8 Kalecki and the ‘Post-Keynesians’

The term ‘post-Keynesian’ originally indicated the stream of thought linked to Keynes’s closer disciples, which was chiefly concerned with the relationships among distribution, accumulation and steady-growth dynamics. More recently, other economists have been gathered under this label who, though interested in different topics, refer to a core of common propositions: on one hand, the rebuttal of the neo-classical approach to value and the conception of income distribution as a phenomenon ruled by circumstances which are outside the productive process; on the other, the introduction into the Keynesian matrix – featured, first of all, by the income multiplier and by the autonomy of some components of demand – of a number of specifications and integrations (especially concerning prices and distribution) which were foreign or, at least, not explicit to it. The widening of the criterion of classification, of course, amplified the range of approaches which can be termed ‘post-Keynesian’ – from disciples of Keynes and Kalecki to some neo-Marxist branches, from those referring to Sraffa to American institutionalists, and so on – and has led to a live debate even within the stream. This state of things renders the post-Keynesian approach a source of stimulating ideas and impulses but, at the same time, makes it difficult to set up a unique theoretical corpus, a new paradigm to match the neoclassical one.

However, things are somehow less intricate from our standpoint. It has been stated that post-Keynesian theory originates from a synthesis between Kalecki’s thought (as regards the real sector) and that of Keynes, for the monetary part. While the first statement will be investigated later, the second can be readily accepted, which permits setting aside those contributions, especially those from the United States, which chiefly focus on monetary phenomena, uncertainty and instability. Accordingly, we will address our attention to the relationship among distribution, accumulation and the level (or the dynamics) of income, which represents the core and the original source of inspiration of post-Keynesian theory and, at the same time, the most suitable field for comparisons with Kalecki.

It is well known that the origin of the post-Keynesian approach to distribution was from the outset indicated by Kaldor (1956) in Keynes’s apologue of the widow’s cruse in the Treatise and, more generally, in the

135
ideas outlined in Chapters X and XI of that book; once integrated with the principle of the income multiplier and with the extension to the long period of firms' autonomy to invest, these ideas would represent the basis of 'post-Keynesian' theory. Accordingly, the influence of both the Treatise and of the General Theory would be reflected in that approach: the introduction of the principle of income adjustment would allow moving the theory of profits from the uncertain ground of disequilibrium to the sounder one of equilibrium situations. An additional indication, particularly evident throughout Joan Robinson's reasoning, can be found directly in the General Theory (1936a, pp. 123–4), when the distributive effects of changes in investments (the supply of consumption goods being rigid) are analysed.

Coming to Kalecki, the short-period equilibrium of income (as represented by equation (4.1)) is a proper starting point for comparison with the post-Keynesian theory. The equation results from the synthesis of distinct theories of profits and prices but, it has been argued, can be generalised to embrace more than one variant, one of which represents the post-Keynesian theory of distribution: given real output, as in Kaldor (1956), the distributive shares are determined by discretionary spending decisions of agents. While the theory of profits is common to the Kaleckian and the post-Keynesian cases, differences arise with regard to the circumstances to which this theory is addressed and the variables it explains: when productive capacity is underemployed and, therefore, prices are determined by constant mark-ups, the theory of profits is a part of a theory explaining the level of real output, while in full-employment conditions, when prices are market-clearing, it becomes a part of a theory of distribution.

Considerations made so far refer to equilibria at a given moment, i.e., to the short period, which represents the field where major affinities with Kalecki can be found. However, the short period is conceived by a part of the post-Keynesians (grosso modo by its historical group) as just the starting point of an analysis which has to be fully developed within the frame of dynamics and the long period. Kalecki differs from the post-Keynesians (so specified) on how to approach long-period analysis and, indeed, there is no complete accord even among the latter; divergences spring from different visions of reality, as well as from different ways of conceiving the long period.

According to the post-Keynesians the boundary between the short and the long period is not the time horizon as such, but the nature of the situations considered; long-period analysis must aim at highlighting tendencies (or, at least, aspects) which cannot be grasped by short-period