo, as a member of the staff of the Middle East Supply Centre, again with tasks concerning war rationing and war production; and in 1943 he was back in London, in the Raw Materials Department of the Ministry of Supply. He was then transferred in 1944 to the Ministry of Production as Head of their General Division and, at the end of the war, when the Ministry of Production and the Board of Trade were merged, he became Head of the General Division of the Board of Trade.

He did not return permanently to Cambridge until September 1946.

Later on, his Government activity continued only on a sporadic and temporary basis. In the 1960s he served for three years as a part-time member of the National Coal Board.

On an intellectual level, of great importance was his Memorandum of Evidence submitted to the Government-appointed Committee on the Working of the Monetary System, known as the Radcliffe Committee. This Memorandum (Kahn, 1960a), jointly with his theoretical work on the extension of the concept of liquidity preference (Kahn, 1954a), was among the substantial pieces behind the formation of what has become known as 'The Radcliffe Committee view' on the working of the monetary system. When in the 1970s the more traditional 'monetarist' views once again became fashionable, Kahn was consistent in reacting vehemently against them and in rallying to the defence of the Keynesian approach (see Kahn, 1976a, 1976b).

He also worked, now and then, for various international organizations. In 1955 he spent a year at Geneva as a member of the Research Division of

the United Nations Economic Commission for Europe, contributing substantially to the *Economic Survey for Europe in 1955*.

In 1959 he was appointed a member of a Group of Experts of the OEEC to study the problem of rising prices. It was this Group of Experts that—in the early 1960s, when very few had yet realized the dangers of inflation—introduced the concept of ‘wage–wage spiral-leap frogging’, connected with the consequences of excessive wage increases.

In the course of the years, from 1965 to 1969, he served as a member of 4 Groups of Experts of UNCTAD, the United Nations Conference on Trade and Development. It was in this connection that the idea was developed of *linking* the expansion of the international liquidity, through the International Monetary Fund, to provisions in favour of the less developed countries.

With this distinguished record of service to national and international institutions, there was no surprise, in 1965, when in the first honours list of Harold Wilson’s new Labour Government, Richard Kahn appeared among the Life Peers.

Harold Wilson, himself a convinced Keynesian, was an admirer of Kahn’s academic work. But Kahn was never part of the group of Labour Party counsellors; he always kept a detached attitude. In the House of Lords, he sat on the cross benches. In fact his attendance remained rather infrequent, the public limelight never being congenial to his inward-looking character. Only occasionally did he give speeches, all on economic matters (see the bibliography).

Kahn’s real place remained, of course, King’s College and Cambridge University. The post-war period was the time of full maturity in his life. An extraordinary flurry of ideas characterized Cambridge economics in that period and made Cambridge one of the major world sources of original economic thought. Again Kahn was behind most of what was in the making. There was a time at which, as Chairman of the Economics Faculty, Professorial Fellow and Fellowship Elector at King’s, convener of the so called ‘Secret Seminar’, he seemed to have the whole of the Cambridge economics thought process rotating around him. The teaching of economics in Cambridge was re-shaped under his initiative. The ‘Secret Seminar’ (also known as the Tuesday Group, though it met on Mondays) was a post-war version of the early ‘Cambridge Circus’. It was held in Kahn’s rooms in Webb’s Court. There it was that the major contributions generated by the Cambridge Keynesian school of economics took shape.

The secrecy of the initiative was a joke, but it was very characteristic of the atmosphere created by its convener and leader, Richard Kahn. Unsympathetic outsiders gave it all sorts of mysterious, even hidden meanings. But the essence of it was very simple: it was a way to keep the

meetings closed to a small group. Kahn's character never brought him to extrovert expressions or to easy communication. He was a clumsy lecturer, as soon as the size of the audience became moderately large. Very rarely did he go to conferences or to public meetings; never to large congresses. When decisive stands had to be taken, he let others come out on the battle forefront. He preferred to stay behind the scenes. But in private conversations or in small groups he was unequalled: persistent, punctilious, relentless, he gave his time—to colleagues, students, and even visitors who submitted work to him—freely and with rare generosity.

