The Cambridge Keynesians: Kahn, J. Robinson and Kaldor

A Perspective from The Archives

Maria Cristina Marcuzzo and Annalisa Rosselli

Introduction

Richard Kahn, Joan Robinson and Nicholas Kaldor were economists who played an essential role in disseminating and winning approval for the ideas of Keynes. They all had special relations with him and were in constant touch with his ideas. From the post-war period until the end of the 1970s all three, in their own ways, had fundamental roles in shaping the Cambridge that attracted students and scholars in great number from all over the world. They epitomized what is generally understood as the Keynesians, at least as far as Cambridge, UK, was concerned.

R.F. Kahn was Keynes’s ‘favourite pupil’, his main support in the making of the General Theory, collaborator in King’s College administration and literary executor.

J.V. Robinson was regarded by some as the icon of the legitimate Keynesians against the bastard progeny of Keynes, populariser and proselytiser, contender in the capital controversy and champion of eclecticism in her reliance on Marx, Kalecki and Sraffa in opposing the neoclassical theory, originating an approach which is known as post-Keynesian.

N. Kaldor, a latecomer in Keynes’s circle as a convert from the Austrian school and the London School of Economics, was an original thinker in many pure and applied fields; he is best known for his growth and distribution models, the policy counselling he provided to Labour governments at home and in developing countries and his fierce opposition to Monetarism and Margaret Thatcher’s economic policies.

This chapter deals with the archives of their papers, which are examined here from three standpoints. First, we use the headings of their catalogues to give some biographical and bibliographical information about each author, in order to place those headings in the context of personal, professional and academic life. Generally speaking, archives are an important source for reconstructing intellectual biographies, perhaps less fascinating but certainly more reliable than personal recollections.

Secondly, we review the unpublished writings, signalling those that are, in our view, most interesting.

Finally, we examine the correspondence, taking into consideration a sample which we find particularly noteworthy.

Here we do not dwell extensively on the letters between Kaldor, Robinson and Kahn that are extant in their archives, and which we have examined elsewhere (Marcuzzo and Rosselli, 2005). These economists were not only heavily, emotionally dependent on Keynes’ approval, support and friendship, but also quiver among themselves with tensions and powerful interpersonal dynamics, love, esteem, hatred and jealousy playing their part.

After examining each author’s papers separately (sections 1, 2 and 3), we raise some methodological issues related to archives as a source for the history of economic thought and, as conclusions, we offer a few remarks prompted by the present authors’ experience of work on these archives (section 4).

1. Papers and correspondence of R.F. Kahn

1.1 The catalogue

Kahn’s papers are preserved in the Modern Archives of King’s College, Cambridge; the headings of the catalogue are given in Table 8.1.

Kahn, albeit highly influential in all major theoretical events in Cambridge economics, did not publish much, but his contributions are landmarks in the economics of the twentieth century. To name but a few, we have the articles on the Multiplier (Kahn, 1931), Duopoly (Kahn, 1937) and Liquidity Preference (Kahn, 1954), the Evidence to the Radcliffe Committee (Kahn 1958), Exercises in the Analysis of Growth (Kahn, 1959) and the article on the rate of interest (Kahn, 1971b). The complete bibliography can be found in Marcuzzo (1989) and, on the basis of comparison, we identify the unpublished writings, which will be examined in the next section.

Kahn’s involvement with King’s College dates back to the late 1920s when, as a student, he spent three years preparing for the Natural Science Tripos and one year for the Economics Tripos. After his election to a Fellowship (1930), he served as Second Bursar (since 1935), acting Bursar during Keynes’ illness in 1937-8, then First Bursar (1946–51) and, after Keynes’ death in 1946, Keynes’ Trustee.
for which he designed wage and income policy schemes at the Department of Economic Affairs. He received a life peerage in 1965. In the House of Lords he intervened on economic matters and, when the Tories came back to power, he was strenuous in his indictment of monetarism and Mrs Thatcher's government.

Since the early 1930s he had invested in shares, bonds and commodities with alternating fortunes. He was in charge of the finances of friends and relatives and devoted a considerable part of his time to the management of their savings. Unlike Keynes and Piero Sraffa, with whom he frequently discussed financial matters, he made only modest gains and did not die rich.

He was an enthusiastic mountaineer and even late in life would still spend most summers in the Alps. He was a careful planner in all matters, holidays included. He never married and always remained very close to his family, particularly his sisters, supporting them financially and emotionally.

An important aspect of his life was his strong Jewish identity, even when he gave up religious practice, as testified by the fact that he wanted to be buried in the Jewish part of the Cambridge cemetery.6

1.2 Unpublished writings

The unpublished writings are to be found not only in the relevant section of the catalogue, but are scattered among many other files.

Kahn never published a book, excluding the fellowship dissertation which appeared in Italian in 1983 (Kahn, 1983) and in English in 1989 (Kahn, 1989). However, at least twice he did plan to write a book, one at the beginning of his career, on the basis of his Dissertation and bearing the same name, The Economics of the Short Period. One draft is extant, with annotations and related material, amounting to roughly 300 pages. Of the planned eleven chapters, according to the index, chapters 1, 3 and 4 remained unwritten, while 7, 9 and 10 are seemingly unfinished. The draft was most certainly written in the last quarter of 1932 (Marcuzzo, 1996: 20).7

Part of chapter 7 merged into 'The Marginal Principle' which was an article Kahn submitted to F.W. Taussig in 1933 for publication in the Quarterly Journal of Economics and which, having been rejected, still remains unpublished in English.8

The second projected book goes back to the 1950s, when Kahn started a monograph on buffer stocks which was to consist of 11 chapters according to an index which might have been drafted in the early 1950s. In this work Kahn advocated the establishment of an International buffer stock agency to prevent price fluctuations of primary commodities. The agency was to be managed by experts so that price determination of

Kahn was also active and influential in the Faculty of Economics, where he started as lecturer in 1933, finally becoming Professor in 1951. He chaired many committees and masterminded academic activities and appointments. He was involved in the establishment of the Cambridge Research scheme, funded by the National Institute of Economic and Social Research, originally set up in 1938 also in order to provide Kalecki with a job in Cambridge.

