Chapter 9

Is there a Cambridge approach to economics?

Maria Cristina Marcuzzo

Introduction

'Cambridge capital controversy', 'Cambridge monetary theory of business cycle' and 'Cambridge equation' are some of the geographical references used to characterize the economic theories and approaches that developed in Cambridge (UK) between the 1920s and the 1960s. The question that then arises is which are, if any, the shared aspects in these developments that point to the idea of a Cambridge approach to economics.

I have been arguing for some time that the group of economists renowned as representatives of the 'Cambridge school' (Keynes, Sraffa, Kahn and Joan Robinson) or the 'Cambridge Keynesians' with the inclusion of Kaldor, as they are also named (see Pasinetti 2007) should be best defined as a 'group' rather than a 'school'; the reason behind the distinction is to convey the idea of both cohesion and sharing, rather than adhesion to a common body of doctrine. The implication is that 'the Cambridge approach to economics' is an alternative to neoclassical economics, but is not as cohesive and a fully fledged system of thought; it is rather a legacy with many threads. Several aspects of method, 'style' and content of the economics associated with the Cambridge tradition, and often traced back to Marshall, make it well recognizable, when compared with the so-called mainstream economics and other schools of thought. This is what will be presented in this chapter, drawing on my previous works (Marcuzzo and Rosselli 2005; Marcuzzo 2012).

The Cambridge group

The Cambridge group’s profile should be seen against the framework provided by Marshall - the founder father of Cambridge economics - to whom institutionalization of the subject at the University was due. Be it in the form of criticism, refinements or extension, the approach taken by Marshall towards the multifarious aspects of economic life was taken by this group as a point of reference. The type of economics Marshall favoured involved the application of the tools of economic analysis to reality. Be it districts, trades or markets, his agents and markets were embedded in historically determined worlds. He devised the supply and demand apparatus not just as a mechanical tool designed to determine equilibrium price and quantity in each market, resulting from maximizing rules followed by consumers and producers. The apparatus was also a means to interpret situations in which expectations are fulfilled. Given their knowledge of the environment and the routines the various economic agents follow, on the basis of that knowledge, if they see no reason to expect a change, they behave in such a way that their expectations are confirmed. For Marshall it was not so much a matter of individual perfect foresight as the ability to adjust, through trial and error, to market twists and turns, assuming that individuals have varying decision-making skills.

While Marshall praised market mechanisms, albeit with many qualifications and footnotes to the contrary, the path was opened by the two intellectually leading figures of the group, Keynes and Sraffa, to expose the shortcomings of both the trust in markets and the faith in market theory inherited by Marshall.

Sraffa pursued the goal of exposing Marshall's inconsistencies arising from his method of representing the equilibrating forces of the market with a pricing mechanism of goods and factors of production based on marginal magnitudes. Keynes was more concerned with the inconsistency of expecting full employment of resources in the aggregate from individuals maximizing either utility or profit.

Kahn also accepted several Marshalian basic postulates, helped Keynes in proving that in general there is no level of effective demand sufficient to sustain full employment by forging the tools of the multiplier and the aggregate supply function and supported schemes to intervene in the market in the public interest.

On her part, while remaining a fierce Keynesian fighting against the 'bastard' (as she called it) progeny throughout her life, Joan Robinson was seduced by Sraffa's arguments favouring the classical (and Marx's) political economy as better equipped to explain capitalism, and took a more radical stance than the others in politics as well in academic debates.

Kaldor, owing to his economic growth models, theory of distribution and contributions to policy debates, became a leading figure of the postwar Cambridge economics and stood in the forefront of the fight against Monetarism in the 1970s.

This Cambridge group was embedded in what Mohit Sen called 'The Cambridge tradition of the equality of intellects, arrival at the truth through discourse and the careful nurturing of the minds of the young, encouraging without patronizing and guiding without compelling' (Sen 2003: 54). This 'Cambridge style' found expression both in the personal and professional lives of Cambridge dons and students, for whom public debate and discussion were founding elements in their life and in students' education.

What marked the Cambridge didactic system out was the personal relationship established with the students and the close attention given to their
selection and education. Some of the personal rapport of respect and friendship that characterized the interaction between the Cambridge economists began as relations between supervisor and student (as in the cases of Keynes with Robertson and Kahn and of Robertson and Shove with Austin Robinson). Even the relationship of Marshall with Keynes and Pigou had begun as a relation between teacher and pupil.

