

**The Keynesian revolution within the British administration  
1945-1947**

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**Abstract**

*This thesis explores the process whereby Keynesian ideas were disseminated into the British government between 1945 and 1947. Its particular concern is the role played by economic scholars working for the government in this process, notably by their recruitment into government. Close attention is paid to Keynesian economists gathered in the Economic Section of the Cabinet Office and their interactions with civil servants from the Treasury and the Board of Trade.*

*Drawing on the private diaries and correspondence, and theoretical insights from the 'practice turn' and 'spatial analysis', I recreate the routine, the everyday conversations and meetings of civil servants and economists. These approaches offer a new insight into the way in which ideas are transmitted within governments. Using social networks theories and sociological concepts (such as that of 'exposure' and 'marginal sécant'), I argue that it is through interpersonal networks that Keynesian economists successfully influenced the decision-making process.*

*Hence the traditional narrative of the Keynesian revolution is enriched by a more populated and concrete narrative, which highlights the role of less prominent historical actors: Keynesians rather than Keynes, civil servants rather than politicians. This finding leads us to redraw the chronology of the Keynesian revolution in the United Kingdom: the years following the end of the Second World War appear to be at least as decisive as the 1930s, or the war itself, to understand the acceptance of Keynesian theories and their political implementation in government.*

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. [...] I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas.”

Keynes, *The General Theory of Employment, Interest and Money*, 1936

Today, economists are key players in governments’ decision-making processes. Having access to economic expertise, data and analyses are of utmost importance for any state administration. However, in 1936, when Keynes wrote *The General Theory*, economists did not have any official position within the central administration although some of them (including Keynes himself) would offer advice to politicians. With the exception of the First World War when wartime conditions made economists necessary and acceptable, economic experts (that is to say people who had both an “academic qualification in the subject [...] and a job title which acknowledges the specialism”<sup>1</sup>) were not part of the government.

In the United Kingdom, the moment when the economic profession shifted from outsider to insider dates back to the Second World War because the planning of resources and workforce necessitated economic expertise. Indeed, the Central Economic Information Service created in December 1939 gathered all the economic experts of the government before it was split up in January 1941 into the Economic Section and the Central Statistical Office. Thus “the proposed division between economists and the statisticians was not a physical separation since both continued to work alongside one another in the War Cabinet Office and both [...] were staffed by temporary civil servants on secondment from their universities”<sup>2</sup>. This division outlasted the war.

This thesis will focus on the Economic Section of the Cabinet Office,<sup>3</sup> which gathered between ten and twenty economists over time, during the postwar period when the permanent shift from outside economic advice to the integration of economists in the decision-making process took

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<sup>1</sup> A.Booth, et A.Coats. ‘The Market For Economists in Britain, 1945-75: A Preliminary Survey’, *The Economic Journal*, 88/351 (1978), p.437.

<sup>2</sup> A.Cairncross and N.G.M.Watts, *The Economic section 1939-1961* (London, 1989).

<sup>3</sup> From now on, it will simply be referred to as the Economic Section.

place. Once the war was over, economists had to negotiate a place and a sense of legitimacy within the administration. This enabled them to remain ‘insiders’ and to retain their hard-won influence.

Although the claim of a “Keynesian revolution” is still discussed, it is broadly acknowledged that, more or less directly, the economic ideas developed in Keynes’s *General Theory* were implemented after the Second World War in the United Kingdom, albeit sometimes with some modifications. Historians also agree that this ‘Keynesian Revolution’ lasted until the late 1960s-early 1970s when stagflation (economic stagnation and inflation at the same time) and criticisms by Milton Friedman and Robert Lucas put an end to the Keynesian consensus.<sup>4</sup>

This paper will consider the process that brought Keynesian ideas into the British government in the late 1940s, from the summer of 1945 to the autumn of 1947. In other words, it will try to answer the following questions: How did economists explain Keynesian ideas to key civil servants? And how were these ideas convincingly presented and thereby implemented? How were theoretical ideas turned into practical policies?

Since ideas are always thought and discussed by people, this narrative will be populated by both Keynesian economists and civil servants working mostly for the Treasury and the Board of Trade (the two most important economic departments). Civil servants usually abided by the ‘Treasury view’ which advocated balanced budgets and were thus *a priori* against Keynesian solutions to economic problems.

In order to unveil this process of diffusion of ideas among the British administration, from economists to civil servants, I will draw on the already existing historiography (the cultural history of economic thought, the political history of decision-making processes inside the government and economic history) as well as studies by political scientists about decision-making processes and sociologists specialised in networks theories. All these works have been widely used, but rarely considered together. Applying them to the Keynesian case study will show how complementary they can be.

Policy changes have been explained by the historiography as the result of private interests and contentious ideas. As opposed to this model, this paper favours a focus on the role of institutions enriched by concrete and populated narratives. Following Middleton’s advice that economic policy should be understood “much less as the product of economic theory than as a

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<sup>4</sup> J.Eatwell and M.Milgate, *The fall and rise of Keynesian economics* (Oxford, 2011).

process determined by the capacity of institutions to incorporate economic ideas into policy”<sup>5</sup>, this dissertation focuses on the British administration and on civil servants’ practice rather than merely on ideas. Thus, the thesis will draw on the practice turn, primarily developed by the historians of international relations. It focuses on the “ongoing social practice of rule-making”<sup>6</sup> to understand change in policy, that is to say on the everyday routine of actors and on informal rules that shape their behaviours and decision-making processes. From this perspective, the chronology is also redrawn: the years following the end of the Second World War appear to be at least as decisive as the 1930s.

Historians and historical actors did not wait a long time before coining the term “Keynesian revolution” (Keynes himself, while writing his book, sent a letter to Bernard Shaw saying it would “revolutionize... the way the world thinks about economic problems”). The word entered into the academic parlance when Lawrence Klein, a student at the Massachusetts Institute of Technology (MIT), wrote his doctoral dissertation on *The Keynesian Revolution* as early as 1947.<sup>7</sup> The historiography about the so-called Keynesian revolution became more important in the 1980s, once the Keynesian era was over, giving way to monetarist ideas.<sup>8</sup> Since then, the term has been used to describe several phenomena. Firstly, it refers to the Keynesian revolution that took place among academics. Some have worked on the Oxford Circus<sup>9</sup> in which Keynesian ideas were discussed before the publication of *The General Theory* and others about how these ideas have spread more widely among academics afterwards.<sup>10</sup> This cultural historiography is mostly interested in the creation and diffusion of knowledge.

A second approach is that of political and economic historians who have focused on the influence of these political ideas on economic policies. Keynes’s book was primarily theoretical

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<sup>5</sup> R.Middleton, *Charlatans or Saviours?: economists and the British economy from Marshall to Meade* (Cheltenham, 1998), p.57.

<sup>6</sup> M.Raymond, *Social Practices of Rule-Making in World Politics* (New-York, 2019), p.1

<sup>7</sup> L.Klein, *The Keynesian Revolution* (New-York, 1947).

<sup>8</sup> P. Hall, ‘The movement from Keynesianism to monetarism: Institutional analysis and British economic policy in the 1970s’ in *Structuring Politics: Historical Institutionalism in Comparative Analysis* (Cambridge, 1992), pp.90-113

<sup>9</sup> N.Aslanbeigui and G.Oakes, ‘The Theory Arsenal: The Cambridge Circus and the Origins of the Keynesian Revolution’, *Journal of the History of Economic Thought*, 24/1 (2002), pp.5-37

<sup>10</sup> S.Howson, ‘Keynes and the LSE Economists’, *Journal of the History of Economic Thought*, 31/3 (2009), pp.257-280

but it was also offering new solutions to problems tackled by politicians, especially unemployment. These works are very numerous but do not often focus on the United Kingdom. They predominantly consider the United States, and especially Roosevelt's policies, the 1930s move to command economies in fascist and communist states, an approach that also includes some non-Western countries, such as Japan.<sup>11</sup> These works have two major deficiencies: they usually adopt a narrow focus on Keynes as an individual rather than on the broader field of Keynesian economists. Thus, they privilege the 1930s and the Second World War over the late 1940s which is when his ideas arguably made the greatest impact on government policy domestically. Nonetheless, although this dissertation adopts a national scale, and focuses on Keynesians in the late 1940s rather than on Keynes himself, this historiography is useful since it offers models of the way theoretical ideas were spread and used in political fields.

Alongside these two strands of historiography, I will use the work of political scientists who have been interested in understanding the decision-making process, from the setting of an agenda to the implementation of the final decision. This approach has shown how ideas sometimes become policies.<sup>12</sup> I will argue that Keynesian ideas, through the actions of economists and of civil servants in the British administration, have influenced all the stages of this decision-making process.

The following analysis of the role of economists in Whitehall will borrow concepts from three strands of sociology. Firstly, through social networks theories, sociologists sought to understand how an idea can be spread within a group<sup>13</sup> and how social actors can influence one another.<sup>14</sup> This is a useful framework to analyze how economists successfully struggled for a place in the everyday work of civil servants that traditionally did not include experts, and how the latter eventually acquired an influence on the agenda setting and on the decisions made. Secondly, I will use some tools of sociologists specialised in the analysis of segregation.<sup>15</sup> Although it would be bold and wrong to say that economists were segregated in the British administration, they indeed

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<sup>11</sup> P.Hall (ed.), *The Political Power of Economic Ideas: Keynesianism across Nations*. (Princeton, 1989).

<sup>12</sup> J.Kingdon, *Agendas, Alternatives, and Public Policies* (New-York, 1990).

<sup>13</sup> M.S.Granovetter, 'The Strength of Weak Ties', *American Journal of Sociology*, 78/6 (1973), pp.1360-1380

<sup>14</sup> N.E. Friedkin and E.C. Johnsen, 'Attitude change, affect control, and expectations states in the formation of influence networks', in S.R. Thye and J. Skvoretz (eds.) *Power and Status*. (Amsterdam, 2003), pp.1-29

<sup>15</sup> D.S.Massey and N.A.Denton, 'The Dimensions of Residential Segregation', *Social Forces*, 67/2 (1988), pp.281-315. Also, D.S.Massey and N.A.Denton, 'Hypersegregation in U.S. Metropolitan Areas: Black and Hispanic Segregation along Five Dimensions', *Demography*, 26/3 (1989), pp.373-391

formed a group with different characteristics to that of social servants'. Therefore, this dissertation engages with some concepts usually applied to geographical and social segregation, such as that of "exposure". Finally, sociologists focusing on organisations have shown how an ill-defined position, as that economists had in the late 1940s in Whitehall, can turn out to be an advantage.<sup>16</sup> I will then use the concept of "marginal sécant".<sup>17</sup>

All these works have been widely used, but rarely entangled. This dissertation will show how complementary they can be.

Two years are crucial in the history of the Keynesian revolution in the British administration: from 26 July 1945, when the Labour government got elected, to the second budget of 12 November 1947. While Keynesian recommendations had been broadly tolerated by governments and civil servants during the Second World War, this was due, at least partly, to the distinctive context of the world conflict -- and to Keynes's personal authority. In August 1945, when the war with Japan ended, it was not clear whether these kinds of economic policies based on planning would continue to be upheld. This was all the more uncertain as many economist advisers left in 1945 to go back to their academic work, and as Keynes himself, who was respected by both civil servants and economists, and thus acted as a link between these two groups, died on 21 April 1946, leaving behind him a gap to be filled.

