



“Summary of article by John Maynard Keynes: Economic Possibilities for our Grandchildren” in Frontier Issues in Economic Thought, Volume 2: The Consumer Society. Island Press: Washington DC, 1997. pp. 343-345

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"What can we reasonably expect the level of our economic life to be a hundred years hence? What are the economic possibilities for our grandchildren?" (360) In this classic essay, written in 1930, the author looks forward to the time when growth will have eliminated the problem of scarcity, and speculates about the changes in society, work, morality, and behavior that will be possible in the future world of abundance.

BEYOND THE SHORT RUN

Although the short-term economic prospects [for Britain in 1930] are pessimistic, the more important long-term outlook will be shaped by the cumulative effects of continuing economic growth. This economic growth is relatively new in historical terms; before the eighteenth century, there was little or no upward movement in average living standards. The accumulation of capital that began in sixteenth-century England led to the great age of science and technical inventions, building to a crescendo in the eighteenth century, and continuous innovation and progress since the beginning of the nineteenth century.

As a result, living standards have risen dramatically in Europe and the United States, despite an enormous growth in population. If growth continues, at 2 percent annually, the world's capital stock will increase more than sevenfold in the next century. Technological change is continuing at a rapid pace: within our lifetimes, agriculture, mining, and manufacturing may require only a quarter of the labor we are accustomed to. In the short run, the very rapidity of these changes is leading to technological unemployment. But in the long run, the same changes mean that humanity is solving its economic problem.

LIFE AFTER THE ECONOMIC PROBLEM

Suppose that a hundred years from now, mankind is seven or eight times better off economically than we are today. How will our lives change? The needs of human beings, although seemingly insatiable, fall into two classes: absolute needs which we feel regardless of the situation of others, and relative needs for things that make us feel superior to others. While the desire for superiority may indeed be insatiable, our absolute needs may soon be satisfied "in the sense that we prefer to devote our further energies to non-economic purposes." (365) In the absence of major wars or population growth, the economic problem may be within sight of solution within a

hundred years. "This means that the economic problem is not – if we look into the future – *the permanent problem of the human race.*" (366)

This is startling because the struggle for subsistence has always been the primary problem for humanity. All our impulses and deepest instincts have evolved for the purpose of solving the economic problem. We may be asked to discard within a few decades the habits and instincts of countless generations. Then, for the first time, we will face our permanent problem – how to use the freedom from pressing economic cares, how to occupy the leisure which science and compound interest will have won, to live wisely and agreeably and well. For many years to come people will need to do some work to be contented; the remaining tasks may be shared as widely as possible, perhaps in 15-hour work weeks.

Few of us have cultivated the art of life itself and know how to make use of abundance when it comes, for we have been trained too long to strive and not to enjoy. The independently wealthy, who already live in a state of abundance, have, for the most part, failed disastrously to occupy themselves meaningfully. With more experience we will use our affluence quite differently than the rich use it today.

Changes are to be expected in public morality: "The love of money as a possession ... will be recognized for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease." (369) Of course there will still be people who will blindly pursue wealth, but the rest of us will no longer be under any obligation to applaud and encourage them. We will be free to examine and relax our sense of "purposiveness" which drives us to value the future over the present. We will be able to return to some of the basic principles of traditional religion: that avarice is a vice, usury is a misdemeanor, love of money is detestable, and those who are most virtuous and wise give the least thought to tomorrow. "We shall once more value ends above means and prefer the good to the useful." (371)

But, for another 100 years we must pretend that fair is foul and foul is fair. Avarice, usury, and precaution must be our gods for a little longer, until they lead us out of the tunnel of economic necessity into daylight. The change will happen gradually, not as a sudden catastrophe; ever larger groups of people will be removed from the realm of economic necessity. Economic obligations to others will remain important longer than needs for oneself. The pace of our progress toward economic bliss will be governed by our success in controlling population, avoiding wars, promoting scientific advances, and accumulating capital – of which the last will be easy, given the first three.

Do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance. It should be a matter for specialists – like dentistry. If economists could manage to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid! (373)