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REVIEW ARTICLE

Michal Kalecki on capitalism

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(Reviewing: J. Osiatynski (ed.), *Collected Works of Michal Kalecki*, Vols I and II, Oxford, Oxford University Press, 1990 and 1991)

Introduction

The appearance of a definitive English Language collection of Kalecki's works, edited by Jerzy Osiatynski, is an event to be warmly welcomed. The collection makes available articles previously published in obscure places, as well as important articles which have been translated from the Polish and Italian. They thus make many of Kalecki's major contributions available to a general audience for the first time. These first two volumes of a projected seven-volume set deal with topics which throw light on capitalist dynamics. They begin with pre-World War II papers stemming from Kalecki's reaction to the Great Depression and close with his articles in the *Economic Journal* of 1962 and 1968 on growth processes of the modern capitalist economy, as well as the posthumously published *Kyklos* paper about the nature of class struggle, and the first English publication of a joint paper on the possibility of reform in capitalism, 'Observations on the "crucial reform" '.[1]

Kalecki's contributions to economics cover nearly the whole range of economic analysis, with widespread interests from the economics of capitalism, socialism and less-developed economies, to insights into political theory. Kalecki was one of the founders, with Ragnar Frisch, of the mathematical theory of economic dynamics and the trade cycle, with both contributing important insights in 1933 (Frisch, 1933; Kalecki, 1933). His contributions to the theory of effective demand were of such importance that there are still arguments as to whether it was Keynes or Kalecki who first developed the analysis. Although this is not the appropriate place to judge the debate, it does indicate the pivotal role Kalecki played in developing the contemporary theory of employment and growth. 'Money and real wages' (originally published in 1939, reprinted in *Works*, Volume 2, pp. 21–50) remains one of the most clear and outstanding statements of the principle of effective demand, with its

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[1] Originally published in the economic quarterly of the Italian Communist Party, Kalecki and Kowalik (1971).

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refutation of the argument that a reduction in wages is the cure for unemployment. Rereading the paper, more than 50 years after its original publication, the reader is still struck by its vision, while its central message remains as relevant today as when it was originally written.

Kalecki's analysis of pricing and imperfect competition has been praised by Joan Robinson, one of the founders of the theory of imperfect competition, as having 'transformed the highly academic theory of imperfect competition into a realistic account of the formation of prices' (Robinson, 1971, p. 89).[1] His contributions to our understanding of the role of the state within the economic sphere represent original efforts in the realms of both political economy and political science.[2]

However, it is not the list of contributions to economic theory which represents Kalecki's greatest achievement. This is to be found within his vision of economic society and its laws of motion, and with his overwhelming concern with social justice and the alleviation of poverty. His method of looking at economies, and then trying to model what he *saw* there, rather than relying on general theories, explains why he was able to open a new conceptual framework for the understanding of actual economies. Kalecki concentrated on the basic structural characteristics of economies. As not all economies had the same structural characteristics, he focused on what he regarded as the key ones.[3]

It should be said at the beginning of this review that Osiatynski has captured well the freshness of Kalecki's early work and the major contrasts with the analytical techniques and 'vision' of J. M. Keynes and of more orthodox economists. On display, too, are the deep insights of the famous Polish economist in his mature years concerning the destabilising tendencies he discerns at the heart of a modern Western economy.

Also apparent in these collected papers is Kalecki's outlook, rooted in a background of teenage poverty and political consciousness. For all his contributions to a 1930s Cambridge-style mixture of imperfect competition theory, effective demand theory, discussion of financial capitalism and untangling of growth and cycle, Kalecki remains very different in style to the Cambridge tradition of the 1950s and 1960s. It is, in fact, essential to the understanding of the volumes under review to locate Kalecki in his background as a central-European Marxist and democratic socialist devoted to a study of the 'contradictions' of capitalism. While he was self-educated in economics, Marx's theory of expanded reproduction, Rosa Luxemburg's analysis of inadequate market outlets and criticism of Say's Law, and Tugan-Baranovsky's dicussion of inter-sectoral relations during a process of economic growth formed the intellectual background to his thinking.[4] From these he developed the subject matter of his studies on capitalism, namely, contradictions which manifested themselves in persistent excess capacity, self-generating business cycles, stagnation tendencies and labour unemployment, the reserve army of the unemployed, as intrinsic to the functioning of the system.

A great deal of this is far from the spirit of both Keynes and, particularly, the neoclassical/Keynesian synthesis. There is then a sense in which the admirable efforts by Klein, Joan Robinson, Feiwel and others to claim Kalecki's priority over Keynes' *General Theory* in setting forth a framework to 'lift the fog' (in Joan Robinson's words) is a touch superfluous. However, like Keynes, Kalecki's models were certainly a product of the Great Depression, a body of ideas that reflected the fear of a post-war depression. Here

[1] See also Robinson (1969) p. viii and Robinson (1953) p. 241, where she also praises Kalecki for bringing the theory of prices into touch with the theory of employment.

[2] See, for example, Kalecki (1943) and Kalecki and Kowalik (1971).

[3] See Harcourt's Foreword to Kriesler (1987).

[4] Kalecki explicitly discussed their work in 'The problem of effective demand with Tugan-Baranovsky and Rosa Luxemburg', reprinted in Volume 2.

Kalecki's concerns were similar to those of Fellner, Alexander and others who strove to mitigate the impact that such a depression would have on a long-suffering public—although Kalecki's concerns were to transcend the depression. Kalecki saw that, even outside a depression, there are serious sociopolitical constraints on full employment (Kalecki, 1943), and that the maintenance of full employment would require a permanent budget deficit (Kalecki, 1945).

Before moving on to Osiatynski's treatment of Kalecki's dynamics, a word is in order about Kalecki and Cambridge, as this is the emphasis that readers of this journal may expect to see as a result of Joan Robinson's 'Kalecki and Keynes' (Robinson, 1975), and elsewhere, as well as the various remarks made by Kahn and Kaldor. Austin Robinson (1949, p. 42) in his evaluation of Keynes raised the 'Kalecki issue' in typically candid style:

> I do not think it is necessary if one would advance Keynes' claim to greatness, to argue that we might not have reached the same destination by other routes at a later date. To name only one other, Michal Kalecki was independently approaching the same goal.

