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THE RADICAL KEYNES: AN APPRAISAL

Introduction

In the wake of the 2008 global economic crisis, a worldwide resurgence of interest in John Maynard Keynes' intellectual thought enveloped much of North America and Europe. From popular and journalistic accounts to a revival of conferences and new books inspired by Keynes' thought, many (re)turned to him for a deeper understanding of contemporary capitalism and potentially its alternatives. My aim in this paper is twofold: First, to provide a theoretical critique of the 'radical' Keynes rediscovered since 2008 and, second, evaluate to what extent Keynes' policy measures challenged or reinforced the structural inequalities at the root of capitalist social relations. My motivation in writing this essay stems from recent academic treatments attempting to 'reclaim' Keynes as a radical critic of capitalism. Yet, understood historically, to be radical is to get to the root of the problem.

However, at the root of Keynes' intellectual project is an attempt to rescue capitalism, not provide a theoretically coherent account that attempts to surmount it. Although Keynes offers valuable insights into the inner workings of capitalism from the perspective of a 'progressive' liberal, the overarching aim of his political economic project was essentially to preserve existing social relations. In other words, Keynes' thought lacks a truly radical element in that it does not go far enough to challenge the paired opposition of social classes, including gender, racial and other intersecting axes of oppression that form the constitutive core of capitalist 'laws of motion'. Furthermore, Keynes' 'class neutrality' stops short of recognizing the ways in which the state reinforces and solidifies capitalist class exploitation at the expense of labour, in the process strengthening market-like rule. I will substantiate this claim through a brief exploration of the development of the Canadian welfare state and make the case that, far from decommodifying social relations, the welfare state further embedded commodification helping to lay the basis for the rise of neoliberalism.

All things considered, it is my contention that reclaiming the possibilities for a radically democratic political praxis that challenges market-like rule requires recognizing Keynes' important intellectual contributions, yet ultimately going beyond them. This raises the question, without providing any ready-made answers, of course, about what a genuinely radical critique of capitalism that challenges its wide-ranging registers of inequality may look like.

Will the Real Keynes Please Stand Up?

Over 2008-10, a series of forced bank mergers, quasi-nationalizations and bailouts of the private sector resulted in 'troubled assets' being shifted into the state sector and onto central bank balance sheets. The governments of the G8/G20 intervened with trillions in loans to guarantee inter-bank lending and the purchasing of government and commercial paper. In an attempt to avoid a global depression, the G8/G20 synchronized the lowering of central back interest rates and pledged to keep open international markets in order to stave off a feared turn to protectionism. This was not however, as many misread the policies being implemented, a return to Keynesianism and the state acting against volatile and uncontrolled markets. As argued elsewhere (Albo and Fanelli, 2014), this was the 'emergency monetarism' that many neoliberals (notably Friedman himself, and Ben Bernanke at the U.S. Federal Reserve) had long formulated as part of their necessary policy arsenal in the case of severe demand shocks caused by instability in financial markets depleting the available means of exchange.

Across the political spectrum, enthusiasts and detractors alike revived Keynes from the graveyard of discarded and abandoned theories. As the free market consensus came unhinged as a result of the largest and most sustained crisis of accumulation since the 1930s, this opened up new spaces for critical engagement with social and political thought at the margins of intellectual inquiry. Although theoretical rediscoveries spanned the political spectrum, Keynes was perhaps the most vaunted and exhumed political economist in the aftermath of the crisis. Although the ideas of Marx also gained new traction, it was Keynes' theoretical contributions which in many ways came to play an increasingly central role in public policy debates. This was followed by a resurgence of conferences, policy papers and new books that sought to revive the progressive, even if not necessarily radical, intellectual contributions of Keynes (Reich, 2012; Krugman, 2012; Stiglitz, 2013; Skidelsky, 2009).

Of particular interest, though, has been the attempt to 'reclaim' the so-called radical Keynes from the allegedly sanitized Keynesians.[1] For instance, Radhika Desai and Alan Freeman (2009) write: "A spectre has returned to haunt the Left – the spectre of Keynes. The Left kept it at bay in the 1950s and 1960s by pretending that "reformist" and "ineffectual" "Keynesianism" was Keynes." Desai and Freeman go on to describe what in their view was the "distorted" and "defanged" Keynesianism of the postwar period popularized by Paul Samuelson. They argue "Keynes' own thinking was too radical to be of much use to capitalism."

