

THE EVER-INSPIRING LEGACY OF J. V. ROBINSON

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Abstract

The year 2023 marks the 120th anniversary of the birth and 40th anniversary of the death of J. V. Robinson, often ranked among the most important female economists of all time. Theoretical economics has traditionally been considered a male domain. However, several diverse women, including Joan Violet Robinson, have also made their mark on its history. Robinson remains exceptional in that she was able to combine her career with motherhood. This British original thinker, a leading representative of post-Keynesianism, or the Italian-Cambridge school, is credited with making significant contributions to the neoclassical theory of imperfect competition, as well as to the seminal work of J. M. Keynes and, after the Second World War, to the dynamization of 'General Theory'. J. V. Robinson was one of the leading protagonists of the "three Cambridge revolutions" - the revolution of imperfect competition, the revolution of effective demand, and the revolution of capital theory. Although J. V. Robinson did not win the most prestigious award, the Nobel Prize in Economics, she influenced economic thinking in the 20th century, and critical recollections of her work and legacy can inspire economic science in the 21st century.

Key words: Joan V. Robinson, post-Keynesianism, Italian-Cambridge school

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Introduction

Traditionally, theoretical economic science has been considered the domain of men. Nevertheless, the history of economic theory has also included a number of diverse female authors, some of whom were left-leaning. Joan Violet Robinson (1903-1983) is clearly one of the most significant female economic figures ever. This British original thinker, a leading representative of post-Keynesianism, or the Italian-Cambridge school, is credited with making an important contribution to the neoclassical theory of imperfect competition, as well as to the seminal work of J. M. Keynes and, after World War II, to the dynamization of the General Theory. She was unnoticeably involved in the anti-Marginalist revolution, elaborating dynamic macroeconomic problems, led by the concepts of economic growth and distribution,

contributing to the formation of modern capital theory, critically addressing methodological issues in economics, etc.¹

The article is an original scholarly review. The authors analyzed the literature and available research. They used description, comparison, qualitative analysis, induction, and deduction methods to achieve the goal.

1 Life, studies, and academic career

She was born Joan Violet Maurice on 31 October 1903 in Camberley, Surrey, UK; she died on 5 August 1983. She came from an academically educated middle-class family. Her paternal ancestors included the eminent Christian socialist J. F. D. Maurice (1805-1872). Robinson studied history at St. Paul's Girls' College, London, from 1921 and transferred to study economics at Girton College, University of Cambridge, from which she graduated in 1925. She became the wife of the eminent Cambridge economist E. A. G. Robinson (1897-1993), with whom she stayed briefly in India. They have two daughters. J. V. Robinson spent half a century working at the University of Cambridge but did not take up a full-time post until 1948. There she was Assistant Professor in the Economics Department from 1932-37, Associate Professor from 1937-49, Extraordinary Professor from 1949-65, Full Professor from 1965-71, and Emeritus Professor of Economics from 1971-83. During the Second World War, she was involved in the activities of various commissions and also visited the USSR, China, etc. She became interested in the problems of less developed countries. In 1974 she became the first woman to be elected president of the American Economic Association and one of the few non-American presidents. She was also nominated for the Nobel Prize in Economics.

During her academic career, she was an active and prolific author. She was not a "one-idea" economist but developed many areas of economic research. She also worked on development areas, economic and political developments in China (1958, 1969, 1976) or North Korea, monetary theory, international monetary relations, etc. In doing so, she often reassessed her former positions and rejected approaches that did not hold up in the light of developments (Harcourt, 1995; Sirůček, 2011, 2019).

¹ In the early period, one of Robinson's philosophical models was Neopositivism. She was inspired by the work of K. R. Popper (1902-1994), whose influence is evident in the text *Economic Philosophy* (1962). In *The Economics of Imperfect Competition*, Robinson advocated an instrumental understanding of economics in the spirit of the Cambridge School. The book is also intended to contribute to the technique of "economic analysis" and a "toolbox" whose application to observed facts enables the economist to build an actual world model. In the period Robinson represented the primary representative of the Italian-Cambridge school, she consistently emphasized a positivist approach to the phenomena under study.

2 The Critical Marshallian

She became famous for her dissertation in the spirit of Marshallian economics, *The Economics of Imperfect Competition* (1933), which originally sought to overcome the framework of perfect competition as conceived by A. Marshall (1842-1924) and A. C. Pigou (1877-1959). It built on critical articles in the 1920s that noted the contradictions between perfect competition and authentic forms of competition. Robinson contributed to the standard approach developed by elaborating the A. Marshall theory of the firm in the context of partial equilibrium methodology. She analyzed imperfect competition between firms, where each exhibits a degree of monopoly power associated with product differentiation. She clearly defined perfect competition and the differences between perfect and imperfect competition. It also overcomes the prevailing orientation towards perfect competition and monopoly alone. The forms of imperfect competition are compared with the 'ideal' of perfect competition and found to be less efficient. The concept thus provided a partial explanation for the underproduction and underutilization of resources, which was also a reality in the UK in the 1920s and 1930s. Analyzing price discrimination, by which influential firms increase their profits, is also a significant contribution. The theory of price determination outlined here is later built upon by post-Keynesian economists etc.

