

Joan Robinson

the beacon of Cambridge economics

Maria Cristina Marcuzzo
Sapienza, Università di Roma
Accademia Nazionale dei Lincei

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Upbringing

- Joan Violet Robinson, neè Maurice, born on October 31st, 1903 in Camberly, Surrey
- From a comfortable upper-middle class family, in distress when her father was sacked from the British army (1918)
- Tradition of dissenters: her great-great grandfather expelled from King's College, London for taking issue with religious dogmas
- "I was brought up in an old liberal tradition, believing in progress and rationality of human behaviour"

Coming up to Cambridge

- In 1922 JVR came up to Cambridge at Girton College
- In 1881 women students were admitted to Examinations at the University; in 1921 eligible to titles of degree, in 1923 to the University Library and to University Lectures and for all Universities teaching offices and for membership of Faculties and Board of Faculties
- A separate room was provided for the examination of women students, but in each class of honours the same standard was set for men and women
- 1948: women admitted to full membership of the University of Cambridge
- Between 1911 and 1948 few women got a First either in Part I or Part II and JR, who took her *Tripos* in 1924 was not one of them



India

- Joan married Austin Robinson, also trained in economics in Cambridge, in 1926
- Soon after they left for India -where Austin was in charge of the education of the Maraja of Gwalior- and stay there for two years
- JVR back to England in the summer of 1928, five months earlier than her husband, together with a Committee of British people in charge of solving a dispute between the State of Gwalior and the Central Government of India over a matter of taxation and with whom Joan had worked to make the state win its case.

Back to Cambridge

- Back in Cambridge made acquaintance with two people pivotal in her intellectual and emotional life: Richard Kahn and Piero Sraffa.
- Attendance to Sraffa's course - "Advanced Theory of Value"
- Richard Kahn preparing his fellowship Dissertation on the Economics of the Short Period
- JVR wrote in 1951: "Mr Sraffa's lectures were penetrating our insularity. He was calming committing the sacrilege of pointing out inconsistencies in Marshall." (CEP I, p. vii).

Controversies over Marshall

- Marshall (1842-1924) was economics in Cambridge
- JVR learn it in the form of the version taught by Pigou (1877-1959)
- Controversy over increasing-decreasing returns: Sraffa (1926), Pigou (1927), Shove (1928) Robbins (1928), Young (1928) and more general issue of consistency and realism of the Marshallian supply and demand analysis.
- JVR's first contribution *Economics is a Serious Subject. The Apologia of an Economist to the Mathematician, the Scientist and the Plain Man* (1932).
- Pamphlet defends methodology of making unrealistic assumptions against the charge of the mathematician, who would defend logic against realism, and the charge of the plain man, who would do exactly the opposite

Sraffa's 1926 article arguments

- Sraffa challenged the Marshallian assumed symmetry of demand and supply in the determination of relative prices of individual commodities produced in competitive conditions
- Partial analysis requires the heroic assumption that the cost and demand conditions of different commodities must be independent
- Rationale for having first decreasing and then increasing costs is questionable since they rested on an entirely different set of causes (changes in the output of an individual firm and changes in the output of the industry) and that, in general, they were incompatible with perfect competition

The Economics of Imperfect Competition (1933)

- Starting point: Sraffa's proposal (1926) 'to re-write the theory of value, starting from the conception of the firm as a monopolist'
- JVR began writing it between late 1930 and early 1931; nicknamed it "my nightmare"
- Kahn checked every single passage, with the final work done on the proofs by mail as Kahn was in America
- Aim: to extend the marginal technique to all market forms, to provide an answer to the challenge posed by Sraffa who questioned the consistency of the Marshall-Pigou apparatus.
- Book gave her fame and academic respectability
- JVR starts teaching in Cambridge

Robinson's counter-arguments

- JVR's defence of the Marshallian methodology: *provided* underlying assumptions are explicitly stated, decreasing and increasing costs can be derived consistently; in a more general theory of competition, it is possible to allow for different cost and demand conditions, with perfect competition as a special case.
- “The essential distinctions are [...] between perfect competition and imperfect competition, and between an analysis in which time factors are admitted and an analysis in which they are ignored.” (Robinson, 1969, p. 129)

Was *Imperfect Competition* a revolution or a turning point ?

