



ACCADEMIA NAZIONALE DEI LINCEI

INTERNATIONAL CONFERENCE IN HONOUR OF LUIGI PASINETTI

27-28 MAY 2024

A B S T R A C T

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PROGRAMME

Luigi Pasinetti is a central figure in the economic theory of the twentieth and early twenty-first century. His lifework is seminal to the building of a new analytical framework in the tradition of classical political economy. Fundamental to that endeavour are his critique of exchange-based economic theorizing, his consistent development of a production-based theory, and his construction of a new theoretical approach to economic dynamics characterized by structural and institutional change. A distinctive feature of his contribution to economic theory is the development of a rigorous conceptual framework centred on the role of human labour, and the identification of dynamic trajectories consistent with the priority of labour as normative benchmark. Together with Piero Sraffa and Pierangelo Garegnani he has been a leading contributor to the worldwide development of the classical-Keynesian approach to economic theory. He was Honorary President of the International Economic Association (IEA), President of Società Italiana degli Economisti (SIE), first President of the European Society for the History of Economic Thought (ESHET), Fellow of the Econometric Society, and Honorary Fellow of Gonville and Caius College, Cambridge. He was a Fellow of the Accademia Nazionale dei Lincei since 1986.

The aim of the Conference is to provide a comprehensive assessment of Luigi Pasinetti's contribution to economic theory, and to explore analytical developments that build on his pathbreaking works, such as his critique of the logical foundations of neoclassical economic theory, his contribution to the post-Keynesian theory of income distribution, his theory of structural economic dynamics, and his contribution to the theory of economic policy.

Monday, 27 May

14.00 Roberto ANTONELLI (President dell'Accademia Nazionale dei Lincei): *Welcome address*

Session 1: Luigi Pasinetti and Political Economy at the Accademia Nazionale dei Lincei **chair: Alberto QUADRIO CURZIO (Emeritus President, Lincei)**

14.20 John EATWELL (Lincoo, University of Cambridge): *Pasinetti versus M.I.T.: the critique of neoclassical capital theory*

14.45 Annalisa ROSSELLI (Lincoo, Università di Roma Tor Vergata): *Luigi Pasinetti and his defence of political economy*

15.10 *Discussion*

Session 2: The heir of the Cambridge School of Economics
chair: Alessandro RONCAGLIA (Linceo, Sapienza Università di Roma)

- 15.25 Maria Cristina MARCUZZO (Linceo, Sapienza Università di Roma): *Pasinetti on Cambridge economics*
- 15.50 Antonella PALUMBO (Università di Roma Tre): *Rescuing the principle of effective demand: Luigi Pasinetti as an interpreter of Keynes*
- 16.15 James GALBRAITH (Linceo, The University of Texas at Austin): *Notes on a Revolution still in progress*
- 16.40 *Discussion*
- 16.55 Coffee break

Session 3: Pasinetti's contribution to world traditions of economic thought
chair: Roberto SCAZZIERI (Linceo, Alma Mater Studiorum Università di Bologna)

- 17.10 Richard ARENA (Université Côte d'Azur, Nice): *On the economic behavioral and the institutional contents of Luigi Pasinetti's structural dynamics: some reflections and suggestions*
- 17.35 Heinz KURZ (Universität Graz): *Luigi Lodovico Pasinetti's impact on research and teaching in the German speaking world*
- 18.00 Joanilio TEIXEIRA (Universidade de Brasilia), Joao Gabriel DE ARAUJO OLIVEIRA (Universidade de Brasilia), Jorge THOMPSON ARAUJO (Universidade de Brasilia): *Tax policies and the trade-off between output and the share of wages in national income from a Cantabrigian perspective*
- 18.25 Takashi YAGI (Meji University Tokyo): *Pasinetti's contribution to the Japanese tradition of economic thought*
- 18.55 *Discussion*

Tuesday, 28 May

Session 4: The contributions to critical economic theory
chair: D'Maris COFFMAN (Linceo, University College London)