The year of 1947 was one filled with crises. Not only was there a fuel crisis which ended up with a major coal and energy shortage and restrictions in England and Wales in February, but also a convertibility crisis that gripped sterling. According to the terms of the Anglo-American loan agreement signed in December 1945, the pound sterling was made fully convertible in dollars on 15 July 1947. This led to a dramatically quick loss of currency reserves and eventually to the suspension of the convertibility on August 20th. This paper will not question the efficiency of the Keynesian economy, nor deal directly with the important but complex and problematic question of the extent to which policies implemented in the late 1940s were derived from Keynesian ideas. This paper will not go beyond the national scale although the actors' networks were usually international (this point has already been explored elsewhere).<sup>18</sup>

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<sup>16</sup> M.Crozier and E.Friedberg, *L'Acteur et le Système: les contraintes de l'action collective* (Paris, 1977).

<sup>17</sup> Crozier and Friedberg, *L'Acteur et le Système*.

<sup>18</sup> G.J.Ikenberry, 'A World Economy Restored: Expert Consensus and the Anglo-American Postwar Settlement', *International Organization*, 46/1 (1992), pp.289-321

The following analysis is based on the hypothesis that the economists recruited to work within Whitehall were Keynesian, in the sense that they accepted Keynes's ideas about what were the most urgent economic problems and about the kinds of solutions the government should offer. To understand how Keynesian ideas spread from economists working in Whitehall to civil servants, and thus gained influence, this paper focuses on three key characters: James Meade, Lionel Robbins and Hugh Dalton. The first two were economists, recruited to work for the government during the Second World War, in May and June 1940. Lionel Robbins was Director of the Economic Section until 1945 and then left to go back to teach at the London School of Economics (LSE). James Meade replaced him on 1 January 1946 at the head of the Economic Section until June 1947. Hugh Dalton, although he had a degree in economics, mainly had the profile of a politician. He was Chancellor of the Exchequer from 1945 to 1947.

The crises of 1947 led to major changes in the government, Stafford Cripps replacing both Herbert Morrison (Minister of Economic Affairs) and Hugh Dalton (Chancellor of the Exchequer) when the latter was forced to resign on November 13th. Robert Hall took the direction of the Economic Section on a part-time basis in June when James Meade left, and on a full-time basis from September 1st.<sup>19</sup> However, 1947 was also the year of the acceptance of Keynesianism by the Treasury<sup>20</sup> since the budget of November was the first one to be willingly Keynesian in times of peace.<sup>21</sup>

All these men knew each other from their time at university: James Meade and Hugh Dalton had worked together to prepare memoranda for the Labour Party in the early 1930s;<sup>22</sup> Meade assisted to lectures by Lionel Robbins at New College;<sup>23</sup> and Lionel Robbins studied economics under Hugh Dalton at the LSE in the 1920s.<sup>24</sup>

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<sup>19</sup> Cairncross and Watts, *The Economic section*.

<sup>20</sup> A.Booth, "The Keynesian Revolution" in Economic Policy-Making', *The Economic History Review*, 36/1 (1983), pp.103-123

<sup>21</sup> A.Booth, 'New revisionists and the Keynesian era in British economic policy', *The Economic History Review*, 54/2 (2001), pp.346-366. Taking Neil Rollings' argument into account (Rollings, 1985; 1988), this does not mean the process of acceptance of Keynesian ideas by civil servants was over but the second budget of 1947 nonetheless marked an important step in this process.

<sup>22</sup> S.Howson, 'James Meade', *The Economic Journal*, 110/461 (2000), pp.122-45.

<sup>23</sup> Howson, 'James Meade'.

<sup>24</sup> S. Howson, *Lionel Robbins* (Cambridge, 2011).



According to Bateman, James Meade “became one of the most articulate and effective spokesmen for Keynesianism after Keynes’s death”.<sup>25</sup> Moreover, when Alan Booth makes a list of economists in government who were close to Keynes, he includes James Meade and Lionel Robbins, as well as Marcus Fleming and R.C. Tress (both were working in the Economic Section) and Richard Stone (who worked with James Meade in 1940 to create the first tables of incomes and expenditures, necessary to the implementation of Keynesian policies).<sup>26</sup> Although Lionel Robbins was opposed to Keynes when they worked together in a committee in 1930, he changed his mind and supported Keynes’ propositions in *How to pay for the War* (1940).<sup>27</sup> Hugh Dalton had John Maynard Keynes as his adviser,<sup>28</sup> “mentor and stimulus”, until his death and often refers to his analyses on cheap money in his memoirs.<sup>29</sup>

Lionel Robbins, Hugh Dalton and James Meade all either wrote an autobiography<sup>30</sup> or kept a diary<sup>31</sup> while working for the British administration. This paper is also based on their correspondence which is kept in the LSE Archives. These are personal sources that give an insight into their everyday life, their routine and the formation of their personal networks: who they met, who they talked to, and what kind of relationship they had. Alongside these, some public statements or published writings contain their opinion on the role of economists in government.

## **I. A community of economists among a wider community of civil servants**

### **1. A homogeneous community of Keynesian economists...**

Keynesians were able to have influence because they formed a small united and rather homogeneous community. Keynesians should be distinguished from Keynes: although they agreed with most of Keynes’s understanding of the economy and of how the government should intervene into its functioning, they “may not have accepted Keynesian analysis *au pied de la lettre*”.<sup>32</sup>

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<sup>25</sup> B.W. Bateman, ‘Keynes and Keynesianism’ in R. Backhouse and B.W. Bateman (eds.), *The Cambridge Companion to Keynes* (Cambridge, 2006).

<sup>26</sup> D. Patinkin, ‘Keynes and econometrics: on the interaction between the macroeconomic revolutions of the interwar period’, *Econometrica*, 44/6 (1976), pp.1091-1123.

<sup>27</sup> Howson, *Lionel Robbins*.

<sup>28</sup> G.C.Peden, *Keynes, the Treasury and British Economic Policy*, (London, 1988).

<sup>29</sup> Hugh Dalton, *High Tide and after: memoirs, 1945-1960* (London, 1962).

<sup>30</sup> Lionel Robbins, *Autobiography of an economist* (London, 1971) and Dalton, *High Tide and after*.

<sup>31</sup> London, BLPES, MEADE/1 and DALTON/1

<sup>32</sup> Booth, “The Keynesian Revolution”.

Keynesianism can be broadly defined as the economic theory that affirms that the government should intervene in the economy in the short-term by managing demand, rather than supply, counter-cyclically. In short, investing during recession, for example through public works. Keynesianism also understands inflation as an excess of demand, and not as a merely monetary phenomenon. Within the government, Keynesian economists were mostly present in the Economic Section and Keynesian policies were implemented mainly by the Treasury and the Board of Trade.

Although Keynesians in the Economic Section did not always agree, they considered themselves as a united group to which they often referred as “we”. In a letter to Joan Robinson dated 24th October, 1947, James Meade evoked “the formula which ~~I~~ we had worked out in Whitehall”.<sup>33</sup> Although the “I” initially written and then crossed suggests that he thought it was his own work, he eventually had to present it as the result of a team. In the same way, in a letter to Professor Allais dated 23rd April, 1947, Lionel Robbins noted that “Meade [...] is not good at remembering where he first heard the propositions that he regards as common property”.<sup>34</sup> Thus the group of economists inside Whitehall considered itself as a whole that shared their ideas, their propositions and their results. This was emphasised by official directives since, when created, the Economic Section was “organised to work as a team”,<sup>35</sup> and it was achieved very quickly. As early as October 1945, Robbins wrote to Meade, who was replacing him while he was in the United States for the Loan Negotiation, to say he was “greatly relieved at the level of collective wisdom”.<sup>36</sup> Here, the collective character was at least as important as the wisdom.

To underline the novelty of such a collective and united group of economists, a comparison to a 1930s Labour government’s initiative in the field of economic advice is instructive. In 1930, the Labour Prime Minister Ramsay MacDonald had formed a Committee of Economists in order to tackle chronic unemployment: the Economic Advisory Board. It gathered John Maynard Keynes, Arthur Cecil Pigou, Hubert Douglas Henderson, Josiah Charles Stamp, Lionel Robbins, Richard Kahn and Arthur Francis Hemming. Their aim was also to offer “an agreed diagnosis of [their] present problems, and a reasoned list of possible remedies”.<sup>37</sup> However, they failed to reach

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<sup>33</sup> London, BLPES, MEADE/3/5, Letter from James Meade to Joan Robinson, 24th October 1947.

<sup>34</sup> London, BLPES, ROBBINS/3/2/10, Letter from Lionel Robbins to Professor Allais, 23rd April 1947

<sup>35</sup> London, Kew, CAB/21/1579

<sup>36</sup> London, BLPES, ROBBINS/6/1/4, Letter from Lionel Robbins to James Meade, 17th October 1945

<sup>37</sup> Keynes to MacDonald, quoted by S. Howson and D. Winch, *The Economic Advisory Council, 1930-1939: a study in economic advice during depression and recovery*. (Cambridge, 1977)

an agreement. As a consequence of their divergence of opinions, they were unable to influence any political economic decisions.

The lack of such a united front can be explained by that of a shared “language” and “method of analysing problems.”<sup>38</sup> These economists did not all think within the same conceptual framework, so they reached divergent conclusions. By the late 1940s, an agreement was achieved thanks to the success of *The General Theory* which had provided a common framework within which economic solutions could be offered. As Nahid Aslanbeigui and Guy Oakes put it, “by the end of World War II, a consensus had been reached in academic economics”. This meant that economists were “addressing Keynes’s problems in his language, using his conceptual apparatus and analytical methods”.<sup>39</sup> According to Susan Howson and Donald Winch, the 1930 failure was also due to the inadequacy between short-term solutions offered by economists and practical solutions politicians were looking for, as well as “defects inherent in the composition and infrequency of Council meetings”.<sup>40</sup> Therefore, the unity of economists around consensual propositions was a novelty in 1945.

Indeed, beyond official statements that were already formulated in 1930, this unity was made possible by a common background: almost all the economists who worked in the Economic Section had studied and/or taught in either Oxford or Cambridge. James Meade studied and taught at Oxford. Lionel Robbins taught in Oxford. Both Lionel Robbins and Hugh Dalton were also in the LSE before the war where the community of economists was small enough for them to know each other. This implies that they all received more or less the same training in economics, but also, and maybe more importantly, that they all had the same social and intellectual background. Because they were all used to work at universities, they transferred this atmosphere to their section within the government. As Cairncross and Watts put it, “Meade, like Robbins, maintained an academic and collegiate atmosphere” and “members [...] however junior, [...] represented the Section.”<sup>41</sup> Thus, there was a kind of solidarity between economists of the Economic Section.

This unity was even reinforced by the recruitment process which participated in creating tighter relationships between economists. Indeed, the new recruits were often selected according to personal recommendations among senior economists’ former students, in an almost cooptation

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<sup>38</sup> Keynes, quoted by Howson and Winch, *The Economic Advisory Council*.

<sup>39</sup> Aslanbeigui and Oakes, ‘The Theory Arsenal’.

<sup>40</sup> Howson and Winch, *The Economic Advisory Council*.

