

Keynes on Involuntary Unemployment

The concept of involuntary unemployment, which Keynes introduced in his *General Theory*, was put to the test on the laborers on his estate at Tilton, as reported by Quentin Bell:

The farm was less amused when he gave everyone a rise and at the same time announced that the free milk, which was one of the labourers' perquisites, would henceforward be delivered in pint bottles. On the face of it nobody could possibly complain of this, but in fact everyone knew that when the milk was taken home in a can much more than the allotted pint would go home each evening with the labourer and that in fact Maynard would more than recoup the advances in wages. It was an unanswerably just measure . . . but the workers . . . felt more bitterly about it than they would if he had reduced their wages outright.¹

So while it may be the case that

Men are involuntarily unemployed if, in the event of a small rise in the price of wage-goods relatively to the money-wage, both the aggregate supply of labour willing to work for the current money-wage and the aggregate demand for it at that wage would be greater than the existing volume of employment,²

it is not to be taken to mean that a "willingness to work" at a reduced real wage implies an absence of resentment!

¹ Quentin Bell, "Recollections and Reflections on Maynard Keynes," in *Keynes and the Bloomsbury Group*, edited by Derek Crabtree and A. P. Thirlwall (London: Macmillan, 1980), pp. 82–83.

² John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (New York: Harcourt, Brace and World, 1936), p. 15

(Suggested by G. R. Steele)