Robinson's marginalist apparatus of income and costs became the basis of the standard textbook interpretation of market structures and enabled the development or maintenance of the neoclassical doctrine. She adopted the cost curves from Marshall and constructed the income curves (headed by marginal income) herself with the help of the relatively explicitly unacknowledged inspiration of one of the critical forerunners of neoclassical economics, A. A. Cournot (1801- 1876). The instrumentation of income and cost curves also develops the theory of marginal productivity; the situation of monopsony, or "exploitation" of a factor due to an imperfectly competitive environment, etc., is examined (Harcourt, 1995; Sirůček, 2011, 2019).²

2.1 Critique of neoclassicism

However, after WWII, the author gradually switched to a position critical of neoclassicism, and her book rejected it as subject to static analysis. She rejected the construction of economics on

² Robinson's contribution is - together with the text of E. H. Chamberlin (1899-1967), also published in 1933- a key work in this field. Both papers examine the influence of advertising and product differentiation on the traditional theory of the competitive firm. And even the original objectives of the two authors, working independently, were different from how the results were interpreted and absorbed by standard economics. Robinson developed the theory of the firm into modern textbook forms of analysis of perfect, monopolistic, and oligopolistic competition and monopoly markets (Sirůček, 2011).

the purely hypothetical comparison of two or more equilibrium states, rejected comparative static analysis, and developed later reflections in historical time - from the unchanging past, through the present, to the uncertain future. She self-critically assessed her theory's unrealistic assumptions and logical problems (the independence of the supply and demand functions, the simplistic definition of industries, the timelessness of equilibrium, the problems of the nature of capital, etc.). She drew attention to new phenomena (price inelasticity in highly concentrated industries, the role of oligopolistic agreements, or the diversification and international expansion of large firms) that price theory should consider. It also pointed to the negative consequences of monopoly power, etc. Her interest in the micro-theory of prices and firm decision-making also declined under the influence of the realities of the 1930s crisis and the work of J.M. Keynes. Her rejection of the equilibrium concept for studying the real economy supported her Keynesian belief that labor markets do not automatically have to settle at full employment.

Robinson's critique of neoclassical economics is gradually radicalized. During the 1950s-1970s, she was significantly involved in the start and course of the so-called *anti-marginalist revolution*³ (in the sense of a general questioning of the doctrine of marginal productivity and marginal utility as the foundations of neoclassical economics), or the long-standing dispute between the two Cambridges (British Cambridge versus American Cambridge). She was one of the leading protagonists of the capital controversy beginning in the 1930s. She sharply contested the neoclassical theory of capital (on questions of the definition, homogeneity, and measurement of capital) or the theory of marginal productivity and the conception of distribution and production functions based on it. She asked how to measure capital⁴ to determine the marginal product, which determines the relevant profits in the marginal productivity concept.⁵ (Sirůček, 2019)

3 A pioneer of Keynesianism

Robinson belonged to a group of students and friends of J. M. Keynes (1883-1946) who, through discussions in the Cambridge Circus, influenced the drafting of his seminal work. This

³ Compare (Marcuzzo, 200).

⁴ Although the Post-Keynesians convincingly refute the neoclassical conception, they do not actually offer an alternative. Robinson concludes that models must be constructed in historical time (Tlustý, 1967).

⁵ She elaborates on Sraffa's critique and contributes arguments about the vicious circle in marginal productivity theory to the debate (e.g., the classic essay "*The Production Function and the Theory of Capital*," 1953). This arises due to the impossibility of measuring capital without an interest rate—the above leads to a fundamental criticism of aggregate production functions. Robinson is convinced of a fatal flaw in standard economic theory. She reflects on the concept of capital and its aggregation. Capital cannot be measured independently of the interest rate, and the interest rate is not exclusively linked to the marginal productivity of capital.

was a 'circle' of Cambridge and Oxford economists (R. F. Harrod, R. F. Kahn, J. E. Meade, E. A. G. Robinson, P. Sraffa, etc.) critically accepting Keynes's *Treatise on Money* (1930)⁶ and inspiring the drafting of *The General Theory of Employment, Interest and Money* (1936)

In the late 1930s, J. V. Robinson was one of Keynes's ideas' advocates and prominent popularizers, especially the theory of effective demand and employment. Her "Introduction to the Theory of Employment" has its place in the Keynesian revolution. (1937). In her conception of Keynes, uncertainty plays a key role. Therefore, she rejects the reduction of the "General Theory" to an equilibrium system or reinterpretation in the context of the general equilibrium methodology (e.g., by the model later named IS-LM). Robinson insisted on interpreting Keynes's theory in the context of the Marshallian partial equilibrium. After WW II, she contributed to the dynamization of Keynes's theory and to the addition, in particular, of the theory of distribution and prices built into growth theories. This intended to elaborate Keynes' work into a new paradigm in economic science (1956, etc.).