- Genuine revolution or a turning point?
- A turning point: a fresh start on a different track, which *may or may not* subvert previously held convictions or results
- A revolution: changes the way we address fundamental issues and it is generally *opposed* to prevailing ways of thinking
- At the time it was written the book *appeared* to provide a way to rescue the Marshallian approach from Sraffa's critique
- In the early 1950s JVR became a severe critic of her book and dismissed it as “a blind alley”

At the origin of the Keynesian Revolution

- Besides reworking the Marshallian-Pigouvian apparatus, in Cambridge great excitement about Keynes's ideas
- JVR is part of the “Circus”(1931), together with EAGR, PS, RFK, JM and brilliant undergraduates to comment on JMK's *Treatise on Money*
- In the Lent Term of 1932, Circus attended Keynes's lectures and in May of the same year RFK, Joan and Austin Robinson signed the Manifesto in which they challenged certain propositions asserted by Keynes in his Lectures.
- JMK takes the road to the *General Theory*
- JVR commented the first version of *General Theory* and read all the proofs

JVR during the Keynesian Revolution

- JMK presented the main argument of the *GT* in terms of “demand and supply for the output as a whole” under the influence of JVR and RFK.
- JVR and RFK: shared belief in the validity of the Marshallian apparatus (supply and demand plus marginal analysis): effects on prices and output of consumption goods following an increase in investment (Kahn’s multiplier)
- Much later JVR’s had second thoughts about the assumptions made in *GT*: Kalecki’s framework (mark-up pricing and constant marginal cost) believed to be superior to JMK’s

Michal Kalecki

- One of her articles (*Disguised Unemployment*, EJ, June 1936) brought, as response, a letter from a Polish economist, M. Kalecki.
- JVR realized Kalecki's analysis as important as Keynes's, although there was some initial disagreement over mark up pricing theory
- Kalecki was given a job in Cambridge (1937-39), but then he left disappointed
- It was Kalecki- JVR wrote in the 1960s- rather than herself who "brought imperfect competition in touch with the theory of employment" (Robinson 1969: viii),
- Kalecki's system of analysis is “in some respect superior to Keynes's”(CEP V: 186)

Extending and popularizing the *GT*

- *Essays in the Theory of Employment* (1937)
- *Introduction to the Theory of Employment* (1937)
- JMK's initial reservations about JVR's efforts to popularise and extend the *GT*, but in the end praised *Introduction to the Theory of Employment*
- Keynes wrote to her: "You have been very successful, I think, in simplifying and have stated some of the complications beautifully" (20-11-1937)
- Keynes supportive of her academic career, when she applied to become Faculty Lecturer in 1935, and stepped in to prevent others from harming it
- Difficult moments in the relationship when JVR was defending Kalecki's work against JMK's criticism

Marx and Marxists

- In the 1930s, Marxism a popular cult among the politically conscious undergraduates at Cambridge
- Since 1940 JVR had been studying Marx. Maurice Dobb was one of her "tutors", but Kalecki was the main influence; when her booklet *Essay on Marxian Economics* came out in 1942, Kalecki was very appreciative
- The main conclusion of the book, while revaluing many points of Marxian analysis, was a rejection of Marx's value theory; "The theory of value, in the narrow sense of a theory of relative prices, is not the heart of Marx's system [...] and nothing that is important in it would be lost if value were expunged from it altogether." (CEP I: 148).
- For this reason she has "been treated as an enemy by the professed Marxists ever since." (CEP V: 276).
- JVR took a negative view of any attempt "to solve the problem of transformation", but she recognized the importance of the value theory for characterization of the key features of the capitalist system
- On another "hot" issue, she acknowledged that Marx addresses the problem of unemployment through "the reserve army of labour", but she maintained that his system the "problem of effective demand does not arise"

Lessons from Marx

- "For me, the main message of Marx was the need to think in terms of history, not of equilibrium." (Robinson 1973: x).
- "When you turn to the *General Theory* in the long period you have to start with Marx's schema for expanded reproduction" (CEP IV : 253).
- The main program of the '50s in Cambridge: to develop a long run analysis of accumulation, which " has freed itself from the need to assume conditions of static equilibrium" (CEP II*: iii)

Marxism today

- These two questions, the repudiation of the theory of value for the determination of relative prices and the assertion that in Marx there is no room for a deficiency of effective demand, are hotly debated even today.
- After the publication of Sraffa's book, her point about the relevance of the labour theory of value for the determination of relative prices gained acceptance among several commentators (Lippi 1996).
- These are exceptions within the Marxist camp, where the theory of value is seen as essential to an understanding of the issues which Marx addresses
- On effective demand: two opposite views (Bellofiore 2018 and Persky 2018). One in disagreement the other in agreement with JVR

Sraffa

- JVR and Kahn attended Sraffa's lectures in 1928-29: implications of his revival of the classical approach not understood
- JVR *Economics is a Serious Subject* dedicated to Sraffa,
- While writing *EIC* she was apprehensive of Sraffa's criticisms
- Only after the war Sraffa's work again had a major impact on JVR.