- 9.30 Mauro BARANZINI (Linceo, Università della Svizzera Italiana): *Pasinetti's "New Cambridge Theorem" and the structural dynamics of socio-economic classes*
- 9.55 Heinz KURZ (Universität Graz), Neri SALVADORI (Linceo, Università di Pisa): *Luigi Lodovico Pasinetti: a major contributor to the controversies in the theory of capital*
- 10.20 Enrico BELLINO (Università Cattolica del Sacro Cuore): *Which policies from Luigi Pasinetti's structural economic dynamic analysis*
- 10.45 *Discussion*
- 11.00 Coffee break

Session 5: A new school of dynamic and structural political economy
chair: Alberto QUADRIO CURZIO (Linceo, Università Cattolica del Sacro Cuore)

- 14.00 Roberto SCAZZIERI (Linceo, Alma Mater Studiorum Università di Bologna): *Dynamics and structures: Luigi Pasinetti as Classical Economist*
- 14.25 Nadia GARBELLINI (Università di Modena e Reggio Emilia): *From the years of high theory to the global financial crisis: structural dynamics and the Pasinetti archive*
- 14.50 Ariel WIRKIERMAN (Goldsmiths, University of London): *Normative prices and quantities in an expanding economy*
- 15.15 Ivano CARDINALE (Centro Interdisciplinare Linceo Giovani; Goldsmiths, University of London): *Collective objectives and structural conditions. Revisiting Pasinetti's "institutional problem"*

15.40 *Discussion*

15.55 Coffee break

Final Round Table: The debate between strands of economic thought
chair: James GALBRAITH (Lincoo, The University of Texas at Austin)

16.10 Carlo D'ADDA (Lincoo, Alma Mater Studiorum Università di Bologna): *A memoir and a brief voyage through his writings*

16.35 D'Maris COFFMAN (Lincoo, University College London): *How Luigi Pasinetti read François Quesnay and Why*

17.00 Aldo MONTESANO (Lincoo, Università Bocconi, Milan): *Neoclassical theories and aggregation*

17.25 Carlo D'IPPOLITI (Centro Interdisciplinare Lincoo Giovani; Sapienza Università di Roma): *Research evaluation and pluralism in economics: from Pasinetti's warnings to today*

17.50 Patrizio BIANCHI (Lincoo, Università di Ferrara): *Structural economic dynamics: policy making in the age of uncertainty*

18.15 Alessandro RONCAGLIA (Lincoo, Sapienza Università di Roma): *Pasinetti: from the critique of marginalism to the reconstruction of classical economic theory*

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Pasinetti versus M.I.T: the critique of the neoclassical theory of value

John EATWELL (Lincoo, Queens' College, Cambridge)

Luigi Pasinetti played a central part in the critique of neoclassical theory. Whilst there were protagonists from elsewhere, his main targets were members of the Department of Economics at MIT. Two of his three fundamental articles in this area were directed at papers by Robert Solow. The third, his intervention at the Rome conference of the Econometric Society in September 1995, was his dissection of analyses advanced by David Levhari (under the supervision of Paul Samuelson). It was the spark that lit a conflagration.

Pasinetti's first published work was a critical examination of the analysis of technical change by Robert Solow. Then at a Rome conference in 1965 Pasinetti presented a paper, subsequently published in revised form as the lead in the *Symposium on Paradoxes in Capital Theory* in the November 1966 issue of the *Quarterly Journal of Economics* that demolished the attempt by Samuelson and Levhari to refute Sraffa's demonstration of the possibility of reswitching.

Burmeister describes the impact of Pasinetti's conclusive demonstration:

"I was astonished. To me it was if someone had established that the earth was indeed flat. How could it be that everyone at M.I.T had overlooked the mistake? I am included in this "everyone". I well remember attending the thesis-writing seminar where David [Levhari] presented his "proof". We all thought it was elegant.

The triumvirate was completed in an article published in the *Economic Journal* in 1969, in which Pasinetti demonstrated that Solow's definition of the "social rate of return on saving" was an accounting identity that could play no role in the determination of the rate of profit as Solow had suggested. Moreover, Solow's attempt to use the definition to determine the rate of profit rested on the assumption of a "well-behaved" ordering of techniques no longer feasible once the possibility of reswitching was accepted.