<sup>41</sup> Cairncross and Watts, *The Economic Section*.

process. This had two consequences: firstly, it created an homogeneous community of only Keynesian economists (that shared this “common language” necessary to reach concrete results); secondly, although economists were hired as experts, they were chosen as people for their character and their personal qualities rather than only for their knowledge or technical abilities. According to Jean-Yves Trépos, experts are specialists who are asked to give advice for the government to eventually make a decision.<sup>42</sup> Thanks to their “accumulated experience in contexts relevant for taking action, [...] they enjoy both trust and social respect”.<sup>43</sup> Although the job economists were doing inside the government corresponded to this definition of experts, they were not hired according to these criteria. Moreover, they were not trusted only because of their experience and intellectual capacities.

Indeed, in a letter dated 18th October 1948 and addressed to Robert Hall, director of the Economic Section from 1947 to 1953, Lionel Robbins recommended a young economist that he apparently knew personally, Peter Licence.<sup>44</sup> In his answer, Robert Hall underlined three qualities that made Licence suitable for a job as a government economist: his ability to “get on very well in dealing with other Departments”, his interest “in the application of economics to current affairs” and, only in the third position, his potential as a “good economist”.<sup>45</sup> In sum, it was not thanks to his experience nor to knowledge but because of his relational skills that Peter Licence was suited. Similarly, in 1940, Meade was recruited to work on the estimates of national income and expenditure thanks to Austin Robinson.<sup>46</sup> There is no reason to think that the recruitment process was different during the period under study here (1945-1947).

Because the group was formed to prevent major internal dissensions, whether on personal or on economic issues, it was then easier for this common front to exert influence outside of the Economic Section. Moreover, the recruitment process is an acknowledgement of the importance of personal contacts and networks in the work of economists.

## **2. Economists merging into the community of civil servants**

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<sup>42</sup> J.-Y. Trépos. *La sociologie de l'expertise* (Paris, 1996).

<sup>43</sup> N. Stehr and R. Grundmann, *Experts: The knowledge and power of expertise* (Oxon, 2011).

<sup>44</sup> London, BLPES, ROBBINS/3/2/11, Letter from Lionel Robbins to Robert Hall, 18th October, 1948.

<sup>45</sup> London, BLPES, ROBBINS/3/2/11, Letter from Robert Hall to Lionel Robbins, 21st October, 1948

<sup>46</sup> Howson, ‘Keynes and the LSE economists’.

Economists, although they were gathered in the Economic Section, were not separated either socially or geographically from the other civil servants working in the Treasury and the Board of Trade. They were different in at least one important aspect: while economists were recruited as experts and had a technical formation in economics, civil servants had a tradition of “public minded elites”<sup>47</sup> and had usually studied Classics.<sup>48</sup> They were hired as non-specialists and usually their main quality was considered to be their ability to take up any issue if well explained. In the tradition of the ‘generalist’, new recruits were supposed to train on the job and to move from one division to another in order to acquire more experience. Proper technical formation was seen as secondary. For the Higher Civil Service examinations, it was easier to succeed for candidates who had studied Latin, Greek or mathematics than for those trained in economics.<sup>49</sup> This created a gap between professional economists and the rest of the civil servants working in the Treasury or the Board of Trade in terms of education and of knowledge and thus of social and intellectual references.

However different they were, economists and civil servants had nonetheless some common traits that allowed them to merge as a group and share ideas as individuals. At the very least, they were all wealthy, white and male. The first two characteristics are not crucial and not mentioned in the sources because they were commonplace and unquestioned by contemporaries. However, the gender question is significant as were women in the world of economists and civil servants, and especially the wives of the key male actors, who were invited to social events. Nonetheless, even when they were present, they were excluded from serious conversations. For example, Hugh Dalton recalled a lunch on Sunday 14th September 1947. He wrote: “he [John Snyder, US Secretary of the Treasury] and I and the P.M. [Clement Attlee], the only men present, had a useful talk.”<sup>50</sup> Having a fruitful talk is thus directly linked with being a man, and not with one’s official position. This confirms what Maxine Berg suggested in the biography of Eileen Power: when an academic discipline turns into a more scientific and rigid organisation, women are progressively excluded. After the Second World War, “women who had previously found a niche in more

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<sup>47</sup> M.Fourcade, *Economists and Societies: Discipline and Profession in the United States, Britain and France, 1890s to 1990s*, (Princeton, 2010), p.129.

<sup>48</sup> G.Peden, *The Treasury and British public policy, 1906-1959*. (Oxford, 2000)

<sup>49</sup> Peden, *The Treasury*.

<sup>50</sup> London, BLPES, DALTON/1/35, Thursday 18th September, 1947.

flexible structures were now marginalised”.<sup>51</sup> If economics was to be considered as a science, it had to be made by men.

However, this common characteristic was only a very weak one. To go further, one should study their intellectual and social background. Although they did not receive the same education, most of them had been to either Oxford or Cambridge and they shared a common social background. Thus, Hugh Dalton described Sir Roy Harrod as “the Oxford economist”<sup>52</sup> and writes about Roger Makins, who worked at the British Embassy in Washington: “He is very intelligent - he was, after all, a Fellow of All Souls”<sup>53</sup> (All Souls being the most prestigious college of the University of Oxford). In order to know to what extent someone was ‘reliable’, his colleagues would look at the university he studied at; and this was considered as an indicator of someone’s reliability. Thus, Oxford and Cambridge were used as proxies for a good reputation. Moreover, because Keynesian ideas (like British economics in general) could be understood without using much mathematics<sup>54</sup> and did not seem that new or revolutionary<sup>55</sup>, they were more easily spreadable among civil servants. Indeed, according to Hugh Dalton, it all came down to “the simple arithmetic fact”<sup>56</sup> and to the “British common sense”<sup>57</sup>. Therefore, even if they did not have much in common, the contacts were easily achieved and the economic ideas quite simple to understand.

The differences were not always a cause of separation between economists and civil servants, they just modified their relationships. Indeed, economists underlined their role as experts with specific knowledge which, according to Crozier and Friedberg conferred power upon them: among the four sources of power they list, the first one is mastering specific skills which are hard to replace<sup>58</sup>. Indeed, as early as 1930, when the Committee of Economists was created, Keynes said: “It may be that Economics is not enough of a science to be able to produce useful fruits. But I think it might be given a trial, and that we might assume for a moment, if only as a hypothesis, that it can be treated like any other science, and ask for qualified scientists in the subject to say their say.”<sup>59</sup> To consider economics as a science that could offer trustworthy results, and thus

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<sup>51</sup> M.Berg, *A Woman in history: Eileen Power, 1889-1940* (Cambridge, 1996), p.259.

<sup>52</sup> Dalton, *High Tide and After*.

<sup>53</sup> Dalton, *High Tide and After*.

<sup>54</sup> Fourcade, *Economists and Societies*.

<sup>55</sup> Eatwell and Milgate, *The Fall and Rise of Keynesian Economics*.

<sup>56</sup> Dalton, *High Tide and After*.

<sup>57</sup> London, BLPES, DALTON/1/34

<sup>58</sup> Crozier and Friedberg, *L'acteur et le système*.

<sup>59</sup> Quoted by Howson and Winch, *The Economic Advisory Council*.

economists as scientists who mastered specific knowledge, was a prerequisite for economic tools to help with economic policies. The truth of such an hypothesis does not matter as much as its acceptance by a given social group, here the civil servants and politicians working in the Treasury.

Because of the arrival of economists and of their specific position within the government, there were some modifications in the policy-making process. In Peter Hall's framework, there were "three distinct kinds of changes in policy": a first order change when instrument setting were used differently (interest rates were kept low as Keynes advocated with his concept of "cheap money"); a second order change with new "instruments of policy"<sup>60</sup> (the first modern double-entry social accounts by James Meade and Richard Stone in 1941); a third order change with a new "hierarchy of goals behind policy" launched more by Labour politicians than by economists.<sup>61</sup> This thesis goes further and affirms that there was a "fourth order learning" in which "policymakers learn[t] how to learn"<sup>62</sup> since the arrival of economists and repeated contacts between the two groups changed the way civil servants acquired knowledge, thought about solutions and argued to implement them. As Hugh Dalton put it after Keynes's death in a tribute to him, "He taught the Treasury how to do part of its job"<sup>63</sup>. Because economists influenced the everyday job of civil servants, as well as the latter did for the former, the two communities partly merged through time.

### **3. The creation of friendships bridging the gap between civil servants and economists**

The community of economists and civil servants was reinforced over time because of their work, as well as because of the economic threats that existed. They were afraid of what had happened just after the First World War (recession and unemployment) and during the Great Depression, as well as of the dollar drain and the balance of payments deficit. Therefore, even when the war was over, economists and civil servants would spend a lot of time working, including late at night, during weekends and lunchtime. This contrasted with the 1930s when the work of economists within the government was irregular. This implied that the distinction between a private sphere and a professional one was often blurred. As Hugh Dalton recalled in his memoirs,

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<sup>60</sup> P.Hall, 'Policy Paradigms, Social Learning, and the State: the case of economic policy-making in Britain', *Comparative Politics*, 25/3 (1993), p.279.

<sup>61</sup> Nonetheless economists played a significant role in the advocacy of new goals for the State, as the Beveridge Report (1942) or the White Paper on Employment Policy (1944), at least partly written by economists, testify.

<sup>62</sup> Hall, 'Policy Paradigms', p.293.

<sup>63</sup> DALTON/2/9/3

he often “took to the wood”<sup>64</sup> during weekends with other officials, such as the Ministry of Agriculture Tom Williams and the director general of the Forestry Commission Roy Robinson. This is only one example among others present in the archives when officials are traveling together during week-ends or are visiting one another. These were in-between moments, when the boundaries between working extra-hours and having holidays were unclear.

There were also in-between spaces. For example, Hugh Dalton lived where he worked, at No.11 Downing Street. During week-end, while in his bedroom, civil servants could come to see him, such as Rowe-Dutton on Wednesday 25 June, 1947.<sup>65</sup> Having the same address for work and for more personal matters also entailed a confusion in the mail. On one letter addressed to Lionel Robbins, James Meade wrote: “Dear Lionel, I opened this as I thought that it might be a “Direction” letter, but I see that it is of a more personal character.”<sup>66</sup> This confusion between private and professional life meant that some colleagues came to be friends (as some friendly correspondence testify). Moreover, these friendships sometimes outlasted their time working for the British administration, such as that between James Meade and Roy Harrod who kept sending amicable letters in 1948 when James Meade was already back in the LSE.

Beyond interpersonal networks, the community of economists and civil servants was united around the person of Keynes, before as well as after his death (21 April 1946). References to Keynes, both as a person and as a man of advice and opinions, are omnipresent in Dalton’s memoirs, but also in letters. Agreeing with Keynes was a way of putting one’s argument forward and of backing it up. Thus, he embodies authority and legitimacy both on the side of economists and on that of civil servants or politicians such as Hugh Dalton. While John Ikenberry has argued that a “community of experts”<sup>67</sup> was created between British and American economists during the negotiations for an Anglo-American loan, close reading of personal papers of economists and civil servants shows that the British “community of experts” was constructed around the person of Keynes more than on any common knowledge or ideology. That is to say, Keynes, before and after his death, constituted a common ground between civil servants and economists that made the

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<sup>64</sup> Dalton, *High Tide and After*.

