

Editorial Introduction

'I have been much pre-occupied with the causation, so to speak, of my progress of mind from the classical position to my present views,—with the order in which the problem developed in my mind. What some people think is an unnecessarily controversial tone is really due to the importance in my own mind of what I *used* to believe, and of the moments of transition which were for me personally moments of illumination.... You don't mention *effective demand* or, more precisely, the demand schedule for output as a whole, except in so far as it is implicit in the multiplier. To me the most extraordinary thing, regarded historically, is the complete disappearance of the theory of demand and supply for output as a whole, *i.e.* the theory of employment, *after* it had been for a quarter of a century the most discussed thing in economics. One of the most important transitions for me, after my *Treatise on Money* had been published, was suddenly realising this. It only came after I had enunciated to myself the psychological law that, when income increases, the gap between income and consumption will increase,—a conclusion of vast importance to my own thinking but not apparently, expressed just like that, to anyone else's. Then, appreciably later, came the notion of interest being the measure of liquidity preference, which became quite clear in my mind the moment I thought of it. And last of all, after an immense amount of muddling and many drafts, the proper definition of the marginal efficiency of capital linked up one thing with another.'

With these words, Keynes told R. F. Harrod in the summer of 1936 the development of his ideas towards the *General Theory*.¹

The origins of the *General Theory* lie in Keynes's dissatisfaction with his *Treatise on Money* even at the time of publication,² in the prolonged international slump of the years after 1929, and in the stimulation that emanated from a 'circus' of young Cambridge economists who began meeting soon after the publication of the *Treatise* to discuss and dissect its two volumes. It was the discussions within this group, retailed to him by Richard Kahn, that provided the basis for the first transitional stage between the *Treatise* and the *General Theory*.³

This stage was soon followed by Keynes's explicit commitment to revise the theoretical foundations of the *Treatise*, which had only dealt incidentally in

¹ Keynes to R. F. Harrod, 30 August 1936. This letter appears in full in volume xiii.

² See, for example, his letter to his mother of 14 September, 1930 in JMK, vol. v, p. xv.

³ A note on the circus and all surviving papers appear in volume xiii.

terms of movements in output. Thus in his preface for Japanese readers of the *Treatise*, dated April 1932, Keynes noted that rather than revise his *Treatise* he proposed ‘to publish a short book of a purely theoretical character, extending and correcting the theoretical basis of my views as set forth in Books III and IV’.⁴ This commitment became clearer in the autumn of 1932, when Keynes changed the title of his course of lectures from ‘The Pure Theory of Money’, their title since the autumn of 1929, to ‘The Monetary Theory of Production’, the title they were to have until 1934. These lectures were concerned with movements in output as a whole and had the beginnings of the concept of liquidity preference, although it was not until his lectures in the autumn of 1933 that it took the form used in the *General Theory*.

The first major published indications of the direction Keynes’s thought was taking between the *Treatise* and the *General Theory* came in 1933 in the form of an essay ‘The Monetary Theory of Production’, a pamphlet ‘The Means to Prosperity’, an article ‘The Multiplier’ (which is included in the American edition of ‘The Means to Prosperity’), and a biographical sketch of T. R. Malthus,⁵ all of which are cast in terms of movements of output as a whole and reflected dissatisfaction with accepted theory.

Thus the major building blocks of the *General Theory* had been steadily accumulating ever since 1932. By the spring of 1934, in fact, all of them were in place, except for the idea of the marginal efficiency of capital, as is clear from drafts from that period and a working paper Keynes prepared during his visit to America in May and June.⁶ It was only during the summer of 1934, however, that the final piece fell into place, and by the autumn Keynes was delivering his lectures, now entitled ‘The General Theory of Employment’ from proof sheets.

However, before publication there was to be another year of intense discussion and redrafting. Keynes circulated proofs of the book to R. F. Kahn, Joan Robinson, R. F. Harrod, D. H. Robertson and R. G. Hawtrey and took careful note of their comments and suggested improvements, stating clearly his points of disagreement when he did not adopt them.⁷ Thus it was after almost five years of intense preparation that the book appeared in February 1936 at a price of 5 shillings to encourage a large sale among students.