Stumbling block

- In the 1950s -JVR later wrote- there was a lack of an adequate conception of the rate of profit
- On the basis of Keynes's and Kalecki's theory of effective demand, the level of total profits can be determined while to determine the rate of profit it is necessary to define the value of the stock of capital
- JVR wrote: "I had innumerable discussions with Piero Sraffa but they always consisted in his heading off from errors; he would never say anything positive. Thus it was not till I found the "corn economy" in his Introduction to Ricardo's *Principles* that I saw a gleam of light on the question of the rate of profit on capital."(CME: xvii).

The clue

- "Piero Sraffa's *Introduction* to Ricardo's Principles [...] caused me to see that the concept of the rate of profit on capital is essentially the same in Ricardo, Marx and Marshall and Keynes; while the essential difference between these, on one side, and Walras, Pigou and latter day textbooks on the other, is that the Ricardians are describing a historical process of accumulation in changing world, while the Walrasians dwell in a timeless equilibrium where there is no distinction between the future and the past". (CEP IV: 247).

Capital Measurement *Conundrum*

- What did the ‘corn economy’ reveal to JVR?
- Problems with Ricardo’s value theory: any change in distribution between wages and profits *alters* the relative values of commodities, including those produced with the same quantity of labour.
- Ricardo’s corn-ratio theory, albeit ‘at the cost of considerable simplification’, rendered distribution independent of value
- JVR’s *On Re-reading Marx* (1953); and “The production function and the theory of capital” (1953): unmasked the neoclassical failure to distinguish between the conditions necessary for producing a given output from the rules of its distribution, in the form of wages and profits



Sraffa (1960)

- Publication in 1960 of *Production of Commodities by Means of Commodities* by Sraffa
- Sraffa's message has a twofold significance to JR:
- "to knock out the marginal productivity theory"
- to re-establish "the classical doctrine that the rate of profit on capital depends upon the technical structure of production and the share of wages in net output."(CEP V: 95).

Re-switching and capital controversy

- In the attempt to analyse the relationship between the rate of profit and the choice of techniques, JR was faced with the question of the meaning to be given to the expression "quantity of capital"
- She discovered that "the technique that becomes eligible at a higher rate of profit (with a correspondingly lower real wage-rate) may be less labour intensive (that is, may have a higher output per man employed) than that chosen at a higher wage rate, contrary to the rule of a "well-behaved production function" in which a lower wage rate is always associated with a more intensive technique." (CEP IV: 144-5).

Interpreting Sraffa

- JVR interpretation: ‘different factor ratios cannot be used to analyse changes in the factor ratio taking place through time’: in time the *value* of the quantity of capital may change (i.e for change in the rate of profit or wages)
- Impossible to discuss *changes* (as opposed to *differences*) in neo-classical terms; on the contrary in classical theory distribution is independent of production
- *Reminiscent* of Sraffa’s interpretation of Ricardo’s failure to distinguish between *differences* in the value of a given output due to conditions of production and *changes* in the value of a given output due to the rule of distribution

Dividing line

- Sraffa: question of measurement of the quantity of capital pertains only to the question of measuring the magnitude of aggregate of commodities
- not to the question of comparing two different aggregate of commodities at two different points in time as JVR interprets it
- JVR: critique of the concept of equilibrium itself, and not only of neoclassical equilibrium
- JVR's distinction between *historical* time and *logical* time
- JVR: JMK's approach (discussion of “events” in terms of processes taking place in actual history) more relevant than Sraffa's (comparisons of logically possible positions)

1950s Growth Models

- JVR's books of the late '50s and early 60s, *Accumulation of Capital* (1956), *Exercises in Economic Analysis* (1960), *Essays in the Theory of Economic Growth* (1962) directed against models of growth "according as they exhibit some kind of inbuilt propensity to maintain full employment over the long run" (Robinson 1962, p. 87).
- The contrapposition between the equilibrium method and the "historical" method seen as a different treatment of time: "To make a comparison between two situations, each with its own future and its own past, is not the same thing as to trace a movement from one to the other." (Robinson 1960, p. v).

