HOW KEYNESIAN ECONOMICS CAME TO CHINA

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When Keynes's <u>General Theory</u> was published in 1936, English-language copies were soon on sale in China. Professor Chen Dai-sun bought one in Hankow in 1937. Chen, who had received a PhD from Harvard in 1925 and was in 1937 head of the economics department at Peking's prestigious Tsinghua University, did not feel that the <u>General Theory</u> had much relevance to China.

One of Chen's former students, Ou (Wu) Pao-san, had already purchased a copy in Shanghai in 1936. Wu had completed his studies at Tsinghua in 1932 and had been working at the Institute of Social Science under the Academia Sinica. He read <u>The General Theory</u> while en route to the U.S. for graduate study at Harvard. At Harvard (and a brief visit to Cambridge), Wu became excited about the prospects of aggregate analysis, to which he made major contributions noted below.

Educational conditions in China were thoroughly disrupted by the outbreak of war with Japan in 1937. One of the first targets of Japanese bombers was Nankai University in Tientsin, which probably had the best Economics program in China. As the Japanese seized control of the major eastern cities, the major universities evacuated to the interior. Nankai, Tsinghua, and Peking University moved their undergraduate programs to Kunming in the remote south, and their graduate programs were conducted jointly in Chungking, the wartime capital.The war brought accelerating inflation, for which traditional monetary theory seemed to provide adequate explanatory power.

Yenching University in Peking, probably the best of the missionary colleges in China, continued to operate even under Japanese occupation. It was here that Keynes's ideas were first presented, through the activities of Michael Lindsay(b. 1909). He was the son of A.D. Lindsay, a political philosopher who achieved prominence as master of Balliol College, Oxford. Michael graduated from Oxford in 1931, having taken the PPE program (politics, philosophy, economics). After various employments, Lindsay entered Cambridge as a research student in 1937, attended Keynes's lectures, and picked up the enthusiasm for Keynes's ideas. Late in 1937 Lindsay accepted an appointment to Yenching. The British Boxer Indemnity Fund had agreed to finance an experiment, introducing a teaching system patterned after the tutorial system at Oxford.

Arriving at Yenching early in 1938, Lindsay began by offering a tutorial in monetary theory with emphasis on Keynes. A University report noted that Lindsay "has also started on notes for a short book to be called <u>Keynes for Beginners</u> . . . This is to be based on ways of explanation which have been found helpful to his students during this past semester."[1] Among the students in the tutorial were Ho Kuoliang (Alfred Ho) and Ms. Li Hsiao-Li.

Most Yenching senior Economics majors wrote a thesis, and most of these are preserved in the library of Peking University. However, the students in Lindsay's "Modern Greats" tutorial did not write a thesis. This helps account for the fact that although we find thesis titles dealing with the theories of Hayek, Hawtrey, and Pigou after 1937, the first apparently Keynesian title does not appear until 1945: "Research on Employment Theory," by Tung Weilin.

Lindsay's most interesting activities did not, however, involve macroeconomic theories. In 1938 he journeyed into Communist-held territory to find out about their activities first hand. He observed "I was impressed with the Chinese Communists and compared them very favorably with the Communists I had known in England, who were extremely doctrinaire. . . Here the Communists seemed reasonable people and what they were doing was obviously helping the ordinary people."(Lindsay, 1975, pp. 15-16; p. 46). He was especially impressed with their effectiveness in resisting the Japanese, and began underground activities to provide them with medical and other supplies. Soon Ms. Li Hsiao-Li joined these efforts. In June, 1941, soon after her graduation, they were married.

