



## Quaderni SEMeQ

**Mario A. Cedrini**

***FIGHTING THROUGH BRITAIN.  
THE “GIFT DIMENSION” OF KEYNES’S  
QUEST FOR A NEW GLOBAL ORDER***

**Maggio 2008**

**Quaderno n. 04/2008**

Stampato in proprio presso la Segreteria del Dipartimento di Scienze Economiche e  
Metodi Quantitativi, Università degli Studi del Piemonte Orientale “A. Avogadro”

I Lavori pubblicati nella collana riflettono esclusivamente le opinioni degli autori e  
non impegnano la responsabilità del Dipartimento SEMeQ.

**Dipartimento di Scienze Economiche e Metodi Quantitativi**

Via E. Perrone 18 – 28100 Novara

Tel. 39 (0) 321- 375310 Fax 39 (0) 321 - 375305

e-mail: [segreteria.dsemeq@unipmn.it](mailto:segreteria.dsemeq@unipmn.it)

**FIGHTING THROUGH BRITAIN.  
THE "GIFT DIMENSION" OF KEYNES'S QUEST FOR A NEW GLOBAL ORDER**

**Mario A. Cedrini\***

March 2008

**ABSTRACT**

Dissatisfied with both Skidelsky's "Fighting for Britain" approach to Keynes's quest for a new global order and its specular competitor, the "Fighting despite Britain" view, we explore the possibility of a "Fighting through Britain" approach to the issue. We claim that though Keynes was fighting for the whole world rather than for Britain only, his (unsuccessful) fighting for Britain was a major component of his overall reform project and the true telltale sign of his defeat. As a consequence, the paper focuses in particular on the American Gift asked for by Keynes in 1945. The Gift is regarded as the last and a relevant episode of the economist's lifelong search for a global system efficiently coping with the dilemmas it necessarily gives life to. With the help of the anthropological and sociological literature on gift-giving, we move beyond the strategic dimension of Keynes's diplomacy to show that the request for an American Gift to revive multilateralism at the end of WWII embodies in full – and helps to understand – Keynes's attempt to construct a new system happily combining international discipline and national freedom to choose, the former being the instrument to promote the latter.

**KEYWORDS:** Keynes, International Economic Relations, Gift-giving

**JEL CLASSES:** B31, F02, F5, Z13

\* E-mail: mario.cedrini@eco.unipmn.it. University of Eastern Piedmont, Department of Economics and Quantitative Methods (SEMeQ), Via Perrone 18, 28100 Novara (Italy). The paper has been presented at the 4<sup>th</sup> International Conference on Keynes's Influence on Modern Economics – *The Keynesian Revolution Reassessed*. Sophia University, Tokyo, Japan, 19-20 March 2008. We thank the discussant, Chikako Nakayama, as well as the participants for helpful comments. The usual disclaimer applies.

## 1. INTRODUCTION: *FIGHTING FOR, FIGHTING DESPITE OR FIGHTING THROUGH BRITAIN?*

The third and last volume of Robert Skidelsky's biography of John Maynard Keynes, dealing mostly with wartime and the negotiations of Bretton Woods and the American Loan to Britain, conveys a picture of "Keynes's part in Britain's struggle for survival. This is a story, above all else, of Keynes's patriotism" (Skidelsky, 2000: xv), of his fight "to preserve Britain as a Great Power against the United States" (ib.). In the American edition of the book, Skidelsky (2001) explains that the British subtitle *Fighting for Britain* "was designed to remind readers [...] that national interests do not disappear just because the cause is noble"<sup>1</sup> (ib.). Though Keynes's battle was a lost battle, Skidelsky argues following Kahn (1976), he also "made mistakes":

His most important was the strategy he masterminded for the Anglo-American loan negotiation of 1945. He persuaded himself, against all the evidence, that he could obtain a large gift from the United States to cover Britain's temporary post-war balance of payments deficit, without any unacceptable strings. When this hope was disappointed, he proved too slow-moving and indecisive in the actual negotiation, though he was not helped by the government in London. As a negotiator on this occasion, and in other Anglo-American negotiations, Keynes was fallible. It was as an advocate that he was supreme. (Skidelsky, 2000: xvi)

Keynes the advocate, "the Last of the Romans" (De Cecco, 1977: 18) was engaged, during WWII, "in the attempt to construct an international economic environment which would help Britain to adjust to a lesser role" (ib.: 23). Keynes the "history-maker" as a participant in the Versailles conference thus became the "history-taker" in the years of WWII (ib.). Born during the apogee of Britain-led gold standard, a life spent trying to promote London's leadership and improve its quality, Keynes would have been finally defeated by the definitiveness of the transfer of global hegemony. Even when dissociated from the interpretation of Keynes's diplomacy as, primarily, the effort to save Britain<sup>2</sup>, the power-politics approach is endorsed to explain the final convergence on White's plans and the substantial limitation of the American Loan with respect to Keynes's expectations. To use the words of a well-known rhyme by Dennis Robertson, Britain's brains could not hope winning against the US money bags.

Academics focusing on the global, rather than British, perspective of Keynes's diplomacy, tend to reduce the clash of interests between the two powers and emphasize the economist's success in creating a consensus on the need of a new order and its Keynesian attributes. They thus insist on the similarities between White's and Keynes's reform plans (see Ikenberry, 1993<sup>3</sup>; De Long, 2002) or, when differences are held to be more relevant, they remark the latter's efforts to come to an agreement "even when the

sacrifice involved his own proposals" (Williamson, 1983: 542). In line with Roy Harrod's (1951) biography, conveying this once conventional "good, coherent narrative" (Newton, 2000: 190), Keynes, a history-maker all his life long, becomes the happy father of the "embedded liberalism" of Bretton Woods<sup>4</sup>, while his partial defeat in negotiating the Bretton Woods order and the American Loan, which Skidelsky seems to regard as the symbol of an "American malevolence" (DeLong, 2002: 160) dating back to the Lend Lease agreement, are considered as necessary tributes to "the greater power of the United States" (ib.). The Loan becomes "the capstone of the great constructive effort on which [Keynes] embarked in 1941 to create a world-wide multilateral financial system" (Clarke, 1982: 6): Britain – and Keynes – could simply not refuse taking its part. Keynes's request for a gift is then seen as a sign of "political naïveté"<sup>5</sup> or a purely strategic asset; its transformation into a loan is considered a secondary issue. The "American malevolence", therefore, appears the real element debated, with Keynes either engaged in the impossible attempt to "save" his country or happy anyway with the Bretton Woods monetary system and an impressive financial assistance to Britain, despite its business character. Keynes the British economist of the "Fighting for Britain" approach is thus opposed to Keynes the American economist<sup>6</sup> of the "Fighting despite Britain" view, i.e. fighting for a new enlightened order despite Britain's difficulties to play a major role in it. Is a third way inconceivable?

Our paper is arguing, following Ferrari Bravo (2002)<sup>7</sup>, that Keynes was looking for a new regulation of international relationships and a solution to Britain's financial problems which could, at the same time, represent a remarkable innovation in the management of world economy. This amounts to foster an alternative explanation for Keynes's diplomacy, which we suggest calling "Fighting through Britain". We agree with the emphasis the "Fighting despite Britain" approach lays on the positive results of Keynes's attempt to offer the world a "sounder political economy between all nations"<sup>8</sup> through the Bretton Woods agreement, and consider this as the real target of both Keynes's theoretical contributions and practical diplomacy. In line with the "Fighting for Britain" approach, we claim nonetheless that Keynes's disappointment with both the final settlement of Bretton Woods and the Anglo-American negotiation of the Loan can scarcely be undervalued<sup>9</sup>. The hypothesis is here explored that Keynes was fighting for the whole world rather than for Britain only, but with his unsuccessful fighting for Britain as a major component of his overall reform project and the true telltale sign of his defeat. In so doing, we are forced to analyse the crucial marker of the "American malevolence", namely the negotiations of the American Loan. According to Skidelsky, Keynes's hopes for a gift – which was the essence of "Justice", or the reconsideration of the war costs to the benefit of

a overburdened Britain he called for in the key memorandum for the negotiations<sup>10</sup> – were misplaced:

The coherence of his memorandum lay in the realm of morals rather than finance. Keynes was using Justice in its classic Aristotelian sense of just desert. [...] His categories were ultimately moral, not power political. But, if morality was not just a cloak for self-interest, it was certainly a vehicle for illusion. The hope for gifts to rescue Britain from the consequences of policy had become by 1945 a necessary illusion – the only way of averting the eyes of British policymakers from the truth that in fighting a “just” war Britain had lost its position as a Great Power. (Skidelsky, 2000: 384).

Here would lie Keynes’s “tactical” mistake: “[g]reat Powers are kept going not by gratitude, but by incentives – carrots and sticks – they can deploy to induce other Powers to do what they want” (ib.: 385). Britain was a beggar, and beggars cannot be choosers (Pressnell, 2003).

A “Fighting through Britain” approach calls for a re-examination of Keynes’s request to the US for a gift rather than a loan, of his defeat more than his achievements. A move beyond the purely strategic dimension of Keynes’s diplomacy, which has been attracting almost all the attention of works on this topic, allows us to focus on the coherence between Keynes’s appreciation of the pre-war monetary regime, his calls for a responsible international leadership after WWI, his plans for Bretton Woods and his request for an American Gift in 1945, and to suggest that the last is a constitutive element of this coherence. Our work would like to gather up the “two Keynes” (Agnati, Covi and Ferrari Bravo, 1983), i.e. the economist who revolutionized economic theory and the international negotiator who managed in the end, despite a long series of failures and often with adverse compromises, to offer the world a new international architecture, into a unique, though highly complex picture. Persuasive essays on Keynes’s diplomacy (like Ferrari Bravo, 1990, and Markwell, 2006) are held into great consideration, due to the reasonable hypothesis of continuity which we want to investigate following Vines’s (2003) advice, between the “method” – as discussed by Carabelli (1988) – Keynes, a “thinker of complexity” (Marchionatti, 2002), used to copy theoretically, in his major works, with the economic material, and that he developed to deal with global integration and international decision-making. Insights from anthropology and sociology are used in the attempt to show that what we suggest calling the “Gift dimension” of Keynes’s vision about international economic relations might help to throw light on his lifelong quest for a new global order. The American Gift episode is here regarded not as an undeserved incursion in the realm of moral, but, on the contrary, as the last and a significant attempt to cope with the dilemmas of the international system. We thus hope to contribute to the debate

by pointing out that both Keynes's theoretical contributions and diplomacy offer still unexplored intuitions to conceive a global order respectful of economic interdependence for intrinsically complex international relations.

## 2. COPING WITH THE DILEMMAS OF THE INTERNATIONAL SYSTEM: THE DIALECTIC BETWEEN DISCIPLINE AND FREEDOM

Moggridge (1986) remarks that Keynes's quest for a new monetary order shows some strong elements of continuity,

most notably in *the attempts to devise means for a "scientific management of the central controls... of our economic life" [...]* Throughout most of Keynes's writings on the subject, there was *an effort to combine an international system with the maximum of national monetary independence*. In many ways, this was *a particular British concern [...]* as she decline from being "the conductor of the international orchestra" [...] to less exalted status. Nevertheless, it brought *the need to face the realities and the dilemmas of the system and to try and find ways of living with them [...]* (ib.: 80; emphasis added).

Brought up in the age of a gold standard managed by London with its self-contained Empire, the financial system being considered as the key variable for prosperity, Keynes was primarily interested in the world monetary architecture (De Cecco, 1977). Someway, the dilemmas of the international monetary order Moggridge – and Keynes himself – are referring to can be regarded as those of the global system *tout court*. Our intent is to retrace the core episodes of the dialectic or moving equilibrium between freedom and discipline which we hold to be constitutive of Keynes's reform plans.

*Indian Currency and Finance* is an exercise in devising a "scientific management" of the international system. By proposing to extend to the whole European continent the efficient methods India had elaborated to deal with the rules of the pre-war regime<sup>11</sup> Keynes depicted the gold exchange standard as "the ideal currency system of the future"<sup>12</sup>. Its aim was to economize on gold reserves by reducing the monetary demand for gold, since "although no doubt they serve some purpose when they are held for show only, [gold reserves] exist to much better purpose if they are held for use also"<sup>13</sup>, namely to face international obligations<sup>14</sup>. Due both to its role of leading international financial centre – the "envy of the rest of the world"<sup>15</sup> – and to its willingness to adopt foreign lending policies functional to the development of emerging countries, London was to be at the core of a new European system regulating its standard "on a more rational and stable basis"<sup>16</sup>. Keynes's first step on the way to give monetary institutions greater flexibility to pursue domestic targets (Cesarano, 2003: 492), *Indian Currency and Finance* is the only one of

Keynes's major works to have appeared during the gold standard *époque*. The proposals there included foreshadowed not only the suggestions of *A Tract on Monetary Reform* and *A Treatise on Money* but also his plans in the 40s (see Dimand, 1989<sup>17</sup>), which strengthens the belief that Keynes's projects to reform the world architecture configure a sort of revolution in continuity with the pre-war monetary regime. The pre-1914 internationalization he described in *The Economic Consequences of the Peace*, demonstrating the extent to which the gold standard was "embedded in political culture" of pre-war Britain (Daunton, 2006: 24), is the "lost paradise" (Dimand, 2006: 175) Keynes tried to revive under necessarily different forms for the post-war world. A sterling more than a gold standard, relying on Britain's ability to make the Empire finance its deficit with Europe and the US, and on the use of the discount rate as a means of attracting gold from the continent to match the "new" countries' rapid development, the system ensured reserve countries the possibility to face their short term balance-of-payments deficits while investing long term in peripheral countries and easing their adjustments<sup>18</sup>. Thus, multilateralism and dynamism characterized the pre-war order (De Cecco, 1979a). Britain, "the conductor of the international orchestra"<sup>19</sup>, provided the international system with a leadership who possessed the means and the willingness to behave responsibly, as Keynes would recall in his memos for the ICU; that is, to act in such a way to promote, limiting the strict discipline imposed by the rigid classical mechanisms, the other members' freedom to choose and their full participation to its dynamics with it. The "Great Transformation" (Polanyi 1944) and the consequences of the war broke the gold standard harmony. Keynes's struggle against the *restoration rule* of the regime<sup>20</sup> was fought for domestic reasons, but the prosperity and the pattern of peaceful international relations promoted by the classical adjustment mechanisms are the most relevant references recalled by Keynes for the ICU when proposing his plan. His later criticisms to the gold standard were mainly directed to the idea of restoring its architecture as if "time and circumstances"<sup>21</sup> had not changed radically; as if the equilibrium between national freedom and international discipline lying at the basis of the pre-war standard had not been threatened by the introduction of national policy autonomy as a new key variable.

"[C]ombin[ing] an international system with the maximum of national monetary independence" (Moggridge, 1986: 80) was in fact to be the target of *A Tract on Monetary Reform* as well as of *A Treatise on Money*, both of them exposing a "dilemma" for individual nations: that between price stability and exchanges stability in the former, and between adhering to an international standard and national autonomy in the latter. In the *Monetary Reform*, on which he based his unsuccessful crusade against Britain's return to the pre-war parity, Keynes suggested separating the gold reserve from the note issue<sup>22</sup> and



substantially argued for national monetary independence, price stability being favoured over exchange stability to avoid the drastic adjustments required by the return to gold. Both the fundamental breaking with the restoration rule of the gold standard occurred at the end of the war, undermining the regime's credibility (Cesarano, 2006), and the new awareness of the slowness of specie-flow adjustment mechanisms, with gold itself turning out a managed currency, asked Keynes to reshape the international system, freeing monetary policy to point at price stability. This however required substantial efforts of international cooperation. Since the *Monetary Reform*, Keynes conceived a series of schemes always providing either for leading countries or an institution in charge of international money. He had already called for international cooperation in his plans for the Genoa Conference, based on "many of his later priorities [...]: a modicum of exchange stability to foster international trade and investment; avoidance of deflationary policies to improve exchange rates, given their implications for debtors and wage-earners; gold reserves for use not show" (Moggridge, 1992: 377-378). In short, a qualified return to the gold standard, with the US asked for to assist countries showing low levels of gold reserves in their "slow action"<sup>23</sup> towards recovering the old parities and rejoin revaluating nations, helped by a sort of crawling peg<sup>24</sup> to enter *ab initio* a substantially uniform system. Yet the conference showed that the project was doomed to failure. Foreign lending, once a relevant pillar and a fundamental stabilizing factor of the pre-war gold standard (see Daunton, 2006), had become an investment policy, posing serious obstacles to reducing unemployment in Britain. London's difficulties to cope with the war economic legacy and its historical decline as an export country went along with the US unwillingness to act in such a disinterested manner as to serve the general interests of the system to deny international relations any possibility of improvement by agreement<sup>25</sup>.

Due to doubts on the Federal Reserve's commitment to exercise wisely its discretion powers (Moggridge, 1986), the *Monetary Reform* was disseminated with references to the British desire of economic independence from the US. In December 1923, Keynes admitted that "[g]old standard is now a dollar standard"<sup>26</sup>; which meant, he clarified two years later, "nothing but to have the same price level and the same money rates (broadly speaking) as the United States. The whole object is to link *rigidly* the City and Wall Street"<sup>27</sup>. But Britain's road to recovery required a way out of "unemployment amidst dearth"<sup>28</sup>, and London was now indebted with the US. Accordingly, Keynes declared his preference for a good, rather than a gold standard: he stated the need of "a standard of currency regulated primarily by reference to the requirements of the credit system at home and to the stability of internal prices"<sup>29</sup>, and urged rejecting the option "to accept an unsatisfactory international standard, in the hope of improving it later on by organised

international co-operation"<sup>30</sup>. International cooperation was ruled out by the irresolvable clash between debtors and creditors. As Keynes observed in the *Monetary Reform*, the case against the gold standard was favoured by the unbalanced international distribution of gold: during the Twenties, France and the US had been accumulating broad gold reserves, thus decreasing international liquidity. With the result, he remarked in his 1929 lectures, that foreign investment, namely the "process by which rich countries spread the proceeds of their wealth over the world, and thus is internationally desirable", can no more "be strongly supported on nationalist grounds"<sup>31</sup>, since the working of the adjustment mechanism provided by raised prices in borrowing countries was impeded. Monetary policies "à la Midas" were increasingly coupled with protectionism; a "malign neglect" for international adjustment quick resulted, compelling the world and Britain to a deflationary decade. In a world where surplus countries do not permit painless international adjustments, the "secular international problem"<sup>32</sup>, that is the historical negative bias of the global order against deficit countries, came to occupy the forefront of Keynes's concerns.

In *The Treatise on Money*, Keynes came to consider an international standard of value as desirable again, provided the system assures to its members the ability to face the dilemmas it necessarily gives life to<sup>33</sup>. A global standard, he stated, ensures uniformity, makes foreign lending easier by reducing costs and risks and prevents extravagant national behaviours and major perturbations with them. However, given the complexity it brings into a system eventually lacking a leading centre, while introducing an element of high mobility, that of capital flows, in an otherwise rigid structure, it amplifies medium-sized perturbations. Therefore, countries cannot escape "the dilemma of an international system", or the need

"to preserve the advantages of the stability of the local currencies of the various members of the system in terms of the international standard, and to preserve at the same time an adequate local autonomy for each member over its domestic rate of interest and its volume of foreign lending"<sup>34</sup>.

In other words, the need to adopt monetary policies in line with the average behaviour of the other members and that of managing the interest rate with a view to obtaining the internal economic optimum. Britain's exposition to the constraints of the dilemma for the first time in recent history, London being no more able to influence the world credit conditions, led Keynes to assign himself the task of sketching, in his view of economic history as a permanent conflict between creditors and debtors (De Cecco, 2001), a model of national behaviour consistent with the general interests of the system (Moggridge, 1986); a *modus vivendi* inspired by the need to eliminate the consequences of the inevitable conflict

between international discipline and freedom to choose, i.e. national policy space available to the members of the system.

Due to the possibility of a “real divergence of interests”, and the fact that “we must not expect of central banks a degree of international disinterestedness far in advance of national sentiment and of behaviour of the other organs of national government”<sup>35</sup> to favour the general interest, only nuanced criticisms to the creditors, France and the US, are exposed in the *Treatise*, despite their active contribution to the instability of the system. More direct attack against uncooperative behaviour and inactivity with respect to the Great Depression and followed during the sterling crisis of 1931. “Instead of being a means of facilitating international trade, the gold standard has become a curse laid upon the economic life of the world”<sup>36</sup>: Keynes argued that if the fall in world prices was due to the imbalanced distribution of gold, “[t]he reason for this concentration of gold in America and France is that these countries have not lent their surplus balance on international account as Great Britain used to do in the past”<sup>37</sup>. Creditors’ liquidity preference was turning global relations into a zero- (and even negative-) sum game, leading Keynes to give weight to unorthodox solutions, like the “isolationist” one he advanced to free Britain from international dynamics made dramatic by the lack of shared responsibility for the imbalances. After declaring the end of the gold standard, he argued more surprisingly for the end of free trade too, ending up with exalting national self-sufficiency<sup>38</sup> and calling for a strengthening of the Imperial links. While blaming France and US for refusing to follow the rules of the game, he envisaged “a partial departure from international monetary system in the direction of barter”<sup>39</sup>, and as an alternative he proposed a gold conference to the creditor countries to save the standard. This “rather half-hearted and desperate call” (Moggridge, 1986: 65) was motivated, as Keynes had explained on introducing his proposal for revenue tariffs in March 1931, by the need to resume Britain’s leadership as an “international cure [...] remedying the international slump”<sup>40</sup>. He thought it necessary “to restore full confidence in London”<sup>41</sup>, since no other country seemed to possess “the experience or the public spirit”<sup>42</sup> to play that role. Once off the gold standard, Britain could play “the part of a reasonable creditor”<sup>43</sup> moderating her claims in conjunction with the fall in world prices, whereas on France and the US “will fall the curse of Midas. As a result of their unwillingness to exchange their exports except for gold their trade exports will dry up and disappear until they no longer have any either a favourable trade balance or foreign deposits to repatriate”<sup>44</sup>. A “competitive struggle for liquidity”<sup>45</sup> was inducing every government

to make its international balance sheet more liquid by restricting imports and stimulating exports by every possible means, the success of each one in this

direction meaning the defeat of someone else. Moreover every country tries to stop capital development within its own borders for fear of the effect on its international balance. Yet it will only be successful in its objects in so far as its progress towards negation is greater than that of its neighbours<sup>46</sup>.

