There is a thread which runs from the satirical "Lecture Delivered at Oxford By a Cambridge Economist" to the pamphlet "History versus Equilibrium" (Robinson 1974), written around twenty-five years later, which clearly identifies what Joan Robinson considered to be the essential point of Keynes' (and her own) approach to economics. The Lecture is built around the necessity of making careful distinction between a static equilibrium position and the process of change required to reach that equilibrium: "In time, there is an exceptionally strict rule of one-way traffic. ... the distance between today and tomorrow is twenty-four hours forwards, and the distance between today and yesterday is eternity backwards" (Robinson 1953: 256). As a result you can "Never talk about a system getting into equilibrium, for equilibrium has no meaning unless you are in it already" (Robinson 1953: 262).

The main point of the Oxford Lecture was to lay the groundwork for the defence against the counter-argument to Keynes' theory that although it might have some practical application in the "short period", in the "long run" the forces of competition would be fully operative and lead to the full utilisation of resources. This is a possible interpretation of Keynes' theory that she had already identified while working through the proofs of the General Theory (see Robinson 1937) and which was to become her major post-war preoccupation (see "The Generalisation of the General Theory" reprinted in Robinson 1952), leading to her magnum opus The Accumulation of Capital (Robinson 1956) and which set off the notorious "Cambridge Controversies" in Capital Theory.

Her point of departure for the linkage of the short and long run was the relation between Keynes's short-period theory of investment and a post Keynesian theory of capital accumulation. The absence of an explicit theory of capital had been the basis of Hayek's criticism of Keynes's Treatise on Money, and Sraffa was called in to provide deadly sniper fire to divert attention from the question. The impetus behind her reconsideration of this relation was Sraffa's "Introduction" to his Royal Economic Society edition of Ricardo, and she refers the reader to it at the end of the Lecture.
The Oxford Lecture may thus serve as a concise summary of the issues which Joan Robinson continued to confront for the remainder of her career. In the end, she opted for "history" over equilibrium, for "process" over stationary states. This would eventually separate her from those who worked from Sraffa's interpretation of Ricardo and Marx to provide a non-neoclassical theory of capital. Not only was it necessary to have been in equilibrium since "The Fall of Man" to make sense of the quantity of capital, once you started to reason in this way, you could never get out of equilibrium; better not to start there in the first place. There was no going back to the Garden of Eden, so better to enjoy the original sin of the real world, rather than denying the fruits of the tree in the hopes of creating purity outside its confines.

I do not want to use this leitmotif of equilibrium and process (or history), or long and short period, to provide a critical survey of Joan Robinson's life work. This is done elsewhere in this book. Rather, I would like to use it as an interpretative key to her criticism of the development of modern economics of both a post Keynesian and post-neoclassical nature; to what in the title I have called the "prodigal sons" and the "bastard progeny".

The First Generation of Bastard Progeny

The first printed reference that I have been able to find to illegitimate offspring from the ideas of the Keynesian revolution is in an Economic Journal review (partially reprinted in Robinson 1965: pp. 100-2) of a book by Harry Johnson containing his American Economic Review essay celebrating the 25th anniversary of the General Theory. While Joan Robinson could be extremely disobliging, Harry Johnson had spent enough time in Cambridge to have learned the art to perfection, and this piece was one of the first in a distinguished line of papers he was to produce in that vein. As in the Oxford Lecture, the point of discrimination is the handling of the concept of capital. The bastard Keynesian position (which in the review is also identified with Hicks and Meade) argues that at any point in time a given quantity of capital is capable of providing full employment if only real wages are permitted to fall to their equilibrium level, i.e. where the supply and demand for labour are equal.
Her criticism of this position is on two levels. The first is the (traditional) failure to distinguish between real and money wages, and between (the more recent) failure to identify the relationship between relative prices and the general price level since the latter "was treated in a separate volume and another course of lectures, under the heading of Money. This was the setting into which Keynes irrupted with the contention that the price level was mainly connected with the level of money-wage rates, while the monetary system was mainly connected with the rate of interest" (Robinson 1965: p. 100). But, more important than this was that Keynes "had ... a sense of time. The short period is here and now, with concrete stocks of means of production in existence." This she credits to Marshall's influence, a counter to Johnson's criticism of excessive influence of Marshall on Keynes.

