

THE MASTER AND THE PRODIGY

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There is little doubt that John Maynard Keynes fundamentally shaped economics and policymaking in the twentieth century. Less appreciated is that he owes some of his central insights to a brilliant Cambridge polymath who died in 1930 at age 26.

Zachary D. Carter, *The Price of Peace: Money, Democracy, and the Life of John Maynard Keynes*, Random House, 2020.

Cheryl Misak, *Frank Ramsey: A Sheer Excess of Powers*, Oxford University Press, 2020.

CAMBRIDGE – In January 1922, a 19-year-old University of Cambridge undergraduate challenged a recently published work of philosophy by a fellow of King’s College, Cambridge, a man twice his age and well on his way to recognition as Britain’s leading public intellectual.

In the uninhibited style that is so characteristic of Cambridge argumentation, Frank Ramsey laid into John Maynard Keynes’s *Treatise on Probability*, which had proposed that there exists an objective probability relation between any two non-contradictory statements. Keynes had conferred on probabilities a status independent of anyone’s beliefs about the likelihood that the second statement would follow from the first. But Ramsey objected that, “There is no such probability as the probability that ‘my carpet is blue’ given only that ‘Napoleon was a great general.’”

Much would depend on this intellectual encounter, for Keynes came to accept Ramsey’s critique, and followed the younger man in accepting that necessarily fallible subjective beliefs about the future play a role in any decision to act. In turn, a deeply embedded theme running through Keynes’s 1936 masterwork, *The General Theory of Employment, Interest, and Money*, is that pervasive uncertainty informs all of our forward-looking actions. Decisions to invest resources today for more or less probable returns tomorrow are based on “long-term expectations” that are themselves inherently fragile. The implication is that a decentralized capitalist economy can fall short of employing all available resources, creating the need for the state to step in and “stabilize an unstable economy,” as the economist Hyman Minsky once put it.

Ramsey tragically died in January 1930, a month shy of his 27th birthday. During his short life, he made significant, prescient contributions to mathematics, philosophy, and economics, and his influence in these fields has increasingly been recognized and celebrated over the past 90 years. Keynes, for his part, went on to transform economic theory in response to the Great Depression. In the process, he offered policy roadmaps for a wide range of urgent political challenges – from ending mass unemployment and financing World War II, to establishing a financially harmonious post-war international settlement, before his own untimely death in 1946.

UNPARALLELED LIVES

Now, new biographies of each man have been published almost simultaneously, offering an opportunity to revisit the work of these extraordinary twentieth-century intellectual innovators. In *Frank Ramsey*, Cheryl Misak, herself a distinguished philosopher at the University of Toronto, digs deep into Ramsey’s thought, mobilizing relevant authorities in each of his disciplines to provide insights into his profound originality. She also offers deeper context, situating Ramsey’s brilliance in the distinctive cultural and social milieu of 1920s Cambridge. Explaining intellectual contributions across three overlapping fields of inquiry is a daunting task, but Misak’s account of Ramsey’s life is rich and rewarding, not least because Ramsey himself was a warm, loving, and loved human being (not to mention physically larger than life).

Similarly, *HuffPost* reporter Zachary D. Carter’s *The Price of Peace* is a work of the highest-caliber journalism, delivering an engaging – if occasionally inaccurate – account of Keynes’s intellectual output, set in the context of the economist’s fully lived life. (One shared feature of the two books is that their subjects each pursued sex with gusto, a topic that neither author evades.)

Despite the monumental stature of Robert Skidelsky’s three-volume life of Keynes, amply referenced by Carter, a new, accessible introduction to Keynes the man, the economist, and the policy operative is welcome. This is especially the case because Keynes’s relevance was rediscovered following the 2008 global financial crisis and has increased all the more during the current period of mass unemployment caused by COVID-19.

