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## PAOLO SYLOS LABINI AS A HISTORIAN OF ECONOMICS

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**Key words :** History of Economic Thought, Economic Dynamics, Classical Economics

**P**aolo Sylos Labini was not a historian of economic thought in the proper sense. However it is well-known that he belonged to a generation of Italian economists who continued to consider a serious study of the history of the discipline as an important part of their research work as economists.

In this paper, I propose to bring out the special characters of Paolo Sylos Labini's experience concerning his work on the history of the discipline. In doing this I shall draw from my own reading of some of his works and from a number of personal contacts and discussions I had with him during the last twenty-five years of his life.

### PAOLO SYLOS LABINI: A SCHUMPETERIAN SCHOLAR

Schumpeter, probably the greatest theorist of economic dynamics and the greatest historian of economics in the XX<sup>th</sup> century, has enjoyed immense popularity in Italy. Paolo Sylos Labini's own indebtedness to Schumpeter is generally well-known and his experience is full of interest (see Sylos Labini, 1994b). It should be put in context however, as it is not an isolated case in the Italian experience.

My first occasion of a personal contact with Paolo Sylos Labini came twenty-five years ago, in 1982, when I ventured to launch the idea of a Conference celebrating the hundredth anniversary of Schumpeter's birth. The suggestion was very favourably received by Innocenzo Gasparini, then Rector of the Bocconi University, and by Tullio Bagiotti who was chair of Economics at the State

University of Milan. Giovanni Demaria, the old master of Italian economists who had first introduced Schumpeter into Italy during the 1930s, was himself enthusiastic about the initiative and he obviously came to be asked to deliver the opening presentation of the Conference. The three Milanese economists, indeed, had not gone along too well together for a considerable time; but they shared deep a Schumpeterian spirit as part of their formative years. The idea proved exciting to the various Milanese institutions. I was quite happy that celebrating Schumpeter's anniversary could turn out to be the occasion to establish firmer contacts among economists working in Milan; contacts were in fact soon extended to include Mario Talamona at the State University and Francesca Duchini and Luigi Pasinetti at the Catholic University of Milan (1).

Paolo Sylos Labini and Siro Lombardini were the first scholars to be invited as keynote speakers. They had close ties together, as Siro Lombardini has recently recalled (2) and they both had obvious interests in Schumpeter's economics, particularly Sylos Labini who had been a student of Schumpeter's at Harvard soon after the war. I remember meeting Paolo Sylos Labini at Bocconi in Milan sometime during that year. Not only he readily accepted the proposition, but I was immediately conquered by his enthusiasm and practical positive approach. At the time I was hardly aware of the intellectual and academic links between Demaria and Sylos Labini. Giovanni Demaria had largely worked on economic dynamics, but the general atmosphere at the time was far from conducive to see the strong line of descent from Demaria's dynamic theory to Sylos Labini's own work. That important link only became clear to me much later, after Demaria's death in 1998, particularly when I listened to the commemoration of Demaria by Sylos Labini himself at the *Accademia delle Scienze* in Turin. I must confess that, to me, it was an unexpected speech by an unexpected speaker. I was deeply impressed and I rate Sylos Labini's speech on that occasion as one of the great scientific testimonials received during my own lifetime: a great lesson indeed (3).

- (1) That was my first chance to lead the organization of a large Conference. At Bocconi no one, apart from Gasparini, was seriously interested in Schumpeter with exception of a young brilliant researcher, Franco Malerba, an industrial economist who is now the President of the Schumpeter Society. Malerba was too young at the time to have a leading role and Gasparini asked my old friend Carlo Filippini, prominent as a theoretical economist on technical progress and economic growth, to take care of the initiative. I went along quite well with Filippini who had been my school-mate at Bocconi and with whom I had first come up to Christ's College, Cambridge, in 1970 as a research student. The proceedings of the Conference are in Filippini & Porta, eds., 1985. The volume includes an interesting paper by Paolo SYLOS LABINI (see bibliography), on which I briefly comment below in the present paper.
- (2) See the recent commemoration « Pensiero e azione di un grande maestro dell'economia: Paolo Sylos Labini » by Siro LOMBARDINI, from Paolo Sylos Labini's own website.
- (3) Commemoration of Giovanni DEMARIA read by Paolo SYLOS LABINI at the Turin Academy of Sciences (meeting of 5 December 1998).

