



VI STOREP Conference

3-4 June 2009

Financial Crises in the Economists' View

**Facoltà di Economia
Polo delle Scienze Sociali
Università di Firenze**

Realizzato con il contributo di



**MONTE
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DI SIENA**
BANCA DAL 1472



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SCIENTIFIC COMMITTEE

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PROGRAMME

WEDNESDAY 3TH JUNE

8:30-9:00
Hall D6

Registration and Reception

9:00-9:30
Aula Magna
D6

Welcome Addresses

Giampiero Nigro (Preside Facoltà Economia, Università di Firenze)

Aldo Montesano (Presidente STOREP)

Terenzio Cozzi (Presidente SIE)

Maria Cristina Marcuzzo (Presidente ESHET)

9:30-10:30
Aula Magna
D6

Plenary Session - Invited Lecture

Chair: **Alessandro Roncaglia** (Università La Sapienza, Roma)

Innocenzo Cipolletta (Presidente Ferrovie dello Stato)

“La crisi finanziaria globale: una interpretazione dalla parte reale dell’economia”

10:30-11:00

Coffee Break

11:00-13:00

Parallel Sessions A

13:00-14.00

Lunch

14:00-15:00
Aula Magna
D6

STOREP Members' Meeting

15:00-16:30
Aula Magna
D6

Plenary Session - Round Table

“Le diverse voci sulla crisi finanziaria”

Moderator: **Franco Locatelli** (Il Sole 24 Ore)

Giovanni Ajassa (Responsabile Servizio Studi , BNL - Gruppo BNP Paribas)

Giovanni Ferri (Università di Bari)

Marco Morelli (Vice Direttore Generale Banca Monte dei Paschi)

Domenico Vinci (Responsabile Area Sud Europa Goldman Sachs)

16:30-17:00

Coffee Break

17:00-18:30

Parallel Sessions B

20:30

Social Dinner at Trattoria Da Burde

THURSDAY 4TH JUNE

9:00-11:00

Parallel Sessions C

11:00-11:30

Coffee Break

11:30-13:00

Plenary Session In Honor of Giacomo Becattini

Aula Magna
D6

Chair: **Marco Dardi** (Università di Firenze)

Discussant: **Joan Trullén** (Universitat Autònoma de Barcelona)

13:00-14:00

Lunch

14:00-16:00

Parallel Sessions D

16:00-16:30

Coffee Break

16:30-18:00

Parallel Sessions E

18:00

End of the Conference

PARALLEL SESSIONS

PARALLEL SESSIONS A – WEDNESDAY 3 h 11.00-13.00

A1. KEYNES AND FINANCIAL CRISES AULA D4/112

Chair and Discussant: **Roberto Marchionatti** (Università di Torino)

Luca	Fantacci	Università Bocconi	
Maria Cristina	Marcuzzo	Università La Sapienza, Roma	Speculation and buffer stocks: the legacy of Keynes and Kahn
Annalisa	Rosselli	Università di Roma Tor Vergata	
Eleonora	Sanfilippo	Università di Cassino	
Anna M.	Carabelli	Università del Piemonte Orientale	Indian Currency and Beyond. The Legacy of the Early Economics of Keynes in the Times of Bretton Woods II
Mario A.	Cedri		
Ted	Winslow	York University, Toronto	Keynes on the relation of the capitalist “vulgar passions” to financial crises
Marcello	Basili	Università di Siena	Keynes e la crisi
Carlo	Zappia		

A2. THE MINSKY MOMENT AULA D4/105

Chair and Discussant: **Giovanni Ferri** (Università di Bari)

Marco	Passarella	Università di Bergamo	Non è un paese per Ponzi. Una ridefinizione sequenziale dell'ipotesi di instabilità finanziaria
Alessandro	Vercelli	Università di Siena	Minsky moments and financial meltdown: a restatement of the financial instability hypothesis in the light of the “subprime” crisis
Samba	Diop	CRIISEA Université Picardie Jules Verne Amiens	A Minskyan analysis of the subprime mortgage meltdown
Jan	Toporowski	Soas, University of London	Henry Simons and The Other Minsky Moment

A3. SISMONDI AND SMITH AULA D6/102Chair and Discussant: **Cosimo Perrotta** (Università di Lecce)

Nancy	Bertaux	Xavier University, Cincinnati	Adam Smith's Moral Sentiments and the Capitalist Economic System: Selfishness vs. Self-Interest
Nerio	Naldi	Università La Sapienza, Roma	Rhetorical influences on Adam Smith's analysis of value and prices in the Wealth of Nations
Fabrizio	Simon	Università di Palermo	La funzione della pena nelle opere di Adam Smith

A4. INTERACTING RULE-GUIDED BEHAVIOUR, IRREVERSIBLE COMPLEMENTARITIES AND INNOVATION; AMULTI-METHOD APPROACH AULA D6/110Chair and Discussant: **Antonio Chiesi** (Università di Trento)

Pietro	Terna	Università di Torino	Agents ruling and ruled, rules and meta-rules: does the world belong to anarchists?
Jack	Birner	Università di Trento	Social capital and value creation through innovation: what sociologists and economists can learn from each other and from the history of thought
Giorgio	Rampa	Università di Pavia	Social order and social change: intelligent people vs. intelligent designs
Francesca	Odella	Università di Trento	Hidden Innovations and Historical Contingencies: The Vulnerable Researchers' Desire for Methods to Detect Economic and Social Change

A5. PREFERENCES AND CONSUMPTION AULA D6/112 (MELIS)Chair and Discussant: **Aldo Montesano** (Università Bocconi, Milano)

Attilio	Trezzini	Università RomaTre	Reddito Relativo vs. Reddito Permanente: la crisi dell'approccio sociale alla analisi del consumo
Manolo	Ferrante	Università di Firenze	Chooser dependant preferences, and attitudes de se
Vinicio	Guidi	Università di Firenze	Utilità intertemporale e equità tra le generazioni
Ivan	Moscati	Università Bocconi, Milano	Random behavior and the as-if defense of rational choice theory in demand experiments
Paola	Tubaro	Ecole Normale Supérieure, Paris	

A6. THE COGNITIVE REVOLUTION AULA D6/113 (BRACCO)Chair and Discussant: **Salvatore Rizzello** (Università del Piemonte Orientale)

Roberta	Patalano	Università di Napoli Parthenope e Luiss, Roma	Imagination and Economics at the Crossroad. Materials for a Dialogue
Angela	Ambrosino	Università di Siena	Debiasing through the law: the role of Cognitive Economics
Viviana	Di Giovinazzo	Università di Macerata and Université Paris 1	From Neoclassical Revolution to Cognitive Revolution: an alternative perspective
Chiara	Chelini	Università di Torino	An Overview on Jean Piaget's Work in a Cognitive Economics Focus
Sonia	Riva	Università di Milano Bicocca	

PARALLEL SESSIONS B - WEDNESDAY 3 h 17.00-18.30

B1. HAYEK AULA D4/112

Chair and Discussant: **Franco Donzelli** (Università di Milano)

Agnès	Festré	GREDEG, Université de Nice Sophia-Antipolis	
Pierre	Garrouste	CES, Université de Paris1 Panthéon- Sorbonne et Université Lumière-Lyon2	The Economic Analysis of Social Norms: A Reappraisal of Hayek's Legacy
Jack	Birner	Università di Trento	F.A. Hayek's <i>Monetary Nationalism</i> after seven decades
Antonio	Magliulo	Università di Firenze	Il ciclo economico e la grande crisi del 1929 nella visione di F. A. Hayek

B2. MINSKY AND FINANCIAL CRISES AULA D4/105

Chair and Discussant: **Alessandro Vercelli** (Università di Siena)

Elisabetta	De Antoni	Università di Trento	Minsky, Keynes and financial instability: the recent sub-prime crisis
Domenica	Tropeano	Università di Macerata	Liquidity and interbank markets in financial crises
Damiano Bruno	Silipo	Università della Calabria	Minsky e la crisi finanziaria

B3. FINANCIAL CRISES IN A GLOBAL PERSPECTIVE AULA D6/102

Chair and Discussant: **Anna Maria Carabelli** (Università del Piemonte Orientale)

Giovanni	Palmerio	Libera Università Maria Ss. Assunta (LUMSA)	Innovazione finanziaria e crisi finanziarie: alcune riflessioni
Salvatore	Drago	Università di Messina	Oltre la finanziarizzazione del mondo. Dalla crisi globale alla sussidiarietà finanziaria nella visione dell'attuale Pensiero Cattolico
Sergio	Rossi	University of Fribourg	The 2007–8 financial crisis: an endogenous-money view

B4. ECONOMICS AND LAW AULA D6/110Chair and Discussant: **Francesco Farina** (Università di Siena)

Nicola	Giocoli	Università di Pisa	When low is no good: predatory pricing and the history of antitrust economics
José Luis	Malo Guillén	Universidad de Zaragoza	Teorie corporativiste sul monopolio in Italia: il suo rapporto con le teorie spagnole
Begoña	Pérez Calle	Universidad de Zaragoza	
Paolo	Silvestri	Università di Torino	Veritas, Auctoritas, Lex. Scienza economica e sfera pubblica: la normatività del medium

B5. ORGANIZATION AND SOCIETY AULA D6/112 (MELIS)Chair and Discussant: **Margherita Turvani** (Università IUAV, Venezia)

Raul	Caruso	Università Cattolica del Sacro Cuore di Milano	Il pensiero di Kenneth Boulding, Economista Irenico. Relazioni Sociali tra scambio, dono e coercizione
Stefano	Fiori	Università di Torino	Planning, Market, and Organizations in Herbert A. Simon's Thought
Cosma	Orsi	Università di Firenze	Economy and Vision: The Common Good in the Age of Crisis

PARALLEL SESSIONS C - THURSDAY 4 h 9.00-11.00

C1. KEYNES' FINANCIAL ARCHITECTURE

AULA D5/111

Chair and Discussant: **Annalisa Rosselli** (Università La Sapienza, Roma)

Douglas	MacKenzie	The Coast Guard Academy	Keynes and Lange on Finance Capitalism and Market Socialism
William	Dixon	London Metropolitan University	Performing the recession
David	Wilson	University Paris 8-LED	Keynes's lessons of the 1931 gold-standard crisis for his Clearing-Union plan

C2. PERSPECTIVES ON THE HISTORY OF ECONOMICS

AULA D5/110

Chair and Discussant: **Maria Cristina Marcuzzo** (Università La Sapienza, Roma)

Antonella	Rancan	University del Molise	Modigliani at the Carnegie Institute of Technology
Fabio	Masini	Università Roma 3	The Early Reception of Lionel Robbins in Italy
Shoshana	Grossbard	San Diego State University, IZA and CESifo	How "Chicagoan" are Gary Becker's Economic Models of Marriage?
Vipin P.	Veetil	Università di Torino	An Economic Crisis and a Crisis in Economics

C3. GENERAL EQUILIBRIUM AND SRAFFA

AULA D6/102

Chair and Discussant: **Roberto Ciccone** (Università La Sapienza, Roma)

Stefano	Perri	Università di Macerata	Il sistema tipo di Sraffa e l'interpretazione della teoria classica dell'accumulazione e della caduta del saggio di profitto.
Enrico	Bellino	Università Cattolica, Milano	The Classical Approach to Distribution and the Natural System
Ariel	Dvoskin	Università di Siena	Misunderstanding Walras' economics
Andrés	Lazzarini	Università di Pavia	Sraffa unpublished manuscripts on the 1930 Symposium on "Increasing Returns and the Representative Firm"

C4. HISTORICAL PERSPECTIVES ON ECONOMIC METHODOLOGY **AULA D6/110**Chair and Discussant: **Marco Dardi** (Università di Firenze)

Luis	Mireles-Flores	EIPE, Erasmus University Rotterdam	Abstraction, formalism, and the policy relevance of economic theories
Joshua	Graehl	EIPE, Erasmus University Rotterdam	Entropy: A Useful Metaphor for Understanding the Economic Process?
Caterina	Marchionni	TINT, University of Helsinki	The ultimate/proximate distinction in recent accounts of human cooperation
Jack	Vromen	Erasmus University, Rotterdam	
Magda	Fontana	Università di Torino	The complexity approach to economics: a paradigmatic shift

C5. STATISTICS AND METHODOLOGY **AULA D6/112 (MELIS)**Chair and Discussant: **Paolo Scapparone** (Università di Pisa)

Sydney N.	Afriat	Università di Siena	The Index Number Problem
Alessio	Moneta	Max Planck Institute of Economics, Jena	Statistical and Causal Information in Econometric Models
Manuela	Raimondi	Università di Parma	Computational rationality and voluntary provision of public goods: an Agent-Based Model

C6. GROWTH AND PROGRESS **AULA D6/113 (BRACCO)**Chair and Discussant: **Jack Birner** (Università di Trento)

Sandrine	Michel	LASER & IRD, University of Montpellier I	The Financing of Social Expenditures and Long-Term Economic Growth. Insights from a Composite Indicator of Historical Human Development. The case of France from the middle of the 19th century to the present
Delphine	Vallade	Université Montpellier III	
Fiorenzo	Martini	Università di Torino, Università di Brescia	Capitale, beni capitali, risorse naturali. Quale analogia?
Nadia	Garbellini	Università Cattolica, Milano	Natural Rates of Profit, Natural Prices, and the Actual Economic Systems – A theoretical framework
Germana	Bottone	The Institute for Studies and Economic Analyses (ISAE), Rome	A new notion of progress: Institutional quality

PARALLEL SESSIONS D - THURSDAY 4 h 14.00-16.00**D1. FINANCIAL MARKETS****AULA D5/111**Chair and Discussant: **Jan Toporowski** (Soas, University of London)

Ivo	Maes	Research Department, National Bank of Belgium	Alexandre Lamfalussy: An early Cassandra on financial fragility
Alfredo Claire	Gigliobianco Giordano	Banca d'Italia	The Response of Economists and Regulators to Financial Crises in Italy (1861-1930s)
Leanne	Ussher	City University of New York	Global Imbalances and the Key Currency Regime: The Case for a Commodity Reserve Currency

D2. THE LEGACY OF VEBLEN**AULA D5/110**Chair and Discussant: **Tiziano Raffaelli** (Università di Pisa)

Luca	Fiorito	Università di Palermo	The institutionalists' reaction to Chamberlin
Douglas	MacKenzie	The Coast Guard Academy	Veblen and Hayek on Finance Capitalism and Technocracy
Alfonso	Giuliani	Università di Macerata	Thorstein Veblen: Crisi e continuità dal '29 ai nostri giorni
Tiziana	Foresti	Università di Pisa	Was institutionalism a revolt against Alfred Marshall?

