Reflections on Keynes and Hamilton

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One of J. M. Keynes's more famous statements is that "In the long run we are all dead." The purpose of that assertion was, apparently, to belittle the practical influence of "neutrality of money" propositions which suggest that stimulative monetary policy actions would be ineffective for expanding employment and output in a depressed economy with high current unemployment.

There are several points that need to be made regarding this famous proposition. First, it might be noted that the statement does not appear in Keynes's General Theory. Instead, it appears in an earlier book of Keynes's, A Tract on Monetary Reform (first published in 1923 by Macmillan Press (London and Basingstoke)).

Second, and substantially, there is no realistic—i.e., operational—counterpart of the long run." That is, an actual economy is never "in" a long run; at any specific point of time, there are many points in the past and many in the future (indeed, an infinity).

Third, Keynes was presumably aware of this type of objection, so he sets out in Chapter 18 of the General Theory to formalize his position—he says to "gather together the threads of" his argument. By my reading, however, he has (in pages 245-247) specified a system with more endogenous variables than assumed relationships (i.e., equations).

The foregoing is one item concerning monetary policy that I wanted to offer. A second one is to comment briefly on the recent discussion in the press concerning issues and actions pertaining to the position of Alexander Hamilton on the U.S. $10 bill. Evidently the action now planned is to keep Hamilton on the front of the $10 but to add members of the female suffrage movement on the back and to remove Andrew Jackson from the $20 in favor of additional female honorees. This is not exactly the outcome that I would have preferred, but keeping Hamilton in his place is the most important item from my perspective. It was, also, a choice that met with considerable public approval according to what I have read. What has been missing from the public discussion, however, is the reason why recognition on the currency is of particular appropriateness in the case of Hamilton. It is, I would argue, is because of all the "founding fathers" he is the one most consistently and effectively promoted arrangements regarding financial and monetary affairs that were clearly and effectively helpful in keeping the new nation's economic, monetary, and financial policies sound and effective both domestically and internationally.