Britain should pose an end to this “extreme example of the *disharmony* of general and particular interest”<sup>47</sup> by regaining its liberty of action and power of international initiative to the advantage of all<sup>48</sup>, whereas the undermining of the gold countries’ “anti-social”<sup>49</sup> competitive position would have been, Keynes cried, “a case of poetic justice”<sup>50</sup>.

The *pars construens* of his criticisms to the interwar period nonsystem prepared the ground for the reform plans of the 40s. To the Macmillan Committee, Keynes had already gone so far as to suggest a “concerted policy between the leading central banks of the world [...] to raise prices to a parity with the international level of money incomes and with the international level of money costs of production”<sup>51</sup>. “We cannot expect them to do it from mere altruism”, Keynes agreed with Macmillan, “but now that the fall of prices in the rest of the world is affecting [*the US*] hardly less than it is affecting us, there would be more possibility of getting collective action, and more reasonable indeed to ask for it on the ground that it is now an international problem”<sup>52</sup>. A model for cooperation was suggested to Keynes – and used in the *Treatise* – by the new-born Bank for International Settlements, to be possibly used in the future as a supranational authority remedying the asymmetries of the gold standard and the “already apparent”<sup>53</sup> shortage of gold through a new international currency, with the deposits of a World Bank taking “the place of balances in foreign countries as a reserve, and as a substitute for gold” (Ib.). Its future usefulness, however, depended “on the support it receives from the United States”; that is, on the US “selfishness” or, better, its “suspicion towards the older centres of civilisation”<sup>54</sup>.

The 1933 World Economic Conference offered Keynes the chance to publicly ask the US<sup>55</sup> to lead a combined international action to spread loan-expenditures and raise world prices. The aim of the “spectacular”<sup>56</sup> Keynes-Henderson plan was to relieve the anxieties of central banks and their concerns about reserves, leading all countries to purchase again, to remove barriers to trade, by providing them the means of doing so – and among them, he would later argue, a certain freedom to modify exchange parities<sup>57</sup>. Keynes welcomed Roosevelt’s decision to devalue the dollar while pursuing the New Deal, since it could signify an era of optimism for international relations. There was an alternative to the undermining of creditor countries’ competitive position: a strong commitment by the leader(s) of the system to make the first move towards a freer world, leaving behind protectionism and laissez-faire, which had led the US to impede the adjustment. A policy twice blessed, Keynes would observe in *The General Theory*, while blaming laissez-faire and the gold standard for promoting mercantilism as a means of surviving in the struggle for

markets. On the contrary, regaining control over the interest rate could help both countries adopting them and their neighbours at the same time to reach and maintain full employment at home. Here was a new model of national behaviour consistent with the general interests of the system: countries, and especially deficit nations, should live in an international system granting them the freedom to adopt expansionist policies, instead of imposing its members the austerity cure to restore equilibrium. The problem was now how to achieve this result.

### 3. TOWARDS A SOUNDER POLITICAL ECONOMY AMONG NATIONS

WWI had taught Keynes how difficult it may be to promote international cooperation lacking the initiative of a responsible leader. At the end of the war, he “joined others in appealing [...] for US leadership in the international action they prescribed” but the US refusal to exercise it “left Keynes throughout the 1920s to devise means of acting without the USA” (Markwell, 2006: 91). The war-induced shift of global financial power had in effect revealed a dangerous vacancy in international leadership. Already in 1917, the progressive depletion of the reserves Britain was using to finance the common cause against Germany had forced the country to enter a relationship of dependence with the US seriously threatening “the whole financial fabric of the alliance”<sup>58</sup>. Keynes unsuccessfully called for the American support to the dollar-sterling exchange rate. Not disposed to save Britain’s financial power, the US offered conditional assistance, compelling recipient countries to purchase American war materials. After showing that the imbalances between the financial positions of Britain and the US were due to high differentials in sacrifices made by the two powers to save the Allies, Keynes advised his government to ask the US to grant direct assistance to the Allies, but the US was firm in its decision to use Britain as a “conduit pipe”<sup>59</sup>.

Keynes’s first true attempt to trigger the US financial intervention in the interests of Europe (Ferrari Bravo, 1990: 172) and indirectly the whole world came at the end of the war. It was the task of a responsible world leadership, in his view, to free European countries from the excessive burden of reparations and Inter-Allied debts. As he wrote in the *Economic Consequences of the Peace*, “the financial problems which were about to exercise Europe could not be solved by greed. The possibility of *their* cure lay in magnanimity”<sup>60</sup>. But to get magnanimity from America, Europe “must herself practise it”<sup>61</sup>. As he wrote in a memorandum destined to President Wilson<sup>62</sup>, debt cancellation would have induced European countries to renounce stripping Germany and one another, freed Berlin from the impossible task of extracting excessive resources to finance

reparations and offered Europe new means of regaining prosperity. In fact, due to Germany's central role in European economy, reparations were obtainable only at a high cost for the continent: in the best-case scenario, creditor countries would have actively contributed to Berlin's return to competitiveness, with far from negligible repercussions on their own trade structures. *The Economic Consequences of the Peace* had shown how Europe's destiny strictly relied on the "central support"<sup>63</sup> provided by Germany, round which "the rest of the European economic system"<sup>64</sup> had grouped itself before 1914. A fundamental outlet for European products, a large source of supply to European powers and the origin of the capital indispensable to the development of many of them, "on the prosperity and enterprise of Germany the prosperity of the rest of the continent mainly depended"<sup>65</sup>. Hence Keynes's request to the US for a substantial gift, to be followed by Britain's commitment to renounce its part of reparations. The view of Inter-allied debts as "purely business obligations"<sup>66</sup> was a false analogy with the pre-1914 world: he remarked that the existence of great war debts<sup>67</sup> was a menace to financial stability – "[a] debtor nation does not love its creditor"<sup>68</sup> – and would have led to a "one way"<sup>69</sup> trade, Britain willing to repay through its exports only. New American loans to London would have worsened Britain's financial situation, and caused a sterling depreciation to reduce pressures.

The Americans never accepted to treat the reparations issue and the Inter-Allied debts as parts of a unique problem<sup>70</sup>. According to the US, no reasons of justice or moral issues were involved, as the dispute with the editors of *New Republic* on the business character of the American Debt was to confirm. In their reply to a 1928 article by Keynes titled "A London View of the War Debts", the editors argued that Keynes was "veiling the controversy" with "dubious moral attitudes"<sup>71</sup>. Keynes made the argument that in 1917 and 1918, the Americans were engaged in war, not in investment: as he wrote to an America correspondent, America had not

"any 'obligation' to do anything whatever [...]. I do not suggest for a moment that any mitigation should be offered by America unconditionally"<sup>72</sup>.

Anyway,

"if America had announced from the first that they were advancing money, not to save civilisation [...] but as the best business investment available in the circumstances, no one would have objected to their maintaining the same business attitude subsequently"<sup>73</sup>.

Washington denied its assistance once again, and more significantly<sup>74</sup>, when he proposed a "grand scheme for the rehabilitation of Europe"<sup>75</sup>, requiring the Allies, and the Americans

*in primis*, to underwrite the issuing of reparations bonds by Germany. By ensuring the gradual reduction of the financial consequences of the war, this “world-wide scheme for the preservation of the credit of Europe”<sup>76</sup>, “the sole object of which is to set on its feet” the continent<sup>77</sup>, would have helped European countries secure their first post-war imports, coming essentially from the US, while Germany would have been able to contribute to the settlement of the Inter-Allied debts with no immediate adverse effects on its balance of payments. Most of all, the scheme was to reduce the imbalances between the “two great continents, America and Europe, the one destitute and on the point of collapse and the other overflowing with goods which it wishes to dispose of”<sup>78</sup>. Following Harrod (1951), some have described it as a small-scale Marshall Plan (Markwell, 2006), and even, not without reasons, as the real antecedent for the ICU plan (Williamson, 1983). After realizing that the scheme was a non-starter, Keynes cleverly observed that “Washington rejects my proposals by reason of their strong desire to clear out of European responsibility (without however realising what this will mean to Europe)”<sup>79</sup>.

Nor was the Amsterdam conference in October 1919, exploring the idea of a new international currency issued by a supranational bank, to command a consensus in Washington, whose homage to *laissez-faire* made it unconceivable to support international loans involving governments directly (Markwell, 2006). Since “some of the countries [*are not*] strong enough to make good the loss, unless a part of the burden is carried by the others”<sup>80</sup>, the proponents and Keynes among them called for a “great international act of co-operative assistance”<sup>81</sup> to redistribute the war costs, through an international loan and by cancelling interest charges or even that portion of the creditors’ claims<sup>82</sup> which “reacted to the benefit of the loaning countries, in waging what was a common cause”<sup>83</sup>. The Keynes-directed “training in leadership” experiment destined to the US had failed. By denying *de facto* the European economic interdependence, which was the core issue of Keynes’s best-seller, and the fallacy of composition among the contrasting interests of single European countries, the Treaty of Versailles voluntarily forgot, as remarked by Carr (1982), the economic problem of Europe. The list of unanswered appeals (Markwell, 2006) Keynes included in the *Economic Consequences of the Peace* showed to the whole world that the Americans had declined responsibility to intervene financially in the economic destiny of Europe, and that Europe itself had chose not to practise magnanimity. From then on, Keynes wrote in 1921, America could but buy more and sell less<sup>84</sup>.

All this indirectly shows that Moggridge’s (1986) suggestion to emphasize the need to face, and find ways of living with, the dilemmas of the system as *the* element of continuity in Keynes’s reform plans is of the highest value: that between the advantages of

international discipline in terms of stability and trade and the freedom to choose offered by national policy space is seen by Keynes as a true dilemma. As shown by Carabelli and De Vecchi (2001), complexity, interdependence and organicness, all attributes of Keynes's vision about the international environment, are usually associated, in the economist's thought, with conflicts and fallacies. "Remedies to the intrinsic conflict between individual and social interest, and to uncertainty, are beyond the reach of the individual" (Ib.: 232); they are external remedies, having a social nature, and are typically provided for by public institutions, able to pursue collective interests. Keynes's projects for global cooperation in the Forties were inspired by the belief that an international institution could serve the task he had assigned to a leading country willing to use its power in order to enhance, rather than repress, the other countries' capability to participate into a shared legitimate order. At Bretton Woods, Keynes was once again confronted with the need of stabilizing a process of international economic recovery by "resolving politically the historical contradiction between the verticality of the hegemonic economic power and the horizontal issue of international cooperation" (Ferrari Bravo, 1990: 206). In his search for a global order promoting economic stability despite the lack of a "'leader' or 'hegemon' able and willing to maintain" the order itself (Markwell, 1995: 208), Keynes made a case for international management: as Cairncross (1978) puts it,

In an anarchic world he accepted the need for each country to preserve its freedom of action [...] Without international management, however, the task of individual governments would become indefinitely more difficult. Just as individuals could not develop their full potential without government planning of the level of effective demand and other matters, so individual countries would find it hard to keep in internal and external balance and maintain full employment unless they operated within a framework of international institutions planned and managed for the common good (ib.: 46).

At the beginning of WWII, Keynes wrote a memorandum destined to President Roosevelt, stressing that the new Inter-Allied agreements should avoid being inspired by the business moral of the last war<sup>85</sup>. He proposed a joint purchasing board for war materials, to be financed by governments through interest-free loans; the Americans would have played a major part, yielding their "lunatic"<sup>86</sup> gold excesses as "a part of the contribution of the United States to the post-war reconstruction of Europe"<sup>87</sup>. Those very words used by Keynes to criticize, in the early Thirties, the US malign neglect for the general interests of the system, were here deployed to ask the Americans to pose their reserves to the service of mankind, with a spirit of "unprecedented generosity"<sup>88</sup>. The joint financing of the common cause, Keynes wrote in 1940, should take the form of a "complete pooling agreement of foreign resources in gold, securities and current trade balances"<sup>89</sup>. A plan



“on spectacular lines” – “[t]he policy of cautious and timid approach to U.S.A. is a wrong psychology. They are much more likely to fall for something big and imaginative”<sup>90</sup> – with the aim of produce a state of general confidence and the advantage of complying with the US desire to condition its assistance to purchases of its exports<sup>91</sup>. Britain was to act once again as the financial leader of the Allies coalition, making its gold available for the common cause. Of the proposal nothing survived. Rather soon it appeared that once again Washington was not disposed to help London until the almost complete depletion of its reserves. “But in reaching such a decision the U.S. Administration should not overlook the effect of what they may do on the post-war equilibrium of international trade”<sup>92</sup>: Keynes openly threatened to recur to “a system of very strict bilateral agreements which would tie up the payment for our imports and our foreign debts with the acceptance of our exports by the other country”<sup>93</sup>. Lend Lease, launched in March 1941, was a significant departure from the “purely business aspect of things”<sup>94</sup>, but it soon opened up the question of “consideration”, i.e. what Britain should give in return. Roosevelt knew that he could gain a “complete control over the form of the UK’s long-run rehabilitation” as well as on the “conditions under which Britain would recover the export markets which, during war, it had abandoned”; in a word, “the right to determine the institutional structure of the post-war world” (Vines, 2003: 344), and the dismantlement of the British Empire with it. Keynes prepared a skeleton draft for “consideration”, warning that Britain should “be ready to accept clauses which might really cost us something”<sup>95</sup> rather than rely on the logic of strict equivalence:

“where it is a case of conceding something which has a non-economic significance to the President *and to the future ordering of the world*, then we might consider whether it would not be proper for us to concede it even though it did cost us an economic price”<sup>96</sup>.

An Anglo-American Commission could be set up, he suggested, charged with the preparation of cooperation schemes “for the better ordering of economic intercourse between nations after the transitional period has been ended”<sup>97</sup>. Keynes knew that “[i]f the Americans are of a mind to continue their assistance after the armistice, we shall, from the strictly economic standpoint, gain much more than we are likely to be called upon to sacrifice as ‘consideration’”<sup>98</sup>.

In sum, Keynes was closely connecting war-time and post-war American contribution to “the future ordering of the world”, as later confirmed by the second draft of his ICU plan, where he asked Whitehall not to sacrifice constructive proposals on the altar of “self-regarding interest”<sup>99</sup>, not least because the US would hardly help a beggar country, and an isolationist one, ready to use external assistance to strengthen the Sterling

Area agreements. Asking for a direct American gift or interest-free loan or generous gold redistribution to Britain would be an error, he remarked;

“[t]he assistance for which we can hope must be *indirect* and a consequence of setting the world as a whole on its feet and of laying the foundations of a sounder political economy between all nations”<sup>100</sup>.

This required an “ambitious plan of an international complexion, suitable to serve the interests of others besides ourselves”<sup>101</sup>, destined to solve “the outstanding economic problem of the post-war world”, that is “how the U.S.A. is to redress her unbalanced creditor position”<sup>102</sup>. A plan easier to obtain, and more satisfactory with respect to a redistribution of the only world creditor’s gold to the general benefit. Redistribution agreements are temporary, uneasily obtainable and manageable, and subject to political influence, while a second New Deal, the world sharing with the US the benefits of an increased American domestic demand, could have been but a luckily accident<sup>103</sup>. He thus regarded the American participation to “a system of general and collective responsibility, applying to all countries alike”<sup>104</sup>, for the managing of the future world, as the most relevant aim attainable through his plan.

Not reducible to a simple fight for Britain’s status in the post-war order<sup>105</sup>, Keynes’s task seems to induce the US to undertake a sort of training in leadership and help its behaviour be permeated by other principles than those followed at the end of WWI and during the interwar period. But he had become fully aware of the risks a system has to tolerate when it depends so critically on the willingness of its most powerful members to respect the rules of the game. His suggestion was then “to achieve by multilateral cooperation what Britain leadership of the international economy had once done (Markwell, 2007: 261) and naturally focused on creditor countries. While previous proposals were mostly directed to help deficit countries alleviate their short-term balance-of-payments problems “in the hope that surplus countries would allow the adjustment mechanism to operate” (Moggridge, 1986: 71), the ICU plan directly asked creditor countries to take the initiative: that is, to make available to deficit countries those resources they choose to leave idle or accumulate due to a lack of opportunities to invest them profitably at home. Unprecedented sanctions were posed on surpluses<sup>106</sup>, but as Keynes explained to his assistant in Washington, Thompson Mc-Causland, who had observed that the ICU configured an “automatic surrender of surplus” (in Skidelsky, 2000: 213), his plan was to oppose any deviation from the equilibrium; creditor themselves would have considered it in their own interest, granting them time to redress their economies<sup>107</sup>. Keynes was really making a case for the disarmament in international economic relations (Moggridge, 1992); in more imaginative words, he was projecting the *Economic Possibilities*

*for Our Grandchildren* on the international level (Mini, 1994). Later drafts of the plan confirmed that not surplus countries *per se*, but their uncooperative behaviour, imposing rigid constraints to the freedom to choose of the rest of the world, should be made the object of condemnation.

The threat to depart from the international monetary system in the direction of barter, to which Keynes had recurred on various occasions in the past to overcome the US refusal to cooperate, acquired strong relevance at the beginning of the process which led him to propose the ICU plan. His initial “illiberal” response (Vines, 2003: 348) to the secular international problem had some points in common with the Schachtian system<sup>108</sup> of bilateral clearing agreements established between Germany on the one side and European and Latin American countries on the other, to conduct trade essentially without foreign exchange, as an international barter centred on Berlin. A radical system, substituting territorial for universal money, restricted for generalized purchasing power, communitarian for individual decisions, negotiated for market-based exchange rates (Mini, 2006). Nevertheless, Keynes praised its virtues in his reply to Walter Funk’s New Order, observing that the essence of free trade lies in “trading goods against goods”<sup>109</sup>, but after WWI, *laissez-faire* in foreign exchanges had disordered trade relations, since countries lacking not goods but gold could nevertheless bankrupt<sup>110</sup>. Here is why initially Keynes argued in favour of a Schachtian system enlarged to the whole continent and centred on Britain, since Britain alone could evolve “a post-war order which seeks no particularistic advantage”<sup>111</sup>. Schachtism, he remarked, did not impose undue pressures on debtor countries, and had the advantage of preventing by agreement undesired capital flows from debtor to creditor countries.

How did the ICU, a “refinement and improvement of the Schachtian device”<sup>112</sup>, come to represent the ideal alternative to Schachtism itself, and *Justice* be advanced as the only possibility for Britain to avoid being caught in the *Starvation Corner* of Schachtism? Mini’s (1994) suggestive answer is that Keynes’s Schachtian plans were meant for a world left alone by the US: “Keynes’s 1941 visit to the US left him deeply pessimistic as to the ability of that country to play anything other than a *destabilizing* role in the international economy” (Moggridge, 2002: 118), to the extent that on commenting Funk’s New Order, he argued for future discrimination against the US “if she persists in maintaining an unbalanced creditor position”<sup>113</sup>. Keynes’s Schachtism was a means of making it impossible for major economic players like the US to act against the “interests of the restoration of international equilibrium”<sup>114</sup>. Late in 1941, Keynes told Harrod (1951) that he had to pursue both lines of thought, bilateralism and multilateralism. Both solutions were practicable, each of them apportioning an effective solution to the economic problem in the

kind of social world it pertains to. To put it differently, multilateralism was practical policy for Britain if, and only if, the US efficiently demonstrated its willingness to overcome the interwar impasse. Keynes was ready to make concessions to the American conception of the international economic system in return for US assistance, only if “the trade were freer, and international finance were managed, on a *global* basis” (Vines, 2003: 346). More than that, “Keynes clearly believed that interdependence required management, and that a ‘leader’ was a great asset (if not an essential one) in doing this” (Markwell, 1995: 209). The new leader should move from a “zero-sum game” image of the economic world, where member powers promote their particular interests whatever the cost for other countries – whatever the burden imposed upon them by the most dramatic aspects of the economic problem – and improve the chances of a generalized multilateralism by defending every country’s ability to endorse it. Keynes’s Schachtism was the safety corner for countries no more willing to tolerate the dramatic relationships of an international society dominated by the principle of scarcity and prone to find safety in closed worlds like that envisaged by Keynes himself in the 30s<sup>115</sup>.

The ICU banking principle, “a piece of highly necessary business mechanism”<sup>116</sup>, was intended to establish harmonic relations between creditors and debtors of the kind of those which constituted the “great historical advantages”<sup>117</sup> of the pre-war order. In his memorandum on post-war currency policy, Keynes asserted that a solution to the secular international problem had been found in the second half of the nineteenth century when “the system of international investment pivoting on London transferred the *onus* of the adjustment from the debtor to the creditor position”<sup>118</sup>. Changes in the volume of foreign investment by the creditors substituted for changes in price and wages as effects of gold flows; loans from “old established” to “newly-developing” countries were “self-liquidating because they themselves created new sources of payment”<sup>119</sup>. In the Thirties, on the contrary, a “complete degeneration set in and capital funds flowed from countries of which the balance of trade was adverse into countries where it was favourable”<sup>120</sup>. “The architects of a successful international system must be guided by these lessons”<sup>121</sup>, warned the same Keynes who in 1909 had expressed his admiration for the mutual benefits of foreign lending under the gold standard<sup>122</sup> but less than twenty years later<sup>123</sup>, considering those between the nineteenth and the twentieth century as “false analogies”<sup>124</sup>, declared that Britain should abandon those very policies to pursue its national interest (see Hutchison, 1973).