D3. GROWTH AND DYNAMICS**AULA D6/102**Chair and Discussant: **Maurizio Zenezini** (Università di Trieste)

Mario	Pomini	Università di Padova	Esogenità ed endogenità della crescita economica in M. Fanno
Claudia	Sunna	Università del Salento	Joan Violet Robinson sulla popolazione. Dalla paura del declino alla paura dell'esplosione demografica
Elena	Vallino	Università di Torino	Why droughts started to turn into famines in the Late Victorian period? A complex system approach

D.4. MARX AULA D6/110Chair: **Bruno Jossa** (Università Federico II Napoli)Discussants: **Stefano Perri**^o (Università di Macerata) - **Bruno Jossa*** (Università Federico II Napoli)

Kepa	Ormazabal ^o	University of the Basque Country, Bilbao	Marx on Financial Crises: His Criticism of the Currency Principle
Saverio M.	Fratini ^o	Università Roma Tre	Marx's Theory of Absolute Rent and Sraffa's Price Equations
Roberto	Lampa *	Università di Macerata	Generalising the <i>General Theory</i> : Lange's contribution in the light of Hicks's synthesis
Daniele	Besomi *	Indipendente	Crises as a disease of the body politick. A metaphor in the history of nineteenth century economics

D5. SIMULATION AND EXPERIMENTS AULA D6/112 (MELIS)Chair and Discussant: **Pietro Terna** (Università di Torino)

Annamaria	Nese	University di Salerno	Individuals' Voting Choice and Cooperation in Repeated Social Dilemma Games
Patrizia	Sbriglia	Università di Napoli II – Sun	
Francesco	Farina	Università di Siena	A Comparative Study of Preferences for Redistribution
Gianluca	Grimalda	Technical University of Lisbon and Warwick University	
Marco Federico	Campenni Cecconi	ISTC, CNR, Rome	ICT Applications for Financial Markets
Alessandro	Innocenti	Università di Siena	An Experimental Analysis of Travel Mode Choice
Patrizia	Lattarulo	Irpet Toscana	
Maria Grazia	Pazienza	Università di Firenze	

D6. LABOUR MARKET AND POLICIES AULA D6/113 (BRACCO)Chair and Discussant: **Antonella Stirati** (Università Roma Tre)

Ioannis A.	Katselidis	Athens University of Economics and Business	Beveridge and "Flexicurity": Old and Recent Labour Policies
Antonella	Palumbo	Università Roma Tre	La teoria del salario monetario di A.W. Phillips e la curva di Phillips.
Guglielmo	Chiodi	Università La Sapienza, Roma	Una ricostruzione storico-analitica del legame tra salari e produttività
Leonardo	Ditta	Università di Perugia	
Izabela	Bludnik	The Poznań University of Economics	Is There a Sign of New Agreement in Economics?

PARALLEL SESSIONS E - THURSDAY 4 h 16.30-18.00

E1. FINANCIAL POLICIES **AULA D5/111**

Chair and Discussant: **Luca Fiorito** (Università di Palermo)

Michele Pier Francesco Sebastiano	Alacevich Asso Nerozzi	Università di Palermo	Cambridge meets the crisis. Four Harvard economists and the shaping of New Deal reforms
Giuseppe	Garofalo	Università della Tuscia	Per un ritorno ai fondamentali: il pensiero di Fausto Vicarelli sui nessi finance-growth ed efficiency-stability del sistema finanziario
Claudio	Gnesutta	Università La Sapienza, Roma	
Liudmyla	Vozna	Zhytomyr State Technological University, Ukraine	Financial Crises in the Context of Synergetic and Business Cycles Innovation Theories

E2. CAPITALISM AND POWER **AULA D5/110**

Chair and Discussant: **Fabio Masini** (Università Roma 3)

Bruno	Jossa	Università Federico II Napoli	A few advantages of economic democracy
Ludovic	Frobert	CNRS, Ecole Normale Supérieure Lettres et Sciences humaines	French Utopian socialists as First Pioneers in Development
Alfonso	Sánchez Hormigo	Universidad de Zaragoza	Corporativism, Fascism and New Capitalism in Spain (1931-1936)

E3. JOINT SESSION SIE – STOREP **AULA D6/102**

Chair and Discussant: **Massimo Di Matteo** (Università di Siena)

Marco	Guerrazzi	Università di Pisa	Explaining Unemployment: From Wage Rigidities to Labour Market Rigidities. A Turning Point in Macroeconomic Modelling?
Nicola	Meccheri		
Maurizio	Zenezini	Università di Trieste	Disoccupazione e piena occupazione. Uno sguardo retrospettivo
Florenzia	Sember	Università di Macerata	Closing the model? The Harrod-Marschak correspondence on the draft of the 'Essay on Dynamic Theory'

E4. FINANCIAL CRISES: INTERPRETATIONS**AULA D6/110**Chair and Discussant: **Carlo Zappia** (Università di Siena)

Fabio	Boscherini	Indipendente	Riflessioni e suggerimenti sul risparmio degli italiani
Pompeo	Della Posta	Università di Pisa	Market and state after the world financial crisis: substitutes or complements?
Alessandro	Lanteri	Università del Piemonte Orientale and TINT, University of Helsinki	The Economic Ethics of Ezra Pound

E5. FINANCIAL CRISES IN THE HISTORY OF ECONOMIC THOUGHT**AULA D6/112 (MELIS)**Chair and Discussant: **Giovanni Palmerio** (Libera Università Maria Ss. Assunta LUMSA)

Marcella	Corsi	Università La Sapienza, Roma	Uno studio della crisi finanziaria americana secondo l'approccio di Paolo Sylos Labini
Giulio	Guarini	Università di Padova	Recurrent Crises and Sand in the Wheels of Global Finance. A Historical Perspective
Katia	Caldari	Università Roma 3	Le "grandi depressioni" nel pensiero di Fisher: analisi teorica e proposte di policy
Fabio	Masini	Università di Torino	

E6. FINANCIAL CRISES IN THE ECONOMISTS' VIEW**AULA D6/113 (BRACCO)**Chair and Discussant: **Mario Cedrini** (Università del Piemonte Orientale)

Michael J.	Gootzeit	University of Memphis	The Evolution of the Role of Income and Wealth in Business Saving
Laurent	Le Maux	Université Paris 8 and Paris 10	The Peel's Act, Bank Rate of Discount and Financial Crisis: The Banking School's View
Giovanni	Scarano	Università Roma 3	Causative Relationships between Economic and Financial Crises

ABSTRACTS

JUNE 3

11.00-13.00 - PARALLEL SESSIONS A

A1. KEYNES AND FINANCIAL CRISES

Chair and Discussant: **Roberto Marchionatti** (Università di Torino)

- Luca Fantacci (Università Bocconi)
Maria Cristina Marcuzzo (Università di Roma, La Sapienza)
Annalisa Rosselli (Università di Roma, Tor Vergata)
 Eleonora Sanfilippo (Università di Cassino)
Speculation and buffer stocks: the legacy of Keynes and Kahn

Keynes -a speculator who traded on behalf of himself, his friends and his college-grounded his theoretical writings on first-hand knowledge of speculative behaviour (in particular in commodity futures, which had great weight in his portfolio). Over the years he acquired a thorough, constantly updated, knowledge of the market conditions for each commodity traded which he drew upon in forging his proposals to stabilize the price of primary commodities. As he once explained to Hawtrey: 'I do speak on this matter ...from an extremely wide practical acquaintance with commodity markets and their habits'. In particular one of his policy recommendations – the buffer-stocks scheme - stemmed from his experience in playing on those markets.

Kahn, who was introduced by Keynes to the intricacies of speculation and took over the handling of the College's and Keynes's finances in 1937-8, was also well acquainted with commodity futures. At outbreak of the war both Keynes and Kahn were engaged in the search of ways to stabilize commodity markets through public intervention. Kahn in particular, spending one year in 1943 at the Ministry of Supply, worked on the post-war scenario for raw materials, in close contact with Keynes who had similar concerns when drafting his proposals for a new international monetary order and payment system. After Keynes' death it fell on Kahn the task of making the case for buffer stocks schemes for post-war economies, in seeking a middle course between market and intervention.

In this paper we will review Keynes's position as it emerged from his constant concern with commodity prices, both as speculator and as theorist. We will argue that it was never divorced from his general view on market instability and the need to correct it, when it manifested itself in a low level of employment and economic activity. We will then look at Kahn's original contribution on buffer stocks, which brought to fruition the original intuition by Keynes, refining it with his usual attention to the finest details. Finally, we will draw some general considerations on

the relevance of the proposals of stabilization of commodity prices, based on buffer stocks, in the present sentiment of “a return to Keynes” in the attempt to cope with possibly the worst global economic crisis since the 1930s.

- Anna M. Carabelli (Università del Piemonte Orientale)
Mario A. Cedrini (Università del Piemonte Orientale)
The Legacy of the Early Economics of Keynes in the Times of Bretton Woods II

In the paper, we revisit the focus and method of “Indian Currency and Finance” (1913) and the rationale of Keynes’s proposal for an international monetary system combining cheapness with stability. In particular, we centre on the management of exchange reserve and the pattern of relationships between creditor and debtor countries, to suggest that Keynes’s fresh look at Asia in the first years of the twentieth century may provide useful hints for an overall rethinking of the major faults of today’s Bretton Woods II system as well as the rationale for a global monetary reform.

Keywords: John Maynard Keynes, *Indian Currency and Finance*, international economic order, exchange reserves

JEL codes: B31, B40, F02, F31

- **Ted Winslow** (York University, Toronto)
Keynes on the relation of the capitalist “vulgar passions” to financial crises

The current financial crisis has revived interest in Keynes. Almost all interpretations of Keynes’s understanding of such crises overlook, however, its basis in a view of the motives dominant in capitalism as irrational “vulgar passions”, specifically, in a view of liquidity crises as involving an instinctively anchored “love of money as a possession” that is “a somewhat disgusting morbidity, one of those semi-criminal semi-pathological propensities which one hands over with a shudder to the specialists in mental disease.”

In “My Early Beliefs”, Keynes claims the hypothesis that “human nature is reasonable” is “disastrously mistaken” and substitutes for it the hypothesis that “there are insane and irrational springs of wickedness in most men”. In “The End of Laissez-Faire” and “Economic Possibilities for Our Grandchildren”, he identifies “the essential characteristic of capitalism” with “vulgar passions” understood as motives rooted in these “insane and irrational springs of wickedness”. In “Laissez-Faire”, he claims “the essential characteristic” is “the dependence upon an intense appeal to the money-making and money-loving instincts of individuals as the main motive force of the economic machine.” It is the “money-loving instinct” that is characterized in “Economic Possibilities” as “a somewhat disgusting morbidity”. He also there associates the “money-making instinct”, elaborated in part as

“purposiveness”—an irrational preference for “jam tomorrow, and never jam today”, with an irrational denial of mortality: “‘The 'purposive' man is always trying to secure a spurious and delusive immortality for his acts by pushing his interest in them forward into time.”

The paper will examine the role this conception of the motivation dominant in capitalism plays in Keynes’s account of financial crises, the account summarized in the following passage from his 1937 *Quarterly Journal of Economics* article: “The General Theory of Employment”.

“Why should anyone outside a lunatic asylum wish to use money as a store of wealth?

"Because, partly on reasonable and partly on instinctive grounds, our desire to hold money as a store of wealth is a barometer of the degree of our distrust of our own calculations and conventions concerning the future. Even though this feeling about money is itself conventional or instinctive, it operates, so to speak, at a deeper level of our motivation. It takes charge at the moments when the higher, more precarious conventions have weakened. The possession of actual money lulls our disquietude; and the premium which we require to make us part with money is the measure of the degree of our disquietude." (*Collected Writings*, vol. XIV, p. 116)

- Marcello Basili (Università di Siena)
Carlo Zappia (Università di Siena)
Keynes e la crisi

L’attuale crisi finanziaria ha fra i vari suoi effetti indiretti quello di riportare l’attenzione su una impostazione di politica economica che risale a Keynes e che negli ultimi anni era ormai stata considerata minoritaria. Gran parte dei commentatori che sottolineano la sconfitta dell’impostazione liberista in questi giorni si richiamano al Keynes della *Teoria Generale*. Eppure c’è un meno ricordato, ma forse più profondo senso nel quale Keynes torna ad essere un riferimento, e in questo caso le origini keynesiane delle possibili spiegazioni degli attuali eventi vanno ricercate nel *Trattato sulla Probabilità*.

Il paper argomenta che il pensiero di Keynes è un fondamentale elemento di riferimento anche quando si pone il problema del perché i segnali della possibile crisi siano stati ignorati. In particolare il paper offre una analisi della crisi che si sofferma sulle critiche di Keynes al criterio standard per la valutazione di una scelta in condizioni di incertezza. E’ ben noto che nel *Trattato* Keynes è fortemente critico del principio dell’aspettativa matematica. Ma viene meno spesso ricordato che egli è anche interessato ad una analisi costruttiva, arrivando a prefigurare una vera e propria teoria delle decisioni in condizioni di incertezza.

L’analisi di Keynes si applica ai comportamenti dei singoli operatori finanziari, in quanto anticipa le critiche che vengono dai recenti sviluppi della *behavioral finance* ad un agente economico razionale in un senso standard. Ma essa si applica anche alle scelte dell’autorità di politica economica: i governi mondiali possono aver scelto una decisione di non intervento basandosi su misure di tipo utilità attesa ove

i guadagni ipotizzati dalla crescita indotta da un eccesso di credito più che bilanciavano la possibilità di enormi perdite, in ragione della presunta bassissima probabilità dell'evento che avrebbe condotto a queste perdite. Il paper conclude che Keynes avrebbe sicuramente suggerito di procedere in modo diverso.

A2. THE MINSKY MOMENT

Chair and Discussant: **Giovanni Ferri** (Università di Bari)

- **Marco Passarella** (Università di Bergamo)
Non è un paese per Ponzi. Una ridefinizione sequenziale dell'ipotesi di instabilità finanziaria

L'obiettivo dello scritto è quello di far luce sulla principale difficoltà interpretativa sollevata dalla cosiddetta 'ipotesi di instabilità finanziaria' (FIH) di Hyman P. Minsky. Si tratta dell'assunto secondo cui il leverage per l'insieme delle imprese sarebbe destinato a crescere nel corso della fase ascendente del ciclo economico. In effetti, nell'individuare le cause della vulnerabilità finanziaria, Minsky sembra talvolta sovrapporre due diversi fattori di fragilità: lo sfruttamento eccessivo della leva finanziaria, da un lato; e la pratica di finanziare attività a lungo termine mediante passività a breve, dall'altro. Eppure, in linea teorica, l'aumento dei profitti aggregati netti accantonati a riserva potrebbe compensare, o addirittura più che compensare, il maggior debito contratto dalle imprese. Va da sé che nel corso dei periodi di crescita 'tranquilla' imprese, banche e famiglie tendono a finanziare le attività a lungo termine con passività a breve, a causa del minor tasso di interesse vigente su queste ultime. Ciò è sufficiente per ammettere che la stabilità economica e il clima di generale ottimismo che ne consegue siano, almeno potenzialmente, destabilizzanti.

Nondimeno, affinché la crisi possa essere considerata strettamente un fenomeno endogeno, è necessario spiegare in che modo un boom economico conduca a tassi di interesse crescenti. Ma si tratta di un aspetto assai controverso nell'ambito della letteratura monetaria eterodossa. In generale, è la consistenza del nesso tra livello 'micro' e livello 'macro' nella FIH che necessita di essere ulteriormente indagata.

A tal fine, lo scritto è suddiviso come segue. Il primo capitolo fornisce una introduzione generale al pensiero microeconomico di Minsky, a cui segue una descrizione della dinamica delle singole fasi del ciclo economico. Nel secondo capitolo, dopo aver considerato la critica mossa da Lavoie alla FIH, viene introdotto un semplice modello Lotka-Volterra al fine di analizzare la modificazione ciclica della struttura finanziaria della singola impresa e dell'intero sistema economico. Ciò dovrebbe consentire di far luce anche sul secondo aspetto problematico dell'analisi di Minsky, e cioè quello della natura del tasso di interesse, tema a cui è dedicato il capitolo terzo. Seguono alcune brevi considerazioni conclusive.

- **Alessandro Vercelli** (Università di Siena)
Minsky moments and financial meltdown: a restatement of the financial instability hypothesis in the light of the “subprime” crisis

This paper aims to bridge the gap between theory and facts on the so-called “Minsky moments” and “Minsky meltdowns” by revisiting the “financial instability hypothesis” in the light of the ongoing financial crisis. First of all we argue that we need an approach different and broader than the mainstream approach, not only to interpret the Minsky moments but also the periods of financial calm between them. This approach, inspired by Minsky, leads us to interpret stylized facts through an elementary model of financial fluctuations that generates instability and fragility. The model builds on Minsky’s contributions but introduces a few crucial modifications. In particular, we address a constructive criticism to the well-known Minskyan classification of financial units in three categories (hedge, speculative, and Ponzi) and suggest a different classification that allows a continuous measure of units’ financial conditions. We show that this continuum of financial conditions may be aggregated into six categories of financial units that have a clear relation with Minsky’s trinity. We use the suggested classification of financial units to explain their cyclical fluctuations and the conditions that lead to Minsky moments and eventually to a Minsky meltdown. Finally, we use the approach here suggested to shed some light on the causes and consequences of the ongoing financial crisis and on the implications of the recent revival of Minsky’s “financial instability hypothesis”.