Carter's most original and substantial contribution begins after Keynes's death. His book provides a detailed account of how the genuinely radical "Economics of Keynes" was transformed into the narrowly constrained and conventional "Keynesian economics," which was more palatable for policymakers in post-war capitalist America, but also more vulnerable to attack by economic libertarians starting in the 1970s.

It is here that Misak's book extends beyond Carter's reach, for, at the center of the doctrine that overthrew a distorted version of Keynes's thinking was a profound distortion of Ramsey's own views. To understand the significance of their contributions requires clarifying this double distortion.

WHY RAMSEY MATTERS

Misak has written a truly comprehensive "life and works." So rich was Ramsey's short life that it easily justifies a 500-page biography. As Misak demonstrates, the impact of Ramsey's thought has continued to be felt both in his own writings and through his influence on others, including not just Keynes but also the philosopher Ludwig Wittgenstein, who was a resident in Cambridge during Ramsey's lifetime.

Through direct and indirect channels, Ramsey's influence has extended across multiple generations – a legacy all the more impressive considering that he stood out against the central intellectual project of the time. Contemporary leading thinkers such as Bertrand Russell and the philosophers of the Vienna Circle, as well as Wittgenstein, were all engaged in a quest for certainty and logical purity; they conceived of truth in terms of propositions about a reality that is wholly independent from us.

For his part, Ramsey allowed that absolute truth could be achievable within a very small class of specific propositions. The problem, as he saw it, was that this narrow set excluded the vast bulk of our beliefs. Standing in direct opposition to his contemporaries, his was a quest not for "truth" but for beliefs that would work for human beings.

Ramsey's lasting influence was not independent of the context – Cambridge in the 1920s – in which he lived and worked. His father was a mathematician and a senior fellow of Magdalene College; his mother was an influential figure in Cambridge political life, both before and after the split-level success of the campaign for women's suffrage in 1918 and 1928. In this setting, an evidently brilliant young scholar had potentially direct access to the likes of Keynes, Russell, and Wittgenstein. The doors to their studies were there, waiting to be opened. And when Ramsey walked through them, the history of twentieth-century thought was fundamentally changed.

THE ECONOMICS OF SECOND BEST

I am most familiar with Ramsey's particular contributions to economics, including two papers he wrote for the *Economic Journal* (edited by Keynes), each demonstrating how formal mathematics can illuminate theoretical problems. The first, "A Contribution to the Theory of Taxation," showed that a single flat tax on the purchases of goods is not optimal. Rather, optimality in the allocation of resources requires linking the amount of the tax to the conditions of demand for each distinct good.

Specifically, each good has an elasticity of demand with respect to price (high elasticity means small changes in price have large effects on the quantity demanded, and low elasticity means the inverse). Ramsey proved that the social loss of inserting a tax wedge between producers and consumers would be minimized if the amount taxed was inverse to the elasticity of demand: goods with low elasticity (such as tobacco) should have high taxes; goods with high elasticity (say, pastry) should be taxed relatively less. Needless to say, this approach has had lasting relevance for policymaking, not least in its demonstration of how to implement the "theory of the second best," or as Paul Samuelson put it, the "theory of the *feasible* first best."

The second paper, "A Mathematical Theory of Saving," has even greater strategic relevance today. Ramsey wanted to determine how much of its income a country should "save in order to maximize utility over generations." The conventional economic view is that the present value of future benefits and costs should be discounted to account for uncertainty about their realization, lack of sympathy with unborn others, and the intrinsic salience of immediate consumption. Ramsey accepted that this might well be the case for an individual, but not for a society. That is to say, he rejected the idea that we should value current wellbeing over that of future generations.

In this, Ramsey followed Arthur Pigou, Cambridge's Professor of Economics (in those days there was only one with this title) and the author of *The Economics of Welfare*, which remains a seminal text. Ramsey found it "ethically indefensible" for a society collectively to discount its successors' wellbeing. So, with mathematical rigor (again), he generated a policy recommendation: with no discounting, saving today for investment to benefit future generations should be much higher than is generally reckoned – perhaps as high as 50%.