<sup>65</sup> London, BLPES, DALTON/1/35

<sup>66</sup> London, BLPES, ROBBINS/3/1/2, Letter from R.H. Brand (The British Supply Council in North America) to Lionel Robbins, 9th January 1946.

<sup>67</sup> Ikenberry, ‘A World of Economy Restored’, p.292.



spreading of Keynesian ideas easier. He worked for it while he was still alive, and the results outlasted his death.

Before his death, Keynes is referred to in the archives as being necessary both academically and politically. First, he was a reference one could not avoid when writing an article. Indeed, James Meade recommended the economist Roy Harrod to make a reference to Keynes in one of his articles although the point he made was already “logically a perfectly valid one”.<sup>68</sup> Secondly, Keynes was used to convince politicians. Being backed up by Keynes was a way to gain the support of key decision-makers. In his diary, James Meade thus remembered that “with persistence [he] obtained some support from Hopkins and Keynes and in the end the Chancellor showed some interest in it as a possible future change.”<sup>69</sup> These two aspects mixed when Keynes wrote papers or delivered political speeches, which were acknowledged as original and convincing.

After Keynes’s death, this legitimacy and influence did not disappear. For example, Dalton wrote that “In February 1946 [so before Keynes died], [he] had circulated a fierce warning by Keynes on the overseas deficit, backed by a paper of [his] own on the balance of payments for 1946. Again in October 1946 [after Keynes died].”<sup>70</sup> The same paper was used twice, according to the same routine and with the same policy goal, before and after Keynes died.

Moreover, after his death, Keynes as a person continued to be presented as a guarantee for Keynesians’ political and economic thinking. Indeed, after a disagreement with Edward Bridges and Cameron Cobbold, James Meade wrote in his diary “Poor Keynes must have turned in his grave”.<sup>71</sup> Three months after Keynes’s death, in a letter to Lionel Robbins, Austin Robinson referred to Lord Halifax focusing on his past relationship with Keynes;<sup>72</sup> and Lionel Robbins did the same thing ten days later about Frank Lee.<sup>73</sup> Therefore, the influence of Keynes, as a person with relationships and as an adviser, outlasted his life.

Alongside, a new question arose: how to replace Keynes? On April 27th, less than a week after Maynard Keynes’s death, Meade wrote in his diary that he did not want to appear “too eager to step onto Keynes’ shoes”.<sup>74</sup> This problem was not restricted to governmental circles, it also arose

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<sup>68</sup> London, BLPES, MEADE/1/9, Letter from James Meade to Roy Harrod, 25th April 1945

<sup>69</sup> London, BLPES, MEADE/1/6, 27th April 1946.

<sup>70</sup> Dalton, *High tide and After*.

<sup>71</sup> London, BLPES, MEADE/1/6, 30th June 1946.

<sup>72</sup> London, BLPES, ROBBINS/3/2/10, Letter from Austin Robinson to Lionel Robbins, 21st July 1947.

<sup>73</sup> London, BLPES, ROBBINS/3/2/10, Letter from Lionel Robbins to Austin Robinson, 31st July 1947.

<sup>74</sup> London, BLPES, MEADE/1/6, 27th April 1946.

among economists who were not working for the government. Indeed, on April 22nd 1946, the day after Keynes's death, Norman Chester, who was then a fellow of Nuffield College, Oxford, wrote to Robbins, who was working at the LSE, to ask him to come back to the government in order to replace Keynes.<sup>75</sup> Two years later, Chester insisted and, although he did not explicitly ask Robbins to come back to work for the government, called Robbins Keynes's "successor".<sup>76</sup> Thus, the death of Keynes did not imply his disappearance from discourses and archives. Although this question of Keynes's replacement was not discussed publicly, it is apparent in the archival private record.

Even if politicians and economists always referred to Keynes, this does not mean that all their ideas would meet the requirements of what historians and economists have called 'Keynesianism'. Some more traditional ideas were covered by a Keynesian sheen in order to make them acceptable. For example, in a talk delivered at the LSE in 1947, Lionel Robbins affirmed: "I do not think the situation has been made easier by the policy of trying to force the rate of interest down - a policy which, I am clear, does not flow from Keynesian prescriptions".<sup>77</sup> Thus, he criticises Dalton's policy of 'cheap money' which was, according to the latter, Keynesian. Two opposite conceptions of what Keynesian policies could be thus existed at the same time. Determining who is right in his conception of Keynesianism does not matter as much as to remark that the reference to Keynes is everywhere, even in such opposite judgements. Therefore, civil servants, politicians and economists all respected Keynes who was not seen merely as a competent economist but mostly as a "great man", a "government spokesman and adviser" and even a "prophet".<sup>78</sup> He was thus in the middle-ground, standing between professional economists and generalists. It allowed him to influence both and, in the social network theories' parlance, to create a "path" that linked both groups.

Yet, while they were a united front, for these Keynesian economists to have influence, they had to be in contact with the other civil servants and decision-makers. To unveil this process

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<sup>75</sup> London, BLPES, ROBBINS/3/1/2, Letter from Norman Chester to Lionel Robbins, 22nd April 1946.

<sup>76</sup> London, BLPES, ROBBINS/3/2/11, Letter from Norman Chester to Lionel Robbins, 3rd January 1948.

<sup>77</sup> L.Robbins, 'The Control of Production in Peace-time' in L. Robbins *The Economic Problem in peace and war : some reflections on objectives and mechanisms* (London, 1947), p.62.

<sup>78</sup> "John Maynard Keynes." *The Economist*. Accessed April 26, 2019. <https://www.economist.com/free-exchange/2013/11/26/john-maynard-keynes>.

beyond the meso-level of communities merging, focusing on a micro-level (the role of some key actors) through an analysis in terms of networks is necessary. It is to this that we now turn.

## **II. The ubiquitous presence of economists and the multiplication of their social ties**

### **1. Taking advantage of an ill-defined institution**

When the Economic Section was created in 1941, it was attached to the War Cabinet Office (and to the Cabinet Office when the war was over) but meant to be “available to serve the Lord President’s Committee and other Committees and also Departments”<sup>79</sup>. It was thus placed at the intersection of many different pre-existing institutions that were all recognized as suffering from a lack of economic expertise. The Economic Section’s role was ill-defined and its functions were not clear. In short, it provided any kind of economic advice to anyone who needed it.

The Economic Section along with the economists working for it were thus put in a position of “marginal sécant”<sup>80</sup>. In other words, they were in an in-between situation in which they served as intermediaries between several departments that would normally not communicate much with one another. In Crozier and Friedberg’s words, they were “actors who were stakeholders in several systems of action in relation with one another and who can, because of that, play the indispensable role of intermediary and interpret between the different, or even contradictory, logics of action”.<sup>81</sup> Contradictory logics of action indeed existed since the traditional aim of the Treasury was to limit the government spending (described by contemporaries and historians as ‘The Treasury view’) while each ministry would try to seek more funding for itself. Economic experts would play the role of intermediary and would interpret each of their positions through the lens of Keynesian economic theories. Because there were only a few economists and because most of them were part of the Economic Section, departments and ministries had to ask the latter for their expert advice and opinion. This situation made economists powerful to the extent that many people needed them

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<sup>79</sup> London, Kew, CAB 21/1579

<sup>80</sup> Crozier and Friedberg, *L’acteur et le système*.

<sup>81</sup> Crozier and Friedberg, *L’acteur et le système*. “Un acteur qui est partie prenante dans plusieurs systèmes d’action en relation les uns avec les autres et qui peut, de ce fait, jouer le rôle indispensable d’intermédiaire et d’interprète entre des logiques d’action différentes, voire contradictoires”.

and that this gave them the opportunity to meet civil servants working on different types of policies.

This becomes more obvious when exploring more in depth the relationships that tied economists in the Economic Section with civil servants working for the Treasury. This part of the thesis focuses on the Treasury because it was a key player in all range of economic policy-making process, from planning and forecasting to the organisation of the civil service, as well as all policies that required funding: Dalton had a word to say about the policy of nationalisation, and he felt “some sense of personal responsibility over Palestine”.<sup>82</sup> The Treasury was “able to veto expensive departmental proposals through its power to review policy initiatives from each department before they could be presented to the Cabinet”.<sup>83</sup> According to Margaret Weir, Keynesianism failed in the United Kingdom during the 1930s because it was facing “well-established channels of economic advice”<sup>84</sup> within the Treasury. However, once this barrier was overcome, it was easier for Keynesianism to last. The Treasury was thus the most crucial entry point for innovative economic ideas.

Because convincing the Chancellor of the Exchequer and civil servants of the Treasury was so important in the process of spreading Keynesian ideas, and because these ideas always circulated through actors, mapping the relationships that existed between economists and civil servants of the Treasury offers a clearer picture. The following figure (Annex 1) depicts the relationships between the economists of the Economic Section and the civil servants of the Treasury, differentiating between three types of ties: positive relationships when the two people agreed with or appreciated each other (green arrows), negative relationships when they disagreed or did not like each other (red arrows) and personal relationships such as friendships (blue arrows). Black arrows represent neutral relationships, when two people were in contact but did not express their views on each other. Two people can be linked by several ties from different colours. They can also have both positive and negative relationships, that just implies that their relationship was changing according to the moment or the situation.

On this graph are represented the ties that existed within the Economic Section, and that made it a united group (there is no negative relationships which would be expressed in red), and

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<sup>82</sup> Dalton, *High Tide and After*.

<sup>83</sup> M. Weir ‘Ideas and politics: the acceptance of Keynesianism in Britain and the United States’ in P. Hall (ed.), *The Political Power of Economic ideas: Keynesianism across nations* (Princeton, 1989), p.61