One can find explicit signs of his contributions in at least three fields, where he broke new ground, beyond Keynes's *General Theory*. First, in the field of monetary theory, with his already mentioned article on liquidity preference (Kahn, 1954a), and the Radcliffe Committee Memorandum (Kahn, 1960a). Secondly, on the inevitability of inflationary pressures in industrialized countries, once full employment is reached, unless some drastic changes are introduced into our institutions. And he specifically explored in considerable detail those institutional changes that he thought should be introduced into the process of wage negotiations (see Kahn, 1976a, 1976b, 1977d). Thirdly, he played a major part in the shaping of the post-Keynesian theories of capital, growth and income distribution, as opposed to neoclassical theories (see Kahn, 1954b, 1959a, 1959b), as well as in the development of a post-Keynesian approach to planning (Kahn, 1958).

On a personal level, he was 'a very private man' (Tabor, 1989). Only 'the happy few' who belonged to the small group of his close friends had the privilege of appreciating the delicate sensitivity of a really exquisite personality that lay below the hard surface of the imposing mien of an apparently frightening authority. The warmth that was always in reserve broke loose now and then for the benefit of those who were among his guests, on the occasions of carefully prepared dinner parties, followed by attendances at theatrical or musical performances, many of them at the Arts Theatre (on whose Board of Trustees he succeeded Keynes). These were normal features of his way of life. He enjoyed playing the role of the impeccable host, who cared in the most minute detail for each of his guests, including short, handwritten (almost illegible) essential biographical information about the other guests.

He will also be remembered for his complete devotion to the cause of academic freedom. His unflinching efforts to help intellectuals in difficulty with political regimes were simply extraordinary. For many years (1954–76) he sat on the Executive Committee of the Society for the Protection of Science and Learning, an organization whose aim was to help refugee scholars as they arrived in Great Britain.

His love for music and the arts was matched only by his love for the mountains. The Swiss, Austrian, Italian Alps, besides the home peaks in the Lake District, were for him places of regular visits and excursions. He was very fond of walking: his long Sunday walks remained a regular feature of his life up to his very last days.

And of course, as a bachelor, he could enjoy College life fully; yet with no misogyny. The families of a few selected friends enjoyed his relaxed participation in their family life, of which he shared the profound humanity, involvement and responsibility.

In the last decade of his life Richard Kahn became more and more withdrawn. Though he continued his excursions and his visits to places of historic and artistic interest, very rarely did he accept invitations to lecture, at home or abroad. There were two exceptions: his Mattioli lectures in Milan in 1978, from which came his book, *The Making of Keynes's General Theory*; and the presentation to him in Bologna in 1988 of the Italian version, in book form, of a long interview he had given, to which he gave a title that represents his own definition of himself: *Disciple of Keynes* (see Kahn, 1988). They now appear as the final expression of his consistent faithfulness to Keynes, and a symbol of his special relation with Italian economists.

But his aloofness, sometimes attributed to physical deafness, had deeper and more complex explanations. He did not approve of the turn that politics had taken in his country. He became dissatisfied with both major parties, and in fact became a supporter of the Social Democratic party. But, most of all, he was saddened by the turn that mainstream economics had taken. In his last few years he was a very deeply disappointed man. At times, he appeared grumpy. Yet he never made much apparent fuss about it, though never hiding his disapproval, if explicitly asked. He suffered in the depth of his conscience, but preferred the sombre dignity of silence to any form of what might have appeared old-age hysterical complaint. And he remained silent, in all respects, even after death. Surprisingly—for a bachelor and a punctilious scholar, who was also the scrupulous literary executor of John Maynard Keynes—he died, at 83, leaving no will. The only after-death wish that he seems to have left is his instruction to be buried in the Jewish section of the Cambridge Cemetery. The burial ceremony was conducted in Hebrew on 12 June 1989, by Professor David Tabor of Gonville and Caius College, who had succeeded him in 1946 as Senior Treasurer of The Cambridge University Jewish Society.

4. Kahn and Keynes's 'General Theory'

It is very unlikely however that Kahn's silence will be accepted by the historians of economic thought. There are at least two puzzling problems that his disappearance leaves wide open. The first concerns the role he played in the making of Keynes' *General Theory*. The second goes even deeper; it concerns the very nature of the 'Keynesian Revolution'.