In a longer exposition, Desai (2009b: 123) argues, "...after avoiding, denying and distorting Keynes' ideas, economists and policymakers apply "Keynesian" prescriptions selectively, disregarding the scale of his critique of capitalism; yesterday's neoliberals turned today's "contingent Keynesians" further bowdlerize Keynes[.]" She goes on to make the case (130) that Keynes criticized the vice of the "functionless investor", which was to be discouraged by driving interest rates near zero, "euthanizing the rentier" and advocating for the "socialization of investment." Desai concludes by re-envisioning Keynes' original proposals for capital controls, creditor adjustment and international money in the alleged afterlife of US imperial hegemony.

In a similar vein, Winslow (2010) contends, "Keynes's understanding of both capitalism and the periodic financial crises that have characterized it throughout its history is radically different from the understanding that has become increasingly dominant since Keynes." In separating Keynes from latter day Keynesians, Winslow argues that Keynes exhibited a substantive moral critique of capitalism. Contrary to his neoclassical counterparts, Keynes was critical of the "irrationality of human nature", as well as the propensity of capitalism to periodic financial crises, elaborated as "vulgar passions" (Winslow, 2010: 371). Another reinterpretation is found in De Carvalho (2009: 192) who makes the argument that Keynes must be understood as a "radical reformer", although he prefaces his remarks by recognizing that "His vision of the future actually would preserve much of what existed while eliminating 'the objectionable features of capitalism.'"

Finally, in *The Return To Keynes* editors Bradley Bateman, Toshiaki Hirai and Maria Cristina Marcuzzo (2010, 1) make the claim that a quiet revolution in economic policymaking has gone largely unnoticed: "the return of a more active use of economic policy for purposes of stabilizing the economy." In their introduction to the text, they claim (1) "The story explains how a strong counter-revolution against

[1] This tendency, of course, has a long history. See, for instance, "The Radical Keynes" by Robert Lekachman, and Paul. M. Sweezy's response, "Listen Keynesians!" in *The Policy Consequences of John Maynard Keynes* (Wattel, 1985). My focus here is on the revival of the so-called radical Keynes in the aftermath of the 2008 global economic crisis.

Keynesian ideas of stabilizing the economy that had taken place during the last three decades of the twentieth century had itself been overturned." For the editors, the revival of Keynes is rooted in the post-9/11 fiscal and monetary stimulus that engulfed much of North America and Europe. The 2008 global economic crisis cemented this global macroeconomic and public policy shift, displacing laissez-faire and neoliberalism, leading the editors (7) to assert: "we undoubtedly live in a new Age of Keynes."

For Bateman et al., Keynes did not conclude "that capitalism was always unstable – quite the contrary. What Keynes insisted on throughout all his work was that when the system got jammed, good macroeconomic policy was necessary to correct it." As such (11), "The real proof of the changed landscape came in the autumn of 2008 when financial crisis swept the world's capital markets. If there had been any doubt before that moment that Keynes had returned, it dissipated instantly in the quick action of central banks and finance ministries who undertook the work of unfreezing the capital markets and recapitalizing the banks and other financial institutions. Faced with true crisis and instability, leaders around the world turned to the ideas of the greatest economist of the twentieth century. Once again, Keynes was needed to save modern financial capitalism from itself."

And herein lies the contradiction: Unlike Marx who argued that capitalism was inherently unstable and prone to social inequality, Keynes argued that capitalism's rough patches could be smoothed-over via a good bout of "demand management to stabilize the economy" (Bateman et al., 2010, 8). However, more or less active use of fiscal and monetary policy reveals little about the actual character of state intervention. In fact, the macroeconomic and public policy decisions of world leaders and finance ministries in the aftermath of the recession has revealed a more coercive and authoritarian affinity to neoliberalism. In this vein, it is necessary to cultivate a deeper "understanding of how politics and power are interrelated, of how different registers of oppression mutually inform each other and can be better understood in terms of their connections and deeply historical and social relations" (Giroux, 2015, 321).

Of course, this does not mean that Keynes' thought cannot contribute to the radical critique of capitalism. Indeed, a strong case can be made that capital controls, progressive taxation and public investment, for example, were certainly radical in the context of Two World Wars and the interlude of the Depression years. Now into the fourth decade of neoliberalism, the bar has fallen equally as low in the context of "there is no alternative." However, as the coordinated actions of the G8/G20 attest to, there are no special virtues in more or less state, nor is there an inherently progressive arc of expanded fiscal and monetary policy. In fact, as noted above, this has been a core policy tenet of neoliberalism which, in the context of the 2008 crisis, has been used to shift the costs of the recession away from capital and onto the public sector (Lapavitsas, 2014, Mirowski, 2014).