Some years before the 1983 Schumpeter Centennial Conference in Milan, Sylos Labini had published a collection of essays on problems of economic development (4) and he was still actively working on economic dynamics and development problems (5). The theme was of course not new to him or to the Italian tradition in Political economy. It is a widespread idea that the Italian tradition in Economic thought is characterized by a continuing interest in institutions and in economic development, thus making economic dynamics a special interest of economists in Italy (6).

Sylos Labini's own contribution to the 1983 Schumpeter Conference (« Nuovi aspetti dello sviluppo ciclico dell'economia ») illustrates very well the character of his own interest into development problems and of the interconnection between his Schumpeterian inspiration and his deep dedication to the history of economic thought. His paper takes up one of the intriguing challenges of 20<sup>th</sup> century economics: how can we explain that the most important economic system of the century, the *Keynesian* system, on the trade cycle affords *no role* to technical progress and innovation, while the *Schumpeterian* system, for all its significance, long remained somehow in the shadow. Sylos Labini argues that (*op. cit.*, p. 114) it is an error to see the two systems wide apart. Despite appearances, « there are links between Schumpeter's system and post-keynesian models » and Sylos Labini proceeds to suggest the construction of an *integrated model*, as he calls it, which draws both on Keynes and on Schumpeter. Keynes is more useful concerning the macroeconomic impulses of business cycles; Schumpeter has more to say on microeconomic causes; further to that the two authors are complementary on market regimes and on the role of the State and of trade unions in the economy. Sylos Labini makes use of his immense knowledge on quantitative economic history together with his direct familiarity with the work of the great economists and he travels along the line of neo-schumpeterianism which has gained ground through recent years, especially in the theory of the firm. I venture to suggest that Sylos Labini's analysis is especially remindful of Pasinetti, whom Sylos quotes in his paper: a connection that appears even more clearly to day, after the appearance of Pasinetti's 1993 book on structural dynamics, as we shall see presently (7).

## THE SIGNIFICANCE OF CLASSICAL ECONOMICS

It is a feature of Sylos Labini's economic thought to exhibit that special combination of economic dynamics and history of economic thought which is cha-

(4) SYLOS LABINI, 1970.

(5) See e.g. SYLOS LABINI, 1983, 1984.

(6) See for example, FAUCCI, 2000; BELLANCA, 2000.

(7) PASINETTI, 1993.

racteristic of the Italian tradition in many ways. As hinted above, a combination of that kind is a not infrequent at all in the Italian economic tradition. What was impressive about Paolo Sylos Labini, at least to me, was the continuous evidence he gave, in conversation as well as in public pronouncements, of how familiar he was with the history of the discipline and particularly with the texts of the Classical tradition in Economics. Sylos Labini always insisted that his own contribution to economics, ever since his famous analysis of technical progress in oligopolistic markets, should be understood in the light of the classical canon of economic analysis. Within the Classical camp, Smith and Marx were his special territory. At the same time Ricardo is largely present in his work especially Ricardo's model of growth and distribution and his celebrated recantation on machinery. It is not surprising that, among the Schumpeterian interests of Sylos Labini, there is the Italian edition of Schumpeter's *History of Economic Analysis* (8). A good example of the interaction of dynamic analysis and history of thought is also offered by the article *Economia*, jointly written with Alessandro Roncaglia in 1993 for the *Enciclopedia delle Scienze Sociali* (vol. III, pp. 300-325) and published by the Istituto per la Enciclopedia Italiana in Rome (9).

The economic approach of Paolo Sylos Labini really embodies what William Baumol called the 'magnificent dynamics' of the Classical School. All that made for a very strong connection between dynamic theory and the history of economic thought. His collection (1970) on economic development, just mentioned above, opens with the declaration that the ultimate end of the social sciences is to understand the movement of societies in which we live (10). The first essay in the collection is a famous early paper by Sylos Labini on the problem of economic development in Marx and Schumpeter.