- **Samba Diop** (CRIISEA Université Picardie Jules Verne Amiens)
A Minskyan analysis of the subprime mortgage meltdown

This article presents Minsky’s Financial Instability Hypothesis and tries to demonstrate its relevance in the explanation of the current financial crisis. Two fundamental causes can be distinguished: wage deflation and institutional weakening. Beside this principal causes, there are the secondary ones that recapitulate securitization and the Federal Reserve’s monetary policy. Then, it makes possible the analysis of the *subprimes* crisis in its financial (by the effects of the households’ difficulties on the assessments of the financial institutions and by securitization) and real dimension (by the wealth effect and the integration of the real and financial spheres it assumes).

Keywords: crise financière, subprime, Minsky

JEL Codes: E32, G21, E12

Jan Toporowski (Soas, University of London)
Henry Simons and The Other Minsky Moment

This paper examines the influence of Henry Simons on Hyman Minsky. Simons' proposals for banking reform are contrasted with Minsky's alternative 'big bank' and 'big government' programme for stabilising the economy. The paper concludes by arguing that Simons' proposals for stabilising banking would have prevented a credit bubble, but would not avoid economic instability.

A3. SISMONDI AND SMITH

Chair and Discussant: **Cosimo Perrotta** (Università di Lecce)

- **Nancy Bertaux** (Xavier University, Cincinnati)
Adam Smith's Moral Sentiments and the Capitalist Economic System: Selfishness vs. Self-Interest

There has been a recent resurgence of interest in the connections between Adam Smith's moral and economic theories. In this paper, Smith's Theory of Moral Sentiments is used to differentiate between "selfishness" and the "self-interest" that is at the heart of the capitalist system as theorized in his Wealth of Nations. The relevance of this differentiation for recent economic events such as the world financial crisis is also briefly considered.

- **Nerio Naldi** (Università La Sapienza, Roma)
Rhetorical influences on Adam Smith's analysis of value and prices in the Wealth of Nations

From the Lectures on Rhetoric and Belles Lettres we know that Smith was well aware of the rhetorical aspects of the various forms of discourse. Taking this awareness for granted, in this paper we will put forward the thesis that his attempt to improve aesthetical aspects of the Wealth of Nations (WN) may have had a part in causing both some intricacies of the treatment of value and prices typical of that book and an advancement in the way the concept of relative price was to be employed in the history of economic thought.

Book I, Chapter VI of the WN contains the famous discussion where Smith states that the validity of a rule of price determination based on the quantity of labour employed in production has to be limited to an 'early and rude state of society', while three price components (wages, profits and rents) have to be considered when the analysis of prices is set in the context of an advanced commercial society. It is interesting to observe how the way Smith limits the validity of the labour employed rule of price determination (the concept of exchange ratio, or relative price, is used in order to illustrate the case in which labour employed in production plays a primary role, but it disappears when a criticism of that very role is put

forward) can be explained as an effect of a literary step he took in the preparation of this text. While in the Lectures on Jurisprudence (LJ) and in the Early Draft of the WN the concept of exchange ratio appears only in an illustration of pre-monetary forms of exchange and does not enter into the structure of the analysis of value and prices, which is focused on the concept of natural price and precedes the analysis of monetary and pre-monetary exchange, in the WN Smith modified the order in which the same subjects are presented, and we may believe that this was done mainly with the aim of improving the fluency of the whole presentation. As a result, however, he did not only achieve this aim (in the WN the analysis of the division of labour evolves very smoothly into an analysis of money and the latter into an analysis of value and prices); he also gave an altogether new prominence to the concept of exchange ratio, or relative price, which came to be placed at the core of the plan of the chapters on value and prices. But this prominence being rooted in rhetorical considerations, it reflected only in part the development of Smith's understanding of the role of that concept within the analysis of prices. In fact, the prominence given to the concept of exchange ratio in WN Book I Chapters IV and V soon fades away in Chapter VI, where the concept of natural price is restored to the same position of primacy that it had in the LJ.

The idea that Smith's attempt to improve aesthetically, or rhetorically, the text of the WN placed on the forefront of its analytical structure the concept of relative price and that in this way he permanently influenced the position that this concept came to occupy in the history of economic thought will be supported considering how this concept appears in the works of Ricardo and of previous authors.

- **Fabrizio Simon** (Università di Palermo)
La funzione della pena nelle opere di Adam Smith

La riforma della giustizia penale è uno dei gradi temi di riflessione della cultura illuminista e coinvolge i principali esponenti del panorama intellettuale settecentesco, da Montesquieu a Beccaria, a Filangieri, a Bentham. Uno dei tratti di maggiore modernità nelle teorie dell'Illuminismo giuridico è il ricorso all'analisi economica, di ispirazione utilitarista, per creare modelli ideali di sistemi penali razionali e in grado di difendere il benessere della società con il minore sacrificio di utilità possibile. Un tentativo analitico originale e all'avanguardia che ha aperto un percorso di ricerca che nel XX secolo ha poi raggiunto importanti traguardi.

Adam Smith non si sottrae da questo impegno scientifico e civile ma la sua dottrina appare significativamente diversa da quella esposta in opere come i Dei delitti e delle pene o La Scienza delle legislazioni, nonostante sia coeva e anch'essa, come è logico attendersi, poggi su argomentazioni economiche.

In questo lavoro percorreremo i tre principali scritti che contengono il pensiero smithiano -la Teoria dei sentimenti morali, le Lezioni di Glasgow, la Ricchezza delle nazioni- alla ricerca di quelle parti dove il tema della pena e della sua funzione sociale sono affrontati. Prenderemo le mosse dai fondamenti etici per poi

osservare gli aspetti civili e politici sottolineando le divergenze con quanto veniva contemporaneamente elaborato e divulgato da altri autori dei Lumi. Proveremo a spiegare questa distanza risalendo alla differente visione epistemologia e analitica tra il giusnaturalismo scozzese e l'utilitarismo europeo offrendo alcuni spunti per una riconsiderazione del ruolo di Smith nella storia delle idee economiche

A4. INTERACTING RULE-GUIDED BEHAVIOUR, IRREVERSIBLE COMPLEMENTARITIES AND INNOVATION; A MULTI-METHOD APPROACH

Chair and Discussant: **Antonio Chiesi** (Università di Trento)

- **Pietro Terna** (Università di Torino)
Agents ruling and ruled, rules and meta-rules: does the world belong to anarchists?

We propose a framework within which to investigate three topics: first, how enterprises and organizations arise, behave, and fall; second, how they interact; and finally, how we can improve them. The tool that we introduce here to help us in this research effort is a large agent-based simulation framework which is able to reproduce the enterprise context in a detailed way.

The basis is an agent based computational experiment on rules and rule emergence - named AESOP (Agents and Emergencies for Simulating Organizations in Python) - to uses actions, agents (acting and deciding people) and the scheduling of events into an agent based framework. Agents may use fixed rules but they can also learn to improve these rules in a changing environment. They can also be modeled so as to be aware of the consequences of their behavior. In the simulator, single agents can also be modeled as neural networks, so that the system appears as a "net of neural networks". Alternatively, it is possible to introduce Bayesian learning processes in our models.

The core of the simulator is the capability to reproduce, in detail, the decision making process of organizations, firms and individual agents. The basis of the method is the reconstruction of the investigated phenomenon via the action and interaction of minded or no-minded agents. We can integrate both no-minded agents - agents capable of just performing tasks they are ordered to carry and minded ones - agents capable of taking decisions within the model.

Rules are not static here and can be modified by special agent, via meta-rules, creating highly complex environments, useful to investigate both actual and abstract economic context and their implication for economics. (A first sketch of the simulation structure is experimentally on line at <http://eco83.econ.unito.it/terna/storep>).

The simulator employs two independent components to build a description and representation of the world. Our simulated organizations or firms have both production units that perform the different steps of the production process and orders to accomplish the production. The orders are described by recipes that contain the "What to Do" (WD) component of the process; the production units

represent the “which is Doing What” (DW) component of the same process. A third formalism relates to the time sequence of the events (the orders to be executed) that occur in the environment we are simulating; this is the “When Doing What” (WDW) component.

The simulator is currently based on Swarm (www.swarm.org) as basic layer, but a new structure, the AESOP simulator, is now under implementation as a Python (www.python.org), using SLAPP (Swarm-Like Agent Protocol in Python, <http://eco83.econ.unito.it/terna/slapp/>), to join the easiness of Python, and its openness, to the clarity of the Swarm protocol. Python is connected here to the R statistical system (R is at <http://cran.r-project.org/>), via the rpy library, at <http://rpy.sourceforge.net/>).

- **Jack Birner** (Università di Trento)
Social capital and value creation through innovation: what sociologists and economists can learn from each other and from the history of thought

Value is created when individuals discover that they dispose over human, organizational or physical resources that are complementary to others and put this discovery into practice. This is a generalization of Adam Smith’s idea of the division of *labour* as the source of value.

Of the three discoverers of subjective value theory Carl Menger, but particularly his followers, elaborated most thoroughly the idea that complementarity is the source of value. Böhm-Bawerk did so, and so did Friedrich von Wieser. Friedrich von Hayek, however, formulated the most complete theory of value creation. He observed that Wieser, though having the merit of clearly formulating the imputation problem (and introducing the term into economics), gave a solution that was circular. Hayek argued instead that the value of consumer goods is determined simultaneously with that of factors of production. This led him to formulate his (intertemporal) general equilibrium theory in 1928. The focus of his analysis was the equilibrium of the individual plan, which he defined as the realization of the expectations on which it was based. In 1937 Hayek analyzed the equilibrium of an economy as a whole, by which he meant the compatibility of all individual plans. But in his “Economics and Knowledge” Hayek did much more; he gave what we would now call a network analysis of the diffusion of knowledge in an economic system, promising that he would return to the problem of how individual expectations could be coordinated. The solution he gave in 1945, however, was somewhat disappointing: the price system would take care of coordination, by generating signals that, together with competition understood as a discovery procedure, make markets work.

In order to find a more promising approach to the question how markets function, economists (to their unadmitted shame) had to wait till the work of network sociologists Harrison White and Ron Burt from the 1980s onwards. One of the interesting things about their analysis is that it is based (unbeknownst to them) on

Hayek's concept of equilibrium concept and Ludwig von Mises' idea of entrepreneurship as the turning of a profit by acting as a broker between complementary but disconnected elements in a social and economic system.

White's and Burt's work are examples of what in the mean time has become a flourishing branch of sociology, the theory of social capital. This research tradition, however, has run into the difficulty that the description of its basic concept, social capital, balances continuously between the Scylla of circularity and the Charybdis of incoherence; of the two main traditions in social capital theory one considers it the set of all realized links in a network that enable individuals to better pursue their objectives, while the other defines it in terms of the potential yet unrealized links.

I argue in my paper that a further generalization of the idea of complementarity opens the way to overcoming this stalemate in sociology while at the same time allowing us to better understand value creation processes by exploiting unrealized complementarities between economics and sociology. Since in these times of financial and economic crisis our ideas are foremost directed towards the destruction of value (and the possibilities to put a stop to it) I will also give a preliminary examination of the extent to which complementarities are symmetrical or irreversible in process of the creation and destruction of value.

- **Giorgio Rampa** (Università di Pavia)
Intelligent people vs. intelligent design Or On T- equilibria as a tool for interpreting both social order and social change

Intelligent people act purposively, maintaining in addition conjectures about the working of the surrounding environment. Hence, in order to formulate own plans, *interacting* intelligent people maintain some conjectures over the actions of their fellows. If her conjecture is fulfilled, an individual keeps believing in it and acting according to her original intertemporal plan.

A regime of the economy where the actions undertaken on the basis of plans fulfil all people's conjectures reciprocally during a certain time span is a *social order*, in Hayek's sense. Leaving aside phases when the system undertakes significant changes (like the present one), it is reasonable to expect that along a social order intelligent people succeed in 'understanding' (see below) what is going on and in predicting tomorrow's happenings.

Observing such an order, one might be amazed and think that an 'invisible hand', or an 'intelligent design' lies behind it. Examples of such thinking are theories like *rational expectations* and *common priors* (it is not by chance that these gained ground during the sixties, a quite orderly period for the economy). It has been proved formally that, in order to have rational expectations in an interactive setting, individuals should construe conjectures much higher than the Babel Tower: more precisely, the height should be *infinite*, a fairly improbable feature for individuals living on the Earth.

Building on the ruins of the collapsed Tower, this paper assumes differentiated languages on the part of individuals, that is, *personal models* of an affordable

nature. Models, while being *finite*, might be more or less sophisticated, depending on the number of dimensions (i.e. parameters) considered. An abstract notion of equilibrium (T-equilibrium) is considered, reminiscent of Hayek's social order. It is shown that the number of such equilibria –*indeterminacy*– (a) increases with agents' sophistication, and (b) decreases with the length of the time span along which the equilibrium is pretended to persist. As a consequence, which of the many possible equilibria is actually in effect depends on initial conditions, history and learning.

Interacting people put forward –i.e. make public– actions (signals, acts, words, etc.), *not* underlying theories (the states of their neural networks). Since the former have a lower dimension than the latter do, a social order does *not* mean at all that participants think the same things, or interpret the same facts in the same way, or even know the 'true model' of the economy. Simply, the observed facts come as no surprise to them, while the intimate (private) interpretations might differ substantially.

Property (b) above implies that the probability of collapse of an existing social order increases as time elapses, approaching certainty in finite time. When this time arrives, the exit from the social order might be more or less dramatic, depending on the degree of *precision* (confidence) accumulated in previous theories and on the degree of non-linearity incorporated in them (think of neural mechanisms). Two routes might be undertaken then by the system: (i) some sophisticated individuals –i.e. those endowed with higher-dimensional theories– might propose amendments to existing interpretations, capable of attenuating the diffuse uncertainty; (ii) some powerful individuals –i.e. those endowed with wider audience– might propose simple and radically new ideas, capable of readdressing opinions suddenly. The former route is clearly softer than the latter, which implies a 'creative destruction'. In both cases personal qualities and luck are essential ingredients.

To conclude, T-equilibria can be thought of as a tool for interpreting *both* order and change in social systems.

- **Francesca Odella** (Università di Trento)
**Hidden Innovations and Historical Contingencies: The Vulnerable
 Researchers' Desire for Methods to Detect Economic and Social Change**

The aim of the paper is to debate from a methodological perspective the issue of social and economic change in entrepreneurship. In particular, the questions under scrutiny are how to detect changes in routines and processes of production (both material and immaterial ones), and what distinguishes adaptive processes to historical and territorial contingencies from real innovation patterns. These tasks may prove difficult since the discovery process is defined mostly by the researchers' hypothesis and precognitions about the objects of change; small or hidden forms of transformation could appear as irrelevant or difficult to foresee

with traditional methods of economic and social analysis. Also, not all the variations in behavioural and relational patterns produce effects (economic efficacy or organizational effectiveness) and comparable changes or shifts in routines may not generate comparable results. As a consequence, methods and specifically empirical studies of innovation have to deal with a counterintuitive process of reasoning, and both redundancy and selection procedures need to be dynamically integrated in the research' strategy. The use of specific techniques for analyzing economic and social processes of value creation (network analysis, qualitative investigation and study of relational fields) could also contribute to a clearer definition of innovation as well as to the integration of dynamic change perspectives.

A5. PREFERENCES AND CONSUMPTION

Chair and Discussant: **Aldo Montesano** (Università Bocconi, Milano)

- **Attilio Trezzini** (Università RomaTre)
Reddito Relativo vs. Reddito Permanente: la crisi dell'approccio sociale alla analisi del consumo

Tra la fine degli anni '40 e la fine degli anni '50 l'analisi del consumo conosce una svolta radicale che ne segnerà lo sviluppo.