<sup>84</sup> Weir, ‘Ideas and politics’, p.63

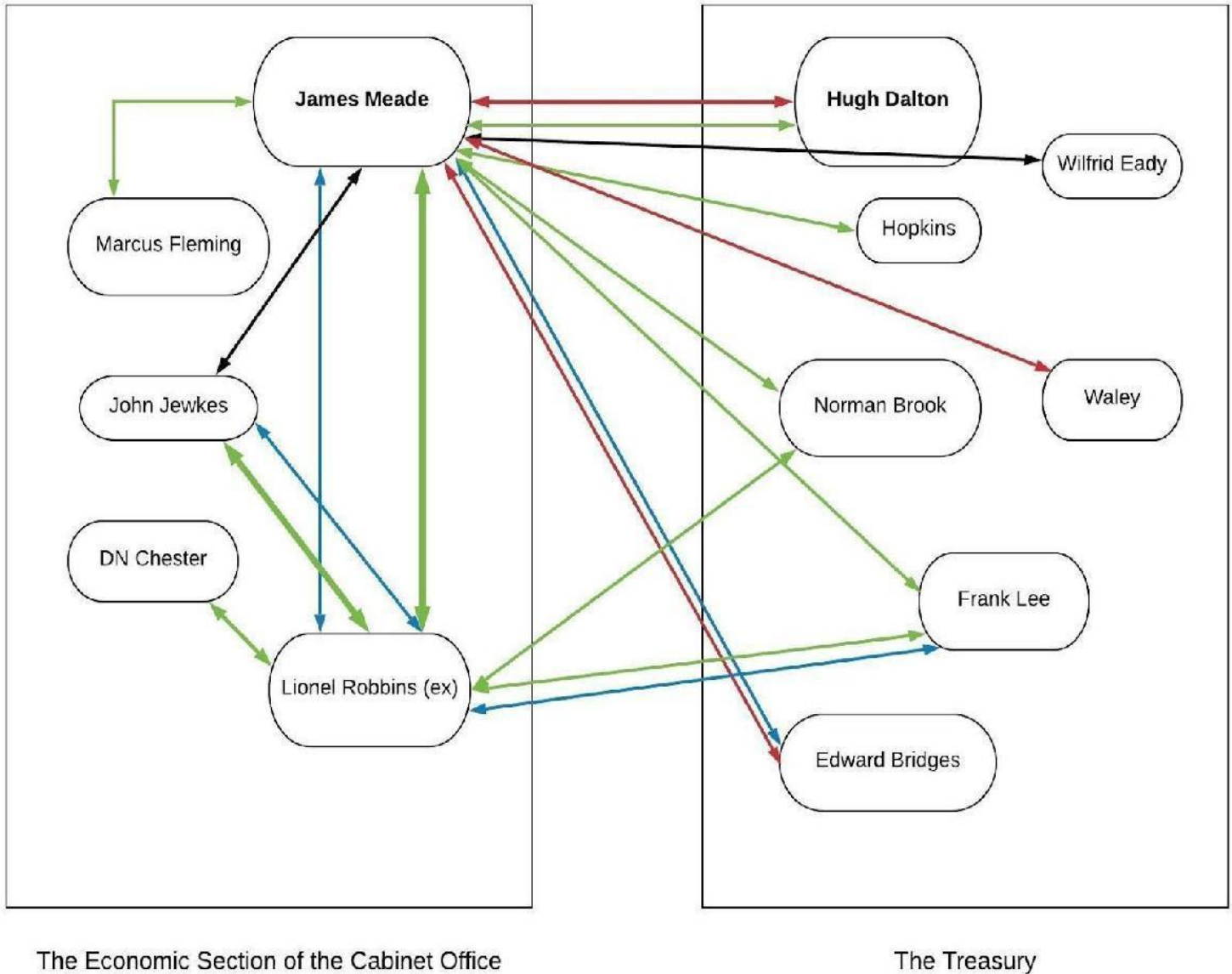
the ties connecting economists of the Economic Section to civil servants of the Treasury. The absence of ties connecting civil servants of the Treasury to one another is a consequence of the archives I used. Indeed, in both his diary and his memoirs, Chancellor of the Exchequer Hugh Dalton, a politician and not a civil servant, only mentioned his political and/or public deed as well as his relationships with other ministers but almost never with subalterns (although he noted that “A minister should become personally acquainted with a considerable number of his Civil Servants”).<sup>85</sup> The letters he kept also do not include anything about the Treasury’s civil servants. That does not mean that such ties did not exist, only that they were not foregrounded in by Dalton’s private archive.

As the graph shows, James Meade bridges the gap that separated the two departments because he was at the head of the Economic Section and thus was more in contact with the outside. This graph also gives him a special position because it was constructed mainly from his archives (correspondence and diary). From the multiplicity of these links, the statement of Margaret Weir according to which “leading Keynesians were able to use [the Economic Section] as a base from which to influence the Treasury from the top down”<sup>86</sup> needs to be qualified. Indeed, relationships between Meade and Dalton were not always good, and Meade was positively linked with other subaltern civil servants within the Treasury. It is thanks to these various ties that he was able to spread the Keynesian ideas he advocated and to integrate them into the Treasury policy decisions.

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<sup>85</sup> Dalton, *High Tide and After*.

<sup>86</sup> Weir, ‘Ideas and politics’, p.67.



**Annex 1: Relationships between economists of the Economic Section of the Cabinet Office and civil servants of the Treasury**

Green arrows : positive relationships (agreement, positive remarks)  
 Red arrows : negative relationships (disagreement, negative remarks)  
 Blue arrows : friendships

Most of the time, economists created themselves the information needed by the Economic Section, and this strengthened their influence beyond the Economic Section. Indeed, they would compile economic data to have statistics, calculate the external balance, etc. Thus economic experts of the Economic Section were not dependent on other sources of information, and in consequence, they were most of the time automatically put in a position of power. Indeed, according to Crozier and Friedberg, there are four sources of power and the members of the Economic Section shared three of these. Firstly, being a “marginal *sécant*”; secondly, mastering information and communication; and finally, being an expert whose skills are difficult to replace.<sup>87</sup> Therefore, among the four sources of power listed by Crozier and Friedberg, economists of the Economic Section combined three.

Beyond their position as “marginal *sécant*” between the different departments of the government, there is another layer of “marginal *sécant*”: economists were in an in-between situation between the political and the academic worlds. Although they were hired by the government, they still had strong links with universities. Their legitimacy thus did not only rely on their hierarchical superiors, particularly because they were hired by other economists already in the government. Most of the time, economists did not stay a long time in government (they were called the “irregulars” or “in-and-outers”<sup>88</sup>) and eventually went back to teach in universities, as Lionel Robbins in 1945 when he returned to the LSE, and James Meade after him in 1947. Even when they were working in the Economic Section, they would not sever their ties with universities. In his diary of 1946, James Meade commented on a “suggestion that some members of the Economic Section might in the next academic year give a course of lectures on questions of applied economics at University College”. Although he sees some difficulties with this invitation, he also admits: “it is clearly an admirable way of maintaining contact between the Section and the academic world”<sup>89</sup>. Thus, the economist’s position as “marginal *sécant*” was not only a compromise that had to be accepted, it was a real aim. Economists had an intuition that they could benefit from being one of the only links between the universities’ experts and the government’s generalists.

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<sup>87</sup> Crozier and Friedberg, *L’acteur et le système*.

<sup>88</sup> S.Brittan, ‘The irregulars’ in R. Rose, *Policy-making in Britain : a reader in the government* (London, 1969).

<sup>89</sup> London, BLPES, MEADE/1/6, March 1946.

Thanks to the multiplicity of their ties with several departments within the government and with universities outside, the economists were experts that were hard to avoid or to replace. This made them powerful and influential enough to spread Keynesian economic ideas.

## 2. Economists at the intersection of many weak ties

From their position as “marginal *sécant*”, economists were able to multiply and maintain their ties with different types of people such as scholars, statisticians, politicians, civil servants, but also international agencies. Thus they were in contact with different decision-making institutions. Most of the time these ties did not evolve into close relationships, especially as economists were often recruited as “irregulars”. Although, these relationships can be considered as weak ties that were often recreated and strengthened from one meeting to another. Without being close friends, these people knew each other, discussed policies, political issues and potential solutions on a regular basis.

To illustrate the point, the following figure (Annex 2) depicts James Meade’s relationships with other ministries, economists and civil servants. James Meade is at the center of this “ego network”<sup>90</sup> because he was a central actor thanks to his position as director of the Economic Section, and because his archives are the focus on my case study. The information was gathered from his correspondence and his diary for the year 1946. Relationships were usually either exchange of letters (directly consulted in the archives or indirectly depicted by other sources) or attendance at the same meetings, committees or informal events. These data are not exhaustive but they allow us to see the range of ties James Meade had during his time as director of the Economic Section. He was in touch with many different ministries (at the bottom left), the Board of Trade and the Treasury (at the top), but also the Bank of England and the Central Statistical Office, as well as with economists that were not part of the government at this moment (Lionel Robbins and Roy Harrod). Meade’s relations with international agencies are not pictured on this graph but they were a significant part of his profile, including his work, for example, with the International Monetary Fund (IMF).<sup>91</sup> Focusing on actors (in rectangles) rather than on institutions (in

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<sup>90</sup> C. Prell, *Social Network analysis: history, theory and methodology* (Los Angeles, 2012).

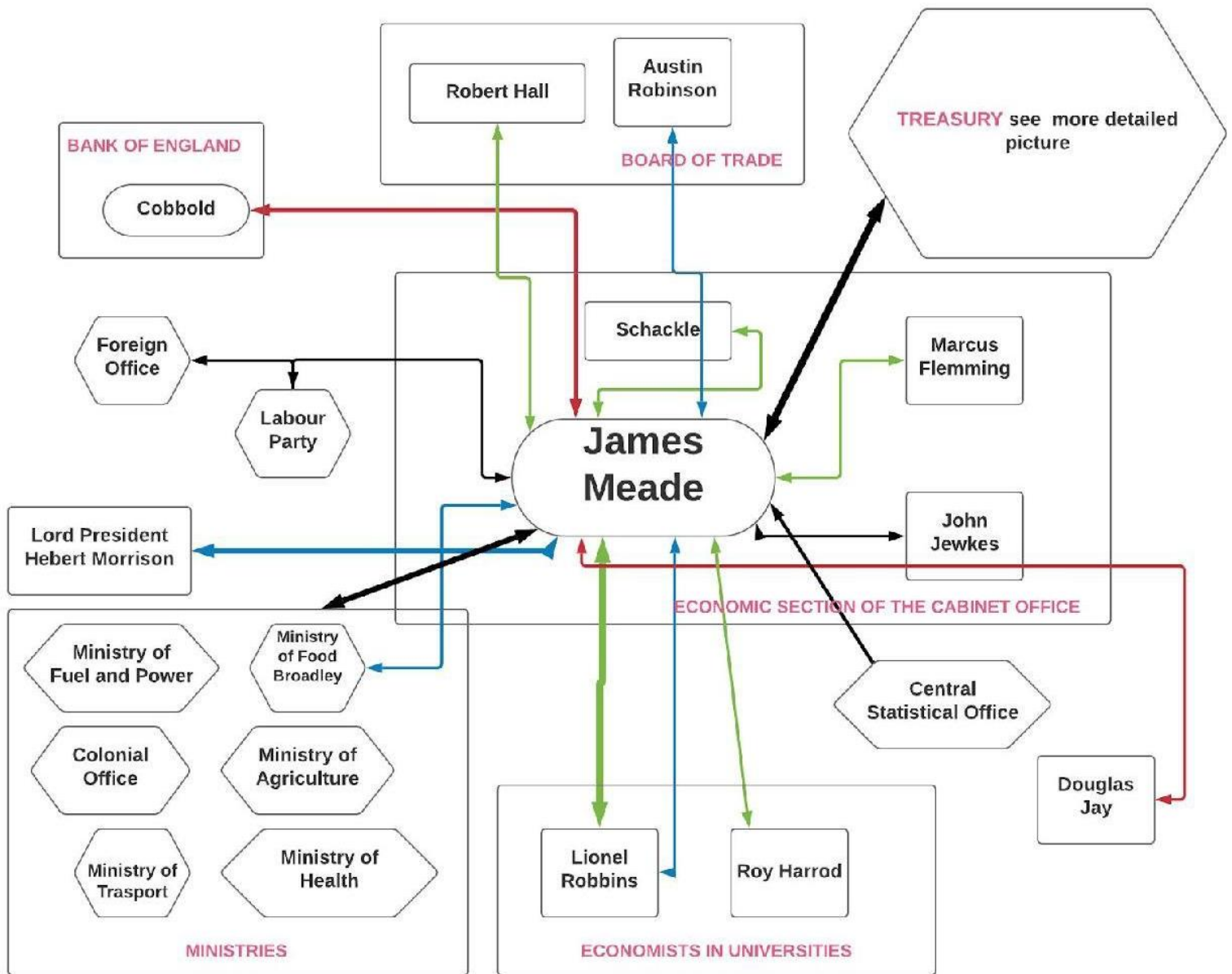
<sup>91</sup> James Meade and Jacques Polak from the IMF exchanged letters that were both personal (“I was extremely glad to see that your return to academic life has put you again in a position to write long letters” Polak wrote to Meade on 3rd February, 1948, London, BLPES, MEADE/3/6) and professional (this very letter was written on an official paper of the IMF and in another letter, James Meade “hope[s] and trust[s]



hexagons), one can distinguish positive relationships in green, negative relationships in red and personal relationships in blue. On this graph, most of his positive relationships were with other economists, whether working in universities (Lionel Robbins and Roy Harrod), in the Board of Trade (Robert Hall) or within the Economic Section (Marcus Fleming and George Shackle).

