

Sulejewicz, Aleksander

**Article**

## The sweet-and-sour soup of Michał Kalecki's political economy

International Journal of Management and Economics

**Provided in Cooperation with:**

SGH Warsaw School of Economics, Warsaw

*Suggested Citation:* Sulejewicz, Aleksander (2020) : The sweet-and-sour soup of Michał Kalecki's political economy, International Journal of Management and Economics, ISSN 2543-5361, Sciendo, Warsaw, Vol. 56, Iss. 3, pp. 275-279,  
<https://doi.org/10.2478/ijme-2020-0016>

This Version is available at:

<https://hdl.handle.net/10419/309718>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by-nc-nd/4.0/>

## Review

Aleksander Sulejewicz

# The sweet-and-sour soup of Michał Kalecki's political economy

<https://doi.org/10.2478/ijme-2020-0016>

Received: June 14, 2020; accepted: June 18, 2020

**Abstract:** Leszek Jasiński [2019] attempts, as the title indicates, “a reading after half a century” of Michał Kalecki's thought. We dispute the main claim in the book, i.e. that Kalecki has a firm place in contemporary mainstream economics and was the originator of many ideas generally accepted today. On careful reading, virtually none of the models and theories by Kalecki selected by Jasiński for appraisal has entered mainstream neoclassical economic research and graduate academic teaching. Most of his policy advice was also neglected by the Capitalist State, (post)Stalinist “socialist” State, and “Intermediate Regimes” in developing countries. His *opus* remains original, advanced, insightful but heterodox in all contexts. Our main thesis is that, *toutes proportions gardées*, Jasiński is signalling an attempt to repeat the absorption of ‘bastardised’ Keynesianism into the mainstream “grand neoclassical synthesis” in the 1940s/50s with selected, reinterpreted, ‘bastardised’ Kaleckian ideas today. We also doubt that the unilinear view of the history of economic thought can be sustained.

**Keywords:** Michał Kalecki, heterodox economics, economic models, history of economic thought

**JEL Classification:** B22, B29, B31, B59

Leszek Jerzy Jasiński, *Michał Kalecki odczytany po pół wieku*, Centrum Europejskie Natolin, Warszawa 2019 r., 378 p. [*Michał Kalecki: a (re-)reading after half a century*]

Michał Kalecki (1899–1970) was reportedly the only Polish economist whose name was mentioned in reference to the Nobel Prize in economics. Unfortunately, he died in April 1970 before the full procedure was underway. He was among the few Polish scientists whose name entered the textbooks of the history of economic thought all over the world. The number of publications devoted to his work has in the last 2–3 decades saw a significant increase. The previous and current years have seen several conferences and seminars commemorating his birth and death anniversaries, and this stands testimony to his growing popularity.

His reputation among economic professionals has always been high. Seventy years ago, the Nobel Prize winner Lawrence Klein wrote a *eulogium* of John Maynard Keynes into which he inserted a brief commentary about Michał Kalecki – one full of admiration: “Recently, after having re-examined Kalecki's theory of the business cycle, I have decided that he actually created a system that contains everything of importance in the Keynesian system, in addition to other contributions. Kalecki does not deal at all with liquidity preference and the interest rate; yet I believe that he has a theory of employment that is the equal of Keynes's. Kalecki's theory attracted attention for reasons largely unrelated to its revolutionary statement of the theory of employment, and he certainly lacked Keynes's reputation or ability to draw world-wide attention; hence his achievement is relatively unnoticed. Some respects in which Kalecki's model is superior are that it is explicitly dynamic; it takes income distribution as well as level into account; and it makes the important distinction between investment orders and investment outlays. The dynamics of Kalecki's