Il dibattito, originato dai lavori empirici di Kuznets all'inizio degli anni '40, aveva posto la necessità per la teoria di spiegare l'evidenza empirica che veniva interpretata come indice di una propensione media al consumo (uguale alla marginale) costante nel lungo periodo e una propensione media decrescente (e diversa dunque dalla marginale) al crescere del reddito nel breve periodo.

Si maturarono due spiegazioni alternative. Quella del Reddito Relativo (avanzata da J. Duesenberry) utilizzava l'eredità di un approccio sociale, istituzionalista all'analisi del Consumo originato da Veblen. Le idee base di questo approccio, tuttavia, erano inserite da Duesenberry in un contesto in cui venivano assunti i principi fondamentali di lungo periodo delle teorie marginaliste (in particolare, pieno impiego delle risorse, crescita determinata da innovazione tecnica e aumento della popolazione e allocazione del reddito tra consumi e risparmi determinata sulla base di un processo di massimizzazione intertemporale dell'utilità). Il risultato di questa sintesi era teoricamente incoerente e, nel complesso, instabile. I risultati empirici erano spiegati in base a principi teorici eterogenei e contraddittori.

La seconda spiegazione, quella del Reddito Permanente di Friedman, nasce da un esplicito riferimento alla teoria tradizionale e fornisce una spiegazione omogenea e coerente ai fenomeni alle diverse manifestazioni empiriche della relazione tra consumo e reddito.

Sebbene dal punto di vista tecnico le due spiegazioni risultarono ugualmente in grado di fornire supporto teorico ai lavori empirici; sul piano della coerenza teorica, però, il Reddito Permanente risultò più solido. Questo contribuì all'abbandono di un approccio all'analisi del consumo che, sebbene portato all'attenzione della gran

parte degli economisti dal lavoro di Duesenberry, venne considerevolmente indebolito dal tentativo di sintesi con la teoria tradizionale che costituiva una caratteristica centrale di questo lavoro.

- **Manolo Ferrante** (Università di Firenze)
Chooser dependant preferences, and attitudes *de se*

Il lavoro si propone innanzitutto di stabilire un ponte tra la critica formalista di Amartya Sen della teoria delle preferenze standard in teoria delle decisioni, e la teoria delle attitudini individuali (epistemiche e ottative) di David Lewis, basate sulla sua nota metafisica analitica realista della mereologia delle parti dei mondi possibili, e le loro proprietà. Si sviluppa una analisi del senso e delle possibili interpretazioni della proposta seniana di preferenze indicizzate dall'identità del decisore, a prescindere dal loro contenuto. A tale critica, si affianca la distinzione analitica tra attitudini *de dicto*, *de re*, e *de se* nella proposta elaborata dal metafisico statunitense. Si argomenta che, nella misura in cui l'osservazione di Sen non è riducibile a una corretta specificazione del contenuto dell'atteggiamento preferenziale, essa risulta interamente recuperata da una riduzione delle preferenze a attitudini *de se*. Metodologicamente, l'elaborazione risultante consente – o se si vuole, obbliga – a abbandonare il formalismo prescrittivo che caratterizza il dibattito novecentesco sulle assunzioni di razionalità nella teoria delle decisioni, per accogliere l'impostazione descrittivo-naturalistica di derivazione classico-leibniziana nella costruzione di una teoria anche dei fatti mentali causanti il libero comportamento.

- **Vinicio Guidi** (Università di Firenze)
Utilità intertemporale e equità tra le generazioni

In questo lavoro consideriamo il problema di un saggio di preferenza intertemporale sia a livello dell'allocazione ottima di capitale che dell'equità fra diverse generazioni. Partiamo da una prospettiva storica considerando, in breve, le posizioni di alcuni economisti sulla positività del tasso di interesse e, dopo aver presentato il modello con utilità scontata, si mette in evidenza come, a partire da Koopmans, siano state introdotte grazie a preferenze recursive, ipotesi meno restrittive conseguendo anche risultati e applicazioni più generali.

Si presentano critiche avanzate dalla Behavioural Economics e gli approcci alternativi sulla separabilità elaborati soprattutto dalla teoria delle decisioni in condizioni di incertezza e dalla teoria della domanda. Si argomenta che è preferibile giustificare la positività del tasso di interesse ricorrendo al linguaggio assiomatico che mette in evidenza, in un contesto di beni e/o generazioni infinite, il profondo significato etico degli assiomi. Infine si considerano i problemi di allocazione in presenza di una successione di generazioni dando conto dei recenti progressi della letteratura. Nelle conclusioni si indicano possibili impostazioni

alternative alla letteratura sia sulla separabilità dei periodi che sulla recursività delle preferenze.

- **Ivan Moscati** (Università Bocconi, Milano)
Paola Tubaro (Ecole Normale Supérieure, Paris)
Random behavior and the as-if defense of rational choice theory in demand experiments

Rational choice theory (RCT) models decision makers as utility maximizers. An alternative model is random-choice, which assumes that decision makers pick up an alternative from a given set according to a uniform distribution on the set. In this paper we examine a series of experiments that compare RCT and the random-choice model as alternative explanations of consumer demand.

The experiments provide evidence that RCT is often violated, that the number of violations increases as decision situations become more complex, and that in a number of cases RCT and the random-choice model seem to approximate human demand behavior with a similar degree of accuracy. We discuss how this experimental research contributes to clarify the actual scope of RCT and the standard as-if defense of it.

A6. THE COGNITIVE REVOLUTION

Chair and Discussant: **Salvatore Rizzello** (Università del Piemonte Orientale)

- **Roberta Patalano** (Università di Napoli Parthenope e Luiss, Roma)
Imagination and Economics at the Crossroad. Materials for a Dialogue

Although outstanding authors in the history of economic ideas - among which Smith, Marshall, March, Shackle, Simon and Boulding - have dealt with imagination, contemporary theory does not assign it much value. In the first part of the paper we will analyse the contributions of Kenneth Boulding (*The Image. Knowledge and Life in Society*) and Cornelius Castoriadis (*The Imaginary Institution of Society*), whose pioneering work on imagination is worth more attention than the little received so far in the literature.

On these grounds, then, we will re-interpret the meaning and the functions of imagination from the standpoint of contemporary economic theory by taking three main topics into account, learning, institutions and failures.

As far as learning is concerned, the novel concept of learning by imagination will be introduced. Secondly, we will suggest how the study of imagination can extend the research program of New Institutional Economics. In the end, we will discuss the risk of "the exhaustion of imagination" that Castoriadis felt as a concrete and possible degeneration of the Western culture. A re-interpretation of this risk and its possible implications will be proposed.

- **Angela Ambrosino** (Università di Siena)
Debiasing through the law: the role of Cognitive Economics

A partire dalla fine dello scorso millennio i metodi di indagine usati dalle neuroscienze sono gradualmente entrati a far parte degli strumenti utilizzati dall'economia cognitiva e dall'economia comportamentale per studiare il comportamento economico. La rilevanza dei risultati ottenuti è stata tale da dar vita ad un nuovo ambito di ricerca: la neuroeconomia. La neuroeconomia si propone come ponte tra la scienza economica e la psicologia (Loewenstein et al. 2008). I risultati ottenuti attraverso l'uso di metodi di ricerca tipici delle neuroscienze hanno ampiamente contraddetto le assunzioni tradizionali della scienza economica sul *decision making* suggerendo che le decisioni siano il risultato di complesse interazioni fra processi automatici e controllati. La neuroeconomia quindi contribuisce a confermare alcuni dei risultati già ottenuti dall'economia cognitiva e apre per quest'ambito di ricerca interessanti prospettive.

Quest'articolo si propone da un lato di argomentare attraverso un approccio storico perché l'applicazione delle neuroscienze sia particolarmente in sintonia con i percorsi che hanno portato allo sviluppo dell'approccio cognitivo alla scienza economica. Quindi si cercherà di indagare quali siano le prospettive che l'introduzione delle tecniche di ricerca neuroscientifiche apre all'economia cognitiva; in particolare si cercherà di mettere a confronto la diversità di modalità e di obiettivi con cui economia cognitiva e economia comportamentale guardano alla neuroeconomia.

- **Viviana Di Giovinazzo** (Università di Macerata and Université Paris 1)
From Neoclassical Revolution to Cognitive Revolution: an alternative perspective

The purpose of this paper is to use a psychological approach to provide a critical examination of the main differences and similarities which characterize the neoclassical and cognitive revolutions in economics. Counter to the popular notion that cognitive science is a radical departure from neoclassical economic theory, it will be argued that, in many aspects (*metatheory*, deterministic explanations of behavior and the rejection of emotions as guides for choosing the most appropriate decision-making process), the cognitive revolution was not a reaction against neoclassical principles and methodology, but the exact opposite, a sort of “upgrading”. The thesis developed is that economic methodology persists in following Descartes’ original error and considering the mind and the body as two separate and conflicting systems. An alternative perspective addressing unresolved conceptual issues will be presented.

- **Chiara Chelini** (Università di Torino)
Sonia Riva (Università di Milano Bicocca)
An Overview on Jean Piaget's Work in a Cognitive Economics Focus

The present paper addresses the issue about how Jean Piaget's work in psychology can inform cognitive economics research in relation to social interactions studies: in particular, the role of feedback between the agent and the surrounding environment and learning from experience processes will be examined in both fields.

Schemata in both developmental psychology and cognitive economics underline the limits of human rationality and the importance of "precedents" and previous acquired knowledge, delineating an interesting trade-off between relying on tradition and innovative performance. Jean Piaget's processes of "assimilation" and "accommodation", represent, respectively, stability and change. Jean Piaget's experimental works with children and his theoretical implications will be compared with cognitive economics studies, remarking the commonality in the results, especially with respects the issue of knowledge's formation and the evolutionary epistemology theoretical framework.

Keywords: Jean Piaget, cognitive economics, adaptation, learning, knowledge.

JEL Codes: A12, B52, D8

17.00-18.30 - PARALLEL SESSIONS B

B1. HAYEK

Chair and Discussant: **Franco Donzelli** (Università di Milano)

- **Agnès Festré** (GREDEG, Université de Nice Sophia-Antipolis)
Pierre Garrouste(Université de Paris1 Panthéon-Sorbonne et Université
Lumière-Lyon2)
The Economic Analysis of Social Norms: A Reappraisal of Hayek's Legacy

The works of Hayek regarding the emergence and evolution of social norms have been, and remain today, evaluated in a very contradictory manner. They indeed give rise to debates regarding the coherence and relevance of the Hayekian analysis, and to theoretical and analytical extensions that tend to validate all or part of Hayek's propositions regarding the emergence of social norms. The debates regarding the coherence and the relevance of the Hayekian approach are based on the notion of group selection. They support the ideas, firstly that a contradiction exists between group selection and methodological individualism, and secondly that the notion of group selection is not relevant. It appears that these two aspects could be clarified further, the first by showing that the Hayekian subjectivism makes it possible to lift the contradiction between group selection and the fact that only individuals act, the second by showing that the reference to the notion of group selection, which is biologically controversial, can be very well founded in social sciences and in particular, economics. This idea, that the notion of group selection makes it possible to take the emergence and evolution of social norms into account is in fact validated by recent economic developments.

This paper is organized as follows: in the first section we will show that the reference to the notion of group selection is not coherent with the other elements of the Hayekian concept. In the second section we will develop the idea that the recent works regarding the emergence and evolution of social norms partly validate the Hayekian propositions in this regard. In the third section we will highlight the weaknesses of Hayek's analysis and propose methods to correct them.

- **Jack Birner** (Università di Trento)
F.A. Hayek's *Monetary Nationalism* after seven decades

In 1937 Hayek published a series of lectures on the international monetary system. He posed himself the problem what system would be least conducive to the emergence and propagation of economic crises. With the current financial and economic crisis, 72 years later, Hayek's worst fears seem to have come true. The paper examines the lessons we can learn from his analysis and proposals.

- **Antonio Magliulo** (Università di Firenze)
Il ciclo economico e la grande crisi del 1929 nella visione di F. A. Hayek

Hayek è stato il grande rivale di Keynes negli anni trenta, formulando una teoria del ciclo economico e una spiegazione della crisi del 1929 in linea con la tradizione neoclassica e in opposizione alle tesi eterodosse.

Una questione che ha recentemente suscitato l'interesse degli studiosi è se Hayek, e in generale gli economisti austriaci, abbiano effettivamente proposto una "liquidationist policy" per uscire dalla crisi e se essa abbia influito sulle decisioni dell'Amministrazione Hoover.

Lo scopo di questo lavoro è portare un contributo alla storiografia sul tema discutendo criticamente le principali tesi fino ad oggi avanzate.

B2. MINSKY AND FINANCIAL CRISES

Chair and Discussant: **Alessandro Vercelli** (Università di Siena)

- **Elisabetta De Antoni** (Università di Trento)
Minsky, Keynes and financial instability: the recent sub-prime crisis

Minsky proposed his theory as an interpretation of Keynes's *The General Theory*. According to this work, however, the two authors display crucial and unexplored differences. Minsky's economy tends to a debt-financed investment boom, Keynes's economy tends to a high and persistent unemployment. In Minsky's economy, the role of finance is crucial. In Chapter 22 of *The General Theory*, by contrast, firms' indebtedness is not even mentioned. The current financial turmoil has led to a flourishing of works on the Minskyan features of the crisis. According to the present study, however, the recent US experience does not seem to confirm two cornerstones of Minsky's financial instability hypothesis: the theses i) that capitalism is endogenously prone to growth ii) that growth in its turn endogenously turns into financial instability and financial crises. The growth and the over-indebtedness of the US economy seem to have had exogenous origin: technological innovation in the field of information technology, in the former case, monetary policy together with financial deregulation and innovation, in the latter. From this perspective, what has happened would seem to be a Keynesian - rather than a Minskyan - phenomenon. Reconsidering the last fifteen years or so through Keynes' 'stagnationist' eyes, we might then deduce that – in spite of the exogenous impulses deriving from technological innovation and the Fed's monetary policy – the American economy has failed to avoid a new depression. The contribution of Hyman Minsky as an interpreter of Keynes would then consist in highlighting the crucial role of finance, showing that it can sustain and prolong growth but not prevent (indeed, even accentuating) the collapse.

Keywords: Minsky, Keynes, business cycles, financial instability, financial crises

JEL Codes: B22, E12, E32, E44, G01

- **Domenica Tropeano** (Università di Macerata)
Liquidity and interbank markets in financial crises

Most recent financial crises have been primarily crises in the interbank markets. The term interbank is not properly used, most crises have arisen because of the impossibility of intermediaries to roll over assets in the market, which they used to do in normal conditions. The most striking feature of the current U.S.A. crisis is the long time in which interbank markets have not worked smoothly.

In South Korea the fragility of the financial system was due to the existence of non bank financial institutions, which actually were market makers in the most important short term money market of the country, the market for commercial paper. The collapse of this market contributed to the financing problems and failures of many enterprises, both solvent and insolvent.

In the United States the most important episodes of the recent financial crises are the desperate attempts by investment banks to sell assets in their portfolios, that nobody in the market wanted to buy. In this case, the problem was initially limited to claims among financial institutions only, though later it spread to other short term money markets, such as commercial paper.

In South Korea, however, a part of the damage might have been avoided if a more sensitive monetary policy were adopted by the Central Bank. The tightening of monetary conditions and the requirement for banks to recapitalize in the midst of a crisis, worsened the situation. In the United States the central bank response was instead very different, with repeated interest rate cuts. This notwithstanding, the crisis spread over to other markets and in the end reached the real sector.

The paper reads both cases by referring to Minsky's theory of structural instability and his reflections on the tasks of the central bank in complex economic systems.