Thus, even if there were a level of real wages at which a capital stock appropriate to the existing quantity and quality of labour might have been constructed so as to produce full employment, you could not reach that equilibrium state by means of a reduction in money wages. She identified the contrary affirmation as "bastard" Keynesian, because it relied on "arguments which are purely Keynesian (though formalistic and silly), showing how the effect upon prices of changes in money-wage rates reacts upon liquidity preference and the propensity to consume" (Robinson 1965: 100).

This is just what every student learns (or at least used to, before the New Classical Macroeconomics textbooks appeared) in the textbook version of IS-LM extended to aggregate supply and demand. Unemployment (output) above (below) some critical level causes money wages to fall and, with fixed mark-ups, prices follow. The increase in the real money supply (or decline in the demand for nominal money balances) is then clothed in Keynesian terminology as a reduction in liquidity preference. The resulting fall in the rate of interest causes an increase in investment, and via the multiplier, higher income. In addition, the lower prices increase households' real wealth, leading to an increase in consumption spending which may be interpreted as a rise in the consumption function. In this version fixity of the nominal money supply replaces the malleability of capital to allow flexible wages and prices to restore full employment. This automatic adjustment process was absent in Keynes' theory because he assumed "that money-wage rates are rigid--more accurately, that the supply of
liquidity is very much more flexible upwards than money-wage rates are downwards. Of course he did. The contemporary world, inhabited by bankers and financiers (who do not depend on a fixed physical quantity of gold or cowrie shells to carry out monetary transactions) and managers and trade unionists (or for that matter mistresses and charwomen) is not reflected in the model in which money-wage rates can fall indefinitely, or in which the quantity of money remains constant when they are rising." (Robinson 1965: 101). But, the fatal flaw in the argument is that even if it were possible to show that "[a]ny arbitrarily fixed quantity of money ... is compatible with full employment, in conditions of short-period equilibrium at some level of money-wage rates, the level being lower the smaller the postulated quantity of money, and the larger the labour force to be employed" this in no way provides logical argument "to justify the contention that falling wages and prices are good for trade" (Robinson 1965: 101).

There is an equivalence between the automatic adjustment produced by flexible wages and prices in conditions of a fixed quantity of capital and in a fixed quantity of money. While capital must be sufficiently "malleable" to allow changes in the amount of capital per man to absorb available labour in the former case, in the latter changes in the level of wages must produce a change in the interest rate causing an increase in investment spending and, via the multiplier and the propensity to consume, an increase in consumption spending sufficient to provide full employment. Joan Robinson considered both versions "bastard" progeny. But, this is not so much because of the assumed "malleability" of the fixed stocks of capital and money as the failure to distinguish between equilibrium and history, between the impact of a change in the interest rate or in the wage rate on the process of development of the system and of equilibria defined by different values of the rate of interest and wage rates, which have prevailed since the Garden of Eden.

The Second Generation -- Neoclassical Synthetics

It is enlightening that the first generation of bastard Keynesian progeny closely resembles the modern textbook aggregate supply and demand fare. Although this was served up as the topping on the fixed wage, price and money supply IS-LM model in response to the monetarist criticisms that there is no discussion of inflation in the model and
the supply-side criticism that there is no explanation of supply responses, in 1962 Joan Robinson was still citing Hicks Theory of Wages as the source of "bastard" Keynesianism. However, as time went by she became increasingly preoccupied with the Hicks(-Hansen-Samuelson) IS-LM model known as the "neoclassical synthesis" because it openly admitted joining neoclassical micro theory with Keynesian macro theory.

Although Joan Robinson's criticisms of this approach are similar to those levied against Harry Johnson, there is an interesting change in emphasis. While the fixed quantity of money which provides the explanation of the determination of the slope of the LM curve is noted, she concentrates her criticism on the relation between the theory of investment and the theory of capital as represented in the determination of the slope of the IS curve. As generations of students have learned, the IS curve slopes down because of the inverse relation between the rate of interest and the amount of investment given by the marginal efficiency of capital schedule.