Further, Keynes' intellectual thought, far from being incompatible with the logic of capital, has been central to ensuring the long term viability of capitalist social relations, particularly in the context of proposed radical alternatives. As Robert Reich (1999) has noted: "His radical idea that governments should spend money they don't have may have saved capitalism." In many ways this is liberal idealism unconstrained by the actual political economy of contemporary capitalism. Also, contrary to Desai's claim that Keynes was a fervent internationalist, the views of his biographer Skildelski, Schumpeter and others suggest he was a staunch patriot and nationalist (cited in De Carvalho, 2009).

Likewise, although Winslow is correct in noting Keynes' critical view of 'parasitic' financial capital, this fails to grasp the inherently exploitative relationship at the heart of so-called productive capital. In other words, for Keynes the distributional conflict at the root of social tensions in capitalist societies was much less important than the inability of these economies to maximize their profit making potential. Certainly there is great difficulty in locating as prolific and influential a thinker as Keynes within one overarching body of thought. Yet, in considering Keynes' major theoretical insights, it is equally as difficult, as I will further argue below, to reclaim Keynes as a 'radical' political economist, notwithstanding his important 'progressive' contributions.

Keynes's 'Progressive' Liberalism

Keynes' most well-known and influential work is his *General Theory of Employment, Interest and Money* (Keynes, 1936). While Keynes' ideas contrasted sharply with some of the theoretical starting points of his classical liberal counterparts, he was nevertheless committed to capitalism throughout his life and was convinced that the market was the best way of allocating scarce resources, capital and labour (Keynes, 1925). Keynes' ideas were designed to smooth-over the disruptive boom-bust cycles effecting capitalism, while deflecting working class opposition away from radical alternatives and the threats posed by, as he saw it, 'totalitarianism' and 'collectivist planning'. As Bruce Bartlett (2009) has written: "Keynes' efforts were motivated by a strong desire to maintain the liberal capitalist order. Honest conservatives have always understood this." Bartlett also notes, "...the whole point of *The General Theory* was to knock away the Ricardian foundations of Marxism... And he [Keynes] had little respect for Marx, calling him "a poor thinker," and *Das Kapital* "an obsolete economic textbook, which I know to be not only scientifically erroneous but without interest or application for the modern world."

While Keynes accepted the orthodox view which argued that those who were unemployed had either priced themselves out of the market or were voluntarily or temporarily out of work, he argued that this explanation was not enough (Keynes, 1936). Likewise, he was critical of the view that self-interest automatically translated into the public good. Rather, he posited that unemployment could also be a consequence of inadequate aggregate demand, while self-interest could lead to economic disequilibria. As a result, Keynes argued that governments needed to stimulate demand in order to reach full employment, which could be done through the use of active fiscal and monetary policy. This included, for example, direct government spending, stimulating private consumption or investment through tax cuts and subsidies, changes to interest rates as well as research and development grants to private entrepreneurs. While Keynes was critical of the laissez-faire approach, he did not reject the theory in its entirety but merely some of the underlying assumptions related to employment, interest and money (Hunt and Lautzenheiser, 2011).

Many classical political economists did not concern themselves with the problem of unemployment. Part of the reason for this was because Say's Law, the idea that supply creates it own demand, made unemployment theoretically 'impossible' (Milonakis and Fine, 2009). Keynes also rejected the notion that in a situation of full employment the rate of interest would automatically equate savings and investment, thus ensuring that aggregate demand and supply were equal. Instead, he held that the level of aggregate income was a far more important influence on the amount of savings than the interest rate (Keynes, 1936). Furthermore, Keynes argued that interest rates were influenced by the equalization of supply and demand of money, therefore concluding that savings and consumption were determined by income.[2]

Certainly interest rates mattered but Keynes rejected the classical determination of interest rates whereby savings and investment could be brought into balance by changes in the interest rate alone. Keynes argued that the classical theory provided a misleading view of how the economy reacted to increased savings. He argued that increases in savings do not set in motion changes in the interest rate which automatically preserve full employment. Instead, they could lead to falling demand, rising unemployment and reduced incomes. As such, excessive savings were a serious problem which could potentially lead to an economic downturn, since the total output was not being totally consumed. Thus for him unemployment was caused by a deficiency in overall demand because oversavings occurred as a result of the relative abundance of capital (Keynes, 1936).