- **Damiano Bruno Silipo** (Università della Calabria)
Minsky e la crisi finanziaria

Il lavoro si propone di ricostruire la teoria dell'instabilità finanziaria del capitalismo di Hyman Minsky e di valutare la sua rilevanza nella spiegazione della crisi attuale.

La prima parte del lavoro è dedicata alla ricostruzione del pensiero di Minsky. Partendo da una descrizione del comportamento degli agenti economici e dalle relazioni finanziarie che si stabiliscono in una economia capitalistica, particolare attenzione viene dedicata all'analisi minskyana del comportamento di banche e imprese e alle condizioni che determinano il livello degli investimenti e dell'attività economica. Al riguardo, si mostra come quando le aspettative sono ottimistiche le posizioni speculative degli operatori diventano dominanti e si genera il boom. D'altra parte, nel boom si pongono le premesse per la crisi, dovendo le banche finanziare le proprie attività a lungo termine con passività a breve e trovando in questa fase maggiori difficoltà a raccogliere liquidità presso i risparmiatori. Un aumento dei tassi d'interesse peggiora la posizione delle imprese e degli altri operatori economici e avvia la crisi finanziaria. In una situazione in cui sono diffuse

le posizioni speculative e ultraspeculative, il fallimento di poche unità trascina le altre nella crisi finanziaria. A quest'ultima fase segue la deflazione da debiti e la depressione economica. Secondo Minsky, il compito della Banca centrale e dello Stato è quello di attenuare il ciclo, impedendo il crollo generalizzato dei valori delle attività ma anche limitando il peso delle posizioni speculative e ultraspeculative. Nella seconda parte del lavoro si ripercorrono le principali vicende della crisi attuale, mettendo in rilievo analogie e differenze con l'analisi di Minsky. In particolare si mostra come, pur nella diversità dei fattori che hanno generato l'attuale crisi finanziaria, rimane valido il contributo di Minsky nell'analisi del ciclo economico e sul ruolo della politica economica.

B3. FINANCIAL CRISES IN A GLOBAL PERSPECTIVE

Chair and Discussant: **Anna Maria Carabelli** (Università del Piemonte Orientale)

- **Giovanni Palmerio** (Libera Università Maria Ss. Assunta - LUMSA)
Innovazione finanziaria e crisi finanziarie: alcune riflessioni

Sono ormai parecchi anni che non possiamo più insegnare che l'attività principale, quasi esclusiva, di una banca è raccogliere depositi ed erogare prestiti e nemmeno possiamo fare le analisi classiche sul mercato monetario e sul mercato finanziario né descrivere quest'ultimo come costituito essenzialmente da due tipi di titoli, obbligazioni (a reddito fisso) e azioni (a reddito variabile). L'innovazione finanziaria ha ormai creato, e continua a creare, un numero sempre maggiore di diverse tipologie di titoli, i cosiddetti derivati, e di questi titoli esiste un'enorme quantità. Quali sono le cause di questo enorme, anzi abnorme, sviluppo dell'innovazione finanziaria? Esse sono essenzialmente due.

La prima è costituita dall'enorme incremento della liquidità internazionale, che origina soprattutto dal deficit delle partite correnti della bilancia dei pagamenti degli Stati Uniti, deficit che si manifesta ormai costantemente tutti gli anni dal lontano 1972. Tale deficit è crescente, è ormai superiore al 6% del pil degli Stati Uniti e continua ad aumentare anche in presenza di una forte svalutazione del dollaro.

La seconda causa è rappresentata dal tentativo di finanziare iniziative molto rischiose, cercando di scaricare il rischio su altri soggetti, magari suddividendolo su una platea molto ampia.

Lo sviluppo dell'innovazione finanziaria è sicuramente all'origine delle crisi finanziarie, che assumono proporzioni sempre più allarmanti. Per evitare tali crisi, o quanto meno contenerle, è necessario rimuoverne le cause e regolamentare in modo stringente i mercati finanziari.

- **Salvatore Drago** (Università di Messina)
Oltre la finanziarizzazione del mondo. Dalla crisi globale alla sussidiarietà finanziaria nella visione dell'attuale Pensiero Cattolico

Superando uno stereotipo diffuso relativo all'apparente inconciliabilità tra finanza ed etica, ma anche tra economia e sviluppo umano-solidale, la presente proposta consiste nell'analizzare, partendo da una metodologia di indagine opportunamente divisa in due aspetti complementari inerenti una parte de-costruttiva ed in una ridefinizione concettuale e comportamentale degli aspetti macro-economici legati alla finanza ed all'attuale finanziarizzazione del mondo, i motivi intrinseci delle crisi finanziarie-economiche, con le sue ricadute sugli andamenti per lo sviluppo economico reale e soprattutto umano-civile degli Stati, delle imprese e delle società, e le possibili strade risolutive da percorrere dal carattere etico e sociale avvalorate dal Pensiero Cattolico istituzionale legato da una documentazione ufficiale dalla forte propensione universalistica. Attraverso l'analisi delle Encicliche papali, che raffigurano gli scritti principali della formazione della Dottrina Sociale della Chiesa, la *Rerum Novarum* di Leone XIII del 1891, *Quadragesimo anno* di Pio XI del 1931, *Mater et Magistra* e *Pacem in terris* del 1961 e del 1963 di Giovanni XXIII, *Populorum progressio* di Paolo VI del 1967, *Laborem exercens* del 1981, *Sollicitudo rei socialis* del 1987, *Centesimus annus* del 1991 di Giovanni Paolo II, *Deus caritas est* e *Spe salvi* del 2006 e del 2007 di Benedetto XVI e la Costituzione conciliare *Gaudium et Spes* sul ruolo della Chiesa e del Pensiero Cattolico nel mondo contemporaneo risalente al 1965 e scritta all'interno dei lavori del Concilio Vaticano II (1962-1965), scritte per affrontare criticamente cambiamenti economico-sociali notevoli, come le ripercussioni della seconda Rivoluzione industriale ed il relativo problema del proletariato, le prime avvisaglie di una crisi capitalistica negli anni Settanta dell'Ottocento, la nascita di organizzazioni socialistiche nel 1864, nel 1889 e nel 1919, la pesante crisi finanziaria mondiale del 1929, i cambiamenti strutturali del primo e del secondo dopo guerra inerenti i sistemi di produzione e le ripercussioni in ambito sociale, il ruolo di Organizzazioni internazionali politico-economiche, lo smantellamento del regime socialistico nell'Europa orientale, la persistenza della povertà nei paesi sottosviluppati, l'imposizione della globalizzazione economica con le sue pericolosità "nascoste", e la supremazia del ruolo astratto e pericoloso della forza della finanza che tende ad oggettivare anche gli aspetti umani e valoriali a scapito di un reale e completo sviluppo economico, è iniziato a diffondersi un messaggio che, pur trovando la sua radice nella Parola del Vangelo, ha tentato di costruire un nuovo progetto di umanità, di economia solidale e come ricerca di senso e di paradigmi etico-regolativi delle istituzioni economiche, dell'economia di mercato, delle imprese e della finanza. Inoltre, dagli scritti del Compendio della Dottrina Sociale della Chiesa del 2005 e da documenti come *Etica e Finanza* del 2000, *Finanza internazionale e agire morale* del 2004, *Etica, sviluppo e finanza* del 2006 ed altri, emanati dall'Ufficio nazionale della CEI per i problemi sociali e il lavoro, frutto di una costruttiva ricerca di un Gruppo di studio su "Etica e Finanza", costituito da studiosi laici e credenti di varia provenienza, è possibile fare emergere importanti

valutazioni concettuali e pratiche di interventi politici di chiaro discernimento etico su una questione complessa ed urgente - come il ruolo della finanza - l'ineluttabilità di una "purificazione" della ragione e delle istituzioni, e la formazione di strutture "giuste" in grado di veicolare una permanente sussidiarietà civile.

- **Sergio Rossi** (University of Fribourg)
The 2007–8 financial crisis: an endogenous-money view

This paper addresses two structural failings underlying the development of the situation that led to the 2007–8 financial crisis, that is to say, the absence (i) of a structural divide concerning banking activities, and (ii) of an institution for the international settlement of cross-border transactions. The huge crisis of finance-dominated capitalism that resulted thereby calls for all banks to departmentalize their operations in order to be transparent, according to the object of those payments that they carry out for their own sake or for their clients. The source of inspiration in this regard is the "Bank Act" (1844) requiring the Bank of England to separate all its activities into an issue department and a financial department. Further, in the spirit of Keynes's Plan (1942/1980), this paper calls also for the creation of an institution issuing a truly supranational currency, requiring that every country, including the United States, finally pays for all its net commercial imports in disposing of financial claims that provide their holders with the right to withdraw a part of (current or future) output of the surrendering country. The result of these monetary-structural reforms will be a domestic and international payment system whose workings are in line with the (endogenous) nature of bank money.

B4. ECONOMICS AND LAW

Chair and Discussant: **Francesco Farina** (Università di Siena)

- **Nicola Giocoli** (Università di Pisa)
When low is no good: predatory pricing and the history of antitrust economics

The paper focuses on the analysis of predatory pricing (PP) carried on by economists, legal scholars and courts throughout the 20th century. The narrative begins with the first US Supreme Court's rulings which established a per se prohibition for PP. Yet, predatory behaviour, i.e. the practice of selling a product at very low price with the intent of driving competitors out of the market, has always been hard to assess. The basic difficulty is implicit in its definition: how can a court distinguish low prices due to genuine competitive behavior from low prices due to the willingness to eliminate competition? While the problem was somehow circumvented during the era of active antitrust intervention, i.e. when industrial economics was dominated by Harvard's structure-conduct-performance approach,

a strong reaction eventually came from the Chicago school, starting from McGee's 1958 classic JLE paper which de facto denied the rationale itself of PP. This in turn raised a fierce debate among economists and legal scholars and led, on the one side, to a substantial reassessment by courts of the legal standing of the idea of "too low" prices and, on the other, to some crucial developments in modern, game-theory-based, industrial economics. The bottom line of the paper is that the complex trajectory of PP may well summarize the more general history of antitrust law and economics in the US.

- **José Luis Malo Guillén** (Universidad de Zaragoza)
Begoña Pérez Calle (Universidad de Zaragoza)
Teorie corporativiste sul monopolio in Italia: il suo rapporto con le teorie spagnole

Nel concepire la scienza economica come corporativa, in Italia troviamo opere e posizioni che cercavano di dare un background teorico a questa nuova economia ed altre puramente retoriche. Nel campo delle teorie circa il monopolio questo è particolarmente evidente, dal momento che, durante il corporativismo, i modelli non competitivi di produzione e di organizzazione sono stati ampiamente studiati. Nell'origine e nell'evoluzione di questi punti di vista, troviamo posizioni radicali di autori come Ugo Spirito ed altre come quelle di Luigi Amoroso, veramente importanti per la teoria del monopolio.

Le posizioni più comuni sono state quelle che hanno cercato di conciliare l'economia pura e la corporativa, a loro volta sviluppate in due direzioni: quelle in favore dell'utilizzo della matematica come appoggio e forma di studio dell'economia politica corporativa, pur ammettendo l'incapacità di adattarsi totalmente alla realtà perché basata sull' *homo oeconomicus* ed altre posizioni che hanno preferito portare l'economia nel campo delle scienze politiche. Le prime, alcune in connessione con l'alta teoria sviluppata in parallelo, inizieranno dalla scuola Walras-Pareto e saranno pioniere reintroducendo l'analisi di monopolio di Cournot, aggiungendo la retorica corporativista per completare lo studio come un unico corpo. Le seconde, di varia natura, presentano, alcune volte, posizioni indipendenti con uso occasionale del materiale analitico e, in altre occasioni, manifesti rifiuti all'analisi matematica.

La nostra ricerca ci porta ad essere in grado di tracciare un chiaro parallelismo tra il modo di studio italiano e quello spagnolo di pochi anni più tardi, sia in posizioni analitiche come in quelle politiche.

- **Paolo Silvestri** (Università di Torino)
Veritas, Auctoritas, Lex. Scienza economica e sfera pubblica: la normatività del medium

Per legittimare l'*autorità* e la validità della scienza economica, gli economisti sono spesso ricorsi all'argomento che le *leggi* e i postulati di questo sapere sono *verità* scientifiche, nel senso di verità empiriche o logiche. Tuttavia, questo *discorso* (Foucault), in quanto discorso legittimante o discorso sull'«importanza» della scienza economica (i.e.: Robbins), sembra contraddire una siffatta argomentazione giacché non statuisce né verità empiriche né verità logiche, e tanto meno verità autoevidenti. A quale tipo di verità, allora, fa riferimento la *predica* della scienza economica? Perché la scienza economica, in quanto sapere, viene predicata come una "legge" a cui bisognerebbe obbedire? Esiste un legame storico-teoretico tra la struttura giuridico-politica della legittimità (Habermas; Legendre) e la retorica e/o il discorso della scienza economica (McCloskey et al. ...)?

In questo articolo esamino il "caso Einaudi" come *exemplum* paradigmatico dei discorsi sulla scienza economica fatti dagli economisti nella sfera pubblica. Seguendo la parabola della riflessione epistemologica di Einaudi e confrontandola con quella di Pareto, Robbins, Weber e Schumpeter, vedremo come dal discorso einaudiano emerga l'idea che sullo sfondo di note dicotomie quali positivo/normativo, analisi/visione, fatti/valori, si stagli la separazione epistemologico-antropologica tra conoscere e agire, *ragione e passione*. Attraverso un'analisi delle categorie giuridiche e teologiche presenti nel discorso einaudiano («dogma», «legge», «verbo», «predica», economisti come «chierici» o «sacerdoti» della scienza), cercherò di formulare una nozione di *normatività* della scienza economica in vista di un superamento della suddetta separazione epistemologico-antropologica.

B5. ORGANIZATION AND SOCIETY

Chair and Discussant: **Margherita Turvani** (Università IUAV, Venezia)

- **Raul Caruso** (Università Cattolica del Sacro Cuore di Milano)
Il pensiero di Kenneth Boulding, Economista Irenico. Relazioni Sociali tra scambio, dono e coercizione

Kenneth Ewart Boulding (1910-1993) è stato una delle figure intellettuali più brillanti del ventesimo secolo. Nativo di Liverpool, iniziò la sua carriera ad Oxford per poi trasferirsi negli Stati Uniti dove trascorse interamente la propria vita professionale. Boulding è stato un economista affermato, fino a divenire John Bates Clark Medal nel 1949 e Presidente dell'AEA nel 1968. Boulding, in particolare, ha anticipato molti degli interessi correnti della scienza economica. A dispetto della sua reputazione di valente e geniale economista, limitare la figura di Boulding all'interno di una singola disciplina risulterebbe riduttivo. In linea con il suo instancabile impegno a favore dell'interdisciplinarietà e dell'integrazione delle

scienze sociali, sarebbe più opportuno considerare Boulding come uno scienziato sociale completo. Anche in virtù di questa sua costante attenzione ad altre discipline scientifiche, è difficile trovare in Boulding analisi dettagliate e conformi alle tradizionali analisi economiche o comunque delle scienze sociali. Gli scritti di Boulding hanno uno stile accattivante e brillante, a tratti naif e irriverente, a volta infarciti di versetti poetici o biblici. Quantunque le sue intuizioni fossero decisamente rigorose e scientificamente robuste, le sue dimostrazioni erano spesso incomplete e frammentate. I suoi innumerevoli articoli sono molto spesso costituiti da proceedings non strutturati secondo i tradizionali schemi formali della scienza economica. Questo potrebbe far storcere il naso agli amanti delle rigorose trattazioni formali. E addirittura, essi potranno risultare irritanti per la disinvoltata attitudine di fondere spunti ed elementi di diverse discipline, apparentemente inconciliabili, e quindi sarebbero da sconsigliare a intellettuali puristi, gelosi del proprio orticello disciplinare. L'intero corpus teorico di Boulding costituiva poi il sostrato sul quale si inseriva la sua costante attenzione sugli studi per la pace e la risoluzione dei conflitti. Per comprendere la sua figura di immaginifico economista, epistemologo, scienziato della pace e libero intellettuale 'atuttotondo' non è possibile ignorare che Boulding fosse un uomo profondamente motivato dalla sua fede cristiana, in particolare dal suo quaccherismo. Considerazione questa, più volte sottolineata dallo stesso Boulding, e che giustifica l'aggettivo 'irenico' con il quale -egli scrisse- di aver provato, senza riuscire, a caratterizzare i suoi studi sulla pace. Come testimoniato da Mott (2001) Boulding è stato l'unico serio candidato sia al premio Nobel per l'economia sia a quello per la pace. Oggetto di questo breve saggio è la presentazione in forma sintetica di una delle componenti del pensiero di Kenneth Boulding, vale a dire della teoria 'triangolare' delle interazioni sociali in cui Boulding inseriva la sua riflessione sullo scambio, sui conflitti e sui meccanismi di integrazione nelle relazioni umane e sociali. La riscoperta della riflessione teorica di Boulding è particolarmente importante in questi anni in cui la letteratura economica sta ponendo grande enfasi sul ruolo delle istituzioni sia formali sia informali nello sviluppo e nella crescita economica. All'interno di questo interesse più generale Boulding con la sua teoria degli integrative systems e della grants economy anticipava molti degli elementi che adesso si ritrovano nelle moderne teorie delle istituzioni, del capitale sociale e dei beni relazionali.