It seems to us that Kalecki's contributions to Cambridge economics (including inputs arising from his visits in 1937–1938, 1955 and 1969) have been important. These would include his linking of the analysis of effective demand to the analysis of imperfect competition, the restoration of a fundamental role to distribution, and his analysis of the cycle. Kalecki's contribution enabled people to look at 'Keynesian economics' without the confusions caused by the 'hangovers' of the older neoclassical theories of the market and of factor income distribution, remnants of Keynes's unfinished 'struggle to escape'. Kalecki forced the student of political economy to draw a sharp distinction between those economists who studied Keynes because of his insight into effective demand and the instability of capitalism,[1] and those who, instead, sought to integrate Keynes's ideas into neoclassical frameworks (Samuelson, Hicks and Modigliani in particular). Kalecki completely undermined the criticism of Keynesian analysis over the possible omission of 'real balance' or 'Pigou' effects, and the argument that downward price flexibility would restore full employment owing to wealth effects. According to this argument, wage reductions, by causing price reductions, will lead to an increase in the real value of monetary assets. If wealth is taken as a determinant of consumption, then this will lead to an increase in consumption which will eventually restore full employment. In 'Professor Pigou on "The classical stationary state" a comment' (originally published in 1944, reprinted in Volume 1, pp. 342–3) Kalecki showed that this mechanism was unlikely to operate satisfactorily. To the extent that the stock of money is backed by liabilities to the private sector in the form of credits to firms and individuals, deflation will merely redistribute income from borrower to lender, therefore actually reducing consumption. It is only on that part of the money stock for which the offsetting liability is held outside the private sector, i.e. backed by gold or government securities, that the real balance effect can operate. However, this will be offset by the potential for insolvency arising from the increased real burden of private debt, as well as the resultant impact on expectations which is likely to swamp the effect on consumption:

> If in the initial position the stock of gold is small compared with the nation's wealth, it will take an enormous fall in wage rates and prices to reach the point when saving out of full-employment income is zero. The adjustment required would increase catastrophically the real value of debts, and would consequently lead to wholesale bankruptcy and a confidence crisis (Volume 1, p. 343).

[1] Recent examples include Harcourt (1965), Rowthorn (1981) and Wood (1975). In the older generation, Kaldor's writings on cycles and their connection with income distribution, e.g., Kaldor (1956) and Joan Robinson's early growth theory, e.g. Robinson (1952) owe a lot to Kalecki from this point of view.

Another 'Cambridge' connection from the analytical point of view, which emerges in a number of places in Volume 1, is Kalecki's discussion of the problem of 'realisation' of profits (to use Marx's term). Here the analysis runs as follows: an autonomous increase in the level of investment expenditure will govern savings through an expansion of the capital-goods sector in a situation of unemployment and excess capacity. This will increase capitalist income. Investment will tend to govern income by increasing total profits—a line of thought suggested in Keynes's *Treatise* and developed further in the Cambridge theory of distribution of Kaldor, Joan Robinson and Pasinetti.

The adjustment of savings to an autonomously given level of investment follows naturally from Kalecki's use of the Marxian department schema.[1] As Joan Robinson pointed out on several occasions, this was the same thing as Kahn was trying to do when he elaborated his employment multiplier, in 1930–1931, drawing a dividing line between the capital goods sector and the consumer-goods sector (see Robinson, 1975, p. 96).

Biographical note[2]

Kalecki's career and the connections between his research interests and his occupational profile have been well documented by the editor Jerzy Osiatynski, and the relevant sections supplement and expand what we know from the previous major biography (Feiwel, 1975). The essential phases of Kalecki's career may be briefly summarized. He was self-taught in economics, being familiar with some of the Eastern European Marxian literature as a student. His early formal study as an engineering student at the Warsaw and Gdansk Polytechnics was interrrupted by family poverty. After a period as an economic journalist, Kalecki was, from 1929, employed in the Warsaw Research Institute for the Study of Business Cycles and Prices. Here his empirical work was mainly concerned with industry studies and with macro-economic trends. In 1933 he published *An Essay in the Theory of Business Cycle* (in Polish); a paper also delivered to the international Econometric Society in 1933, and published in altered form in the *Review of Economic Studies*, 1937. These interests were being pursued at about the same time as Keynes's *General Theory* was being discussed in Cambridge. His interests in these issues reflected his empirical work at the Warsaw Research Institute for the study of Business Cycles and Prices, as well as his training as an engineer and his knowledge of the building industry.

Journeying to Stockholm and London in 1936 on the proceeds of a Rockefeller Foundation fellowship, Kalecki participated in dicussions concerning the Great Depression and was involved in the development of techniques for analysing macro-economic instability. At the end of 1936 Kalecki resigned from the Institute as a protest at the dismissal of two of his colleagues. After a period as researcher at Cambridge (mainly on price trends and 'average-cost pricing') he took up a post at the Oxford Institute of Statistics where he became a dynamic force and played a leading role in guiding research. He worked closely with Balogh, Mandelbaum Martin, Burchardt, Schumacher, Steindl and other refugees from Nazism. Ignored in the discussions as to a suitable replacement as Director for the retiring Bowley, he decided to leave England (with apparent reluctance).

A new phase opened with a stint at the International Labour Organisation in Montreal and, from 1946 to 1955, with a post as Deputy Director of Economic Affairs of the UN

[1] In fact, it has been argued that Kalecki 'provides a natural bridge between Marx and Keynes and between Marxian and Keynesian economists' (Sardoni, 1987, p. 124) at the same time providing more acceptable and 'realistic' microfoundations for the analysis of unemployment and effective demand. (See Sardoni, 1987, Chapters 8–10.)

[2] This section draws heavily on Osiatynski's Introduction to Osiatynski (1990).

Secretariat where he (with his staff and other teams) produced some notable World Economic Reports and studies on ways to avoid post-war inflation. Forced to resign from the UN in 1954 as a result of McCarthyism, Kalecki returned to Poland. After 1955, Kalecki's work was mainly directed at helping to improve planning methods and techniques in socialist Poland, although he continued to work on capitalist dynamics and published major works which appear in Volumes 1 and 2 of the *Works*.

During his time at the UN, Kalecki became interested in problems of developing economies and during that time, as well as after leaving, he advised the governments of many developing countries. His writings on these areas are to be the subject of Volume V of the *Collected Works*.

Kalecki's early writings on capitalism

Those aspects of Kalecki's approach which show his Marxist insights most clearly are the early articles of the 1930s, reproduced here in Volume 1 of the *Collected Works*. It is of interest to note that these early works were not published in academic journals, appearing in socialist papers and popular journals, and contain Kalecki's analysis of the 'continuing crisis of capitalism'.

In 'Mr Keynes' predictions' he offers an alternative 'vision' as to why the UK crisis of 1932 was prevented from worsening. While Keynes argued that this was a result of the abandonment of the gold standard Kalecki suggested that Britain's general position would depend on the inflow of gold from India and on the dangers of a further deepening of the world crisis.