[2] As Hunt and Lautzenheiser (2011, 411) explain: "In Keynes' view, a portion of the demand for money depended on expectations about what will happen to the interest rate in the future. When the interest rate was very high, very few people would expect it to go even higher in the future; consequently, very few people would hold cash for speculative purposes. At lower interest rates, more people would be inclined to believe that the interest rate would increase; consequently, more money would be held for speculative purposes by those who expected the interest rate to rise in the future. Therefore, the amount of money demanded for speculative purposes declined as the interest rate rose, and increased as the interest rate fell."

For Keynes, even in mature capitalist economies there were reasons for suspecting that the level of effective demand would be insufficient to produce equilibrium at full employment. Thus the state was central to assisting capital in the transcendence of barriers to accumulation. As John Malcomson (1981, p. 92) has noted: “Keynes was enough of a realist to know that any state authority that failed to provide the necessary framework for business expansion would soon find the economy in the throes of a major depression. Indeed, it was the duty of the state to ensure that investment and accumulation materialized, even despite what might be the temporary whims of capital.”

For these reasons, Keynes argued that it was demand, not supply, which determined economic growth. Rather than pushing to reduce wages in an effort to increase profits, since this would cause a problem of aggregate demand, he argued that without government efforts to increase expenditures unemployment could remain a persistent problem. As a consequence, Keynes (1926) rejected the laissez-faire approach which called for little government intervention into the economy. Instead, he argued that a certain amount of government stimulus needed to be built into the economic system if it were to (temporarily at least) solve the problem of chronic unemployment (and thereby effective demand), even if this required deficit-spending. However, he also argued that budgets should be balanced over the business cycle, with surpluses in good years being used to offset deficits in bad years (Keynes, 1936). In the long-run, Say’s Law would takeover ensuring that the net flow of public expenditures averaged out to zero, allegedly ensuring the general neutrality of the state in the private affairs of the market (Keynes, 1926; Seccareccia, 1995). Keynes suggested that a recession could occur when the total demand for goods was insufficient, leading to an economic slump and losses of potential output due to unemployment. Thus he suggested that government fiscal and monetary policies could be used to boost aggregate demand, thereby increasing economic activity and reducing unemployment and deflation (Heilbroner, 1999; Skidelski, 2009). In Keynes’s view, the role of the public sector and government more generally was to compensate for private sector failings, thereby ensuring the general stabilization of the economy as a whole.

In order to do so, he argued that government ought to concern itself with some central planning as well as seek to maintain high and stable levels of employment. These countercyclical fiscal policies could dampen the severity of disequilibria in markets. These measures included monetary expansion (e.g. driving interest rates low), large-scale public investments (e.g. schools, infrastructure), and state-led protection of industries or resources vital to the national interest (e.g. automotive, timber). This might also include tax measures designed to decrease income inequality through redistributive measures, thus broadening the tendency to consume. In stepping in when savings exceeded investments, governments could increase their spending thereby reestablishing positive growth (i.e. the business cycle), full employment and recapitalizing markets. This initial stimulus would be expected to lead to other multipliers; a cascading series of economic investments whose total increase is larger than the original investment (Keynes, 1936; Skidelski, 2009). Although Keynes rejected the alleged automaticity of the market, he generally believed in the allocative efficiency of market transactions backed by limited government oversights and protective measures. As John Kenneth Gailbrath (1984, p.22) has argued, despite Keynes’ ‘progressive’ liberalism, he nevertheless maintained an ideological affinity to classical economic doctrines: “the broad thrust of his [Keynes] efforts, like that of Roosevelt, was conservative; it was to help ensure that the [capitalist] system would survive.”