The ICU was to remedy the dilemmas of the international system as exposed in the *Treatise*<sup>125</sup>, by transforming adherence to international discipline into a choice of freedom rather than necessity. The freedom to pursue interest rate and investment policies with a

view to assuring full employment, helping “ourselves and our neighbours at the same time”<sup>126</sup>, for a Keynesian world where “the simultaneous pursuit of these policies by all countries together [...] is capable of restoring economic health and strenght internationally”<sup>127</sup>. Schachtism could not secure this result for, as Keynes made clear in 1942 to explain his preference for multilateralism, it may lead to a fallacy of composition: “[b]ilateralism may be all very well if one looks at it from the point of view of a single country pursuing it with enlightened self-interest. But as a world system with everyone playing at the game I am appalled at the complications and errors likely to arise”<sup>128</sup>. In the second draft of his plan<sup>129</sup> he added that “Schachtian” countries would necessarily find in “a position of particular obligation towards others”<sup>130</sup>. As remarked by Williamson (1981), “Keynes set his mind to devising a post-war system where bilateralism would be unnecessary and multilateralism would again be practicable” (ib.: 542). Unlike laissez-faire and its purposiveness, the ICU would have contributed to reducing the economic problem, doing what Schachtism can do only for countries belonging to the inner circle; yet “a system of general and collective responsibility, applying to all countries alike” can extend the device to the outer circle, placing emphasis on the virtues, rather than the vices, of economic interdependence. In a way, therefore, multilateralism is both the crux of the problem and its solution – “[e]verything else in the plan is ancillary to that”<sup>131</sup>, Keynes declared to the Lords – if only a general and collective responsibility for global imbalances can be assured by the help of the ICU.

It is only apparently paradoxical, then, that Keynes had developed “a theory of how the system *as a whole* would behave” (Vines, 2003: 349) though starting from a national perspective (Newton, 2000): the ICU plan was the final result of the search for an order assuring national behaviours in harmony with the needs of the whole system. With its closed-economy model and the indication of two opposite alternatives for national behaviour, the zero-sum game of mercantilism and the twice-blessed “Keynesian” solution, chapter 23 of the *General Theory* provided the model for rethinking the system as such. The awareness of Britain’s decline<sup>132</sup> was obviously for Keynes the starting point for reconsidering the pattern of international interactions. Once a commitment towards a freer trade taken, the escape route for Britain – but here “Britain” is truly a synonym for deficit countries – required him to “remake the whole world” (Vines, 2003: 346). Hence Keynes’s proposals for raising international liquidity in line with world trade through the ICU: fearing that world economic recovery after the end of the war might lead to a global restraint, as well as that the US could make use of other means than increased domestic demand to sustain full employment, he envisaged a fully accommodating global monetary policy, so that the scarcity of medium cannot impede the growth of international trade<sup>133</sup>.

Moreover, Keynes worried that a competitive struggle for reserves could emerge, a problem he had referred to since 1932. Hence his suggestion for fixed but adjustable exchanges and capital controls, with exchange policies free, under given circumstances, to point at internal equilibrium. Of course, reconsidering the adjustment burden was essential to the project, requiring creditor countries to act, at least initially, as the keystone of a scheme destined to force the international economic problem to take its back seat<sup>134</sup>. The times may come, Keynes wrote in 1945 echoing his *Economic Possibilities for Our Grandchildren*, when “an opportunity to get rid of stuff without payment [*may seem*] a positive convenience”<sup>135</sup> – in Keynes’s scheme there is no reward in being ‘good’, that is, in working hard and developing a trade surplus” (Mini, 1994: 194). Before entering that “age of abundance” which will change “the nature of one’s duty to one’s neighbour”<sup>136</sup>, “it would remain reasonable to be economically purposive for others after it has ceased to be reasonable for oneself” (ib.). At Bretton Woods, however, “[t]he U.S. negotiators operated with certain basic preconceptions”, says Gardner (1975: 203), and among them “the pervasive feeling that the U.S. was the world perennial surplus country and had to protect itself against too liberal access to international credits” (ib.: 206). Probably “victims of ‘an arrogance of power’”, “they hardly imagined that the U.S. might some day need international assistance in dealing with its own payments problems” (ib.). Only after realizing that its position was becoming that of a chronic deficit country, the US “reinvented some of those Keynesian proposals that they had earlier torpedoed” (Williamson, 1981: 543).

#### 4. KEYNES’S GIFT DIMENSION FOR THE NEW INTERNATIONAL ECONOMIC ORDER

Defeated on the liquidity issue, but finally convinced, due both to his elasticity pessimism (Moggridge, 1992) and fear of a generalization of protectionist solutions, of the practicability of the multilateral agenda of Meade’s plans for an International Trade Organization (Vines, 2003), Keynes knew that Britain, a country too weak to enter a financially open international environment, could take part in multilateralism only if guaranteed assistance from the US<sup>137</sup>. Hence the memorandum *Overseas Financial Policy in Stage III* with Keynes’s request to the US for a gift. To a first approximation, it seems obvious that what we suggest calling the “American Gift” asked for by Keynes in 1945 has not yet gained the attention of the sociological and anthropological literature, nor it has been treated as such, i.e. as a gift, in the essays dealing with Keynes’s role in shaping the new international system. Since Washington offered a loan, though on easy terms, the American Gift is quite paradoxically a gift with no giver. The economic literature has

however provided more subtle arguments to oppose a gift-giving analysis of Keynes's requests. Somehow reversing the dressing-up operation envisaged by British negotiators to transform the gift into a business-character assistance thus coming to term with the US business morals, historians have argued that the free grant Keynes asked for to the US was a strategic camouflage of the expected loan. Pressnell (1986) maintains that the American Gift was but an essential part of "the British tactic" (ib.: 264). In the context of the major meeting on 23 August 1945, destined to elaborate Britain's approach to the negotiations, "[t]alk of an outright free grant, without interest and non-repayable, can be seen to resemble not so much serious beliefs as an attractive marker, to compare the most favourable possible outcome with the least favourable" (ib.: 265). It was agreed that an American proposal of generous assistance to Britain should appear from the strength of the British case itself, with no specific suggestions on the part of London: "[t]he aim was to seek at the outset, not unnaturally, preferred British goals" (ib.: 266), a free grant plus help to settle the sterling balances. "Subsequently, it would be unsurprising for the British so to manoeuvre that disagreeable terms, even if regarded as broadly reasonable in London, should nevertheless appear to be of American inspiration" (ib.). Due to the success of this tactic (see Ferrari Bravo, 1990: 370), Harrod and Gardner would have naïvely insisted on Keynes's belief that a gift could really be obtained, and even on his ability to persuade Ministers and officials to share his supposed enthusiasm" (Pressnell, 1986: 266).

The different issues at stake which led Keynes to his six missions to America between 1941 and 1946, namely "lend-lease, Article VII, the shape of the post-war international economic order and Britain's initial post-war financial settlement" (Moggridge, 2002: 117), were clearly interrelated – in particular, "the more generous the terms lend-lease were the less might Britain need at the end of the war in transitional assistance from the US" (ib.)<sup>138</sup> –, the gift as a tactic seems to suit well to both Keynes's fighting interpretations, either "for" or "despite" Britain. Edward Playfair's 1941 characterization of Keynes as a too proud or naïve negotiator – "I think he is inclined to ask as of right what they are only prepared to give us as a favour. It seems to me very important to keep moral indignation out of these discussions if we are to get anywhere" (in Moggridge, 1992: 657) is dismissed by Ferrari Bravo (1990) as follows:

How is it possible [...] that that "moral indignation" based on a optimistic overvaluation – i.e. a wrong evaluation – of British financial situation in summer 1941 had endured unchanged for four years? Four years of perseverance in the same error, that of *asking as of right what the Americans consider a favour* appear definitely too many, and particularly so for a mind not so sensitive to the appeal of coherence (ib.: 272).

“Keynes [*was*] fully aware of the optimistic and moralistic part he plays with faultless effectiveness vis-à-vis the American negotiator” (ib.), he adds; but he had no disposable negotiation style other than, on the one side, the moralistic one and, on the other, that of “granting his interlocutor, with no compensation, that position of ‘moral indignation’ which his country’s situation legitimated him to rely on, so as to find himself projected immediately in that realm of utilitarian considerations towards which the stronger financial counterpart tended to move” (ib.). The “ingenuity” causing Keynes to ground his request for a gift on *Justice* is here regarded as one of the few disposable weapons for his battle, and one to be used: Skidelsky’s criticisms of Keynes’s “moral” arguments is thus challenged on its ground, that is strategy.

To avoid underestimating the strong continuity existing between Keynes’s request for assistance in the form of a gift rather than a loan and his overall views about the desired global order, we believe it necessary to conduct an inquiry into another dimension, which may be called the “gift dimension” of Keynes’s vision. A more appropriate toolbox is needed than those provided by the limited literature on the economic necessity of gifts in modern capitalism, which focuses on the Lend Lease Agreement and the Marshall Plan but denies relevance to the American Gift. The only reference to Keynes is included in Perroux’s (1992) work on the Marshall Plan:

Lorsque Lord Keynes, dans l'admirable speech à la Chambre Haute, par lequel il défendit le *loan* anglo-américain, se déclarait inconsolable de n'avoir pu obtenir un crédit sans intérêt, il exprimait, bien sûr, sa déception de négociateur et ses regrets qu'un geste américain n'ait pas rendu un plus substantiel hommage à Londres, capital du courage libérateur. Il n'est pas interdit de penser que cette formule d'un grand esprit avait – comme c'est toujours le cas – plus d'un sens et devait être interprétée compte tenu de ses arrière-plans et de ses perspectives (ib.: 212).

Our perspective heeds Perroux’s invitation to search for other explanations of Keynes’s disappointment with the loan than those exclusively related to his mission as British negotiator, and asks the anthropological and sociological literature for assistance, with particular reference to the bulk of studies about gift-giving which has been developing throughout the twentieth century and beyond since Marcel Mauss’s *Essai sur le don*<sup>139</sup>.

#### 4.1 POST-WAR (WOULD-BE) WORLDS

At the beginning of 1944, Keynes outlined a plan to approach Britain’s financial difficulties in the transition to the new order. By that time he had become “more and more enamoured of a *general* solution to the problem of the sterling balances as a part of the post-war clean-up” (Moggridge, 1992: 760). Sterling Area creditors had accepted to



centralize their exchange reserves, mainly dollars, in London, in exchange for sterling accounts whose validity was restrained to the area. The balances had been growing abnormally with the accumulation of military expenditures made by Britain itself in those territories as well as with the reduction in exports. At the end of the war, the area would have registered an overall deficit: as a consequence, Keynes envisaged a “‘Sterling Area’ Solution for the Interim Period”<sup>140</sup> showing significant discontinuities with the existing agreement, to the disappointment of the Bank of England. Due to war efforts and to traditional exports likely going to be “beaten by both the dear labour of America and by the cheap labour of Asia and Europe”<sup>141</sup>, the huge prospected deficit at the end of the war required Britain to limit initially the convertibility of the sterling balances to current earnings<sup>142</sup> and to ask the Americans for assistance to the extent of two billion dollars<sup>143</sup>. That was not “a well-chosen moment for a declaration of our financial independence of North America”, as he later wrote<sup>144</sup>: given the difficulties of borrowing everywhere, the world was a very small place, as the Treasury Representative in Washington, Robert Brand, told Keynes during the negotiations strategies<sup>145</sup>. Keynes had firm beliefs about the form of the assistance “Lady Bountiful”<sup>146</sup> should require to the US: “we should resist, I suggest, a market operation [...]. Such a credit should be regarded as a part of war finance. It should not carry interest and should be repayable by instalments over a period of (say) fifty years”<sup>147</sup>. Lacking the American help, Britain should renounce taking her responsibility for the post-war world. Keynes predicted that Washington would offer more than it was reasonable for Britain to accept, conditional to the adoption (“entirely, of course, for our good”<sup>148</sup>) of the “American conception of the international economic system”<sup>149</sup>: “[i]t is not the *quantity* of the accommodation about which we need worry. It is the *terms* and the consequences of losing our financial independence which should deeply concern us”<sup>150</sup>. Should the US use once again Britain as a “conduit pipe of America credit to the rest of the world”<sup>151</sup>, he remarked, it would be better to decline the whole offer.

The Lend Lease agreements for Stage II<sup>152</sup> left Keynes overoptimistic about the US “deepest, least alterable conviction”, namely that a “stable, healthy and competitively strong” Britain was “a vital, indeed an indispensable, requirement of American policy”<sup>153</sup>. While launching the “education campaign”<sup>154</sup> to persuade the north American continent to sustain Britain, Keynes called for a “new approach”<sup>155</sup> on both parts, since none of the “international credit mechanisms, in existence or contemplated”<sup>156</sup>, could provide a sustainable solution to Britain’s troubles. “What will be needed will be an act of statesmanship, perhaps on the initiative of the President himself just as he introduced the concept of lend lease at a time when some entirely new idea was necessary in order to ensure that we should go on fighting the war”; Britain should ask for “a reconsideration of

the sharing of the costs of the war. To the least possible extent, if at all, should it contain any normal provision"<sup>157</sup>.

The keystone of the American Gift saga is the memorandum *Overseas Financial Policy in Stage III*, a document against the status quo (Ferrari Bravo, 1990), offering the government imaginative alternatives to isolationism and austerity<sup>158</sup>. Keynes proudly stated that in persuading London's creditors to lend her 3 billions sterling for the conducting of the war lay one of the greatest successes in Britain's history<sup>159</sup>. Lacking the American relief, anyway, Schachtian devices would provide the only solution for Britain's post-war debt amounting at £2,000 million. The alternative named "Starvation Corner" required Britain to adjust unilaterally through austerity and rationing, national planning and trade controls, i.e. "not merely the acceptance but the advocacy [...] of a system of international economy after the war of a kind to which all sections of opinion, not only in the United States but also in Canada, are bitterly opposed"<sup>160</sup>. Though strategically relevant, the *Starvation Corner* was a desperate-best option, since multilateral, not bilateral, trade was in Britain's interests: "[i]s not the use of our position as a great consumer, to force our goods out on to the world in return for what the world wishes to sell us, the only new weapon in our armoury and one we cannot do without?"<sup>161</sup>. However, there was an alternative: "a general re-consideration of the proper burden of the costs of the war"<sup>162</sup>. Keynes named it "Justice", but was careful to present the plan only after a passionate discussion of an only apparently similar option, "Temptation", which embodied his concerns about the likelihood of Britain's being had by the US through a settlement on unsustainable terms. The US could lend between 5 and 8 billion dollars at the maximum; the latter amount, Keynes conceded, would have granted London a "real liberty of action"<sup>163</sup> and the possibility "to offer from the start the full multilateralism of trade and exchange which will be the best inducement to the Americans to fall in with our proposals"<sup>164</sup>. Keynes predicted that "the Americans would be ready, and even eager, to lend us large sums *on their own terms*"<sup>165</sup>, compelling London to an immediate free multilateral clearing within the Sterling Area and to dismantle the Empire. Besides expressing concerns for a further, huge, debt in addition to the existing ones, Keynes believed it right to reject an agreement on such lines: "[t]he sweet breath of Justice between partners, in what had been a great and magnanimous enterprise carried to overwhelming success, would have been sacrificed to some false analogy of 'business'"<sup>166</sup>, just as it happened at the end of WWI with the American Debt settlement. In trying to obtain *Justice*, Britain should resist the American-friendly *Temptation*, he argued, strategically preparing herself to proudly and voluntarily accept the *Starvation Corner*.

*Justice* would have allowed Britain to be the Americans' partner "in setting up a post-war international economy of the character on which they have set their hearts"<sup>167</sup>. The US should have granted \$3,000 million as a sort of retrospective Lend Lease agreement, thus falling in with Keynes's hopes for a non-market solution to the imbalance. Moreover, Keynes was asking the US and Canada for relevant credit lines – \$5 billion and \$500 million respectively – at easy conditions. In exchange, London would have assured the *de facto* convertibility of the sterling, after approaching its Sterling Area creditors with creative proposals for sharing the war burden according to a tripartite programme of eliminating (£880 million), funding (£1500 million) and freeing (£750 million) the balances. "In determining the respective size of the three portions each country could be dealt with on its merits"<sup>168</sup>: the "number of good reasons"<sup>169</sup> for which Britain had had to accept "a post-war financial burden entirely disproportionate to what is fair"<sup>170</sup> included not only the fact that the US had entered the war later than Britain, but also that the Dominions had *de facto* profited from British war expenditures.

Though little investigated<sup>171</sup>, the correspondence between Keynes and Robert H. Brand in spring 1945, centred on *Overseas Financial Policy in Stage III*, is a fundamental step towards the definition of Britain's strategy for the negotiations. For Brand, Britain should avoid insisting on claiming that "what we propose is not only Justice to us, but also Justice for them"<sup>172</sup>; the Americans would not have tolerated Keynes's criticisms for the late entry of US army into the war. Keynes was asking the US for a gift, he added, because they were the only who could help Britain; what is more, they had a strong interest to do so. Due to the generosity they had shown with the Lend-Lease, the Americans could in effect talk about justice, while Britain was not in such a position. Since "[i]f they were to give [*a gift as a retrospective Lend-Lease*], the Americans would certainly regard it as an act, not of justice, but of generosity"<sup>173</sup>, the request of "something that looked a little less like a free gift"<sup>174</sup> would have been a better strategy. Keynes disagreed on the point: Justice would appeal to some people at least, he claimed, though self-advantages of the US in complying with the proposal should be emphasized too. Lacking the gift, Britain could not reach a satisfactory settlement with its sterling creditors and guarantee "that measure of convertibility, which is the main prize [*the Americans*] can attain by falling in with our ideas"<sup>175</sup>. With the approval of the Bretton Woods agreement, Brand had wrote, Britain was believed to have finally settled its financial problems, to which Keynes replied that "nothing would suit us better than the rejection of Bretton Woods"<sup>176</sup>. But Britain was bound to respect the agreement and its commitment towards free trade, he stated; rather, the gift was a strictly necessary condition for keeping up with the promise. The argument was thus reversed: since "[t]he various elements in the policy of trying to march with the U.S. in the post-war

economic set-up all hang together"<sup>177</sup>, only a gift "would enable us to march with them side by side"<sup>178</sup> towards a new world. Market solutions would on the contrary led Britain to envisage "distasteful" second-best policies, which would be "objectionable"<sup>179</sup> to the US, to face the transition. Prophetically, Keynes added: "[v]arious versions of Temptation", with the risk of an "unbalanced settlement" hidden behind them, "will always be lying round the corner"<sup>180</sup>.

Keynes was firm on the need to reject "anything in the nature of a specific bargain"<sup>181</sup>. To Sir Wilfrid Eady, Keynes wrote that Brand was right when warning that

"references to justice should be avoided, but only up to a point. The appeal to justice does not necessarily suggest any lack of generosity on the part of U.S. It is a wider conception about the way in which the financial consequences of the war should be liquidated. Just as he thinks that this sort of line of approach is to be avoided, so I, on the other hand, think that too exclusive an appeal to American self-interest will be misjudged"<sup>182</sup>.

Since the US was a "business country where it is a moral duty and not merely a self-regarding act to make any money which the traffic will bear and the law allow", as he later wrote in a memorandum to Hugh Dalton, "some imitation of a normal banking transaction is necessary if the moral principles of the country are not to be affronted"<sup>183</sup>. But a bargain, certainly not a specific one, could be said to exist only between the gift and the acceptance by Britain of "the kind of post-war world"<sup>184</sup> wanted by the Americans too, which "they would fail to get, here and now"<sup>185</sup>, if refusing to offer the gift. Brand had suggested a metaphor for Great Britain, that of a company to be drastically reconstructed<sup>186</sup>; the US could likely request to be reassured about the participation of the sterling area members to the reconstruction of the country<sup>187</sup>. Keynes argued that doubts of this kind, on the American part, could reveal an advantage for Britain: it could be settled, for instance, that "the \$3 billion from the U.S. should be matched by cancellations by the sterling creditors of an at least equal amount"<sup>188</sup>. But Brand had already objected that the portion of the balances (25%) Britain was to make immediately convertible would have been remitted to the US from countries like India and Egypt, thus depriving London of 2 billion sterling. In any case, he added, "[t]he \$3 billion free gift is indeed the crux of the problem, and the core of the whole plan. My own feeling is that a free gift will in any circumstances be extraordinarily difficult to obtain. At any rate it would require an atmosphere totally different from anything like the present one"<sup>189</sup>.

Keynes's response is worthy of careful consideration. As concerns the sterling area, he remarked that the "de facto convertibility" program was conceived to induce the sterling area countries to keep their deposits in London, since Britain was committed to allow the area members to draw gold and foreign exchange for current transactions as

well as to guarantee the convertibility of remaining sterling balances within three years<sup>190</sup>. Moreover, a “Starvation Corner” solution for the sterling area agreements, causing an insane competition between the area members to get dollar allocations and among other creditors to throw on their partners as much as possible of the aggregate burden of Britain’s borrowing needs, would have turned against the interests of the US<sup>191</sup>. In sum, the dollar pool was the only means to assure the US that dollars would be spent, involving a minimum level of discrimination, while the additional 5 billion dollars loan were to be used as a last resort guaranteeing Britain the confidence necessary to face the transition. Keynes was aware of the cruciality of the gift: while trying to reassure Brand on both the issue of the area members’ sustain to the dollar pool and on convertibility, Keynes’s programme relying on Britain being granted the American Gift<sup>192</sup>, he brought forward two non-economic arguments supporting the idea of the gift as an “opening gambit”<sup>193</sup>. First, the plan would be much more acceptable to public opinion in Britain. Second, and more importantly, the gift would facilitate the task of persuading the sterling area countries to fall in with the proposal.

“If America insists on remaining on a strictly economic basis, that makes it harder for the others to depart from it. I attach predominant importance to this psychological atmosphere of the free gift”<sup>194</sup>.

