13
Kalecki and His Myrmidons

13.1 Statistical research in Cambridge

As indicated in the previous chapter, the Cambridge Project was not a project of the University of Cambridge nor of its Faculty of Economics but of the National Institute of Economic and Social Research. It was located in Cambridge because that was where Keynes was hoping to establish a permanent economic research unit that was to be the Department of Applied Economics. This, rather than the machinations of a Keynesian faction in the Faculty of Economics, explains the peculiar administration of the project. The actual title of the project was the Cambridge Research Scheme of the National Institute for Economic and Social Research. Its purpose was to study ‘the process of Economic Change in the United Kingdom since 1928’. The finance for the project was from the NIESR, managed by a supervisory committee consisting of Arthur Bowley, a retired Professor of Statistics at the London School of Economics; Lionel Robbins, Professor of Economics at the London School of Economics; Noel Hall, Director of the National Institute and Professor of Political Economy at University College, London; as well as Keynes and Austin Robinson.

The finance was to support a Cambridge research group that consisted of Keynes and Austin Robinson (chairman and secretary, respectively), Richard Kahn, Joan Robinson, Piero Sraffa, David Champernowne (the university lecturer in statistics) and Kalecki, who was described as working for the group ‘as their Statistician’. Kalecki in fact was the only member of the group who was employed full-time in the research, assisted by two research students, Brian Tew and Yu-Nan Hsu. An initial report on the work of the project referred to the ‘functions’ of the other members of the group – that is, Kahn,
Austin and Joan Robinson, Sraffa and Champernowne – as ‘primarily critical and supervisory.’

The very top-heavy structures established to manage the project were in large part due to the requirements of the NIESR, whose director, Noel Hall, wanted to avoid pressure to use the Institute’s funds for ‘private and personal investigations’. However, by the late 1930s empirical investigations of the business cycle were widespread.\(^2\) In a letter to Keynes, dated 22 September 1938, Hall had expressed his reservations concerning an earlier version of the research proposal presented by Austin Robinson; Hall thought it was ‘very much too wide’ and therefore likely to lead to ‘overlapping and duplication’ of similar work at the institute and in other universities.\(^3\) The initial year of study was subsequently changed to 1924, and the scope of the study was narrowed to examining the relation of prices to costs in different industries; the relationship of employment to output ‘in a number of industries . . . for which statistical information is satisfactorily available and for which the industrial classification under the Census of Production is sufficiently comparable with the employment and unemployment figures of the Ministry of Labour’; consumption and foreign trade; and the relationship between foreign investment and exports.

In the matter of foreign trade, ‘The main purpose of these inquiries is to discover the factors influencing the size of “the multiplier” and the limits imposed by international trade upon the power of one country to act independently of others in dealing with a depression.’\(^4\) The project was also to study sources of saving, bringing up to date the estimates given in the Liberal Industrial Inquiry.\(^5\)

It is hoped to use this approach as a check on estimates of investment made from the industrial data. Important theoretical and logical problems of definition and method are likely to emerge, concerned e.g., with the avoidance of double counting, the keeping of capital intact, the proper allowance for changes in the volume of credit and the part played by financial machinery in converting capital into income and vice versa.\(^6\)

The project was located in the Marshall Library, the library of the Faculty of Economics, that had been established after Marshall’s death in 1924 by his widow, Mary Paley Marshall, with his book collection at its core. The library was in a building on Downing Street of a Victorian faux medieval style beloved by university teachers because it lends gravitas to academic scholarship. The Kaleckis moved into lodgings in 42 Garden