⁴ JMK vol. v, p. xxvii.

⁵ ‘The Monetary Theory of Production’ appears in volume xiii, ‘The Means to Prosperity’ in volume ix (vi) i, ‘Robert Malthus: The First of the Cambridge Economists’ in volume x, Ch. 12.

⁶ This paper will appear in volume xiii.

⁷ This correspondence, keyed into the drafts and the final text of the *General Theory* appears in volume xiii.

After publication there was still further discussion and, occasionally, controversy. Keynes himself encouraged this discussion, for, as he put it,⁸

I am more attached to the comparatively simple fundamental that ideas underlie my theory than to the particular forms in which I have embodied them, and have no desire that the latter should be crystallized at the present stage of the debate. If the simple basic ideas can become familiar and acceptable, time and experience and the collaboration of a number of minds will discover the best way of expressing them.

In this spirit, Keynes entered into considerable correspondence with critics, expositors and extenders of his ideas.⁹ Moreover, as the debate progressed, his own ideas were changing and by August 1936 he was writing to R. G. Hawtrey¹⁰

I may mention that I am thinking of producing in the course of the next year or so what might be called *footnotes* to my previous book, dealing with various criticisms and various points which want carrying further. Of course, in fact, the whole book wants re-writing and re-casting. But I am still not in a sufficiently changed state of mind as yet to be in the position to do that. On the other hand I can deal with specific points.

From this period, we have one draft table of contents to a book entitled 'Footnotes to *The General Theory of Employment and Money*', a title that echoes his first draft table of contents after *Economic Consequences of the Peace*.¹¹ He also used this title for the lectures he delivered in Cambridge in the spring of 1937, from which drafts of two lectures survive.¹² In fact he seems to have been making considerable progress towards stepping outside the *General Theory* by that time, for he told Joan Robinson in April 1937¹³

I am gradually getting myself into an outside position towards the book, and am feeling my way to new lines of exposition. Perhaps you will see what I have in mind in my forthcoming lectures.

Unfortunately, the proposed 'footnotes' never got beyond the lectures, for Keynes suffered a severe heart attack in the early summer of 1937 and was

⁸ See Keynes's article 'The General Theory of Employment' (1937). This article appears in volume xiv.

⁹ This correspondence appears in full in volume xiv.

¹⁰ Keynes to R. G. Hawtrey, 31 August 1936. This letter appears in full in volume xiv.

¹¹ See *A Revision of the Treaty* (JMK, vol. iii) p. xiii.

¹² These appear in volume xiv.

¹³ Keynes to Joan Robinson, 20 April 1937.

never able to work at anything near his old pace until war came in 1939—and then his energies were directed in other directions. How he would have revised the *General Theory* if he had remained in good health is impossible to guess. One can only be certain that he would have revised it.

Since its publication in Britain in February 1936, the *General Theory* has been published in the United States (originally from sheets printed in England) and translated into German, Japanese, French, Spanish, Czech, Italian, Serbo-Croat, Hindi, Finnish, Roumanian, Hungarian and Russian. The German, French and Japanese editions all carried special additional prefaces which followed the original English preface. These additional prefaces are printed below.

This edition follows the reprinted English first edition, which differs from the first English printing in that a correction to lines 23–5 of page 123 was moved from an erratum note following the index into the text. In Appendix 1 we have introduced a list of minor textual corrections from the reprinted first edition. In addition, in Appendices 2 and 3 we reprint Keynes's articles 'Fluctuations in Net Investment in the United States' and 'Relative Movements of Real Wages and Output' which deal with errors on pages 103–4 and 9–10 respectively of the text itself. For further discussion of the *General Theory* and its genesis, the reader is referred to volumes XIII and XIV.

In printing this volume we have made it our first objective to follow as precisely as possible the pagination of the original edition. An immense literature of detailed criticism and analysis has grown up around the text of the original edition and we have been anxious that references in that literature should apply equally to this new edition. This has meant that we have been unable to follow precisely the standard typography of the other volumes in the series. The gain of ready reference, in our view, justifies this course. As in other volumes of the series, we have reduced the excessive capitalisation favoured by Keynes's original printers, but irritating to a modern eye.