---

\*Corresponding author: Aleksander Sulejewicz, Collegium of World Economy, SGH Warsaw School of Economics, Warsaw, Poland. E-mail: [asulej@sgh.waw.pl](mailto:asulej@sgh.waw.pl)

model attracted interest immediately. He did not go into the problem of unemployment equilibrium and the contrast with classical theory; indeed, his model contrasts with classical ideas on the possibility of achieving a stable solution”.<sup>1</sup>

This sophisticated appraisal of Kalecki’s achievements was, however, acknowledged largely within Keynesian circles, and later within the post-Keynesian community of economists. If we consider both Keynes and Kalecki as fathers of contemporary macroeconomics, then the acquaintance with Kalecki’s work lags far behind the fame of Keynes and his influence on world economics. All the mainstream textbooks of macroeconomics, including, of course, all the Polish textbooks,<sup>2</sup> invariably use the Keynesian concepts and models – and stipulate applications in their modern versions. Academic education or research programs in which Kalecki’s models play a role are rare and constitute knowledge that is specialized, advanced, and heterodox. Polish economists are justifiably proud of Kalecki (“genius,” “pioneer,” and “Keynesian before Keynes”) but seldom teach Kalecki’s models and even more, rarely use these in their research and consulting/advisory practices.<sup>3</sup> In this context, we should welcome publications recapitulating and developing Kalecki’s approach, especially in his native Poland, where his work is less known than abroad.<sup>4</sup>

The declared thrust of the recent book by Leszek Jerzy Jasiński, *Reading Michał Kalecki after half a century* (after he died in 1970) is to improve the knowledge of his work as the image of Kalecki has possibly been distorted by many factors. But more importantly, the pertinent questions that arise are: does the thought of Kalecki belong to contemporary economics or is it merely a part of world and Polish history of economic thought? Can we still learn anything from Kalecki? (p. 10)

Why should we return to “*the wrong opinions of dead men*,” to evoke a famous phrase attributed to Arthur Cecil Pigou?<sup>5</sup> After all “*Les erreurs ne sont pas ce qu’il s’agit d’apprendre, mais ce qu’il faudrait oublier*.”<sup>6</sup> The famous *dicta* of the grandfathers of contemporary economics seem to guide the conduct of Polish economists to an even greater degree than it is reported in international publishing. The post-1989 textbooks of economics are uniformly structured and affirm the mainstream economics without hesitation. This appears also to be the conviction of the author of the reviewed book. “As time goes by economic thought changes a great deal. However, such an evolution is not full. Time verifies the way of looking . . . at the previous achievements of theory, but not to the full. Research methods and manners of formulating thought are especially at risk of being invalidated by time (*unieważnienie przez czas*). The true economic content . . . disappears more slowly, and sometimes, and to some extent, remains of lasting value. Does Kalecki’s thought contain a permanent core, untouched by the passing of time? In my view, this is so” (p. 10–11). “[Kalecki] belonged to the precursors of modern economic knowledge, was an initiator of new economic ideas during the times of the great civilizational and intellectual spurt.” . . . His works . . . of the 1930s . . . announced the later solutions of many key economic problems. Even before leaving Poland, . . . he had presented solutions that became part of the mainstream thinking about the economy.” What is more, “[w]ide acceptance of his theories took place incomparably more rapidly than it was the case with the ideas [of the *Salamanca* school, David Hume, Jean Bodin, Edward Misselden, Gerard Malynes]” (p. 12–13).

In other words, it is claimed that Kalecki has a firm place in contemporary mainstream economics and was the originator of many ideas generally accepted today. To prove his point the author describes

1 Klein, L. (1951), The life of John Maynard Keynes, *Journal of Political Economy*, No. 59, pp. 443–451 (citation: pp. 447–448).

2 With the possible exception of the recent book by Kazimierz Łaski: Łaski, K. (2015), *Wykłady z makroekonomii: gospodarka kapitalistyczna bez bezrobocia* [Lectures in Macroeconomics: capitalist economy without unemployment], J. Osiatyński, (Ed), Polskie Towarzystwo Ekonomiczne, Warszawa.