As Stephen McBride (2005) has argued, Keynes’ ideas were a modification of liberal arguments to fit specific circumstances, not a wholesale repudiation of them. Keynes was primarily concerned with ensuring that market competition did not undermine the general stability of capitalism as a whole, not the least of which included his concern regarding the growing appeal of radical and Marxian-inspired alternatives. Thus his aim was to rehabilitate capitalism in light of pressures threatening its continuity (Wolff, 2011; Ratner, 2005). Of course, certain aspects of the Keynesian welfare state were tactical victories for a working class imposing its political will on capital. But the general thrust of Keynes’ work was scarcely critical of the inherently antagonistic relations between capital and labour, nor the coercive means by which the state secured capitalist domination. The actual character of state intervention is inseparable from the balance of class forces, thus the form of state intervention cannot be analyzed separately from an analysis of the class struggles shaping public policy. It is in this sense, then, that

Keynes can be understood as a 'progressive' liberal seeking to ensure that social turmoil did not lead to a fundamental questioning of capitalist social relations – that is to say, basic state-led interventions and constrains that would put "a human face" on capitalism through the "decommodification" of selective social welfare initiatives. However, this view both overemphasizes to what extent the welfare state was sheltered from market forces and underemphasizes the ways in which Keynes' theoretical insights contributed to the deradicalization of an incipient working class politics.

Decommodification or Deradicalization in the Canadian Context?

Canada's experimentation with Keynes' ideas began slowly in the 1940s with the establishment of the Royal Commission on Dominion-Provincial Relations. Over the next five years nine other studies were initiated putting forward an often contradictory role for the state in the provision of social security. The most progressive of these was the report by Leonard Marsh calling for income security, children's allowances, a national health care program and employment training, while the most conservative report was that by Charlotte Whitton who opposed universal social services on the grounds that it promoted idleness and dependency on the state (Hillyard-Little, 1998). The arrival of Keynes's ideas and the welfare state in Canada was laid in the 1945 White Paper on Employment and Income, as well as Prime Minister Mackenzie King's Green Book proposals. The White Paper outlined the federal government's intention to implement Keynesian policies by maintaining high and stable levels of employment, counter-cyclical budgeting and a greater regulatory role over finance and industry (Campbell, 1987; McBride, 2001). Over the next two decades, this led to the expansion of general social welfare provisions and enhanced labour rights, including the universalization of pensions, child welfare and unemployment insurance across Canada (Wolfe, 1984; Panitch and Swartz, 2003).[3]

For Esping-Anderson (1990), foremost intellectual expositor of the decommodification thesis, the expansion of the welfare state sheltered basic social services from the marketplace as a form of social entitlement. In his view, this degree of immunization from market dependency ensured that services were not so much commodities to be bought and sought like any other, but embedded within an institutional context delimiting further 'economization'. In other words, decommodification occurs when a service is rendered as a matter of right, independent of reliance on market-based transactions. In liberating individuals from market-based dependency via an instituted framework of modest means-tested social assistance reserved for those unable to participate in the marketplace, this has the effect for Esping-Anderson of decommodifying labour. However, this misreads both the effect to which Keynesian demand-side policies 'reformed' capitalism as well as the extent to which services were sheltered from market forces.

Rather, these measures had the paradoxical effect of also deepening and extending commodification. Of course, this is not to deny that the balance of class forces had shifted throughout the post-war years as evidenced by swelling trade union membership and massive demonstrations of civil disobedience which created new outlets for realizing working class demands (McInnis, 2002; Heron, 2012; Palmer, 1992). It is nevertheless important to note that although the postwar welfare state extended labour rights, social services and in some instances public ownership, these measures were never ends in themselves but means through which private enterprise could be nurtured to growth through state-led development and then unleashed in the marketplace, all the while workers were integrated into the dependent orbit of capital. In other words, the realm of progressive social change was narrowed to what capital and the state would accommodate.

[3] It should be noted that Keynes gave social democracy a political economic theory that it did not have for governing. The social democratic link is significant, especially through the post-war 'golden age', as Keynes' ideas helped to establish the policy and ideological terrains enabling liberal state intervention. For a fuller exploration of this link, particularly in relation to social democratic electoralism in the Canadian context, see Evans, 2012 and McBride, 2005. My focus here, however, is restricted to 'radical' theoretical reinterpretations of Keynes that seek to proscribe him (or read-in) a project he himself sought to refute.

While these measures gave the appearance that the scope of market penetration had been constrained, these reforms actually embedded commodification rather than "decommodify" social services and labour. These initiatives accelerated commodification through full-employment policies and the expansion of services, which bound the working class to the imperatives of capital. In other words, these short-term measures quietly consolidated capital's control over the labour process by legitimating the social subordination of labour via impartial social welfare inducements as a patch onto the flawed fabric of the capitalist system.