Luigi Pasinetti and his defence of Political Economy

Annalisa ROSSELLI (Lincoo, Università di Roma Tor Vergata)

My paper reconstructs two important episodes in Luigi Pasinetti's academic activity in Italy: his presidency of the Italian Economic Society (SIE) from November 1986 to October 1989 and his participation in Panel 13 in the first Italian research assessment exercise (CIVR) in 2005-2006. The documentation preserved shows that in both cases Pasinetti defended pluralism of content and approaches, but above all Pasinetti defended Political Economy as an investigation of economic phenomena aware of the importance of historical and institutional factors and of the differences between natural and social sciences. He also defended a vision of internationalisation that is not a colonialist importation of ideas developed elsewhere but 'a flow of ideas and people that - under normal conditions - can only go in both directions'. Between the two episodes, however, there are fundamental differences: in the first case, the mainstream presented itself with well-defined characteristics and in Italy it did not yet occupy predominant positions; in the second case, on the other hand, factors internal and external to the discipline had considerably

narrowed the spaces for dissent. Pasinetti's fears were that economic studies in Italy would adapt to follow the dominant criteria in the large US economics departments, generating conformism and opportunism and erasing the historical dimension. Unfortunately, Pasinetti was a good prophet.

Pasinetti on Cambridge economics

Maria Cristina MARCUZZO (Lincea, Sapienza Università di Roma)

The theoretical framework to which Pasinetti dedicated so much of his intellectual efforts was built on his understanding of what Cambridge economics was about and how its scope and aims should be pursued and integrated. During his life Pasinetti offered important interpretations mainly of Sraffa and Keynes, but also of Richard Kahn, Joan Robinson and Nicholas Kaldor. With them he shared everyday Cambridge life, and he is universally associated with them in terms of a common “school”. In his 2007 book, *Keynes and the Cambridge Keynesians*, he wrote that Joan Robinson, Richard Kahn, Nicholas Kaldor and Piero Sraffa formed “a powerful school on the track of Keynes's economic theory” and although he acknowledges that this “school” was in fact a group where strong ties, intellectual and emotional, weighed no less than differences in culture, attitude and political outlook, Pasinetti believed that there was: “something [...] much deeper, that shaped their intellectual affinities or attractiveness and at the same time gave rise to their strong and stormy personal relationship”(Pasinetti 2007: 61 and 63). That “something much deeper”, according to Pasinetti, comes from having a common approach to economics.

In this paper I will discuss Pasinetti's contribution to the understanding what Cambridge economics is about.

Rescuing the principle of effective demand:

Luigi Pasinetti as an interpreter of Keynes

Antonella PALUMBO (Università di Roma Tre)

One of the founders of the classical-Keynesian approach to the analysis of output determination and economic growth, Luigi Pasinetti has famously offered seminal contributions on the interpretation of Keynes's *General Theory*, especially focusing on the innovative aspects of Keynes's thought that set it clearly apart from the neoclassical analytical framework. His penetrating analysis will be here discussed in parallel with the interpretation proposed by Pierangelo Garegnani, also emphasizing, like Pasinetti, the analytical relevance of the principle of effective demand and its role as an essential building block for a correct analysis of the working of the economic system – the other being represented, according to both authors, by an analysis of value and distribution along the lines of Piero Sraffa and the classical economists. The two authors have focused on different aspects of Keynes's theorizing, Pasinetti especially dealing with the methodological question of causality vs interdependence thus emphasizing Keynes's distance from neoclassicism, while Garegnani spotting the neoclassical elements in Keynes's thought that in his view have prevented its full affirmation while making possible its reabsorption and de-powerment at the hands of the neoclassical synthesis. Notwithstanding these differences, which also materialize in different interpretations of

some specific parts of the *General Theory*, this paper argues that the two analyses do in fact complete each other, and allow, when considered together, an accurate interpretation of Keynes's thought while at the same time providing solid analytical foundations for the classical-Keynesian approach.

Notes on a Revolution still in progress

James GALBRAITH (Lincoo, The University of Texas at Austin)

In the closing pages of *Keynes and the Cambridge Keynesians*, Pasinetti summarizes the structural dynamics of a monetary production economy, articulated at theoretical and institutional levels, freed of neoclassical dogmas, such as general equilibrium, constant returns, marginal productivity, and money neutrality. He urges (with Schumpeter) the need for a unifying vision to complete Keynes's revolution. Here I argue that biophysical principles provide the necessary framework, encompassing resource costs, the necessity of fixed investment, the expectation of profit under uncertainty, influenced by discount rates and the cost of credit-money -- every element of the Keynes-Pasinetti vision, including the requirement for government (e.g., regulation) as a precondition of markets and for the management of effective demand. Within this framework, value and production may be expressed in simple mathematical terms, drawn from thermodynamics. The biophysical vision incorporates distribution (e.g., inequalities), thus erasing the macro/micro dichotomy and establishing the preeminence of guiding institutions (laws, regulations, habits) over individual behavior.