Keynes gave form and finish to his ideas by submitting them to the others; his own contribution to the work of the others remaining far more modest. For him dialogue yielded the desired results only if it ran along the lines that he traced out, and apart from the occasional comments and consultation, it was hard to draw him out on other grounds, like the theory of value or imperfect competition.

The relationship between J. Robinson and Kahn epitomizes the kind of intellectual collaboration that was typical of Cambridge. In the first place, it was a sharing of time and space, which also entailed a sharing of knowledge and the habit of exchanging ideas and mingling together. From the post-war period until the end of the 1970s, both had fundamental roles in shaping the Cambridge that attracted students and scholars in great numbers from all over the world.

Sraffa was involved in all the intellectually important happenings at Cambridge, but found no company along his solitary path in quest of an alternative economic theory. Although it was Keynes who drew him to Cambridge and both Kahn and Robinson attended his lectures, the impact of his criticism of the Marshallian theory and his efforts to gain acceptance for an alternative approach were surprisingly ineffective until the early 1960s. His 1926 suggestion — the assumption of imperfect competition — developed in directions departing far from the approach that had inspired them. This may explain why he did not share his research pursuits with any economists in Cambridge, with the exception of Maurice Dobb.

Kaldor, like Sraffa, with whom he became a close friend, was not a born-and-bred Cambridge economist, having got his education in economics at LSE. Unlike Kahn and Robinson, he converted to the Keynesian Revolution only after the publication of the General Theory, but once he was made a fellow at King's and a member of the economic faculty he mingled with the group, although the rivalry with Joan Robinson was in more than one occasion a cause of bitterness and academic quarrels.

To sum up, the 'style' aspect of the Cambridge economists as a group lies in the particular type of communication — written and oral — that led to very close forms of interaction, not devoid of diversity and dissent, in the physical and temporal closeness, helped in part by relatively unconventional lifestyles upon which profound personal ties were threaded and woven.

In what follows, I will investigate the features of the approach to be identified as 'Cambridge' under the headings of divergences, differences and commonalities, concluding with a short review of its heritage in subsequent developments.
that it is ‘wise and prudent statesmanship to allow the game to be played, subject to rules and limitations’ (Keynes [1936] 1971: 374, emphasis added). He brought new arguments and strength to the tradition of thought which Marshall and Pigou upheld, in favour of some State intervention against excessive reliance on market mechanism, tracing out the implications of individual behaviour for the welfare of society, admitting failures and suggesting ways of improving the working of society.

After Keynes’s death, Kahn, Robinson and Kaldor were engaged in extending the General Theory to the long period and were faced with unsettled issues of determination of growth, income distribution and technological change. The question of the measurement of the value of capital and therefore the determination of the rate of profit cropped up and remained unsolved until the publication of Production of Commodities by Means of Commodities (PCMC) in 1960.

Sraffa provided the theory of prices and distribution alternative to neoclassical theory in general, and of Marshall in particular: given the quantities produced and the technical conditions of production for each commodity, the prices are determined by a system of simultaneous equations, under the assumption that in a capitalist society the rate of profit must be equal in all sectors. The distribution of the surplus is not made dependent exclusively on the technical conditions of production and the relative scarcity of productive factors, since one of the distributive variables is determined outside the system of prices and could be influenced by other economic, or even political and social causes.

By drawing an inverse relationship between rate of profit and wage, Sraffa shows that the interests of labourers and capitalists are antithetical. The substitution of labour for capital, when the rate of profit rises relatively to the wage loses any meaning after it is showed that the same technique could be adopted as the most profitable at different rates of wages (the so-called reswitching).

PCMC came out as a surprise inside and outside Cambridge, with the possible exception of Joan Robinson who said that she had seen the ‘light’ in Sraffa’s Introduction to Ricardo’s Principles, which led her to write her 1953 article, which anticipated the capital controversy.

Keynes had been dead for a decade when PCMC was published, but had he lived long enough to see Sraffa’s project disclosed to the world, he would never have endorsed it. No matter how highly he regarded Sraffa or how strongly he felt the need to have him in Cambridge, he was reluctant to abandon his Marshallian tools, and he was allergic to Marx. On the other hand, no matter how much Sraffa felt for Keynes (both personally and intellectually), he considered him a ‘bourgeois intellectual’ whose ‘mentality’ prevented him from appreciating Marx and understanding the working class issues (R Sraffa to R. Palme Dutt, April 19, 1932 in Marcuzzo 2005). On his part, Sraffa remained ‘secretly sceptical of the new [Keynes’s] ideas’, (Robinson 1978: xii) as Joan Robinson had observed then and afterwards, isolating himself from the Keynesian revolution and, in turn, depriving it of his own contributions.