Accumulation and the long period

- JVR's program in the 1960s explicitly linked with the return to the "classical" tradition.
- "The characteristic of a dynamic analysis, in the sense intended here, is that it cannot explain how an economy behaves, in given conditions, without reference to past history; while static analysis purports to describe a position of equilibrium which the system will reach (or would reach if the given conditions remained unchanged for long enough) no matter where it started from."(Robinson 1979, p. v].

Ideology and Logic

- Another important issue she was concerned with in the 1960s was methodology, a topic to which she often returned later on
- In economics scientific and ideological levels of analysis should be kept separate
- "Logic is the same for everybody; the same logical structure, if it is not fudged, can support quite different ideology, but for most social scientists ideology leaks into logic and corrupts it." (Robinson 1977, p. 68).
- In economics are to be distinguished: "the elements of fact and logic, in each, from the elements which are metaphysical" (Robinson 1973a, p.3).

Unmasking consensus

- "Hypotheses are invented and die every day. The criteria by which some are chosen to survive and enter into the corpus of economic teaching are of two kinds. One is that a hypothesis seems life-like and offers some explanation that appears sufficiently promising to be worth exploring, and the other is that it fits into and supports received doctrine. Clearly the model of competitive equilibrium has a low score on the first criterion and owes its support to the second." (Robinson 1962, p.10)

Protectionism and Free Trade

- JVR became Professor of Economics at the University of Cambridge in 1965.
- Topic of her inaugural lecture: *The New Mercantilism*
- "We know that free trade is not an equilibrium state that would be reached if each country individually followed its own enlightened self-interest. It could be achieved only by mutually accepted self-denying ordinances, establishing a code of behaviour that would be good for all if each observed it." (CEP IV: 4)
- "It seems after all that the free trade doctrine is just a more subtle form of mercantilism. It is believed only by those who will gain an advantage from it [...] In each era the rules for international economic relations are moulded to suit the views of the country that is then the most powerful." (CEP IV: 12-3).



The birth of Post-Keynesian economics

- In the early 1970s, JVR wrote: "I have been trying for the last twenty years to trace the confusions and sophistries of current neo-classical doctrines to their origin in the neglect of historical time in the static equilibrium theory of the neoclassicists and at the same time to find a more helpful alternative in the classical tradition, revived by Sraffa, which flows from Ricardo through Marx, diluted by Marshall and enriched by the analysis of effective demand of Keynes and Kalecki "(Robinson 1973: xii).

Post-Keynesian economic theory

- JVR argued for an integration of Sraffa's results into a Marshallian and Keynesian framework, so as to give birth to a true alternative to neoclassical economics, which she labelled Post-Keynesian.
- Over the years, JVR unsuccessfully tried to convince the Keynesians that the gulf between Keynes and Sraffa could be bridged. Similarly, she unsuccessfully tried to convince the “Sraffians” that there was no incompatibility with Keynes' theory
- “The post-Keynesian theory reaches back to clasp the hands of Ricardo and Marx, skipping over the sixty years of dominance of neoclassical doctrines from 1870 to the great slump. This accounts for the paradox that post-Keynesian analysis derives equally from two such apparently incompatible sources as Piero Sraffa's interpretation of Ricardo and Michal Kalecki's interpretation of the theory of employment” (1973)

Two Strands

- The two strands in Cambridge economics (one from Keynes, one from Sraffa) and they were never fully integrated.
- Three times – imperfect competition, the theory of employment in the long period, Post-Keynesian approach – JVR attempted to integrate Sraffa within a Marshallian and Keynesian framework.
- JVR unsuccessfully tried to convince the Keynesians that gulf between Keynes and Sraffa could be bridged and the Sraffians that there was no incompatibility with Keynes' theory
- At heart JVR was an “analytical optimist” (according to classification of *Economics is serious subject*)

