

Lionel Robbins, Monetary Reform and 'Keynesian Economics'

Geoff Tily

Abstract

In my paper I would like to contrast Lionel Robbins's approach to monetary reform and to the ideas – public works, etc. – that henceforth would be *associated* with Keynes's name. Robbins' gradual acceptance of the latter, which is widely recognised, is seen against a doctrinaire opposition to the former, which is rarely discussed. The context of these manoeuvres included of course the Great Depression, the collapse of the gold standard and the increasing prominence of Keynes. His attacks on gold and his goal of money managed by *public* authority had been prominent since the publication of the *Tract on Monetary Reform*. But Keynes was moving quickly in a policy and theoretical direction that members of the economics profession were unwilling to endorse. Perhaps more than any other, Robbins's work exemplified the nature of the opposition.

Up until the mid-1930s, classical doctrine was re-asserted. And it was to this period that the *Essay* belonged. In practice Robbins opposed tariffs and public works policies (most famously in the LSE response to the 1932 initiative by Pigou). Equally he opposed any monetary palliatives and continued to support the gold standard.

But in the 1940s, Robbins emerged as a leading instigator of the 'Keynesian' approach in Britain. He led the Economic Section of the Cabinet Office, from where the celebrated *Employment White Paper* would emerge. But again, the *White Paper* remained lukewarm to monetary reform.

In the post-war era, with Robbins in a powerful position, an invigorated profession would define its subject as concerned with the 'allocation of scarce resources' and debate only the Classical *versus* 'Keynesian' perspectives over which it had shown such flexibility in practice. Monetary considerations remained relegated as of no significance and unworthy of study. The instruments of monetary reform that had been constructed under Keynes's influence and guidance were quietly dismantled.