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that [Polak] will use [his] influence with [his] new employers”, to Polak, 4th November 1947, London, BLPES, MEADE/3/5).



Annex 2: James Meade's ego network

Green arrows : positive relationships (agreement, positive remarks)  
 Red arrows : negative relationships (disagreement, negative remarks)  
 Blue arrows : friendships

The links illustrated represent both exchange of letters or presence of the two actors at the same time at the same place. However, this is not to suggest equivalence between them. Indeed, being present was much more important than just sending letters and minutes with advice. In their diaries and memoirs, Lionel Robbins, James Meade and Hugh Dalton often made lists of people's attendance, proving that it mattered enough for them to record it in writing. Moreover, it was not rare for formal meetings to be followed by informal discussions. For instance, on iron and steel policies, Hugh Dalton noted in his memoirs that "it was sometimes informally discussed by a few of us, after the Cabinet has broken up, when it had not been on the agenda".<sup>92</sup> Because it was not on the agenda, John Wilmot, Minister of supply and aircraft production from 1945 to 1947, was not summoned to the Cabinet meeting. The consequence of his absence during these informal discussions was the decrease of his influence.

Furthermore, an analysis in terms of social network theory shows that this type of diverse weak ties are crucial to find innovative solutions and make them convincing.<sup>93</sup> Because they met people from different educational backgrounds and of divergent opinions and social position, economists were well-informed as to the diverse solutions proposed to tackle the problems faced by the government. In the first two years following the Second World War, the most urgent economic problems they had to face were the dollar drain, when the United Kingdom was spending more dollars to import goods than they were earning thanks to their exportation. They also feared uncontrolled inflation and unemployment. According to Ronald Burt, "behavior, opinion, and information, broadly conceived, are more homogeneous within than between groups",<sup>94</sup> therefore, "people who stand near the holes in the social structure [such as "marginal sécant"] are at higher risk of having good ideas".<sup>95</sup> Economists, who were at the intersection of theoretical problems from the academic world and technical issues of administrative and political feasibility, as well as between different departments of the government, were exactly in the position described by Ronald Burt. It is thanks to this position that they were able to offer innovative solutions suited to topical situations, by mixing several traditional points of view.

Moreover, because economists were bridging holes between different groups, they were in a good position to spread these ideas through the British administration: they had diversified

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<sup>92</sup> Dalton, *High Tide and After*.

<sup>93</sup> R.S.Burt, 'Structural Holes and Good Ideas', *Journal of Sociology*, 110/2 (2004), pp.349-399

<sup>94</sup> Burt, 'Structural Holes', p.353

<sup>95</sup> Burt, 'Structural Holes', p.349

networks, spoke to many people during both formal and more informal settings. Although these people were not close friends, according to Mark Granovetter, “more people can be reached through weak ties”.<sup>96</sup> Therefore, economists were in a good position both to have innovative ideas and to spread them among other civil servants.

### **3. A geographical analysis; the increasing exposure of economists**

The written archives only offer insights into formal epistolary communications, even though some letters are more personal than professional and often without the official header of an institution. However, this correspondence proves that an important part of information, opinions and advice, was transmitted orally without an archival trace. This is true both for economic or political advice and for more informal everyday conversations. Indeed, on 23rd April, 1947, Robbins is directly referring to an “oral tradition” between economists in a letter to Professor Allais.<sup>97</sup> About more casual conversations, a former “irregular”, Samuel Brittan, underlined the importance of sharing the same locations: “I sometimes think that if the Prime Minister and his senior colleagues could hear the lunchtime conversation in the execrable canteen on the fifth floor of the New Public Offices in Great George Street this would do far more good than any further administrative shake-up”.<sup>98</sup> The written sources that were kept throughout decades in the archives are thus limited. Although diaries sometimes transcribe discussions, they are always indirect, partial and incomplete. To recover these oral relationships, a geographical analysis is needed: knowing who worked close to whom is a rather good proxy to know who often talked to whom. Although nothing can confirm that people who worked next to one another discussed their ideas and influenced one another, it is highly likely.

The concept of “exposure” used by Douglas Massey and Nancy Denton about the segregation of Black Americans measures the potential contact or interactions between the members of one group or between the members of two separate homogeneous groups within a definite spatial area.<sup>99</sup> As seen before, economists were not completely segregated inside the

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<sup>96</sup> Granovetter, ‘The Strength of Weak ties’, p.1369

<sup>97</sup> London, BLPES, ROBBINS/3/2/10

<sup>98</sup> Brittan, ‘The Irregulars’

<sup>99</sup> Massey and Denton, ‘Hypersegregation’ and P. Apparicio, ‘Les indices de ségrégation résidentielle : un outil intégré dans un système d’information géographique’, *Cybergeo : European Journal of Geography*, Space, Society, Territory, document 134, Online since 16 June 2000, connection on 15 June 2019. <http://journals.openedition.org/cybergeo/12063>

government, they were in contact with other civil servants. However, they had different characteristics than civil servants, and according to the five dimensions of segregation listed by Massey and Denton, economists can be considered as segregated, that is to say that they were isolated because of their specific characteristics.<sup>100</sup> Indeed, **evenness** (“the percentage of minority members within residential areas equals the citywide minority percentage”), **clustering** (“the extent to which minority areas adjoin one another in space”) and **concentration** (“the relative amount of physical space occupied by a minority group”) could be applied to economists in the Economic Section.<sup>101</sup> They were indeed all gathered in the Economic Section, and partly in the Central Statistical Office (very close to each other) while almost absent from the other departments and ministries. Therefore, the segregation framework and thus the concept of exposure can be used here.

By recreating a map of the different administrative buildings which were all in the same area of London - Whitehall - one can see that those hosting the economic decision-makers were next to one another. They were located mostly in Downing Street (No.10 and No.11) for the office of the Prime Minister and that of the Chancellor of the Exchequer as well as in Great George Street for the Cabinet Office and the Treasury Chambers. These two streets are at a five-minute walking distance from each other. The building of the Board of Trade is a bit further away, at Millbank, ten to fifteen minutes walking from Downing Street or Great George Street. Depending on the committees, subcommittees and meetings, civil servants and economists would often go from one building to another. Indeed, James Meade went to a meeting in the Board of Trade with Richard Clarke from the Treasury and George Shackle from the Economic Section to discuss about New-Zealand, and again with Marcus Fleming from the Economic Section about international employment policies; he also went to the Foreign Office to attend a meeting with Arthur Brown from the Economic Section about trade in South East Europe. This implies that each actor's space was not limited to his office and that the street in this neighborhood, Whitehall, could be a place of social interactions.

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<sup>100</sup> People are usually segregated according to their sex or race. It is not the case here. The term is used in a loose sense to see what this case study can draw from theories of segregation.

<sup>101</sup> Massey and Denton, 'Hypersegregation', p.373. The two other concepts are those of exposure and of centralization, when minorities are settled around the center of the urban area. The latter is too geographical to be applied here.

These locations, as well as the neighborhood, were not only used to work, they were also places to create, maintain or strengthen social and amicable ties. Indeed, economists and civil servants would sometimes eat together or have a drink. In his diary, Hugh Dalton recalled a meeting with Thomas Catto and Cameron Cobbold from the Bank of England in his study at No.11 Downing Street, that turned into a drink without leaving Hugh Dalton's study when Edward Bridges (from the Treasury), Burke Trend (Principal Private Secretary of Hugh Dalton), and then John Wilmot (Minister of Supply), and eventually Robin Brook (Bank of England) joined for "a glass of sherry".<sup>102</sup> Although they were official buildings, the locations were thus used for both public meetings and private leisure. The friendships created there also expanded outside Whitehall when civil servants or economists left for weekends that sometimes included their wives, for example when Hugh Dalton spent a weekend with his wife Ruth and the Cattos.

A depiction of the location of some offices within buildings allows a more refined analysis of the potential contacts between civil servants and economists. Indeed, working in the same building, or even in the same corridor, had an influence on personal contacts and on the sharing of opinions and advice. In 1952, James Meade recalled the "close cooperation of Treasury and Cabinet Office" and "with EEB [Bridges] and RNVH [Hopkins]" that was made possible because they were "in the same building on same corridors".<sup>103</sup> For example, the office Keynes had from August 1940 onwards in the Treasury building is key to understanding the influence he had. The economists of the Economic Section also had privileged relationships to key decision-makers because they had access to their office: John Jewkes, the first director of the Economic Section, had a direct access to the Lord President Herbert Morrison, and Lionel Robbins had a weekly conference with the Prime Minister Clement Attlee.<sup>104</sup> They thus had an entry into these key places.

However, there are limits to this geographical analysis: it is not because an official had an office somewhere that he would spend all his time there. According to Theakston, it would be less than a third of their time.<sup>105</sup> Indeed, Dalton wrote: "No.11 [Downing Street] is incomparably more comfortable at present than the wretched Treasury building in Great George Street. So I tend to

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<sup>102</sup> London, BLPES, DALTON/1/34, 1st March 1946.

<sup>103</sup> London, BLPES, MEADE/9/2

<sup>104</sup> Cairncross and Watts, *The Economic Section*.

<sup>105</sup> K.Theakston. *The Civil Service since 1945* (Oxford, 1995).

work here whenever I can.”<sup>106</sup> Hugh Dalton thus used his margin of discretion to choose the more comfortable place to work. Moreover, civil servants and economists had to attend meetings, committees and subcommittees that were in several different official buildings. This was all the more the case for economists since “no interdepartmental committee [...] of any importance on any issue [was] set up without representation of Ec[onomic] Sect[ion] on it”.<sup>107</sup> Therefore, they were moving from one place to another all the time. Moreover, because the sources for this kind of precise geographical information do not always exist, and, when they do, are very disparate and scattered in different archives, this would need further study.

Thanks to the economists’ position as marginal *sécant* - a position experienced by the Economic Section as a whole - they could create, maintain and diversify their personal networks. This allowed them to meet different people, but also to go in several buildings where informal discussions off the record, and thus not kept in the archives, could take place. Although we can only speculate on these discussions (in corridors, during coffee or lunch breaks), I think the geographical analysis is a good proxy enough to give some information. The gaps that exist in the archives about informal relations can only be filled by using the proxies advanced by sociologists<sup>108</sup> as well as historians. However, if actors had opportunities to communicate, economists also had to offer a convincing discourse to spread their Keynesian ideas.

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<sup>106</sup> London, BLPES, DALTON/1/34, 10th September 1946.

<sup>107</sup> London, BLPES, MEADE/9/2. This excerpt from Meade’s notes for a talk in Washington (1952) should be qualified since Meade had a particular interest in underlining the utmost importance of the Economic Section in the machinery of government.