- **Stefano Fiori (Università di Torino)**
Planning, Market, and Organizations in Herbert A. Simon's Thought

The thesis put forward in this paper is that Herbert A. Simon was a distinctive theoretician of decentralized decisional systems alternative to the market, from planning to organizations. This issue emerges from the convergence of four perspectives, each with a different role and influence on his intellectual life: administrative and organization theories, the bounded rationality approach, economic theory, and the epistemology of complex systems. Notwithstanding the changes over time in his scientific interests and methods, the conviction that

planning and organizations as decentralized structures can often perform a coordinating function better than the market appears in both his juvenile and mature works.

Keywords: planning, organizations, market, complex systems

JEL Codes: B2, B21, B22, D21, D23

- **Cosma Orsi** (Università di Firenze)
Economy and Vision: The Common Good in the Age of Crisis?

The recent financial crisis is likely to affect the lives of an unthinkable number of people around the globe and vanishing the social fabric of many countries. Not surprisingly, the actual crisis, which is not only economic, but also, and more importantly social, bring back to the surface the issue whether or not some of the basic assumptions of mainstream economic theory (neoclassic) requires re-examination. There is a mounting literature [Hodgson, 1988; Lutz, 1999; Watson, 2005] that question the moral and political propriety of socio-economic institutions that are designed specifically to encourage instinctive utility-maximizing behaviours. Neoclassical economics is not economics in its entirety, much less is it the only way to think about the social relationships that constitute economy. This is even more evident if we delve into dead-end research paths within the history of economic thought. There are many alternative intellectual traditions that understand the way in which people interact in their everyday economic lives. Is the paradigm associated with the so-called social economy worth of a renewed attention? Can the common good approach entailed by socio economics address some of the limits inherent to the mainstream paradigm? Can we learn something about how to confront the actual social and economic crisis?

The paper will be subdivided into three main parts: a) this section will briefly provide an historical overview of the socio-economic paradigm, b) this section will introduce a theoretical reflection concerning the possibility to confront the limits inherent to mainstream paradigm through the lenses of social economy and c) this section will address the present relevance of this type of economic thinking.

JUNE 4

9.00-11.00 - PARALLEL SESSIONS C

C1. KEYNES' FINANCIAL ARCHITECTURE

Chair and Discussant: **Annalisa Rosselli** (Università La Sapienza, Roma)

- **Douglas MacKenzie** (The Coast Guard Academy)
Keynes and Lange on Finance Capitalism and Market Socialism

The Keynes-Hayek debate on cycles and the Lange-Hayek debate on socialism are usually each seen as separate. Keynes (1936) and Lange (1936) actually held a common view of financial markets, and made similar proposals for replacing capitalist institutions with public alternatives. Keynes and Lange each concluded that capital investment was better planned by state officials than by capitalists in financial markets. While Keynes is often seen as having proposed reforms to capitalism, he actually embraced Lange's program for market socialism. Keynes and Lange arrived at their views in reaction to the global crisis of the 1930's.

- William Dixon (London Metropolitan University)
David Wilson (London Metropolitan University)
Performing the recession

The English newspapers have been full of references to Keynes in the wake of the latest world economic and financial catastrophe. This is hardly surprising really, given that his name is indelibly linked to the last one. According to most commentary, this most Keynesian of events calls for the most Keynesian of remedies. But more than this: Keynes (1973 [1936]:383) also reminds us that major economic disruption often has roots in policy made by 'practical men who [have become] the slaves of some defunct economist'. He continues: 'Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back' (*ibid.*).

Keynes point should be well taken, though the performativity thesis suggests a deeper level of responsibility on the part of 'academic scribblers'. According to the performativity theorists, defunct and not-so-defunct economists are not merely framing policy but economic agency too: economists actually *perform* or make the kind of behaviour that they talk about.

So which 'academic scribbler' is performing the current crisis? We argue that, despite the conventional wisdom that Smith is the father of economics, the *eminence grise* of the modern mainstream is Thomas Hobbes, and the world economy is now paying the price.

- **Ghislain Deleplace** (University Paris 8-LED)
Keynes's lessons of the 1931 gold-standard crisis for his Clearing-Union plan

The parallel between the present world crisis and the 1929 one is usually made today about the financial causes of the crisis (the role of speculation in the creation of bubbles; the piling up of debts; the absence of effective regulation and control of banking and financial activity) and its economic consequences (the slowing-down of growth; the increase of unemployment; the threats to international trade). It is less done concerning the international monetary system, i.e. not only the likelihood of a massive currency-exchange crisis as a *consequence* of the financial and economic one, but also the instability of exchange rates as one *cause* (among others) of the financial crisis. However, stressing that dimension of the present crisis is required to design the way out of it and to settle the conditions of financial and economic stability.

The aim of the paper is to study how this was done by Keynes in reaction to the 1929 crisis. More precisely, it looks at the way Keynes in 1931 stressed the responsibility of the gold standard in the genesis and the deepening of the crisis, and the lessons which he derived ten years later for the design of a new international monetary order (the *Clearing Union*). The emphasis is put on two aspects in Keynes's analysis of the 1931 crisis: a) the compounding effect of the gold standard on the debt deflation experienced by the countries adhering to that monetary regime; b) the "curse of Midas" falling on the countries refusing to recycle their export surpluses. The focus put by Keynes on these two aspects explains the major institutional rules embodied in the Clearing-Union plan, which he designed to avoid these structural defects of the gold-standard system.

C2. PERSPECTIVES ON THE HISTORY OF ECONOMICS

Chair and Discussant: **Maria Cristina Marcuzzo** (Università La Sapienza, Roma)

- **Antonella Rancan** (Università del Molise)
Modigliani at the Carnegie Institute of Technology

Historians of Economics Thought argue that it was not a coincidence that Rational Expectations theory was born at the Carnegie Institute of Technology. The aim of my paper is to reconstruct Franco Modigliani's contribution (as well as its relevance) to the formation of the 'GSIA's agenda' so much oriented towards the study of uncertainty. I argue that his contribution to the genesis of the Rational Expectations went beyond his paper with Grunberg (1954), which role has been already recognized among others by Hand (1990), Klammer (1983), Sent (1998, 2002) and Young (2002). From the late 1940s Modigliani was increasingly interested in studying the role of expectations in the business behavior. His search for a way to model expectations moved into two directions: first, trying 'to neutralize' the effect of the future through the certainty equivalence argument (Simon defined it as an

example of satisficing behavior) then, assuming perfect foresight (correct public prediction). The paper also investigates to which extent the 'Carnegie style' – characterized by its interdisciplinary, heterodox and operational approach - affected Modigliani economics. Modigliani recalled that it was at Carnegie that he matured as an economist and defined the eight years he spent there as the most productive, working on the exciting task of redesigning the curriculum of modern business schools, and writing exciting papers (Modigliani, *Adventures of an Economist*, 2000, 226).

- **Fabio Masini** (Università di Roma Tre)
The Early Reception of Lionel Robbins in Italy

The economic literature is giving new attention to Lionel Robbins's main contributions to economic theory but for several decades his assessment as an economist has been confined (and only in some textbooks) to his most famous work, *An Essay on the Nature and Significance of Economic Science*. As some have recently tried to stress, such contribution has been systematically misunderstood as the manifesto of the epistemology of neoclassical economics, where its underlying ontology characterized by rational maximizing agents, social atomism and a positivistic approach to economics is systematized and laid down. The paper aims at verifying which Robbins was received in Italy in the Thirties and Forties and what was the attitude of our economists, from the manifold approaches which characterized the debate in Italy in that period, towards him.

- **Shoshana Grossbard** (San Diego State University, IZA and CESifo)
How "Chicagoan" are Gary Becker's Economic Models of Marriage?

This paper describes Gary Becker's theoretical models of marriage. At the micro-level, these are all rational choice models. At the market level, Becker offers two major types of models: partial equilibrium models based on Price Theory as taught by Marshall and Friedman and optimal sorting models based on optimal assignment models. The paper examines some of the possible intellectual influences on Becker's theory of marriage, compares Becker's research on marriage with that of some scholars interested in intra-marriage distribution, and documents that Becker's students at Chicago were more interested in Becker's Friedmanian models of marriage than in his optimal assignment models.

- **Vipin V. Veetil** (Università di Torino)
An Economic Crisis and a Crisis in Economics

Alan Greenspan says “this is a once in a century crisis”, the faint silver lining for students of economics is that we might have hit on a once in a century opportunity to revisit some of the core problems of our science. Yet in the grand narrative of analysts speaking through the financial press, suggests we have missed to identify the opportunity in at least three distinct forms: the loud, the silent, and the missing.

The loud. Analysts, particularly those writing in the financial press think that instruments like credit default swaps (CDS) and collateralized debt obligations (CDO) are responsible for the crisis as nth derivative instruments package and repackage subprime mortgage with less risky assets, so much so that the final buyers of derivatives have no idea as to array of risks they take upon themselves. But isn't that the very function of prices - economizing on knowledge? I don't know what kind of steel goes into my car. The competitive market process is driven by entrepreneurship to solve (however imperfectly) to the knowledge problem, of which information asymmetry is a part. Also, those who favour government regulation of CDO blissfully ignore the broader issue of innovation in capitalism. If innovation can be problematic, then we really don't know where the next crisis will come from, does regulation then mean governments must timely predict and evaluate innovation! Wasn't this issue long settled in the “rational economic calculation in a socialist commonwealth debate”?

The silent. Probably the greatest bluff of the 20th century is the alarming inconsistency between microeconomics and macroeconomics. The Arrow-Debreu economy, the Edgeworthian economy, and the Mises-Kirzner economy, all tell us the story of efficient allocation of resources through a price system (though each system of analysis differs in scope and degree of determinacy). The world of macroeconomics however seems quite antithetical to the principal insight from microeconomic theory. Much of macroeconomics (with the exception of capital based macroeconomics as practiced by Roger Garrison et al) takes it for granted that the price(s) of capital must be centrally planned (by a national central bank producing a national currency). The so-called Austrian School of Economics have been far more consistent in this regard, for them centrally determined rate of interest is the root cause of business cycles. Unfortunately, the financial press is observed an unholy silence on this fundamental contradiction.

The missing. The principal anti-Keynesian position for past few decades had been supplied by the rational expectations school of real business cycle theorists (RBC), namely of Lucas, Sargent, et al. However, as soon as the crisis hit, government across the world took to fiscal stimulus packages, despite the RBC hypothesis that government interventions are likely to be ineffective. Hardly can one say that government ignored RBC insights due to its inherent flaws, yet from an academic point of view the question in an interesting one. RBC's weakness are many (not unlike other business cycle theories), the most intrinsic ones being assumption of

rational expectation, it's a-institutional nature, and not facing the problem of traverse.

C3. GENERAL EQUILIBRIUM AND SRAFFA

Chair and Discussant: **Roberto Ciccone** (Università La Sapienza, Roma)

- **Stefano Perri** (Università di Macerata)
Il sistema tipo di Sraffa e l'interpretazione della teoria classica dell'accumulazione e della caduta del saggio di profitto

Come è noto Sraffa presenta la relazione tra saggio di salario e saggio di profitto ricavata dal sistema tipo come "costruzione puramente ausiliaria". Meno "ausiliaria" appare però questa costruzione come strumento di interpretazione e di ricostruzione della teoria economica classica. Lo stesso Sraffa, in alcune note scritte successivamente alla pubblicazione di *Produzione di merci a mezzo di merci*, sottolinea come la merce tipo rappresenti la soluzione analitica rigorosa tanto della ricerca della misura invariabile di Ricardo che della trasformazione dei valori in prezzi di Marx.

Due punti sembrano in particolare meritevoli di approfondimento:

1) la relazione tipo mostra la dipendenza del saggio di profitto dal rapporto tra capitale e reddito e dalla quota dei salari sul reddito. Il sistema tipo è una costruzione ricavata da un modello di economia "reale" in cui vale una teoria "macro", cioè a livello aggregato, del valore-lavoro, in cui cioè le variazioni della distribuzione non influenzano il rapporto reddito-capitale. Da questo punto di vista Sraffa paragona la sua merce tipo tanto alla misura invariabile di Ricardo, quanto al settore di produzione con composizione organica media di Marx, che anche dopo la "trasformazione" conserva un prezzo di produzione eguale al suo valore. Il riferimento, sollevato dallo stesso autore, alla trasformazione dei valori in prezzi di produzione non deve però essere frainteso: Sraffa è interessato ai rapporti tra grandezze di lavoro aggregate, non alla determinazione "micro" dei prezzi a partire dai valori.

2) la relazione tipo è discussa da Sraffa in *Produzione di merci* in termini statici, relativamente ad una economia data in cui varia la distribuzione del reddito. Nei classici, nella misura in cui questo concetto può essere ritenuto implicito nella loro teoria, il rapporto tipo serve invece all'analisi della dinamica del processo di accumulazione.

In questo senso le teorie di Smith, di Ricardo e di Marx sulla caduta del saggio di profitto possono essere interpretate come ricerca delle cause diverse che tendono a deprimere il saggio massimo di profitto del sistema R' , in presenza di una rigidità della quota dei salari verso il basso. In particolare, in questo senso, appaiono importanti le riflessioni di Sraffa sulla legge della caduta tendenziale del profitto di Marx, proprio per i concetti di saggio di profitto massimo, che i suoi predecessori non erano riusciti ad elaborare per i limiti della loro concezione del capitale, e di

composizione organica del capitale, che sono i punti di partenza sulla base dei quali verrà definito il sistema tipo.

- **Enrico Bellino** (Università Cattolica del Sacro Cuore, Milano)
The Classical Approach to Distribution and the Natural System

The modern reformulation of Classical analysis of value and distribution built upon Sraffa's Production of Commodities provides quite a general and open framework to study distributive relationships, that deserves to be still explored. The present work aims to go through these relationships according to the perspective ensuing from the notion of "natural economic system", developed by Pasinetti. The natural economic system is a sort of ideal configuration, which allows to accomplish the potentialities of the production system concerning growth, employment and the satisfaction of final wants. Actual (capitalist) economies do not normally fulfil the "natural" configuration. But this configuration can be considered a reference point in order to discriminate between the conditions that have to be verified for the system to reproduce itself and grow according to its potentialities, and the conditions that have to be regarded as pertaining to the institutional sphere. On this perspective several indications can be drawn on various aspects. In this work we shall focus on the normative conclusions that can be drawn about income distribution. Firstly a description of the characteristics and the implications of the "natural" configuration of income distribution will be provided: we will focus on natural rates of profit (which are differentiated among sectors), on the natural level of wages and on the natural rate of interest. Secondly we will depict some instruments to orientate the actual set-up of capitalistic economies towards the natural configuration. In particular we will develop a notion of uniform natural profit rate and we will describe the consequent necessary ("natural") financial system which allows the natural accumulation of capital to be realized in a capitalistic context, where profit rates tend to be uniform.