On the economic behavioral and the institutional contents of Luigi Pasinetti 's structural dynamics: some reflections and suggestions

Richard ARENA (Université Côte d'Azur, Nice)

My contribution is entitled 'On the economic behavioral and the institutional contents of Luigi Pasinetti 's structural dynamics: some reflections and suggestions'. It includes a short introduction, two parts and a brief conclusion.

My *introduction* describes how in my academic life I became aware of Luigi Pasinetti's theory of economic dynamics and structural change, met him and built some contributions with him (including namely the creation of ESHET and the co-edition with P.L. Porta of the book *Structural Dynamics and Economic Growth*).

The *first part of my contribution* considers **why** it is crucial to investigate and understand the *behavioral* and *institutional* contents of Luigi Pasinetti's structural dynamics. It investigates his 'subtle but crucial distinction' between 'pure theory' and 'institutional analysis'. It mainly focuses on the second and reminds its foundations. It shows why these foundations are also impacted by Pasinetti's use of the 'production model' and the criticism of the 'trade model'. The consequences emphasize the importance of the concept of the learning and do not stress the necessary use of the notion of individual rationality. They show however that the processing of explanation of behaviours and institutions cannot be avoided in Pasinetti's project.

The *second part of my contribution* tries to analyse **how** to consider the economic *behavioral* and the *institutional* contents in Luigi Pasinetti 's structural dynamics. A first possible answer is to resort to the developments implemented by *mainstream economists*

those last years in the framework of structural dynamics. This answer can be taken into account but it cannot give a convincing solution to our second question. Another potential answer is related to the process of ‘*fragmentation*’ of mainstream economics which emerged at the end of the XXth century and produced the development of plenty of theoretical ‘new schemes’. Some related to the *standard theory of endogenous economic theory* are promising but seem incompatible with Pasinetti’s approach : by the way, Pasinetti was not convinced by what he called however an ‘appreciable’ possibility. Another prospect consists into resorting to more and more contributions which, during the very recent years, tried to reconcile structural change and endogenous growth *outside mainstream economics*. These contributions referring to the concepts of emergence, evolution, knowledge and social interaction tend therefore to reinforce a possible resort to *complexity economics*; this resort is promising but remains uncertain and imprecise today.

My conclusion reminds very briefly four specific Pasinetti’s ideas which must continue to be defended in my opinion to possibly extend *in the future* the *past* economic behavioral and the institutional advances of his structural dynamics.

Luigi Lodovico Pasinetti's impact on research and teaching in the German speaking world

Heinz KURZ (Universität Graz)

The paper provides a broad summary account of Luigi Pasinetti’s impact on economics in the German-speaking world, that is, Germany, Austria and the German speaking part of Switzerland. Pasinetti was seen to belong to what was called the “Anglo-Italian school of economists” whose most important representatives were located, at least temporarily, in the University of Cambridge, U.K. Pasinetti and his comrades-in-arms were concerned with (i) reviving the classical surplus approach to the problem of value and distribution in the tradition of Piero Sraffa’s seminal 1960 contribution and (ii) combining it with the Keynesian and Kaleckian theories of effective demand and capital accumulation. The paper draws the attention to the works and achievements of leading contributors to this project carried out in several universities.

Tax policies and the trade-off between output and the share of wages in national income from a Cantabrigian perspective

Joanilio TEIXEIRA (Universidade de Brasilia), Joao Gabriel DE ARAUJO OLIVEIRA
(Universidade de Brasilia), Jorge THOMPSON ARAUJO (Universidade de Brasilia)

This paper sheds light on how tax policies can affect the relationship between the wage share in national income and output growth, in a situation of near- or full-capacity utilization, from the standpoint of the Cantabrigian tradition of Nicholas Kaldor, Joan Robinson and Luigi Pasinetti. To do so, the starting point is a Kaldor-Pasinetti style saving function, in which taxation is explicitly included into the analysis. From the standpoint of the potential (warranted) growth rate, a trade-off between growth and income redistribution towards wage-earners can be influenced by changes in tax policy, in the form of taxes on profits and wages. In particular, for a given warranted growth rate, a lower profit tax rate is associated with a higher share of wages in national income. This

result holds only under full capacity utilization. When a Robinsonian investment function is introduced, the resulting paradox of thrift is shown to worsen the trade-off between potential growth and the share of wages in national income.