Yenching was able to function with relative autonomy until the Japanese attack on Pearl Harbor in December, 1941. When word of the attack reached them, Lindsay and his wife escaped into communist-held territory. They worked with the communists until the end of the war, chiefly assisting with radio technology and translation. (Lindsay, 1975; Li, 1990?; Stein, 1945, pp. 366-378). After the War, Lindsay held several academic positions, ultimately becoming Professor of Far Eastern Studies at the American University, Washington, 1959-1976. In 1952, on his father's death, he became Lord Lindsay of Birker. He became a strong critic of the communist regime, arguing that ideological dogmatism had obliterated the humane pragmatism which he had initially perceived. In a book entitled <u>China and the Cold War</u> (Lindsay 1955), he drew on Keynes for a powerful analogy to describe political problem-solving:

> In the early 1930s it seemed as if Western civilization might collapse through failure to control the economic situation and existing economic theory did not offer a satisfactory explanation of what was happening. . . People just did not know what kind of action could attain the simple and obvious objective of using idle labour, equipment and raw materials to produce the goods which people wanted. The reactions to this situation were similar to the reactions to the present international crisis. . .
>
> In fact, Western civilization did get through the Great Depression, . . . and by the late 1930's the people who looked on economic crises as challenge and not as fate had developed economic theory to a point which makes it unlikely that the economic system will ever again get as far out of control as in the Great Depression. . .
>
> The crisis has now shifted from economics to

international relations. As in the Great Depression, the obvious feature of the situation is its apparent irrationality. . .

What I have tried to suggest is that the equivalent of Say's law in the theory of international relations is the assumption that most people are acting rationally, that is , that they are doing what, given their available knowledge, is something near what is most likely to promote their intentions.. . . The system becomes intelligible on the assumption that a considerable proportion of political actions are irrational. . . I certainly do not claim to have produced the equivalent in international affairs of Keynes' General Theory, but I do hope that I may have suggested a starting point from which other people may be able to work out a body of theory in terms of which the international situation would be controllable.(pp. 259-261)

One of the earliest commentaries on Keynes published in China appeared in 1940. It was "New Economic Theories and New Monetary Theories," published in Chinese in the Yenching Economic Annual.(Chen, 1940) The author, Chen Guo-ching(1915-) had graduated from Tsinghua University in 1938 and was in 1939 a student in the Adam Smith Institute of Economics in Tientsin.[2] Chen was excited that Keynes proposed to make the theory of money a theory of determination of output as a whole. His article provided a textbookish sketch of the principal Keynesian building blocks: propensity to consume, marginal efficiency of capital, demand for money, and liquidity preference theory of interest.[3] Chen clearly outlined the adjustment process by which monetary expansion would reduce interest rates, stimulate investment, and raise income with a multiplier effect. But he did not explore the critical issues involving the labor market and the degree to which aggregate demand would significantly alter output and employment. Thus the question of whether Keynes's approach had relevance to China's largely agrarian economy was not explored. Nevertheless, Chen was confident that Keynes's work would be "the new Bible" for future economics.

Chen followed this with a book-length study in 1941 entitled The Monetary Theory of J.M. Keynes and its Development. Chen traced the evolution of Keynes's thinking from the Tract and the Treatise.[4] And Yenching's second (and last) Economic Annual (1941) included a review of Keynes's How to Pay for the War, by Wang Chin-hsien.

Significant citations to the General Theory appeared in the Yenching Journal of Social Studies in 1940, in work by John Bernard Tayler. Tayler(1878-1951), a long-time Yenching economics professor, was working with the industrial cooperatives program in west China, (Trescott, 1992, 1993) and in 1940 published a comprehensive study entitled "The Theory of Cooperation:A Preface to Social Economy." Keynes was cited as showing the inherent instability of financially advanced capitalistic economic systems.[5] In such systems, "Equilibrium may be established at a point below full employment(Keynes)."(Tayler, 1940b, p. 41) Tayler argued that a society organized on the cooperative principle could deal more effectively with the achievement of full employment.(pp.44-45)