Joan Robinson notes that Keynes' theory had liberated the general level of prices from the (quantity) theory of money, and the rate of interest from the theory of relative prices; the former was determined by money wages and other costs, while the latter was determined by the monetary system. There was thus no necessary, or direct, relation between the rate of interest and investment. Indeed, this is why Keynes introduced the "efficiency" of capital. The most that could be said about the relation between the rate of interest and investment was that "Relatively to given expectations of profit, a fall in interest rates will stimulate investment somewhat, and by putting up the Stock Exchange value of placements, it may encourage expenditure for consumption. These influences will increase effective demand and so increase employment. The main determinant of the rate of interest is the state of expectations. When bond-holders have a clear view of what is the normal yield which they expect to be restored soon after any temporary change, the banking system cannot move interest rates from what they are expected to be. It is the existence of uncertainty or "two views" that makes it possible for the banks to manipulate the money market. But even when the rate of interest can be moved in the required direction, it may not have much effect. The dominant influence on the swings of effective demand is swings in the expectation of profits." (Robinson 1971: 79-80).
Thus, a fall in the rate of interest, given the marginal efficiency of capital, would increase investment and consumption and create "a boom which will not last because after some time the growth in the stock of productive capacity competing in the market will overcome the increase in total expenditure and so bring a fall in the current profits per unit of capacity, with a consequent worsening of the expected rate of profit on further investment" (ibid. 83). Put simply, this means that there can be no such thing as investment and accumulation in a given state of expectations, and we are directly transported from the static analysis of the impact of the rate of interest on investment into the cyclical world of Harrod and Domar.

On the other hand using Hicks' IS curve "a permanently lower level of the rate of interest would cause a permanently higher rate of investment". This Keynes "could never have said" for it confused equilibrium with a process of change: "Keynes' contention was that a fall in the rate of interest relatively to given expectations of profit would, in favourable circumstances, increase the rate of investment" (ibid.). But, this would cause expectations to change and the marginal efficiency of capital curve to shift, and presumably the IS curve with it. An IS schedule could not be built upon the static relation between interest and investment.

It is also clear why this point should have been considered of utmost importance, for it was the basis of the long-period argument of the bastard Keynesians that the quantity of capital could adjust to provide full employment if wages were lowered sufficiently. Here, a reduction in the rate of interest, given the wage rate, produces an increase in the rate of investment and a larger quantity of capital and employment. It was the analogue to the argument that unemployment is caused by real wages being too high, given the real rate of interest: if the real rate of interest is too high, relative to the wage rate, to provide full employment this could be remedied by a reduction in interest rates.

For sceptics who think this is a retrospective defence of Keynes's theory of investment, consider this passage from the closing portion of the Oxford Lecture: "Now let us try the long period. The short period means that capital equipment is fixed ... In the long period capital equipment changes in quantity and in design. So you come slap up to the question: What is the quantity of capital? ... Let us apply the notion
of equilibrium to capital. What governs the demand for capital goods [i.e. investment]? Their future prospective quasi-rents. What governs the supply price? Their past cost of production. For hard objects like blast furnaces ... demand is of its very nature ex ante, and cost is of its very nature ex post. ... There is only one case where the quantity of capital can be measured ...; that is when the economy as a whole is in equilibrium at our old friend E[quilibrium]. ... Capital goods are selling today at a price which is both their demand price based on ex ante quasi rents, and their supply price, based on ex post costs." (Robinson 1953: 16-17). It follows directly that any change in the rate of interest which causes a change in the level of investment will change ex ante expected profits and thus expectations, making it impossible to quantify the resulting change in the capital stock. Not only is it impossible to say that a fall in the rate of interest leads to a permanent increase in the level of income, it is impossible to say that a fall in the rate of interest leads to a permanent increase in the "quantity" of capital per man employed in equilibrium.

In her more technical article on the issue the same point is made: "The heavy weight which this method of valuing capital puts upon the assumptions of equilibrium emphasizes the impossibility of valuing capital in an uncertain world" (Robinson 1960: 126). "In short, the comparison between equilibrium positions with different factor ratios cannot be used to analyse changes in the factor ratio taking place through time, and it is impossible to discuss changes (as opposed to differences) in neo-classical terms" (ibid. 129).