We know that Keynes became deeply convinced in the 1930s of the revolutionary character of his new ideas.² At the same time he seemed to be strongly afraid of falling into mistakes. In the *Preface* to his masterpiece he explains:

The writer of a book such as this, treading along unfamiliar paths, is extremely dependent on criticism and conversation if he is to avoid an undue proportion of mistakes. It is astonishing what foolish things one can temporarily believe if one thinks too long alone, particularly in economics . . . (Keynes, 1936, p. vii).

This may contribute to explain why Keynes took particular care to surround himself with a stable group of bright young intellectuals, with whom he could have delightful conversations and thorough discussions.

It may be recalled that Ludwig Wittgenstein, the brilliant Austrian philosopher, Piero Sraffa, the prominent Italian economist, Frank Ramsey, the talented mathematician and philosopher from King's College, who died so young, were all part of his *entourage*. But most of all he had around him a formidable group of young economists, among whom Richard Kahn undoubtedly gained a privileged position.

Keynes's heaviest acknowledgements, in both his two major works, are to Kahn. In the *Preface* to the *Treatise on Money*, Keynes writes:

In the gradual evolution of the book into its final form and in the avoidance of errors my greatest debt is to Mr R. F. Kahn of King's College, Cambridge, whose care and acuteness have left their trace on many pages . . . (Keynes, 1930, p. vii);

and in the *Preface* to the *General Theory* Keynes again writes:

In this book, even more perhaps than in writing my *Treatise on Money*, I have depended on the constant advice and constructive criticism of Mr R. F. Kahn. There is a great deal in this book which would not have taken the shape it has except at his suggestion (Keynes, 1936, p. viii).

² The much quoted reference on this is a letter Keynes wrote to G. B. Shaw on 1 January 1935—a year before the publication of the *General Theory*: 'To understand my state of mind, however, you have to know that I believe to be writing a book on economic theory which will largely revolutionise—not, I suppose, at once but in the course of the next ten years—the way the world thinks about economic problems' (Keynes, 1973, p. 492).

Keynes's confidence in Kahn is further revealed by various documents recently published in his *Collected Writings*. For example, in a letter to Harold Macmillan, who in 1932 had asked his opinion of the typescript of Joan Robinson's *The Economics of Imperfect Competition*, Keynes writes:

I have . . . confidence that [Joan Robinson's typescript] is reasonably free from minor slips and errors and fallacies because the authoress explains in the preface that it has been very elaborately and carefully criticised by R. F. Kahn; indeed I suspect that he has played a very substantial part in getting it to its present form. Now he is the most careful and accurate of all the younger economists, and mistakes do not easily get past him. I should say that he is a long way the ablest and most reliable critic of this type of work now to be found. Knowing the part that he has played in the preparation of the book, I have much greater confidence in its being free from . . . blunders . . . (Keynes, 1983, p. 867).

For a check, here is what Joan Robinson herself writes, in her 'Foreword' to the published book:

Of not all the new ideas . . . can I definitely say 'this is my own invention'. In particular I have had the constant assistance of Mr R. F. Kahn. The whole technical apparatus was built up with his aid, and many of the major problems . . . were solved as much by him as by me (Robinson, 1933, p.v.)

It is no surprise, therefore, if Paul Samuelson once referred to Kahn as:

that elusive figure who hides in the prefaces of Cambridge books (Samuelson, 1947, p. 159).

This makes it even more appropriate to endeavour to go below the surface.

We know that it was indeed Kahn who convened the 'Cambridge Circus'; he picked up the problems from Keynes, brought them to the group and then took back the results of the discussions to Keynes. (In the colourful image of the wife of one of the young economists, Kahn played the role of the Angel-Messenger between 'God-Keynes' and the mortal discussants) (see Keynes, 1983, pp. 338-9).

In a recent reminiscence, Kahn recounts that, for at least 'four years', starting from 1930, he spent 'part of most vacations staying with Keynes and Lydia [Keynes' wife] at Tilton [Keynes' country house] . . . The main object was to help Keynes with his work but also to enable me to carry on work of my own . . . During the morning we usually worked together in his study . . .' (Kahn, 1984, pp. 175, 177).