It transformed Keynesian short-term analysis into a Keynesian-type growth concept and laid the foundations for an alternative post-Keynesianism. The dynamization of Keynes's work, to create a new analysis of long-term growth under capitalism, is represented by "*The Rate of Interest and Other Essays*" (1952) and especially "*The Accumulation of Capital.*" (1956). The book contains a model inspired by the legacy of Keynes, R. F. Harrod, Kalecki, and D. Ricardo or Marshall that takes a critical look at mathematically sophisticated neoclassical constructions. The work aims to answer two key questions - what determines the uneven growth of market economies over time, and how the growth process affects income distribution. According to Robinson, the optimal allocation of resources is to be subordinated to the question of what determines the path of an economy's expansion. The work is recognized as one of the main theoretical foundations of post-Keynesianism and contains several conceptual and methodological innovations. Growth is also the subject of "*Essays on the Theory of Economic Growth*" (1962), etc.

Robinson thinks of a dynamic economy that tends to underutilize resources and involuntary unemployment. Firms underutilize capacity, operate in oligopolistic markets, and markup prices based on direct costs (which she considers constant). The level of the profit markup depends on the degree of monopoly as a measure of the degree of imperfect competition in the industry. At a given level of technology, income distribution results from firms' pricing policies or the average degree of monopoly that prevails in the economy. The larger it is, the

⁶ The scope of this paper does not allow for a complete detailed review of all J. V. Robinson's publications. See e.g. (Sirůček, 2011, 2019; Harcourt, 1995).

greater the share of profits in output and the smaller the share of wages. Further elaborations emphasize the role of trade unions and link the formation of the profit premium to the balance of power between the fundamental classes under capitalism - the capitalists (profit takers) and the wage earners (wage earners).

The model operating with a degree of monopoly is more short-term oriented. In the long run, investment is the fundamental determinant of output distribution between wages and profits when the economy is growing. Under the assumption that wage earners do not save, profits and their growth rate are designed to provide the inflow of financial resources necessary to maintain the growth of the capital stock. The level of profits depends on the level of investment, the rate of profits depends on the capital coefficient (the capital intensity of a unit of output, which does not change in the presence of neutral technological progress), and the growth rate of national income. Economic growth and the distribution of national income between wages and profits depend critically on the propensity to invest. Moreover, the latter is associated with the animal instincts ("life drive") of capitalist entrepreneurs - as a social psychological term understood by economists in terms of an exogenous variable. Thus, the growth rate may not ensure full employment achievement. She considered growth under full employment an exceptional case, only difficult to achieve under laissez-faire ("golden age") conditions when the economy would grow steadily. She considered neutral technological progress, the closed model, the absence of uncertainty, and the effects of volatile business psychology.

A look at the development of Robinson's views is provided by the five-volume "*Collected Economics Papers*" (1951-79).

She also helped to extend Keynesian economics to the international sphere. She rejected the classical or neoclassical approach to balancing the balance of trade by changes in prices, including exchange rates. Her approach applies the Keynesian equilibrating mechanism. From a Keynesian position and a dynamic perspective, it examines the changes in the balance of trade over time. It views international trade as part of a national growth strategy. Trade surpluses increase domestic profit rates, leading to more significant investment and technological improvements.

Furthermore, they can contribute to productivity growth and living standards in the long run. And trade policy, one of the government's tools for jump-starting growth, can contribute to achieving trade surpluses. Robinson has been a lifelong advocate of so-called left Keynesianism. Her interpretation of Keynes's legacy contains several socialist elements that go beyond the "General Theory". (For example, the socialization of investment, which she conceived of as exercising public control over new investment.) Moreover, he associates the

most effective solution to counter consumption based on unearned incomes with social ownership (Sirůček, 2019).