3 Sulejewicz, A. (2019), Michał Kalecki – niedoceniany innowator światowej ekonomii, czyli losy ekonomisty heterodoksyjnego [Michał Kalecki – a neglected innovator in world economics, or the fate of a heterodox economist], in: Mieczysław Szostak, (Ed), *Z dziejów Wydziału Handlu Zagranicznego i Kolegium Gospodarki Światowej Szkoły Głównej Handlowej w Warszawie. Siedemdziesięciolecie 1949-2019*, OW SGH.

4 Michał Kalecki was born on 22 June 1899 in an industrial town of Łódź, administratively belonging in a small town of Piotrków (capital of *gubernia*, province), in the partition of Poland belonging to the Russian Empire, during the reign of Tsar Nicholas II Romanow, as a single child to a small-scale spinning businessman Abram Kalecki. Łódź (Rus. Лодзь, Ger. Lods, Yid. Lodzh) was a lively center of Polish, Jewish, German, Russian culture.

5 Mark Blaug (2001), No History of Ideas, Please, We’re Economists, *Journal of Economic Perspectives*, p. 154.

6 Jean Baptiste Say, *Cours complet d’économie politique pratique*, Neuvième partie, Bruxelles 1844, p. 562.

the ideas of Kalecki and subsequently “presents an interpretation from the contemporary point of view” (p.15). The book is composed of thirteen substantive chapters devoted to Kalecki's life (chapter 2), his scientific achievements (*dorobek Ekonomisty*) (chapters 4–12), and economic experience (*doświadczenie ekonomiczne*) (chapters 3, 13, 14). These are supplemented with a chapter on the interpretation of his ideas by Kazimierz Łaski (chapter 15) and a chapter on the recollections of Kalecki's collaborators and disciples (chapter 17). A short final chapter contains a series of hypothetical questions addressed to Kalecki that are “answered” with the help of quotations taken from his works.

One additional chapter (chapter 16) entitled “A wasted generation of Polish economists” (*Niewykorzystane pokolenie polskich ekonomistów*) sketches briefly the lives of six economists (Czesław Bobrowski, Włodzimierz Brus, Stefan Kurowski, Oskar Lange, Edward Lipiński, and Aleksy Wakar) whose works were, perhaps, just like Kalecki's, at different times suppressed, tolerated, misunderstood, neglected or accepted during the period of *Polska Ludowa* (1945–1989).

The chapters of the book are organized around the author's “pragmatic classification of economic statements and propositions” (*pragmatyczna klasyfikacja zdań i wypowiedzi ekonomicznych*), stipulating the distinctions between various types: causal, symptomatic, equivalencies, aggregate, prescriptive, conjectural, and reporting. While not all of Kalecki's theories and models are subject to such a procrustean treatment, these passages usually contain a generalization of Kalecki's thoughts with the help of mainstream (neoclassical) concepts and models. The chapters refer to what appears to have been the main theoretical achievements in his intellectual output; under the label of “theory” the following topics are discussed: business cycle theory, the theory of savings, economic growth models (the so-called socialist “Kalecki's formula”), problems of planning under different regimes, problems of the balance of payments, problems of “high employment,” technical progress, (departmental) proportions of economic growth, problems of economic development in the Third World. Under the label of “experience,” the author discusses the economic policies in pre-war and post-war Poland (one single chapter), and the international relations (East-West – Third World (one chapter).