“We could [...] use all your arguments about the psychological effect on our sterling creditors, about the immense benefit to the U.S. from our joining the ranks of the convertible and so on. At very small cost they would be making a new world”<sup>195</sup>, Brand replied. However, soon afterwards he recognized that “[w]hatever we may say, the Americans will always regard it as a great act of generosity on their part, for which we must always be grateful. There may be in fact little difference between a gift and a loan on exceedingly easy terms, but it will always be considered that there is a difference”<sup>196</sup>. As the Canadians told Keynes in London, between 19 and 29 March, the Americans were “shy of acting as a permanent Christmas tree”<sup>197</sup>. On 25 June 1945, the newly-appointed Assistant Secretary of State Clayton wrote to Vinson, who was to be named *Secretary of the Treasury*, that the US would offer but a loan, though at easy terms, to Britain, since “[i]t would be quite unwise... to consider making Britain an outright gift... It would be unwise even to supply the funds as credit without laying down conditions that would insure a sound advance towards our post-war objectives”<sup>198</sup>. The crucial meeting of 23 August 1945 saw Brand’s views about the need to let the gift be proposed by the Americans on consideration of the “strength of our case” commanding a consensus in the British mission<sup>199</sup>. Keynes had become convinced that the Americans would “not readily understand the honourable character of our obligations to many of the sterling area

countries"<sup>200</sup>; on 5 September he recognized that "[t]here will have to be some camouflage"<sup>201</sup>. Britain simply lacked an alternative to negotiate<sup>202</sup>, as Keynes had referred to Eady. To obtain the gift, British negotiators should have exhibited another one, "'the gift of breaking off', and be ready, if necessary, to come home unsuccessful"<sup>203</sup>. They were not, and they could not, as Graham Towers was to observe, since "to break off because we could not get a grant-in-aid would lay us open to great criticism by the public here"<sup>204</sup>. It is hard to complain for not receiving a gift which had not been given.

"In the extreme limit where the U.S.A. has complete priority", Keynes admitted, "the whole scheme for releasing the sterling area balances would be frustrated. It is therefore in the general interest to go as near as is politically practicable to the opposite extreme"<sup>205</sup>. As a consequence, in their Press Conference at the British Embassy in Washington on 12 September, Keynes and Halifax, the British Ambassador, insisted on the concept of economic interdependence: "the financial and commercial arrangements of a considerable section of the world have become almost inextricably intertwined with our own financial and economic affairs in London"<sup>206</sup>, which required Britain to be "in a strong enough position to release to [*our partners and creditors*] as available purchasing power some part of [*their external*] resources"<sup>207</sup>. Keynes prompted for a cooperative and imaginative solution to promote multilateralism and opposed *Temptation*. He added:

We have to look at the financial and commercial problem of the world as a whole; and, moreover, build up a currency and commercial structure which is in the best interest not only of world prosperity (which our technicians will make easy) but of peace and goodwill amongst men [...] so as to avoid the violent disturbance of international commerce which are the road to discontents which can shake the social order and to maintain full employment and good wages everywhere by means that do not beggar but, on the contrary, enrich our neighbours"<sup>208</sup>.

However, "it was simply too difficult to keep the Sterling Area together (which required convertibility and free movement of capital within the area), keep sterling inconvertible into non-area currencies, keep the sterling/dollar rate at the pre-war parity, ignore the existence of a free market for sterling in New York (unfettered by US authorities), and, at the same time, declare a date in the near future for the return to convertibility" (De Cecco, 1979b: 57). In November Keynes offered Vinson his last original scheme, asking the US for two different loans: an interest-bearing loan to be used by Britain to face its negative balance of payments vis-à-vis the US; and an interest-free one to promote multilateralism and free trade in the general interest of the system, involving the whole spectrum of Britain's creditors in the adjustment. Only a clear and effective distinction between the terms of the two loans would persuade London to be "the channel through which that assistance is provided"<sup>209</sup>. Keynes could support the conclusion that "[i]n asking for such

assistance therefore, we are seeking something which will benefit not only the U.K. but the whole of the world, and not least the U.S.A. itself"<sup>210</sup>. But the US had already taken its decision. "Nabob 177", which Keynes sent to the Chancellor of the Exchequer, Hugh Dalton, in the most dramatic phase of the negotiations, sums up the logics inspiring his diplomacy:

We came here in hope that we could persuade the U.S. to accept a broad and generous solution which took account of our financial sacrifices before U.S. entered the war and of President Roosevelt's principle of equality of sacrifice as well as of the post-war advantages to the U.S. of a settlement with us which would enable us to share world responsibilities with them free from undue financial pre-occupation and to join them in shaping the pattern of world commerce and currency on lines which would favour expansion and general prosperity. We thought of such aid as being at the best a free grant, failing that a partial grant, and at the worst an interest-free loan. A settlement on any of these lines would be intelligible to the British public as being free from commercial considerations and a grand gesture of unforgetting regard to us from a partner with whom our comradeship in the war has been of a very special intimacy. The difference between a settlement on any of these lines and one which tries to imitate, however feebly, a normal banker's investment is much greater than is represented by any increase in our future financial burden<sup>211</sup>.

The final agreement was on a 3.75 billion dollar loan on easy terms; its last instalment was corresponded by Britain on December the 31<sup>st</sup>, 2006<sup>212</sup>.

#### 4.2 THE SPIRAL OF THE GIFT

Keynes's insistence on the multilateral character of the desired new order, easing the moving towards a sounder political economy between all nations, is at odds with the "Fighting for Britain" narrative. Moggridge (2002) rightly points out that Skidelsky's volume undervalues the importance of Keynes's plans for the settlement of the sterling balances. The moving from the *Starvation Corner* towards *Justice*, passing through *Temptation*, can be explained by referring to the increased number of players involved in the passage to a more equilibrated world. The *Starvation Corner* was a synonym for unilateral adjustment, Britain being compelled to put its house in order without external assistance. *Temptation* would have involved the US in the correction. *Justice* would have given Britain the possibility to come to an agreement with the Sterling Area countries. The starting mechanism for the progressive enlargement of the spectrum of the participants in the adjustment was to be provided for by the American Gift. The analogy with Keynes's proposals for rehabilitating Europe at the end of WWI is striking. In both cases, creditors were required to share the adjustment burden with debtors, after a substantial and

voluntary effort on the part of the main creditor, the US, had triggered a spiral of generosity which, by progressively cancelling or mitigating the Inter-Allied debts, could help dramatic interdependence to transform into a win-win game for peace times. *Overseas Financial Policy in Stage III* equally aimed at reviving global multilateralism<sup>213</sup>. Sterling Area countries had a real interest in complying with the settlement proposed by Keynes, offering them the opportunity to revitalize their exchanges with the US without repudiating the agreements with Britain. Moreover, due to Britain's difficulties, they only could act as stimulators for American exports; while the US did not depend on external trade as much as Britain, the world did depend primarily on US home trade (De Cecco, 1979b). Thus, Keynes's "shared responsibilities" scheme included a solution for global imbalances which could hold together the main trade partners of the world and let them regain confidence to take part in global multilateralism. The transformation of the American Loan finally negotiated into a non-British demand for American goods, accelerating the path towards the 1947 sterling convertibility crisis, which was to show, *ex post*, that Keynes's concerns were not misplaced.

The somewhat surprising involvement of a third actor in a process which has been mostly looked at as a bilateral relationship should remind scholars familiar with the anthropological literature of the long debated issue of the *hau*, or "the spirit of the thing given", a concept deriving from the account of Elsdon Best's Taori informant Tamati Ranaipiri<sup>214</sup> and used by Mauss to explain the obligation to reciprocate. A convincing revisitation of the *hau* has been provided by Sahlins (1972) and later Hyde (1983), assimilating it to the productivity of the gift<sup>215</sup>. Sahlins sees the *Essai sur le don* as an essay on the social contract, the gift being engaged in a war with war itself: archaic societies simply do not permit the beneficiary of a present to get rich because of the gift itself, which must be returned, or it ceases to be fertile<sup>216</sup>. Gifts exchange thus become a synonym for the *contrat politique*, "the exchange of everything between everybody" substituting for "Hobbes's war of every man against every man" (Sahlins, 1972: 168)<sup>217</sup>; gift is "Reason" (ib.: 175), organizing society as a *milieu* of "in between" relations with "no sacrifice of equality and never of liberty" (ib.: 170)<sup>218</sup>. Due to human passions, however, reason is insufficient, and requires reciprocity as a law, i.e. the obligation to repay, as *the* mechanism for social stability. With respect to Levi-Strauss<sup>219</sup>, Sahlins argues, "Mauss transposes the classic alternatives of war and trade from the periphery to the very centre of social life, and from the occasional episode to the continuous presence" (ib.: 182). The third person in Ranaipiri's account is thus interpretable as a possible key to understand at least some aspects of the systemic character of gifts as "total social phenomena" (Mauss, 1990: 3): "[t]he cycling gift system is the society" (Douglas, 1990: ix). As remarked by Godbout



(1998a), the *hau* does not appear in bilateral relationships, “but only in those which there are many partners in a chain, creating a complex path. [*The hau*] is coextensive with the generalized gift” (ib.: 130-131).

Not to separate the three elements, giving, receiving and reciprocating, since the insistence on one of them taken by itself risks imposing a “mercantile reciprocity” view of gift-giving, Godbout (1998a) suggests using the metaphor of a spiral to represent the dynamic of the gift. That way, he assigns anyway a prominent role to giving as its starting mechanism: only a gift, in fact, can give life to something new, unexpected, irreducible to what the actors involved possessed before entering such a relation (see Fixot, 1992)<sup>220</sup>. This dynamics is indeed based on a “strange law of alternation” (ib.: 134), requiring the receiver of a gift not so much to reciprocate, but to offer himself. In general terms, the gift reverses the principle of revenge and precedes reciprocity, since one gives not to someone who has previously given, but to somebody who will give (Anspach, 2002). Wrongly dismissed by a relevant part of the current literature on gift-giving<sup>221</sup>, in that following the “principle of give and take” correction Malinowski’s (1996) apportioned to his *Argonauts of the Western Pacific* (1922) to focus on purely reciprocal gifts (see Hyde, 1983; Parry, 1986), gifts circularity in *kula rings* suggests that “harmonious, stable relationships are more likely to occur, and strain to be reduced, when a system is worked out by which everybody can be a potential donor” (Dillon, 2004: 15). By opposing the principle of revenge in the highly heterogeneous world of archaic societies studied by Mauss, whose stability is continuously threatened by the antagonistic relationships which derive from inequality, the gift create social bonds which are functional to the creation and maintenance of peace. The spontaneousness of the gift is obligatory, since while impersonal market equivalence reduce the specificity of different and unique social relationships to the uniformity of interchangeable actors who live outside history, gifts only are able to prevent anti-social mechanisms from operating.

This is the result emerging from the theoretical path traced by the sociologist Alvin Gouldner to analyse reciprocity and gift-giving in modern societies. In 1960, Gouldner had claimed that the “norm of reciprocity”<sup>222</sup> is a universal “all-purpose moral cement” (ib.: 64) playing a stabilizing role in transactions unregulated by specific status obligation. Once internalized by the parties, the norm of reciprocity would thus provide the confidence necessary to solve “prisoner’s dilemma” situations. However, he recognized, there are problems in too exclusively an insistence on the norm of reciprocity, which relies indeed on making it inconvenient, for both creditors and debtors, to break off dependence relationships: the “shadow of indebtedness” (ib.: 63) is functional to social stability<sup>223</sup>. In a subsequent essay, Gouldner (1973) noted that the role of the norm in sensitizing people to

the future is far from sure<sup>224</sup>. The principle of justice is a necessary condition for social stability but it is not sufficient, he argued, not least because of the initial “disparity between the wants or needs of different persons and their culturally prescribed status right” (ib.). A solution is found in the “norm of beneficence” (ib.: 266), or the principle of “something for nothing”, which requires men “to give others such help as they need” (ib.). While reciprocity is “the defensive and minimal demand of the world-chastened adult who can and is willing to give – or, at least, to *settle for* – of ‘something for something’ (ib.: 268), something for *nothing* is “a mechanism for *stopping vicious cycles* of social interaction” (ib.: 274), for preventing failures to comply with reciprocity from generating retaliation and war. The principle thus serves

“as a ‘starting mechanism’ helping to initiate social interaction [*being*] an ignition key that activates the starting engine (the norm of reciprocity) which, in turn, gets the motor – the ongoing cycle of mutual exchanges – to turn over” (ib.: 275).

As seen, the American Gift as conceived by Keynes was to exhibit a spiral movement involving all major partners of the future world in the liquidation of the financial consequences of the war and, above all, in the construction of a new multilateral order contributing to solving the international economic problem. Its “starting mechanism” character for an “ongoing cycle of mutual exchanges” substituting for the impasse of the interwar period appears with clarity once the American Gift is considered in its aspects of continuity with Keynes’s overall reform projects and their systemic character. Keynes had underlined with force that the American intervention to rehabilitate Europe at the end of the conflict should come as a part of a “general responsibility” plan, the US being required to let other countries dispose of its redundant surplus in a more systematic way, “as Great Britain used to do in the past”. As remarked by Mini (1994), the ICU was a true “break with the past” (ib.: 193) was in condemning the accumulation of surplus as an anti-social and actually useless act of purposiveness which pertains to *rentier* nations<sup>225</sup>. In principle, and at the outset a part of Keynes’s general reform plans, the American Gift became a substitute, though an imperfect one, for them: the requested American’s help, Keynes wrote, cost them “literally nothing. It enables them to dispose over a period of a foreign surplus far below what they are likely in any case to develop, a surplus of which in any case they will have to find means of riddance”<sup>226</sup>. The true value of the American Gift is not in being the most visible part of the “automatic surrender of surpluses” considered by critics of the ICU plan as the latter’s essence, but in the possibility to use it as a trigger mechanism for the re-launching of multilateralism to the benefit of the whole world, the Americans included. Since the Bretton Woods agreement, too gentle towards the creditors and too little elastic in its providing facilities with respect to international trade, could play

a lesser role than the ICU in realizing a more equilibrated world, the only seemingly “back to bilateralism” proposal of the American Gift may be conceived as a sort of tester of the leadership’s willingness to comply with the revolutionary spirit of Keynes’s desired new system *despite* the rejection of his “freedom-enhancing” proposals at Bretton Woods (see Cedrini, 2007).

According to Ferrari Bravo (1990),

“[Keynes’s] main concern will be [...] that of conciliating the financial transfer, the *financial millenium*, with his country’s international political position. The constant of his action is the attempt to imbue the new hegemonic centre, the US, with the behaviour and ethics which pertains to the world creditor power” (ib.: 407).

“[P]assionately convinced” as he was “of the need for an international economic order of some form, and especially of having the country whose economy then dominated the world accept its international responsibilities” (Williamson, 1983: 101), Keynes was bound to devise other mechanisms, since Bretton Woods had taken the form of a revised White plan, to obtain this result. Not only Britain’s enormous indebtedness in the transition period, but also Keynes’s defeats on increased international liquidity, on his “shared responsibilities” plans for international imbalances, substituted for by the “subscribed capital” principle of White’s plan, on the technical rather than political character of the institutions’ mandate to safeguard national autonomy from the bias in favour of discipline which marked their birth, on the creation of a new supranational money dethronizing gold and the dollar in their role of international reserve all lay at the basis of the American Gift; in short, on all his freedom-enhancing proposals. In this sense, *Overseas Financial Policy in Stage III* was really “a trigger mechanism for the creation of a Keynesian world” (Newton, 2000: 199).

The ICU world has many elements in common with those social contracts based on a mixture of gift-giving and reciprocity which scholars carrying on Mauss’s analyses see at the basis of peaceful social relations in archaic societies. The interwar period had shown clearly that stability cannot be assured by market mechanisms alone: countries, and even the leader, can simply decline responsibility for an orderly-managed international system. To use Sahlins’s (1972) well-known, somewhat paradigmatic “reciprocity continuum”<sup>227</sup>, one could argue that the international system as conceived by Keynes is supposed to leave aside “negative reciprocity” of the interwar period – participants in the exchange “confront[ing] each other as opposed interests, each looking to maximize utility at the other’s expense” (ib.: 195), like in the mercantilist world described in the *General Theory*<sup>228</sup> – to endorse the “balanced reciprocity” typical of orders where social relationships depend on material flows, the classic vehicle of peace and alliance contracts, substance-as-symbol

of the transformation from separate to harmonious interests” (ib: 220). Balanced-reciprocity systems do not tolerate huge, persistent imbalances<sup>229</sup>; but reciprocity cannot be perfectly balanced, or it gives life to an instable system perpetually tending towards the one or the other of the extremes of the continuum. To avoid falling back to its “negative” pattern, balanced reciprocity must be supplemented by sanction or progressively approach positive reciprocity. The former is the task Keynes assigned to the ICU through its “shared responsibilities” principles, demanding creditor countries to submit to the obligation not to impose deflationary pressures on other economies. A normal piece of “highly necessary business mechanism” in national economies, the banking principle is revolutionary once placed in the international setting regarded as a closed system, since it required its members to comply with the requirements of global interdependence; and the American Gift fully represents this revolution toward positive reciprocity.

But the US was not disposed, to say it *à la* Gouldner (1973), to take conscience of the “precariousness of their own future position, however secure they may be at the moment” (ib.: 261). The ICU plan was implicitly based on the player with all the cards in his hands taking advantage from Britain’s “experience” and imbuing its leadership with a “public spirit”. On requesting the American Gift, Keynes was suggesting that the US could not continue pursuing its isolationist policy: with n-1 countries caught in the dilemmas of the international system, the n-th country, the leader, should find the means to actively promote the formers’ participation in the new order. *Noblesse oblige*, notes Gouldner: the empirical pattern of interaction between norms of beneficence and reciprocity lies in the leaders’ compliance with the former being “a symbolic token of their *responsibility* and, hence, of their basic credentials for power and leadership in the group”, where leadership is “*defined* as acting in conformity with the needs or interests of the group as a *whole*, rather than on behalf of *the leader’s own partisan* interests alone” (ib.: 278)<sup>230</sup>.

#### 4.3 FREEDOM TO CHOOSE AND OBLIGATION TO ACCEPT

Being their prolongation but also a different, and more limited, to a certain extent, vehicle of their spirit, the American Gift necessarily acquires some specificities with respect to Keynes’s previous reform plans. The insistence on the gift itself, seemingly a “back to” a “patchwork”<sup>231</sup> solution for global imbalances as opposed to the “system of general and collective responsibility” which Keynes devised as a more attractive alternative to the former, seem to assign to the American Gift those peculiar characteristics which studies on Mauss’s legacy for today’s world recognize as typical of the gift in modern, utilitarian societies. It is the case of the analyses carried out since the Eighties by scholars gathered

around *La Revue du MAUSS*, in the attempt to overcome, by developing a “third paradigm”, that of the gift, in an anti-utilitarian framework, the traditional dualities in sociology between individualism and holism (Caillé, 1998) and between utilitarian calculation and adherence to norms or values (Adloff and Mau, 2006). The “double impossibility” in which the gift is caught in modern societies (Caillé, 1998) – it cannot be derived from egoism, nor it can be purely altruistic or divine – parallels the impossibility to explain the genesis of social bonds starting both from normative approaches to the theory of reciprocity, which simply take them for granted, and methodological individualism, unable to assess how social cooperation can emerge from risk-averse, utility-maximizing individuals. Modernity renounces to the complexity of the gift by defining it through one and only one of its various components<sup>232</sup>. “Modern times begin with the decision to split entirely and without hope of return what the ancient societies had tried to hold together – namely, the sacred and the profane, gods and men, the political and the economic, splendour and calculation, friendship and war, gift and interest” (ib.: 23), thus engendering the paradox of the free gift:

“[t]here is no gift more certain to command attention than the gift that need not have been given because of our past indebtedness, our future ambitions, or our present sense of obligation. [...] there is no gift that brings a higher return than the free gift, the gift given with no strings attached. (Gouldner, 1973: 277).

The first gift, noted Simmel (1996), “because it was first, has a voluntarily character which no return gifts can have. For, to return the benefit we are obliged ethically. [...] We are apparently free to do or not to do the duty [*of gratitude*] we feel above us as an ideal; but, actually, complete freedom exists only in regard to *not* doing it, since to do it follows from a psychic imperative, [...] the inner equivalent of the legal coercion of society (ib.: 47). However, as stressed by Douglas (1990),

There should not be any free gifts. What is wrong with the so-called free gift is the donor’s intention to be exempt from return gifts coming from the recipient. Refusing requital puts the act of giving outside any mutual ties. [...] A gift that does nothing to enhance solidarity is a contradiction. (ib.: vii)

A major reason why economists fail to “import” the gift from anthropology and sociology, the “between” character of the gift relationship (see Zenou et al., 1993) with its paradoxical mix of voluntary giving and obligation to give seems to be lost in modern societies. Godbout (1998) argues that with the advent of the market, the invention of surplus and the separation between production and consumption, producer and user, things no longer circulate carrying social ties with them; the latter simply leave relationships based on economic dependence and take refuge in primary sociality (family, kinship, village),

untouched by the market. Entering the realm of community ties and progressively but somewhat inexorably dismantling communities by substituting their service institutions for primary relationships, the state's intermediaries later complete the rupture with archaic societies, and almost totally free men from social ties themselves. Hence the dissociation between utility and gratuity: obligation and freedom, self-interest and disinterest, elements held together and interwoven in the complex architecture of archaic gifts, are now seen as competing principles. An almost completely utilitarian society leaves no room but to a pure gift and its ideology (Parry, 1986)<sup>233</sup>. It is then an easy task for modern minds to deny the gift even the possibility to exist, since they cannot conceive a purely altruistic action unless it can be related to egoistic motivations. But this is a logical impossibility, as already remarked by Durkheim (see Caillé, 2001) and illustrated by what Godbout calls "the paradox of Carnegie". To win friends and prosper, a businessman must be interested in others; however, his success depends on being *genuinely* so: he should not exploit instrumentally such interest, or he will not succeed. As Derrida (1992) shows, however, the "gift as gift" (ib.: 14), the anti-economic gift requires "that the donee not give back, amortize, reimburse, acquit himself, enter into a contract, and that he never contracted a debt" (ib.: 13). But then, if experience shows that the real gift is an "Indian" gift, "for which an equivalent return is expected" (Parry, 1986: 455), the latter is but a mask of the "most basic *Law* of economics, namely that one cannot get something for nothing" (Harrod, 1948: 36). "At the limit", says Derrida, "the gift as gift ought not appear as gift: either to the donee or to the donor" (Derrida, 1992: 14): the gift is "the very figure of the impossible" (ib.: 7). A major problem with the "gift as gift" approach and its variants, as argued by Caillé (1998), is their reductionism<sup>234</sup>, which cannot but reaffirm the primacy of rational action theory and utilitarian tradition in social sciences despite their failures in explaining the social foundations of modern societies (see Adloff and Mau, 2006). Derrida equates intention and calculation – whereas no guarantee of return does not necessarily mean no expectation of return (Caillé, 1998) – denying human beings "the capacity to entertain conflicting thoughts or interpretations without seeking to resolve them neatly" (Osteen, 2002: 16). A way out of the impasse may lie in coming back to Mauss to investigate the play of freedom and obligation which allows the gift to play a role in creating social alliances (see Parry, 1986), as shown in the following with respect to the American Gift.