Keynesian ideas were also brought back to China by Chinese scholars who studied at Cambridge. One of these was Fan Hong(d. 1985) who went to Britain in 1938. Fan's studies were chiefly with Maurice Dobb and Michael Kalecki, but his familiarity with Keynes's work was sufficient to allow him to publish an article in the Review of Economic Studies comparing Keynes and Marx. (Fan-hong, 1939) Fan was obviously a dedicated Marxist and the tone of the article is that "it's all in Marx." Fan focused on two central ideas: first, that shortfalls in aggregate demand are caused by people's failure to spend all their income, and second, that the interest rate is determined by the relationship between money supply and demand for money. Returning to China, Fan worked with the Institute of Social Science, part of Academia Sinica, where he was a colleague of Wu Pao-san. He also taught at Peking University (Beida). He discussed Keynes in his Modern Monetary Theory (Fan 1947) and wrote studies strongly critical of Keynes (from a Marxist viewpoint) in 1957 and 1982.[6]

A much more influential figure, however, was Hsu (Xu) Yunan (d. 1958), another graduate of Tsinghua. Hsu was probably the first Chinese to receive a doctorate in economics from Cambridge, completing his degree in 1940 with a dissertation on the British cotton industry during the Great Depression. He returned to China as a member of the Tsinghua faculty, teaching in the graduate program in Chungking, where the combined programs of Tsinghua, Beida, and Nankai formed the Southwestern Associated Universities. Hsu, like Fan, was a Marxist and had been a friend of Joan Robinson. At Southwest he taught a year course in advanced economics. The first semester concentrated on Robinson's Imperfect Competition, and the second semester dealt primarily with Keynes's General Theory.

At the war's end, Hsu returned to Peking to teach in the restored Tsinghua. He set to work to translate the General Theory into Chinese, with the aid of Wang Chuan-lun, then a Tsinghua graduate student. Publication was delayed by the Communist take-over in 1949. Meantime Hsu published a book entitled Modern Economic Thought in 1949 which dealt with Keynes and other recent western authorities(Hsu 1949). His translation of Keynes finally appeared in 1957 and has remained in print ever since(Keynes 1957).

Keynesian ideas were brought to Anhui University by Teng Mao-tong when he returned to China after completing his studies at the London School of Economics in 1940.[7] Similarly, Wu Chi-yuen returned to China (to Southwest Associated Universities) after completing a doctorate at LSE in 1937. His dissertation on international price theories indicated his familiarity with The General Theory.[8]

The faculty of the Nankai Institute of Economics prided themselves on being in close touch with western economic theory.(Trescott, 1995) After the Japanese destroyed their Tientsin campus in 1937, they reopened their graduate program in Chungking, the wartime capital, in 1939. In 1941, H.D. Fong, one of the leading faculty members, came to the U.S. for refresher study at Harvard, where he learned about Keynes from Alvin Hansen.(Fong, 1972, p. 79). He reported that he "managed to dispatch the first and probably the only shipment of Keynesian and related literature via the Burma Road to Chungking. . .".[9]

In 1942, Fong cited Keynes as authority for this comment on China's prospects:

> Capital within China is derived from credit expansion, as well as excess of production over consumption. Under a unified fiscal policy the four government banks. . . can expand their credit, reduce the rate of interest, and thus encourage investment in China's postwar industrial development. Income from these investments when saved but not consumed will be available for further investments, and thus the process tends to become cumulative and an expanding capital fund may be created for the purpose of financing China's postwar industrialization.[10]

Study of Keynes was incorporated into Nankai's graduate theory courses. Soon graduate students began to publish articles with a strong Keynesian tone. Shang Heng-kang (Sang Yu-bai) published "An Explanation of Full Employment" (July 1942) and "From Marx's Theory of Crisis and Keynes' Theory of Employment to China's Economic Policy," (January, 1943). Both presented competent summaries of Keynes's central concepts but emphasized that China's problem was more nearly akin to the concerns of the classical economists: scarcity of total output and need to use labor effectively for maximum productivity. Shang felt that efforts to follow Marxism in the USSR had harmed productive incentives, but that the "state capitalism" developed by wartime Germany and USSR had potential value as models which might aid in meeting China's need to increase capital and productivity. He echoed the concerns of Marx and Keynes about economic inequality and injustice, but also affirmed the need for private ownership and free competition to achieve efficiency. Shang's articles have an academic ring and appear to support contradictory policies.[11]