As Hannes Lacher (1999) has argued, the partial decommodification of labour emerging in the context of the welfare state was linked to a widening and deepening of commodity relations which, taken together, integrated these seemingly contradictory processes. He shows how the historical dialectic of capitalism has oscillated between laissez-faireism and protectionism linking institutional structures together to the totality of capitalism. Thus, the Keynesian period served as an incubator providing the ideological, political and economic stability necessary for capitalist expansion on an ever-increasing plane. According to Lacher (1999: 350): "The limited 'decommodification' of the labour of individuals through rights of citizenship and transfer incomes which made the 'fit' between mass production and mass consumption possible was bound to the further commodification of the realm of the 'social' itself." This served to win over a larger segment of the working class to the rhythms of capitalist production so as to preserve and extend the power bases of the capitalist class.

Two examples are particularly illustrative in the Canadian context. The first, Unemployment Insurance (UI) in 1940, established a minimum level of workplace financial insurance in the event of layoffs or an economic downturn. Although UI was an important gain fought for and won by workers, it did not end their relationship to capital as commodified sellers of their labour power: to get this income workers still had to sell their labour power, received UI temporarily, and payments remained low enough so as to compel people to return to work. Moreover, insofar as UI gave workers the option of waiting for an appropriate job rather than taking a job they might soon quit, it also increased job stability and actually improved the stability of labour markets in the context of the relatively tighter labour markets of the postwar era. Understood this way, the integration of labour into the welfare state had been the first step toward its unmaking as a class (Schmidt, 2012). Second, introduced in 1944 universal family allowances sought to maintain the value of family purchasing power in the event of inflationary pressures or employment losses, while ensuring the general well-being of Canadian families. Like UI, family allowances embedded the process of material reproduction through the market by supplementing the social reproduction of labour in an effort to stabilize the social relations that sustained capital's power over labour (Armstrong and Armstrong, 1994). Over the next two decades, federal and provincial governments extended a range of shared-cost social welfare programming and direct income transfers to individuals.[4]

However, by the 1970s Canadian Keynesianism, mirroring global events, had reached an impasse: This was rooted in stagnant economic growth, rising inflation, the relative weakening of capital vis-à-vis labour, an end to historically exceptional profitability and a return to moderate rates of growth, unstable exchange rates, industrial strife, high unemployment, rising public debts and weak capital investment (McBride, 2001). As well, the collapse of the Bretton Woods system in 1971 ended the convertibility of gold to US dollars and the subsequent move to flexible rates that further encouraged international capital flows. These changes occurred in conjunction with the rebuilding of the productive capacities of Europe and Japan, the 1973 Arab oil embargo, pressures from newly emerging industrial regions with cheaper pools of labour, as well as technological and organizational restructuring in the manufacturing regions of North America and Central Europe. In short, a narrowing of the income and wealth gap had become a political and economic liability for capital as labour increasingly demanded a fairer portion of the social surplus.

[4] For an overview of the expansion of the Keynesian welfare state, see Workman, 2009; McBride, 2005.

From Reagan's monetarist shock therapy (1979) and firing of unionized air traffic controllers (1981) to Thatcher's confrontations with miners (1984) and sell-off of state assets (1980), including General Pinochet's own massive liquidation of public assets and resources (1973), all are often cited as watershed moments in the history of neoliberalism. What is often underappreciated, however, are the combined efforts by federal and provincial governments in Canada which predated many of these flashpoints of restructuring. This 'anticipatory neoliberalism' has been one of the hallmarks of neoliberalism in the Canadian context.

The specificity of Canada lies in its integration with the dominant capitalist country to the south, while having a relatively stronger labour movement in terms of union density and an officially 'social democratic' party in the form of the New Democratic Party. This created pressures to actually get ahead of the curve as the Canadian state undertook measures to ensure that enterprises remained competitive in the US and international markets. Because of the U.S.'s capacity to manipulate the dollar price (the global reserve currency) and to exploit Wall Street's international financial dominance, this structural/institutional power meant the US could avoid having to do what other states had to in order to remain globally competitive (Gowan, 1999; Panitch and Gindin, 2012). In the case of Canada, this meant using the whip of state power to accelerate capitalist restructuring. This included adjusting the domestic economy to ensure high levels of domestic savings and investments, ensuring balance of payments, maintaining public and private indebtedness and ensuring a strong financial sector so as to spur productive development and sustain consumption. Therefore while the motivation appears as predominantly a product of internal pressures, external conditions played a significant role if Canadian enterprises were going to compete internationally (McBride, 2005; Workman, 2009). This in part explains why Canada led the charge against inflation and demands from workers for concessions beginning with Prime Minister Trudeau's Wage and Price controls in 1975, which was followed by similar legislation across the provinces resulting in a significant restructuring of the role of the state in the provision of social services. Unlike the U.S., Canada could not run huge deficits otherwise capital would flow out. The effect of austerity measures was not only to make enterprises more competitive in world markets but to do so at the expense of devaluing previously sustainable livelihoods and occupations. In other words, by the mid-1970s full-employment was officially abandoned in Canada as inflation-targeting and deficit reduction were prioritized as the Keynesian welfare state proved increasingly incompatible with the historically unique rates of capital accumulation over the postwar period.