In 'Is a capitalist overcoming of the crisis possible?' he criticises Cole and the Soviet economist Varga for failing to distinguish a structural crisis of capitalism from a medium-term recessionary phase of the business cycle (a distinction that many Marxist economists have failed to keep, with disastrous consequences) and, as a result, for being over-optimistic about the stability of capitalism. The recessionary phase of a cycle, he suggests, can be overcome within the framework of the capitalist system, while structural crises cannot. In fact, once external factors which might contribute to the overcoming of the crisis (e.g. a war-time boom) had run their course, the question would then arise of the social cohesion and viability of capitalist society. The decisive factor, according to Kalecki, will then be 'not the economic but the social one—the position taken by the working class' (Volume 1, p. 53).

In his 1931 article, 'The world financial crisis', Kalecki makes a prediction about the policies that will be pursued by European nations flung into inter-imperialist rivalry. In relation to France, he points out that national policy was directed towards protecting the interests of financial capital by forcing the rest of the world to deflate. In England, by contrast, following 'the suspension of the gold standard [and] the devaluation of sterling', 'the industrialist has triumphed over the banker'. While devaluation threatens the pre-eminent position of the City as banker of the Empire and much of the rest of the world, industry dreams of capturing export markets. For Germany Kalecki makes a startling prediction:

> it is possible that when the agreement on the non-withdrawal of short-term deposits expires . . . the "Hitlerite folk" will enter the scene and supersede the German capitalists in declaring a moratorium on foreign debts (Volume 1, p. 40).

In connection with the election of the Blum government in France, Kalecki wrote 'Lessons of the Blum experiment', which was written in the late 1930s, after Kalecki had left Poland, and was the result of a visit to France. Republished here, it is an article that one can only admire for its political insight. Apart from verification of his own treatment of money wages by statistics, this piece concerns itself with ways in which a future Popular Front government can learn from the failures of the Blum experience and develop economic policies which will have more hope of success.

The other significant article from this early batch, 'Three systems', written in 1934 is very different, as it is dealing with more abstract concerns in a novel manner. It is concerned with the general theoretical question of what the specific conditions are under which a change in money wages will cause a change in real wages and, therefore, a change in the share of wages in national income. Utilising reproduction schemas, the paper focuses on intersectoral flows. It begins with a fruitful discussion (*Works*, Volume 1, pp. 203–4) of the relations between the wages of the producer-goods sector and the surplus of the consumer-goods sector within an implicit framework of Marx's equations of expanded reproduction. In the other 'systems' constructed in the article, in sections which are already causing controversy among those who have rediscovered the piece, the author deals with the relationships, immediate and less immediate, between the interest rate, level of output, investment and the velocity of circulation of money. A complication in the interpretation here is that the Polish word for 'balance' has been rendered in the text as 'equilibrium'. In fact, what occurs in the model is a balance between flows of resources between the capital-goods and consumer-goods sectors. This is quite different from the equilibrium notion of general equilibrium analysis which relates to stocks and is static in character. Kalecki is thinking of the relationship between the wage-bill of the producer-goods sector and the surplus of the consumer-goods sector. This balance is necessary at the end of the period when the consumer-goods sector finds a market, generated in the capital-goods sector, which is just large enough to dispose of its surplus, to provide a situation where there is no unintended accumulation of inventories of consumer goods. Kalecki is interested in this relationship, as Marx was before him, and is not primarily concerned with how a neoclassical-style equilibrium is established. It is an interesting piece, in which the analysis anticipates that of Keynes much more closely than elsewhere in Kalecki's works, possibly because, as the editor notes, it is set within the equivalent of a Marshallian short period.

Capitalist dynamics

For many people, the most lasting part of Kalecki's work is likely to be his theory of how autonomous cycles are generated in the capitalist economy. Kalecki's contributions here have been absorbed by good textbook writers (Allen, 1965, ch. 8.4–8.6; Allen, 1967, pp. 369–74; Evans, 1969, pp. 383–6; Gandolfo, 1980, ch. 4, s 3.1) and comparisons have often been drawn between the Kalecki model and that of Hicks (Swan, 1950) and of Kaldor (Lange, 1941, p. 191). One important difference was that Kalecki did not rely on any notion of equilibrium and, as a result, a virtue of the Kalecki model is that it does not need to assume inherently unstable equilibria. Further, Kalecki used a mixed difference-differential equation to capture the essence of the cycle, a technique which has not been well developed in the literature.[1] The theory explains the business cycle in terms of fluctuations in what, today, would be called the marginal return on investment resulting from the accumulation and decumulation of capital and from the effect of

[1] See Gandolfo (1980), p. 527. Gomulka *et al.* (1990) raise some questions as to the validity of Kalecki's treatment of the stability of the trend growth rate of output.

investment on income (although there are many other aspects brought in, as is explained below). The fact that Kalecki's model leads to a four-phase cycle also meant that the whole discussion has the virtue of great simplicity. In the various versions of the Kalecki model reproduced by editor Osiatynski (*Works*, Volume I, pp. 65–108; 120–38; 139–43; 235–318; 529–57) this is most clearly seen. It is also in these pages that we notice very often a quintessential Kaleckian perspective—that periodic crises emerge because 'investment is not only produced but also producing' (*Works*, Volume I, p. 554). Investment spending as a source of effective demand brings prosperity, but is double-edged because investment is at the same time an addition to capital equipment and right from the beginning of its placement it competes with the older generation of equipment, leading to excess capacity. Admirers of Kalecki have long enjoyed and benefited from the paradox that he pointed to in colourful language back in 1936–1937:

> The tragedy of investment is that it calls forth the crisis because it is useful. I do not wonder that many people consider this theory paradoxical. But it is not the theory that is paradoxical but its subject—the capitalist economy (*Works*, Volume I, p. 554).

Since investment is regulated in ways mentioned above, Kalecki is often seen to have a capital-stock adjustment principle which is combined with the behaviour of business savings to trace out the path of the cycle. Whereas in Hicks's model the amplitudes are contained by a ceiling (labour and output bottlenecks) and a floor (autonomous investment), Kalecki does not ever have firms getting to the feasible peak of the boom (from the viewpoint of full employment) owing to some excess capacity hangover. Throughout most versions of his analysis, the turning point is determined by the relationship between the rate of profit and investment, as is apparent in the following passage written in 1962:

> When investment reaches its top level during the boom the following situation arises. Profits and national income, whose changes are directly related to those of investment, cease to grow as well, but capital equipment continues to expand because net investment is positive. The increase in productive capacity is thus not matched by the rise in effective demand. As a result, investment declines, and this causes in turn a fall in profits and national income (*Works*, Volume 2, pp. 417–8).