Yang Shu-chin produced "Theory of Full Employment and China's Wartime Economic Policy,"(October, 1942), and "On the Price Theory of J.M. Keynes," (November, 1943). Yang's 1942 article was a penetrating assessment of applying Keynesian ideas to China's wartime economic policy. If China was at a position of Keynesian full employment, could output still be increased? Yes, because Keynes abstracted from growth of capital and improvement in technology, both of which could be made growth-producing by appropriate policies. Yang also recognized that government controls could facilitate increase in war production by curtailing non-essential types of investment and by reducing consumption. He urged use of Keynesian demand-management techniques: reducing non-defense spending by government, increasing tax rates, making war-bond purchases compulsory, raising interest rates.[12]

More Keynesian articles by Nankai personnel followed. Chien Yung-kun wrote "Keynes' Theory of Interest" (March, 1944). Nankai Professor Chen Chen-han, who had received his PhD from Harvard in 1940, published "The Monetary Theory of J.M. Keynes"(August, 1943). Nankai's first-year graduate course in Economic Theory came to focus chiefly on Marshall, Robinson, Chamberlain, Hicks, and Keynes.[13]

At Harvard, Chinese graduate students began to produce dissertations with a Keynesian flavor. One of the first was by Fong Shan-kwei (1941), on The Business Cycle and the International Balance of Payments. Fong attempted to develop a dynamic theory of the foreign trade multiplier, incorporating the interaction with the acceleration principle then being developed by Hansen and Samuelson. Fong worked for a time with the League of Nations, then returned to China with the Central Bank of China.[14] Hsieh Chiang (David Hsieh) compared Keynes's ideas with those of a number of other notable economists in The Downturn of 1929:An Attempt at Verification of some Leading Cycle Theories.(1941) Hsieh concluded that it was "the sudden rise in the rate of saving or the downward revision of the consumption function which brought about the downturn in 1929, and only to a smaller degree. . . the decline in investment."(Harvard University, 1941, p. 286) Wang Nien-tzu incorporated Keynesian considerations into a very ambitious study of Industrialization, Monetary Expansion and Inflation (1943).His focus was on the macrodynamics of large-scale investment in less-developed countries.[15]

These studies, which stressed Keynes's theories, were complemented by the activities of Wu Pao-san in the empirical applications. Following his graduation from Tsinghua in 1932, Wu had worked for the Institute of Social Science, a relatively large research organization headed by sociologist L.K. Tao (Tao Meng-ho). Tao had studied in England, knew Keynes personally, and had translated The Economic Consequences of the Peace into Chinese. Wu Pao-san went to Harvard for graduate study in 1936 and completed an MA concentrating on agricultural economics. He then spent a year studying in Berlin, visited Cambridge and became acquainted with Piero Sraffa. Returning to Harvard in 1939, he received a strong exposure to Keynes's ideas from Alvin Hansen and Seymour Harris. He perceived the potentialities for national-income estimation after reading Simon Kuznets's work, as well as pioneering studies of the national incomes of Sweden and Hungary.

Wu returned to China in 1940 to find that the Institute had moved inland, to Lichung in Szechwan province. Wu persuaded L.K. Tao to commit the Institute to work on national income estimates for China. He recruited five assistants from recent university graduates. His national-income project began in 194l and extended until 1946. This resulted in a two-volume publication in Chinese.(Ou,1947) An English-language summary was published in the Journal of Political Economy (Ou 1946) The work concentrated mainly on 1933, reflecting the unusually detailed data for that year which had been previously compiled by D.K. Lieu. Wu's estimates became inputs for subsequent estimates by T.C. Liu noted below.[16] In 1947, support from the Rockefeller Foundation enabled Wu to return to Harvard to complete a PhD. John Black directed his dissertation, which dealt with capital formation and consumers' outlay in China, making use of the national income estimates.