Some of the chapters contain additionally (e.g. World Bank, IMF, CIA, Angus Maddison) macroeconomic data aimed at “statistical verification” of Kalecki's propositions. While readers who look for discussions on specific problems may find this material useful, the general intention in each of the sections is to persuade the younger economists of the continued relevance of Kalecki's approaches although, for instance, “the contemporary exposition of economic theory (*teoria gospodarowania*) on business cycles” is “simpler and placed in a wider context.” (p. 99) The analyses of various Kalecki's models and formulae are aimed at situating him squarely in orthodox frameworks, for example, Marshallian models of supply and demand or Mankiw–Romer–Weil models of economic growth. Perhaps this task is somewhat easier in case of Kalecki's macroeconomics, but microeconomics posed and still poses a greater challenge for such a project, since Kalecki's “degree of monopoly,” “principle of increasing risk,” and class-based income distribution theory are among non-neoclassical models of economic activity under capitalism. While deeper neoclassical reinterpretation of some, at least, of the concepts of Kalecki can be done, this has not been accomplished in the book<sup>7</sup>.

While Jasiński accepts the conventional definition of economics as being about the allocation of scarce resources, institutions only rarely loom in the background in his “theoretical” chapters, and he suggests that “the grand neoclassical synthesis” (Paul Samuelson, Alvin Hansen, John Hicks) contains ideas that resemble Kalecki's views (p. 98).

However, if that were true, one would have Kalecki's models being incorporated into at least some of the mainstream graduate textbooks of macroeconomics for a long time. This is not the case. If the orthodox credibility of Kalecki's recommendations to developed (war-time Great Britain, post-war France) and developing countries (Israel or India) had been impeccable, he would not have been so bitter about the “success” of his advisory activity. “... [My] only immediate impact was a negative correlation, in the case of

<sup>7</sup> *Inter alia* Sulejewicz, A. (1999) *Michał Kalecki and Industrial Organisation*, paper presented at the Conference on the 100th Anniversary of Michał Kalecki, Warsaw

Israel, where the policies adopted were the exact opposite of those [I] had recommended.”<sup>8</sup> The bitter truth was reiterated by his disciple and collaborator Zofia Dobrska: “Though Kalecki’s recommendations... were fully consistent with the official policy of India, in fact the Nehru government put none of his suggestions into practice.”<sup>9</sup>

Why did Kalecki regularly meet with formal praise and practical disregard? Although, as a rule, he proposed mild reforms, the working people’s interests (workers, peasants, and small traders and producers) were always palpably at the back of his mind. Greater social justice, full employment, and income distribution had been raised to the status of key variables in his theories and not only in policy advice, i.e., these were fully theoretical economic variables and not ethical (extraeconomic) variables in Robbins’ conceptions of economic theory and “merely” policy advocacy.<sup>10</sup> In that, some of Marx’s ideas were so penetrating as to neglect these would amount, in Kalecki’s mind, to totally unrealistic theorizing. This could be the case with the famous “Political aspects of full employment” (1943) where the idea that labour unemployment presented the capitalist class with bargaining advantages was analysed. Yet this was “over the top” not only for Paul Krugman but also surely for a great majority of mainstream economists. Kalecki’s political economy of capitalism does not fit the general theory of “the market economy.”

As mentioned above, the main effort in the book is directed at establishing that Kalecki belongs firmly in the contemporary mainstream economics and that he was never a Marxist despite his left-leaning attitudes. “Many, and maybe even all of Kalecki’s achievements . . . are reconcilable with a non-marxist standpoint” (p.48). Somewhat ambiguously, Jasiński quotes Henryk Szlajfer’s conclusion: “We have to look for such authors like Kalecki who, obviously have Marx ‘at the back of their heads,’ at least some basic elements, or even what might be called a Marxist world view, but who express this in the language of modern neoclassical, neokeynesian and institutional economics” (p. 49). Ultimately, the question of whether Kalecki was or was not a Marxist was, for the author, “decided by Paul Krugman . . .” “When I first read this essay, I thought it was over the top. Kalecki was, after all, a declared Marxist (although I don’t see much of Marx in his writings).”<sup>11</sup>

The discussion of “Kalecki’s Marxism” is perhaps not a moot point in the history of economic thought. Neither is it entirely irrelevant for the few left-wing economists in contemporary Poland. However, and irrespective of the subtle and complicated issues involved,<sup>12</sup> Krugman’s purported “settlement of the question” is required in Jasiński’s book as the support of the main thesis that Kalecki is part and parcel of the contemporary mainstream of world economics.