The overwhelming importance of this aspect of Kalecki's 'vision' may also be seen from an innovative inclusion in the notes of a rather difficult to obtain, but extremely important, paper by Joseph Steindl entitled 'Some comments on the three versions of Kalecki's theory of the trade cycle' (Steindl, 1981, reprinted in Kalecki, *Works*, Volume 2, pp. 597–604). This article explains how in each version of his cycle model Kalecki had different accounts of the determinants of investment, but, nevertheless, concludes that the various versions of the cycle are linked.

In all Kalecki's versions of the theory of the trade cycle, trend and cycle are indissolubly mixed. In the earlier versions of the theory, Kalecki attempted to separate 'short and long-run influences' in a manner which he subsequently found unsatisfactory:

> I started by developing a theory of the "pure business cycle" in a stationary economy, and I later modified the respective equations to get the trend into the picture (Vol. 2, p. 434).

His rejection of this position was due to his later view that:

> In fact, the long-run trend is only a slowly changing component of a chain of short-period situations, it has no independent entity, and the [analysis] should be formulated in such a way as to yield the trend-cum-business cycle phenomenon (Vol. 2, p. 434).

For both trend and cycle, exogenous shocks are required to stop the system arriving in a state of rest. (See Steindl, 1981, reprinted in *Works*, Volume 2, p. 604 and Sawyer, 1985B, pp. 57–8.) This is particularly important with respect to growth in capitalist economies, which Kalecki saw as relying on 'outside' factors:

It follows that in our approach the rate of growth at a given time is a phenomenon rooted in past economic, social and technological developments rather than determined fully by the coefficients of our equations as is the case with the business cycle. This is very different from the approach of the purely 'mechanistic' theories . . . but seems to me much closer to the realities of the development process (Vol 2, p. 450).

A key element in all versions of Kalecki's economic dynamics is the determination of investment. Kalecki makes it clear that this part of his analysis was the one with which he was least satisfied, so that he was continually modifying it. Classical and neoclassical economists have presented an analysis in which there is a causal relationship running from savings to investment. For Kalecki, like Keynes, the direction of causality is reversed. However, there are important features of Kalecki's theory of investment which differ from those of Keynes and which need to be identified. Firstly, Kalecki made much of the distinction between the investment decision and the resulting investment; the time lag between them, arising from the time necessary to take orders and for the equipment to be built etc, allowed for changes in 'entrepreneurial reactions'. Secondly, as a result of his work on 'increasing risk and the limitation of the capital market', he explicitly incorporated financial constraints into his analysis of investment. As a result, gross accumulation by firms out of current profits becomes an important influence on the investment decision. The other factors Kalecki identified as determining investment were changes in profits per unit of time and changes in the stock of fixed capital. Although the resulting model had similarities with the accelerator model, Kalecki was critical of the latter for three reasons:

It is well known that large reserve capacities exist, at least throughout a considerable part of the cycle, and that output may therefore increase without an actual increase in existing capacity. But whatever the basis of the acceleration principle may be, it is inadequate not only because it does not take into consideration the other determinants of investment decisions examined above, but also because it does not agree with the facts (*Works*, Volume 2, p. 285).

As an addendum to his analysis of the cycle, Kalecki stressed the importance of microfoundations. In *Studies in Economic Dynamics* reproduced here (*Works*, Volume 2, pp. 117–90) there is a section on the microfoundations of the determination of total economic activity. This has been examined in detail elsewhere (Kriesler, 1991), but here a few brief comments need to be made. After deriving the determinants of pricing and distribution in the section called 'A theory of profits', Kalecki assigns microanalysis a crucial role with his statement:

[These] factors . . . will affect, not real profits, but the real wage and salary bill—and consequently the national output. If, for instance, the degree of market imperfection or oligopoly increases, and, as a result, so does the ratio of profits to wages, real profits do not change, but the real wage bill falls, first, because of the fall in real wage rates and, secondly because of the consequent reduction in demand for wage goods, and thus of output and employment in the wage goods industries . . . [mark-ups] increase, but the national output falls just so much that, as a result, the real total profits remain the same. However great the margin of profit on a unit of output, the capitalists cannot make more in total profits than they consume and invest (*Works*, Volume 2, pp. 153–4).

We consider this passage to be of great importance in understanding the link between Kalecki's micro- and macro-analysis. Gross real profits are determined by the capitalists' consumption and investment decisions. When total profits and capitalists' consumption and investment are determined in real terms, so are the levels of output and employment in the sector manufacturing producer-goods and in the sector producing the capitalists' consumption goods. Then the microeconomic factors which determine the distribution of income (such as the degree of monopoly, the mark-up, etc) will have their impact, not by affecting gross profits directly, but through real wages which will influence the level of national output via their impact on the wage-goods sector. Under these conditions, we see the role of the micro-factors in the same way as Joan Robinson did in her typically pithy remark:

> There are two elements in Kalecki's analysis, the share of profit in the product of industry is determined by the level of gross margins, while the total flow of profits per annum depends upon the total flow of capitalist expenditure on investment and consumption . . . In this way, Kalecki was able to weave the analysis of imperfect competition and of effective demand together and it was this that opened up the way for what goes under the name of post-Keynesian economic theory (Robinson, 1977, pp. 13–14).

Microeconomics, then, has a high status in Kaleckian economic analysis—there is a lot of work on the pricing and distribution models of capitalism which is separate from discussion of the level of real output. On the other hand, it seems clear from reading Volumes 1 and 2 of the Osiatynski volumes that for Kalecki the microanalysis and the macroanalysis give different information about the workings of the economy but that the integration of the two yields even more information about the environment in which workers and firms find themselves and about movement in the larger economic variables, all of which affect the performance of the capitalist economy. In this way the microanalysis of pricing and distribution illuminates the determination of the shares of profit and wages in the national income, while the macroanalysis of intersectoral flows and of investment behaviour determine profits; together, both analytical structures determine the level of output.

In much of his analysis of the dynamics of capitalist economies, Kalecki utilises sophisticated mathematical techniques. However, as he pointed out in the 'Foreword to the Japanese edition' of *Theory of Economic Dynamics: An Essay on Cyclical and Long-Run Changes in Capitalist Economy*, the mathematics is not being pursued for its own purposes, but as a vehicle for the expression of ideas, with the statistics used as a check to ensure that the analysis is, at least, compatible with experience. In other words, although the structure of Kalecki's models is mathematical, using abstractions, they are stages in an attempt to build a picture of the world which is 'more realistic' than conventional theory because it gives a better idea of actual processes:

> The book is full of formulae, statistical data, scatter diagrams, and the like. This may mislead the reader into believing that the main subject of the book is the application of mathematics and statistics to economic analysis. This, however, is by no means the case. Mathematical formulae are applied merely in order to shorten the argument and to make it more precise. And the statistical data are used to show that the theories arrived at do not contradict the facts, and thus that they provide a possible interpretation of the phenomena in question.
>
> The actual purpose of the book, as indicated by the subtitle and the chapter headings, is to build a coherent theory explaining the cyclical and long-run changes in the capitalist economy (*Works*, Volume 2, p. 207).