At the outbreak of the war, Kahn found a post at the Board of Trade, where he was involved in the point-rationing scheme to curb consumption and free resources for the war effort; he then acted as Deputy Director of the Middle East Supply Centre in Cairo, where he was given many administrative duties. Subsequently he moved to the Ministry of Supply, where he started working on the Buffer Stocks of raw materials scheme and issues related to post-war organization of the economic institutions.

As from the late 1940s he worked for a number of international organizations (OECC, UNCTAD and FAO) and the British Labour governments,
raw materials, unlike under the quota system, would be ‘not a matter of bargaining strength, but of judgement based on scientific enquiry and expert experience’ (chapter IV in RFK/2/12.3).

In fact, in 1952 he began writing a series of letters to friends and colleagues in order to collect bibliographical material and statistics on buffer stocks. Six chapters were probably written between 1953 and 1954, and four of them are preserved in a file labelled by Kahn himself as the ‘Long version.’ A shorter, but complete version of the book was put together with the help of Joan Robinson, most likely in 1956–7. She drew on material prepared by Kahn, but made several additions and excisions. In the early summer of 1957 this shorter version may have been sent to Gerda Blau, who was an officer at FAO in Rome and a close friend of Kahn and Robinson and had been closely following Kahn’s progress with his book. Kahn kept up his work on the book, discussed it in correspondence with James Meade in 1958, and in 1959 still believed he could finish it by the end of the summer of that year (RFK/2/14). Unfortunately this was not to be so, but two papers on buffer stocks of tin and sugar, the former written for FAO and the latter for the International Sugar Council, are extant (Kahn, 1988: 47).

The result of all this delay is that Kahn’s only published book is in fact a collection of his essays (Kahn, 1971a). He planned to bring out a second one and drafted various tables of contents, which are extant.

Moreover, among Kahn’s unpublished writings, there are a few memoranda, papers and comments, mainly related to his activities as policy advisor and economic expert for various organizations and governments. On the academic side, there is a paper on Sraffa written in 1980, which is a – not particularly successful – attempt to build a steady state growth model based on Production of Commodities by Means of Commodities (RFK/2/20).

Of more historical interest are various sets of lecture notes dating to the early 1930s, together with conference papers extending well into the 1980s. Finally, there is the text of a long interview on his life and work, which was given to one of the authors of this paper, published in a small book in Italian (Kahn, 1988), but still unpublished in English.

1.3 Correspondence

Of Kahn’s major correspondents, Keynes and Joan Robinson certainly had the lion’s share, correspondence with the former amounting to 602 letters and with the latter to over 1300. The women he was personally involved with came second, followed by relatives, colleagues and a few acquaintances. As far as the economists are concerned, the earlier correspondents include: V. Edelberg, R.F. Harrod, H. Johnson, N. Kaldor, N. Laski, J. Meade, A.C. Pigou, D.H. Robertson, E.A.G. Robinson and G.S. Shove. Of the later period, correspondents include P. Garegnani, B. Ohlin, L. Pastenetti, T. Skidelsky and R. Solow.

The distribution of the extant correspondence, as expected, is heavily skewed towards recent years, the bulk of it dating to the late 1970s and, above all, the 1980s, with the exception of the colleagues mentioned above, family and lovers.

It is impossible to provide here a detailed account of the correspondence preserved in Kahn’s archive, its interest ranging from the biographical to the scientific; we must perform limit ourselves to a sample. We chose a group of 37 letters that Kahn wrote to Joan Robinson during his visit to the United States between late 1932 and April 1933, selecting them from the hundreds kept in Kahn’s archive as offering a good example of the wealth of information that might be drawn from perusal of his correspondence. First, these letters give us a picture of academic life in the USA in the early 1930s as seen through the eyes of a Cambridge don. They point up the lack of communication that still existed in those years between the academic worlds on the two sides of the Atlantic and reveal the gulf in styles and approaches to research and teaching. Secondly, they show how economic theory, as developed in the USA at the time, was perceived by a born and bred Keynesian economist like Kahn. Thirdly, they give us insight into the personalities of the two correspondents and their closest interlocutors.

Kahn’s letters are a series of long accounts dispatched from Chicago, where he spent a few weeks; from Harvard, where he was guest of Taussig and Schumpeter; and from New York, where he spent the last month of his visit. His first impression of the United States was not favourable, and changed little during his stay. Of the academic life he endorsed neither the research organization nor the teaching methods. He felt that too much money went on providing professors with secretaries and research assistants (engaged in what he considered a futile pursuit of data) and too little on creating an environment that would in both spirit and substance favour the exchange of ideas and a serene quest for knowledge.