What I think important to emphasize here is a point that emerges clearly from Roncaglia and Sylos Labini just mentioned (2002, p. 84) and which is expanded in Sylos's own recent book (2004, especially chapter 2). This has to do with the history of dynamic economics from Adam Smith to the present day and more particularly with the question of the dynamic content of Keynesian and, more particularly, post-keynesian economics. « The theoretical scheme

- (8) The translation itself was largely done by Sylos himself and was completed by Luigi Occhionero. It is a first rate translation and a very accurate and successful edition of Schumpeter's great work. It first appeared in three volumes published in Turin, Paolo Boringhieri publisher, in 1959.
- (9) The article was later expanded in a pamphlet which remains one of the best sources on the issues here discussed. See RONCAGLIA & SYLOS LABINI, 2002.
- (10) SYLOS LABINI also wrote a number of essays on Italian post-war growth and more particularly on the special problems of Southern Italy, the *Mezzogiorno*. A recent collection on Mezzogiorno was edited by Giuliana Arena, a student of mine who had written her thesis on Paolo Sylos Labini's economic contribution. She was able to produce the collection under the supervision of Sylos himself. See Sylos Labini, 2003.

worked out by Keynes in his *General Theory* – Sylos Labini wrote – though static, differently from the tradition of neoclassical theory remains fully open to dynamic developments ». Sylos himself gives an example of that in the treatment he proposes in the same book (ch. 3, § 1, pp. 42-45) of productivity, employment and unemployment in Smith, Ricardo and Keynes. It is evident and also explicit that Sylos Labini has in mind in particular two authors, who have worked intensively with original well-known results on dynamic economics: Luigi Pasinetti and Nicholas Kaldor (11). Concerning Nicholas Kaldor, Sylos Labini recalls the significance Kaldor always attributed to the so-called ‘Verdoorn Law’: « The fact that what he calls ‘Verdoorn Law’ – Sylos Labini wrote (p. 39) – was incorporated in his analysis shows that he was following a path leading beyond Keynes toward the realm of the classics. Concerning Kaldor – he adds – it is only to be regretted the liveliness and creativity of his mind were to lead him to tackle a variety of questions without a serious attempt to encompass them within a systematic unified framework ».

Concerning Pasinetti, it is comparatively easy to identify his contribution to post-keynesian dynamics. His 1974 book in particular, *Growth and Income Distribution*, contains a fully-fledged post-keynesian dynamic theory. The starting point is his famous mathematical formulation of the Ricardian system: then the book goes on to establish a bridge between Ricardo and Keynes in a chapter on economic theory and effective demand and in a further chapter on the link between classical dynamics and Keynesian dynamics. Pasinetti’s contributions of the trade cycle in the same book and on the rate of profit and distribution in relation to the rate of economic growth (including the famous treatment on the Cambridge equation and the Pasinetti paradox) are too well-known to require further treatment in the present context. All the above is readily and explicitly acknowledged by Sylos Labini.

What is perhaps more interesting here is Sylos Labini’s own remark (*ib.*) to the effect that « more recently a model [by Pasinetti] excites great interest, which is based on the analysis of vertically integrated sectors and deals with technical progress ». Pasinetti’s analysis – Sylos observes – is one that « clearly points to a road of return to the classics with modern eyes ». This is deserving of attention also because it affords the opportunity to develop a few observations on the relation of Sylos Labini to Piero Sraffa.