Since the late 1960s, many attempts have been made to argue for or against the compatibility of the approaches adopted by Keynes and Sraffa. Neo-Ricardians (Sraffa’s followers accused Keynes and his followers [post-Keynesians] of not sufficiently shaking off several neoclassical traits (for instance, acceptance of the inverse relationship—between investment and the rate of interest!) and the post-Keynesians retorted that in Sraffa’s system there is no room for money and uncertainty, which are the distinct features of a capitalist economy.

In fact, the critique that Keynes, Kahn, Kaldor and Joan Robinson raised against the neoclassical paradigm went together with their apparently unquestioning acceptance— at least at a disaggregate level—of marginal analysis. True, Kaldor and Robinson in later years rejected the notion of equilibrium, but without severing the connection with supply-and-demand theories. Kahn championed the ‘marginal principle’ for the determination of price and output for the single firm and he was instrumental in persuading Keynes to adopt the marginal approach in the General Theory. Keynes never rejected increasing marginal costs in the General Theory and this led him to adopt assumptions, such as the inverse relationship between employment and real wages, which brought conclusions that he later admitted were at variance with facts.

Sraffa’s estrangement from Cambridge economics and his refusal to engage in the discussion of his own work with those who were among his closest friends can be accounted for by a political, social and cultural gulf. In Cambridge, Sraffa remained an isolated intellectual figure, feared and admired rather than actually understood. An example of the difficulty or even impossibility of ‘penetrating’ the insularity of a body of doctrine remained, notwithstanding the Keynesian Revolution, far away from Sraffa’s background and frame of mind.

Differences

Joan Robinson tried to incorporate Sraffa’s prices into the Keynesian framework. Her encounter with Kalecki (who was in Cambridge during 1937–1939) and constant engagement with Sraffa made her more willing than Kahn to enlarge the Cambridge approach beyond the boundaries of Keynesian economics.

In her 1954 article, she drew attention to the ‘profound methodological error’ (Robinson 1984 [1964]: 120) connected with the concept of quantity of capital outside the short period. She pointed out the neoclassical failure to distinguish between changes in the conditions of producing a given output, when the quantity of physical capital is altered, from changes in the value of that capital, due to variations in wages and profits. The implication is that ‘different factor ratios cannot be used to analyse changes in the factor ratio taking place through time’, because over time the value of the quantity of capital may change as a consequence of a change in distribution, and we will not be comparing the same quantities. She concluded that ‘it is impossible to discuss changes (as opposed to differences) in neo-classical terms’ (Robinson 1954 [1964]: 129).
Robinson interpreted the 'points of view of difference and of change' as a distinction between legitimate and illegitimate comparisons between two equilibria, with different amounts of capital. Since changes in the value of capital may occur simply because of a change in the rate of profit, it is impossible to know whether the quantity of capital has changed in the transition from one position to another. Thus she drew the conclusion that equilibrium positions could only be compared as differences, and never described as changes from one position to another.

However, in the introduction to Ricardo's *Principles*, Sraffa takes the question of the measurement of the quantity of capital to pertain only to the question of measuring 'the magnitude of aggregate of commodities', i.e., to the apparent change in the quantity of output to be distributed whenever there is a change in its value due to a change either in wages or in profits.

Sraffa does not take it to pertain to the question of the impossibility of comparing two different aggregates of commodities at two different points in time because of the impossibility of singling out the effects of a change in distribution, as Joan Robinson seemed to take it. It is not the time element that makes the analysis of change impossible in neoclassical terms, but the circularity in the measurement of capital unless the rate of profit is determined simultaneously.

After the publication of *Production of Commodities*, Joan Robinson became aware of the misunderstanding of her reading of the introduction to Ricardo's *Principles*, but still defended her distinction between the 'two point of views of difference and of change' as resting on the distinction between logical and historical time, claiming that reasoning in logical time is common to both general equilibrium theory and Sraffa's system, while the language of Keynes is in historical time.

