

# The Economic Consequences of Austerity Economics; Europe's Performance and Keynes' Intellectual Heritage

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**Abstract:** In view of Keynes' intellectual heritage the essay highlights why one should expect that internal devaluation policies applied in the EU springing from classical orthodoxy, are futile and counterproductive in restoring economic activity. It highlights that Keynes's despair at the failure of the political and economic establishment of his own day to counter the Great Depression applies equally to current events. In summary, if private individuals or firms are unwilling to spend on new capital investment then it is essential the government does it for them. The central message of this essay is the vital necessity for the efforts to recovery to be well-orchestrated, well programmed by the strategic intervention of the government to increase economic activity.

Keywords, internal devaluation, Austerity, Keynes, European economy