

Julio López G. and Michaël Assous *Michał Kalecki* Basingstoke, Hants.: Palgrave Macmillan, 2011, x+258 pp. ISBN: 978-1-4039-9937-5

The excellence of Tony Thirlwall's series for Palgrave on Great thinkers in Economics is confirmed by this volume on Michał Kalecki, written by Kalecki's former student Julio López Gallardo, Professor at UNAM, Mexico City, and Michaël Assous, Maître de Conférences at the University of Paris, Panthéon-Sorbonne. The book is important in part because of the very enigmatic quality of Kalecki's ideas which, expressed by him in a dry, lapidary style with few references, appear to have come from nowhere to anticipate the Keynesian Revolution that Keynes laboured so long to wrest from the legacy of Alfred Marshall. As Robert Solow, quoted in this book (p. 214), remarked:

'Michał Kalecki ... seems to have sprung, full-grown, from his own brow; and his important work on macroeconomics is written not in opposition to the orthodoxy of his time, but in utter independence of it.'

That dry, lapidary style of Kalecki's does no favours to authors expounding his views, who can rarely do this with the clarity of the original. That style therefore constitutes another hurdle to writing about Kalecki. If Keynes was famous for changing his views, Kalecki's ideas (as opposed to his equations) seem hardly to have changed over his lifetime. Many who have written about Kalecki could therefore have saved themselves and their readers much trouble by simply directing their readers to any of Kalecki's own writings.

The authors of this book, Julio López overcome these difficulties by structuring Kalecki's ideas around their central core and by providing interesting and original material. The book has a clear focus on the key relation in Kalecki's macroeconomics, his theory of profits which is discussed in the first substantive chapter on Kalecki's economics, preceded only by a chapter on Kalecki's life and work. This theory is further discussed in a chapter on the 'Genesis and Originality of Kalecki's Theory', before being extended in a chapter on the trend and business cycle with the title of 'Kalecki's Long-Run Theory of Effective Demand', a title that evidently reflects recent discussions among Post-Keynesian economists. This is followed by chapters on public finance and monetary policy and open economy macroeconomics. A chapter on Kalecki's development economics then leads into two concluding chapters, one on 'Kalecki: The Socialist Economist', that is mostly concerned with Kalecki's relation to the ideas of Karl Marx and his policy proposals for stabilising capitalism, rather than Kalecki's writings on the socialist economy that he found on his return to Poland in 1955.

The authors' work inevitably invites comparison with the two books on Kalecki, both published over a quarter of a century ago. The first, by George Feiwel, appeared in 1975, followed ten years later by Malcolm Sawyer's book on Kalecki. The book under review is a major advance on those earlier works in large part because the authors have had access to the *Collected Works of Michał Kalecki*, which were published with extensive editorials annotations by Jerzy Osiatyński in Polish during the 1980s, and in English during the 1990s. The *Collected Works* gave us Kalecki's writings in Polish during the 1930s, and after 1955, while Osiatyński's commentaries linked up those writings to the literature that Kalecki read and the discussions in which he participated. Without them, Feiwel and Sawyer were not able to go much beyond Kalecki's English-language publications and the memories of those, mainly in England, who knew him in the two decades that he spent in that country and at the UN.

A second feature of this book that make it worth adding to existing works on Kalecki are the notes that Julio López contributes in this volume from Kalecki's lectures in Warsaw in 1967 and 1968. The notes confirm what other students of Kalecki's have already said informally, namely that his lectures were lucid accounts of his own theory, but revealed nothing about what any other economist might have written or said about the subject of those lectures.

A third reason to value this book is its clear statement of the scope of price theory in capitalism in general, and in Kalecki's analysis in particular. In Kalecki's analysis of capitalism, profits are determined by capitalists' consumption and their investment, plus the fiscal deficit, plus the trade surplus, if we leave aside workers' saving. The function of the price system is to distribute that surplus around the capitalists and firms in the economy. This is a key point that distinguishes Kalecki's theory from that of many Ricardian Marxists, and Post-Keynesians, for whom profits are a mark-up on labour costs, so that the price system determines the distribution of income between wages and profits. Julio López and Michaël Assous even cite on page 197 a nice quotation from Marx, from Volume III of *Capital* in which the great political economist states clearly that the price system distributes profits around the economy, rather than determining those profits.

Towards the end of the book, the authors attempt to find parallels between the business cycle theory of Kalecki with that of Roy Harrod. The private papers of Kalecki and the recollections of those who met him during the 1950s, among them John Kenneth Galbraith, reveal Kalecki to have been extremely critical of Harrod's theory, regarding it as mechanical and even pre-Keynesian in the role of saving in it. It is the authors' achievement in publishing important new material on Kalecki, presenting his macroeconomics (around the theory of profits and aggregate demand) in a way that conveys the essence of Kalecki's thought, and demonstrating the clear common inspiration between the work of the twentieth century's greatest economist and the insights of Marx and Keynes.

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