

Title: Maynard in the Tropics. Theoretical reflections on the applicability of Keynesian ideas in low-income countries.

Abstract: It is generally believed that Keynesian ideas are only useful to deal with recessions in high- or medium- income countries. Indeed, in those cases the issue is to stimulate aggregate demand and re-activate the utilization of an already generous productive capacity. In poor countries, however, Keynesian ideas certainly do not apply. "Development", whatever the meaning one attaches to this word, is not about stimulating demand; it is about creating productive capacities. Development is not going more frequently to the very few and very bad existing restaurants. Development is having more and better restaurants to enjoy in the first place.

However extremely widespread (also among Third World intellectuals), this dominant view is dramatically wrong. In the paper, it is argued that such a dominant view originates from a) a bad understanding of the deep nature of money and b) a bad understanding of the relations between the level of effective income and the growth of potential income. Once these two elements are incorporated into the analysis, it becomes natural to use some of the Keynesian ideas to understand development processes and push them toward some desirable direction.