Joan Robinson's main line of attack on the neoclassical theory was levelled against the notion of equilibrium and the impossibility of dealing with historical time, rather than against the inconsistencies in the theory of supply and demand. She remained unconvinced by the theory of prices of production and objected to the method of *Production of Commodities*, because 'there is no causation and no change' and 'the argument is conducted strictly in terms of comparisons of logically possible positions' (Robinson 1980a: 132). She felt it to be more promising to rely on Keynes, who, 'at the opposite extreme to Sraffa, discusses only events' (Robinson 1980b: 139) and discusses them 'in terms of processes taking place in actual history' (Robinson 1979: xiv).

This issue gave rise to the controversy on the question as to where the dividing line of the alternative to neoclassical economics lay. There were those, like Garegnani (1979) who argued that the assumption of irreversibility in time was implicit only in the method of supply-and-demand analysis, in which the tendency towards equilibrium is described as movements along those curves. The same assumption is not made when comparing two long-term equilibrium positions determined by a 'classical' theory of prices and distribution. (Garegnani 1979).

Also K. Bharadwaj (1991), while agreeing that history, namely the process involving actual and irreversible changes as opposed to potential and reversible changes, has to be rescued from neoclassical theory and brought back into economic analysis, defended the method of comparison between long-term positions as a legitimate method of analysis of change. Robinson objected to the method of comparisons of classical political economy and to Sraffa's method as showing no substantial difference from the neoclassical equilibrium method in their neglect of disregard of uncertainty and disregard of expectations, which are the guiding forces of economic behaviour. K. Bharadwaj responded by making two objections to Robinson's criticism of the equilibrium (in the sense of the long-term position) method. First, the equilibrium concept does not entail that the corresponding prices and the uniform rate of profit actually rule at any particular moment in time. It is rather, the tendency towards it, driven by the forces that are believed to be persistent, that is argued for. Second, while not denying that uncertainty or expectations had a role to play, she followed Sraffa in defending an objective method of analysis, which does not to appeal to non-observable entities, such as individual utility functions, but instead to looks at customs, social norms and the like (see Marcuzzo 2014).

**Commonalities**

I have so far pointed to the divergences and differences among these economists who did not always share the same interests, background or attitudes, but nevertheless convey a sense of belonging to a common world. Where can we find those commonalities, which will allow us to define a Cambridge approach to economics? My answer will have two parts: the first relates to certain features which we can detect in the authors whom I have selected as representative of Cambridge economics, and the second concerns the heritage in the research development which have evolved since their time.

Marshall's works represented the major theoretical reference point for this group; all had to reckon with Marshallian theory, whether to go on to take a distance from it, as Marshall did, or to forge ahead along the most original and promising lines of research it offered. Marshall, who had 'acute awareness of its embeddedness in historically determined totalities' (Becattini 2006: 614) provided a framework which was distinct from the one embraced by other neoclassical economists. In his economics, expectations have an important role to play, so does the notion of the short period as a horizon defined by the nature of choices that the producer can make. His analysis, by assuming the *ceteris paribus* clause to hold, allows one to detect a chain of causes and effects in each individual markets. All these traits provided the fertile ground in which Kahn and Keynes's short period and partial equilibrium analysis developed.

We may also add that his version of the quantity theory, as a demand for money balances, by introducing the possibility of a variable, or even an unstable proportion of money held for transaction purposes, paved the way to the notion of liquidity preference. The notion of liquidity is at the centre of the
Cambridge critique of the quantity theory of money; it amounts to denying the separation between monetary and real factors and the determination of the level of price as the outcome of the interplay of a transaction demand for money and an exogenously given money supply.

In Chapter 21 of the General Theory, Keynes shows that the quantity theory results apply under very special conditions: far from being a general proposition, it can be applied in very special circumstances which rarely occur in the real world. The level of prices is shown, rather than the outcome of three factors, the level of money wages, technology and the level of demand.

On the demand side, the speculative demand for money, as a function of interest rate is another aspect worth noticing as a feature of the Cambridge approach. We need to be reminded that the liquidity preference is not a relationship, which can be assumed to be stable, as in IS-LM model; it follows that changes in the supply of money bring about changes in the interest rate only if the schedule of the liquidity preference can be thought of as a stable relationship. However – and this was Kahn’s main point – it is unsuitable to think of a schedule of liquidity preference as though it could be represented by a well-defined curve or by a functional relationship expressed in mathematical terms or subject to econometric processes and held Keynes responsible for giving way ‘to the temptation’ to picture the state of liquidity preference as a fairly stable relationship (Kahn [1954] 1972: 90).