We see here Kalecki's concern with showing how *actual* economies operate, with the statistics being utilised as a check to ensure that the theories have some relation with the system being analysed. Kalecki's method was first to look at the world, and then try to model what he saw.

The economic role of the state

An outstanding divergence between Kalecki and Keynes is in their respective understandings of the role played by the state in capitalist societies.[1] In 'Political aspects of full employment', originally published in 1943 and reproduced here by Osiatynski (Volume 1, pp. 347–56), Kalecki elaborates why, in the liberal democracies, governments will not, for long periods, be able to maintain full employment; instead they will concentrate on ironing out cyclical fluctuations. In stressing the importance of the distinction between achieving full employment and maintaining it, Kalecki laid the foundation for ideas which later came to be seen as the political business cycle. This was not the first time that Kalecki had expressed these views. As explained earlier, the first part of *Collected Works*, Volume 1 (pp. 15–62) opens with a series of shorter pieces that Kalecki wrote in the period 1929–1932 and later some articles on economic policy written during 1936–1943. After perusing these early works one must commend the editor for their inclusion, as there is a wealth of insight to be found in these pages about the workings of the capitalist state, much more than had been reached in both orthodox economics and the views of Keynes by that time.

In the article on the political trade cycle (Kalecki, 1943) as well as in 'Three ways to full employment' (Kalecki, 1945) the author argues that the sector of society he dubs the 'captains of industry' will be averse to government spending on welfare and other expenditure which is primarily aimed at maintaining full employment. A number of reasons are given by Kalecki, both here and in other articles republished in the same section. One idea which figures prominently is that industry dislikes government interference in the problem of employment generation, arguing that in a free enterprise system the level of activity and employment depends on the 'state of business confidence' and therefore anything which erodes this confidence must be avoided by governments. If the state could, through its own expenditure, maintain the level of employment, then business would lose a powerful device for controlling the militancy of the labour unions. 'In this situation a powerful alliance is likely to be formed between big business and rentier interests, and they would probably find more than one economist to declare that the situation was manifestly unsound' (p. 355) and vigorously oppose a general state policy of deficit financing and promote the doctrine of 'sound finance' which aims to make employment levels depend on the state of confidence. (When Kalecki revisited Britain in 1955 as part of a Polish Economic Mission, a prominent British capitalist complained to him: 'you saddled us with the Full Employment policies and ran away.')

While industry opposes government expenditure on many types of particular projects, on the grounds that they might compete with the private sector and limit its opportunities, Kalecki points out that it is another story when it comes to spending on social overhead capital or other projects which directly enhance the profitability of enterprises. Indeed, the economic role assigned to the state by business leaders, in the face of various episodes of unprofitability, is for this kind of expenditure to be stepped up. In the article, also published in this section under the title of 'The problem of effective demand with Tugan-Baranovsky and Rosa Luxemburg', Kalecki raises the issue of state procurements of armaments as a way of plugging the gap in effective demand. This point had been mentioned by Luxemburg as a possible substitute for enforcing new market outlets on colonies, although she did not press the point to the limit. Kalecki develops it much

[1] For an excellent and comprehensive account of Kalecki on the relation between state intervention and economic cyles see Halevi (1975), where it is also shown that Kalecki anticipated the literature on the balanced budget multiplier.

further in this article (in the process correcting her confusion between government expenditures financed by taxes on capitalists and deficit financing, and those financed by indirect taxes or income tax on workers who will tend to spend what they earn). He also comments, in the piece on a fascist society, 'Stimulating the business upswing in Nazi Germany', that the state is able to suppress the labour unions through terror, so that armaments tend to be used directly to boost effective demand, and need to be used so as a substitute for the denied increases to the workers of wages and higher consumption standards.[1] Kalecki considered the impact of such expenditure in a number of articles written over his lifetime. In 'The impact of armaments on the business cycle after the Second World War, (originally published in 1955, reprinted in *Works*, Volume 2, pp. 351–72) he examined the impact of government expenditure on armaments on employment. In the case of armaments expenditure financed by an equal increase in tax, Kalecki showed that the final effect on output depends on which class the burden of financing the expenditure falls. However, regardless of the source of finance, such expenditure will not have a long-run impact on the economy, as it will not stimulate investment. Only if armaments expenditure is financed by a budget deficit can it postpone a downswing in the business cycle, but even then, only for as long as the expenditure and the deficit are increasing. In this case, aramaments expenditure can provide an exogenous increase in effective demand. However, Kalecki sees political limitations to governments spending their way out of crises in this manner:

> Let us note the fact that in nearly all capitalist countries every countercyclical intervention and every increase in government expenditure always take place in the face of very strong opposition from various groups and representatives of various doctrines in the capitalist camp (Volume 2, p. 361).

Following this passage, which is reminiscent of the argument of 'Political aspects of full employment', and which Kalecki supports with examples from recent American experience, he concludes:

> How do capitalism's prospects look today in the light of the above? Considering the present economic policy of monopoly capitalism, it seems that this is a system which will not break down of its own accord, which will not face catastrophe, but which will also not develop, remaining a system which bases its existence on patching holes during a crisis only with the help of armaments, a system which can develop only at a very slow rate. This is seen in the fact that a large part of its outlay is devoted to unproductive ends (Volume 2, p. 362).[2]

A point to consider about the role of the State in this context is its aversion to raising mass consumption standards as a way out of the slump, an aversion which is also obvious in liberal democracies. Kalecki points out that, although this process is generally favourable to aggregate profits, it is spurned by governments which are under business pressure. The reason he gives here is not wholly convincing, but it carries at least some conviction. Kalecki brings in the power of ideology. The capitalists, through their influence with the media and with the state cadres, are able to 'sell' the high moral principle that 'you shall earn your bread in sweat', unless you have private means. So, the cause of failure is assigned to individual agents, thereby absolving society and the state from any responsibility. Behind all these comments one can detect Kalecki's view that the state is forced to prevent disorder in the wake of big social and political changes which are deemed undesirable from the capitalist point of view. In a prolonged boom, the state apparatus

[1] This may be contrasted with Keynes' more positive views of the fascist regime's ability to generate employment, in Schefold (1980).

[2] Kalecki then goes on to argue that, for these reasons, an 'ideal' socialist system will not have these problems.

discerns these changes to be the growth of self-assurance and consciousness of the labour unions, increased industrial action to achieve improved conditions, and threats to productivity in the forms of absenteeism and restrictive trade practices. There is also the danger that, with a shrinking share of total profit in national income, a competitive struggle will break out between firms as each tries to increase short-term profits at the expense of others, destabilising the economy through the increase in bankruptcies. In this case, the state will have an active role to maintain stability and may even have to sacrifice the interests of some of its traditional supporters.