4 Kalecki, Marxism, Sraffa and the Italian-Cambridge School

Not only in the dynamization of Keynes's theory, Robinson was strongly influenced by the work of M. Kalecki (1899-1970). Kalecki, a Polish economist, is often described as an unorthodox Marxist-oriented author, following, for example, the thoughts of R. Luxemburg (1870 - 1919). He is considered the creator of the dynamic theory of effective demand. In the early 1930s, Kalecki developed a broader concept of savings, investment, and employment - close to Keynes's theory of effective demand - which, however, he placed in the framework of business cycle theory. He also contributed to a theory of imperfectly competitive pricing based on the degree of monopoly of the firm's position, by which he meant the ratio of the gross profit margin to the value of output (depending on the degree of concentration and centralization of production and capital, the strength of unions, the degree of collusion, the evolution of costs, the possibilities of using the instruments of non-price competition, etc.). Kalecki's concepts influenced the emergence and development of post-Keynesian economics, especially the representatives of the Italian-Cambridge school, including Robinson.⁷

Robinson also dealt with Marxist economics⁸ when she also heretically evaluated K. H. Marx (1818-1883) as an early Keynesian of a certain kind ("Essay on Marxist Economics", 1942). Furthermore, she critically rejected Marx's theory of value and surplus value. She described the first volume of Capital as a "fairy tale of capitalism". However, she appreciated Marx's dynamic reflections (the theory of reproduction and the causes of crises), her analysis of socio-economic capitalist institutions, and her theses in the context of the theory of the price of production - she referred to the third volume of Capital as "the reality of capitalism" (1948, etc.).

Under the influence of P. Sraffa (1898-1983), and the work of Kalecki and others, Robinson became a leading figure in the Italian-Cambridge school⁹ at Cambridge, playing a crucial role in forming heterogeneous post-Keynesian economics. She belonged to its founding generation and mainly developed the macro-theories of growth and distribution in the context

⁷ For example, in the textbook "Introduction to Modern Economics" (1973), Kalecki's theory is interpreted. The book was to become the basis of a "new economics" as an alternative to standard approaches.

⁸ See (Baragar, 2003) or (Kerr, 2007)

⁹ . Z italsko-cambridgeské školy se od poloviny 80. let – po smrti Robinsonové a dalšího klíčového představitele N. Kaldora (1908 – 1986) – přesouvá těžiště dalšího vývoje postkeynesovské ekonomie do USA

of the first generation of post-Keynesians. These interpreted and developed the legacy of Keynes away from neoclassical economics. Post-Keynesianism is understood by Robinson as a new "Einsteinian paradigm" in economics. This also brought about an inevitable return to the theoretical concepts of the classical school of political economy (Harcourt, 1995; Sirůček, 2011, 2019).

Conclusion

Robinson's contributions are wide-ranging, and her shifts¹⁰ in thought deserve attention as well, from her elaboration of Marshallian price theory to Keynes's theory of effective demand, to her ruthless critique of neoclassicism and her pivotal contribution to the development and promotion of alternative post-Keynesianism. In doing so, she did not become more conservative as he ages, like many, but rather radicalized his arguments. Although J. V. Robinson remained primarily an economic theorist throughout her life, she also attempted to combine Keynesian doctrine with reformist economic policy recommendations (Eichner, 1984; Siruscek, 2011). Joan Robinson's importance to economic theory is reflected in her relationship to standard economics. She was influenced by the concepts and style of the classical political economy school and interpreted the work of Marx and Keynes in this vein. She has consistently criticized standard economic theory based on the laissez-faire principle, including the approaches of neo-Keynesianism or the grand neoclassical synthesis. She rejected self-evident mathematical formalizations, the injection of "General Theory" into static models (IS-LM analyses, etc.), the conflation of Keynesianism with neoclassicism (so-called "false Keynesianism"), and the concept of so-called positive economics. It has always considered economics as a social science that must openly formulate appropriate value assumptions.

Robinson's critical attitude towards standard economics - with its attempts at "heresy", including a specific writing style and non-conformist views - is also documented in her texts from 1960, 1962, 1966, or 1971. Robinson rejected the prevailing standard economic views and fought for alternative approaches describing reality in historical time. In a 1971 article, for example, she responded to the crisis of political economy and the inability of neoclassical and mainstream Keynesian theory to respond to crucial issues. In doing so, he brings together authors such as Keynes, Kalecki and Sraffa, and Marx. It also paid attention to methodological issues in teaching texts from the 1970s and early 1980s. Incidentally, she also focuses on the issue of the historical development of economic thought in his first work (1932).

¹⁰ See (Harcourt, 1990).

„Joan Robinson always argued that to understand an economy, we must start from its history, institutions and 'rules of the game', especially when we are trying to influence the form which the latter two should take."(Harcourt, 1995, p.1237) „Our aim should be to produce theories which contain the essential elements of the reality from which they start as the basic ingredients, in a sufficiently simplified form to allow us to see clearly the relationships at work and how exactly they intertwine." (ditto, p. 1240). She was a passionate "seeker of truth." A critical study of her writings can inspire the search for an economic science for the 21st century.

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