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Jan Toporowski, *Credit and Crisis from Marx to Minsky* (Cheltenham, UK: Edward Elgar, 2020), pp. 192, \$110 (hardcover). ISBN: 9781788972147.

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In *Credit and Crisis from Marx to Minsky*, Jan Toporowski achieves what he promises: critically revaluing heterodox theories of finance from the nineteenth to the twentieth century. Affiliated with the School of Oriental and African Studies at University of London, Toporowski has written numerous books on the history of economic thought and financial economics. He is an expert on Michał Kalecki and his contributions to monetary economics, reflected in his publications *Interest and Capital: The Monetary Economics of Michał Kalecki* (2022) and *Michał Kalecki: An Intellectual Biography* (vol. 1, 2013; and vol. 2, 2018) in two volumes, as well as on financial developments of the last five decades (*The End of Finance* [2000] and *Why the World Economy Needs a Financial Crash* [2010]). In terms of its localization, the reviewed book presents a partial revision of his earlier *Theories of Financial Disturbance* (2005), both serving as introductory literature reviews for critical theorists of finance. Toporowski points out that in this new book he mostly changed his views on Karl Marx and Hyman P. Minsky, the accounts of whom in the previous book were "less than satisfactory" (p. x).

The book's main goal is to review "critical" theories of finance, in which "credit plays an active part in disturbing the non-financial economy" (p. viii). According to Toporowski, these differ from "equilibrium" and "reflective" theories, which consider the financial

system as a passive actor in the broader economy. Toporowski labels “equilibrium” theories as “theories of banking and finance that show these activities to be part of a general equilibrium together with the ‘real’, or non-financial economy” (pp. vii–viii). Reflective theories are theories where “financial disturbances merely reflect underlying problems, difficulties, or ‘contradictions’ in the non-financial economy” (p. viii). The book’s purpose is thus not to construct an overall argument or narrative but rather to give an overview of the theories that consider in different ways the disturbing tendency of the financial sector in the economy.

The book is divided into four parts. Each part is focused on one influential economist, namely Karl Marx, John Maynard Keynes, Michał Kalecki, and Hyman P. Minsky. Toporowski does not give any introductory summary to the economists discussed. Rather, he assumes prior knowledge about their work and instead focuses on intellectual influences, debates, and comparisons between them and other (contemporary) economists. The book is thus not limited to these big names; other interesting intellectuals are included in the discussions. However, Toporowski mostly reviews lesser-known theorists, such as Josef Steindl, Ralph Hawtrey, Rosa Luxemburg, and Henry Simons. In addition, as a Polish economist himself, Toporowski also introduces Polish thinkers, most notably Marek Breit, to the international research community. The way in which Toporowski succeeds in linking, comparing, and criticizing the contributions of all these theorists within their historical contexts proves his extensive knowledge of critical financial economics.

Toporowski focuses on the intellectual history of critical theories of finance that inform economists analyzing the current financial system and its recent changes, which he realigns under the umbrella term of “financialisation.” While most work on financialization assumes that financial activity is an usurious burden on the “real” economy, Toporowski argues that finance is an integral and necessary part of capitalism that generates crises endogenously. This is an insightful critique, since it debunks the view that capitalism can be stabilized solely by suppressing financial speculation. The theories discussed reveal that limiting the power of financial systems would not lead to a flourishing “real” economy, since the tendency of the financial system to enforce speculation and growth is integral to the development of a capitalist system. One shortcoming of this book, however, is that it thereby refrains from a serious engagement with the literature on financialization.

In addition, this book was mostly written for economists, but financialization is not a research topic just in economics. It has equally attracted interest from (cultural) historians, anthropologists, and sociologists.¹ For them, applying these theories might prove to be a challenge because of the focus on endogenous developments within the economy, rather than influences of the financial system on the broader society (done, for example, in contributions on the financialization of everyday life).² Yet, for economic historians in particular, a focus on endogenous economic dynamics can be helpful for specific debates within its field, such as the causal relations between financial systems, their architecture, and economic growth. Chapters 8, 9, and 10 on the principle of increasing risk are particularly instructive for those debates, because here Toporowski highlights the

¹ See Mader, Mertens, and van der Zwan (2020). In this book, six approaches to studying financialization are listed, including history, political science, anthropology, and gender studies.

² An overview of this literature is in Montgomerie (2020).

constraints of credit *demand* (causing growth) from firms rather than credit *supply* from financial institutions, on which the debate is usually focused.

The principle of increasing risk (conceptually developed by Kalecki, Breit, and Steindl) states that interest rates depend on firms' own capital and retained profits. Overindebted companies are a risk for the lender, for which they will demand financial compensation. Toporowski combines this principle with Kalecki's reflux theory of profits: if firms decide to spend money on investments, they generate profits for other firms. Since retained profits are an important prerequisite for obtaining credit, and these profits are dependent on investments of other firms, the credit market is heavily determined by firms' decisions to invest and their financing structures. These insights might invite financial historians to study firms instead of focusing solely on financial institutions when analyzing the influence of financial markets on economic growth.

In addition, this book offers some valuable methods to process sources, such as the focus on balance sheets in Minsky's work. This is discussed at length in Chapter 14. Since the financial market crash of 2008, Minsky's innovative methodology has been revalued by many economists.³ Minsky discerned three types of financial structures: 1) hedge finance (when incomes can cover financial commitments), 2) speculative finance (when incomes sometimes fall short but overall are able to cover the commitments), and 3) Ponzi finance (incomes cannot cover the commitments, so the firm ends up with expanding liabilities to cover previous debts). The transition from hedge to Ponzi financing suggests an increasing possibility of a "Minsky moment," a meltdown of accumulated debt, resulting in a crisis. By focusing on corporate debt through balance sheets analysis, Minsky's theory allows one to trace financial instability when all other economic indicators (GDP, investment growth, etc.) are optimistic.