From 1946, Chinese universities returned to more nearly normal operations, and a number of Chinese returned from study in the West. According to Wang Chuan-lun, Keynesian economics was quite popular among Chinese economics faculty and students in the late 1940s. However, the pressing issues of the time in China were the hyperinflation and the "social questions", notably those involving peasant well-being, which were being agitated in the Communists' struggle for power. Among the "returned students" who devoted some attention to Keynesian economics (though perhaps not as advocates) were Chiang Sho-chieh and Liu Ta-chung(T.C. Liu). Chiang (b. 1918) had completed a doctorate at the London School of Economics in 1944 and had imbibed some of the anti-Keynesian backlash associated with F.A. Hayek. He taught at Peking University and Yenching in the late 1940s. Better known as S.C. Tsiang, he subsequently became a leading critic of Keynesian views.

T.C. Liu (1914-1975) had completed a PhD at Cornell in 1940.(Klein, Nerlove, and Tsiang, 1980). During the War he worked for the Chinese Embassy and began assembling data on China's national income, which he published in 1946.(Liu, 1946). In that year, he returned to China, teaching at Tsinghua and Beida. That same year, Simon Kuznets came to China as an adviser to the Nationalist government. One of his activities was to make a critical evaluation of the estimates by Wu and Liu. This feedback was then incorporated by Liu into a massive study of China's postwar national income.(Liu and Yeh, 1965, esp. p.vii; Yeh, 1979, pp. 95-96, 120-121).

Both Tsiang and Liu left the country in face of the coming Communist takeover. In later years, both were among the principal advisers who influenced Taiwan toward a liberalized economic policy widely credited for its impressive economic development. Alfred Ho also left China to begin a long academic career in the United States, principally at Western Michigan University (AEA Directory, 1981, p. 196)

The coming of "liberation" by the Communists in 1949 meant great change for the universities and intellectuals. Yenching University was closed down, while Tsinghua was converted into a polytechnic institution. Many of their economists, including Hsu Yunan, were transferred to Beida. Hsu worked with the Russian professors who came mainly in 1953 to shift the curriculum toward Marxism. He studied Russian and lectured primarily on the history of theories of surplus value.

Wu Pao-san's research organization was reorganized to become the Chinese Academy of Social Science(CASS). All the members were "re-educated" in Marxism in 1950-51 and, like the university faculties, participated in land reform activities in 195l. Wu became a deputy director within CASS, but found that the new regime did not want to prepare national income data in the western manner. Wu did not want to work with the Soviet-style "material-product" estimates, so he turned his attention increasingly to studying the history of Chinese economic thought, a subject dear to the heart of Mao Tse-tung.

In 1957, Wu Pao-san, Hsu Yunan and Chen Chen-han were among a number of Chinese economists who responded to Mao's "hundred-flower" invitation by offering criticisms of the way the new regime was handling economic and educational matters. As a result, they were persecuted as "rightists." The attack was based, apparently, on their outspokenness rather than on their Keynesian linkages. Hsu died shortly afterward, reportedly of cancer. Wu was able to return to professional work after persecutions in the Cultural Revolution.

After 1957, whatever economics was taught in the oft-disrupted universities was dominated by Marxism. Western ideas were still presented, but not as tools to be used to understand economic reality. During the early 1960s, for instance, Gao Hongye, a Colorado PhD teaching at Beijing's People's University, translated the first ten chapters of Samuelson's Economics, which was published in 1964. Gao translated the entire tenth edition in 1980. He followed this by preparing a new translation of Keynes's General Theory which is about to appear.

The details of the introduction of Keynes's ideas into China tell us a number of things. The story is a testimonial to the power and excitement associated with Keynes's ideas, that they would travel so far into such remote regions within five or six years. It is also a testimonial to the dedication and eagerness shown by the leading Chinese economists to keep up to date with intellectual developments in the profession, despite their entrapment by a dreadful war, severe inflation, and exile into an unfamiliar part of their country. And just as the Second World War stimulated acceptance of Keynesian ideas in the West, the war against Japan had a similar effect in China. H.D. Fong's concern and the numerous articles in the Economic Reconstruction Quarterly reflect eagerness by Chinese to learn policy measures to deal with economic management in wartime.