The Third Generation -- The Neo-Neoclassicals

The "neoclassical synthesis" generation of bastard Keynesians were soon reincarnated as "neo-neoclassicals", defending simple "parables" in which the monotonic relation between the rate of interest and the aggregate quantity of capital assures the automatic establishment of full employment. The growth models of Swan, Solow and a host of others built on the aggregate production function were criticised on two grounds: the impossibility of identifying an aggregate quantity of capital independent of the rate of interest, and the inability to distinguish between comparison of equilibria and change. The latter was not only a methodological criticism, it was at the basis of the logical criticism of the relation between the rate of interest and the rate of
investment which gave these models their bastard Keynesian nature. The
debate over the measurement of the quantity of capital thus joined the
theory of growth and capital accumulation in the debate over the
possibility of the long-period restoration of the orthodox theory.

**The Fourth Generation -- The New Orthodoxy**

It was from this debate that the "New Orthodoxy" emerged, based on
a sharp division made between micro and macro theory. This was
primarily due to the fact that the study of capital in long-period
equilibrium conditions seemed to require "assumptions to make it seem
plausible that a private-enterprise economy would continuously
accumulate, under long-period equilibrium conditions, with continuous
full employment of a constant labour force, without any cyclical
disturbances, in face of a continuously falling rate of profit"
(Robinson 1960: 132-3). Given the obvious absurdity of the assumptions
required, it was easier to simply assume that an enlightened Keynesian
government undertook the budgetary policy necessary to achieve this
result. In the "New Orthodoxy", Say's Law was replaced by "work[ing]
out what saving would be at full employment in the present short-period
situation, with the present distribution of wealth and the present
hierarchy of rates of earnings of different occupations, and
arrang[ing] to have enough investment to absorb the level of saving
that this distribution of income brings about. Then hey presto! we are
back in the world of equilibrium where saving governs investment and
micro theory can slip into the old grooves again" (Robinson 1973:
96-7). Of course, the "old grooves" mean the traditional explanation of
the operation of flexible wages and prices to assure full utilisation
of resources. Joan Robinson considers Keynes himself not completely
innocent in this respect, for the drafting of the final chapter of the
*General Theory* left open such an interpretation of his theory.⁵

But the assumption that the government carries out Keynesian
policy in order to assure full employment cannot be a justification for
the application of orthodox theory. "Apart from logical incoherence,
the flaw in the new orthodoxy destroys the validity of its message. The
deepest layer in neo-classical thought was the conception of society as
a harmonious whole, without internal conflicts of interest. Society,
under the guidance of the hidden hand, allocates its resources ... between present consumption and accumulation to permit greater
consumption in the future. Accumulation is presented by Robinson Crusoe transferring some of his activity from gathering nuts to eat to making a fishing rod ... saving means a sacrifice of present consumption or leisure to increase productivity for the future; saving and investment are two aspects of the same behaviour. Keynes destroyed this part of the analogy by showing that, in a private enterprise economy, investments are made by profit-seeking firms and it is they who decide for society how much it will save." (Robinson 1971: xiv)

The "New Orthodoxy" thus eliminated the possibility of unemployment as a natural state of affairs in a free enterprise economy and caused its practitioners to miss the main contribution of Keynesian theory. Once Keynes' contribution has been understood economics can move on from the question of why there is unemployment to the question "what form should employment take?" and to confront what Joan Robinson called the "Second Crisis in Economic Theory", the analysis of the problems "of the persistence of poverty--even hunger--in the wealthiest nations, the decay of cities, the pollution of environment, the manipulation of demand by salesmanship, the vested interests in war, not to mention the still more shocking problems of the world outside the prosperous industrial economies. The complacency of neo-laisser faire cuts the economists off from discussing the economic problems of today just as Say's Law cut them off from discussing unemployment in the world slump." (Robinson 1971: xiv-xv).

The scandal of the use of Keynes' theory to justify ignoring the most important questions facing the economy became the theme of Joan Robinson's Ely lecture to the American Economic Association in New Orleans in December 1971. There she decried the fact that "By this one simple device [bringing traditional micro theory back intact by assuming the government automatically provides for full employment], the whole of Keynes' argument is put to sleep" (Robinson 1973: 96). She goes on to repeat her basic contention in the Oxford Lecture that "the main point of the General Theory was to break out of the cocoon of equilibrium and consider the nature of life lived in time--the difference between yesterday and tomorrow. Here and now, the past is irrevocable and the future is unknown" (ibid. 95). The point which is ignored by the bastard Keynesian position now simply disappears from view because of the separation between micro and macro. Since all of these questions deal with problems of money and macro theory, they are
swept away by the assumption of full employment, leaving free play to Walrasian general equilibrium theory but, she warns "Walras leaves out the very point that Keynes was bringing in--historical time" (ibid. 96). This opens the way to the discussion of the microfoundations of macroeconomics which results in the elimination of Keynesian macroeconomics, bastard or not, as well as the discussion of the pressing real-world problems, exposing "the evident bankruptcy of economic theory which for the second time has nothing to say on the questions that, to everyone except economists, appear to be most in need of an answer" (ibid. 105).