A recurrent issue in Keynes's diplomacy, as already seen on revisiting his criticisms to the business character of US assistance during WWI<sup>235</sup>, the giver's spontaneity and voluntary offering is strongly reaffirmed in the negotiations of both Bretton Woods and the American Gift. As to the former, in his speech to the Lords of 23 May 1944 Keynes

stressed that the “shared responsibility” principle of the Joint Statement would not have been possible without

“a voluntary undertaking, genuinely offered in the spirit both of a good neighbour and, I should add, of enlightened self-interest, not to allow a repetition of a chain of events which between the wars did more than any other single factor to destroy the world’s economic balance and to prepare a seed-bed for foul growths”<sup>236</sup>.

Coming to the latter, he never abandoned, as seen above, the idea of making the Americans themselves offer a gift to Britain, as the result of a sincere appreciation of Britain’s effort in financing the war and future expected difficulties. Keynes was well aware of the risk Britain was running: in one of the first memorandum he wrote on external finance<sup>237</sup>, he suggested limiting the American assistance to what was strictly required for maintaining Britain’s solvency and opposed any yielding to the American conception of the international economic system. He predicted that the US “would prefer us to end the war with exiguous gold and dollar reserves so that they will be in a position to force”<sup>238</sup> on Britain a dollar loan “on our own credit in order to allow sterling area countries [...] to buy United States exports out of their sterling balances”<sup>239</sup>. A contrast appears neatly between, on the one side, the widespread interpretation of the gift relationship in terms of the giver’s power on the receiver, whose impossibility to reciprocate, combined with the obligation to do so, compels him to enter a relation of dependence with the former<sup>240</sup>, and Keynes’s preference for a gift over a loan on the other. The economist is here opposing a the latter precisely because of its conditional character, whereas he favours the former, gift-solution, since that way only Britain would retain its “ultimate strength and independence”<sup>241</sup>. Otherwise, he added, Britain should refuse any agreement, to the disadvantage of both<sup>242</sup>.

As seen above, on revisiting his proposals for the settlement of WWI Inter-Allied debts Keynes stressed that America did not have any “obligation” to do anything, though a moral reason, i.e. the US participation in the conflict as an investment policy, was surely reinforcing his case. Nor was he expecting the US to offer mitigation “unconditionally”<sup>243</sup>, even if a starting move by the Americans was required to save Europe from the burden of reparations and war debts. Keynes’s proposals were criticized exactly for both their presumed “moral” character and the “unconditionality” of the American contribution they seemed to request. Interestingly, this remarks were to appear again, under almost unchanged forms, twenty years later<sup>244</sup>. Still, was the coherence of Keynes’s request to the US really lying “in the realm of morals rather than finance”, and morality a “vehicle for illusion” (Skidelsky, 2000: 384)? History, and morals with it, is surely at the basis of Keynes’s plea for reconsidering the sharing of the costs of the war. But history is not the

crux of the problem analysed in *Overseas Financial Policy in Stage III*; though necessary to the proposal, *Justice* “in its classic Aristotelian sense” (ib.) is not even its focal point. Unless, due to the very history of previous relationships on which the American Gift, as any gift, is based – unlike market transactions, gifts cannot neglect, nor it is their intention to eliminate, the initial differences between the parts involved (Godbout, 1998a) – the meaning of *Justice* can be extended to include those failures in accepting responsibility which characterized the US behaviour in the interwar period. Nor was justice, which may sound even more surprising, the central issue of Keynes’s proposals for the American contribution to the rehabilitation of Europe at the end of WWI, but economic interdependence, with the dramatic consequences of the peace deriving from the unnecessary burden of Inter-Allied debts and reparations to Europe and world economy, due to the “unnatural pattern of international trading relations”<sup>245</sup> which would have followed. The same goes for *Overseas Financial Policy in Stage III*: before designing its tripartite scheme, Keynes had been repeatedly pointing out that “an entirely new approach on the part of the United States and ourselves”<sup>246</sup> was needed, suggesting almost explicitly that the coherence of the memorandum was in the forward-, rather than backward-looking proposal for “a new departure”<sup>247</sup>.

Should this coherence lie, on the contrary, mainly or exclusively in those “dubious moral” factors on which Keynes was said to have based his criticisms to the business character of WWI American assistance, Skidelsky would be right to argue that Keynes made mistakes. In Mini’s (1994) account, Keynes calculated “the amount that Britain needed to meet its obligations under Bretton Woods without undue apprehension, and then dream up an ‘equivalent value’ to give to the United States” (ib.: 209), but since “*psychological* matters affect judgement, making it highly *subjective*” (ib.), he made the error of arguing that Britain “had already ‘paid’ its debts; indeed, it was *in credit* toward the US and the rest of the world because of her sacrifices” (ib.: 209-210) during the war. But his argument rests “[o]n the premise that in relations between countries there is an exchange of equal for equal” (ib.: 209), which Keynes could not truly support<sup>248</sup>. Rather, Mini rightly argues that Keynes failed to emphasize, at the outset of the negotiations, that *Justice* was concerned with the future not less than with the past. A purely backward-looking *Justice* could not be a starter, as Keynes himself recognized, claiming that reference to justice did not rule out generosity on the part of the US, and that US self-interest – the argument opposed to *Justice* in this scheme – should be emphasized only to a point, and not exclusively. In his speech to the Lords, while discussing the “principle of equal sacrifice, financial or otherwise”<sup>249</sup> which the Americans had rejected, Keynes admitted that



“in no phase of human experience does the past operate so directly and arithmetically as we were trying to contend. Men’s sympathies and less calculated impulses are drawn from their memories of comradeship, but their contemporary acts are generally directed towards influencing the future and not towards pensioning the past”<sup>250</sup>.

He was aware that the proposal of a “gigantic gift”<sup>251</sup> intended to settle the past contrasted with the US likely valuing more Britain’s “future prospects of recovery and our intention to face the world boldly” than “past performance or our present weakness”<sup>252</sup>.

The relational character of the gift being lost in negotiations, the correspondence between Brand and Keynes seem to configure a virtual representation of such a relation, with the latter – the recipient – revealing on what premises his proposal stood while practising to fight the argument the former – playing the giver’s part – advanced to suggest the impracticability of the gift option. Surprisingly, here Keynes insists on unconditionality. He stressed with force that “anything in the nature of a bargain” should be avoided and even rejected the idea of rendering explicit the terms of a possible agreement with the US; the only non-specific concession to the American business moral was in accepting the “kind of post-war world” the Americans desired but would have failed to get if case of no gift. The “psychological atmosphere of the free gift” would have made it possible to induce the sterling area countries to assist Britain and persuade at the same time the US to offer financial relief without fear of deadweight loss; a result which would have been extraordinarily difficult to obtain by agreement. In words similar to those used by Alain Caillé to oppose the reductionistic views of Mauss’s *The Gift*, Keynes’s approach was based less on ambiguity-resolving devices than on that structural uncertainty which, only, can lead actors previously regarding each other as rivals to gamble on mutual trust. Since every gift is, in a way, agonistic – “the obligation of rivalry through displayed generosity”, says Caillé (2005: 8) – the giver forcedly exposes herself to uncertainty and the risk of no return, as the precondition for establishing a social bonding mechanism benefiting all the parts involved. Unconditionality is here conceived in opposition to the meaning assigned to the term in modern thinking, imbued with

the certainty that nothing can be obtained in social existence without condition, that everything proceeds from immediate exchanges, that nothing can be obtained with nothing, or, more precisely, that one cannot get anything without anything of exact equivalence, and that therefore there must always be equality of credits and debts, rights and duties. Even the certainty that this imperative of generalized conditionality and equivalence lies at the basis of all empirical social actions (Caillé, 1998: 115-116)<sup>253</sup>.

For Mauss (1990), on the contrary,

“there is no middle way: one trusts completely or mistrusts completely: one lays down one’s arms and gives up magic, or one gives everything, from fleeting acts of hospitality to one’s daughter and one’s good (ib.: 81).

But this unconditionality, Cailé observes, is not unconditional, for it is conditional to the appearance of positive interactions<sup>254</sup> and necessarily lives under the threat of falling back to the unconditional diffidence of the clash of interests; only after unconditionality has given life to the alliance partners may pose conditions and exercise an “exit” option.

In a recent essay, Marcuzzo (2008) interestingly claims that the correspondence between Brand reveals Keynes’s persuasion strategy, whose two pillars would be “selecting the arguments which would appeal to the self-interest of the party which he was addressing at the time” (ib.: 13), and “searching for framework in which each side’s interests could be made to coincide as parts of the same general interest” (ib.). Rather than being the “rhetorical device” (ib.) substituting for the common framework (if seen as the form of reconsidering the war burden) or the practical means of avoiding a loan-induced world deflationary pressure, however, the American Gift is the possibility itself to structure the framework, the element “chang[ing] the environment within which individuals operate, so that moral and rational motives become the spring of action of the collectivity as a whole”, inducing “behaviour to conform to goals which were attainable only by bypassing individualistic motivation or utilitarian calculations” (ib.: 16)<sup>255</sup>. A “first” gift with no strings attached other than those of the history of previous relations, displaying the giver’s “conditional unconditionality”, the American Gift as imagined by Keynes was to push its spirit along the chain of participants in a multilateral solution to global imbalances to the benefit of the Americans too, through the spiral movement he described in *Overseas Financial Policy in Stage III*. Not a charitable gift, Keynes’s American Gift is a complex mix of self-interest and disinterest, obligation and freedom, rivalry and alliance. The positive poles of these dichotomies appears with clearness once the expectations about the future its gamble embodies are considered in full. That measure of *social* indebtedness which Keynes desired every partner involved to positively appreciate as a precondition for working together on a new world order, the fact itself of acceding to a state of mutual trust improving objectively and subjectively the condition of everyone<sup>256</sup>, was based on clearing up not the past, but its dramatic consequences on the future, in the form of *market* indebtedness.

What Mauss shows, through his enquiry on archaic gift, is that social action is not shaped only by the individual and rational self-interest stressed by rational-actor theory but also by a primary logic of sympathy [...], and that this tension between self-interest and sympathy is crossed by another tension between obligation and freedom. The obligation to give is a paradoxical obligation to be free and to oblige others to be free too. Gift, so, is an hybridation between self-interest and other-

interest, and between obligation and liberty (or creativity). And not only *is* it empirically so. It also *has to be* so. If self-interest were not mixed with interest toward others (and reciprocally) gift would become either a buying act or a sacrifice. And if obligation were not mixed with freedom (and reciprocally) it would become a purely formal and empty ritual or collapse into non sense (ib.: 6).

Keynes's American Gift is inhabited by the strange mix of freedom and obligation which is typical of the gift. Though sincerely committed to the creation of a one world<sup>257</sup>, the Americans never came to regard their largesse outside the realm of instrumental rationality; but "[l]e *gift* est condamné dans la mesure où il sert une rationalité mercantile" (Perroux, 1963 : 174), disinterest and freeness become synonyms for exploitation. "Parce qu'il devrait protéger et développer des vies des hommes, on pourrait lui appliquer ce que Lord Keynes avançait dans son discours du 18 décembre 1945 au nom des sacrifices subis par la Grande-Bretagne au cours de la guerre", says Perroux (ib.). Still, the American Gift was not a simple counter gift to the "capital du courage libérateur", but the first, constitutive element of a new dynamics, requiring Britain to reciprocate. This obligation is however the most uneasily manageable issue to address of the American Gift: as Keynes had repeatedly been arguing, only a gift could allow Britain to face its obligation to reciprocate, that is to take part in the kind of post-war world everyone wished to live in. *Overseas Financial Policy in Stage III* contains the key passage for this apparent paradox: the Americans were given the historical chance, Keynes wrote, to

make us an offer, not so much generous as just, using their financial strength not as an instrument to force us to their will, but as a means of making it possible for us to participate in arrangements which we ourselves prefer on their merits if only they can be made practicable for us<sup>258</sup>.

It seems odd that the obligation to reciprocate should depend on the practical possibility to do so. Yet Mauss himself plays that very game of obligation and freedom which he refers to when introducing, without defining, the gift (see Godbout, 1998a). He begins his work by observing that "exchanges and contracts take place in the form of presents; in theory they are voluntary, in reality they are given and reciprocated obligatorily" (Mauss, 1990: 3). The fact itself that there is a return suggests that obligation is the true character of the gift. In the course of the *Essai*, however, Mauss focuses more and more on the atmosphere of the gift, as if he had to keep his distance from a Derridean view of reciprocating as the mercantile nature of gift giving<sup>259</sup>, and ends up with asserting the freedom to reciprocate: the "atmosphere of the gift" is described as that in which "obligation and liberty intermingle" (ib.: 65). The *Essai's* last words are: "let us adopt as the principle of our life what has always been a principle of action and will always be so: to emerge from self, to give, freely and obligatorily. We run no risk of disappointment"

(ib.: 71). How Mauss's playing with the game of freedom and obligation may translate into the dynamics of concrete gifts? The conditional unconditionality on which the effort to create alliances is based presupposes a certain degree of playing with the rules; in gift-giving, rules and givers rely on implicitness<sup>260</sup> "in order to preserve or introduce an element of risk into the appearance of the counter-gift, an uncertainty, an indeterminacy [...] to insinuate 'properties of undecidability' into the sequence" (Godbout, 1998a: 187). As an attempt to extend the borders of community, the gift is "a probe into uncertainty" (Gudeman, 2001: 467). Confidence, and the uncertainty which goes along with this, is "a precondition for any social bond, which explains why all determinist theories run around on this elementary but primordial phenomenon, basic to freedom" (Godbout, 1998a: 190): "[e]very gift is an act that widens the scope of freedom for the members of a society" (ib.). If every partner involved in a gift exchange gives in his turn rather than reciprocating in a quasi-mechanical manner, it is exactly because the gift compels to think obligation and freedom as interrelated, and even tends – paradoxically, if seen with modern eyes – to free the receiver from the duty of reciprocity, allowing him to freely choose to reciprocate; obliging him to freely reciprocate.

This is the result of the analysis here proposed of Keynes's American Gift: the difference between a loan, though a generous one, and a gift lies in the opposite repercussions they would have on the receiver's freedom to choose. In the former case, Britain would be *compelled to accept* the American conception of the international economic system by means of austerity policies and would run the risk of "being had" by the Americans using their assistance as an instrument to force Britain to their will and causing it to give up taking its responsibility for the new order. A gift, on the contrary, "as a means of making it possible for us to participate in arrangements which we ourselves prefer on their merits if only they can be made practicable for us", would allow Britain *the freedom to choose* to "march side by side" with the US in the construction of the desired post-war world. Here is the fundamental difference between the duty of reciprocity and the paradoxical obligation to be free which Mauss posed at the basis of the gift. Freedom lies both at the beginning and at the end of the American Gift, so as to remark the opening of new social and historical possibilities (Caillé, 2001). The act of receiving consists in the opening of a double "espace du jeu", thanks to, on the one side, the dismissal of utilitarian calculation and the intention to exploit and accumulate, and to uncertainty and unpredictability, on the other, which appear "comme la salvaguarde de la liberté mutuelle et réciproque du donateur et du receveur dans le cadre des relations complexes de l'échange" (Fixot, 1992: 237). Only a gift could allow Britain the possibility to *actively choose*

and help to shape the multilateral option, rather than *being compelled to passively accept* its “à l’Américaine” version.

Freedom is first of all freedom from economic necessity<sup>261</sup>. Echoes of the *Economic Possibilities for Our Grandchildren*, the essay where Keynes’s anti-utilitarian philosophy is applied to describe a not far off age of abundance, caused by the development of resources and techniques, when “the economic problem will take the back seat where it belongs”<sup>262</sup>, are evident in some key passages of Keynes’s diplomacy during WWII.

“[T]he profound conviction that the economic problem, as one may call it for short, the problem of want and poverty and the economic struggle between classes and nations, is nothing but a frightful muddle, a transitory and an *unnecessary* muddle”<sup>263</sup>.

inspires his analysis of the Joint Statement for Bretton Woods – “[h]ere is a field where mere sound thinking may do something useful to ease the material burdens of the children of men”<sup>264</sup> and places itself, as seen, among the reasons he argued to call for the American Gift<sup>265</sup>. However, the freedom coming at the end of the American Gift is also, and more precisely, freedom to choose. The unconditionality of American behaviour asked for by Keynes strongly contrasts with the US desire to complete the path they began with the negotiations of the Lend-Lease agreement and come to specify definitely the contents of “consideration”. The American Gift episode is the climax of the clash between discipline and freedom characterizing the whole history of war-time relationships between the two Anglo-Saxon powers. Keynes’s plans for Bretton Woods and his proposal for an American Gift were but the final, most explicit configurations of his lifelong attempt to solve the dilemma of the international system; to conjugate, in other words, these two dimensions for the construction of a new order where discipline, eliminating the economic anxieties at the international level, is exercised not against, but in favour of national policy space and freedom. In his vision, the limitation of policy space which is required by global interdependency must be compensated by countries’ participation to a multilateral system reducing the frictions between national freedom and international discipline by managing the co-habitation of “different brands of national capitalism” (Rodrik, 1998: 2) instead of imposing on them a one-size-fits-all set of right policies. Quite the contrary of the unrestricted laissez-faire of the gold standard and currency and trade policies in the interwar period, which in Keynes’s words “mistake private licence for public liberty”<sup>266</sup>.

Keynes considered Bretton Woods and the American Loan, as he revealed when trying to persuade the Lords to vote for the latter, as the

“first great attempt at organizing international order out of the chaos of the war in a way which will not interfere with the diversity of national policy yet which will minimize the causes of friction and ill will between nations”<sup>267</sup>.

The plans, which “do not wander from the international terrain and [...] are consistent with widely different conceptions of domestic policy”, were “a great step forward” towards an “international economic order amidst national diversities of policies”; but that was to remain more the ideal outcome of Keynes’s desired reform schemes than the practical result of the “newly-trod path”, not yet “pioneered [...] to a definite final destination”<sup>268</sup>. The optimistic hopes for a rapid recovery of international equilibrium he expressed in his speech to the Political Economy Club (see Lloyd, 2006) as well as in his last article, *The Balance of Payments of the United States*, are less striking than it would appear from criticisms Keynes received for praising the virtue of the long-run “classical medicine” (ib.: 4) as a supplement to the short-run provisions of Bretton Woods and the American Loan. Generally speaking, it seems reasonable to argue that the degree of freedom of trade Keynes envisaged for the future world depended on the extent of cooperation existing at the international level. Markwell (2006) claims that

In 1945 and 1946 Keynes did little more than reiterate his *General Theory* position; but now international cooperation to relieve the balance of payments constraint, and to stabilize capital flows, and national commitments to full (or high) employment, had created the preconditions for ‘the classical theory [to come] into its own again’. Likewise, Keynes’s 1933 isolationist arguments were met: domestic policy autonomy seemed guaranteed by an international system which was, he hoped, itself expansionist; and international conflict was minimized by ensuring joint gains from economic interactions (ib.: 207).

Vines (2003) adds that Keynes’s last article includes a sketch of the kind of adjustment, based on changes in relative prices, he desired for the multilateral free-trade system of the future. However, even the American discovery of “ways of life which, compared with the ways of the less fortunate regions of the world, must tend towards, and not away from, external equilibrium”<sup>269</sup> is destined to seem more, in Keynes’s own words, a temporary solution “the post-war world must not be content with”<sup>270</sup>, than *the* complement to a new architecture designed to reduce the international economic problem. After the battle for the American Gift, both Keynes and the US resorted to pragmatism; the latter rethinking the logic underlying its reply to Keynes’s requests when faced by the 1947 sterling crisis and the sad perspective of a collapsed Europe. The Marshall Plan finally announced “the transformation of the USA into the kind of big spending creditor envisaged in the Clearing Union plan” (Newton, 2006: 4). A question of “enlightened self-interest”, Gardner (1975: 211) argues: “if it failed to do so the rest of the world would go broke” (ib.). Though there

is no direct reference to Keynes in the process which led to the European Recovery Programme, “[i]t is clear that Marshall and some, at least, of those who advised him had the experience following the First World War much in mind” (Markwell, 2007: 267). Here came, thirty years later his 1919 proposals, Keynes’s “revenge”. Significantly, however, Perroux’s (1992) words celebrating the US, finally more than “l’honnête banquier ou [le] parfait négociant” (ib.: 56), for giving up playing the role of a creditor who wants to be repaid and export despite its unwillingness to face international competition, seem to describe better the aim of Keynes’s proposal than the practical implications of the European Recovery Programme.