Considered historically, then, Keynes ideas were not so much radical as they were a pragmatic response to the very real threat of alternatives to capitalism. The conditions which gave rise to Keynesianism and the post-war "golden age" rested on a particular combination of historical factors that are unlikely to be reproduced. An end to three decades of unprecedented economic growth removed the economic basis of Keynesianism that relied on unprecedented profit rates and high state revenues to fund social expenditures (Lavelle, 2008; Schmidt, 2012). Understood this way, the welfare state did not so much decommodify social relations as it did deradicalize resistance to capitalist imperatives creating openings for the eventual unleashing of market forces in the form of neoliberalism. In rescuing capitalism from itself, Keynes' theories eschewed efforts to unify the working class and challenge the structural power of capital.

Nevertheless, the theoretical weaknesses confounding Keynes' ideas run deeper than a renunciation of its reformist pedigree and can be traced back to its rejection of socialist purpose and vision. Keynes sought to redistribute the 'means of consumption', while leaving in tact the 'means of production'. This contradiction, then as now, continues to stymie Keynes' thought. In abandoning the more ambitious goals of political and economic democracy through a restructuring of social relations *in toto*, Keynes essentially embraced the theoretical contradictions bedeviling liberalism. This includes: an unwillingness to challenge the structural power of capital at the root of the productive and socially reproductive process (hence the focus on redistribution, as opposed to production and social reproduction); a view of the state as class-neutral and subsequent juxtaposing of state and market; a singling-out of financial or rentier capital, often absent a critique of 'productivist' capital and the disciplinary relationship between the two; and the now thoroughly discredited view that the global south would follow the West into 'stages of development' and welfarist policies.

Additionally, whereas many socialists had recognized the structurally exploitative relationship between capital and labour which made class reconciliation theoretically and materially unattainable, Keynes was at best content with nibbling away at the margins of power rather than fundamentally challenging them. In the absence of a theoretically coherent account of capitalism, then, Keynes ideas can hardly be understood as a radical challenge to capitalism. As Colin Hay (in Lavelle, 2008, p.173) has put it: The 'Keynesian welfare state is gone. The post-war settlement cannot be resurrected. An alternative vision is required'.

As opposed to sheltering social services from the marketplace, Keynes' so-called 'radical reforms' established the foundation for neoliberalism: weakening the radical left in Canada's less aggressive but still anti-communist version of McCarthyism; shifting collective bargaining away from struggles over the determination of the working day to negotiations over the value of commodified labour power and increasingly precarious work; moving to 'freer trade' and the opening of capital flows; nurturing the growth of U.S. and European multi-national companies in Canada; supporting the development of financialization alongside growth of mortgages and pension markets; as well as the general post-war continental integration of Canada and the US (Roman and Allegui, 2013). In this regard, despite occasionally exaggerated radical rhetoric calling for "euthanizing the rentier", "socializing investment" and the "vulgar passions" of "functionless investors", Keynes' work maintained a staunch comittment to capitalism and the liberal democratic social order.