<sup>108</sup> See O.Godechot, ‘Financiarisation et fractures socio-spatiales’, *L’Année sociologique*, 63/1 (2013), pp.17-50.

### III. From economists to civil servants: the formulation of a convincing discourse

#### 1. The collective and individual legitimacy of experts in a world of non-specialists

Economists had influence because they were in contact with other civil servants, statisticians, politicians, etc. as I have shown above with Meade's ego network (Annex 2). Their personal networks allowed them to discuss policies and spread their economic advice throughout the government, and especially to influence Hugh Dalton and civil servants of the Treasury. This last chapter offers a more detailed analysis of how economists of the Economic Section used these opportunities to make their discourse understandable, legitimate and convincing.

Because of their specific training, economists in the British government had technical skills and a theoretical background that civil servants trained on the job did not master. This kind of abilities had to be legitimated within the specific context of the British administration. The legitimacy economists had within the academic world as reputed scholars had to be renewed once they entered the government administration. In this context of public government, their work had to fit the criteria of the British administration following which the publication of articles or the resolution of theoretical issues were not as valued as the ability to offer pragmatic solutions to concrete issues and to communicate them. This was all the more necessary as the discipline of economics started to have a more definite, and sometimes less intuitive, methodology. As Lionel Robbins put it in a speech to the LSE students in 1949, there was an "emergence of economics as a professional study, with organised centres of learning and permanent positions for its practitioners".<sup>109</sup> This was all the more convincing as he was speaking in one of these "organised centres of learning" and enjoyed himself the position of a professional economist. In the face of the professionalisation of economics, he recommended economists "not [to] undervalue the simpler truths of the subject" which are "by no means obvious" for non-specialists.<sup>110</sup> Therefore, economists in government had to translate the formalised theoretical economic knowledge into a simplified and easily transferable expertise. This implied a new type of economics as applied science, while economists in universities were focusing on theoretical economics.

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<sup>109</sup> L.Robbins, 'The Economist in the Twentieth Century: An Oration Delivered on the 53rd Anniversary of the Foundation of the London School of Economics', *Economica*, 16/62 (1949), p.93.

<sup>110</sup> Robbins, 'The Economist in the Twentieth Century', p.99.



Indeed, they had to adapt to their audience and Keynesian economic theories were transformed to be turned into precise policies that could be understood and implemented by civil servants and politicians.<sup>111</sup> Economists tried to give up on what was considered as their “repulsive jargon”<sup>112</sup>. The “simple arithmetic fact[s]”<sup>113</sup> and statistics were put into charts and tables to become more readable and convincing. As John Jewkes, director of the newly formed economic section of the war cabinet from 1939 to 1941, put it in a letter to Norman Brook (personal assistant of the lord president of the council, Sir John Anderson), dated 7 March 1941, after evoking the possibility of making tables, charts or curves to present economic data, “If the Lord President prefers the pretty pictures, I think we could make an arrangement to use this technique”<sup>114</sup>. The aesthetic judgement (“pretty pictures”) testifies to the economists’ will of bringing their expertise within the reach of non-specialists.

Although economists tried to make their work more accessible to other civil servants, they did not give up on their status of experts that gave weight to their advice. In order to acquire more influence on civil servants, they were willing to make compromises and, according to Lionel Robbins’ autobiography, to “become part of the machine and [to] accept its logic rather than pretend to some special status”<sup>115</sup> but they still had a special position. Therefore, the statement by Alfred Coats according to which “had [economists] sought to emphasize the authority of their expertise they would simply have undermined their effectiveness by reinforcing existing official prejudices”<sup>116</sup> should be qualified. Economists were valued by civil servants at least as much for their expertise as for their capacity of merging into the pre-existing civil service administration and for their communicative skills. Being half-way between civil servants’ general knowledge and economic scholars’ specific expertise was the best position for government economists who wished to be accepted and perceived as necessary.

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<sup>111</sup> During this process, other ideas interfered, such as the progressive acceptance of the “growth paradigm”, M.Schmelzer, *The hegemony of growth: the OECD and the making of the economic growth paradigm* (Cambridge, 2016).

<sup>112</sup> A.W.Coats ‘Economic ideas and economists in government: accomplishments and frustrations’ in D.C. Colander and A.W.Coats (eds.) *The Spread of economic ideas*. (Cambridge, 1989), p.116.

<sup>113</sup> Dalton, *High Tide and After*.

<sup>114</sup> London, BLPES, CAB 21/1579

<sup>115</sup> Robbins, *Autobiography of an economist*, p.184. As with every autobiography, this must be interpreted cautiously: Lionel Robbins presents a positive public depiction of himself as willing to make compromises, which may be more accurate in his discourse than in his everyday behaviour inside the government.

<sup>116</sup> Coats ‘Economic ideas’, p.116

However, they always retained their separate identity as economists. Their expertise was looked after inside the government. Indeed, while James Meade was director of the Economic Section, he received a letter asking for “authoritative criticism from economists in the economic sections”.<sup>117</sup> This quote shows that economists were asked for their judgements and that the latter would be respected. Thus the fact that economists were not generalists was not frowned upon. On the contrary, their expertise was a source of legitimacy which they retained while remaining in the employ of the civil service. Indeed, they benefited from an unchallenged authority in the economic field and the figures they issued were to be “accepted and used without question”.<sup>118</sup> Because Keynesian economists were the only ones inside the government to master economic tools, there was no counter-expertise that could have challenged their scientific knowledge and their more political opinions.<sup>119</sup>

Their arguments in favour of, or against, some policies were all the more convincing and accepted that they were collective and straightforward. Indeed, at the end of the introduction to a report about “Further Methods of Improving the balance of payments”, James Meade wrote: “This report has been constructed during a period when “staggered” absences have seriously hampered continuous meeting or consultation. We, therefore, claim indulgence for repeating the intimation in our first report--that not every member of our group would wish to be regarded as committed in his individual capacity to every argument or opinion here set forth.”<sup>120</sup> Although he emphasises the differences between official opinion of the Economic Section as a whole and personal opinions of the economists inside it, James Meade, at the head of the Economic Section, had to present an officially collective conclusion. Economists had “individual capacity” but more importantly, they were “member[s] of our group” and “we”. Thus, this report tries to be convincing regardless of divergences on some specific points between the economists and the lack of informal advice that their presence would have allowed. It officially refers to “we” and “our” and thus to the Economic Section as a whole. This facilitated the spreading of some ideas since it offered clear

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<sup>117</sup> London, BLPES, MEADE/3/6

<sup>118</sup> London, BLPES, CAB 21/1579

<sup>119</sup> This was all the more true in the United Kingdom as the government was reluctant on taking advice from outsiders contrary to the United States which often used non-governmental expertise. As a consequence, Keynesianism was accepted by the Americans earlier but it did not last as long as in the United Kingdom.

<sup>120</sup> London, BLPES, MEADE/3/11, “Further Methods of Improving the balance of payments”, 23rd August 1947.

straightforward advice, without explaining all the theoretical debates that led to disagreements between economists. Offering economic advice often amounted to the simplification of theoretical issues.

However, as the social networks analysis has suggested, it is relevant to go deeper than the institutional level to reach the individuals since personal relationships played a crucial role. Indeed, James Meade draws a clear, albeit cautious, line between individual opinions and collective advice. At the beginning of a report on “Economists’ group on long-term problems”, dated 8th July 1947, he wrote: “while every part of the field has been thoroughly discussed by our whole committee, we have not sought to complete unity of style or treatment, nor would each of us in his individual capacity wish to be regarded as committed to every argument or opinion contained in it.”<sup>121</sup> Therefore, individual economists used the institutional legitimacy of the Economic Section while at the same time distancing themselves from official statements and playing with their personal ties.

In order to strengthen their legitimacy, economists had to simplify their knowledge, to make it readable and to offer straightforward advice. However, as I will show, this did not always imply renouncing to their personal views, that they exposed when they were offering advice beyond their mere field of expertise.

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<sup>121</sup> London, BLPES, MEADE/3/11, “Economists’ group on long-term problems”, 8th July 1947.

## 2. Economists negotiating a place beyond their role of experts

If their legitimacy within their field of expertise (economic advice) was secure, the economists of the Economic Section strove to have influence beyond their technical expertise. From economic arguments, they sometimes shifted to political advice. On 5 November 1954, Robert Hall gave a speech at the University of Oxford that encapsulates this will to expand the influence of economists within the British administration. He described “the place of the economist in government”, shifting from the depiction of a mere technician to that of a civil servant who also gives his political opinion. His analysis is interesting because he was then chief economic adviser to the Chancellor of the Exchequer after having replaced Meade as the head of the Economic Section in 1947. He begins by stating that “we get along very well without any help from economists”<sup>122</sup> and that professional economists are not essential. However, he then goes on to draw up a list of all the situations in which the knowledge of an economist is needed: for issues related to national income analysis, to central banking and eventually to “the economic system as a whole”<sup>123</sup>. Thus, if we agree with Alfred Coats that “there is no such thing as ‘economic policy’, for policy is always affected to some degree by non-economic as well as economic factors”<sup>124</sup> (and politics and economics are always intertwined), and with Robert Hall that economists are needed when the economic system is considered, then, we can safely affirm that the making of any policy would require the contribution of economists.

Robert Hall goes further and eventually ends up admitting that economic models can fail and that our expectations are uncertain. In this statement, he apparently gives up the definition of economics as a science with certainties, at least for economists in government. However, this is turned into a source of power because economists in government are thus put into a position closer to that of civil servants and politicians. Indeed, their lack of certainties allows economists in government “to make a judgement because a decision must be taken now”.<sup>125</sup> That is to say, because economists can not have certainties despite their technical abilities, they have to make a personal and subjective, albeit informed, “judgement” about the situation, and thus to offer an opinion that goes beyond their expertise as economists: “one ought to be able to form an opinion

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<sup>122</sup> R.Hall. ‘The Place Of The Economist In Government.’ *Oxford Economic Papers*, 7/2 (1955), p.121.

<sup>123</sup> Hall. ‘The Place Of The Economist’, p.122.

<sup>124</sup> A.Coats (ed.), *Economists in Government: An International Comparative Study* (Durham, North Carolina, 1981).

<sup>125</sup> Hall. ‘The Place Of The Economist’, p.132.

and one ought not to try to cover oneself by leaving the judgement to the person who is reading or listening to advice”.<sup>126</sup> Economists thus shift from the supposedly neutral position of experts to become closer to politicians: they not only need to offer figures and data, but also their personal and political advice. Robert Hall’s thinking is encapsulated in his final statement: “an adviser who will not give advice is not likely to be a good adviser.”<sup>127</sup>

This depiction of economists in the machinery of government is not only an ideal, it was exactly what economists of the Economic Section were doing: trying to invade all the departments and to spread their advice. In his diary, James Meade recalled one of his arguments with the Lord President Herbert Morrison when they discussed a minute by Philip Chantler from the Economic Section about fixing the level of rail and coal charges, only two months before the Coal Industry Nationalisation Act (12 July 1946). James Meade defended Chantler’s minute with economic arguments about marginal cost and “In the end, [he] tried the argument from industrial efficiency”. He thus positioned himself as an expert with specific knowledge from which he derives his specific arguments; successfully so, since he wrote “This began to make some impressions.”