## **SYLOS LABINI: A SRAFFIAN SCHOLAR ?**

Sylos Labini met Piero Sraffa in Cambridge, UK, in the years following the war. His interest in the Sraffian system is well reflected by the chapter on Sraffa in his *Torniamo ai classici* book (Sylos Labini, 2004) on Sraffa’s model

(11) It should be mentioned however that Sylos also emphasized Michael Kalecki’s contribution as a dynamic anticipation of Keynes’ *General Theory*.

and the process of growth. It is undoubtedly an original perspective, because the conventional wisdom among most of the representatives of the Sraffian school have emphasized value, capital and distribution in the Sraffian model and, in that way, have celebrated Sraffa as a theorist taking the classical paradigm beyond Marx. Sylos Labini never was an ideological Marxist (see Sylos Labini, 1994a). Moreover he has deep respect and admiration for the theory of value and the theory of capital: however that is not his own preferred ground. His interests are mainly in the direction of dynamic theory. « Up to now – and more than forty years have elapsed from the publication of *Production of Commodities* – (he writes, *ib.*, p. 41) the debate has almost exclusively concerned the original formulation of the model, which deals with prices of production and the distributive shares and is based on the assumption of simple reproduction. I believe (Sylos adds) that it is high time to turn to extended reproduction, taking into consideration both the case of given techniques and the case of new techniques. Obviously the problem of distribution and pricing should not be forgotten and that problem takes a new form in the case of extended reproduction. If that is not done, Sraffa's model will stay confined to the important but restricted domain of pricing and distribution and will not be used in the context of extended reproduction, thus leaving the latter field to marginal theory, which is far from desirable ». This statement must be read in conjunction with his observations (above) on the recent contributions on structural dynamics by Luigi Pasinetti: Pasinetti's model achieves precisely what Sylos has in mind and develops the most fruitful and original side of Sraffa's theoretical framework (12).

At the root of that attitude there is of course Sylos Labini's fundamental concern for economic dynamics and for the history of economic thought, as I have argued in the above.

Concerning Sylos Labini's attitude toward Sraffa, I may mention an episode. Years ago I had found in the Feltrinelli archives in Milan a letter of Piero Sraffa to Angelo Tasca around 1930 in which a harsh personal and political judgment was expressed on Gaetano Salvemini, a judgment very much in line with the condemnation that was commonly addressed at the time by staunch communists against revisionists and social democrats. I was impressed by that letter which showed the ideological side of Sraffa. I was particularly impressed by that letter, also because I knew through my researches that Gaetano Salvemini had been instrumental in 1921 (through his connection with Angelo Sraffa on one side and through his friendship with Mary Berenson at Villa I Tatti near Florence on the other) to establish the very first contact between Sraffa and Keynes. I mentioned that to Sylos Labini on the occasion of one of his visits to Milan and he appeared relieved to answer that, yes!, Sraffa was ideological behind the appearance. That episode gave me a further clue to dis-

(12) See also PORTA, 2005.

tinguish a bit better several layers in Sraffa's own thinking and intellectual contribution and experience and to understand perhaps more correctly the real grounds of Sylos's own admiration for Sraffa's theory.

## CONCLUDING REMARKS

In the experience of Paolo Sylos Labini dynamic theory and history of economic thought are inseparable and contribute to his economic perspective in an essential way.

Very recently two scholars well acquainted with Paolo Sylos Labini's own scientific work have presented a paper on his conception of economic development and *civil development* along the Smithian approach (13). Sylos Labini's lasting contribution has a direct connection with the idea of civil economy which is currently the object of a revival of studies and research (14). It is a notion that goes back to Adam Smith. More precisely the idea of *civil economy* was used in the Italian tradition of economic studies, as it emerges in particular from Antonio Genovesi's *Lezioni di Economia Civile* and from other contributions within the Italian tradition itself.

Paolo Sylos Labini entirely belongs to the Italian school. His interest in the Classical economists should be understood in the light of civil dynamics and civil development. His experience provides a lesson on how a national tradition – far from acting as a barrier to exchanging and expanding knowledge – actually supplies the proper lenses through which it becomes possible to read more and thereby foster fruitful interaction with a whole range of international ideas.

(13) CORSI & GUARINI, 2007

(14) BRUNI & ZAMAGNI, 2004. Bruni & Zamagni largely reinterpret the concept of *economia civile* within the tradition of Antonio Genovesi and Adam Smith.

*Voir bibliographie page suivante*



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