canonical income–expenditure model was devised by the 23-year-old Paul Samuelson in 1938 and published by him in the following year, presumably without input from Kalecki or any other European theorist (Schneider, 2010). But in retrospect, it is the obvious way to set out the simplest version of 'Keynesian' macroeconomics, and it is puzzling that no one in Cambridge (UK) had thought of it before Samuelson, or indeed saw fit to use it subsequently. This may be connected with another unsolved mystery: why is there only one diagram in the *General Theory*? (And why, 20 years later, did Joan Robinson perplex readers of her *Accumulation of Capital* by putting all her diagrams in an appendix, 300 pages away from the numerical examples that they were supposed to illustrate?) It would be interesting to learn the reactions of today's Post Keynesian scholars – especially those of a Fundamentalist Keynesian persuasion – to these questions.

One final puzzle remains, concerning the private lives of this great economist and his devoted wife. What did they do when Michał was not working (if indeed he ever stopped)? Did he and Adela go to the theatre, the opera, the cinema, the music hall or the local jazz club? Did they entertain their friends or keep themselves to themselves? And what, precisely, did the childless Adela do with herself all day? Toporowski tells us that she was employed as a school geography teacher before their marriage (p. 28), but not whether she continued to work in Poland or (much less likely, I suppose) in England after she became Mrs Kalecki. Was she really a lifelong full-time carer for a demanding academic? I hope the private life of the Kaleckis will prove slightly less enigmatic in the second volume of this excellent biography, which will follow them to Oxford, Montreal and New York, and then back to Poland. I am very much looking forward to finding out.

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Reviewed by: Jerry Courvisanos, *Federation University Australia*

The title of this book is misleading. At the start of the *Conclusion* chapter on p. 179, the author makes crystal clear the book's aim:

> This book is an attempt to look at the linkages between increasing levels of concentration of capital along with the inequalities in income and wealth and the pattern of growth that the United States has witnessed since the early 1980s.

This is a much more limited aim than implied in the book title from two perspectives. First, there is no attempt to look forward, past the 2008 Global Financial Crisis (GFC), to explain whether (and to what extent) the structural issues identified in the quote above are the underlying factors that will impact the global economy in a way that ensures continued economic crisis. On this issue, it is worth looking at recent works by scholars like Eckhard Hein (2012) and Mariana Mazzucato (2013); however, what this book does is place these discussions in an excellent historical context. Second, the book focuses only on the 'structural drivers' emanating from the United States, an economy that is exhibiting declining influence globally as it loses its economic and moral dominance. The book ignores other major global drivers, notably the negative driver of the massive refugee crisis in Europe that has been going on since the demise of the Arab Spring revolution in 2012, and the positive driver of the Chinese economy that has matured into a more sustainable long-term global driver than prior to the GFC. My recent book on *Cycles, Crises and Innovation* (Courvisanos, 2012) broaches these issues, but much more analysis on these other major global drivers from heterodox perspectives is required. For the remaining part of this review, the focus is on the aim as specified in the quote above.

The unique contribution of this book is to identify from a Kaleckian focus the crucial historical processes in the US economy going back to its prime ('the Golden Age', 1950–1973) and following that to 'the age of finance' (1979–2008). These empirical 'illustrations', set against the Kaleckian framework, establish a clear trajectory for what was to happen in 2008. As such, the analysis does not dwell on surface issues identified in many books that discuss the US economy and the GFC (e.g. dismantling of the Glass-Steagall Act, oil funds seeking investment in US property after the dot.com collapse, sub-prime lending institutions and US Federal Reserve easy money policy). Such surface issues do appear in this book, but only as causal outcomes of deeper malaises in the US economy, uncovered by expounding a Kaleckian framework that allows concentration of capital and income inequalities to assert their rightful place in the US crisis story.

