In Honour of Pierangelo Garegnani

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Value, Distribution and Capital: Essays in Honour of Pierangelo Garegnani, edited by Gary Mongiovi and Fabio Petri. London: Routledge, 1999; xii + 364pp; ISBN 0-415-14277-6.

Pierangelo Garegnani is the last of a cohort of dissenting economists born in the early 1930s who have recently been honoured by *Festschrifte* (Geoff Harcourt, Paul Davidson and Luigi Pasinetti preceded him). This collection has an understandably strong Italian component, but there are also contributions from British, US, German, Swiss and Australian economists.

After Gary Mongiovi's rather brief introduction, the first section of the book is devoted to Garegnani's Sraffian attack on Walrasian general equilibrium theory. Roberto Ciccone, John Eatwell and Murray Milgate, and – especially – Fabio Petri provide coherent and convincing summaries of the many defects in the Walrasian model, all of which can be traced back to a common source, the failure of neoclassical capital theory. But this is familiar ground – or, more precisely, scorched earth – long abandoned by its former defenders on the basis of quite different, internally-generated criticisms. None of the present authors considers the connections (if indeed there are any) between Garegnani's critique of general equilibrium theory and the Debreu-Sonnenschein results which destroyed the Walrasian project from within.

Of greater interest to many readers of this journal will be part II, which contains six papers on 'classical political economy and its relationship to marginalism'. Well, five, actually, as Paul Samuelson's 'The special thing I learned from Sraffa' summarises his latest reading of the 1960s capital controversies. In the remaining papers, Alessandro Roncaglia compares the concept of utility in Bentham, Mill and Jevons, concluding that marginalism was in no sense an advance on the classical conception of economic rationality but rather an aberration in the history of economic thought. Then Bertram Schefold writes on use value in Aristotle, Savary and the classics, and Heinz Kurz explains how von Thunen slid from a notion of differential rent into a fully-fledged marginalist theory of distribution. Fernando Vianello discusses Adam Smith's approach to social accounting, while our own Tony Aspromourgos and Peter Groenewegen assess the various conceptions of the subsistence wage in pre-Smithian economics. They conclude, on a Sraffian note, that it might be best to take the rate of profit rather than the real wage as the independent distributive variable. Finally, Antonella Stirati demonstrates that Ricardo adhered neither to the wages fund doctrine nor to a supply and demand theory of wage determination.

Two of the most interesting chapters come in the third section, on accumulation and technical change in the light of the surplus approach. Sergio Cesaratto presents a clear, systematic and penetrating critique of new growth theory, locating its origins in dissatisfaction with the way in which the growth rate is independent of the investment ratio in the canonical Solow growth model. Cesaratto explicitly avoids applying the capital critique to endogenous growth theory, which he attacks from a quite different direction – as a supply-side theory that neglects the role of demand. He might have made more use of Nicholas Kaldor here, and surprisingly ignores altogether Tony Thirlwall's balance of payments-constrained growth analysis. Then Ed Nell returns to a question touched on by Aspromourgos and Groenewegen: the conflict between the Cambridge growth equation and the Sraffian, monetary determination of the rate of profit. Nell's attempt to reconcile these two notions leads him back to Wicksell, thirty-two years after his well-known *Journal of Political Economy* article on the great Swedish theorist.

The fourth section, on 'issues in the theory of production', contains brief and highly technical papers in the Sraffian tradition by Neri Salvadori and Ian Steedman. In the fifth and final part, Carlo Panico explores the role of the government sector in Kaldor-Pasinetti distribution models and Massimo Pivetti savages the European Monetary Union. I found Pivetti's short and extremely readable article to be one of the best in the book. Its implications extend far beyond the eleven victims of the Euro. Pivetti notes that a commitment to capital market liberalisation severely restricts the ability of national governments to operate an independent fiscal policy, monetary policy having been renounced by the very nature of monetary union. The almost inevitable consequence is an international Dutch auction in rates of taxation on capital income that will shift the fiscal burden even further in a regressive direction, onto wage and salary income, and will also generate unremitting pressure for public expenditure cuts. Pivetti draws on the experience of Italy in the 1990s, but I fear that his mirror reveals the fate of Australia in the 2000s. His article is a fine example of how insights drawn from the surplus approach to economic theory can be applied to fundamental policy issues. If only more Sraffians would set aside their matrices more often.

This, then, is a very useful volume and a worthy tribute to an important economist. I would have liked more biographical information on Garegnani, and in particular an answer to the great unsolved puzzle of why his PhD dissertation, submitted (at Cambridge) in 1958 and published in Italian in 1960 has never appeared as a book in English. I was, however, delighted to see that Routledge have continued a great Italian tradition in reproducing a photograph of Garegnani that must have been taken at least twenty years ago.

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