How useful were Keynesian ideas in the Chinese context? First, let us acknowledge their important role as a stimulant to Wu Pao-san's pioneering work in estimating Chinese national income data. However, the kind of labor-market disequilibrium which was central to the General Theory had little parallel in China, as Yang Shu-ching (1942) clearly discerned. Yang's article also demonstrated that Keynesian notions of demand management could usefully be applied to China's inflation. However, the inflation, arising out of traditional wartime "currency finance" certainly did not require Keynesian tools. This can be illustrated by an exceptional article of January, 1941, surveying the journal literature on China's inflation. It was written by Tsui Shu-hsiang who had just rejoined the Nankai faculty after her studies at Radcliffe, where she was ABD. One can imagine that she, like her husband Chen Chen-han, shared some of the Keynesian ambiance. However, the traditional categories of the equation of exchange were also used. Tsui dismissed the numerous commentaries attributing inflation to product shortages, increase in wages or other input costs, or foreign-exchange depreciation. She praised the view of her Nankai colleague, Li Choh-ming, that "the kernel of the price problem lies largely in the increase of consumers' income as a result of government spending financed by note issues."[17] The quotation demonstrates an effective blending of Keynesian and traditional monetary analysis which was well adapted to the Chinese context.

References

Many of the details of this paper were based on interviews with a number of senior Chinese economists: Chen Dai-sun, Wang Chuan-lun, Wu Pao-san, Chen Chenhan, Tsui Shu-hsiang, and Gao Hong-ye. These were conducted in Spring, 1992 in Beijing. Michael Lindsay responded to telephone inquiries, and Alfred Ho, Chen Guo-qing and Yan Zhijie kindly corresponded with the author.

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The Adam Smith Institute was founded by Professor Yuan Hsien-neng around 1939. was primarily a teaching institution directed to the study of western econom ideas, including those of Keynes. According to Professor Chen, Yuan was among t first Chinese economists to teach about Keynes in China. Others were Professo Yang Duan-lu and Wu Da-ye. Letter from Professor Chen Guo-qing to author, Oct. 1993.

All of Keynes's special terms were given in English as well as Chinese. Wu Naic interpreted Chen's article for me.

Chen's long academic career has included translations of Wieser's <u>Natural Va</u> and selections from works by Hicks, Bastiat and Schumpeter.(Nankai Universi 1990, pp. 92-94).

"The speculative character introduced into business by its competitive, profi seeking basis is extremely far reaching. . . . It is not possible to trace t working of these factors in detail here, but many illustrations are to found, f example, in J.M. Keynes' realistic discussion of such a topic as "the margin efficiency of capital" and "longterm expectation" or his "notes on the tra cycle." Industrial fluctuation, therefore, is not. . . the regrettable b inevitable price of progress, but the result of our particular choice of a bas for association in the business unit." Tayler, 1940a, p. 258.

According to Professor Yan Zhijie, Fan suffered severe persecution from t Communist regime both during the anti- rightist campaign of the late 1950s a during the Cultural Revolution. Letter to author, Oct. 18, 1993.

Information from Wu Ching, who also reports that Teng translated Keynes biography. See also Biographical Dictionary. . .1990, p. 767.

According to Wu, The General Theory "gives an excellent demonstration of t connection between the quantity of money and the volume of employment." Wu agre that Keynes extended ideas found in the mercantilists. (Wu 1939, p. 57)

Fong 1972 p. 45. He also referred to Keynes in his National Planning Associati pamphlet on postwar industrialization in China: "

Many modern economists, under the leadership of John Maynard Keynes, lay stress on the expansionist tendencies of full employment and maintenance of a high level of living, and challenge the traditional views on saving and investment. According to them, if foreign investment be assigned a new role of helping to develop the resources of capital-deficient countries after the war, . . . the servicing of foreign loans may not become such an immediate matter of concern. Long-term financing may then be possible, and the responsibility for debt servicing may not arise until the borrowing nation. . . has developed sufficiently so that fuller use of resources and higher level of income will in turn provide the necessary means for the repayment of these loans. Fong 1942a, p. 67, citing Hansen, Fiscal Policy and Business Cycles. In this passage, the uniquely Keynesian elements are not obvious.