Above all it was the didactic methods that failed to convince him, the students having no opportunity for discussion with their professors apart from the seminar Schumpeter held with his pupils at Harvard. As he wrote to Joan Robinson at the end of his visit to Chicago: ‘But what annoys me is the isolation in which most of these young men do their economics. Several of them have complained to me of the difficulty of working under such asocial conditions’ (24 January 1933, RFK/13/90/1/75).
There was no forum for debate like the Keynes Club or the Marshall Society, in Cambridge, and everyone seemed utterly to ignore his neighbour:

"Take, for instance, the case of Chamberlin's book. He has been working on it for at least six years. And yet I can find nobody who can give me the inkling of an idea of what the book is going to contain. I have no doubt that Chamberlin is well endowed with 'research assistants' (I shall come to that phase of this lunatic asylum later.) But that is the whole point. The pursuit of learning is regarded as a business, to be discussed with underlings at 'conferences', rather than as a social art which pervades one's whole life (17 February 1933, RFK/13/90/1/132-4)."

None of the economists encountered made much of an impression on him, particularly in Chicago, where he went not further than a handshake with Irving Fisher. Knight aroused his sympathy: 'Knight is friendly in a forbidding kind of way. He is very disgruntled with economic theory - in fact he is disgruntled about most things but his cynicism is of the pleasanter variety' (15 January 1933, quoted in Rosselli, 2005a: 265).

Viner and Schultz initially impressed Kahn favourably with their intelligence, but appalled him with the attitude they took to Cambridge, UK:

"Both Schultz and Viner try to be extremely contemptuous of Cambridge ... Viner is also very proud of not having read more than a few passages from the Treatise. And he has never finished the Symposium (but this does not prevent his telling me how surprised they were when it came out. They had been doing that kind of thing for years)."

(15 January 1933, RFK/13/90/1/44-51)

At Harvard Frank Taussig, then 72 years old, made the greatest impression on him, while of the younger generation - practically his own - it was the recently arrived Leontief who appeared to him as 'very definitely a man to watch' (15 February 1933, quoted in Rosselli, 2005a: 265).

His impressions in New York were far more agreeable: 'Wesley Mitchell had a lunch party for me at Columbia, and he struck me this time as a rather superior type of American professor, genial and moderately human! [Harold] Hotelling is a perfect dear which is just as it should be' (23-4 March 1933, quoted in Rosselli, 2005a: 266).

At the same time, the state of economic science and in particular of monetary theory seemed hopeless to Kahn, fresh from the Circus debates and involved in the work on the future General Theory of Keynes. While deflation was reaching its worst, the only remedies proposed were balancing the budget and reducing the gold content of the dollar. After attending a conference, he wrote:

"My God, it was nearly all the most doctrinaire sort of nonsense about how hard it is to inflate the currency and what about reducing the gold value of the dollar (without any suggestion that its rate of exchange was what mattered). If a business man were to deliver the best of those papers to the Marshall Society we should feel we had been sold a pup. These people are living in the Dark Ages. If I were not a coward I should there and then have made up my mind to devote the rest of my life to a crusade against the Quantity Theory. In no other way could I do more to better the lot of mankind."

(8 January 1933, RFK/13/90/1/36-40)

And he bitterly reached the conclusion: 'why is it that the only people in the world with whom conversation on so-called monetary subjects conforms to the most rudimentary canons of common sense all live in Cambridge?' (10 February 1933, RFK/13/90/1/105-7).

Greater satisfaction came from his meetings with business people who he kept interviewing in the hope of finding a solution to the problem of price determination:

"My experience so far has been extremely limited, but I am now absolutely convinced that every business man is at a kink (a pretty kinky kink too) on his demand curve, or thinks he is. This creates a quandary. It is quite true that it does not pay either to raise or lower the price. But what on earth determines the position of the kink? This is going to be my main theoretical problem." (27 February 1933, quoted in Rosselli, 2005a: 266)

As these few passages show, this American correspondence testifies to the seminal role of Kahn at two cornerstones of Cambridge economics: the fight against the Quantity Theory of Money and generalization of the Marshallian method.

2. Papers and correspondence of J.V. Robinson

2.1 The catalogue

Joan Robinson's papers are preserved in the Modern Archives of King's College, Cambridge; the headings of the catalogue are given in Table 8.2.
Table 8.2 Robinson's Papers

1. Books and contributions to books, 1920–79
2. Articles published or intended for publication, 1932–81
3. Oral presentations, 1941–81
4. Papers concerning work in progress, 1936–73
5. Juvenilia, 1914–23
6. Notes from the work of others, 1961–74
7. Correspondence, including unpublished papers written by others, 1922–80
8. Miscellaneous memoranda, 1930–80
9. Address books and loose notes of Addresses, 1945–80
10. Engagement diaries, 1963–83
11. Field notebooks and travel journals, 1945–79
12. Other travel records, 1945–65
13. Photographs, 1930–87
14. Pieces published by others, 1926–78
15. Reviews of Joan Robinson's writings and career, 1932–86
16. Printed copies of Joan Robinson's publications, 1925–82

Unlike Kahn, Joan Robinson was an exceptionally prolific writer – her published writings amounting to over 440 items (Marcuzzo, 2002b) – and left very little unpublished. Unlike the other two economists examined here, she lived an almost entirely academic life, mainly in Cambridge. She held no administrative positions in the University, nor in her colleges, Girton and Newnham, where she became Fellow only in 1965, when she was made Professor, having been appointed Lecturer in 1937 and Reader in 1949.