These arguments are directed against the ‘classical tradition’ whereby thrift and capital productivity are the ‘real forces’ at work in determining the rate of interest, which are conceived as a highly conventional phenomenon, determined by the strength of the desire of individuals to hold money (as protection against an uncertain future) and the quantity of money provided by the banking system. However, the quantity of money necessary to bring about a fall in the interest rate varies with the circumstances and the state and responsiveness of the market.

Kaldor challenged the alleged exogeneity that is the presupposition of the quantity theory equation. In his Speculation and Economic Stability (Kaldor [1939] 1960), he pointed out that the quantity of the money supply in a credit economy comes into existence as a result of bank lending and is extinguished through the repayment of bank loans. This volume of bank lending is limited only by the availability of credit-worthy borrowers. Accordingly, the money supply becomes a passive element varying automatically with the demand for credit. The increase in the supply of money in circulation is the response to increased demand and not an autonomous event. Without credit expansion, the Central Bank’s willingness to expand the monetary base will not produce effects on the money supply. It is interesting to note that although we have only scattered passages testifying to Sraffa’s monetary views, he certainly shared the idea of the rate of interest as a monetary and a highly conventional phenomenon.

Moreover there is a methodological aspect which makes Keynes’s and Sraffa’s position very close to each other. As it is well known for Keynes in economics ‘we cannot hope to make completely accurate generalisations’ (Keynes [1936] 1971: 254) because the economic system is not ruled by ‘natural forces’. The task of economics is rather to select those variables which can be deliberately controlled and managed by central authority in the kind of system in which we actually live’ (ibid.).

In General Theory, while the liquidity preference, the propensity to consume, the marginal efficiency of investment, the wage unit and the quantity of money are presented as the ‘ultimate independent variables’, it is denied that this distinction could ever be general; on the contrary, the division is said to be quite arbitrary from any absolute standpoint (Keynes [1936] 1971: 247). General Theory explains why the level of employment oscillates around ‘an intermediate position’ below full employment and above the minimum subsistence employment (Keynes [1936] 1971: 254). However, Keynes added:

we must not conclude that the mean position [of employment] thus determined by ‘natural’ tendencies, namely, by those tendencies which are likely to persist, failing measures expressly designated to correct them, is, therefore, established by laws of necessity. The unimpeded rule of the above conditions is a fact of observation concerning the world as it is or has been, and not a necessary principle which cannot be changed.

( Ibid.)

Keynes’s stance is very similar to Sraffa’s:

I am convinced that the maintenance of the interest rate by the bank (or) the stock exchange has had its part in the determination of income distribution among social classes… I did not want to commit myself much, and in general I only wanted to signal something in order to avoid the belief that the system is presented as ‘foundation’ for a theory of the relative supplies of capital and labour! It is what is denied that seems important to me: as to what is affirmatively claimed, I have no intention to put forward another mechanical theory which, in one form or another, states that income distribution is determined by natural, or technical or even accidental, circumstances, which in any case are such that they make any action taken by either part, in order to modify, futile… I do not see any difficulty in the determination of the rate of profit through a controlled or conventional interest rate, provided that the rate of profit will not be assumed to be determined by external unchanged circumstances.

(SP D3/12/111; quoted in Panico 2001: 301–302)

Finally, Sraffa’s critique had implications for the contention that market forces always bring the system to the full employment equilibrium via changes in the wage rate. It was the same battle the Keynesians were fighting.
Heritage

There are at least three research environments that purportedly draw and build upon the Cambridge tradition, that is, the Marshallian, Post-Keynesian and Sraffian approaches. I draw on Marcuzzo and Rosselli (2016) to present a short review of these developments.

Marshall’s concept of ‘industrial district’, discussed in book IV of the Principles, describing ‘the concentration of specialised industries in particular localities’, pointed to a form of organization governed by trust and co-operation, which characterizes clusters of firms within well-defined regional boundaries in various parts of the world. The district can be seen, as a relatively stable community, which has evolved out of a strong local cultural identity and shared industrial expertise. (A recent assessment of the theoretical aspects of this literature can be found in Raffaelli et al. 2010). This attention to the social and historical embeddedness of the economic process within which firms operate is a far cry that has proved to be of great utility in interpreting the peculiarity of several contemporary industrial districts.