So, whereas Keynes tended at times to see the role of the state as that of a neutral referee, Kalecki adopts the Marxian perspective that the autonomy of the state is only relative to the power of individual factions of the capitalist class—an idea which has been rediscovered by the 'Virginia School', though within an individualistic rather than a class framework. Therefore, according to Kalecki, state activity to produce and reproduce the class relations of capitalism is part of the very structure of the system. In such a system, where production takes place for profit and for production's sake, there is nothing absurd or irrational about a state policy of massive armament production. Far from being short-term *ad hoc* corrections to market imperfections, state expenditures should be seen realistically for what they are—expenditures which lead to long-term structural changes in the capitalist system in a way that consolidates, not merely the material conditions of the capitalist economy, but also the necessarily related social basis of class power as well. Kalecki turned his attention to these forces as they had developed between 1943 and 1970 in his last published article, 'Observations on the "crucial reform" ', written with a Polish colleague from the Polish Academy of Sciences (Kalecki and Kowalik, 1971, translated and reprinted in *Works*, Volume 2, pp. 467–76). Even the title of this latter paper shows its link to the conclusion of Kalecki's 1943 work:

> Full employment capitalism will, of course, have to develop new social and political institutions which reflect the increased power of the working class. If capitalism can adjust itself to full employment, a fundamental reform will have been incorporated in it. If not, it will show itself an outmoded system which must be scrapped (Volume 1, p. 356).

The question in 1970, therefore, was whether the 'fundamental' or 'crucial' reform which Kalecki felt was necessary to ensure the stability of capitalism had occurred. The immediate point on Kalecki's mind had been the extent to which the economic and social roles of the state had been changing in both the socialist and capitalist systems. In relation to the latter, Kalecki's article argued that a long boom had occurred, but at the cost of creating many moral dilemmas in society, dilemmas which alienated many students and marginalised sectors of the population such as immigrant workers, some sectors of women workers, and parts of the Afro-American population in the USA. Moreover, the reliance on exogenous stimulants and expenditures to solve problems of effective demand had required state controls of a kind that had been very costly in social terms. While Kalecki seemed to concede that capitalism has achieved a permanently higher level of stability owing to the extension of the economic role of the state, nevertheless he felt that this merely changed the nature of the social contradictions that 1970s capitalism was grappling with. The essence of the system, taken as a whole, had remained unchanged.

Kalecki's contemporary reception

One of the most interesting questions is the issue of how Kalecki's analysis was received in the late 1930s. Here the comments and reviews of Marxists, of Keynesians and of mainstream economists will be relevant, and a combing through of Osiatynski's notes is rewarding from this point of view, even if the underlying intention to introduce and explain Kalecki to established economists outside Poland occasionally becomes too obtrusive.

Among Western Marxists, an immediate and enthusiastic review was forthcoming from Maurice Dobb, a review (Dobb, 1939) which in its title, 'An economist from Poland', and its content, set the stage for introducing Kalecki to wider circles in Britain rather than in Cambridge alone. Dobb wrote:

> These studies mark a sharp break with economic tradition in two respects, both of which bring them into closer touch with problems of contemporary capitalism, than traditional economic writings.
>
> First, he starts by assuming that capitalists are always monopolists in some degree. This leads him to treat the capitalists' share in the national income as determined entirely by what he calls the 'degree of monopoly' and to an ingenious explanation of why the share of labour in the national income has remained so surprisingly stable, as its seems to have done.
>
> Secondly, he devotes special attention to what Marx called the problem of 'realisation of surplus value'. Here his ideas have some affinity with those of Rosa Luxemburg, as he himself points out.
>
> One of the essays is devoted to an analysis of the cause of economic crises by a method similar to that of Mr Keynes, but handled in such a way as to place the main emphasis on the falling rate of profit as the inevitable cause of crises under capitalism.

The last lines of Dobb's comment are important and it is surprising that they were omitted by Osiatynski in Volume 1 under review.[1]

Among the other, more interesting reactions was that of Marschak, who conducted seminars on Kalecki's writings at Oxford in the late 1930s and was very laudatory of the clarity of Kalecki's contribution to the issues of economic change. Shackle's enthusiasm for Kalecki's work is apparent in his review of *Studies in Economic Dynamics*:

> Any economist who is asked "What can economic theory do by way of explaining concrete facts?" would do well to point out these essays (Volume 2, p. 536).

This reminds us of a well-known remark of Shackle's that he had edited some of Kalecki's drafts with a view to stylistic improvement, in return for an exposition of 'Keynesian economics' and that this had been an unequal exchange, since he had previously experienced great difficulty in understanding the *General Theory*.

In a letter held by Feiwel, Galbraith has also recorded what a breath of fresh air he found Kalecki's writings to be. Any reader who cares to look up the name of Steindl in the index of this Osiatynski collection will also gain insight into Kalecki's importance for unorthodox economists in the period 1939–1959 and, indeed, subsequently. The reaction of these economists shows that recognition of the importance of Kalecki's work is not just a recent phenomenon.

As for Keynes, the correspondence published in these volumes between Keynes and Kalecki, and between Keynes and his circle about Kalecki, reveals that Keynes had a patronising attitude to the Polish economist and a closed mind about the methodology that Kalecki used to link income distribution to growth, and about Kalecki's analysis of the determinants of technical progress and related matters. Joan Robinson, in these letters, tried hard but unsuccessfully to get Keynes to see the points Kalecki was driving at. It is clear in retrospect that to compare the two men is impossible—it is a case of comparing chalk with cheese.

[1] Dobb's later view of the relation between Kalecki's analysis of pricing and Marx's labour theory of value is discussed below.

Kaldor, in 1940, was also relatively unsympathetic to Kalecki, but from the correspondence published here it seems he was acting under heavy pressure from Keynes. Later, in 1956, though quite clearly influenced by Kalecki's work, Kaldor attacked the basic Kaleckian procedures surrounding the issue of the degree of monopoly and the mark-up in industrial pricing (Kaldor, 1956). The main complaint was that Kalecki was either deriving the degree of monopoly from the elasticity of the average revenue function (in which case it was a neoclassical argument), or deriving the mark-up directly from the degree of monopoly—in which case the approach was tautological. Both of these views have been answered by Kaleckians, notably Riach (1971) and Kriesler (1987). Later in life Kaldor seems to have re-read Kalecki and became prominent in moves to nominate him to Stockholm in connection with the use of Nobel funds to award outstanding economists. The posthumously published 'Personal recollections of Michal Kalecki' (Kaldor, 1989) is a warm personal tribute full of admiration.