Keywords: Growth, Distribution, Tax Policy, Profit Taxes, Investment Functions
JEL: E12; E13

Pasinetti's contribution to the Japanese tradition of economic thought

Takashi YAGI (Meiji University Tokyo)

Professor Pasinetti visited Japan twice in 1984 (Kyoto University) and in 2012 (Meiji University). Every book written by Professor Pasinetti was translated into Japanese. The largest economic association in Japan is the Japanese Economic Association which was founded in 1934 and the present membership is about 3000. Japan has several economic associations with which Pasinetti's economics has relations. The Japanese Society for the History of Economic Thought was founded in 1950 and had so many researchers on F. Quesnay, Adam Smith and D. Ricardo in the founding period. Japanese Society of Political Economy was founded in 1959, which is based on the tradition of Marxian Economics. The Post-Keynesian Economics Study Group was founded in 1980 and was active in 1980s. Pan Pacific Association of Input-Output Studies was founded in 1989 and its membership was over 500 in 1990s and now. The Ricardo Society was founded in 2000.

The presentation of mine focuses on the relation of Professor Pasinetti with the several traditions of economic thought in Japan. My presentation will include such topics as Pasinetti's books translated into Japanese and their translators, Professor Pasinetti and *Tableau économique*, Pasinetti's Ricardo Model in Japan, Pasinetti and the *Wealth of Nations*, Pasinetti's Structural Inflation and Takasuka's productivity differential inflation, Pasinetti's Dynamic Standard Commodity and the search for an invariable standard of value, Cambridge capital controversies (the reswitching debate, the Cambridge equation, etc.) discussed in Japan, and the future development of Pasinetti's and Sraffian Economics.

Pasinetti's "New Cambridge Theorem" and the structural dynamics of socio-economic classes

Mauro BARANZINI (Linco, Università della Svizzera Italiana)

In our presentation we discuss the main results of a long-term research project designed to link the macro-economics of the *New Cambridge Equation* formulated by Luigi Pasinetti in 1962 to the structural dynamics of the socio-economic classes of the system. In this framework, individuals make up families, which in their turn make up dynasties embodying different cohorts of society. Homogeneous cohorts make up socio-economic classes, and classes close the loop. Over a span of more than 60 years, the *Keynes-Kaldor-Pasinetti* research programme has been extended and refined to include a number of issues associated with the distribution of income and wealth, and the birth, endurance, and eventual decline of socio-economic classes. The presence, and long-term survival, of a two-, three- or pluri-class society has been shown to be consistent with various frameworks of analysis. Among other things, this line of research sheds light on the

economic behaviour of the *pure* entrepreneurial class for the determination of the relevant variables of the model. The long-term existence of the capitalist class (crucial to the validity of the so-called *New Cambridge equation*) is assured as long as one, or a combination, of the following conditions applies: (a) a strong propensity to transfer inter-generational assets to off-springs; (b) the decision to have fewer children than the other classes; (c) the choice to work and earn a wage-rate to increase property income. Last but not least, prompted by recent studies by biologists and ecologists, a comparison of the behaviour of a number of animal species with the endurance of past agricultural alpine communities as well as today's households (which, to accumulate their savings, may choose between safe and risky assets) has turned up interesting similarities. In particular, there seems to be a sort of 'Invisible Hand' that governs the system, and which ensures the survival of the species, both animal and human. The existence of different classes or sub-classes of animal species according to Ilkka A. Hanski (1999, 2014) and other biologists and/or population geneticists, as well as the existence of socio-economic classes with different consumption- and saving-behaviour, seems to guarantee a 'general stable equilibrium' of the system. In the case of socio-economic classes, deviations at (sub-)group levels often seem to be absorbed and neutralized at the macro-level.

