

Reading Michal Kalecki

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It was only since the seventies of the last century that Michal Kalecki's name as an original economic thinker began to gain currency. Yet he is little taught till date in Indian colleges and universities, because now the New Classical orthodoxy and the New Keynesianism hold sway, along with old classicism and old Keynesian-ism. Ever since the Second World War, countless books and papers on Keynesian economics have appeared, but Kalecki remains on the fringe of study of 'economies', which one skeptic once called a 'pseudo-scientific misnomer for the science of political economy.' Right now, however, there is not much scope for doubting that those of Kalecki's writings that predated John Maynard Keynes's "The General Theory of Employment, Interest and Money" contained all the ingredients of what Keynes was to argue in his *magnum opus*. Unlike Keynes, Kalecki did not, however, grow up in the ambience of neo-classical analysis of Marshall-Pigou variety. Besides, his purpose was not to save capitalism from depression. But he built up a General Theory of his own in which the reality of capitalism was captured trenchantly via the analysis of monopoly and trade cycles.

A broad overview of Kalecki would reveal that he possessed a mind that had greater amplitude than any of his contemporaries. He not only provided a framework of macroeconomics that can be considered a more realistic alternative to Keynes, but also devoted considerable energy to the analysis of the developmental problems of backward economies. These apart, Kalecki also presented a toolbox for the analysis of the growth of a centrally planned economy.

In the light of the foregoing, the publication of an Indian edition of a *collection of five of Kalecki's seminal articles must be considered an extremely welcome event. These five essays, however, do not provide an adequate overview of the entire range of Kalecki's ideas. In this respect, the lengthy and trenchant Introduction by George R Feiwel is essential reading, because here Feiwel enlightens the reader about all aspects of Kalecki's thought. What is noteworthy is that the writer, in an elegant style, provides a survey of the macroeconomic views of the classicists, delineates the Keynesian break and then proceeds to Kalecki.

These essays are not technical in nature, but they contain analyses of the interconnection of complex economic phenomena with political issues, one may take for example the essay entitled, "Political Aspects of Full Employment", first published in 1943. In this essay, Kalecki argues that the capitalist class is in general opposed to full employment. Those who are familiar of the much-discussed Marxist concept of 'the reserve army of labour' would not find anything novel in it. But Kalecki's reasoning is not based on a decimation of the reserve army of labour that raises the real wage rate, but on 'discipline in the factories' and 'political stability.' Kalecki's reasoning is that 'even the rise in wage-rates resulting from the stronger bargaining power of the workers is less likely to reduce profits than to increase prices, and thus affects only

rentier interests.' Here there is a seeming contradiction with Marx, but this contradiction is more apparent than real. Marx's analysis was based more or less on the reality of competitive capitalism and to him monopoly was only a tendency. Kalecki's ideas on the other hand are based on the reality of monopoly capitalism, and the effect of monopoly on price formation. In this essay, Kalecki also argues quite logically that by concentrating government expenditure on armaments, the Nazi system removed the capitalist objections to full employment, because in such a system 'discipline' is strictly maintained and productive public investment is almost non-existent.

Another interesting and incisive article is 'Vietnam and US Big Business'. This article, although written in the perspective of the then raging war in Vietnam, is not irrelevant today, because it purported to explore the relations between the attitude of big business to war. Kalecki here showed incisively that sections of the US big business were not enthusiastic about the War, while others were insistent on its continuation. Here a comment of the writer was prophetic indeed, "The point is that the United States is so deeply involved in it (Vietnam War) that the big business, which embarked upon large-scale investment in connection with this war, will be so desperately insisting on its continuation that it will require quite an upheaval to bring it to an end." The upheaval did indeed come later and the warmongers in the USA were cornered.

The last essay, first published in 1966, elaborates the 'theory of intermediate regimes', the essence of which, according to Kalecki, was 'a pattern of amalgamation of the interests of the lower middle class with state capitalism'. It may be mentioned that after the first publication of this essay, the concept of 'intermediate regimes' has been referred to in many articles on development economics. But perhaps it is an exaggeration to characterize the lower middle-class as the ruling class. About the behaviour of these intermediate regimes towards big business, Kalecki observes, "The choice of the particular way of dealing with big business is determined not so much by the ideology of the ruling class as by the strength of the big business. Without taking into consideration the existing economic conditions one might expect more 'socialism' from a Nehru than from a Nasser. It was, however, the other way round, because at the time of gaining political independence, big business in India was much stronger than in Egypt". But the point is if there is any difficulty in considering big business as one of the ruling classes in at least some of the intermediate regimes. If one tries to compare the Bombay Plan with the Nehru-Mahalanobis strategy it would not be easy to find any significant difference.

This small volume however, is important in so far as it provides readers with an opportunity to know Kalecki. The excellent introduction is definitely a rich and indispensable companion to the essays collected in the volume. It may be suggested that this volume should be studied along with Malcom Lawyer's 'The Economics of Michal Kalecki'. □□□

*THE LAST PHASE IN THE TRANSFORMATION OF CAPITALISM

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