Rhetorical or formal reconstitution of key Kalecki’s models risks losing the social content of political economy that was, in our interpretation, dearer to Kalecki’s heart than becoming a part of the accepted market orthodoxy. In that sense, the proposed re-reading of Kalecki after half a century may not do justice to the entire *oeuvre* of the great Polish economist. What might taste sweet to orthodoxy tastes sour to heterodoxy and vice versa. Maybe this is yet another paradox of the capitalist economy to which Kalecki devoted his most penetrating thinking.

Jasiński seems to espouse the “Whig” view of the development of economic science<sup>13</sup>: to place Kalecki in the modern mainstream he “stud[ies] the past from the standpoint of the present state of economic science.” This academic practice might be more commendable if the science of economics had much more

<sup>8</sup> Feiwel, G.R. (1972), *Introduction to: M. Kalecki, The last phase in the transformation of capitalism*, Monthly Review Press, New York, p. 8.

<sup>9</sup> Dobrska, Z.. Kalecki, M. on the Developing Economies of the Third World, in M. Kalecki, *Collected Works*, Vol. V, Annex 3, pp. 237–246; citation on p. 246.

<sup>10</sup> These are the key aspects of post-Keynesian and neo-Kaleckian theoretical approaches neglected in the book under review.

<sup>11</sup> Krugman, P. Phony Fear Factor, *The New York Times*, 8 August, 2008. The essay in question is the famous Kalecki’s Political Aspects of Full Employment, *Political Quarterly*, 1943, pp. 1–9. The note signals that “This article corresponds roughly to a lecture given to the Marshall Society in Cambridge in the spring of 1942.” Let us add that we cannot find any citation supporting Krugman’s remark about Kalecki’s supposed self-declaration as a Marxist.

<sup>12</sup> Sulejewicz, A. (2019), Michał Kalecki – niedoceniany innowator światowej ekonomii, czyli losy ekonomisty heterodoksyjnego op. cit. Also: A. Sulejewicz, (1999) op.cit.

<sup>13</sup> Samuelson, P. (1987), Out of the closet: a program for the Whig history of economic science (keynote address), *History of Economics Society Bulletin*, No. 9, pp. 51–60. Citation p. 52.

solid foundations than it appears to be the case. Mounting popular criticism, especially after the global financial crisis, has revealed loopholes surprising many and created an intellectual environment favouring suggestions directed at strengthening the position of the (neoclassical) paradigm. *Toutes proportions gardées*, like the 1940s/50s, when “bastardised” Keynesianism of Samuelson, Hansen, or Hicks found its way into the “grand neoclassical synthesis,” one might envisage re-reading Kalecki to “rediscover” his anticipation of the conventional macroeconomics. A new “bastardised” Kalecki might prove useful in Krugman-style discussions evoked in the book. The “sweet” dish, however, would need to be sprinkled with “sour” non-standard microeconomics, income distribution, and class analysis in all the economic systems selected for study and generally would point toward political economy rather than “economic science.” Thus post-Keynesian analyses would more readily study the present state of economics from the standpoint of past (classical) authors. The position of J. B. Say quoted above is untenable: it is not that things lost in the course of the history of the subject are evidently not worth remembering and those still contemplated have already been duly incorporated into the present canon of analysis. The task of the historical study of economic thought cannot be limited to the study of the past from the standpoint of the current state of economics. The teleological, and especially monolinear, view of the subject cannot be sustained.

In conclusion, all those who concur with the author in inviting Kalecki back into the mainstream may find something to continue to work on, while all those who see Kalecki's ideas as one of the founding blocks of heterodox economics will be disappointed and mobilised in their effort to strengthen the Kaleckian branch of post-Keynesian economics.