Michal Kalecki's economics today

The first aspect that can be considered under this heading is Kalecki as a classical economist raising classical questions of dynamic accumulation. This is important in the context of Joan Robinson's attempts, admirably supported in the books of Jan Kregel, to use Kalecki as a bridge between classical economics and that of the Kaldor–Robinson type. Kalecki's vision of late capitalism as being persistently burdened by unused capacity and unemployment which relied on exogenous boosts of effective demand to get out of crises, although shared by Joan Robinson, may be contrasted with Kaldor's view of late capitalism's inherent stability.

At the same time, Kalecki's method strongly reminds us of the strengths of a surplus approach, while allowing the incorporation of excess capacity and effective demand (Halevi and Kriesler, 1991) while the usefulness of Kalecki here is also mentioned by the editor of the Kalecki papers (Osiatynski, Volume 2, 1991, pp. 567–80).

The relationship between Marxian economics and Kaleckian analysis is also highly relevant.[1] In his editorial Introduction, Osiatynski reminds us that the Marxian method remained vital throughout Kalecki's life:

> Michal Kalecki's works, said Oskar Lange . . . "stemmed from the Marxian theory of reproduction; he did not treat it dogmatically, however, but developed it". The economics which Michal Kalecki taught is political economics in the genuine sense of the term, a science which has us looking beyond economic values and the interrelationship between them, for social relations, class or group interests, and their conflicts. For the contradictions of monopoly capitalism, as well as the essence, forms, and the effects of the capitalist government, can be understood only when the analysis of economic mechanisms is strictly linked to the analysis of social forces. Kalecki used this broad Marxian methodological directive in his studies of capitalism as well as of the centrally planned economies and of the developing countries (*Works*, Volume 1, p. 3).

Kalecki's most explicit discussion of this method is in 'Econometric model and historical materialism' (Kalecki, 1965).[2] After a clear statement of Marxian methodology embodied in the materialist view of society, Kalecki outlines its implications for economics and econometrics. According to historical materialism, 'the process of development of society' is by the productive forces and productive relations, which influence 'the other social phenomena such as government, culture, science and technology, etc.', with important

[1] For further discussion of this relationship see Sawyer (1985B) Chapter 8 and Sardoni (1989).

[2] It is a great pity that this important paper is not included in the two volumes being reviewed, as it gives the reader a very good guide as to how Kalecki approached capitalist dynamics from a Marxist perspective. Interestingly, in the Polish edition of the *Collected Works* it appears in Volume 5 on Developing Economies.

feedback effects. As long as productive relations and the availability of natural resources remain unchanged, then the economy will not be subject to structural change, and so economics and econometrics can model society in terms of functional relationships. Kalecki's analysis of historical materialism stresses the interplay of continuity in economic relations interrupted by discontinuities brought about by changes in productive relations. Structural change brings with it new social institutions and, as 'the institutional framework of a social system is a basic element of its economic dynamics (Kalecki, 1970, p. 311), this has important implications for the analysis of economic society. In other words, Kalecki shared with Marx a view as to why economies change and, as a result, different economic systems require different economic analyses, though their general methodologies remain the same. This also explains one of their important differences. The new stage of development of capitalism, since Marx's time, requires additional analysis. In particular, the increased concentration and monopolisation changed the nature of many of the important economic relations, and this had important implications for the nature of the 'realisation' problem and for the determination of prices.

Kalecki never discussed the labour theory of value and, as a result, there has been some question of whether he saw his analysis of prices as a substitute or a complement. Perhaps the most appropriate verdict on this question is given by Dobb:[1]

> one might say that, while the classical Marxian explanation for the emergence of surplus-value continues to apply to modern capitalism, as to its earlier stage, the influence of monopoly enters in as an additive element in the stage of monopoly capitalism (Dobb, 1973, pp. 269–70).

Finally, there is the problem of the use of Marxian reproduction schemas in Kalecki's analysis. The pattern that emerges from these volumes is that Kalecki uses them when discussing sectoral growth patterns, to highlight the monetary aspects of investment, and to identify when too small or too large a volume of capital-goods has been produced in a given period. In other words, Kalecki uses the schemas as the cornerstone of his analysis of effective demand.[2] Throughout Kalecki's writings on capitalism, this analysis is of central importance in highlighting the failure of effective demand to secure full employment, an idea which was much influenced by the works of Rosa Luxemburg.

Kalecki's use of the reproduction schemas is reminiscent of the growth models associated with Harrod and Domar, a comparison noted both by Kalecki and by Joan Robinson.[3] Although Kalecki showed that the fundamental equation of the Harrod–Domar model could be derived from the reproduction schemas (Kalecki, 1968A, p. 463), he was quite critical of their model. In particular, he felt that any deviation from the growth path will lead to stagnationist fluctuations, rather than to fluctuations around a trend growth path (Kalecki, 1962, p. 412).

There is also relevance in Kalecki's rigorous and empirical approach for contemporary Marxian economics—an escape from dogmatism—for how Marxian research should really proceed. In this connection Rowthorn has noted that Kalecki's use of capacity utilisation has greatly strengthened the Marxian version of effective demand theory, and the Marxian discussion of the relationship between profits and investment, and between investment and 'realisation' (Rowthorn, 1981, pp. 11–13, 30). He extended Kalecki's analysis by considering how the stability of capitalist economies (and structural shifts) can be analysed *via* the interaction of the rate of profit as derived from a profit curve (with the slope and position determined by costs and the degree of excess capacity) and the relation

[1] See also Sweezy (1979).
[2] See, in particular, Kalecki (1968) for a succinct statement of this view.
[3] See, *inter alia*, Kalecki (1962, 1968A) and Robinson (1955).

between capacity utilisation and demand as depicted on a 'realisation' curve (with slope and position given by saving and investment behaviour) (Rowthorn, 1981, pp. 15–18).