A very significant *coup d'oeil* on the effectiveness of Kahn's help transpires from what Keynes writes to Joan Robinson on 29 March 1934:

I am going through a stiff week's supervision from RFK on my MS. He is a marvelous critic and suggester and improver—there never was anyone in the history of the world to whom it was so helpful to submit one's stuff (Keynes, 1973, p. 422).

Joseph Schumpeter—the most acute of all historians of economic thought—very perceptively described Kahn (together with Shove) as belonging to a very peculiar category of scholars:

scholars of a type that Cambridge produces much more readily than the other centres of scientific economics or rather of science in general. They throw their ideas into a common pool. By critical and positive suggestion they help other people's ideas into definite existence. And they exert anonymous influence—influence as leaders—far beyond anything that can be definitely credited to them from their publications (Schumpeter, 1954, p. 1152).

But of course the most striking of all Schumpeter's assertions is that much quoted conjecture of his:

Next, we must record [in *The General Theory*] Keynes's acknowledgements of indebtedness, which in all cases can be independently established, to Mrs Joan Robinson, Mr R. G. Hawtrey, Mr R. F. Harrod, but especially to Mr R. F. Kahn, whose share in the historic achievement cannot have fallen very far short of co-authorship (Schumpeter, 1954, p. 1172).

Co-authorship? Was it really something of the sort? Kahn himself, with his characteristic instinctive modesty about his achievements, always denied it. When asked specifically, he referred to Schumpeter's claim as:

clearly absurd. Perhaps it was inspired by unconscious hostility to Keynes (Kahn, 1984, p. 178; see also p. 240).

On the other hand, the evidence mentioned above is quite compelling. It may further be pointed out:

1 that the 'revolutionary' change in Keynes's thinking that brought him from his *Treatise on Money* (a work in the Marshallian tradition) to his *General Theory* (a 'revolutionary' work) took place *after* Keynes had submitted his theories to the regular and thorough discussions of the 'Cambridge Circus' organized and led by Kahn;

2 that it was Kahn, who, in conjunction with Austin and Joan Robinson, drew and signed the so-called 'manifesto' of April 1932, an open criticism of Keynes' 'Monetary Theory' lectures at Cambridge; after which Keynes restructured radically his lectures, re-named them 'The Monetary Theory of Production'; and made that crucial shift from price to quantity adjustments, which laid the basis of the *General Theory* (see Keynes, 1979, pp. 42–5);

3 that it was Kahn who, in 1930, invented the ‘multiplier’, a major analytical ingredient of Keynes’ revolutionary work.

Schumpeter’s conjecture may well have gone too far. Yet it is quite clear that there was something decisively unusual in the participation of this ‘elusive figure’ in that ‘historical achievement’. How far such participation did in fact go will probably remain for long the subject of debate.

5. Kahn and the ‘Keynesian Revolution’

Some further light on the question just raised may come from considering what happened *after* Keynes’s death.

Kahn continued in his usual way his discrete influence on what was being elaborated in Cambridge; suffice it to report what Joan Robinson acknowledges in the *Preface* to her *Accumulation of Capital*, the most ambitious of all her works:

As so often, it was R. F. Kahn who saw the point that we were groping for and enabled us to get it into a comprehensible form (Robinson, 1956, p. vi).

and a few lines further, with reference to a specific but basic tool of analysis (the production function):

In this understanding I had invaluable help from R. F. Kahn, who, once more, found the essential clue to rescue the argument from the tangle into which I had ravelled it (*ibid.*, p. vii).

But Keynes was no longer in Cambridge. In his place there was a powerful group of intellectually formidable direct pupils of his. What appeared striking was that, to their proud awareness of the greatness of the Keynesian message and to their strong conviction of expressing the true continuation and the genuine interpretation of the ‘Keynesian Revolution’, there corresponded an increasing hostile reaction from the outside academic world, added to the opposition (which had never disappeared) of the more traditionally-minded, moderate and conservative, part of the Cambridge establishment.