What argument could be more relevant in today's contentious debate over climate change? What's more, China, motivated by the explicit goal of radically improving its population's long-term welfare, has already followed "Ramsey's Rule" in maintaining a gross domestic savings rate of 40-50% for the past 30 years.

THE UTILITY FACTOR

But Ramsey's most profound – if perverse – impact on economics follows directly from his challenge to Keynes. He brought subjective beliefs into the evaluation of uncertainty about the future, and then resolved the challenge of quantifying such beliefs when a straightforward “frequentist” answer was not available (such as the truth by construction: a fair die has a one-in-six chance of showing each of its faces when randomly thrown). His solution was to present an individual with alternative “bets,” with the odds on the one they accept directly reflecting their degree of belief in a particular outcome. This methodology remains embedded in microeconomics today as the way to measure “risk aversion.”

Ramsey linked subjective expectations to the standard utilitarian approach for motivating economic actors: any decision to purchase one good among others, or to work rather than not, could be read as maximizing the actor's utility, net of the cost of such action. Thus, Ramsey was the forefather of a concept that is now central to economics: “subjective expected utility,” which was reinvented some 20 years later by John von Neumann and Oskar Morgenstern in their *Theory of Games and Economic Behavior*.

As with Keynes's *General Theory*, Ramsey's formulation of subjective expected utility took on a life of its own quite distinct from the purpose and values of its author. For Ramsey, as Misak puts it, “choosing to maximize utility is a moral decision which puts utility before justice and equality.” Furthermore, the expectations themselves are necessarily fallible. As Ramsey argued in his 1926 paper “Truth and Probability”:

“The ideally best thing is that we should have beliefs of degree 1 in all true propositions and beliefs of degree 0 in all false propositions. But this is too high a standard to expect of mortal men, and we must agree that some degree of doubt or even of error may be humanly speaking justified.”

Moreover, Ramsey recognized the central question of just what – that is to say, *whose* – utility is supposed to be maximized, even if his formal papers abstracted from it. Minutes from the Cambridge Quintics Society, to which he presented a paper (now lost) on “mathematical economics” in 1927, record Ramsey as asserting that, “in arguing about the welfare of the community as a whole,” we have to assume either that utility is the same for everyone or that averaging utilities provides a fair representation. But, he hastened to add, “this is quite unfair except when all the people are quite well off. ... For the rich man, it makes little difference how the last sixpence in his pocket is spent.”

In any case, reading Ramsey's original views exposes the later-developed model of the “rational representative agent” – one who calculates with perfect foresight the utility of the future consequences of today's decisions – as a perverse caricature both of human decision-making and of Ramsey's own formulation of subjective expected utility. The role he might have played in pragmatically civilizing formal microeconomics is only one of several salient “what ifs” following from his early death. And his work in both philosophy and mathematics generates many others.

WHAT IF S?

Ramsey's standing as a prodigy was already established, first in philosophy, before he confronted Keynes in 1922. Misak sets the scene in Cambridge, where Russell and Alfred North Whitehead had seen off German metaphysics as they launched their project to derive mathematics from formal logic in the *Principia Mathematica* (1910-13). Into this milieu arrived Wittgenstein, who had studied with Russell before World War I and survived service with the Austrian army to produce a revolutionary work, the *Tractatus Logico-Philosophicus* (1921).

The *Tractatus* was and remains a notoriously difficult attempt, as Misak puts it, “to specify the exact relationship between language and reality.” Wittgenstein asserted that language, when concerned with “atomic facts” of the world, presents “pictures” of reality; but when such pictures are not available – as is the case with the propositions of logic, mathematics, philosophy, ethics, and religion – language about them is “nonsense.” Logical statements are tautologies that hold regardless of whatever reality may contingently exist. Other metaphysical propositions can only be shown, not proven. The final sentence of the *Tractatus* has canonical status: “Whereof one cannot speak thereof one must be silent.”