Disagreements

- JVR claimed that the lesson that she had learned in her criticism of neoclassicals concerned questions of time and this led disagreement with some of Sraffa's followers.
- Her distinction between historical and logical time brought with it repudiation of the notion of equilibrium – in particular the concept of long-run equilibrium – which is the hallmark of the classical approach, and also the key to Sraffa's production prices.
- She saw the main line of attack on the neoclassical theory as lying, and not between two alternative explanations of prices and distribution, as the neo-Ricardians had it, on the critique of the It is concept of equilibrium itself, and not only of neoclassical equilibrium
- This she saw she sees as the legacy of Keynes who, “at the opposite extreme to Sraffa, discusses only events” and discusses them “in terms of processes taking place in actual history”

Ingredients: negative part

- What are the ingredients of JVR's attempts to integration ?
- The first is “negative” or critical awareness of the weakness of the neoclassical notion of equilibrium resulting from the balancing of demand and supply schedules.
- Although JVR was concerned more with challenging the notion of equilibrium as such, than with rejecting the construction of demand and supply as based on marginal calculation (as Sraffa did), she nevertheless admitted that: the use of Sraffa to build up a type of long-period analysis which is alternative to neoclassical equilibrium
- Although Sraffa “was completely successful in his aim of providing a basis for the critique of neoclassical theory”, Robinson was convinced that *Production of Commodities by Means of Commodities* provided “a very narrow basis for constructive analysis

Ingredients: constructive part

- For the constructive part, in JVR's view, the foundation stone is drawn from Marx
- Then there is also a bit of Ricardo ((with the help of Sraffa) as he provides the basis for a theory of the rate of profit on capital
- “the Ricardians are describing an historical process of accumulation in a changing world, while the Walrasians dwell in timeless equilibrium where there is no distinction between the future and the past”
- The other constructive element of Post-Keynesian economics, comes from “Kalecki's version of the *General Theory*, rather than Keynes's” , because his background as a Marxist allows for a better integration of Marx's important intuitions (such as the reproduction schemes, the reserve army of labour; and his dual approach to price determination – supply and demand and competition for primary commodities, and mark-up and monopolistic competition for industrial goods – are more respondent to the reality of the contemporary world.
- According to JVR what was missing (the role of money, uncertainty and the multiplier) in Kalecki could and should be supplemented by Keynes.

A project to be accomplished

- JVR felt that Post-Keynesian theory was a project to be accomplished, rather than a construction which had been completed. She also foresaw that it might take time to do it
- However, JVR gave only general indication of how exactly this bridge between the Keynes's and Sraffa's theories could be forged.
- Several of JVR's challenges have been addressed by the enlarged family of what we now term Post-Keynesian economics, which is very composite group of people often at odds with each other, but I think united in the belief that Joan Robinson is the leading and iconic figure with whom most of them could identify.

The Post-Keynesian Group «problem»

- JVR did not lie down the reconstructive part in full detail, but she was very compelling in denouncing its inconsistencies and inadequacy for an understanding of the real world.
- JVR was particularly forceful in pointing out the ideological elements embodied in any economic theory (also in those whose views she endorsed) urging us to disentangle the ideology and extract the of the arguments
- JVR could come across as opinionated, but she conveyed that commitment to the search for truth which wins awe and respect, also by critics and opponents.

In Memoriam

- “I have realised more than ever ... how much one’s whole personality is involved in one’s “purely intellectual” work. I think the reason I have done so much more with a much weaker brain than any of us is because of my extremely simple minded attitude” (letter to Kahn, 3 Nov 1952)
- Not “simple minded”, but intellectually daring
- JVR died in Cambridge, after seven months of coma, on August the 3rd, 1983.
- An alike portrait of her was given by Dr. Carmen Blackers, who lived for more than 10 years in a room of her house, 52 Grange Road

Obituary

- “A strict vegetarian, she slept all the year round in a small creeper-covered hut at the bottom of the garden. It was entirely unheated, and open on one side to all weathers, but no storm, deluge or frost could persuade her to sleep in the house. Every morning at five minutes to eight I would see her walking over the lawn to her breakfast of yoghurt, in a maroon dressing gown and with her long grey hair hanging down her back. In the early spring she was often woken by tits pecking at her hair for material for their nests. Once she awoke to find a new pair of Marks and Spencer bedroom slippers entirely filled with nuts. 'The squirrel came from Trinity', she declared, promptly and considerately reverting to her old pair” (letter to the *Times* on August 30, 1983)

End