In the latter part of her life she became a world-wide traveller, making frequent visits to India, China, the former Soviet Union, Cuba and Canada.

The catalogue of her papers reflects these activities, drafts and original typescripts of some of her published works and small fraction. As far as her first and most famous book, the Economics of Imperfect Competition (Robinson, 1933), is concerned, extant is a draft of the Introduction (JVR I/3.3), which was probably kept because it contains Keynes' suggestions and corrections. Nothing is left of her other books (Robinson, 1937; 1942; 1956; 1960; 1962a; 1962b; 1966; 1970; 1971; Robinson and Eatwell, 1973). Of the published articles, it is mostly the material relative to the recent ones (after 1970) that has been preserved. Oral tradition has it that on her retirement, when she was obliged to leave her office in the Cambridge Faculty Building, she destroyed almost all her papers.

2.2 Unpublished writings

Most of the extant material in this section of the catalogue consists of notes for talks and lectures, either academic or for the general public. Noteworthy is the text of a lecture on Jevons, written in 1942 for the 'wartime Circus' (according to Joan Robinson's inscription), delivered most certainly on Pigou's suggestion that all Faculty members were to give a lecture on a selected economist. The lecture draws heavily on Keynes' biographical essay on Jevons (Keynes, 1971–89, vol. X) as far as his life and activities are concerned. However, unlike Keynes, under the influence of her recent reading of Marx Joan Robinson stressed how Jevons broke away from the tradition of British political economy by introducing a radical change in his approach not only to the theory of value, but to economics itself. She wrote:

... Jevons was wrong in supposing that he had found a new answer to the problems of political economy. He had not found a new answer. He had altered the question. For Ricardo the problem of the theory of value was subsidiary to the problem of distribution... Jevons is not concerned with this problem, he is interested in what determines relative prices.

(JVR III/2/6.7)

Three other manuscripts are worth mentioning. First, there are the notes for a talk to undergraduates on Nazism in Europe, dated 17 November 1941 in Robinson's handwriting (JVR III/1). The talk, given in one of the worst moments of the war, is a hymn to the ideal of liberalism, interpreted as 'the ideal of human equality, of the rule of law, of government by reason and compromise instead of by force and fear'. Confronted by Hitler's tyranny, she spurs the audience to 'raise the standards of freedom and justice' and free Britain from the 'anonymous, silent, bloodless tyranny of money and privilege which denies education to the majority of our own people'. Given the circumstances, the talk is full of passion, but admirably devoid of any hint of jingoism. Robinson invites her audience to learn and understand: 'We must learn to feel, when we hear these tales of horror, not “this is how Germans behave”, but this is what human nature can become'.

Secondly, there is a set of lecture notes, entitled Short Period Model, probably drafted in the early 1960s. These are written in a sort of shorthand form, to sketch out the content of the lectures. The first part looks at the differences between (a) family economy, (b) planned economy, and (c) capitalist economy as far as the forces beyond accumulation and the pace of growth are concerned. In a capitalist economy the crucial
role is played by technical progress. The last part of the lectures deals with the short period, described as a ‘snap-shot of an economy at a moment of time’, and analyses the effects of changes in investment, consumption, prices and money wages on the system (JVR iii/8).

Also extant is a much later set of notes on the Cambridge Tradition, which was the basis for a course she was persuaded to give in Cambridge after her retirement, in the Michaelmas Terms 1976–81. The number of lectures apparently varied from year to year, but the archive yields only the notes for four of these lectures. In JVR/iii/16.1, 16.3, 16.4 there is an analysis of Marshall’s thought, deemed ‘necessary to understand Keynes’. The Marshallian heritage in Keynes is seen as the ‘sense of an actual economy moving through historical time’ and the ‘short period idea’. She wrote that ‘For Marshall [short period is the] time it takes to get back to normal profits after an unforeseen change. For Keynes [it is a] given position with plant, organization of industry, utilization function’. Marshall comes out better in comparison with Walras because Marshall lacks a model with ‘transactors with endowments and in which all questions are treated as “maximizing under restraints”’. Marshall gives a view of the economy [with] family business, workers, banking system, international trade’. The other lectures are on ‘The rate of profit’ (JVR/iii/2,5) and ‘The Classical revival’ (JVR/iii/6,7).

2.3 Correspondence

There are about 490 correspondents listed in this section of the catalogue, although most of them are represented by only one extant letter. It is always hard to judge how much of a correspondence has been preserved by chance or as the result of deliberate choice. If the latter was the case with Joan Robinson, the variety of authors whose letters she thought worth keeping would confirm what a younger friend of the latter part of her life once wrote: ‘Joan’s gift for friendship was perhaps where she found her greatest freedom and pleasure, cutting right across class, culture, age’ (Narasimhan, 1983: 217). In her archive we find letters from all over the world, from women friends from school days at St Pauls’ School for Girls in London or student years in Cambridge, who kept in touch long after. The major correspondents, besides friends, family and relatives, include: S. Adler; H.R. Altounyan; D.G. Champernowne; M.H. Dobb; R.F. Harrod; F.A. Hayek; J.R. Hicks; R.F. Kahn; N. Kaldor; M. Kalecki; J.M. Keynes; A. Lerner; A.C. Pigou; K. Raj; P.A. Samuelson; G. Shove; J. Schumpeter; and P. Sraffa.