This speech was warmly applauded, more in respect for advanced age than in admiration for its wisdom, and was widely ignored. In hindsight for good reason, for this mutation of bastard Keynesian was sterile; within a decade there were none who would have dared suggest that a Keynesian government could provide full employment by means of the "appropriate policy". Rather government was perceived as the main cause of unemployment. But dropping the assumption and the implicit acceptance of the government as the guarantor of the level of employment turned the question back to the first crisis, which promptly made its appearance at the end of the 1980s in the form of the first global slump since the 1930s. Clearly, the assumption of a Keynesian government was not sufficient to make the traditional analysis legitimate.

The Modern Generation -- The New Keynesians

Before concluding, I cannot resist some reference to the so-called "New Keynesians". How would Joan Robinson have responded to this new approach? First, I think she would have applauded their acceptance of the fact that prices are not perfectly flexible, and that things could not be improved if they could be made so. She also would have looked favourably on their attempt to analyse a Marshallian "world [which] is peopled with types ... who have different roles to play ... each with his own characteristic motives and problems" (Robinson 1973: 101) in the form of the analysis of firms, bankers and workers. Beyond these general statements, it is difficult to pin down the theoretical underpinnings of this approach. There seem to be two main strands. The best known seeks to imagine rational behaviour which might lead utility maximising individuals in a general equilibrium framework to keep
prices rigid in the face of excess demand. This is a line which started in the fix-price temporary equilibria of Hicks as extended by Clower and then Barro and Grossman and others to fixed-price equilibria.

However, the ad hoc nature of the price rigidities led to attempts to justify them on the basis of general equilibrium theory. There are two basic explanations, one for the role of flexible wages in producing equilibrium in the labour market, and one for the role of the rate of interest in producing a level of investment sufficient to absorb full employment savings. As there are a number of different versions I will give my understanding of the basic ideas.

Start by assuming that employers have imperfect monitoring ability concerning the marginal productivity of new relative to already employed workers. In the absence of better information assume that workers equate real wages with the marginal disutility of work. In the presence of excess supply of labour there would then be no incentive for an employer to hire unemployed labour which offers to work for a lower wage since he must assume that its marginal productivity will be lower than that of his existing labour. Further, if he did hire new labour at a lower wage, thereby forcing down the general level of wages this would lead to an overall fall in average productivity which would offset the change in wages and leave profitability unchanged. Thus, there is no incentive to do so. A similar argument works for an increase in wages. Thus, it is rational for employers not to reduce wages in the face of excess labour supply even if workers are willing to work at those wages. Workers who are unemployed and (irrationally) are willing to offer greater than average effort for the current wage cannot manage to get themselves hired even by offering to work for real wages below the average productivity of the employed labour force, because employers can't verify the disutility functions of the individual unemployed (or employed) workers. In Clower's language there is a mutually beneficial exchange which is blocked because it cannot be arbitraged. This is supposed to offer an improvement over Keynes' observation that workers resisted wage reductions by providing a "theoretical" explanation.

For "New Keynesians" Keynes' analysis of investment was, however, basically a neoclassical analysis: it was failure of the real interest rate (the long-term bond rate) to fall sufficiently that was the source of the problem." (Greenwald, Stiglitz and Weiss, 1984: 194). A more
"Keynesian" approach would instead rely on the existence of credit rationing preventing entrepreneurs from obtaining the finance required for the level of investment which produces full employment saving. Assume that bankers have imperfect information concerning the disutility functions of entrepreneurs, or more realistically, concerning the production function and the real rate of return of investment projects which entrepreneurs want to borrow to finance. In the absence of better information assume that the banker believes that there is an inverse relation between investment and the rate of return on projects (alternatively that projects offering higher rates of return have higher risk). In the presence of an excess demand for finance there is no incentive for the bank to raise interest rates since the expected return on the project is thought to be below the current lending rate. An entrepreneur who believes he has a project with a rate of return greater than the bank's lending rate cannot get financing even if he offers to pay a higher rate of interest. Better to leave interest rates unchanged, even in the presence of excess demand for loans.