The Keynesian theories and policies had been accepted in the United States during and immediately after the war. This meant worldwide relevance. The first two decades of the post-war period were characterized, in all industrialized countries, by unprecedented low levels of unemployment, and, in the whole world, by unprecedented economic expansion. This exceptionally long wave of prosperity was generally associated with the, universally applied, Keynesian policies. But later on, concurrently with the oil crisis of the 1970s, economic difficulties began to reappear, in

particular persistently increasing levels of prices. This encouraged the return of anti-Keynesian, and even pre-Keynesian, modes of thinking, both in academic and political circles, especially in the United States and, as a reflex, in Great Britain. Mass unemployment reappeared in all industrialized countries, but preoccupations with unemployment fell into second place, with respect to those concerning inflation (rather unexpectedly at first sight, but with some justification, given the changes that the Keynesian policies themselves had brought about).

For a few years, 'monetarism' (as opposed to 'Keynesianism') became fashionable. But it did not last for long. Strict monetarist recipes quickly fell into disrepute. Yet they left their mark. Mainstream economics did *not* go back to Keynesian theories and policies in a full way. It stopped somewhat half-way.

It did so by drawing a sharp distinction, or rather by suddenly opening a break, between Keynes and his Cambridge school. The latter, with all its developments of Keynesian thought in various directions, was set aside and ignored. At the same time, Keynes's *General Theory* was increasingly linked back to Keynes's pre-*General Theory* works and subjected to a series of reinterpretations.

Very significantly, Don Patinkin, in his 1989 British Academy Keynes Lecture, chose to address himself to the 'Different Interpretations of the *General Theory*'. He has also—rather ingenuously, it would seem to me—shown surprise at finding that different interpretations of Keynes's major work did not begin to appear until a quarter of a century after its publication.

The interpretation that Patinkin himself favours is the one that has grown up slowly from inside traditional economics. Patinkin looks at Keynes's theory as a sort of Walrasian general equilibrium macro-economic model. By contrast, the Cambridge Keynesian school, and in particular Kahn, always took Marshall's neo-classical economic theory—which was the British version of that stream of economics which on the continent was associated with the names of Walras, Pareto and Menger—as precisely the theory from which the 'Keynesian Revolution' broke away.

For Kahn, the 'Keynesian Revolution' could not but mean what it literally says—a 'revolution', a sharp break-away from traditional neo-classical economic theory; i.e., to use a fashionable Kuhnian term (Kuhn, 1970), 'a change of paradigm'.

In these terms, mainstream economics is in (at least terminological) contradiction. To make all the reinterpretation that is necessary to re-absorb the 'Keynesian Revolution' into the traditional fold is in fact to reduce the 'Keynesian Revolution' to no revolution at all.

This is what Richard Kahn finally saw taking place in dominant economics; and it is precisely this that saddened him so deeply in the last few years of his life. He felt somewhat deprived of his Keynesian roots.

In addition, what to Kahn appeared a 'tragedy' was that in Cambridge—i.e. in Keynes's own place—very few economists indeed were left to carry the Keynesian banner. At least in one respect, the Keynesian group had differed from Keynes: they had left no successor in an influential position. In the last few years of his life, Nicholas Kaldor was explicit enough to openly recognize this as a failure. Richard Kahn perhaps felt it even more deeply, but kept it to himself.

Yet, quite apart from any personal 'tragedy', which may have been experienced by a remarkable person at an exceptional time, fascinating as it may be as a source of emotions and reflections, there remains the more substantial and widely relevant intellectual problem of what it is that the 'Keynesian Revolution' really was (or failed to be).

Was it really that break-away, that discontinuity with Marshallian (or Walrasian) neo-classical economic theory, which Kahn and the Cambridge group very definitely felt since the beginning, and which they were so excited to work for, in a major effort to reconstruct economic theory on sounder foundations? Or was it in the end (contrary to what they felt) perhaps a sharp or even a violent but *temporary* turmoil, to be re-absorbed into the traditional fold, as the contingent events behind it faded away?

No one can honestly claim to be able to answer these questions in a conclusive way, at present. Nor should we expect that Richard Kahn would have liked to answer them for us.

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