Here again we chose to focus on a small fraction of the correspondence preserved in her archive: the letters that Gerald Shove wrote to Joan Robinson in the years 1931–3 of the making of The Economics of Imperfect Competition. Their interest derives from the paucity of information we have on the scientific contribution of Gerald Shove, whose role as teacher and researcher in the true Marshallian tradition was acknowledged by many in Cambridge (Kahn, 1987; Austin Robinson, 1977). However, we have scant evidence to assess his role in the Cambridge debates, since Shove wrote much, but published little, as Kahn wrote in his obituary (Kahn, 1947), and all his papers were destroyed after his death, as he had wished.

When Joan Robinson began writing The Economics of Imperfect Competition in May 1931, Shove had already spent several years working on a book which was to expand on the Marshallian ideas on value and costs (Rosselli, 2005b). For two years, from 1931 to 1933, the 17 letters that Shove sent to Robinson show him living in fear that her book and the lecture course that Robinson was working on might anticipate his ideas, depriving them of their originality.

The ideas Shove was afraid that might be ‘stolen’ from him by Robinson are listed in a letter he sent her – the first of those extant – on 24 October 1931:

Dear Joan, from conversation with Kahn I gathered that, though the theorems in your book about monopoly are new and original, a good deal of the fundamental apparatus or line of approach (e.g. the treatment of ‘costs’ and ‘rents’, heterogeneity of resources, Increasing Returns and Diminishing Returns and so on) is derived, directly or indirectly, from suggestions which I have put forward at various times in teaching, lectures etc.

I am delighted that any of my ideas or methods of exposition should bear fruit in this way, but may I say that I think some acknowledgment should be made of their source? (24 October 1931, quoted in Rosselli, 2005b: 357)

Since then, any step forward made by Joan Robinson in her career and in the development of her ideas aroused Shove’s discontent, anxiety and somewhat aggressive reactions. When Joan Robinson gave her first course of lectures on Monopoly, Shove informed Robinson of the topics he intended to expound in his course in the following term and inquired whether she had already dealt with any of them (2 December 1931, JVR/iv/412/8-9 and 48-50). Shove was particularly anxious that Robinson might invade one of his favourite fields of teaching, diminishing returns, and particularly those that originate from the heterogeneity of factors of
production. It seems that Robinson assuaged Shove’s anxiety by telling him that her treatment differed in many respects. In June 1932, Shove heard from Kahn that Robinson was revising the first draft of her book extensively and this, again, made him suspicious. (9 June 1932, JVR/vii/412/20-21). This time Robinson reacted angrily to his insinuations. We do not have her letters (she must have sent three at least) but the tone of Shove’s replies (17, 23 and 24 June 1932, JVR/vii/412/22-29) becomes ever humbler and more apologetic. After further reassurances that Robinson had not changed her mind significantly, he concluded that ‘so far as I am concerned the incident is dead, buried, bricked-over, forgotten and (if there is anything to forgive) forgiven’ (23 June 1932, JVR/vii/412/26-8). However, he was still convinced that Robinson had wronged him when she began ‘preparing for publication and lectures a treatment of Diminishing Returns very similar to mine’ (17 June 1932, quoted in Rosselli, 2005b: 361), without consulting him. At any rate, he was aware of his own limitations and declined Robinson’s offer to wait for the publication of his book: ‘It is very kind and generous of you to offer to postpone publication, but please don’t. I shall probably never publish and anyhow I should hate to keep you back’ (ibid.).

Again, when Joan Robinson published her first article (Robinson, 1932) where she first presented the long- and short-run equilibrium conditions for a firm under imperfect competition, Shove interpreted the article as an attack against himself and convinced Keynes to publish a comment that, as usual, he gave to the printer at the very last moment. Robinson was given a few hours and very little space to write a rejoinder; Shove, having put her into such a difficult situation, wrote her a letter immediately afterwards full of sympathy for what she had to go through (16 February 1933, JVR/vii/412/34).

The same schizophrenic attitude, between aggression and admiration, was to be found a few months later when Shove at last brought himself to read The Economics of Imperfect Competition. He wrote her a letter of congratulations, but when the review came out it proved not exactly enthusiastic. It was her ‘technique’ that he did not like, her recourse to heroic assumptions in order to make the problems manageable in mathematical terms: ‘an essay in geometrical political economy’ (Shove, 1933: 660), as he called the book.

Can we tell from these letters that Shove’s grievances had some grounds? He was right in seeing many overlaps between their fields of research, both having an interest in classifying the possible sources of increasing costs and factor productivity, but the similarities end here. They may have reached the same results, but along completely different routes.

3. Papers and correspondence of N. Kaldor

3.1 The catalogue

Nicholas Kaldor’s papers, too, are preserved in the Modern Archives of King’s College, Cambridge; the headings of the catalogue are given in Table 8.3.

Unlike the other two economists examined here, Kaldor was not a born and bred Cambridge economist. He was raised in Budapest, got his education in economics at the London School of Economics, and was converted to the Keynesian Revolution after the publication of the General Theory. He was consultant to the governments and institutions of various countries, deeply involved in British politics and active in the Labour Party, serving on several parliamentary committees. He joined the economics faculty of Cambridge University in 1949, when he also became Fellow of King’s College. Over the post-war years he was economic and taxation adviser to several governments, central banks and the Economic Commission for Latin America. (The ‘country files’ in his papers cover 26 countries, from ‘America’ to ‘Venezuela’, that invited Kaldor over the years or required his services as consultant.) He became Professor in 1966 and received a life peerage in 1974.