Thus supply and demand may not operate to produce market clearing equilibrium: wages do not fall to eliminate an excess supply of labour (the marginal disutility is below the marginal productivity of labour), and interest rates do not rise to eliminate the excess demand for loans (marginal productivity of capital is above the interest rate). This produces the "New Keynesian" explanation of equilibrium in conditions of imperfect information in which there is excess supply of labour and excess supply of investment and no market force to match the unemployed labourers with the unfilled jobs in the unfinanced investment projects.

Clearly, this is a very different mutation of bastard Keynesian. What sort of criticism would Joan Robinson have made of this approach?

It is very difficult to apply the equilibrium versus change argument, for it is not the difference between changes in prices and wages and different equilibrium configurations that is at issue here, but rather the limitation on information. Obviously perfect information should lead to full utilisation of resources. What if employers or bankers seek to improve their information?

A final "New Keynesian" argument is required to show that even if agents attempt to obtain perfect information, full utilisation is impossible in a competitive market system. Assume that there are a few
individuals who decide to become informed, and that this allows them to make better employment or lending decisions, increasing their profits. Drawn by the higher profits, more individuals become informed until all are equally well-informed. If the profits of being informed come at the expense of the uninformed, then there is no longer any advantage to seeking better information, and the paradoxical result that no one seeks information. Since full information is not a stable equilibrium the system exhibits information imperfection and an increase in information does not lead to a permanent increase in investment or employment.

Joan Robinson would surely have pointed out that the information which is required to make fully informed decisions—the marginal product of labour and the marginal product of capital—cannot be discovered in an economy "living in time", since it depends on measuring the quantity of capital. We are either in equilibrium, in which case the information required concerning the marginal products can be discovered, or we are not, in which case it cannot.

Finally, Joan Robinson would certainly have pointed out that in the New Keynesian world, if real wages could be lowered, employment would be higher, and if the real rate of interest were higher, more investment would be undertaken. The introduction of imperfect information just conceals the true neoclassical parentage of this class of bastard Keynesian models.

Recently Stiglitz (Stiglitz 1992) and Greenwald and Stiglitz (Greenwald and Stiglitz 1993) have taken distance from the "rational" explanation of price rigidities, to outline an approach in which "risk" rather than imperfect knowledge plays a crucial role, and price flexibility may itself be a cause of instability. But, Joan Robinson would have argued, in this approach they are only disputing with Keynes' "bastard progeny". Ironically, the analysis recalls aspects of Hicks' presentation of portfolio decisions in terms of shifts in portfolio composition leading to changes in investment and producing cycles. It is as if the wheel has come round, in which case, this variety of New Keynesian belongs in the category Joan Robinson defined as "pre-Keynesian theory" after Keynes.
The Prodigal Sons

As noted above, Joan Robinson spent the major portion of her professional career attempting to work out an extension of Keynes' theory to the analysis of the problems of capital accumulation and technical progress. This required the specification of what was being accumulated and the relation between investment, capital accumulation and productivity. Making this problem manageable required simplifying assumptions. She first tried the assumption of zero net savings (cf. Kregel, 1983). When this proved unfruitful she moved on to the stationary state in conditions of equilibrium in which "The Keynesian freedom of entrepreneurs to invest as they please has not been sacrificed to the neo-classical conditions, but to the postulate that equilibrium is never ruptured" (Robinson 1960: 134). From this came her well-known insistence on the necessity of making "dynamic comparisons" of equilibrium growth paths in conditions of tranquillity, rather than statements about the process of change.

However, the longer she worked on these problems, the less satisfying these assumptions became. She fobbed off those who were impatient to get on with the analysis of changes with the comment that we have to work out the simple conditions of steady growth before we can reach the interesting questions of money and dynamics. But, in the end she became impatient herself and realised that this was no better than pretending that one was still in the Garden of Eden. Finally, the realisation that "the long-period aspect of investment is the change that it is bringing about in the stock of the means of production often accommodating technical innovations" led her to the conclusion that the simplifications required to make the problem tractable in fact precluded any meaningful analysis. And just as she had argued in the Oxford Lecture that there could be no such thing as accumulation in conditions of a given state of expectations, she concluded that "there is no such thing in real life as accumulation taking place in a given state of technical knowledge" (Robinson 1975: 39).

