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Does Keynes still have anything to say?

What would Keynes have thought in the face of a blockade like the one Cuba has experienced for six decades and that has impeded the development of its society?



The British economist [John Maynard Keynes](#) (1883-1946) was a professor at the University of Cambridge from 1908 and was an adviser to the Ministry of Finance from 1916. During the First World War (1914-1918) he acted as official representative at the Paris Peace Conference and was also president of the Minister of Finance in the Supreme Economic Council. However, as he himself points out, he resigned from those posts "when it became clear that the hope of a substantial change in the projected terms of peace could

no longer be maintained." The reasons for this resignation were set out in his book [The Economic Consequences of Peace](#), published in 1919.



In essence, Keynes severely criticizes the policies of the Conference and the [Treaty \(of Versailles\)](#) that was reached. It carries out a detailed study of the process: Europe before the war, the development of the Conference, the contents of the Treaty, the reparations demanded of Germany, the situation in which Europe remains after the war, the remedies that could be adopted and even the relationship that will have to be maintained with Russia, a gigantic country where the [Bolshevik Revolution](#) by 1917 he had established the world's first "communist" regime. He argues that the victorious countries acted under a climate of revenge and wanted to punish Germany with the harshest measures, such as trying to reduce it to a nation of poor and peasants. War "reparations" included transfers of gold and foreign securities, embargoes, delivery of property on different types of goods (ships, works of art, mines, etc.), transfer of companies, annual payments in cash and in kind, transfer of territories, institutional and administrative controls. For Keynes, all this would impoverish Germany, severely limit its possibilities for reconstruction and development, but also affect Europe. In addition, the emergence of German nationalism would become inevitable, which would react, at some point, against such humiliations. He was not mistaken, because just 14 years later, exploiting that nationalism, the regime of Adolf Hitler was elevated, which led to the Second World War.

El keynesianismo

Es una teoría económica propuesta por el británico John Maynard Keynes, plasmada en su obra 'Teoría general del empleo, el interés y el dinero', publicada en 1936 como respuesta a la Gran Depresión de 1929. El objetivo del keynesianismo fue el de dotar a los Estados e instituciones internacionales de poder para controlar la economía en las épocas de recesión o crisis.

The fame that Keynes acquired, in opposing the terms of the Treaty of Versailles, impacted on Austrian economists and particularly on [Friedrich Hayek](#) (1899-1992), who, once the War ended, in which he was part of the Austrian army, returned to Vienna and devoted himself to the studies of economics, being a disciple of [Friedrich von Wieser](#), founder of Austrian economic liberalism and then went on to work with [Ludwig von Mises](#), another of the great liberals. Hayek developed his first ideas about the beneficial action of the "free market". After moving to the U.S. with almost no money, he wanted to do his doctorate at New York University, but had to return to Vienna, where he returned to work with the government and under the protection of Mises. By then, Hayek was a convinced anti-socialist fanatic. And he soon entered into a debate with J.M. Keynes. The trajectory of this wide and interesting controversy can be traced in [Nicholas Wapshott's](#) book [Keynes vs Hayek. The shock that defined the modern economy.](#)

In the end, Keynes thought that the economy should serve to improve the quality of life of societies. And in his famous work [General Theory of Occupation, Interest and Money](#), published in 1936, he extensively developed his attack on classical and orthodox economic theory, based on the absolute belief about the free market, which Keynes himself confesses to having defended years ago, but which he abandoned. For Keynes, the "economic society in which we live" is unable to achieve full employment and maintains an arbitrary and unequal distribution of wealth and income. He advocated, therefore, state interventionism in the economy, in order to boost demand and thus employment; but, in

addition, he was clear about the role that taxes must play for an adequate redistribution of wealth and singularly highlighted the inheritance tax.



John Maynard Keynes (1883-1946).

Keynesianism became, henceforth, a valid formula for promoting the economies of the capitalist world, including those of the underdeveloped countries. However, Keynes, like Hayek and so many other economic theorists, despite their genius, studied, above all, the economies of the United States, Great Britain and the countries of Europe, where markets, private companies and states operate under different parameters from those of other regions, as is the case of Latin America. We know how Keynes reacted to the measures against Germany at the end of War I. What would he have thought in the face of a blockade like the one Cuba has experienced for six decades and that has impeded the development of its society? On the other hand, the entire Latin American economic history shows that when there were "interventionist" governments with a social vision, which increased state capacities, strengthened state institutions, regulated the economy and executed policies of public services and labor improvements, they always achieved advances in national life. On the other hand, in the hands of entrepreneurs cultivated in oligarchic values of the past, with strangled markets that cannot be understood even moderately as "free" and under policies to reduce the "size" of the State (something unthinkable in the economies of the US or Europe, with large and powerful states) and reduce or forgive taxes on economic elites, modernization or development expected by speculators with theories about "economic freedom" has never been achieved.

The 1980s and 1990s were considered lost in Latin America as business-neoliberal models of economy predominated that accumulated wealth for privileged elites, while

deteriorating life, work and institutionality. In a way, Keynesianism has become indispensable to question the return of the same models that Latin America followed in the final decades of the twentieth century, inspired by theories such as those that, in his time, Hayek handled. And Ecuador has become, since 2017, the best example in the region of the national debacle that is causing a path that aims to consolidate, for the long term, an unprecedented and iron block of business-political power, mobilized only by the most scandalous rentierism, under an environment of private corruption and deinstitutionalization.

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