Table 8.3 Kaldor’s Papers

| 1. Writings, 1912–89 |
| 2. Lectures and conference papers, 1932–86 |
| 3. Correspondence, 1926–86 |
| 4. Academic career, 1925–79 |
| 5. National Institute of Economic and Social Research, 1937–46 |
| 6. United States Strategic Bombing Survey, British Bombing Survey Unit, 1939–73 |
| 7. United Nations, 1945–71 |
| 9. Economic Advice to foreign governments, 1947–82 |
| 10. Economic Advice to Labour governments, 1961–78 |
| 13. Diaries, 1963–76 |
| 14. Personal, family and financial papers, 1940–86 |
Kaldor's papers were sorted by his literary executor, who organized the material and used it to write his biography (Thirlwall, 1987). The first heading comprises writings both by Kaldor and by various other authors, in chronological order, dating from his early work for the Hungarian press in the 1920s. When extant, the correspondence concerning each individual work is included in its folder. Texts of his speeches to the House of Lords are kept in this section.

Kaldor's main contributions in the field of pure economic theory are his models of economic growth (Kaldor, 1957, 1961; Kaldor and Mirlees, 1962) and his theory of income distribution, which followed up the thread of a Keynesian idea, namely that profit earners have a higher propensity to save than wage earners (Kaldor, 1956). In his most famous book (Kaldor, 1955), which developed out of his work on the Royal Commission on the Taxation of Profits and Income, Kaldor proposed to tax people not on the basis of their income, but rather on that of their expenditure, since by taxing income savers are taxed twice, both on present income and accumulated savings.

Kaldor was a prolific writer both in his academic output – there are nine volumes of his collected economic papers (Kaldor, 1960–89) – and in his contributions to the political debates on economic issues, advising governments and the general public alike.

He was blessed with a large family and many friends. In her speech at his memorial service in King's College chapel, the eldest of his four daughters, Frances Stewart, who also was an economist, traced a vivid picture of how Kaldor came across and what he stood for:

He was completely and explicitly on the side of the underdog, the have-nots, the underprivileged in society, and this was a fundamental motivating force in all his work, both in economic theory and as adviser and commentator on economic policy. He believed that much of conventional economics – neo-classical theory and monetarism – was a huge cover-up, an elaborate and well concealed structure for preserving privilege and downgrading the underprivileged. A consistent theme in his own economics, right from the 1930s, was to show up the logical fallacies and empirical falsities of orthodox economics, and to develop alternative theories which would be in the interests of a fairer system. Examples abound: his work on the Beveridge Report, on taxation, on an international commodity-backed reserve currency, on monetarism and so on. Where perhaps he was a bit naïve – in the light of experience – was in believing that it only needed logic to convince the privileged to give up their privileges. But logic is a first step, and there he has left us a rich heritage, not only in ideas but also in shared commitment among colleagues and students (not to mention family) to detect the phoney, to uncover true motives, and to develop alternatives. (Stewart, 1987: 2–3)

3.2 Unpublished writings

Since a complete bibliography including articles for newspapers and magazines is not available, it is hard to sort out the unpublished papers from those preserved in the archives. The sheer quantity of manuscripts, memos, reports and lecture notes is truly formidable, and we cannot do justice to it in the present chapter. Here again we will take a sample – mainly lecture notes – hoping to entice others to delve further into the material.

Luckily, the lecture notes for his courses at the LSE and in Cambridge have been preserved as from 1932–3, when Kaldor joined the staff of the former, starting from the courses on 'The Theory of Costs', later renamed 'The Theory of Production', on 'Advanced Economic Theory (Statics and Dynamics)' and on 'Capital and Interest', as well as – when the LSE moved to Cambridge – the courses on 'Theory of Employment', 'Value and Distribution', 'Economic Dynamics' and 'Growth.' These provide interesting material to place the development of Kaldor's ideas in their context. Here we shall take a look at three different sets of lectures.

The first that we consider here were given in Harvard in 1935. They are on imperfect competition (NK 2/32/2-10) and determinateness of equilibrium (NK 1/8/60-9), and show how little of Keynesian thinking he had taken with him to America. The lectures deal with the issues examined in his articles (Kaldor, 1934, 1935), such as the difference between market and individual 'imagined' demand curves and the assumptions necessary for a state of equilibrium to be attained. They show Kaldor already at some distance from the Hayekian influence, but still embedded in the general equilibrium approach and yet to become acquainted with the new developments in Keynesian macroeconomics.

Secondly, we take the notes for the lecture on Ricardo (NK/2/23/1-28) which Kaldor agreed to give in substitution of Sraffa who withdrew from the task at the last minute, incurring Pigou's disapproval. According to Kaldor, Sraffa gave him enough material 'for an entire course on Ricardo, not for one single lecture' (Kaldor, 1986: 50, our translation). The influence exerted by Sraffa can be detected in at least two areas. The first is the importance attached to the labour theory of value, interpreted as an instrument to determine relative prices and therefore liable to be considered as 'a necessary preliminary to the main problem: the problem of
distribution'. Secondly, Ricardo is described as a 'practical man', concerned with real issues such as inflation, depreciation of the exchange and the high price of corn unlike the traditional picture of Ricardo the abstract thinker. The lecture has a distinctly Kaldorian flavour in the emphasis given to the importance of modelling in economics in which Ricardo is said to excel and to the role given to the rate of profit in determining the pace of accumulation.