Keywords: Average natural profit rate, Classical political economy, Labour theory of value, Natural system, Natural profit rates, Prices, Sraffa framework, Structural change, Surplus approach.

- **Ariel Dvoskin** (Università di Siena)
Andrés Lazzarini (Università di Pavia)
Misunderstanding Walras' economics

It is broadly acknowledged that Walras is one of the founders of the Marginalist school. Moreover, most of the contemporary neoclassical authors think of Walras as the most rigorous exponent of the traditional neoclassical paradigm, highlighting a theoretical line of continuity between their own work and the one we find in Walras' Elements of Pure Economics. According to our opinion, however, this element of continuity is not well founded. In fact, once we delve into the content of

contemporary General Equilibrium models (also known as neowalrasian), that connection completely vanishes. Our aim is to show that, although one can find a formal resemblance between Walras analysis and the new schemes of general equilibrium –i.e. in both cases the physically heterogeneous capital goods are treated as data – the coincidences stop there. As our work argues, while the French author was a champion of the long period method, i.e. his aim was to explain the internal mechanisms by which market prices converge to natural values, neowalrasian authors, on the contrary, aim at finding the conditions that guarantee the existence of a vector of prices that clears all markets simultaneously. Consequently, while Walras' equilibrium is conceived as a resting position of the economic system, i.e. as an outcome defined by the persistent forces that are capable of overcoming the contingencies undergone by market prices, the neowalrasian models are compelled to ex ante (and hence extrinsically) define what equilibrium is, without being able to explain its real economic scope.

Keywords: Walras, Capital Theory, Long-period Equilibrium, Intertemporal Equilibrium, Hicks.

- **Antonella Stirati** (Università di Roma Tre)
Sraffa unpublished manuscripts on the 1930 Symposium on “Increasing Returns and the Representative Firm”

Among Sraffa's papers there is an envelope containing the materials concerning the Symposium on Increasing Returns and the Representative Firm that was published in the February 1930 on *The Economic Journal*, then edited by Keynes. The envelope contains various annotations concerning the topics discussed by Robertson in the article on which Sraffa wrote his comment. Among these there is a rather orderly version of a handwritten draft of what Sraffa initially had planned (according to an outline found among the documents) as the first part of his comment on Robertson. Besides, in the envelope there are various annotations on Shove's contribution to the *Symposium*, and some correspondence between Sraffa and Shove concerning controversial points in the latter's paper.

The present paper aims at providing a description of the issues and some background for the main points treated in the just described documents: the role of the representative firm in Marshall's theory; increasing returns; the role of marketing expenses in the theory of imperfect competition.

C4. HISTORICAL PERSPECTIVES ON ECONOMIC METHODOLOGY

Chair and Discussant: **Marco Dardi** (Università di Firenze)

- **Luis Mireles-Flores** (EIPE, Erasmus University Rotterdam)
Abstraction, formalism, and the policy relevance of economic theories

The basics of the classical theory of markets (CTM) are usually associated to the works of J.-B. Say at the beginning of the 19th century, though Adam Smith, James Mill, David Ricardo, and J. S. Mill also contributed to its shape. The theory consists of a number of claims about the workings of markets studied in theoretical isolation, that is, the theory includes assumptions exclusively meant to understand economic relations and processes as they work in the abstract. Yet, the main goal (and motivation) behind CTM was highly practical, namely: to explain the mechanisms of the market in the face of economic depressions. Classical economists wanted to understand the causes of economic crisis to be able to come up with appropriate policy recommendations against them in the real world. Indeed, the theory has clear policy implications. By the end of the 19th century, economists like Walras and Pareto started to build over the basic principles of CTM what later on came to be known as General Equilibrium Theory (GET). In contrast to its ancestor, GET has been considered by most economists and historians of economics as essentially irrelevant for practical purposes, mainly due to its high level of abstraction and mathematical sophistication. The main objective of my paper is to focus on particular features of the theoretical development from CTM to GET in order to explore how the highly policy relevant goals, motivations, and implications of CTM were transformed into the predominantly formalistic and mathematical goals, motivations, and implications of GET.

- **Joshua Grahel** (EIPE, Erasmus University Rotterdam)
Entropy: A Useful Metaphor for Understanding the Economic Process?

In this paper I reinterpret the conceptual framework Nicholas Georgescu-Roegen employs in his seminal book *The Entropy Law and the Economic Process* (1971) for introducing entropy in economic processes. The framework based upon his version of dialectics suggests entropy understood as a dialectical concept is more useful in describing economic processes than the mechanical conceptions of orthodox economics. I contend that his dialectical concept is functionally similar to what Klammer (2007) identifies as a *heuristic* metaphor. According to Klammer *heuristic* metaphors “catalyze our thinking, and stimulating researchers to approach a phenomenon in a novel way” (2007). I suggest that thinking of the entropy as a heuristic metaphor offers it strength as a concept and crucial wiggle room enabling it to hold the weight Georgescu wants it to bear when applied in economic processes. The purpose of this paper attempts to demonstrate how conceiving the Entropy Law as a heuristic metaphor gets us one step closer to realizing

Georgescu's bold vision for entropy in the economic process, which is to inform "anyone willing to listen what aims are better for the economy of mankind" (1971).

- **Caterina Marchionni** (TINT, University of Helsinki)
Jack Vromen (Erasmus University, Rotterdam)
The ultimate/proximate distinction in recent accounts of human cooperation

Both philosophers and scientists make use of the distinction between ultimate and proximate explanations, but its precise content remains unclear. Those philosophers who have carefully examined the distinction have not yet reached a consensus on the kind of explanations that ultimate and proximate explanations are, nor what sets them apart. This paper scrutinizes the characteristics of the proximate/ultimate distinction in contemporary accounts of human cooperation, both to highlight key features of these explanations as well as to clarify the distinction itself. We argue that in practice it is hard, if not impossible, to identify a set of features that neatly sets the two kinds of explanation apart, but that each kind can nonetheless be characterized by a cluster of loosely-related characteristics.

- **Magda Fontana** (Università di Torino)
The complexity approach to economics: a paradigmatic shift

The paper evaluates the impact of the complexity approach on economics from two viewpoints. On the one hand, the dissolution of the shared notion of mainstream, which began in the mid '80s. Until then, the Samuelsonian paradigm had been able to absorb those contributions that critically challenged its assumptions and results. This process took place at the expense of gradually blurring the boundaries of the paradigm itself, which has led to speak of its dissolution. The emergence of complexity theory raises the need to either extend further the boundaries of the old paradigm so as to close the gap between apparently irreconcilable differences or to define a new one. On the other hand, it is legitimate wonder to what extent complexity theory qualifies as a 'paradigm' and thus whether it can be a candidate for substituting the Samuelsonian paradigm.

C5. STATISTICS AND METHODOLOGYChair and Discussant: **Paolo Scapparone** (Università di Pisa)

- **Sidney N. Afriat** (Università di Siena)
The Index Number Problem

The price index, a pervasive long established institution for economics, is a number issued by the Statistical Office that should tell anyone the ratio of costs of maintaining a given standard of living in two periods where prices differ. For a chain of three periods, the product of the ratios for successive pairs must coincide with the ratio for the endpoints. This is the *chain consistency* required of price indices. A usual supposition is that the index is determined by a formula involving price and quantity data for the two reference periods, as with the one or two hundred in the collection of Irving Fisher, joined with the question of which one to choose and the perplexity that chain consistency is not obtained with any. Hence finally they should all be abandoned. This situation reflects '*The Index Number Problem*'. Now with any number of periods consistent prices indices are all computed together to make a resolution of the 'Problem', proved unique and hence never to be joined by others to make a Fisher-like proliferation.

- **Alessio Moneta** (Max Planck Institute of Economics, Jena)
Statistical and Causal Information in Econometric Models

This paper examines to which extent statistical information used to support causal claims may be dependent upon causal presuppositions. If statistical information presupposes background causal knowledge a problem of circularity could arise. I shall argue this not the case, as long as statistical information is incorporated in a statistical model. Statistical information may nevertheless depend on some background causal knowledge. I spell out how this dependence may occur in the framework of econometric models. Causal inference, according to an established tradition, is possible if an adequate statistical model of the data and some background causal knowledge are available. There is no consensus, however, about *how much* background knowledge is necessary. According to the Cowles Commission approach to econometrics, the researcher has to start with a detailed background structure, and then to use statistical information to measure the effective strength of causal relationships. This approach stands in contrast with an inductivist approach, according to which it is possible to uncover causal relations starting from probabilistic relations (Granger 1969). These deep disagreements notwithstanding, econometrics has stressed the importance of both (i) formalizing statistical information in terms of a statistical model; (ii) articulating the *a priori* source of structural information.

Hoover (2007) has recently argued that these two requirements should be carefully separated. This permits the researcher to get a good characterization of the data which can be used to test theoretical hypothesis. In this paper I shall qualify this

thesis. Statistical information useful for causal inference has to be formalized through a statistical model. Statistical model, in order to be an adequate description of observation, has to match a *chance mechanism*, a set-up able to generate chance-regularity phenomena. In modeling the chance mechanism through the statistical model, the researcher needs some background knowledge about the way these regularities are generated.

Keywords: Causal Inference, Methodology of Econometrics, History of Econometric Methods.

- **Manuela Raimondi** (Università di Parma)
Computational rationality and voluntary provision of public goods: an Agent-Based Model

The issue of the cooperation among private agents in realising collective goods has always raised problems concerning the basic nature of individual behaviour as well as the more traditional economic problems. The Computational Economics literature on public goods provision can be useful to study the possibility of cooperation under alternative sets of assumptions concerning the nature of individual rationality and the kind of interactions between individuals. In this work I will use an agent-based simulation model to study the evolution of cooperation among private agents taking part in a collective project: a high number of agents, characterised by computational rationality, defined as the capacity to calculate and evaluate their own immediate payoffs perfectly and without errors, interact to producing a public good. The results show that when the agents' behaviour is not influenced either by expectations of others' behaviour or by social and relational characteristics, they opt to contribute to the public good to an almost socially optimal extent, even where there is no big difference between the rates of return on the private and the public investment.

JEL Codes: C63 ; D64 ; D80 ; H41

C6. GROWTH AND PROGRESS

Chair and Discussant: **Jack Birner** (Università di Trento)

- **Sandrine Michel** (LASER & IRD, University of Montpellier I)
Delphine Vallade (Université Montpellier III)
The Financing of Social Expenditures and Long-Term Economic Growth. Insights from a Composite Indicator of Historical Human Development. The case of France from the middle of the 19th century to the present

This paper seeks to show how the long-term financing of social expenditures has influenced the structure of economic growth. Since the early 19th century, French social expenditures have periodically increased and done so as elements in the recovery from economic crises. This common trait makes it possible to construct a

composite indicator called historical human development (HHD) and to show how social expenditures have become structural components of economic growth. An analysis of the financing of HHD reveals the ways this component is introduced over time. Social expenditures, it turns out, have less to do with redistribution than with production. For the present day, the analysis shows that the reliance of economic growth upon HHD cannot be sustained by current methods of funding social expenditures.

Keywords: economic growth, social indicators, regulation

JEL Codes: O 47, A 13, C 82

- **Fiorenzo Martini** (Università di Torino, Università di Brescia)
Capitale, beni capitali, risorse naturali. Quale analogia?

I tentativi di integrare l'ambiente naturale nei processi produttivi vengono in genere condotti per analogia con quanto avviene nella scienza economica con riferimento al fattore capitale visto come insieme di mezzi prodotti a fecondità ripetuta che erogano servizi annuali e sono soggetti a logorio.

Tali operazioni concettuali ignorano quanto la nozione di capitale sia in realtà complessa e controversa (uno dei concetti più oscuri e fuorvianti dell'economia politica, secondo Pietranera) e come manchi un accordo persino sui suoi caratteri distintivi rispetto ai beni di consumo e alla "terra".

Il paper intende illustrare in primo luogo le principali estensioni della categoria di capitale proposte dalla macroeconomia per tener conto del contributo degli ecosistemi al processo di formazione del valore: la correzione in chiave ambientale del prodotto annuo (c.d. P.I.L. Verde); la metodologia del "prelievo senza rimpiazzo", che sta alla base del Genuine Saving quale criterio con cui valutare la equità intergenerazionale.

In secondo luogo il paper ricostruisce la nozione di capitale naturale elaborata nell'ambito dell'ecological economics, mostrandone la (paradossale) derivazione dalle teorie di Irving Fisher.

Infine vengono richiamati i termini della ripresa del concetto di reddito e capitale alla Fisher da parte dell'economista H.E. Daly nell'ambito del suo programma di revisione radicale della contabilità nazionale nell'ottica della corretta misurazione della sostenibilità dello sviluppo.

Ciò che emerge dall'analisi, come prima provvisoria conclusione, è la necessità di una ricognizione sul concetto di capitale nella storia dell'economia politica da effettuarsi sotto l'angolatura della sua pertinenza all'analisi ambientale e alla considerazione degli aspetti bio-fisici dell'attività produttiva al fine di verificare i casi in cui l'analogia sopracitata risulta più o meno utile, più o meno opportuna.

Keywords: capitale, sostenibilità, triade dei fattori produttivi, economia ambientale

- **Nadia Garbellini** (Università Cattolica del Sacro Cuore, Milano)
Natural Rates of Profit, Natural Prices, and the Actual Economic Systems
– A theoretical framework

The aim of the present paper is that of exploiting the notions of vertically (hyper-)integrated sectors, as discussed in Pasinetti (1977) and Pasinetti (1988), and of 'natural system', as defined in Pasinetti (1981), in order to build up an analytical framework in which data from national accounts can be consistently inserted and hence used to analyse actual economic systems. Pasinetti (1981) built up an analytical framework in which the economy is divided into as many vertically (hyper-)integrated sectors as there are consumption goods. Each vertically integrated sector is summarised, as explained in Pasinetti (1977), by a composite commodity - a unit of vertically integrated productive capacity - made up by all the goods that enter, both directly and indirectly, the production of the corresponding consumption good, and a unit of vertically integrated labour, i.e. the quantity of labour that directly and indirectly enters the production of the consumption goods. Being the model developed in Pasinetti (1981) a vertical integrated model, there is a link between it and the analytical formulations provided by Pasinetti (1977) and Pasinetti (1988). However, such an analytic link has not been singled out explicitly, thus making it difficult to use the model itself for empirical purposes. The aim of the present paper is therefore precisely that of making this further step, in order to set up a theoretical framework which can be fruitfully used for empirical analyses of actual economic systems.

- **Germana Bottone** (The Institute for Studies and Economic Analyses (ISAE), Rome)
A new notion of progress: Institutional quality

The notions of human capital and growth have been debated for a long time in economic literature. The limits of those concepts are generally recognised. In fact, recently, it has been attempted to articulate a more extensive definition of "human capital" by considering all the attributes embodied in individuals relevant to economic activity". On the other hand, the GDP growth rate has been included into the Human Development Index, taking into account different aspects of development such as life expectation, literacy and health. Nevertheless, the evolution of the definitions of human capital and growth is in some way restricted to their economic meaning, neglecting the intrinsic complexity of those concepts demanding an in-depth re-examination of their social, cultural and historical value.

