M. G. Hayes, *John Maynard Keynes. The art of choosing the right model*, Cambridge, UK, Polity Press, 2020, xv + 195 p.

Mark Gerard Hayes, a Quondam Fellow in Economics of Robinson College, Cambridge, was a post-Keynesian economist. From 2006 to 2016 he was the secretary of the Post-Keynesian Economics Society (PKES, formerly known as PKSG). He devoted more than forty years to the study of Keynes's works and, as he indicated in the preface of his last book, which was published shortly before his death and reviewed here, this is rather longer than Keynes took to write them.

Thus, Hayes was one of the most reputed specialists on Keynes, and one of the best scholars to endeavour a concise – only 170 pages including graphs and tables – but ambitious book. Targeted not only at those just wanting an introduction (Hayes indicates that they can read chapters 1 and 8 in isolation) or undergraduates (who should add to their reading chapters 2 to 4), but also at senior economists, who will find in chapters 5 and 6 more advanced questions concerning the development of Keynes's economic thought. Indeed, and despite Hayes' aim to address the book to neophytes, his deep knowledge of the field can mean concepts too advanced for their understanding in several parts of it.

The book is not biographical. Instead, as the summary of chapter 1 indicates, the book charts the development of Keynes' economic thought (chapters 3 to 6) and considers its legacy (chapters 7 and 8), with the principal purpose of restating Keynes' critique of classical economics.

Therefore, chapter 2 provides a clear analysis of the classical theory of employment, interest and money, using a simple corn model which Keynes tried to overcome with his own theory. Using a numerical example, it clearly shows how, assuming particular technical conditions of production (i.e., the law of diminishing returns and the theory of marginal productivity) and the force of market competition, the classical theory determines the levels of production, employment and investment together with the distribution of income. Indeed, Hayes points out that "Classical Theory may perhaps be 'misleading and disastrous' as a guide to policy, but it is not incoherent".

Having considered this classical theory that Keynes was revolting against, chapter 3 delves into Keynes' own theory, *The General Theory of Employment, Interest and Money.* Exposing the principle of effective demand as the core of the work, Hayes shows that the postulate of the classical theory (i.e., full employment as the equilibrium point) is revealed within Keynes' theory as a special case. And, therefore, why Keynes called his theory *general*, as the point of effective demand (which could be, or not be, full employment) is the general case. The chapter continues considering other main topics such as expected income, state of expectation and the multiplier. However, instead of explicitly presenting Keynes' proposal, it stresses many examples of misuse of Keynes' notions, which sometimes brings complexity to the reasoning.

Chapter 4 continues in the same way, contrasting Keynes' thought against the previous classical theory, but addressing some terms that had been misunderstood according to Hayes. This is the case with *liquidity*, a concept used by Keynes to refer to stability of value when the state of long-term expectation changes instead of mere convertibility into money.

However, the main focus of the chapter is to show how Keynes also overcame classical theory in the monetary field. To this end, Hayes shows how Hicks' IS-LM diagram contributed to the continuing confusion of considering *The General Theory* as only a special case within the classical theory. Rather, from Keynes' perspective, what is needed to invest is not saving – as classical theory defended – but money. In that regard, the role of bankers in a monetary economy is nuclear, as they convert debt into money; saving then plays no part in the matter. Following that reasoning, the interest rate is thus not determined by saving – do not reconcile saving and interest – but what balances the demand and the stock of money. It is investment, then, that creates savings, and this investment is governed mainly by forces other than the interest rate which lie outside the model.

Chapter 5 continues with monetary issues, emphasizing Keynes' struggle to escape old conceptions such as the quantity theory. There, Hayes offers a good track of the development of inflation in Keynes' thought from *A Tract on Monetary Reform* and *A Treatise on Money* through to his final *The General Theory,* where he finally breaks with quantity theory and recognizes that inflation cannot be managed by monetary policy alone. Considering *How to Pay for the War* as a first step towards delivered management of demand, Hayes considers Keynes a predecessor of the inflation targeting policy, as he saw both inflation and unemployment as problems to be solved by the state through price stability and full employment.

Up to that point, the book has considered the inner economic issues of an economy. Chapter 6 broadens the scope of the analysis, opening the borders – a monetary economy with exchange rates between currencies – to present Keynes' main international proposals from two different times: his arguments against the Versailles Treaty, and his reform suggestions in Bretton Woods.

The book's last two chapters are dedicated to Keynes' legacy. Chapter 7 begins by reviewing a historical statistic comparing the "Keynesian Era" – roughly the years 1951-1973 – with other periods to show that it delivered, on average, the highest income and lowest unemployment without excessive inflation or borrowing for public consumption – i.e., borrowing only for investment. Thus, Hayes defends that the main ideas with which Keynes was associated were a myth. The chapter moves on with a useful historical record of the reasons that governments' confidence in managing the economy ended and finished off the Keynesian era.

At that point, Hayes asks himself if that also meant the end of Keynesian economics, as "schools of economic thought flourish or wither as the political weather changes". On the political side, he sees it as a powerful tool that contradicts the 'common-sense' idea – that which we apply in the household – that to balance the budget spending cuts are what is needed. What is true for our personal finances is not true for government – as its spending affects its income. On the theoretical side, Hayes alerts us again that mainstream economics attempted to simplify Keynes' contribution through what is known as the neoclassical synthesis. However, he also indicates the two main currents that represented an alternative to it – as they received the influence of Keynes on macroeconomic theory – showing the main propositions of both New Keynesian and Post-Keynesian economics.

Finally, the main part of chapter 8 constitutes a helpful summary of Keynes' main contributions. This allows Hayes to conclude that the present Anglo-American macroeconomic policy framework – i.e., cheap money, inflation targeting, the fiscal response to the 2008 crisis – is broadly Keynesian, meaning that it comes from Keynes' thought. Finally, Hayes reminds us that he has avoided ventriloquism throughout the book but, in the final pages, he lets himself analyse how Keynes' thought could be helpful for today, with particularly emphasis on the European Union. According to Hayes, Keynes would have worked at devising and deploying reforms to protect the EU, advocating for further development of the European project which would ensure peace and prosperity.

With his latest book, Hayes condenses a great amount of his knowledge on Keynes' thought with the aim of making it available to both undergraduates and senior economists. Probably, the book is too advanced in some parts for the former, and too basic in others for the latter.

Ultimately, Hayes – like Keynes – is not only a theoretical economist but a person committed to building a good society through economic reform and activity. Indeed, he has been not only a reputed scholar but the principal founder and first managing director of Shared Interest, a British co-operative society that provides a large proportion of the finances behind the global Fair Trade movement. Perhaps Economics is an exercise in persuasion, but Keynes' and Hayes' lives show us too that the actions of practical economists are also persuasive, as they can inspire new economists to shape a better and fairer economy.

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