The structure of the book is clear and rigorous, providing a logical sequence from theory to empirics and then to a cogent conclusion with a narrative arc back to the *Introduction*. Early in the book, limitations of the 'mainstream school of thought' are briefly enunciated. An alternative 'heterodox approach' is put forward which has Kalecki's class analysis traced back to Karl Marx, and Kalecki's industrial concentration in monopoly capital linked forward to Josef Steindl's stagnation thesis. It is a pleasure to read an analysis that places Michał Kalecki within a broad heterodox tradition and not within a specific context set by John Maynard Keynes. Then, this book raises issues regarding this Kaleckian framework as it confronts US empirical analysis on income inequality and consumption shares published in 2003 by Thomas Piketty and his associates. Piketty's work fits neatly into a heterodox framework of the type proposed in this book (well before Piketty's fame reached astronomical proportions).

The analytical framework is built up through the first three chapters, using extant literature to link industrial concentration to declining wage share and a weakened working class (lower bargaining power) through higher unemployment as the US economy progressed into 'the age of finance'. The situation is 'accepted' by workers as the process of globalisation increases the power of finance over traditional manufacturing. A model of concentration and growth, with wealth and debt effects provides a contemporary framework of the US economy in chapters 4 to 6. Then, the framework is applied in chapters 7 to 10 to the empirical US data, examining first household consumer behaviour and then corporate investment behaviour. Finally, chapter 10 shows how the two booms, dot.com and sub-prime lending, set the seeds for the US recession that followed the GFC and implies (but does not analyse) the persistence low-growth trajectory for the US until the writing of this book in 2012.

The core theory for this analysis is Steindl's industrial concentration that brings about underconsumption, overinvestment and lower gearing ratio (leverage). This results in stagnation. The book identifies countervailing mechanisms to this basic process throughout the period of post-World War II. During the Golden Age, it was the US state that stimulated post-war reconstruction, mass urban development and the rise of the military–industrial complex (including the space race) which undermined underconsumption tendencies. With the rise of neoliberal 'balancing the budget' fiscal policy in the US in the late 1970s, Kalecki's political business cycle was transformed into a 'political trend', reinforcing the stagnation thesis. So far, this rehearses what Steindl wrote about in Steindl (1979) and with Bhaduri in Bhaduri and Steindl ([1983] 1985). The unique contribution that this book provides is adding two more layers of countervailing mechanisms to the stagnation thesis. These are the wealth and debt effects that gave households (especially the higher income groups) the ability to spend out of perceived share market and property asset values, as well as the ability to borrow, all fuelled by this financialisation of the economy which increases financial asset values further. This book, by adopting this Steindlian model, shows that under financial chicanery, there is a deeper 'real economy' issue related to the structure of production in an economy.

The analysis in this book contributes by providing a much broader holistic model with a strong historical lineage than previous explanations of the US economic crisis. What this book shows is that the underlying stagnation thesis that undermines the US economic growth trajectory is deeper than the supply-oriented regulatory 'stories' from mainstream economists (Krugman, 2009; Stiglitz, 2010), is more than just a financial indebtedness (e.g. Keen, 2013; Wray, 2013) and even more than just austerity policies enacted since the GFC (e.g. Arestis and Sawyer, 2015).