**Luigi Lodovico Pasinetti: a major contributor
to the controversies in the theory of capital**

Heinz KURZ (Universität Graz), Neri SALVADORI (Linco, Università di Pisa)

In this paper we scrutinize Luigi Pasinetti's various contributions to the controversies in the theory of capital. It is shown that his arguments and judgements were typically compelling and sound and that he managed admirably well spotting slips and inconsistencies in some of the reasonings of his neoclassical colleagues. We will focus on three debates: the debate about reswitching in the 1966 (*The Quarterly Journal of Economics*); Pasinetti's critique of Solow's revival of the concept of the "social rate of return" (*The Economic Journal*); the debate about reswitching in the seventies (*Revue d'économie politique*).

Which policies from Luigi Pasinetti's structural economic dynamic analysis

Enrico BELLINO (Università Cattolica del Sacro Cuore)

Luigi Pasinetti's contributions to economic theory represent a fully-fledged *corpus* of knowledge concerning the theory of capital, the theory of income distribution and the analysis of structural change of modern industrial economies. Within these contributions, he elaborated the notion of 'natural system', conceived as an ideal configuration of the economic system where a specific combination of prices, output levels, income distribution, and interest rates allows the realization of full employment, together with the satisfaction of consumer needs. Pasinetti developed this notion in his original 1981 book (*Structural Change and Economic Growth*, C.U.P.) and continued to develop its characteristics in several subsequent contributions: see in particular his 1993 and 2007 books, also published by C.U.P. (*Structural Economic Dynamics*, and *Keynes and the Cambridge Keynesians*). The natural system has no descriptive value; it simply indicates an ideal dynamic equilibrium with certain characteristics of efficiency and social

desirability, without presupposing any specific institutional context or automatic adjustment mechanism. This perspective makes Pasinetti's analysis rich with suggestions or hints and addresses a different and improved way of re-organising economic systems. In this presentation, an attempt is made to make these elements explicit and draw some implications for economic policies from his analysis of structural economic dynamics.

Dynamics and structures: Luigi Pasinetti as Classical Economist

Roberto SCAZZIERI (Linco, Alma Mater Studiorum Università di Bologna)

Luigi Pasinetti associates himself with classical economic theory. But what does he mean by classical economic theory? This presentation outlines an answer to this question by emphasizing Pasinetti's commitment to the view of classical political economy as representation of the economy centred on production and division of labour as the 'embedding structure' of economic activities (including exchange). It is in this sense that Pasinetti's conception of classical political economy makes the latter a prototypical case of what he calls the 'pure production model' (Pasinetti, 1965). However, Pasinetti's visualization of the historical roots of that model entails a view of classical political economy that goes beyond the triad Smith, Ricardo and Marx and includes forerunners such as François Quesnay and subsequent economists such as John Maynard Keynes and Piero Sraffa. In this line of thinking, the fundamental thread of Pasinetti's constructive work in economic theory is a journey of intellectual discovery in search of the analytical building blocks of a dynamic and structural model of the economy foreshadowed by his forerunners along the classical trajectory. He saw as the goal of his constructive contribution to economic theory to systematize, develop, and complete the classical contributions in view of a general and fundamental pure production model of the economy. This presentation outlines a reconstruction of Pasinetti's lifework in view of that aim. It starts with the distinction between the circular and vertical representations of interdependent production processes already explicit in his early work. It then considers the dynamic implications of that distinction and the later explicit distinction, by means of his 'separation theorem,' between 'the foundational bases of economic relations' and 'investigations that must be carried out at the level of the actual economic institutions' (Pasinetti, 2007). The latter approach brings to light the open-endedness intrinsic to Pasinetti's structural and dynamic model of the economy and suggests possible routes for its development.

References

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- Pasinetti, L.L. (2007) *Keynes and the Cambridge Keynesians. A 'Revolution in Economics' to be Accomplished*, Cambridge, Cambridge University Press.

**From the years of high theory to the global financial crisis:
structural dynamics and the Pasinetti archive**

Nadia GARBELLINI (Università di Modena e Reggio Emilia)

Those who knew Luigi Pasinetti are well aware that he was a methodical, meticulous person, extremely careful in filing notes, correspondence and readings.