After their conversation, Herbert Morrison asked James Meade to write a minute on the subject and the latter used this occasion to put forward political advice, “suggesting as an immediate policy” to nationalise railways, to give some power and rights to the state and to private enterprise and eventually proposing an “examination of railway and road costs and prices”, that is to say, new work for the Economic Section.<sup>128</sup> This very brief excerpt from James Meade’s diary contains key elements: the unity of the Economic Section since James Meade and Philip Chantler both argued in the same direction; the crucial aspect of the conversations that backed up official minutes; the capacity of economists to shift from their position as experts with no political views up to that of political advisers with concrete and immediate economic policies in mind.

This shift from economic expertise to political advice was, at least partly, accepted by politicians. Indeed, about Lord Keynes’s opinion on interest rates, Hugh Dalton wrote: “Philosophically “he took a view” about the future trend of interest rates, and supported it with a wealth of statistical argument derived from many sources, including those he invented.”<sup>129</sup> Thus, Keynes was accepted and admired both for his “philosophy” (which can be understood as his

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<sup>126</sup> Hall. ‘The Place Of The Economist’, p.133.

<sup>127</sup> Hall. ‘The Place Of The Economist’, p.133.

<sup>128</sup> London, BLPES, MEADE/1/6, 27th April 1946.

<sup>129</sup> London, BLPES, DALTON/2/9/3

general views, not linked to his expertise in economics, including his political opinion) and his statistical capacities. Not only are they both sources of esteem, they are both explicitly linked since the statistics are used to back up his philosophical views. In view of the previous example of James Meade offering political recommendations beyond his mere economic expertise, this acceptance was not limited to the specific case of Maynard Keynes.

Most of the time, the merging of economic and political advice was not problematic since they went hand-in-hand: economists used their expertise to advocate Keynesian policies and politicians needed economic data to make their Labour policies sound more realistic to political opponents and to public opinion, as well as to then put them into practice. Moreover, Keynesian economics advocated a more prominent role for the state to manage aggregate demand, the level of employment and wages while the Labour party precisely wanted to have a more interventionist welfare state. Politicians and economists' aims were linked by the drive for economic growth, the dominant norm and goal of policy after the Second World War. As Mathias Schmelzer puts it, "the politics of growth turned social conflicts into non-ideological and technical questions of output and efficiency". It thus provided a wider electorate to the Labour party since the politics of growth "weakened societal tensions and class-based politics" while economists became necessary to resolve these technical questions.<sup>130</sup> Because economic and political arguments were intertwined, economists could negotiate a role beyond that of mere technical experts.

### **3. The role of institutions, ideas and social networks in policy change**

From the case study of Keynesian economists working for the British government, it is possible to draw conclusions on the theoretical models that have been proposed so far to explain the diffusion of new ideas inside bureaucracies and politics and their role in policy change.

In the introduction to *The spread of economic ideas*, Coats and Colander listed three models which explain how ideas spread: the infectious disease model, the marketplace for ideas and the information theory model.

According to the first model, ideas are spread from one person to another when they meet: "contacts between individuals and groups constitute the spread points."<sup>131</sup> It has been applied to this case study thanks to the social networks analysis. However, people can be more or less

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<sup>130</sup> Schmelzer, *The hegemony of growth*, p.13

<sup>131</sup> D.C. Colander and A.W.Coats (eds.) *The Spread of economic ideas* (Cambridge, 1989).

receptive to new ideas according to their previous ideas, to their age or to the esteem in which they hold the other person.<sup>132</sup> For Keynesians, being in contact with civil servants that were not at the head of their service or department helped: these civil servants were usually younger, thus less attached to the administrative routine and more eager to listen to new ideas.<sup>133</sup> This was accentuated by the will of Labour politicians to promote young people in the government.<sup>134</sup> Economists also benefited from their position as experts and from the respect that went with it.

The second model of a marketplace for ideas does not work in this case study since, as the focus on the recruitment process suggested, a phenomenon close to cooptation prevented other ideas to break into the British administration. This is not specific to this case study. If a marketplace of ideas exists, it is always imperfect.<sup>135</sup> I will argue that the third model is the one which fits best the Keynesian case study and is the most useful to explain policy change by intertwining ideas, institutions and social networks.

According to the “information theory model”, economists were sending agents with “encoding ideas”<sup>136</sup> who would spread information through transmission channels (meetings, committees, minute, letters, informal discussions). However, these channels, that depended on the institutional framework, were disrupted by “noises” (such as divergent opinions by other people, simplifications, misunderstandings) that entailed a new set of “encoding ideas”. At the end of these channels, policy-makers were receivers that had to decode these ideas. The information theory model explains the discrepancy that can exist between Keynesians’ theoretical ideas and concrete policies that were put into practice.

It also intertwines three key entities: institutions, ideas and social networks. Firstly, institutions, here primarily the Economic Section and the Treasury, determined the sending agents and the receivers (usually the head of the service, Meade for the Economic Section and Dalton for the Treasury), as well as the channels that link them. This dissertation has distinguished between official channels, such as meetings or committees, and informal channels such as lunches, dinners,

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<sup>132</sup> Friedkin and Johnsen, ‘Attitudes change’

<sup>133</sup> G.Peden, ‘Economic knowledge and the state in modern Britain’ in S. Green and R. Whiting (eds.), *The boundaries of the state in Modern Britain* (London, 1995), p.186.

<sup>134</sup> This will appear several times in Dalton’s diary and memoirs, when potential promotions of politicians and civil servants are mentioned.

<sup>135</sup> Middleton, *Charlatans or Saviours?*

<sup>136</sup> Encoding ideas are ideas formulated in a certain language, usually with specific vocabulary. As a consequence of this coding, the meaning of these ideas is not directly obvious and it is necessary for other people to “decode” them.

weekends and conversations that are not recorded in the archives. Secondly, ideas traveled through these channels. In this case study, it was mostly Keynesian ideas that were discussed, debated and eventually spread from economists to civil servants. Finally, social networks were precisely the part of these channels that agents created by themselves, by sending letters, sharing moments with one another and by participating to social events outside working hours.

As Robert Lieberman has shown, considering ideas and institutions at the same time is necessary not to fall in the pitfalls of reductionism and to give actors agency while acknowledging the limits of their institutional environment.<sup>137</sup> Studying at the same time ideas (Keynesianism), institutions (the Economic Section) and social networks (letters) allows a more refined understanding of policy change.

This dissertation has argued that, to give a full picture of political change, historians should take social networks into account. Indeed, it is only by focusing on specific actors that ideas can be concretely embodied, that personal and collective interests can be taken into account and that both ideas and interests can be linked. As Mukand and Rodrik showed in their economic approach of political and institutional change, actors have ideas depending on their specific interests while they understand their interests based on their ideas.<sup>138</sup> Beyond the macro-scale of institutions and the meso-scale of collective interests, a micro-analysis of historical actors is necessary.

Accepting such an approach allows historians to question the philosophical theories of Thomas Kuhn and Imre Lakatos that are usually used to explain the role of ideas in changing policies. In order to explain the shift from Keynesian to monetarist policies in the United Kingdom between 1970 and 1989, Peter Hall adopts a Kuhnian framework according to which repeated anomalies unexplained by the widely accepted paradigm of the moment eventually lead to the emergence of a new theory that can explain or predict them.<sup>139</sup> However, a Kuhnian approach implies an idea of progress in knowledge towards better and more accurate explanations while not seriously considering the process of acceptance of these supposedly better theories.

Because of these deficiencies, Mark Blaug advocated the use of Imre Lakatos's theories to explain the Keynesian revolution. According to Lakatos, new theories gain approval if they are

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<sup>137</sup> R.Lieberman, 'Ideas, Institutions, and Political Order: Explaining Political Change', *American Political Science Review*, 96/4, (2002), pp.697-712.

<sup>138</sup> S.Mukand, et D.Rodrik. 'The Political Economy of Ideas: On Ideas Versus Interests in Policy making', *National Bureau of Economic Research*, (2018), Working Paper 24467, <http://www.nber.org/papers/w24467>

<sup>139</sup> Hall, 'Policy paradigm'.



“theoretically and, better still, empirically ‘progressive’” that is to say when they “predict some ‘novel, hitherto unexplained fact’; the program is ‘empirically progressive’ if this excess empirical content is also corroborated”.<sup>140</sup> According to him, the Keynesian revolution was not a “scientific revolution” in the sense of Thomas Kuhn with a clash of paradigms but rather a “conversion to Keynesian economics [that] was so swift and so widespread”.<sup>141</sup> However, both of these models, Kuhn and Lakatos, focus more on ideas themselves than on the people who accepted and spread them, as well as on their environment. Implicitly, it accepts the hypothesis that an idea is accepted because it better answers contemporary questions.

Focusing on actors is a way to go more in depth, to consider ideas through the people who adopted them, and to take the historical context seriously into account, and that includes institutions and interests. If theoretical ideas become prominent at one historical moment, it is as much thanks to the context of acceptance and to the influence of those who tried to spread them, as because of the scientific content of these new ideas.

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<sup>140</sup> M.Blaug, ‘Second Thoughts on the Keynesian revolution’, *History of Political Economy*, 23/2 (1991), pp.171-172.

<sup>141</sup> Blaug, ‘Second Thoughts’, p.171.

## Conclusion

Through the analysis of letters and diaries written by economists and civil servants, this dissertation has suggested that it is through the reconstitution of interpersonal networks that further research could elucidate the question of changes in policies in general; and here, of how, through which channels and because of whom the Keynesian revolution took place. Ideas in themselves are powerless if they are not embodied by influential people, and the formal role of institutions is not enough to understand shifts in government policies. Indeed, the Economic Section studied here was ill-defined and was not meant to have such an influence. It is only by focusing on actors within that institution that one can understand how Keynesian economists were able to make their knowledge necessary.

Thanks to the recruitment process, they created a self-constructed group which was held accountable partly by the government that paid them (although they were usually quite low-paid), but mostly by those who had hired them. This unity and solidarity among economists who spoke with a single voice as we saw with two of James Meade's reports, had political repercussions since they were in a position to influence annual budgets and economic decisions, through their advice and the introduction of new tools, such as the first tables of incomes and expenditures. The focus on economists (James Meade and Lionel Robbins), civil servants and politician (Hugh Dalton) as individual actors has shown that, beyond homogeneous groups, each of them had personal networks and affinities that contributed to the overall influence of the Economic Section.

This focus on individual actors has also led to redrawing the chronology. What matters the most is not the Second World War when the context of war made it common for the government to hire economists, nor the late 1940s-1950s when Keynesian ideas were more broadly accepted. I argued that the major breakthrough for the Keynesian revolution, albeit not a brutal rupture, happened between the election of a Labour government (26 July 1945) and the second budget of November 1947. Economists had to manage a return to peacetime economy while maintaining the demand management techniques introduced during the war.

Further studies should widen the focus of this dissertation by analysing the archives of more civil servants within different departments. It would also be relevant to draw a comparison with the late 1970s-early 1980s when monetarist ideas replaced Keynesianism. Using social networks theories in other contexts of economic and political watersheds would allow historians

to refine their understanding of policy change, and to see to what extent the conclusions I have drawn from this case study (importance of social affinities, informal networks, of geographic analyses...) can be generalised. Focusing on social networks gives back to historical actors their agency and can empower people who struggle for policy changes today.

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