Despite its Latin title (aspirationally denoting a foundational text), the *Tractatus* was written in German. At the ripe age of 18, Ramsey took on the task of translating it into English, which he accomplished with Wittgenstein's approval. We learn from Misak, however, that Ramsey's struggle with the book and with Wittgenstein's ideas persisted. By the time he was 20, he had developed his own pragmatic understanding of truth as represented by the success of an action in realizing the object of a belief. Moreover, through arduous confrontations with the fiercely contentious and intellectually arrogant Wittgenstein, he established a critique of the *Tractatus* that finally led Wittgenstein himself to question the work, as outlined in his posthumously published *Philosophical Investigations*.

Ramsey's pragmatism, much influenced by the American philosopher C. S. Peirce (a close contemporary to William James), was shocking to interwar Cambridge. Because Ramsey's expanded work, *Truth and Probability*, was unfinished at his death, its impact was more limited than it otherwise would have been. Its basic thesis, aptly summarized by Misak, was that, “Probability and Experimentation are at the very heart of knowledge.”

Evolving over generations into the methodology of “Subjective Bayesianism,” Ramsey's argument with and beyond Wittgenstein still constitutes the dominant approach to comprehending the world today. Here, we come to another “what if” generated by Ramsey's premature death. Citing a remark by the University of Oxford philosopher A. J. Ayer in 1980, Misak writes, “It was a great pity that Cambridge philosophers had spent the 1930s ‘chewing over Wittgenstein when they should have been chewing over Ramsey.’”

As for mathematics, Ramsey was one of the elite few to attack the “Decision Problem” (*Entscheidungsproblem*), as set out by the great German mathematician David Hilbert. The challenge was to define a procedure for deciding, within any logical system, whether an arbitrary statement can be proven to be true (universally valid). Shortly before his death, Ramsey proved a special, limited subset of the problem, but recognized that a “wall” might block any general proof. And, indeed, in 1931, the Austrian logician Kurt Gödel demonstrated that the Decision Problem was unsolvable.

That same year, a young mathematician with a keen interest in the same problem came to King’s College, Cambridge (where Keynes had sponsored Ramsey as a fellow). In fact, this young man would have been Ramsey’s student. His name was Alan Turing, and he developed a general algorithm, a “Turing Machine,” that not only could prove there were unsolvable problems, but also was the first conceptual definition of a general-purpose computer. Ramsey’s departure just before Turing’s arrival was, as Misak puts it, “one of the most spectacular near-misses in the foundations of mathematics.”

It was even more than that. Just the thought of Ramsey and Turing collaborating on the invention of computer science conjures a sublime panorama of counterfactual possibility, where one can lose oneself imagining what might have been.

THE ECONOMICS OF KEYNES

Carter’s book on Keynes has many virtues. The easiest to appreciate is his retracing of the man’s life trajectory, from a youth rebelling against late-Victorian customs and mores to a world-famous economist and statesman who fought for his country’s economic and financial survival, and for a harmonious global economic and financial order thereafter. In presenting this narrative, as in much else, Carter draws extensively on Skidelsky’s great work.

Elsewhere, making appropriate reference to *In the Long Run We Are All Dead*, by Geoff Mann of Simon Fraser University, Carter captures the underlying motivation that animated Keynes’s contributions to theory and policy. Keynes, he writes, “was a man whose chief project was not taxation or government spending, but the survival of what he called ‘civilisation.’”

Juxtaposing Misak and Carter’s books reveals two ironies, one small and one much larger. The large one will come at the end of this review; the small one is that Carter name-checks Ramsey as assisting in the translation of Wittgenstein’s *Tractatus*, and then attributes entirely to Wittgenstein the achievement of overthrowing Keynes’s *Treatise on Probability*. This is an error. In fact, as Misak’s book shows in exhaustive detail, it is so erroneous that, to paraphrase the physicist Wolfgang Pauli, it not only is not right; it is not even wrong.