## CONCLUSIONS

With the help of the anthropological and sociological literature on gift-giving, we have tried to show that Keynes’s diplomacy in the American Loan episode lies in continuity with his overall project to solve the dilemmas of the system. To follow Vines’s (2003) advice to deepen the understanding of Keynes’s contributions on “focus and method” (ib.: 358) and explore his vision of “how pieces of the global economy interact, driven by the policies of autonomous nations, in an only partly coherent manner” (ib.: 339), a move beyond was required, without neglecting it, the strategic dimension which traditionally locks in Keynes’s American Gift proposal, to enter the intrinsically more uncertain realm of social international links as a means to assure the system the needed degree of stability and the “shared responsibilities” rules needed to orderly manage its imbalances. Our conclusion is that Keynes was seeking for mechanisms devised to enhance national autonomy *through* countries’ participation in a multilateral system. The rediscovery of Keynes which seems to lie at the end of the Washington Consensus saga (see Greenwald and Stiglitz, 2006; Polanyi Levitt, 2006; Davidson, 2007) comes therefore as no surprise (see Cedrini, forthcoming). With its emphasis on discipline as well as on the universality of “right” paths to economic growth, the Washington Consensus<sup>271</sup> as the paradigm of the integrationist agenda of the Nineties has heavily contributed to the shrinking in policy space available to developing countries, denying them even the right to be wrong (Chang, 2006). The contrast with the pre-war gold standard with its “socially-constructed monetary agreement that included a simple set of rules around which core lenders and borrowers could build expectations of a stable future” (Unctad, 2004: 92) is evident, as well as with the now widely appreciated “embedded liberalism” of Bretton Woods, allowing countries to follow a broad economic agenda while supporting growth and stability through international action. The success of Bretton Woods was however based both on its

systemic features and on some happy accidents which could, as it happened, fail to persist. The system was unable to perpetuate, in particular, the leader's commitment, and possibility, to act responsibly (Davidson, 1992-93) for a "sounder political economy between all nations". But the Washington Consensus as the rule of the "nonsystem" (Williamson, 1983) post-Bretton Woods and its emphasis on discipline, prompting for that "global conformity to the economic orthodoxy [*that*] Keynes had rejected" (Newton, 2006: 5) are the real symbols of Keynes's defeat: if the failure of the paradigm calls for a revival of the economist's intuitions for the international order, this is likely due to what we believe to be the core message of his activity as an international negotiator: a new successful international system of national capitalisms will be more likely based on consensus upon freedom rather than discipline, on the will to enhance freedom to choose and promote the diversity of national policies rather than on a disciplined harmonization of different ways to prosperity.

We believe that a "Fighting through Britain" approach may strengthen today's confidence in Keynes's international macroeconomics. Once the story of his achievements is seen as the continuous refinement of the search for a solution to the dilemma of the international system between discipline and freedom, the American Gift no longer appears strictly as an unworkable escape clause for Britain's leadership, nor a ill-conceived strategic asset Keynes was somewhat bound to use due to the lack of viable alternatives and bargaining power vis-à-vis the US. Rather, the proposal appears to embody the most profound sense of Keynes's search for a new order where adherence to international discipline is itself a freedom-enhancing mechanism. The complex mix of freedom and obligation which characterizes the American Gift and which is held by the anthropological and sociological literature to be a constitutive element of gift-giving, allows to abstract theoretically, at least in part, from the special relationship between the two Anglo-Saxon powers traditionally invoked to explain Keynes's role in the episode. Keynes was fighting *through* Britain – the enlargement of the spectrum of the participant in the correction of global imbalances to the US and the Sterling Area countries is more than a relevant hint for that –, with multilateralism as both the solution, in line with the ICU "shared responsibilities" spirit, and the result, in terms of freer world trade, of the international economic problem. And he was fighting *through* Britain in his search for symmetrical international adjustment, every reform plan devised by Keynes deriving from a previous British concern, as the *Treatise* makes clear. The ICU was paradoxically both a substantial improvement and a complete reversal, though in continuity of spirit, of a gold standard whose unqualified revival after 1914 caused its improper working, and even dampened the economic destiny of countries submitted to its discipline. But the pre-war gold



standard was for him a model of symmetric adjustment, with an international leadership committed to act in harmony with the general interest of the system as a whole. After the rejection of the ICU plan, Keynes turned to the US, as he had been repeatedly doing in the years between the two wars, asking them to accept the responsibilities which go along with the rise of their financial power. Hence, with Britain's indebtedness as the contingent reason for it, his American Gift proposal, as a prolongation, under different forms, of the ICU plan.

Finally<sup>272</sup>, the approach here outlined provides means to rethink Keynes's final disappointment with the new system his name is linked to, in line with Newton's (2006) criticisms of Harrod's somewhat persisting "misleading" narrative (ib.: 1). Our aim was to add an argument to explore such disillusionment without unduly exaggerating the relevance of Keynes's "National Self-Sufficiency" thesis or referring to the somewhat abused story of the paper Keynes is said to have written and destroyed after the conference of Savannah, condemning the American attitude towards international cooperation<sup>273</sup>. The extent of Keynes's disappointment is then measured by the distance between, on the one side, the intellectual consensus of Bretton Woods, *emerging* from "a transatlantic group of economists and policy specialists, united by a common set of policy ideas and a shared view that past economic failures could be avoided by innovative postwar economic arrangements, [*who*] led their respective governments toward agreement by identifying a set of common Anglo-American interests that were not clearly seen by others" (Ikenberry, 1993: 59)<sup>274</sup> and, on the other side, the consensus Keynes *wished* to create for the post-war world. Still lacking a valuable alternative to the integrationist agenda, we cannot weasel out of the commitment to revisit Keynes's ideas, if our aim is to devise an international formula for today's world allowing "different brands of national capitalisms" to prosper side by side (Rodrik, 1998: 2). According to Ikenberry (1993: 82), the negotiations for Bretton Woods profited from a "lost moment of history":

"[n]ot all increments of historical time are equal. There are junctures or "break points" at which possibilities for major change are particularly great and the scope of possible outcomes is unusually wide. These are moments of historical possibility" (ib.).

Historical moments, to borrow Prigogine's words, at which events may appear engendering new coherences. The American Gift was a likely candidate to be an event of that kind.

## REFERENCES

- Adloff, F. and Mau, S. "Giving Social Ties, Reciprocity in Modern Society." *Archives Européennes de sociologie*, 2006, 47 (1), 93-123.
- Agnati, A., Covi, A. and Ferrari Bravo, G. *I due Keynes*. Padova: CLEUP, 1983.
- Anspach, M.R. *À charge de revanche. Figures élémentaires de la réciprocité*, Paris: Seuil, 2002.
- Berking, H. *Sociology of Giving*. London: SAGE, 1999.
- Boughton, J.M. "Why White, Not Keynes? Inventing the Postwar International Monetary System." International Monetary Fund Working paper WP/02/52, March 2002.
- Caillé, A. *Il terzo paradigma. Antropologia filosofica del dono*. Torino: Bollati Boringhieri, 1998.
- Caillé, A. "The Double Inconceivability of the Free Gift", *Angelaki: Journal of Theoretical Humanities*, August 2001, 6 (1), 23-29.
- Caillé, A. "Anti-utilitarianism, economics and the gift-paradigm", available at: [www.revuedumauss.com.fr/media/ACstake.pdf](http://www.revuedumauss.com.fr/media/ACstake.pdf), 2005.
- Cairncross, A. "Keynes and the Planned Economy." In A. THIRLWALL (ed.), *Keynes and Laissez-Faire*. London: Macmillan, 1978, 36-58.
- Callari, A. "The ghost of the gift: the unlikelihood of economics." In Osteen, M. *The Question of the Gift. Essays Across Disciplines*. London and New York: Routledge, 2002, 248-265.
- Carabelli, A.M. *On Keynes's Method*. London: Macmillan, 1988.
- Carabelli, A.M. "Keynes on Probability, Uncertainty and Tragic Choices." *Cahiers d'économie politique*, 1998 30-31, 187-226.
- Carabelli, A. and De Vecchi, N. "'Where to draw the line'? Keynes versus Hayek on knowledge, ethics and economics." *The European Journal of the History of Economic Thought*, Summer 1999, 6 (2), 271-296.
- Carabelli, A. and De Vecchi, N. "Individuals, Public Institutions and Knowledge: Hayek and Keynes." In Porta, P., Scazzieri, R. and Skinner, A. (eds.) *Knowledge, Social Institutions and the Division of Labour*. Aldershot: Edward Elgar, 2000, 229-48.
- Carr, W. "John Maynard Keynes and the Treaty of Versailles." In Thirlwall, A.P. (ed.) *Keynes As a Policy Adviser*. London: Macmillan, 1982, 77-108.
- Carrier, J.G. *Gifts and Commodities: Exchange and Western Capitalism since 1700*. New York: Routledge, 1995.

- Cedrini, M. *Keynes's Gift for the International Economic System*, Unpublished PhD dissertation, University of Turin, 2007.
- Cedrini, M. "Consensus Vs. Freedom or Consensus Upon Freedom ? From Washington Disorder to the Rediscovery of Keynes." *Journal of Post-Keynesian Economics*, forthcoming.
- Cesarano, F. "Keynes's Revindication of Classical Monetary Theory." *History of Political Economy*, 2003, 35 (3), 491-519.
- Cesarano, F. *Monetary Theory and Bretton Woods. The Construction of an International Monetary Order*. Cambridge: Cambridge University Press, 2006.
- Chang, H.-J. "Policy Space in Historical Perspective – with special reference to Trade and Industrial Policies." *Economic and Political Weekly*, February 18-24, 2006, 41 (7), 627-33.
- Clarke, R. *Anglo-American Economic Collaboration in War and Peace 1942-1949*, Oxford: Clarendon Press, 1982.
- CW = E. Johnson and D.E. Moggridge (eds.), *The Collected Writings of John Maynard Keynes*, Vol. I-XXX, London: Macmillan, 1971-89.
- Daunton, M.J. "Britain and globalisation since 1850: Creating a global order, 1850-1914." *Transactions of the Royal Historical Society*, 2006, 16, 1-38.
- Davidson, P. "Reforming the World's Money." *Journal of Post Keynesian Economics*, Winter 1992-3, 15 (2), 153-179.
- Davidson, P. *John Maynard Keynes*. London and New York: Palgrave Macmillan, 2007.
- De Cecco, M. "The Last of the Romans." In R. Skidelsky (ed.), *The End of the Keynesian Era. Essays on the disintegration of the Keynesian political economy*. New York: Holmes & Meier, 1977, 18-24.
- De Cecco, M. *Moneta e impero. Il sistema finanziario internazionale dal 1890 al 1914*, Torino: Einaudi, 1979a.
- De Cecco, M. "Origins of the post-war payments system." *Cambridge Journal of Economics*, 1979b, 3, 49-61.
- De Cecco, M. "John Maynard Keynes." *Rivista di storia economica*, dicembre 2001, 17 (3), 373-82.
- DeLong, J. B. "Review of Skidelsky's 'John Maynard Keynes: Fighting for Britain'." *Journal of Economic Literature*, March 2002, 40 (1), 155-162.
- Derrida, J. *Given Time: I. Counterfeit Money*. Chicago: University of Chicago Press, 1994.
- Dillon, W.S. *Gifts & Nations*, New Brunswick (USA) and London (UK): Transaction Publishers, 2004.

- Dimand, R.W. "A prodigy of constructive work": J.M. Keynes on *Indian Currency and Finance*." In W.J. Barber (ed.), *Perspectives on the History of Economic Thought Volume VI. Themes in Keynesian Criticism and Supplementary Modern Topics. Selected Papers from the History of Economics Conference 1989*, Aldershot: Edward Elgar, 1991, 29-35.
- Dimand, R.W. "Keynes on Global Economic Integration", *Atlantic Economic Journal*, 2006, 34, 175-82.
- Douglas, M. *Foreword*. In M. Mauss, *The Gift: The Form and Reason for Exchange in Archaic Societies*. New York: W.W. Norton & Company, 1990, vii-xviii.
- Eichengreen, B. *Globalizing Capital. A History of the International Monetary System*, Princeton: Princeton University Press, 1998.
- Ferrari Bravo, G. *Keynes. Uno studio di diplomazia economica*. Padova: Cedam, 1990.
- Ferrari Bravo, G. "Rincorrendo Proteo. Alcune note in margine all'azione di J.M. Keynes dalla prima alla seconda guerra mondiale." Working Paper n. 15, Dipartimento di Studi Internazionali dell'Università di Padova, 2002 (available at: [www.dsiunipd.it/wp15-02.pdf](http://www.dsiunipd.it/wp15-02.pdf)).
- Fixot, A.-M. "Donner c'est bien, recevoir c'est mieux." *La revue du MAUSS*, 1<sup>er</sup> et 2<sup>e</sup> trimestre 1992, 15-16, 236-238.
- Fleming, G. "Foreign investment, reparations and the proposal for an international bank: notes on the lectures of J. M. Keynes in Geneva, July 1929." *Cambridge Journal of Economics*, 2000, 24, 139-151.
- Gardner, R.N. "Bretton Woods." In M. Keynes (ed.), *Essays on John Maynard Keynes*, London-New York: Cambridge University Press, 1975, 202-215.
- Gardner, R.N. *Sterling-Dollar Diplomacy*, Oxford: Oxford University Press, 1956.
- Gasché, R. "Heliocentric exchange." In A. Schrift (ed.), *The Logic of the Gift: Toward an Ethic of Generosity*. New York: Routledge, 2002, 100-117.
- Godbout, J.T. (in collaboration with A. Caillé) *The World of the Gift*, Montreal: McGill-Queen's University Press, 1998a.
- Godbout, J.T. "The moral of the gift." *The Journal of Socioeconomics*, 1998b, 27, 557-570.
- Gouldner, A. "The Norm of Reciprocity: A Preliminary Statement." In A. Komter (ed.), *The gift: an interdisciplinary perspective*. Amsterdam: Amsterdam University Press, 1996, 49-66.
- Gouldner, A. "The Importance of Something for Nothing." In Id., *For Sociology. Renewal and Critique in Sociology Today*. London: Allen Lane, 1973, 260-99.
- Greenwald, B. and Stiglitz, J.E. "A Modest Proposal for International Monetary Reform." Paper prepared for the annual American Economics Association, Boston, MA, January 2006

(available at [http://web.gc.cuny.edu/economics/SeminarPapers/Fall,2006/international\\_monetary\\_reform-joe%20stglitz.pdf](http://web.gc.cuny.edu/economics/SeminarPapers/Fall,2006/international_monetary_reform-joe%20stglitz.pdf)).

- Gudeman, S., "Postmodern gifts." In S. Cullenberg, J. Amariglio and D.F. Ruccio (eds.), *Postmodernism, Economics and Knowledge*. London and New York: Routledge, 2001, 459-74.
- Harrod, R. F. *The Life of John Maynard Keynes*. New York: Harcourt, Brace and Company, 1951.
- Harrod, R. F. *Towards a Dynamic Economics*. London: Macmillan, 1948.
- Hirschman, A.O. "How the Keynesian Revolution Was Exported from the United States, and Other Comments." In P.A. Hall, *The Political Power of Economic Ideas: Keynesianism Across Nations*. Princeton: Princeton University Press, 1989, 347-360.
- Hutchison, T.W. "The Collected Writings of John Maynard Keynes, Volumes I-VI and XV-XVI." In J. Cunningham Wood (ed.), *John Maynard Keynes Critical Assessments*, London: Routledge, 1983, 428-41.
- Hyde, L. *The Gift. Imagination and the Erotic Life of Property*. London: Vintage Books, 1983.
- Ikenberry, G.J. "Creating Yesterday's New World Order: Keynesian 'New Thinking' and the Anglo-American Postwar Settlement." In J. Goldstein and R. O. Keohane, *Ideas and Foreign Policy. Beliefs, Institutions, and Political Change*. Ithaca and London: Cornell University Press, 1993, 57-86.
- Insel, A. "L'enchâssement problématique du don dans la théorie néoclassique." *La revue du MAUSS*, 2<sup>e</sup> trimestre 1991, 12, 110-19.
- Johnson, E.S. and Johnson, H. G. *The Shadow of Keynes. Understanding Keynes, Cambridge and Keynesian Economics*. Oxford: Basil Blackwell, 1978.
- Lord Kahn, R. "Historical Origins of the International Monetary Fund." In A. Thirlwall (ed.), *Keynes and International Monetary Relations*. London: Macmillan, 1976, 2-35.
- Kirshner, J. "Keynes, capital mobility and the crisis of embedded liberalism." *Review of International Political Economy*, Autumn 1999, 6 (3), 313-337.
- Komter, A. (ed.) *The gift: an interdisciplinary perspective*. Amsterdam: Amsterdam University Press, 1996.
- Lévi-Strauss, C. "Introduction à l'œuvre de Marcel Mauss." In M. Mauss, *Sociologie et Anthropologie*, Paris: PUF, 1980 (1950), IX-LII.
- Sir Lloyd, J. "Summary of an Address by Lord Keynes to the Political Economy Club, Trinity College, Cambridge on the 2nd February 1946." *Cambridge Journal of Economics*, January 2006, 30 (1), 2-6.

- Malinowski, B. *Argonauts of the Western Pacific. An Account of Native Enterprise and Adventure in the Archipelagoes of Melanesian New Guinea*. New York: E.P. Dutton, 1922.
- Malinowski, B. "The Principle of Give and Take." In A. Komter (ed.), *The gift: an interdisciplinary perspective*, Amsterdam: Amsterdam University Press, 1996 (1926), 15-17.
- Marchionatti, R. "Dealing with Complexity. Marshall and Keynes and the Nature of Economic Thinking" in R. Aréna and M. Quéré (eds.), *The Economics of Alfred Marshall*, London: Palgrave, 2002, 32-52.
- Marcuzzo, M.C. "Keynes and persuasion." In M. Forstater and L. R. Wray (eds), *Keynes for the 21<sup>st</sup> Century: The Continuing Relevance of The General Theory*. London: Palgrave Macmillan, 2008 (forthcoming; available at: <http://www.gmu.edu/centers/publicchoice/HES%202007/papers/1b%20marcuzzo.doc>)
- Markwell, D.J. *John Maynard Keynes and International Relations. Economic Paths to War and Peace*. Oxford: Oxford University Press, 2006
- Markwell, D.J. "J. M. Keynes, Idealism, and the Economic Bases of Peace." In D. Long and P. Wilson, *Thinkers of the Twenty Years' Crisis. Inter-war Idealism Reassessed*. Oxford: Clarendon Press, 1995, 189-213.
- Mauss, M. *The Gift: The Form and Reason for Exchange in Archaic Societies*. New York: W.W. Norton & Company, 1990 (1923-24).
- Meltzer, A.H., *Keynes's Monetary Theory: A Different Interpretation*, Cambridge: Cambridge University Press, 1989.
- Mini, P.V. *John Maynard Keynes. A Study in the Psychology of Original Work*. New York: St. Martin's Press, 1994.
- Mini, P.V. "Keynes, Schacht And The 'New Order'", EABR & ETLC Conference, Firenze, June 2006 (available at: <http://www.cluteinstitute.org/Programs/FLORENCE-ITALY-JUNE-2006/Article%20194.pdf>).
- Moggridge, D.E. "Keynes and the International Monetary System 1909-46.", In J. S. Cohen and G. C. Harcourt (eds.), *International Monetary Problems and Supply-Side Economics: Essays in Honour of Lorie Tarshis*, London: Macmillan, 1986, 56-83.
- Moggridge, D.E. *Maynard Keynes. An economist's biography*, London-New York: Routledge, 1992.
- Moggridge, D.E. "Skidelsky on Keynes: A Review Essay." *History of Political Economy*, 2002, 34 (3), 633-655.
- Newton, S. "J. M. Keynes and the Postwar International Economic Order." *History Compass*, March 2006, 4 (2), 308-313.

- Newton, S. "A 'Visionary Hope' Frustrated: J. M. Keynes and the Origins of the Postwar International Monetary Order." *Diplomacy and Statecraft*, March 2000, 11 (1), 189-210.
- Osteen, M. *The Question of the Gift. Essays Across Disciplines*. London and New York: Routledge, 2002.
- Perroux, F. "The Gift: Its Economic Meaning in Contemporary Capitalism." *Diogène*, Summer 1954, 6, 1-21.
- Perroux, F. *Économie et société. Contrainte-Échange-Don*, Paris: Presses Universitaires de France, 1963.
- Perroux, F. "Le Plan Marshall ou l'Europe nécessaire au monde." In Id., *Œuvres complètes. I. L'Europe dans le monde. Textes complémentaires sur la coexistence pacifique*, Grenoble : Presses Universitaires de Grenoble, 1992, 125-221.
- Polanyi, K., *The Great Transformation. The Political and Economic Origins of Our Time*. Boston: Beacon Press, 1944.
- Polanyi Levitt, K. "Keynes and Polanyi: the 1920s and the 1990s." *Review of International Political Economy*, February 2006, 13 (1), 152-177.
- Pressnell, L.S. *External Economic Policy Since the War. Volume I. The Post-War Financial Settlement*. London: Her Majesty's Stationery Office, 1986.
- Pressnell, L.S. "Keynes and Wartime Finance: A Clarification." *History of Political Economy*, 2003, 35 (4), 679-684.
- Ramel, F. "Mauss et l'étude des relations internationales: un héritage oublié." *Sociologie et Sociétés*, Automne 2004, 36 (2), 227-245.
- Rodrik, D. "Rethinking the World Economy", October 1998, available at: <http://www.ksg.harvard.edu/~drodrik/TNRpiece.html>.
- Rodrik, D. "How Far Will International Economic Integration Go?" *Journal of Economic Perspectives*, Winter 2000, 14 (1), 177-186.
- Ruggie, J.G. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." *International Organization*, Spring 1982, 36 (2), 379-415.
- Sahlins, M. *Stone Age Economics*. Chicago and New York: Aldine Publishing Company, 1972.
- Simmel, G. "Faithfulness and Gratitude." In A. Komter (ed.), *The gift: an interdisciplinary perspective*, Amsterdam: Amsterdam University Press, 1996 (1908), 39-48.
- Skidelsky, R. *John Maynard Keynes: Fighting for Britain 1937-1946*, London: Macmillan, 2000.
- Skidelsky, R. *John Maynard Keynes: Fighting for Freedom 1937-1946*, New York: Viking, 2001.

UNCTAD. *Trade and Development Report. Policy Coherence, Development Strategies and Integration into the World Economy*. New York and Geneva: United Nations, 2004.

Vicarelli, F. *Keynes. L'instabilità del capitalismo*. Bologna: Il Mulino, 1989.

