Growth and Income Distribution
Essays in Economic Theory

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Preface

The essays collected in this book (with the exception of Essay VI) were conceived in the years 1958–62, in a period when I moved, in quick succession, from the University of Cambridge, England, to Harvard University in the U.S.A., to Nuffield College, Oxford, and then back to Cambridge again. Essays I, III, and V have been published already, and are here reprinted by kind permission of the *Review of Economic Studies*, the *Oxford Economic Papers* and *l'industria*. I am reproducing them without alterations, except for obvious errors and misprints and a few very minor excisions – mainly footnotes, to avoid repetition. Essays II, IV and VI appear here for the first time. Essays II and IV contain material which I have used in some of my lectures at the University of Cambridge, as many of my pupils will no doubt recognize. Essay VI on the other hand is much more recent, and is in a sense quite distinct from all the others; it was mainly written during my stay as Wesley Clair Mitchell Research Professor of Economics at Columbia University, New York, in 1971–72.

All the essays have in common the same basic conception of the working of the economic system and are therefore complementary to one another. I have sandwiched Essays II and IV in between the previously published essays to provide the missing links – an exploration of the deep Classical, and particularly Ricardian, foundations of Keynesian and post-Keynesian economic theory. As is shown in Essay II, Keynes' theory of effective demand, which has remained so impervious to reconciliation with marginal economic theory, raises almost no problem when directly inserted into the earlier discussions of the Classical economists. Similarly, as is shown in Essay IV, the post-Keynesian theories of economic growth and income distribution, which have required so many artificial assumptions in the efforts to reconcile them with marginal productivity theory, encounter almost no difficulty when directly grafted on to Classical economic dynamics. I have appended

Essay VI to answer a series of questions which have arisen from a theorem contained in Essay V. After all the discussions, a final conclusion emerges on the basic forces determining the rate of profit in the process of economic growth.

I have tried, in the whole book, to insist on the positive and constructive aspects of Classical and post-Keynesian theories. Polemics has been left aside and criticism kept to a minimum. I hope I have succeeded in giving unity and homogeneity to the whole, and in providing a coherent picture of so much of the Keynesian and post-Keynesian economic thinking that has recently originated in Cambridge.

I am glad to take this opportunity to express my deep gratitude to that remarkable group of thinkers – Richard Kahn, Nicholas Kaldor, Joan Robinson and Piero Sraffa – whom I had the rare fortune of meeting, discussing with so often, and then being associated with, in Cambridge, which has been to me the most stimulating place I could possibly imagine for progressive thought in economic theory. To the reader of the present essays it will appear only inadequately how much I owe to them. The warning, therefore, becomes more than usually necessary that the conception of Keynesian economic theory that emerges from the following pages must not be taken as necessarily expressing their views. Though inspired by them, I alone must take full responsibility.

My thanks also go to all teachers, colleagues and pupils with whom I had countless discussions. It would take too long to list them all. But I should like to thank particularly: Richard Goodwin, James Duesenberry, Franco Modigliani, James Meade and Robin Marris.

I am grateful for financial support to the institutions where I have been working, but especially to: King's College, Cambridge; Nuffield College, Oxford; and the Department of Economics of Columbia University, New York.

L.L.P.

King's College, Cambridge
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