Thirdly, a manuscript entitled 'The General Theory and the open economy', for a lecture scheduled for 14 November 1986, which Kaldor could not deliver since he died on 30 September 1986. Here we find an interesting formulation of the principle of effective demand in terms of the capital account and income account of a balance sheet, and the distinction between decisions 'arising out of the contemplation of a capital account, and those arising from his [the individual's] preferences and decisions on income accounts.' Keynes' principle of effective demand is seen as implying a two-stage process: 'autonomous decisions to increase expenditure on currently produced goods on capital account, and second, consequential changes in incomes and hence on expenditures on income account' (NK/2/170/1-14).

3.3 Correspondence

Thirty-five boxes of correspondence are extant; files 1-121 are catalogued individually and in alphabetical sequence, while files 122-46 are linked to countries. The catalogue substantially preserves the filing system followed by Kaldor himself. One file labelled 'economics, important letters' contains the correspondence with L. Robbins, F. von Hayek, J. Hicks, F. W. Taussig, M. Allen, F. Machlup and P. Rosenstein-Rodan and goes back to the 1930s. Some of these correspondents also appear later, above all J. Hicks, with whom exchange was continuous over the years, while with Robbins and Hayek relations deteriorated dramatically in the late 1930s. The Cambridge economists figure prominently among the correspondents (Pigou, Robertson, Joan Robinson, Kahn). Of the other British economists, some (Ralph Hawtrey, James Meade, Roy Harrod) merit files of their own, while others are included in the numerous files having to do with the academic and political activities of Kaldor.

Our choice is once again constrained, and by no means easy. We focus here on the issue which saw Kaldor in the span of just a few years, 1934-6 opposing Hayek and drawing closer to the Cambridge stance against 'laissez-faire' and the perfect competition assumption.

In 1935 Hayek and Kaldor exchanged two typescript notes in a controversy on imperfect competition, prompted by Kaldor's article in *Economica* in 1935, in which Kaldor argued that strategic interactions between firms in an environment of free entry, market imperfection and increasing returns might lead to 'technical wastage', since the productivity of factors 'will be less than it would be if each producer produced a smaller number of products and a large proportion of total output of each' (Kaldor, 1935: 49).

Not unsurprisingly, Hayek contested Kaldor's approach; in a letter of February 1935 he wrote:

Mr. Kaldor's argument and indeed the argument of all planners, is however, that competition left to itself will not secure the degree of standardisation which in some sense can be regarded as desirable, and that in consequence compulsory standardisation might increase economic welfare in general.

(Quoted in Ingrao and Ranchetti, 2005: 400)

Hayek criticizes Kaldor's contention, maintaining that it is based on two arguments, the first of which is fallacious, while the second is based on particular assumptions which do not seem likely to occur frequently in practice. The fallacy would lie in neglecting consumers' preferences and the taste of the public for variety. The mere fact that, because of the advantages of large-scale production, more could be produced of each product if their variety were less, does not imply that the increased production is equivalent to increased welfare.

Since information is in any case incomplete, there can be no presumption that the public authorities have an advantage over private agents, and so there is no guarantee that they will do better by intervening in an attempt to reduce the social cost of excess capacity.

In his answer to Hayek's criticism, Kaldor argues that 'A case against "laissez faire" is not necessarily a case in favour of "planning"' (NK/2/3/81-6), and reiterates the argument that 'reducing the number of produced "varieties" does not imply a substantial standardisation and loss of variety... since brands or varieties do not necessarily bring about true product differentiation' (quoted in Ingrao and Ranchetti, 2005: 401). He casts doubt on the degree of foresightedness required by entrepreneurs to produce the output most profitable in the long run, so that freedom of entry into any trade does not lead to the beneficial results for the consumers usually assumed.

Kaldor, like Hicks later on, following Chamberlain's thread, saw in the imperfect competition 'revolution' the need to think in terms of general equilibrium and strategic behaviour among firms. In this respect, from the very outset Kaldor was not attuned to Joan Robinson's Marshallian method of partial equilibrium, and this was the focus of their first exchange.
Robinson had praised Kaldor’s article on the equilibrium of the firm, (29 March 1934, NK/3/5/45-7), a conception that she regarded as crucial to both the Pareto and the Marshallian method. In his reply of 10 April 1934, Kaldor pointed out that the introduction of demand curves for the individual firms in imperfect competition makes the concept of a supply curve of a single industry untenable since ‘it will not be possible to formulate any functional relationship between price and the amount produced, since a whole series of output can be associated with any particular price’ (quoted in Rosselli and Besomi, 2005: 314). He restates the same critique – which obviously stems from his general equilibrium approach – in his review of Robinson’s book in the same year.

However, a few years later, when his shift from the LSE to the Cambridge camp had been accomplished, mainly through his conversion to Keynesian economics, he stood by Robinson against Chamberlin and his article on the differences between his monopolistic and Robinson’s imperfect competition.

He wrote to Robinson on 7 October 1937: ‘I would take the liberty to defend you and Kahn and Pigou as well’ (quoted in Rosselli and Besomi, 2005: 315). They seem to have shared the view that Chamberlin was ‘alarmed at finding out the anti laissez-faire implications of his own analysis’ (quoted in Rosselli and Besomi, 2005: 315). Their alliance in the anti-laissez-faire battles, which they fought throughout their lives, was definitely sealed.

4. Working in archives

The widespread interest in working and researching archives that we have seen blossoming among historians of economics and also economists in recent years has already yielded a rich crop of literature, as these Palgrave volumes witness. Perhaps the time is now ripe to assess this activity and measure the value-added it holds for the profession; we offer a small contribution in this direction.