In any case, the reason to write about Keynes is for his contributions to economics and public policy. Here, Carter gets some of the big things right. He is correct that in *The General Theory*, Keynes identifies the fundamental error of Say’s Law, which holds that supply creates its own demand, such that in equilibrium all resources must be fully employed. Because savings decisions and investment decisions are not made by the same people, they cannot be automatically equated. And because investment decisions are subject to inescapable uncertainty about the returns they will generate, they are unstable.

Carter is also right to note that the “real economy” of production, employment, and consumption is a monetary economy. Money is not merely a “lubricant” that facilitates trade, but rather an asset whose value derives both from the insurance against uncertainty that it affords and from the purchasing power that it represents.

But Carter also gets some things wrong, not least in his account of the evolution of Keynes’s thought and its impact on policymaking. In Britain throughout the 1920s, the central issue in economics and finance was persistently high unemployment, set against the perceived need to restore sterling’s link to gold at the pre-war US dollar parity of \$4.87 while maintaining free trade.

Contrary to Carter’s assertion, the desire to prevent trade wars through competitive devaluation was not the principal reason why the gold standard was broadly adopted in the nineteenth century. Rather, governments linked their currencies to gold to protect creditors from populist inflationary policies, as William Jennings Bryan asserted in his eloquent “Cross of Gold” speech at the 1896 US Democratic National Convention.

More immediately relevant, Carter completely misses the quasi-religious significance of free trade to British liberals and socialists alike. From the campaign to repeal the Corn Laws in the 1840s right through to 1931, free trade was a policy of redistribution away from domestic landowners and industrial capitalists in favor of the poor, because it was the latter who benefited from access to cheaper foreign goods, beginning with foodstuffs.

KEYNESIAN EVOLUTION

In reviewing Keynes’s principal works of economic theory, the *Treatise on Money* (1930) and *The General Theory*, Carter does not seem to apprehend the transformational shift in the assumptions framing the two texts. Keynes made this explicit in the preface to *The General Theory*. In the *Treatise*, he explains, “I failed to deal thoroughly with the effects of *changes* in the level of output. ... This book, on the other hand, has evolved into what is primarily a study of the forces which determine changes in the scale of output and employment as a whole.”

Carter assumes that Keynes's thinking developed gradually and consistently from the 1920s through the construction of *The General Theory*. He points us to Keynes's 1929 pamphlet in support of former Prime Minister David Lloyd George's radical debt-financed public works program. But in his reading of that document, Carter reports finding "groundbreaking theoretical insights" that simply are not there. In fact, Keynes's practical initiatives to reduce unemployment ran far ahead of his theoretical justifications for them. This sequence is plainly revealed in his 1930 correspondence with Hubert Henderson, his protégé-turned-policy conservative, which is cited by Skidelsky but ignored by Carter.

Owing to these misinterpretations, Carter gives no heed to Keynes's plea in the final paragraph of *The General Theory's* preface: "The composition of this book has been for the author a long struggle to escape, and so must the reading of it be for most readers if the author's assault upon them is to be successful – a struggle of escape from historical modes of thought and expression." Instead, Carter denounces Keynes's preface as "ostentatious," and is clearly annoyed that the work is "chiefly addressed" to economists instead of to the public at large. "The book," he asserts, "is difficult and obscure because [Keynes] wanted it that way."

There are two things wrong with this, apart from the resentful tone. First, in Volume XIII of Keynes's collected writings (*The General Theory and After: Part 1, Preparation*), there is ample evidence of the genuine intellectual struggle to which Keynes referred in his preface. According to Carter, Keynes "had come to the central ideas of *The General Theory* years before its publication" and, therefore, must have willfully decided not to present them in the style of "popular journalist" of which he was demonstrably a master. This is demonstrably not true.