Another equally successful endorsement of the Marshallian apparatus draws on his evolutionary vision of the organic development of firms and society at large. Economic progress is seen as the cumulative result of increasing division of labour, of the development of specialized skills, knowledge and machinery and, at the same time, of the ability to coordinate them. Economic change is represented by concepts such as adaptive behaviour, variation and selection through industrial competition. The object of study is a population of firms, each different from the other and continuously evolving, through interaction among themselves and with their social environment. Although this evolutionary approach is not unique to Marshall, having its recognized forefather in Schumpeter, several interesting research trends in cognitive and industrial economics have exploited the richness of this Marshallian tradition.

However, nowadays the best-known and most widespread approach in economics associated with the Cambridge School is Post-Keynesianism, which emerged in the 1960s. In recent years, the insights of Minsky on the causes of the financial meltdown have given more visibility and credibility to an approach which had always stressed the role of uncertainty, as well as the importance of money and income distribution in capitalist economies. The role of effective demand in generating employment, rejection of the idea that public investment crowds out private investment, the monetary nature of the interest rate, mistrust in the flexibility of prices as a way to redress fundamental market imbalances and the importance of cost in generating inflation and of incomes policy in controlling it and fostering growth are the main ingredients of the Post-Keynesian approach.

There is indeed variety within the group of Post-Keynesians, in terms of emphasis and research agenda, while the (smaller) group of Sraffa’s followers appears more cohesive and focussed. It is for expository purposes that the division is made here between the two approaches, since many heterodox economists would see no contradiction in endorsing both.

Sraffa’s research programme has been carried forward along several different lines. One is the investigation into the properties of the so-called core, that is, the set of equations that determine long-period relative prices and the wage rate or rate of profit, under the assumption that outputs and the alternative techniques that produce them are given. The analytical complexities of the system when joint production is involved and/or the inputs include at least one natural resource have been explored. Another issue that drew the attention of Sraffian scholars is the convergence (or the non-explosive oscillations) of market prices to their long-run positions characterized by the uniformity of the profit rate. Important results have been reached in this field and the related literature is quite large (Kurz and Salvadori 1995).

Another line of research lies in the ‘closure of the system’ or the determination of the distributive variable which is assumed as given. The classical tradition of assuming constant real wage is rejected and attention is focussed on the rate of profit. Two routes have been pursued here. One, following Pasinetti and his Cambridge growth equation, is to consider the rate of profit determined by the rate of growth of the system, which, in turn, depends on the investment decisions of capitalists. The other route, following Sraffa’s suggestion, is to assume the rate of interest to be equal to the rate of profit (allowing for differences in liquidity and risks). In this way, the possibility for monetary policy to impact income distribution – a clear case of non-neutrality of money – is posited.

Note that the two lines of research described previously represent what Pasinetti has labelled as the ‘separation theorem’, that is, the division between those investigations that concern the foundational bases of economic relations – to be detected at a strictly essential level of basic economic analysis – from those investigations that must be carried out at the level of the actual economic institutions (Pasinetti 2007: 275). The separation concerns not only the objects, but the level of abstraction and generality that the analysis must and can achieve (Garegnani 2002).

Conclusions

At the end of this cursory excursus into the history of Cambridge economics, I have left out episodes and figures, such as Austin Robinson, C. Pigou, M. Dobb and D. Robertson, in the earlier period, and R. Goodwin, M. Kalecki and R. Stone, who also made significant contributions to what goes under the name of Cambridge economics. I have focussed on the five economists who epitomize the Cambridge approach to economics, by showing the divergences, differences and commonalities that make them a very composite group. I have also shown that their heritage can be found in contemporary research areas, which make this tradition alive and promising of further developments.
We may conclude by saying that the Cambridge tradition has handed down to us a legacy resting on two pillars. The first is the rejection of the ‘classical’ conclusion that market forces are always at work to bring the economic system to full employment of resources, implicated by the belief that there is no discontinuity between individual and aggregate behaviour, so that what is good for a single player in the market is good for the whole. The second is the Sraffian theme that the market, taken as synonymous with supply and demand, is a misleading arena for the representation of the rules of production and distribution. Both pillars are needed to travel the road towards an alternative economic theory and economic policy.

References