Under lock and key in the study and bookshelves of his home in Milan, Luigi Pasinetti has kept the notes he took throughout his intellectual life, from his doctoral years to the early 2000s.

While the in-depth study of the papers will certainly require many years, and the effort of many people, a first glance at the topics covered gives us a coherent research work, which from the outset found the track on which to proceed: that of a normative theory of value.

I will try, in the time available to me, to reconstruct in brief – thanks to the careful cataloguing and labelling of the folders made by Pasinetti himself – the fundamental passages of the intellectual journey of a great master.

Normative prices and quantities in an expanding economy

Ariel WIRKIERMAN (Goldsmiths, University of London)

The aim of this presentation is twofold. On the one hand, to argue that Luigi Pasinetti's academic journey has had one main fixed point: his scheme of Structural Economic Dynamics (SED, hereinafter). On the other, to offer a summarising and (hopefully) original take on the key elements of this scheme, both conceptually and analytically. As regards the former aim, we trace Pasinetti's conceptual path from acknowledging the reproducibility of fixed capital undergoing technical change to specifying a normative equilibrium situation. As regards the latter aim, we identify six key features of Pasinetti's scheme of SED which distinguish it from alternative approaches to the determination of prices and quantities, whilst we explore some analytical implications of these features when specifying Pasinetti's SED scheme in Input-Output terms. Finally, we present an empirical application of Pasinetti's SED scheme, to show how its normative character may be used as a measuring rod to understand the dynamics of actual (relative) prices and volumes in advanced industrial economies.

Collective objectives and structural conditions.

Revisiting Pasinetti's "institutional problem"

Ivano CARDINALE (Centro Interdisciplinare Linceo Giovani;
Goldsmiths, University of London)

The paper revisits and develops what Pasinetti defines as the "institutional problem": the need for societies to devise institutions that make it possible to pursue the systemic objectives entailed by the "natural economic system". The paper argues that addressing the "institutional problem" requires theorising the role of actions within economic structures. It goes on to propose a new approach to institutional analysis that: (i) shows how an economy growing with structural change offers opportunities for, and imposes

constraints on, the pursuit of systemic objectives as well as particular objectives by social groups variously defined; (ii) makes it possible to address the interplay between collective and particular objectives; and (iii) demonstrates that how social groups themselves represent structures and their position therein is a nonreducible factor to explain which dynamic path an economy follows out of those which are made possible by a given structure.

A memoir and a brief voyage through his writings

Carlo D'ADDA (Lincoo, Alma Mater Studiorum Università di Bologna)

This *memoir* includes the recall of some moments of a long knowledge and friendship, together with quick mentions of Pasinetti's contributions that were of particular interest for the speaker.

How Luigi Pasinetti read François Quesnay and Why

D'Maris COFFMAN (Lincoo, University College London)

'This paper is based on an article which Professor Coffman published in *Structural Change and Economic Dynamics* in 2021 in a special issue honouring Luigi Pasinetti's 90th birthday. As that abstract says, in 2002, Professor Luigi L. Pasinetti gave a keynote address at the Raffaele Mattioli Foundation and Library in honour of their acquisition of a rare third edition of François Quesnay's *Tableau Économique*. This lecture subsequently appeared as a chapter in Italian in the conference volume edited by Giancarlo De Vivo in 2009. Professor Coffman has offered the first English translation of Pasinetti's essay on Quesnay, which she also introduced by reflecting on its rhetorical strategy, argumentative structure, and Pasinetti's use of Quesnay to critique mainstream neoclassical economics. She ends her introduction by drawing attention to the place of the *Tableau* within contemporary debates about taxation and the optimal scale and capacities of the state. While this paper presents that work, it has a further aim to reflect on Pasinetti's engagement with Quesnay's methodological stance, first as a critique of mainstream economics, and secondly as an approach that offers possibilities for reconciling different time horizons which arise within ecological economics.'

Neoclassical theories and aggregation

Aldo MONTESANO (Lincoo, Università Bocconi, Milan)

Different formulations of neoclassical theory. Common characteristics and differentiation. Prevalence of the Marshallian version in the English world. Relevant distinctions to keep in mind: between static and dynamic neoclassical theories; between microeconomic theories and aggregate theories, considering the aggregation of agents and that of goods; and between the criticism about the logical coherence of the theory and the criticism about the realism of the theory. Relevant arguments on these points by taking into account some of Pasinetti's contributions.