Vines, D. "John Maynard Keynes 1937-1946: The Creation of International Macroeconomics." *The Economic Journal*, June 2003, 113 (488), 338-361.

Williamson, J. "Review of *The Collected Writings of John Maynard Keynes. Volume XXV. Activities 1940-1944. Shaping the Post-War World. The Clearing Union.*; *The Collected Writings of John Maynard Keynes. Volume XXVI. Activities 1941-1946. Shaping the Post-War World. Bretton Woods and Reparations.*" *The Economic Journal*, June 1981, 91 (362), 541-544.

Williamson, J. "Keynes and the international economic order." In D. Worswick and J. Trevithick (eds.), *Keynes and the modern world*. Cambridge, UK: Cambridge University Press, 1983, 87-113.

Zenou, Y., Batifoulier, P. and Cordonnier, L. "L'emprunt de la théorie économique à la tradition sociologique. Le cas du don contre-don." *Revue économique*, 1992, 43 (5), 917-946.

## NOTES

---

<sup>1</sup> Where the noble cause is freedom, "the supreme value for which both Britain and the United States fought" (Skidelsky, 2001: xiii).

<sup>2</sup> Following Skidelsky, Boughton (2001) describes Keynes as "Defender of the Empire" (ib: 12). Of course, that was the task his Government desired him to accomplish, while his personal views on trade and currency policies were much more liberal, "but he clearly regarded full liberalization as a long-term goal" (ib.: n. 13). In Boughton's account, like in Skidelsky's, Keynes is shown fighting all his *combats* – world hegemony, preservation of the Empire, US bilateral aid to Britain, a new world order – with equal strength and at once, with "no chance of ever winning all of these battles" (ib.: 15). However, Keynes himself is said by Boughton to have played a role in that: "White was more radical and far-reaching than Keynes in the effort to establish multilateralism and currency convertibility. Keynes's resistance to multilateralism was grounded in the need to preserve Britain's special status through its central role in the Empire and its bilateral relationship with the United States" (ib.).

<sup>3</sup> Interestingly, Ikenberry claims, following Hirschman (1989), that the "new thinking" of British and American treasury officials, Keynes and White *in primis*, provided a common ground between the two seemingly incompatible positions of US and Britain about the desired degree of national autonomy as reflected by trade policies. The new thinking added a new dimension, related to monetary issues, thereby allowing a contract curve to exist for a profitable exchange between the two powers and paving the way for an agreement along it.

<sup>4</sup> In his 1982 highly influential paper, Ruggie wrote that the Bretton Woods negotiators had agreed on that "[u]nlike the economic nationalism of the thirties, the international economic order would be multilateral in character; but unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic interventionism" (ib.: 393). The order "reflected the extraordinary power and perseverance of the United States. But that multilateralism and the quest for domestic stability were coupled and even conditioned by one another reflected the shared legitimacy of a set of social objectives to which the industrial world had moved, unevenly but 'as a single entity'" (ib.: 397-98). Western countries were committed to reduce, without eliminating, barriers to trade and avoid discriminations in trade policies, while developing countries were given the opportunity, at least to a certain extent, to follow their own way to development and growth (see Chang, 2006). Significantly, on speculating about Ruggie's theory, Kirschner (1999) substitutes Keynes for Polanyi as the father of the compromise, showing that those positive features of Bretton Woods which Rodrik (2000) invokes today against the failures of the integrationist agenda of the Nineties and the Washington Consensus paradigm, can be derived from Keynes's intuitions.



- 
- <sup>5</sup> We borrow the term from Moggridge (1992).
- <sup>6</sup> See Ferrari Bravo, 2002, our translation (the same goes for all subsequent quotations from Ferrari Bravo's works).
- <sup>7</sup> "If Keynes the impatient is a successful hero, this is because his *metis* is always devoted to the construction of a rational order within the international economic system rather than to defend the lost cause of Britain's and its Empire's status as a big power; which however, characteristically, he *also* wants to defend" (Ferrari Bravo, 2002: 34).
- <sup>8</sup> JMK, "Proposals For an International Currency Union", CW XXV, 40-66, 18 November 1941 (43).
- <sup>9</sup> As remarked by Newton (2000).
- <sup>10</sup> See below in the text.
- <sup>11</sup> Indian cheap local currency was artificially maintained at par with the international currency, with the possibility of freeing relevant resources to enhancing the country's ability to face seasonal or structural imbalances.
- <sup>12</sup> JMK, *Indian Currency and Finance*, 1913, CW I: 69.
- <sup>13</sup> *Ib.*: 125.
- <sup>14</sup> But Keynes failed to recognize that even prior to the war, the gold exchange standard with his "reserves are to be used" argument was running against members' eagerness to accumulate for reasons of prestige and precaution (De Cecco, 1979a).
- <sup>15</sup> JMK, *Indian Currency and Finance*, 1913, CW I: 77.
- <sup>16</sup> *Ib.*: 25.
- <sup>17</sup> The same thesis has been defended among others by Harrod (1951) and Johnson & Johnson (1978), whereas criticisms has been advanced by Williamson (1983). On *Indian Currency and Finance*, see in general Vicarelli (1989).
- <sup>18</sup> In the pre-1914 regime London was using a cheque currency, managing gold reserves through changes in the bank rates. Britain was running a surplus on capital account, while the current account equilibrium was maintained through the imperial structure; London and its highly efficient financial market were thus able to face any gold requests from the rest of the world.
- <sup>19</sup> JMK, *A Treatise on Money*, 1930, CW VI: 274.
- <sup>20</sup> The working of the regime's mechanisms necessarily depends on confidence in the restoration of the old parity after a crisis (Cesarano, 2006).
- <sup>21</sup> As Keynes once noted, "[t]he management of an international standard is an art and not a science, and no one would suggest that it is possible to draw up a formal code of action, admitting of no exceptions or qualifications, adherence to which is obligatory on peril of wrecking the whole structure. Much must necessarily be left to time and circumstances" (in Moggridge, 1986: 70).
- <sup>22</sup> A radical anti-classical prescription, though still based on classical foundations (Cesarano, 2003).
- <sup>23</sup> JMK, "The Stabilisation of the European Exchanges: A Plan for Genoa", 20 April 1922, CW XVII: 364.
- <sup>24</sup> See Williamson, 1983, for an original discussion of the relevance of Keynes's "crawling peg" proposals.
- <sup>25</sup> According to Eichengreen (1998), cooperation was impeded, in the interwar period, by the lack of that "network effect" which held together the gold standard countries before 1914. For a criticism of this thesis, see Cesarano, 2006; Daunton, 2006.
- <sup>26</sup> JMK, "Notes for a Speech at the National Liberal Club", 13 December 1923, CW XIX: 160.
- <sup>27</sup> JMK, "The Return Towards Gold", 21 February 1925, CW IX: 198.
- <sup>28</sup> *Ib.*: 200.
- <sup>29</sup> JMK, "The Problem of the Gold Standard", 21 March 1925, CW XIX: 338.
- <sup>30</sup> *Ib.*
- <sup>31</sup> In Fleming, 2000: 142.
- <sup>32</sup> JMK, "Post-War Currency Policy (Proposals For an International Currency Union)", 8 September 1941, CW XXV: 21.
- <sup>33</sup> Keynes himself established the link between his two works by writing in the *Treatise* that the ideal character of the international standard had not been previously investigated, with the relevant exception of the *Monetary Reform*.
- <sup>34</sup> JMK, *A Treatise on Money*, CW VI (2): 272.
- <sup>35</sup> *Ib.*: 257.

- 
- <sup>36</sup> JMK, "A Gold Conference", 12 September 1931, CW XX: 600.
- <sup>37</sup> *Ib.*
- <sup>38</sup> JMK, "National Self-Sufficiency", 8 and 15 July 1933, CW XXI, 233-246.
- <sup>39</sup> JMK, "Economic Advisory Council Committee of Economists. The Balance of International Payments Draft Report: Concluding Paragraphs", 21 September 1931, CW XX: 615.
- <sup>40</sup> JMK, "Proposals for a Revenue Tariff", 7 March 1931, CW IX: 235.
- <sup>41</sup> *Ib.*
- <sup>42</sup> *Ib.*: 236.
- <sup>43</sup> JMK, "The End of the Gold Standard", 27 September 1931, CW IX: 247.
- <sup>44</sup> *Ib.*
- <sup>45</sup> JMK, "The Economic Prospects 1932", 8 January 1932, CW XXI: 42.
- <sup>46</sup> *Ib.*: 40.
- <sup>47</sup> JMK, "The World Economic Crisis and the Way of Escape", 4 February 1932, CW XXI: 52. "Each nation, in an effort to improve its relative position, takes measures injurious to the absolute prosperity of its neighbours; and since its example is not confined to itself, it suffers more from similar action by its neighbours than it gain by such action itself" (*ib.*).
- <sup>48</sup> That was Keynes's reply to those who had observed that a devaluating Britain was engaged itself in the struggle for liquidity. He made it clear that Britain's economic recovery and its revived international leadership were "necessary preliminar[ies] to world recovery" (*ib.*). He remarked: "I agree with those who think that many of the difficulties of recent years were due to the fact that the creditor balance available to finance new international investment had largely passed out of our hands into the hands of France and United States" (*ib.*).
- <sup>49</sup> *Ib.*: 53.
- <sup>50</sup> JMK, "The Economic Prospects 1932", 8 January 1932, CW XXI: 45.
- <sup>51</sup> "The Macmillan Committee", 1930-31, CW XX: 151.
- <sup>52</sup> *Ib.*
- <sup>53</sup> In Fleming, 2000: 150.
- <sup>54</sup> JMK, *A Treatise on Money*, 1930, CW VI (2): 363-64.
- <sup>55</sup> Keynes had remarked that "[t]he world will never be prosperous without a trade recovery in the United States. Peace and confidence and a harmonious economic equilibrium for all the closely interrelated countries of the globe is the only goal worth aiming at" (JMK, "The End of the Gold Standard", 27 September 1931, CW IX: 249).
- <sup>56</sup> JMK, "The World Economic Conference 1933", 24 December 1932, CW XXI: 215.
- <sup>57</sup> While in 1935 (JMK, "The Future of the Foreign Exchanges", October 1935, CW XXI, 360-369) Keynes had argued for an adjustable peg regime similar to that adopted by the Bretton Woods order, a year later he declared to be "in favour of independent national systems with fluctuating exchange rates" but also "of practical measures towards *de facto* stability so long as there are no fundamental grounds for a different policy" (in Moggridge, 1986: 66). Accordingly, he stressed the need of capital controls: "the employment from time to time of an alteration in the exchange rate as a part of the technique of monetary management is inconsistent with freedom of capital movements" (*ib.*: 59). As known, his post-war plans included capital controls as the norm rather than the exception.
- <sup>58</sup> JMK, "Note for McAdoo", 20 July 1917, CW XVI: 250.
- <sup>59</sup> JMK, "Following for Lord Reading from Chancellor of Exchequer", 25 March 1918, CX XVI: 279. Keynes knew that the decision depended on the difference between real debts, those denominated in sterling, and European countries' "paper debts" (JMK, "From 'Memorandum on the Treatment of Inter-Allied Debt Arising Out of the War'", 29 November 1918, CW XVI: 418), whose value was incommensurably lower.
- <sup>60</sup> JMK, *The Economic Consequences of the Peace*, 1919, CW II: 92.
- <sup>61</sup> *Ib.*
- <sup>62</sup> JMK, "The Treatment of Inter-Ally Debt Arising Out of the War", March 1919, CW XVI: 420-28.
- <sup>63</sup> JMK, *The Economic Consequences of the Peace*, 1919, CW II: 9.
- <sup>64</sup> *Ib.*

- 
- <sup>65</sup> *Ib.*: 10.
- <sup>66</sup> See CW XVIII: 102.
- <sup>67</sup> JMK, "The Treatment of Inter-Ally Debt Arising Out of the War", March 1919, CW XVI: 420-28.
- <sup>68</sup> *Ib.*: 422.
- <sup>69</sup> *Ib.*: 424.
- <sup>70</sup> A view which will negatively influence, for Keynes, the working of the Dawes Plan, a "compromise with the impossible" (JMK, "The Experts' Reports. I. The Dawes Report", 12 April 1924, CW XVIII: 241).
- <sup>71</sup> See CW XVIII: 296. The editorial comment of Keynes's article was titled "An American View of War Debts".
- <sup>72</sup> JMK, "From a letter to Mr Amberson", 17 May 1928, CW XVIII: 300.
- <sup>73</sup> *Ib.*
- <sup>74</sup> As Keynes wrote to the Big Four of Versailles in April 1919, "[t]he economic mechanism of Europe is jammed" (JMK, "Draft for an Explanatory Letter to Be Addressed By the Prime Minister to the President, M. Clemenceau, and Signor Orlando", 23 April 1919, CW XVI: 434).
- <sup>75</sup> As Keynes defined the scheme in a letter to his mother (CW XVI, 428). See JMK, "Scheme for the Rehabilitation of European Credit and for Financing Relief and Reconstruction", April 1919, CW XVI: 429-31.
- <sup>76</sup> JMK, "Scheme for the Rehabilitation of European Credit and for Financing Relief and Reconstruction", April 1919, CW XVI: 435.
- <sup>77</sup> *Ib.*: 436.
- <sup>78</sup> *Ib.*
- <sup>79</sup> JMK, "Letter to Sir John Bradbury and to the Chancellor of the Exchequer", 4 May 1919, CW XVI: 440.
- <sup>80</sup> *Ib.*: 138.
- <sup>81</sup> JMK, "The undersigned individuals...", 3 November 1919, CW XVII: 139.
- <sup>82</sup> *Ib.*
- <sup>83</sup> *Ib.*
- <sup>84</sup> As the only alternative to making Europe "an annual present" (JMK, "Settlement of War Debts", 18 September 1921, CW XVII: 275).
- <sup>85</sup> JMK, "Notes on the War for the President", 2 November 1939, CW XXII: 26.
- <sup>86</sup> *Ib.*: 27.
- <sup>87</sup> *Ib.*
- <sup>88</sup> *Ib.*: 28.
- <sup>89</sup> JMK, "Allied Exchange Policy", 30 May 1940, CW XXII: 173.
- <sup>90</sup> *Ib.* The plan should have involved the "four Empires" (JMK, "Exchange Control and Exchange Policy", 24 May 1940, CW XXII, 170), with the Allies engaged in bilateral clearing agreements with the rest of the world.
- <sup>91</sup> "In the last war, the greatest bone of contention arose out of the fact that, in effect through the pegged dollar rate for sterling, we were using their credits from the American treasury to support the value of sterling throughout the world. Endless difficulties between the Treasuries arose out of this. All that would be avoided by a clearing agreement" (*ib.*: 171).
- <sup>92</sup> JMK, "Notes for U.S.A.", 27 October 1940, CW XXIII: 18.
- <sup>93</sup> *Ib.*:19.
- <sup>94</sup> JMK, "Letter to Lord Catto and Sir Horace Wilson", 2 April 1941, CW XXIII: 62.
- <sup>95</sup> JMK, "Letter to Sir Kingsley Wood", 22 June 1941, CW XXIII: 141.
- <sup>96</sup> *Ib.* Emphasis added.
- <sup>97</sup> *Ib.*: 140.
- <sup>98</sup> *Ib.*: 141-142.
- <sup>99</sup> JMK, "Proposals For an International Currency Union", 18 November 1941, CW XXV: 42.

---

<sup>100</sup> *Ib.*: 43.

<sup>101</sup> *Ib.*

<sup>102</sup> JMK, "Letter to Sir Frederick Leith-Ross", 1 April 1941, CW XXVII: 19.

<sup>103</sup> The US was redressing the balance by Lend Lease arrangements, Keynes told Leith-Ross in April 1941; "[s]he may continue to redress it in the immediate post-armistice period by making further presents to various European countries. Clearly this cannot go on for ever. What next?". Keynes's preference went to the US becoming "a reliable international lender", but he soon recognized that this was "not very likely". The US would have probably chosen between importing more and exporting less. "It is for her to choose. There is nothing we can do about it", wrote Keynes. The ICU was yet to materialize (see JMK, "Letter to Sir Frederick Leith-Ross", 1 April 1941, CW XXVII: 19).

<sup>104</sup> JMK, "Proposals For an International Currency Union", 18 November 1941, CW XXV: 47.

<sup>105</sup> In line with his general "Fighting for Britain" approach, Skidelsky (2000) refers to a "critical ambiguity" in Keynes's Plan: "[w]as 'the heart of the matter' to 'encourage balance of payments adjustment', as Professor Moggridge states? Or was it to secure huge overdraft facilities for Britain and other debtors in the immediate post-war years?" (*ib.*: 208).

<sup>106</sup> To reduce the burden of the adjustment, deficit countries were allowed to withdraw up to 25% of their quota per year and up to a total of 100% of it. In addition, they had the right to change par values up to 5 percent should their clearing account be in debt by more than 25 percent of their quota for a year. Surplus countries in credit for more than a year by more than a (quarter) half of the quota were (allowed) required to appreciate their exchange rates by 5% and by a further 5% per annum for every 10 per cent increase in their balances after the adjustment. Credit balances would have carried no interest and "excessive" surpluses – beyond 25% of creditors' quotas – would have been financially sanctioned. To avoid the accumulation of balances left idle, accruing to an individual country's reserves, Keynes suggested creating a new international currency called "bancor", substituting for gold, with a "one-way convertibility", from gold into bancor, rule.

<sup>107</sup> "[T]he creditor countries will benefit, hardly less than the debtors, by being given an interval of time in which to adjust their economies, during which they can safely move at their own pace without the result of exercising deflationary pressure on the rest of the world, and, by repercussion, on themselves" (JMK, *Proposals For an International Currency Union*, 24-25 January 1942, CW XXV: 114).

<sup>108</sup> See Skidelsky, 2000: 228-230.

<sup>109</sup> JMK, "Proposals to Counter the German 'New Order'", 1 December 1940, CW XXV: 12.

<sup>110</sup> The "widespread retreat to bilateral payments arrangements" of the 30s clearly influenced Keynes's position on the matter (see Williamson, 1981).

<sup>111</sup> JMK, "Proposals to Counter the German 'New Order'", 1 December 1940, CW XXV: 14-15.

<sup>112</sup> JMK, "Post-War Currency Policy (Proposals For an International Currency Union)", 8 September 1941, CW XXV: 24.

<sup>113</sup> JMK, "Proposals to Counter the German 'New Order'", 1 December 1940, CW XXV: 12.

<sup>114</sup> JMK, "Post-War Currency Policy (Proposals For an International Currency Union)", 8 September 1941, CW XXV: 25.

<sup>115</sup> Britain regaining its leadership within an enlarged sterling area, with membership open to any other country willing to comply with its rules, and London allocating resources to the periphery, in exchange for the central pooling of surplus commodities, with the aim of contributing to the well-being of the rest of the area. That was the lesson of the interwar period, Keynes asserted: to create and preserve economic health in every European country was a duty, helping them to avoid a new prolonged crisis.

<sup>116</sup> "From House of Lords Debates", 18 May 1943, CW XXV: 277.

<sup>117</sup> JMK, "Letter to M. Norman", 19 December 1941, CW XXV: 100.

<sup>118</sup> JMK, "Post-War Currency Policy (Proposals For an International Currency Union)", 8 September 1941, CW XXV: 21.

<sup>119</sup> *Ib.*: 22.

<sup>120</sup> *Ib.*: 23.

<sup>121</sup> *Ib.*: 22.

<sup>122</sup> JMK, "Great Britain's Foreign Investments", February 1910, CW XV: 44-60.

<sup>123</sup> JMK, "Foreign Investment and National Advantage", 9 August 1924, CW XIX: 275-84.

<sup>124</sup> The expression was used by Keynes in 1922 on reviewing the reparations question (JMK, "Is A Settlement of the Reparation Question Possible Now?", 28 September 1922, CW XVIII: 32-43).