There are some concerns with the theoretical framing of this book. The origin of this study as a PhD, although well overcome with good revisions, still suffers from some unnecessary mathematical intricacies that give it a strong positivist methodological stance. Examples of the discussion of the NAIRU (pp. 7–13) and model of long-run equilibrium (pp. 85–93) show a distinct lack of the dynamics that are the basis of the work of Kalecki and Steindl. The dynamics are evident in the empirical illustrations, but without appropriate links to the framework. Another concern is with the handling of innovation which is a crucial aspect to the story that Steindl belatedly acknowledged as very important. It is underdeveloped in this book by brushing it off with a simplistic account that increased concentration has a negative effect on innovation (p. 70). The research literature on this issue is deep and complex and cannot be characterised so simplistically as an overall negative effect; see the works of Zoltan Acs, David Audretsch, Alberto Botta and Bob Van Dijk with many of his Dutch colleagues (for example, Acs and Audretsch, 2005; Botta, 2015; Van Dijk et al., 1997). There is also a contradiction over the portrayal of small innovative firms. There is a recognition (p. 141) of their contribution in this risky activity that provides the basis for 'creative destruction' (á la Joseph Schumpeter), but the Steindlian model necessitates elimination of these firms as 'high-cost' producers by large firms in order to maintain high industry concentration (p. 188). There is research from scholars like Michael Cowling, Y.B. Choi, Tarun Khanna and Harry Bloch that needs to be acknowledged in this area, that accounts for the dynamics of entrepreneurial activity and new industries as it provides the 'adaptive mechanism' (á la Erwin Rothbarth) for an economy to change. A final concern is the treatment of depreciation, which is not appreciated as a strategic tool for bringing forward investment decisions, but merely seen as 'wear and tear' (p. 108).

Finally, there are some minor irritants with the book. Use of certain expressions tend to carry the story much further than the analysis should allow (e.g. on p. 44 the decline is described with the adverb 'precipitously' but there is no way that the decline in Figure 3.2 can be seen in that way). There are also quite a few minor typos that required better proof reading (e.g. on p. 147 of Chapter 9, the reference to 'investment function used in the last chapter' should have read 'investment function used in Chapter 6'; on p. 151 the clause, 'Orhangazi (2006) had to content with …' should read 'Orhangazi (2006) had to be content with …'). The book production in New Delhi is less than desirable, with some poor printed pages, and the book cover of my copy came easily apart from the innards of the book.

In conclusion, I strongly recommend this book for its analysis of how US blundered into setting off the GFC. It is much deeper and more advanced, given its Kaleckian–Steindlian foundations, than all the GFC analyses that I have read up until now. It also helps to appreciate why the US economy is having such an anaemic growth phase since the GFC. Placed into a wider global context, this book shows clearly the decline in the most powerful 20th century economy and its long but inevitably slow decline. The story of the rise of another powerful nation in the 21st century is only now starting to be examined.

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Charles W Calomiris and Stephen Haber, *Fragile by Design: The Political Origins of Banking Crises and Scarce Credit*. Princeton University Press: Princeton, NJ, 2014; Hardcover, 584 pp.: 9780691155241, RRP $35.00 | £24.95; Paperback, 2015: 9780691168357, RRP $19.95 | £13.95 | Also available as e-book.

Reviewed by: Patrick Gibb, *Macquarie University, Australia*

Some argue that the Global Financial Crisis (GFC) was to a large extent a banking crisis. In its aftermath, it seems only logical to investigate the possible political origins of any banking crisis and subsequently scarce credit. *Fragile by Design* by Charles Calomiris and Stephen Haber does exactly that. Primarily, they address two questions: (1) why some countries are so prone to banking crises, and others not and (2) why some countries have banking systems that fail to provide broad access to credit. Calomiris and Haber argue that it is politics, the 'rules of the game', that explains why banking crises occur. They emphasise the role played by coalitions among different interest groups in society in determining the functioning of banking systems, which in turn affects financial stability and the breadth of the provision of credit. Calomiris and Haber refer to this as the 'Game of Bank Bargains'.

The concept of the 'Game of Bank Bargains' is explained in most detail in Chapter 2, and it refers to how coalitions of interest groups in society form to influence who benefits from the functioning of a banking system. For Calomiris and Haber, the property rights system underpinning the operating of a banking system is the result of political deal making, rather than some sort of 'passive response to an efficiency criterion' (pp. 12–13). The conflicts of interest inherent in the relationship between a government and banks mean that it is not possible for a banking system to perform in the best interest of all parties, although Calomiris and Haber argue that banking systems in liberal democracies come close. This is a result of the limitations that liberal democracies put on political