Conclusion: Keynes and Beyond

Desai, Winslow and De Carvalho are correct in noting that Keynes was committed to full employment, less unequal income distribution and selective public investments. But Keynes himself never claimed to be a radical, rather there were some who read radical into Keynes and took latitude. Equally important, such emphases are not radical in the classical understanding of building the emancipatory potential of a working class movement to transcend capitalism. Instead, as Bateman et al. make clear, they were a pragmatic response by Keynes looking for ways to stabilize capitalist class relations in such a way that preserved and extended the social subordination of labour to capital. Driving interest rates down may induce consumers and businesses to borrow and spend more, but Keynes was worried about their ability to take on more debt and repay it. While not opposed to reducing taxes as a way to boost spending, he was worried that consumers might pay off debt rather than spend anew resulting in decreased aggregate demand. Thus Keynes came to the conclusion that significant public spending influxes were the best way to ensure the relative stability of capitalism over the long run. In this regard, because of the tendency for private investment spending to fall short of what was needed to offset savings, public spending came to replace private investment as a form of 'collective conservatism'. Keynes certainly does provide some answers for developing a theoretically critical account of capitalism, but his ideas do not provide the radical theoretical insights necessary to surmount it.

In the absence of undercutting the structural power of capital, discussions about full employment, income and wealth redistribution and the expansion of public services are always limited to what the imperatives of the market will allow. In a similar vein, juxtaposing (more) state against (less) market (as Keynes' does) presumes that the state is a class-neutral arbiter that exists independent of the capital-labour relationship. But this misreads how both Keynesianism and neoliberalism have been about crafting a particular form of state suited to the logic of capital in a specific historical phase of capitalist development. Keynes' thought helped to shift the debate from individual failure and inadequacy through the interwar years to macro-level conditions which, he believed, the state could mitigate in order to save capitalism from the market. But part of the problem with Keynes' analysis is that he fails to recognize the ways in which the state sustains and reproduces capitalism in the context of unequal power relations. This falls short of a genuinely radical critique because it does not identify social inequality as systemic and structural – that is to say, endemic to capitalism and the ways in which capital and the state have extended and reproduced market-like rule. Thus Keynes does not so much seek to get to the root of the problem in the radical understanding as he does stop short of a transformative project.

Checks on capital's freedom to move, enhanced regulations on finance and commodity markets and large-scale public reinvestments are all necessary components of a radical critique of capitalism. However, contemporary circumstances also require going beyond Keynes and getting to the crux of capitalism – that is, the fundamentally exploitative capital-labour relationship, which the antagonism between the capitalist class and wage-working class always generates anew. Of course, this is not a matter of calling for "revolutionary" as opposed to "reformist" proposals. Rather, this recognizes the limitations in Keynes' thought and that then-contemporary postwar circumstances cannot be reproduced, which may open-up the possibility for alternative proposals. This may include, for instance: the democratization of finance by turning the banks into a public utility, public ownership and control over the energy industry and the retooling of industries toward green technologies as a recognition of the climate crisis, new investments in public housing and transit, guaranteed annual incomes and mandatory 'living' wages, tax reform and, of course, income and wealth redistribution (Panitch, 2008; Lebowtiz, 2010, Veltmeyer, 2011). Of course, all this adds up to a pretty tall social and political order. As Theodore Adorno is noted to have said: "Thought must aim beyond its target just because it never quite reaches it." Considering the diminished social welfare expectations, far from a Keynes-inspried revival neoliberalism has emerged stronger and more consolidated it seems than ever.

Since 2008 more overtly 'authoritarian' measures that coercively or forcefully deepen and extend the marketization of all spheres of social life can be observed. Popular dissent has increasingly been met by a 'hardening' of the state and the characterization of a new phase of 'authoritarian neoliberalism' (Giroux, 2015; Albo and Fanelli, 2014). This arises from the further strengthening of executive power and insulation of economic policy from parliamentary accountability as well as the multiplication of legalized restrictions and disciplining of dissent by the 'austerity state'. Increasingly, the Great Recession seems to have turned into a life sentence the world over. Fiscal and monetary policy have reached a saturation point as the global economy once again tilts towards another recession. This includes depression-era levels of unemployment and the ongoing threat of major deflation across Europe, an end to the unparalleled growth of the Chinese economy along with instability across much of the global south, and uncertainty regarding the extent to which an increasingly insular U.S. economy can propel the world economy forward.

All things considered, as Marx noted long ago, the growth in social inequality and the decline in employment quality is not just cyclical, as Keynes purported, but structural and systemic. Demand management via low or lower interest rates will do little to close that gap. Nevertheless, Keynes' thought offers valuable insights from which to begin thinking critically about these issues and as such remains as forcefully relevant as ever. But they stop short of seeking to build a democratic political praxis that challenges entrenched inequities that go beyond seeking to repair what remains of liberal welfare states. In this regard, Marx's criticisms of capitalism and liberalism have lost none of their urgency.

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