- 
- <sup>125</sup> Vines (2003) correctly bases the coherence underlying Keynes's revolution in economic theory, his ICU scheme and the request for US assistance, which led him to construct, between 1937 and 1946, the new discipline of "international macroeconomics" (ib.), in the effort the economist deployed to overcome the difficulties of the *Treatise* and remedy its omissions. The setting of the *Treatise* is truly the international system, and its strength derives just from the analysis of global relations Keynes carried on in the book (see Moggridge, 1992).
- <sup>126</sup> JMK, *The General Theory of Employment, Interest and Money*, February 1936, CW VII: 349.
- <sup>127</sup> Ib.
- <sup>128</sup> JMK, "Letter to L. Pasvolsky", 22 May 1942, CW XXVI: 247.
- <sup>129</sup> "[H]is most forthright in grasping several nettles relating to Article VII and the shape of the post-war world more generally" (Moggridge, 1992: 675).
- <sup>130</sup> JMK, "Proposals For an International Currency Union", 18 November 1941, CW XXV: 46.
- <sup>131</sup> JMK, "From House of Lords Debates", 18 May 1943, CW XXV: 270.
- <sup>132</sup> From occupying the leadership of the system, to being a country submitted like anyone else to the system's dilemma and, finally, to the scarcely tolerable discipline imposed by an unsustainable debt coupled with its decline as an exporter.
- <sup>133</sup> Thus allowing countries to freely pursue full employment policies made easier by low-cost access to funds. In draft proposals, each country was granted a quota equal to half of a 5 years moving average of the sum of its exports plus imports. See Meltzer, 1989.
- <sup>134</sup> To recall a well-known expression used by Keynes in the "Economic Possibilities for Our Grandchildren" (11 and 18 October 1930, CW IX: 321-32).
- <sup>135</sup> JMK, "Our Overseas Financial Prospects", 13 August 1945, CW XXIV: 411.
- <sup>136</sup> JMK, "Economic Possibilities for Our Grandchildren", 11 and 18 October 1930, CW IX: 331.
- <sup>137</sup> See Vines, 2003. "The new trade and payments system would be justified, for a deficit country like Britain, only if her economy was to be helped to readjust by a large buttress of IMF loans" (De Cecco, 1979b: 52).
- <sup>138</sup> Moreover, the newly-created institutions of Bretton Woods did not possess the resources to handle the task, and Britain was faced with a huge debt problem in the Sterling Area countries imposing itself on London's already exhausted economy.
- <sup>139</sup> Though international relationships rarely constitute the object of gift giving analyses, Mauss himself did not disregard the option: "[l]a vie internationale n'est qu'une vie sociale d'une espèce supérieure et que la sociologie doit connaître" (in Ramel, 2004 : 227), he argued, observing that international relationships are built in a "milieu des milieux" (Ib.: 231). In the *Essai*, nations are included among the subjects which, "by opposing reason to feeling, by pitting the will to peace against sudden outburst of insanity", that is by "lay[ing] aside the spear" ((Mauss, 1990: 105), "succeeded in substituting alliance, gifts and trade for war, isolation and stagnation" (ib.).
- <sup>140</sup> JMK, "Notes on External Finance in the Post-Japanese-Armistice Transitional Period", 11 January 1944, CW XXIV: 3.
- <sup>141</sup> JMK, "Overseas Financial Policy in Stage III", 15 May 1945, CW XXIV: 262.
- <sup>142</sup> After three years, however, a general scheme for their final settlement should be negotiated with Britain.
- <sup>143</sup> JMK, "Notes on External Finance in the Post-Japanese-Armistice Transitional Period", 11 January 1944, CW XXIV: 13. Keynes's esteems were underestimating Britain's needs.
- <sup>144</sup> JMK, "Overseas Financial Policy in Stage III", 15 May 1945, CW XXIV: 271.
- <sup>145</sup> "Letter from R. H. Brand", 5 April 1945, CW XXIV: 307.
- <sup>146</sup> JMK, "The Problem of Our External Finance in the Transition", 12 June 1944, CW XXIV: 55.
- <sup>147</sup> JMK, "Notes on External Finance in the Post-Japanese-Armistice Transitional Period", 11 January 1944, CW XXIV: 16.
- <sup>148</sup> Ib.: 61.
- <sup>149</sup> Ib.
- <sup>150</sup> Ib.
- <sup>151</sup> JMK, "Notes on External Finance in the Post-Japanese-Armistice Transitional Period", 11 January 1944, CW XXIV: 10.
- <sup>152</sup> The period between Germany's defeat and the end of the war against Japan.
- <sup>153</sup> JMK, "The Washington Negotiations for Lend Lease in Stage II", 12 December 1944, CW XXIV: 220.

- 
- <sup>154</sup> JMK, "Letter to R. H. Brand", 15 February 1945, CW XXIV: 249.
- <sup>155</sup> "Stage III. Finance. Note of a Conversation in Lord Keynes's room on Wednesday, 7 March 1945", 7 March 1945, CW XXIV: 255.
- <sup>156</sup> *Ib.*
- <sup>157</sup> JMK, "Letter to R. H. Brand", 15 February 1945, CW XXIV: 249.
- <sup>158</sup> Keynes wrote it in March 1945, partly in response to a document by Graham Towers, governor of the Bank of Canada, who had argued that lacking a substantial financial relief, Britain could not take part in the free-trade international system which Canada itself, highly dependent on Britain's markets, considered to be in its interests.
- <sup>159</sup> Such that it had been possible to create a trade system "without immediate financial embarrassment with almost the whole world outside the United States" (JMK, "Overseas Financial Policy in Stage III", 15 May 1945, CW XXIV: 260).
- <sup>160</sup> *Ib.*: 271-272.
- <sup>161</sup> *Ib.*: 274.
- <sup>162</sup> *Ib.*: 280.
- <sup>163</sup> *Ib.*: 276.
- <sup>164</sup> *Ib.*
- <sup>165</sup> *Ib.*
- <sup>166</sup> *Ib.*: 279.
- <sup>167</sup> *Ib.*
- <sup>168</sup> *Ib.*: 285.
- <sup>169</sup> *Ib.*: 280.
- <sup>170</sup> *Ib.*
- <sup>171</sup> Skidelsky (2000) refers to the exchange letters only briefly (pp. 389-90), as part of the "[s]tringent criticism of Keynes's approach [...] from the British financial team in London" (*ib.*: 389). This is somewhat surprising, under the light of Moggridge's criticism of *Fighting for Britain*: Moggridge (2002) accuses Skidelsky of working through the Loan negotiations "in such detail" as to "introduce error into the account" (*ib.*: 112). According to Moggridge, the "official histories" (*ib.*) by Sayers, Pressnell, Horsefield and James make Skidelsky's reconstruction unnecessary and even a harmful operation. Less surprising is thus that Moggridge (1992) seems to pass over the correspondence (see p. 788). But Pressnell himself, focusing on the American Gift as a British tactic (see above), does not deal with the contents of those letters. It is to be noted that the correspondence has gained the attention of a recent essay by Marcuzzo (2008), to which we refer below in the text.
- <sup>172</sup> "Letter from R. H. Brand", 5 April 1945, CW XXIV: 307. Moreover, further time was needed to explain to the Americans why "Justice to us" was also "Justice for them"; hence Brand's proposal for an interim agreement.
- <sup>173</sup> *Ib.*: 308.
- <sup>174</sup> *Ib.*
- <sup>175</sup> JMK, "Letter to R. H. Brand", 24 April 1945, CW XXIV: 314.
- <sup>176</sup> *Ib.*: 315.
- <sup>177</sup> *Ib.*: 316.
- <sup>178</sup> *Ib.*
- <sup>179</sup> *Ib.*
- <sup>180</sup> *Ib.*: 317.
- <sup>181</sup> JMK, "Letter to R. H. Brand (Stage III Your letter of 25 April)", 3 May 1945, CW XXIV: 324.
- <sup>182</sup> JMK, "Letter to Sir Wilfrid Eady, and others", 13 June 1945, CW XXIV: 360.
- <sup>183</sup> JMK, "Letter to H. Dalton (NABOB 177)", 18 October 1945, CW XXIV: 548.
- <sup>184</sup> JMK, "Letter to Lord Beaverbrook", 27 April 1945, CW XXIV: 328.
- <sup>185</sup> *Ib.*

- 
- <sup>186</sup> A viewpoint later endorsed, during the negotiations, by Marriner Eccles of the Federal Reserve Board, though in much more alarming terms and to the great disappointment of Keynes, who literally exploded: “[y]ou cannot treat a great nation as if it were a bankrupt company!” (in Skidelsky, 2000: 434).
- <sup>187</sup> “Why should [*Sterling Area countries*] expect to get all their money back”, the Americans could question, “when it is apparent that we shan’t get any of it back at all?” (“Letter from R. H. Brand”, 25 April 1945, CW XXIV: 319-320).
- <sup>188</sup> JMK, “Letter to R. H. Brand (Stage III Your letter of 25 April)”, 3 May 1945, CW XXIV: 324.
- <sup>189</sup> “[I]t would require a sort of inner appreciation of our position and what would be in our case “justice” in the minds of the American public, and of Congress, which they are very far from possessing now (“Letter from R. H. Brand (Stage III)”, 14 May 1945, CW XXIV: 332).
- <sup>190</sup> Countries refusing the agreement would have their balances funded at 0.5% per annum and the principal back after five years at an annual rate of 1% for purchases limited to the area only.
- <sup>191</sup> Members could not rely on new liquidity to buy American exports, while those registering a deficit with the US would be even compelled to reduce purchases. In the event that surplus countries hoard dollars, US global exports to the area would diminish in absolute terms.
- <sup>192</sup> As well as on the not so realistic assumption of Britain’s reserves amounting to 2 billion dollars at the end of the war.
- <sup>193</sup> JMK, “Letter to R. H. Brand (Stage III and the twilight of Lend Lease)”, 30 May 1945, CW XXIV: 339.
- <sup>194</sup> *Ib.*: 340.
- <sup>195</sup> “Letter from R. H. Brand”, 23 June 1945, CW XXIV: 370.
- <sup>196</sup> *Ib.*
- <sup>197</sup> In Moggridge, 1992: 789.
- <sup>198</sup> In Skidelsky, 2000: 397.
- <sup>199</sup> The negotiators should let the necessity of an American gift to Britain “appear from the strength of our case, as we developed it, that this was the one really satisfactory way of dealing with the situation, but that we should let the Americans come to this, rather than make the suggestion ourselves” (“Forthcoming Discussion with the United States. Record of a Meeting of Ministers held at No. 10 Downing Street, on Thursday, 23 August 1945 at 10.15 p.m.”, 23 August 1945, CW XXIV: 423).
- <sup>200</sup> JMK, “Letter to Sir Wilfrid Eady and others”, 16 August 1945, CW XXIV: 417.
- <sup>201</sup> JMK, “Letter to Sir Wilfred Eady and others (Proposals for Financial Agreements in the Sterling Area and Between the U.S. and the U.K. to Follow After Lend Lease)”, 4 September 1945, CW XXIV: 425-426.
- <sup>202</sup> Both Moggridge (2002) and Pressnell (2003) generally dismiss, against Skidelsky’s (2000) criticism of Keynes’s “slow-moving” and “indecision” in the negotiations (*ib.*: 16), the hypothesis of a feasible alternative to Britain accepting the US loan at the lender’s terms.
- <sup>203</sup> JMK, “Letter to Sir Wilfrid Eady and others”, 16 August 1945, CW XXIV: 418.
- <sup>204</sup> JMK, “Letter to H. Dalton (NABOB 191)”, 20 October 1945, CW XXIV: 563.
- <sup>205</sup> *Ib.*: 426.
- <sup>206</sup> “Statement by Lord Keynes at Press Conference: 12 September 1945”, 12 September 1945, CW XXIV: 462.
- <sup>207</sup> *Ib.*
- <sup>208</sup> *Ib.*: 465.
- <sup>209</sup> JMK, “Letter to F. M. Vinson”, 6 November 1945, CW XXIV: 586.
- <sup>210</sup> *Ib.*: 585.
- <sup>211</sup> JMK, “Letter to H. Dalton (NABOB 177)”, 18 October 1945, CW XXIV: 547.
- <sup>212</sup> See D. Smith, “Britain pays 1945 war debt”, *The Sunday Times*, 24 December 2006 (available at: <http://business.timesonline.co.uk/tol/business/article1264220.ece>); F. Rohrer, “What’s a little debt between friends?”, *BBC News Magazine*, 21 December 2006 (available at: <http://news.bbc.co.uk/1/hi/magazine/4757181.stm>).
- <sup>213</sup> Gardner (1956) considers the Loan Agreement as “an instrument of multilateralism” (*ib.*: 208).
- <sup>214</sup> Ranaipiri’s account of the *hau* runs as follows: you make me a present of something, I give this object to a third person who after a while gives me something in return, compelled to do so by the *hau* of my present; then, I am compelled to return to you the thing received from the third person, since it is the effect of the *hau* of your gift.

- 
- <sup>215</sup> The third person is thus a device to let the idea of fertility of the gift appear.
- <sup>216</sup> Though not consensual, Sahlins's view is now highly widespread in the sociological literature on gift-giving: see for instance Zenou et al., 1992.
- <sup>217</sup> Levi-Strauss's theory is thus completely reversed: "exchange" is not a natural concept, intrinsically intertwined with human nature.
- <sup>218</sup> The gift "does not dissolve the separate parties within a higher unity, but on the contrary, in correlating their opposition, perpetuates it. Neither does the gift specify a third party standing over and above the separate interests of those who contract. Most important, it does not withdraw their force, for the gift affects only will and not right [...] the gift is no sacrifice of equality and never of liberty" (Sahlins, 1972: 170).
- <sup>219</sup> Levi-Strauss's (1980) accused Mauss of failing to recognize the true unique framework, generalized exchange, in which the three acts of giving, returning and reciprocating would take place.
- <sup>220</sup> The use of a circle as a metaphor for gift relationships is problematic: as shown by Gasché (1995), the first giver must live outside it, since she cannot be reciprocating. It follows, however, that reciprocity is not *the* social pattern par excellence, unless one is willing to renounce to the original gift as the starter of the circle and, as a consequence, to assign no importance to motives for giving. The gift would simply disappear, with reciprocity reduced to market exchange.
- <sup>221</sup> Despite Sahlins's advices not to underestimate the component of exploitation which archaic societies often masked behind reciprocity.
- <sup>222</sup> The norm makes "two demands: (1) people should help those who have helped them, and (2) people should not injure those who have helped them" (Gouldner, 1960: 59).
- <sup>223</sup> This means that "we should not only look for mechanisms which constrain or motivate men to do their duty and to pay off their debts. We should also expect to find mechanisms which induce people to *remain* socially indebted to each other and which *inhibit* their complete repayment" (Gouldner, 1960: 63). Reciprocity's equivalence cannot but be "rough" (ib.), inducing a certain amount of uncertainty about each partner's indebtedness.
- <sup>224</sup> "[W]here one has doubts about the future willingness and ability to repay there may be a reluctance and refusal to help" (Gouldner, 1973: 262).
- <sup>225</sup> Mini (1994) sees the ICU as an anti-Victorian attempt to obliterate "the ancient notion that in matters of international trade a specie inflow is the just reward of virtue (thrift, efficiency, hard work) while a trade deficit is the punishment for profligacy, high living, inefficiency" (ib.: 193).
- <sup>226</sup> JMK, "Overseas Financial Policy in Stage III", 15 May 1945, CW XXIV: 292.
- <sup>227</sup> Social systems, archaic like modern ones, typically show a sort of pooling agreement providing for resources redistribution ("within" relation) combined with reciprocity in bilateral relationships ("between" relations), the latter ranging from positive to balanced to negative reciprocity. Sahlins's "reciprocity continuum" of mutuality relationships helps to illustrate theoretically that the "distances between the forms, between measure and value of reciprocal services, between duties and rights, are socially constructed. Structure and validity are derived from the respective distance between kinship groups; in short, reciprocity, morality and kinship form a sectoral schema, a 'topografic' order" (Berking, 1999: 38).
- <sup>228</sup> Here is an example of how "individual initiatives raise conflicts between individual and social interest: conflicts that are irreducible. Initiatives of such a type are those which, if taken by an individual [...] would benefit him, but do not benefit anybody if they become shared, that is if everybody adopts them (Carabelli and De Vecchi, 2001: 231-232)
- <sup>229</sup> The efficacy of reciprocity as social compact rests however on "a demonstrable foregoing of self-interest on each side, some renunciation of hostile intent or of indifference in favor of mutuality" (Sahlins, 1972: 220).
- <sup>230</sup> Emphases in the original.
- <sup>231</sup> JMK, "Post-War Currency Policy (Proposals For an International Currency Union)", 8 September 1941, CW XXV: 26.
- <sup>232</sup> Remarkably, Mauss himself never offered a definition of the gift in his essay.
- <sup>233</sup> "As the economy becomes progressively disembedded from society, as economic relations become increasingly differentiated from other types of social relationship, the transactions appropriate to each become ever more polarised in terms of their symbolism and ideology" (Parry, 1986: 466). Parry may be right to say that "while Mauss is generally represented as telling us how *in fact* the gift is *never* free, what [...] he is really telling us is how *we* have acquired a *theory* that it should be" (ib.: 458).
- <sup>234</sup> Derrida claimed that the *Essai sur le don* is an essay on everything – exchange, credit, etc. – but the gift.



- 
- <sup>235</sup> See JMK, "From a letter to Mr Amberson", 17 May 1928, CW XVIII: 299-300.
- <sup>236</sup> JMK, "From House of Lords Debates", 23 May 1944, CW XXVI: 14.
- <sup>237</sup> Keynes wrote the memorandum in response to a suggestion by the Secretary of State Edward R. Stettinius concerning the possibility of a large free-interest loan to Britain to face the transition period to the new regime.
- <sup>238</sup> JMK, "The Problem of Our External Finance in the Transition", 12 June 1944, CW XXIV: 63.
- <sup>239</sup> *Ib.*
- <sup>240</sup> As it happens in the *potlatch*.
- <sup>241</sup> JMK, "The Problem of Our External Finance in the Transition", 12 June 1944, CW XXIV: 64.
- <sup>242</sup> "If we refuse to accept financial assistance from the United States, it will cause nearly as much embarrassment to them as to us" (*ib.*).
- <sup>243</sup> *Ib.*: 299. Emphasis added.
- <sup>244</sup> As shown by Playfair's words about Keynes general ingenuity and his undue use of "moral indignation".
- <sup>245</sup> We are here voluntarily taking an expression Keynes used twenty-five years later (JMK, "The Present Overseas Financial Position of U.K.", 13 August 1945, CW XXIV: 384).
- <sup>246</sup> "Stage III. Finance. Note of a Conversation in Lord Keynes's room on Wednesday, 7 March 1945", 7 March 1945, CW XXIV: 255.
- <sup>247</sup> *Ib.*
- <sup>248</sup> As Brand observed at the beginning of the correspondence with Keynes recalled above.
- <sup>249</sup> JMK, "From House of Lords Debates", 18 December 1945, CW XXIV: 609.
- <sup>250</sup> *Ib.*: 610.
- <sup>251</sup> *Ib.*: 611.
- <sup>252</sup> *Ib.*
- <sup>253</sup> Our translation.
- <sup>254</sup> Unconditionality means, in other words, that the giver acts without a guarantee of return, but that he nevertheless *expects* something in return
- <sup>255</sup> These are the aims, according to Marcuzzo, of Keynes's persuasion.
- <sup>256</sup> See Caillé, 1998.
- <sup>257</sup> See Gardner (1956).
- <sup>258</sup> JMK, "Overseas Financial Policy in Stage III", 15 May 1945, CW XXIV: 272.
- <sup>259</sup> Even while dealing with the *potlatch*, the purely agonistic gift, he remarks that "such trade is noble, replete with etiquette and generosity. At least, when it is carried on in another spirit, with a view to immediate gain, it becomes the object of very marked scorn" (Mauss, 1990: 37).
- <sup>260</sup> "Making the rule explicit would destroy the act of giving by definition, for the gift would no more be an expression of the personal link" (Godbout, 1998b: 563).
- <sup>261</sup> As Carabelli and De Vecchi (1999) cleverly point out, "Keynes expects that everyone should be guaranteed not only freedom, in the sense of protection from the arbitrary will of others, but also the freedom from necessity, or, rather, from limits which, in different ways, restrict the possibility of individual choice of ends. Being free now means having the power to use the necessary means to satisfy such material needs as a given society holds to be primarily, and to consider ends, above all non-material ends, which were previously unknown" (*ib.*: 282).
- <sup>262</sup> As he wrote in the preface to his *Essays in Persuasion* (8 November 1931, CW IX: p. xvii).
- <sup>263</sup> *Ib.*
- <sup>264</sup> JMK, "From House of Lords Debates", 18 May 1943, CW XXV: 280.
- <sup>265</sup> "Beyond question we are entering into the age of abundance. [...] The time may well come – and sooner than we yet have any right to assume – when the sums which now overwhelm us may seem chicken-feed, and an opportunity to get rid of stuff without payment a positive convenience" (JMK, "Our Overseas Financial Prospects", 13 August 1945, CW XXIV: 411).
- <sup>266</sup> JMK, "From House of Lords Debates", 18 December 1945, CW XXIV: 622.

---

<sup>267</sup> *Ib.*: 608.

<sup>268</sup> *Ib.*: 621.

<sup>269</sup> JMK, "The Balance of Payments of the United States", June 1946, CW XXVII: 444.

<sup>270</sup> JMK, "Post-War Currency Policy (Proposals For an International Currency Union)", 8 September 1941, CW XXV: 26.

<sup>271</sup> Better, the endorsement of a radical version of Williamson's paradigm on the part of the international financial institutions both as a program of technical assistance to developing countries and as the precondition for conceding financial relief to crisis-hit nations.

<sup>272</sup> Here follow some concluding remarks pertaining more specifically to the gift in its relations with economics. "[L]'enchâssement problématique", to use Insel's (1991) words, of Keynes's American Gift proposal in the context of the negotiations between Britain and the US in a way matches the difficulty to analyse it as a "gift episode". This may come as the consequence of the inadequacies of both the categories of economics and of those used by disciplinary approaches to the gift to deal with a concept relying on a more complex view of human behaviour than each social science working within its boundaries is compelled to assume. Ambiguity, one of the main features of the gift, is but another face of the uncertainty intrinsic to its atmosphere. In modern societies, donors tend to wrap their gift-giving with utilitarian papers, as the US did when trying, somewhat unexpectedly, to persuade both Americans and Europeans that the Marshall Plan was a kind of "coolly calculated business operation" (Perroux's, 1954: 2) rather than a gift with a "social object" (*ib.*; see Dillon, 2004). The same usually goes for receivers, who fear being exposed to "can't resist" offers. In literature, "moral cement" approaches (Komter, 1996) to the gift are continuously challenged by interpretations of giving as a means of acquiring and exercising power; "free" gifts, on the contrary, are often seen as a mirror of the autonomous self which inspires neoclassical economics (see Carrier, 1995). This is why "the discipline of economics seems conspicuously absent from a topic that seems to lie well within its purview", as remarked by Osteen (2002: 31), whose essay is the basis for these considerations. Godbout's and Caillé analyses of the "playing with rules" involved in the game of the gift make it clear "how gifts trouble our categories" (*ib.*: 23). By dissolving borders, the gift comes to represent "the freedom to transcend the narrow borders within which economic disciplinarity would keep us, and thus to retain the grounds for ethics and politics" (Callari, 2002: 256). Keynes's American Gift proposal may therefore be an example not only of how economics could bypass the limitations intrinsic to the neoclassical tradition, but also an attempt to "expand, rather than narrow our focus" and an advice to adopt an interdisciplinary dialogue "to gain a fuller understand of the gift" (Osteen, 2002: 35).

<sup>273</sup> Here lies a difference between our approach and Newton's (2000) fighting the "Fighting despite Britain" approach.

<sup>274</sup> Or that forged by Keynes in the interwar years on a combination, according to Williamson (1983), of microeconomic liberalism and macroeconomic management which assured prosperity to participants in the new order.