We can start by asking what the main motivations are behind research on the papers of Great Economists of the more or less recent past (disregarding here the no less valuable research on the papers of the less famous). To answer this question we need to ascertain whether or not those papers have already been used for scholarly investigation. Prima facie, it would seem that if indeed they have, then precious little would be left for further research. On the other hand, we are faced with the striking fact that not even the publication of 30 volumes of the Collected Works of Keynes and three biographies of the man have as yet slowed down the flow of visitors to King’s College Modern Archives to peruse his papers. Its former archivist has given a vivid account of the stream of people working on Keynes’ papers, their queries and curiosities:

So, installed in the archives, how do these new converts to the delights of documentary research conduct themselves? They make their notes by hand or laptop, which are, depending on the strength or otherwise of their English, succinct précis or laborious transcripts. Their document selection is either methodical or serendipitous; sidetracking diversions may uncover gems. They are reverential, excited (one academic who shall be nameless always speaks of ‘fondling the files’), or indifferent to the mystique of the original document that bears Keynes’s own autograph.

(Cox, 1995: 173)

The other case is when research on an author is still in progress and his/her papers are an ‘unploughed field’. Sraffa’s papers – to confine ourselves to the Cambridge tradition – are a case in point (Smith, 1998). Scholars are lured by the mystery of his life and the scantiness of his publications; his papers promise to make Sraffa more accessible and understandable than he was in person or through his few published writings.

Joan Robinson is a similar case, although she published a lot and left little unpublished. A full-size biography of her still remains to be written, leaving a void in an area of great interest to many of her followers, admirers and critics.

So far we have stressed the role of archives in filling the gaps in our knowledge of the personal and intellectual lives of Great Economists. Undoubtedly no significant biography can be written without spending long hours on documentary research, but what is their value in increasing our grasp of the theories of the authors concerned? How are we to answer the critics who view these activities as a sort of antique collecting?

There are, we would suggest, two legitimate answers. First, theories should always be referred to their context. By context we mean the set of questions which framed them, the intellectual interlocutors to whom they were addressed and ‘the state of the art’ at the time of their conception. Papers and correspondence afford insight into the motivations behind the choices of a particular set of questions, assumptions or tools. These are not always explicitly stated in the published version where the solutions discarded and definitions abandoned are left out. Archives allow us to travel the road towards a theory rather than, as it were, visit the final destination.

In Sraffa’s words: ‘In economic theory the conclusions are sometimes less interesting than the route by which they are reached’.
On the other hand, we believe that it should not be encouraged to search for the spirit of a ‘treasure hunt’, or in other words in the hope that unpublished papers or unknown letters might unveil the true meaning of a concept or ‘prove’ one interpretation rather than another. These are very rare occurrences and it is, rather, the patient, persistent, often unrewarding search for clues and facts which fits our discoveries into the pre-existing knowledge, as in a jigsaw.

Finally there is some educational value in working on archives for an economist, at least once in his/her professional life, to become aware that the road from error to ‘truth’ is a winding one, with many detours and obstructions. Acquaintance with the historical method of investigation is a challenge to faith in the purely scientific nature of economic investigation; history, unlike mathematics, fosters doubts in the search for universal truths in economics.

As far as the three archives which have been presented here are concerned, we may conclude by saying, on the basis of our experience and knowledge of them, which are the promising and still little explored sections.

The correspondence between Kahn and Joan Robinson, and between Kahn and Keynes (almost two thousand letters) appears to us an inexhaustible mine of information on many aspects of Cambridge life and economics, also in relation to the outside world. Moreover, there are the travel notes by Joan Robinson which give us a first-hand account of many countries at the time she visited them. Similarly, it may be well worth researching the ‘country files’ of Kaldor for the material he assembled and produced in his capacity as economic adviser to those countries. To these we would add his memoirs and preparatory notes written on several occasions during the many years of his political activities.

In conclusion, the inheritance of these three great Cambridge economists is preserved in their archives, over and above the material they published.

References


Kahn, R.F. (1947) Obituary of G.F. Shove, King’s College Annual report (unsigned but attributed to R FK).


14 Salomon Adler, economist, expert on China, translated into English some of Mao's writings.
15 Ernest H. Riddal Altenyian, poet and doctor who practised in Syria; his most famous poem was dedicated to Lawrence of Arabia.
17 On Kaldor's life and activities, see also Pasinetti (1979) and Targetti (1992).
18 Targetti’s bibliography, which builds upon Thirwall (1987), by admission of the author does not include Kaldor’s ‘numerous letters to The Times (which over the thirty years between 1932 and 1986 numbered around 260)’ and his articles for many newspapers, excluding those re-published in his collections of essays (Targetti, 1992: 363).
19 ‘I think the problem of imperfect competition is harder, and less important than you do’, wrote John Flicks to Joan Robinson three months after the publication of The Economics of Imperfect Competition (15 June 1933, JVR vii/200/1). And he maintained the same point later, when reviewing the matter for his Monopoly article (Hicks, 1935): ‘I think the real difference between us’ – he wrote to her – ‘is that you are more optimistic than I am about the application of the theory of imperfect competition, just because you think that theory is simpler than I do’ (letter 28 February 1935, JVR vii/200/25). See Marcuzzo-Sanfilippo (2007).
20 Letter from Sraffa to Charles P. Blitch, 6 October 1975, in possession of the recipient. We are grateful to Nerio Naldi who kindly gave us a photocopy of this letter.