The development of a post-Keynesian school and the proliferation of journals pursuing its interests inevitably brings Kalecki into the picture; in fact, some prefer to speak of a post-Kaleckian school. Osiatynski has referred at some length to the growth of recent interest from this quarter in both Kalecki's major works and in some of the earlier pieces (Osiatynski, Volume 2, 1991, pp. 578–82). The special elements which attract the attention of post-Keynesians are the ones which are incorporated in his modelling of contemporary capitalism: the dual role of investment, the use of imperfect competition, and the linking of pricing, investment and growth. It is the coherence of this approach which allows Kalecki to be fitted more easily into the many and various strands of post-Keynesian thought (Sawyer, 1985B, pp. 1–4, 22–23). Further, as Sawyer has emphasised (*ibid.*, p. 23), such an approach 'offers liberation from the sterility of the Keynesian–Monetarist debates over the role of price flexibility and degree of price rigidity in the system, and offers an explanation of unemployment which does not rest on failure of prices to adjust'. At a time when serious imbalances in the economy are seen as mere market imperfections and when unemployment is seen as resulting from 'failure to contract at the offered wage', a reading of Michal Kalecki is clearly a useful antidote to such flights of fancy.[1]

Osiatynski would surely agree with this, but wants Kalecki 'modified' for conditions of present-day capitalism. Assuming he does not want Kalecki to be modified in the direction of modern general equilibrium analysis, such a suggestion should clearly be taken seriously, and is quite in tune with Kalecki's general approach.[2]

This task is made easier by the richness of Kalecki's work: he has laid down a trail for new research in a number of areas. Some of this work has already proved to be of value: for example, Asimakopulos and Burbidge (1974) on the short-period incidence of taxation, and the more recent contributions on tax analysis of Laramie (1991) and Mair (1984, 1987); while segments of it have the potential to fill in gaps in the Kaleckian project.

The areas needing new work to fill out a Kaleckian view for today's readers seem to include the following:

(a) to give a more historical dimension to the process of capital accumulation when the situation in a particular country is being analysed; (b) to explore further the implications of different combinations of effective demand/excess capacity by following through the implications of Rowthorn's extension of Kalecki's analysis (discussed above); (c) incorporation of the analysis of the labour sector into 'Department' analysis, something needed for all 'disproportionality theory' of the Tugan–Baranovsky type, and an aspect which is almost neglected in Kalecki's work; (d) to develop further the theory of investment determination; (e) given its centrality to capitalist structuralist dynamics, to show in a more satisfactory way the relation between trend and cycle and to clear up the real role of 'external shocks'; (f) to develop Kalecki's work on the impact of the financial system, possibly along the lines suggested by Minsky (1982, p. 72) that 'an essential attribute of modern capitalism is that positions in both capital assets and investment in process are financed by a combination of debts and commitments of the liquid capital of the . . . corporations'; (g) to develop the implications of the increased internationalisation of capital associated with its much greater mobility.

[1] For an excellent discussion of Kalecki's role in the development of post-Keynesian economics, see Hamouda and Harcourt (1988).

[2] *cf.* Sawyer (1985B) pp. 2–3.

While these may be described as 'gaps', it should be realised (and editor Osiatynski says this a few times) that Kalecki was a pioneer and such gaps were inevitable.

More generally, there is the problem of changes in world economics and politics since Kalecki's death. Major directions of change in modern capitalism which need to be incorporated into a Kaleckian framework for contemporary analysis include the growth in importance of multilateralism and transnational corporations, neither of which Kalecki wholly missed (Kalecki, 1946) but which have assumed greater importance as interdependence in the economic policies of nations has grown apace. Typically, just before his death, Kalecki published with T. Kowalik an assessment of some of the important political changes taking place in modern capitalism—as mentioned above. With socialist society already in the 1960s experiencing difficulties, for reasons set out in Kalecki's *Introduction to the Theory of Growth in a Socialist Economy* (Kalecki, 1969), he decided to ask some basic questions as to whether the resurgence of capitalist prosperity, in the rival social system, had any political basis or political fall-out.

Osiatynski's notes and editorial comments

The notes and editorial comments, addenda, diversions and reprints of short pieces by commentators on Kalecki are entertaining, even absorbing. Osiatynski is good on the *reaction* to Kalecki's work, and the opinions about that work expressed by *eminent* economists. However, his scope is sometimes too wide, including pieces by critics that are of dubious value and barely noticing the early and warm reception by Dobb and others to which we have referred above. Some of the inclusions, however, are gems; for example, all of Steindl's letters to or about Kalecki, the material documenting Baran and Sweezy's relations with Kalecki, and Klein's opinion when Kalecki was challenged on his use of statistics in *Theory of Economic Dynamics*. Some of the short pieces are very well worth republishing for their insights and because of their inaccessibility—in this category we can put Steindl's 'Some comments on the three versions of Kalecki's theory of the trade cycle', a superb and insightful piece.

While acknowledging the great interest the notes raise, and responding warmly to the new items made available to us, still there is room for the inevitable disagreement about *emphasis*. Some readers will no doubt feel that there are just too many topics covered in the notes, that the notes to these volumes are essentially *explaining* Kalecki to a wider audience rather than letting Kalecki 'tell it as it is' with minimum intrusion, in the style of Sraffa's notes in Volume 1 of the *Collected Works of David Ricardo*. So the *Works* of Kalecki, *pace* Osiatynski, turn out to be not just 'collected Kalecki' but also a comprehensive collection of *critiques* of Kalecki, a mixture of two quite different projects. Then there is the weight to be given to Kalecki's theoretical work. Kalecki was not primarily an academic economist, he was not exclusively interested in contributing to a body of theory, but, rather, he was concerned with investigating capitalism (and socialism) in a practical way. He was a problem solver *extraordinaire*. Osiatynski at times seems to be close to this view, but it is not the overall impression one gets from reading the editorial notes in one sitting. On the contrary, just as Joan Robinson claimed, in her *Essay on Marxian Economics*, to be primarily concerned with making Marx intelligible to mainstream economists, there is a real sense in which Osiatynski has also attempted to do this for Kalecki. As a result, he has concentrated on Kalecki's theoretical contributions, and especially on their links with mainstream theory. It should however be noted that later volumes will deal with Kalecki's more applied works, as well as his works on socialism and on developing economies.

Also, he does not seem to tie together the three aspects of Kalecki outlined in Toporowski (1991): that Kalecki's social consciousness dominated his work; that Kalecki wanted to be an independent scholar; and that Kalecki revelled in his work as government adviser. This was the role which brought out the best in him, that well-known mixture of empirical work, analytical manipulation of variables and devastating conclusions. Although these may emerge in the later volumes, in the volumes under review, Osiatynski seems to be looking at Kalecki as an analytical Western economist might do: How does Kalecki compare with Keynes? With the great neoclassical writers? Does this tool of analysis of Kalecki's turn out to be as useful as someone else's? And so it goes on, over quite a few pages, not only by editorial comment but also by means of the mixture from which some are excluded and others form the proof of the pudding, while some important papers are separated from the main text and hidden in the appendices.

Such *caveats*, of course, tend to depend on the particular view one has of Kalecki's overall contribution. While some may be very happy with Osiatynski's approach, others may feel that a life-long socialist was attempting something more than the academic life—and this may, in fact come through when the later volumes are published in English. Critics and supporters alike will, however, join in thanking the editor, long-time admirer and student of Kalecki, for the assiduous compilation of much new and hitherto inaccessible material.

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