Thus, at the end of her life she turned away from "equilibrium" and embraced "history". This led to tension with two groups of economists that, in contrast to the "bastard Keynesians", might be considered legitimate offspring. They followed two diametrically opposed paths, but by the fact that they struck out on their own,
thinking that they had found an easier or better way, we might classify both groups as prodigal sons.

One, with the aid of Sraffa's reconstruction of Classical theory, returned to study the explanation of growth and distribution in Smith, Ricardo and Marx. The other went back to recover the monetary elements of Keynes' theory which had been cast to one side in the analysis of long-period growth.

Those who blended the implications of Sraffa's work into the analysis of capital accumulation chose equilibrium in the form of steady states or centres of gravitation, rather than the unpredictable unfolding of actual history. After being initially attracted to this approach, indeed much of her own analysis was from stimulus of Sraffa's work, she found it difficult to discard Keynes' emphasis on the importance of decision-making in the "here and now" of the short period which the neo-Ricardian approach seemed to require.

At the same time a second group of predominantly American economists interpreted Joan Robinson's insistence that today is a break between an unchangeable past and an unknowable future as support for the position that the existence of uncertainty made the analysis of long-period equilibrium an anachronism. Since there was no need for the analysis of money, the visible expression of the fact of uncertainty, in long-period equilibrium, they argued that analysis should be limited to short-period equilibrium states. Although such an approach was more congenial to her later views, it could not deal with the problems of growth and accumulation she still wanted to explain.\footnote{9}

Thus, although there is no question that both of these approaches are legitimate extensions of Keynes' work, they were nonetheless considered to have shown insufficient respect for the wisdom of their elders in indicating that analysis should go beyond equilibrium, whether short or long-period.
NOTES

1. I am grateful to G. C. Harcourt and L. R. Wray for comments on an initial draft, and to V. Chick for suggestions on a subsequent draft. I am also extremely grateful to M. Tonveronachi, the original discussant of the paper, for anticipating his comments. All declined responsibility for the final version.

2. It was published in a small pamphlet "On Re-Reading Marx" in 1953. It reflects the influence of her reading of Marx, which she undertook as a "distraction" during the war, as well as study for the Introduction to Rosa Luxemburg's Accumulation of Capital. Its direct stimulus, however, was Sraffa's Introduction to his edition of Ricardo (see the introduction to the reprint in Robinson 1973: 247).

3. That this represents a watershed in her work, created by her thinking during the war, can be seen by comparing the following quotation from her Economics of Imperfect Competition: "No reference is made to the passage of time ... no study is made of the process of moving from one position of equilibrium to another, and it is with long-period equilibrium that we shall be mainly concerned" (Robinson 1933: 16).

4. As on a previous occasion to counter Dennis Robertson in the Symposium on "Increasing Returns and the Competitive Firm" in the Economic Journal, 1930.

5. A careful reading of that chapter in its historical context suggests that Keynes is not referring to "classical theory" per se, but rather the "classical system" of free enterprise in contrast to the preference for full-scale economic planning that was favoured at the time by both the far right and far left. Keynes was, after all, a liberal and considered an advantage of his theory the fact that it would leave "a wide field for the exercise of private initiative and responsibility. Within this field the traditional advantages of individualism will still hold good." This is far from reinstating classical theory. Cf. Kregel 1986: 37.

6. That is, the "second classical postulate" applies for the individual employed worker, but not for the unemployed. Insider-outsider theories follow directly.

7. For those who have read the Treatise on Money it is evident that Keynes placed importance on analysis on differentials, in part
created by the diverse response of wages in sheltered and unsheltered industries.

8. Margaret Thatcher to lower wages and Michael Milken to provide high-yield financing could between them get the system to full employment.

9. For those who are not part of the extended family and have difficulty in identifying "representative" prodigal sons, the first group may be linked to the work of Pasinetti and Garegnani, and the second of Weintraub, Davidson and Minsky.
REFERENCES


Robinson, Joan:


Wordcount: 6484 (Original 6815)