Carter also fails to appreciate what Keynes had been forced by events to recognize. By 1932, both Conservative and Labour governments had repeatedly rejected Keynes's proposals for fighting unemployment. With prices collapsing around the world as the Great Depression took hold, Keynes ran into the argument that any debt-financed state investment would only generate inflation.

In the event, changing the framework of the economic-policy debate would require a reconstruction of the discipline's theoretical foundations. And this, in turn, would require a conversion on the part of the discipline's practitioners, or at least of the impressionable younger generation. "In economics, it takes a theory to kill a theory," Samuelson – ironically, the most formidable figure in the transformation of the theory produced by Keynes – is supposed to have remarked.

In this context, Keynes's popular journalism could not possibly have delivered a fully articulated new theory; even his *Treatise on Money* had failed to do so. *The General Theory* is difficult precisely because it was aimed at presenting new ideas in ways that would be accepted by economists who were acclimated to the old theoretical landscape. It was a way to bring them up to speed, so that the profession could contribute to changing the world in which politicians would operate. Carter's apparent ignorance of any of this deeply compromises the first half of his book.

THE TUG OF WAR

The most original and substantial contribution of Carter's book begins after Keynes's death, as Carter meticulously explores the transformation of the genuinely radical economics of Keynes into Keynesian economics. Yet, here, Carter begins by significantly overstating Keynes's influence on Franklin D. Roosevelt's New Deal. He links Keynes to the FDR-era chairman of the US Federal Reserve, Marriner Eccles, and to Eccles's adviser Lauchlin Currie. Both men, Carter writes, had "worked out rough-and-ready rationales for deficit spending that approximated Keynes's ideas."

But Eccles and Currie had done so independently of Keynes. When the premature return to fiscal and monetary orthodoxy in 1937 choked off recovery and precipitated the "Roosevelt Recession," they successfully argued for a massive public works program and oversaw a reduction in interest rates. These policies, together, resuscitated economic growth prior to mobilization for World War II. But Keynes himself was mostly a bystander in these New Deal policy debates.

What Carter gets right is the process through which *The General Theory* came to America as "Keynesian economics." The story reveals much about the power structure of American capitalism to this day. Carter sets the stage by documenting the institutional transformation of the US economy from a nascent welfare state to a seemingly permanent warfare state. In 1929, federal expenditures were about 2% of national income, whereas during the Eisenhower administration the figure was 18%. "Big Government Capitalism" had come to the United States, as it had to the rest of the developed world. Carter deserves plaudits for emphasizing this fact, which is too often neglected in retrospective accounts of post-war macroeconomic performance and policy.

In recounting how structural changes conditioned the battle of ideas, Carter begins, appropriately, with Keynes's student Lorie Tarshis, whose notes of the economist's lectures served as the initial intellectual vector from Old Cambridge to New Cambridge (Harvard University and MIT). Carter tracks the immune-system response these notes generated, initially within a Harvard administration that was dismayed by the left-liberalism of its economics department.

In 1947, Tarshis's *Elements of Economics* was published as the first textbook articulating Keynes's ideas in the US. It was quickly met by a concerted and successful campaign of reactionary activism, particularly against its suggestion that markets should be expected to fail. Carter accurately recounts how Samuelson, from his perch at MIT, stepped into the vacuum and "carefully and lawyerlike" wrote his *Economics: An Introductory Analysis* to deflect the threat posed by Keynes's ideas.

Samuelson's solution was to construct a "neoclassical synthesis." Keynesian macroeconomic policy, implemented by a state big enough to make a difference, would assure that all resources would be fully employed at all times. With the state operating as a visible hand to do

the work of Say's Law, microeconomics could revert to the pre-Keynesian model of perfect competition as the mode by which to allocate resources efficiently.