. Fong 1942a, p. 49. These remarks, while sensible enough, do not seem particular Keynesian; they could have been written by mainstream economists in the 1920s.

. Sang received a PhD from Harvard in 1947 with a dissertation on capital formati and immediately joined the United Nations Organization, serving as a seni economist until 1978. AEA Directory, 1993, p. 418.

. Yang's policy recommendations certainly outran the demonstrated competence a honesty of the Chinese government of 1942, but his treatment of Keynes's ideas w well done. Yin Hong interpreted Yang's article for me.

. "Annual Report of the Nankai Institute of Economics. . . July 1942- June 194 Appendix V;(Folder 440); "Nankai Institute. . . Twelfth Annual Report to t

Rockefeller Foundation July 1, 1943 to June 30, 1944," pp.15, 17;(Folder 44(Franklin Ho to Marshall Balfour, March 13, 1945,(Folder 437, all in Box 52, Seri 601, RG 1, Rockefeller Archive.)

. Harvard University, 1941, pp. 271-5 provides a convenient abstract; H.D. Fong Roger Evans, May 3, 1947, in Folder 601S, Box 51, Series 601, RG1.1, RA.

. Wang returned to China and was serving in 1947 as Assistant Chief in t Department of Finance, Northeastern Economic Mission, Mukden.

. The numerous references to Ou's work in Liu and Yeh 1965 are not indexed. Th appear on each of the following pages: 433, 436-7, 445, 448-450, 500, 502-4, 5(511, 514-32, 534-8, 540, 552-8, 560-4, 570, 572, 576-7, 580, 583-8, 590, 598-6(603-6, 609, 620-1, 624-6, 632. See also references in Eckstein 1969, pp. 89, 17 178, 341, 359, 387; Feuerwerker 1977.

. Tsui 1941, p. 185. Li Choh-ming joined the Nankai faculty after completing h doctorate at Berkeley in 1936. His familiarity with Keynesian analysis is evide though not emphasized in his writings which focused on international financ After 1949 Li taught at Berkeley for many years and ultimately became president the Chinese University of Hong Kong.

Keynesian Economics is an economic theory of total spending in the economy and its effects on output and inflation developed by John Maynard Keynes.Â He believed the government was in a better position than market forces when it came to creating a robust economy. John Maynard Keynes (Source: Public Domain). Keynesian Economics and Fiscal Policy.Â Keynesian economists focus on lower interest rates as a solution to economic woes, but they generally try to avoid the zero-bound problem. As interest rates approach zero, stimulating the economy by lowering interest rates becomes less effective because it reduces the incentive to invest rather than simply hold money in cash or close substitutes like short term Treasuries. Keynesian economics (or Keynesianism) is the view that in the short run, especially during recessions, economic output is strongly influenced by aggregate demand (total spending in the economy). The theories forming the basis of Keynesian economics were first presented by the British economist John Maynard Keynes. CONTENT: A-B - C-D - E-F - G-H - I-J - K-L - M-N - O-B -Q-R - S-T - U-V - W-X - Y-Z - See also. Sorted alphabetically by author or source. Keynesian economics is an economic theory named after John Maynard Keynes, a British economist who lived from 1883 to 1946. He is most well-known for his simple explanation for the cause of the Great Depression. His economic theory was based on a circular flow of money, which refers to the idea that when spending increases in an economy, earnings also increase, which can lead to even more spending and earnings.Â How many rich people pay their fair duties and taxes to their countries? How many offshore accounts are there, as well as safe heavens to avoid taxes? That's the ugly face of liberal capitalism. The rich are richer, the poor are poorer, and the middle class is disappearing.