Debates on the agency and structural necessity of the state as an actor in a capitalist system is another interesting theme for historians that Toporowski discusses. He shows that Keynes argued for a direct fiscal intervention by the state, since the state was unable to control financial markets to generate investment. In Keynes's view, central banks could only influence short-term interest rates, which automatically influenced neither the long-term interest rates (that determine investments) nor the "animal spirits" of firms. Minsky, in contrast, sees "Big Government" as part of a solution to stabilize the financial system and thus the economy. Interestingly, Toporowski states that Minsky stresses that government cannot be blamed for financial fragility: "In fact, and at least from the 1980s, Minsky was concerned to show that crisis is in fact endogenous to a capitalist system with a complex financial system and therefore does not depend on policy 'shocks' or errors" (p. 155). Unfortunately, Toporowski does not further expand on this view.

Toporowski focuses instead on how both Minsky and Keynes analyzed agency of states in advanced (Western) capitalist countries. According to Toporowski, the necessary addition to this Western focus is Rosa Luxemburg, since she focused on international loans tying the peripheral countries to the financial system. Luxemburg argued that advanced capitalist countries use international loans to export idle capital and generate demand for their products. When the anticipated profits in the peripheral countries are exaggerated, a crisis of overindebtedness occurs, which will have different consequences for debtor and creditor. Toporowski says, "The governments of the

³ An influential book in this respect is Wray (2017).

dependent and colonial territories are obliged to socialise the debts and make them a charge on their tax revenues. However, by this time the loans have served their primary purpose [for the Western countries]” (p. 20). As Toporowski rightly shows, in a financial world plagued by crises of public debt (ranging from the 1891 Baring Crisis to the Eurozone crisis in 2009–10), Luxemburg’s theory is of relevance for both contemporary economists and historians.

So, there are numerous aspects of this book that will certainly interest historians of economics. However, one should raise the question of their historical significance. Since the forms and structures of capitalism have changed, the historian is left with the crucial question of which theories are relevant only for the contexts they were formulated for, and which ones could easily be applied to study financial systems in other historical periods. While Toporowski touches upon this question incidentally, a more substantial discussion of this problem would allow him to construct a general view of the history of financial systems in capitalism. In the last chapter of the book, Toporowski begins to outline broad lines of such general history based on the periodization of capitalism done by Minsky, but this is not linked with the theories in this book.⁴ Providing such a link would ensure more clarity about, for example, Kalecki’s approach (writing during the twentieth century) and its applicability to early industrial capitalism.

To conclude, this book is an excellent review of critical theories of finance from Marx to Minsky. Although it is mostly intended for economists, historians can draw insights from those discussions and engage with the literature on financialization. However, to make the theories more accessible for historical research, they should be linked to a broader history of the development of financial systems in the context of capitalist societies, which Toporowski does not provide in this book. Ultimately, financialization refers to a *process*, stretching over time. To understand it properly, one needs historians as much as one needs economists.

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⁴ Recently, he has expanded this periodization in Toporowski (2020).

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Sergio Cremaschi, *David Ricardo: An Intellectual Biography* (New York: Routledge, 2022), pp. xiv + 192, \$160 (hardcover). ISBN: 978036775345.

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This intellectual biography is a welcome contribution to the always controversial field of Ricardian studies. The Italian philosopher Sergio Cremaschi’s most recent previous book in English was on Thomas Malthus: *Utilitarianism and Malthus’s Virtue Ethics*. It was the winner of the 2015 ESHET best book award; and Anthony Waterman wrote that it corrects so many misunderstandings of Malthus, he predicted it will surely be the textbook version of Malthus in fifty years or so (Waterman 2015). While, for perhaps fairly obvious reasons, I am not overly sanguine about what the state of the world may be in fifty years or so (it does seem that Europe—or at least Greece—enters into a “dark age” every 1,700 years or so), or that there will ever be an accepted textbook version of David Ricardo, Cremaschi’s new book also deserves to be in all the research libraries and those of liberal arts schools for future reference and reflection.

The major disagreements concerning Ricardo from a history of economic thought perspective are whether he should be considered as a major predecessor to neoclassical economics—or not; whether he was a crucial predecessor to Marxian (and Georgian) economics and is that important—or not; is Piero Sraffa’s mid-twentieth-century interpretation and mathematization of part of Ricardo’s “core” theory correct and also a promising way forward to do current economic theory—or not. Yet, there has always also been the question of whether or to what extent Ricardo’s Jewish background—being not only Jewish but a member of the always morally suspect financial services industry, suspect at least since the time of Aristotle and Jesus—and an incredibly successful member at that, thus arousing feelings of awe and envy and Lord knows what else—influenced his moral, political (Ricardo was also a member of Parliament, from a “rotten borough” no less!), and economic thought and writings. After all, Ricardo’s contemporary, Henry Brougham, the esteemed First Baron Brougham and Vaux, famously wrote that Ricardo was “a man from another planet” (quoted p. 42). It is to this last question, why Ricardo seemed to people such as Brougham—and apparently to so many other later Ricardian kibitzers—to be from another planet, which this book richly and succinctly addresses. Indeed, “A Man from Another Planet” is the subtitle of Cremaschi’s concluding chapter. Given the rise in the twenty-first century of people who think it is quite laudable to discriminate against, and/or take the property of, and/or expel