But Samuelson turned his back on the behavioral micro-foundations of *The General Theory*. As the economist George Akerlof explained in his 2001 Nobel Prize lecture, these micro-foundations included "the role of psychological and sociological factors, such as cognitive bias, reciprocity, fairness, herding, and social status." To Keynes's students who had collaborated on *The General Theory*, Samuelson had produced what the economist Joan Robinson called "bastard Keynesianism."

Moreover, by abandoning Keynes's behavioral micro-foundations, Samuelson had left his neoclassical synthesis open to a radical assault from the right. Animated by Friedrich Hayek's *The Road to Serfdom* and led into public battle by Milton Friedman in the 1970s, "New Classical" economists insinuated that Keynesian macroeconomics lacked any micro-foundations. To fill the vacuum, they proposed that macroeconomic performance be conceived as the aggregate consequences of the optimizing behavior of a rational representative agent.

Their rational expectations hypothesis (REH), promulgated from the University of Chicago, dealt with the inescapable uncertainty at the core of Keynes's economic thought by simply assuming it away. All the heterogeneous micro-players in the economic game were conflated and reduced to a single representative agent, and the financial system was removed from the equation by making the agent simultaneously her own creditor and debtor. From the early 1970s on, REH became widely accepted, so much so that the vast majority of mainstream economists were literally incapable of anticipating an event like the 2008 global financial crisis and its consequences.

IN THE LONG RUN...

That brings us to the bigger irony that emerges when reading Carter and Misak's books side by side. What became dominant economic dogma across most of the world, from the stagflation of the 1970s to the global financial crisis, depended on derivatives of the original, radical thinking of two giants of the Cambridge intellectual elite, fundamentally distorted to protect the presumed supremacy of markets from incursions by the state.

In *The General Theory*, Keynes explicitly adopted as the micro-foundation of his economics Ramsey's own formulation of probabilistic, belief-driven expectations. As the economists Roman Frydman and Michael D. Goldberg write in *Beyond Mechanical Markets*:

"Psychological considerations, such as confidence, exert their impact through the manner in which investors use and alter their knowledge of the facts. To clarify the role of the 'state of confidence,' [Keynes] writes that 'speculation does not solely depend ... on the most probable forecast ... [but] on the confidence with which we make this forecast – on how highly we rate the likelihood of our best forecast turning out quite wrong. If we expect large changes but are very uncertain as to what precise form these changes will take, then our confidence will be weak.'"

During the post-war era, this central Keynesian-Ramseyian insight was perversely transformed into the perfect foresight of the rational agent, who supposedly holds a correct, omniscient model of how the world works. Armed with that model, the rational agent could anticipate the consequences of any state intervention, and so nullify it. The caricature of Ramsey's contribution meets the caricature of Keynes's, resulting in the assured destruction of any means of understanding how markets actually work in practice. For those committed to the new dogma, it didn't matter that, at both the micro and macro levels, real-world market participants have repeatedly had to call upon the state to save them from themselves.

Though the two books reviewed here are quite different in style, they end on similar notes. Carter invokes Keynes as an apostle of hope in "a dark time for democracy":

"... all over the world, people are acting as if even this frightening global slide into authoritarianism might be reversed through the mechanisms John Maynard Keynes proposed three-quarters of a century ago. ... These optimists may succeed, and they may fail. But they are pursuing a vision, a vision that sustained Keynes through three world crises and demonstrated beyond any doubt that a better world was possible on the other side. Keynesianism, in this purest, simplest form is not so much a school of economic thought as a spirit of radical optimism."

For her part, Misak closes with a talk that Ramsey gave to the "Apostles" club at Cambridge in 1925:

"I find now, at least, the world a pleasant and exciting place. You may find it depressing. I am sorry for you, and you despise me. ... On the other hand, I pity you with reason, because it is pleasanter to be thrilled than to be depressed and not merely pleasanter but better for all one's activities."

What could be more pleasant than to spend time with these two twentieth-century thinkers – giants of heart and mind? We should be grateful to Misak and Carter for their timely contributions.