**Research evaluation and pluralism in economics:
from Pasinetti's warnings to today**

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Luigi Pasinetti had several occasions to discuss – and reasons for concern – about pluralism in economics. Among his many institutional activities (as a president of SIE, the Italian Economic Society, or as a member of the Accademia dei Lincei) it is worthwhile to highlight his efforts within the first large-scale experiment of research assessment in Italy (the so-called Valutazione Triennale della Ricerca, VTR) in the “CIVR” panel in charge of evaluating economics departments in the country. Pasinetti ended up writing a minority note (in 2006) attached to final report, denouncing the impossibility to find a middle ground with his mainstream colleagues, who single-mindedly preferred using journal rankings based on citation metrics as the sole criterion of evaluation. The note, which aroused an outraged response from the chairman of the panel (Guido Tabellini of Bocconi University), highlighted the risks of inducing an alignment of economic research in Italy to the (mainstream) US standard. Pasinetti then clarified his position in a paper with Alessandro Roncaglia, highlighting the specificities of Italian economics research, in an interview published by the Institute for New Economic Thinking (INET), and in his 2007 book on Keynes and the Cambridge Keynesians.

From these works, it emerges a particular concern for Pasinetti to distinguish the external, almost accidental determinants of success of a certain paradigm (the “strength of the US university establishment”) from its actual long-term failure in understanding and explaining reality. Indeed, Pasinetti of course considered mainstream economics a flawed theory to be replaced with an alternative inspired by Classical political economy. But his criticisms of research evaluation practices are not a so-to-say ‘partisan’ defense of heterodox economics, rather they constitute a quite accurate warning about a number of specific risks: 1. US-centrism as a canon of supposed quality; 2. Loss of diversity of methods and approaches; 3. A focus on multi-authored articles on journals with JIF; 4. Growing scientific malpractice and fraud; 5. “Autism”/self-referencing of mainstream economics; 6. Lack of debate (especially between paradigms); 7. Marginalization of heterodox economics; 8. A neoliberal bias; and 9. Disappearance of the study of history and institutions. Except for the last two ones, all of them proved quite farsighted warnings both at the national and international levels.

In conclusion, Pasinetti was among the first economists to highlight the risks of massive, standardized research evaluation for pluralism in economics. He correctly denounced the risks of imposing a US canon of quality; inducing conformism; losing the specificities of some Italian/European traditions; and marginalizing heterodox approaches. What he did not perceive is that, after 2008, mainstream economics becomes an ‘ur-paradigm’: fragmented, because of and in turn inducing, a massive spike in production and productivity; with blurred boundaries (evolutionism, institutionalism, “becoming applied”, ...); glued together by method rather than theory, and clans rather than policy positions. As a consequence, some of his warnings should perhaps be reframed today, but their relevance is as true and urgent as it could possibly be.

Pasinetti: from the critique of marginalism to the reconstruction of classical economic theory

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Pasinetti brought forward Sraffa's tripartite effort: to reconstruct the conceptual foundations of the classical tradition; to criticize the theoretical foundations of the marginalist theories of value and distribution; to contribute to the analytical reconstruction of the classical approach, while keeping into account Keynes's theory.

Pasinetti's contributions to each of these lines of research is briefly recalled: his contributions to the 1960s debate on capital theory, also concerning Solow's attempted recovery of the Fisherian notion of the rate of return; his papers on effective demand from Malthus to Keynes, stressing a sequential interpretation of Keynes's analysis directly opposed to the dominant Hicksian IS-LM simultaneous general equilibrium system; his correction of the Kaldorian theory of income distribution and his 'normative' theory of growth. The latter, developed in many writings, stresses the possibility of a persistent full employment that needs to be accompanied by changes in the structure of relative prices due to differential technical progress in the various sectors of the economy.

Pasinetti's analysis provides a clear, explicit and consistent alternative to the marginalist analysis of growth, and points to technical change and labour education as the two pillars of development, within a reproduction framework alternative to the scarcity framework. This line of analysis is a most important brick in the construction of a classical-Keynesian theoretical building; but other bricks, descriptive and interpretative rather than normative, are also necessary, implying different styles of analysis, that cannot be arranged in a logical sequential order.