Using an interdisciplinary approach, we focus on the conceptual meaning of progress. We consider progress as the economic, social and cultural evolution of a country. The idea of evolution has ancient roots and is subjective. In economic and social term, we may say that evolution is the path human beings follow toward

freedom. Since the earliest times, humanity has been fighting against poverty, scarcity of resources, disease, abuse of power of a group, environmental disaster. In order to give a more complex definition of progress entailing the idea that freedom is its driving force, we employ the main concepts of institutional and evolutionary economics. Highlighting the contributions of the best Old Institutionalists (Veblen, Commons, Dewey, and Ayres), we introduce two alternative notions: “knowledge” in place of human capital and “progress” instead of economic growth. Local knowledge is the most important factor of development and on the other hand, the model of institutional change occurring is the “alarm bell” of progress or stagnation.

In this way, Institutional change towards freedom and providing incentives for progressive forces becomes a proxy of the level of cultural, social and economic progress reached by a society. Progressive forces may grow in societies where there are not barriers to the free exchange of opinions and knowledge and where the education and training system is conceived to create autonomous people. The enemy of progressive forces are “ceremonial institutions” that is institutions opposing against any kind of renewal.

Using the available data, we show that the GDP growth rate is not necessarily a factor of human life satisfaction and it does not necessarily improve the quality of life. We make a comparison among some European Countries to demonstrate that there is not a precise link between the material wealth and the quality of life. Instead, given a level of material wealth, the freedom of choice and the governance indicators seem much more correlated to life satisfaction.

Finally, utilizing the Veblen’s notion of “recursive causality” we highlight that it is possible for policy makers to foster a given institutional context rather than an alternative one. Therefore, it is possible that the culture of “GDP growth” has influenced institutions and has created a number of problems (pollution, social distrust, social immobility, life dissatisfaction, corruption, rent seeking) emerged in the recent financial and economical crisis.

Keywords: human capital, growth, institutional economics.

JEL codes: J24, J31, O3, B52

14.00-16.00 - PARALLEL SESSIONS D

D1. FINANCIAL MARKETS

Chair and Discussant: **Jan Toporowski** (Soas, University of London)

- **Ivo Maes** (Research Department, National Bank of Belgium)
Alexandre Lamfalussy: An early Cassandra on financial fragility

Alexandre Lamfalussy has been highly influential in the process of European monetary and financial unification. He is especially known as the first president of the European Monetary Institute and as the Chairman of the Committee of Wise Men, which developed a new approach for the regulation of European financial markets. Lamfalussy has been pursuing a threefold career: as an academic, a private banker (at the Banque de Bruxelles, from 1955 to 1975) and a central banker (at the BIS, from 1976 to 1993). Already in 1985, Lamfalussy asked the question whether financial innovations, and the redistribution of risk which they entailed, contributed to greater systemic stability. It would remain a constant preoccupation for him. This paper traces Lamfalussy's analysis of financial fragility, focusing on the 1980s, and goes into the reasons for Lamfalussy's sensitivity to financial fragility. Some of the main elements hereby were: a "Keynesian" Weltanschauung (that a market economy is not sufficiently self-correcting), the emphasis of Dupriez (his teacher) on cycles, his experiences as a private banker, the BIS involvement in prudential issues, especially the Latin America debt crisis of 1982-83, and research in the central banking community on financial innovations in the early 1980s.

Keywords : Lamfalussy, financial fragility, risk, systemic stability, BIS

JEL codes: A11, B22, B32, E3, F02, G10, N10

- **Alfredo Gigliobianco** (Banca d'Italia)
Claire Giordano (Banca d'Italia)
The Response of Economists and Regulators to Financial Crises in Italy (1861-1930s)

Between 1861 and the 1930s, three "regulatory cycles" can be identified in Italy. Overtrading of the banks of issue in the 1880s contributed to the 1888-1894 financial crisis, which yielded regulation concerning only these banks and restricting their activity. The German-type universal banks, created at the turn of the century and unconstrained in their undertakings, were at the core of the 1907 and the 1921-1923 crises. These led to a banking law in 1926 which, however, was born obsolete, in that it was not aimed at regulating universal banking as it had developed until then, but it contained general provisions regarding the whole range of deposit-taking institutions. Finally, the evolutionary adaptation of the universal banks into holding companies, not taken into account by the preceding

law, contributed to the 1931-1934 banking crisis, followed by the 1936 bank legislation. The severity of each of these crises moulded the public opinion and the existing economic beliefs, thus allowing new regulation to be introduced. The paper hence focuses on the swings in economic theory, induced by financial crises from Italy's unification onwards, which supported comparable shifts in the paradigm of banking regulation and supervision.

Keywords: Financial crisis, prudential regulation, banks

JEL codes: G28, N20, N40

- **Leanne Usher** (City University of New York)
Global Imbalances and the Key Currency Regime: The Case for a Commodity Reserve Currency

The global monetary and financial system is inherently pro-cyclical. Increasingly, flows of trade and finance have cumulative effects that produce contagious booms and busts across countries. Economic volatility and financial crises have become more pronounced during the last 35 years following the break down of the Bretton Woods 'gold- and dollar-standard'. The debate over international monetary reform has recently garnered attention with the world-wide banking crisis and resulting world recession. This global crisis has been widely blamed on the build up of global imbalances between the US and China, which produced a series of speculative asset bubbles in emerging, stock, housing, credit, and commodity markets. The bursting of these bubbles, the financial crises and the contraction in global demand ultimately hurts the poorest classes and nations the harshest. This paper will consider Kaldor's 1964 proposal to reform the international monetary system by instituting a commodity reserve currency (CRC). Like other monetary schemes, the primary goal of the CRC was to resolve global imbalances, promote free trade, and stabilize economic growth. It placed most of its emphasis on the latter through stable world effective demand, industrialization in the poorest nations, and global resource security - laying out a new world order for balanced growth and prosperity.

Keywords: International Reserve Currency, Bretton Woods, Commodity Reserve Currency, decoupling, international monetary reform, Nicholas Kaldor

JEL Codes: E12, E6, E5

D2. THE LEGACY OF VEBLEN

Chair and Discussant: **Tiziano Raffaelli** (Università di Pisa)

- **Luca Fiorito** (Università di Palermo)
The institutionalists' reaction to Chamberlin

Edwin Chamberlin's The Theory of Monopolistic competition is often described as containing important traces of institutionalist influence. This is also confirmed by

Chamberlin himself who, repeatedly, referred to the work of Veblen, and John Maurice Clark among his inspirational sources. The aim of this paper is to analyse the institutionalist reaction to the publication of the Theory of Monopolistic Competition. What will be argued is that the institutionalist response to Chamberlin was a mixed one, and involved some substantial criticisms of his analysis of market structures both on methodological and theoretical grounds. The paper is organized as follows. The first section presents a sketch of the main theoretical implications contained in The Theory of Monopolistic Competition. The second section analyses the general aspects of the institutionalist reaction to Chamberlin. The third and fourth sections deal with the more theoretical aspects of the institutionalist criticism of Chamberlin. The final section presents a conclusion.

JEL codes: B25

- **Douglas MacKenzie** (The Coast Guard Academy)
Veblen and Hayek on Finance Capitalism and Technocracy

Veblen and Hayek each contrasted finance capitalism with technocracy. Veblen and Hayek each examined these institutions in terms of the habits of thought of engineers and capitalists. Veblen insisted that the engineering mindset, based on the instinct of workmanship, was productive in contrast to the acquisitive mindset of capitalists. Hayek saw the engineering mindset as wasteful in economic terms, due to the distinction between engineering efficiency and economic efficiency. Veblen and Hayek arrived at different conclusions regarding the relative merits of financial and technocratic institutions based on their different conceptions of capitalists and engineering mindsets.

- **Alfonso Giuliani** (Università di Macerata)
Thorstein Veblen: Crisi e continuità dal '29 ai nostri giorni

La tempesta perfetta, come viene indicata giornalmisticamente la crisi economica odierna, viene spesso paragonata con la crisi del '29 del secolo scorso, crisi che vide in T. Veblen uno dei maggiori studiosi e profeti. T. Veblen nei suoi lavori illustra come l'ampliamento del credito si muove su una "favorevole alterazione dei prezzi" dando vita all'"effervescenza" e all'euforia del periodo di boom. L'erogazione del credito, che si basa su una valutazione e rivalutazione del capitale delle imprese, permette, così, ai Captains of industry di produrre profitto grazie al mercato del capitale, a luogo di tutti quei profitti che sono invece legati all'attività industriale e al benessere sociale. Le bolle speculative che si susseguono sono quindi conseguenza di quei movimenti di capitale che devono garantire un adeguato saggio di profitto anche a costo di alterare l'efficienza dell'intero sistema industriale. Allo stesso tempo, le crisi che dal piano finanziario colpiscono l'economia reale contemplanano anche i fallimenti di imprese e banche, che hanno ottenuto ed elargito credito ben oltre le loro possibilità e garanzie reali,

caratteristica questa, secondo Veblen, di un economia di credito dove istituzioni, leggi e abiti mentali sono d'appannaggio del sistema affaristico.

- **Tiziana Foresti** (Università di Pisa)
Was institutionalism a revolt against Alfred Marshall?

The aim of this paper is to provide a re-reading of the rise of American institutionalism from the viewpoint of its endorsement and/or refusal of the analytical tools of neo-classical economics of Alfred Marshall.

The term “institutional economics” was introduced to the discipline only in 1918, when Walton H. Hamilton presented the paper *The Institutional Approach to Economic Theory* during the annual meeting of the American Economic Association. Quite interestingly, Hamilton (1919: 317) considers Marshall an “English classicist” who “has material for us”.

Some of Joseph Schumpeter’s remarks on the subject of the spread of Marshallian thought in the United States are the point of departure for dealing with the topic here under examination. Schumpeter in his 1941 essay on Marshall suggests that institutionalism has to be understood as an “opposition to” or a “revolt against” Marshall.

This paper aims to put Schumpeter’s view to the test. As we shall argue, Schumpeter’s assertion fits Thorstein Veblen’s attitude but not Wesley Mitchell’s, or John Maurice Clark’s, or Hamilton’s. Veblen perceived Marshall as the spokesman of the neo-classical orthodoxy and saw his own project of an evolutionary economics as an alternative to Marshall’s theory. Instead, “second-generation institutionalists” progressively consider some Marshallian analytical tools as consistent with an institutionalist analysis so that, in 1918, for Hamilton “Marshall has material for us”. In this work I shall try to explain why this turnabout occurred.

D3. GROWTH AND DYNAMICS

Chair and Discussant: **Maurizio Zenezini** (Università di Trieste)

- **Mario Pomini** (Università di Padova)
Esogenità ed endogenità della crescita economica in M. Fanno

Autore già affermato per i suoi studi monetari, nel secondo dopoguerra Marco Fanno ha acquistato una notevole notorietà a livello internazionale per la sua teoria del ciclo economico che, dopo una prima formulazione risalente agli inizi degli anni Trenta (Fanno 1931), ha ripreso e sviluppato compiutamente nell’ampio volume del 1947 intitolato *La teoria delle fluttuazioni economiche*. Seguendo un percorso che è tipico di una parte della tradizione italiana degli studi sul ciclo economico, egli formulò contemporaneamente anche una teoria della crescita economica. In effetti, il principale obiettivo del volume del 1947 era proprio quello di proporre

una teoria unificata della dinamica economica, un nuovo approccio teorico che fosse in grado di trattare in maniera unitaria sia le fluttuazioni di breve periodo che la crescita secolare.

Mentre la sua teoria del ciclo è stata oggetto di un intenso interesse da parte degli studiosi (Arena 1998, Magliulo 1998), quella della crescita non ha incontrato una eguale attenzione, probabilmente poiché si riteneva che avesse solo una funzione strumentale e di carattere secondario rispetto a quella del ciclo. Tuttavia ciò è solo parzialmente vero: la sua rilevanza è testimoniata dal fatto che nell'edizione successiva e definitiva de *La teoria delle fluttuazioni economiche* del 1956, Fanno ha inserito un nuovo lungo capitolo, il quarto, intitolato *Le economie progressive*, dedicato proprio alla sua visione della crescita economica, aggiunta che ha comportato, per sua stessa ammissione, una nuova impostazione all'intera problematica delle fluttuazioni economiche. Nel nuovo approccio queste ultime non scaturiscono più dalla complessità e lunghezza dei cicli produttivi oppure dagli errori di previsione dei soggetti economici, come nel testo del 1947, ma sono la conseguenza diretta della tendenza naturale dei sistemi economici capitalistici a seguire un percorso di espansione nei consumi e nel reddito. Tali rilevanti modifiche dimostrano l'apertura di Fanno al dibattito internazionale su queste tematiche che nel frattempo si era arricchito di due contributi importanti, il saggio di Harrod *Towards a Dynamic Economics* del 1949 e quello di Hicks *A Contribution to the Theory of the Trade Cycle* del 1950. Grazie a questi due contributi la teoria della dinamica economica, sia quella connessa al ciclo che quella connessa alla crescita, aveva assunto dei caratteri nuovi che ritroviamo prontamente discussi ed analizzati nella seconda edizione del volume di Fanno del 1956, ma anche in altri lavori (Fanno 1952, 1956b, 1952c).

Lo scopo di questo è quello di offrire un esame critico degli aspetti principali della teoria della crescita proposta da Fanno nella parte finale del suo percorso di ricerca, per metterne in alcuni aspetti di originalità, come pure di notevole attualità.

JEL Classification: A13, B23

- **Claudia Sunna** (Università del Salento)
Joan Violet Robinson sulla popolazione. Dalla paura del declino alla paura dell'esplosione demografica

L'analisi di Joan V. Robinson sul tema della popolazione può essere rintracciata in due segmenti principali della sua produzione.

Il primo periodo risale agli anni Quaranta quando la giovane economista partecipa ai lavori della Royal Commission on Population. La Commissione era stata creata per studiare gli effetti economici e sociali derivanti dal declino della popolazione inglese. In questa fase, oltre ai Report della Commissione, è rilevante il fitto carteggio con Roy Harrod sul tema del declino che vede contrapposti due diversi approcci sulle conseguenze del declino demografico e soprattutto sulle politiche da implementare.

Il secondo periodo riguarda invece gli anni Settanta. In questa seconda fase il tema della popolazione viene inserito nel quadro più ampio dell'analisi dello sviluppo e del sottosviluppo. Il contesto degli anni Settanta è molto cambiato rispetto al secondo dopoguerra e il dibattito sul tema della popolazione è centrato sui limiti dello sviluppo e sulla paura dell'esplosione demografica.

Questa indagine permetterà di far luce su di uno snodo fondamentale sulla questione del rapporto fra dinamica demografica e sviluppo economico dal punto di vista di una economista che si è occupata per lungo tempo di questo tema.

- **Elena Vallino** (Università di Torino)
Why droughts started to turn into famines in the Late Victorian period? A complex system approach

In the following work the book of Mike Davis, "Late Victorian holocausts: El Niño famines and the making of the Third World" (Davis, 2002), is analyzed with the contribution given by complex system theories. Davis deals with the strong famines which occurred at the end of nineteenth century in many tropical countries. The thesis of Davis is that the integration of the rural areas of tropical countries in the recently globalized world economy together with the so-called New Imperialism at the end of nineteenth century led to an increase of the vulnerability of the population in these areas to climatic and economic shocks. This vulnerability converted rapidly the droughts between 1876 and 1902 into famines and massive starvations. The following questions are posed. Which contribution can the complexity theory give in order to better understand Davis's "story"? Did Davis have a complexity approach (involuntary)? First, I will present theories on complex systems. Secondly, I will give an overview of the literature on famines from a socio-economical point of view and explain Davis theories. Thirdly, I will make some parallels between Davis' approach and complexity theory.

Key words: complexity theories, famines, Third World, colonialism, vulnerability
JEL codes: B59, F5, Q18

D.4. MARX

Chair: **Bruno Jossa** (Università Federico II Napoli)

Discussants: **Stefano Perri**^o (Università di Macerata) - **Bruno Jossa**^{*} (Università Federico II Napoli)

- **Kepa Ormazabal**^o (Universidad del Pais Vasco, Bilbao)
Marx on Financial Crises: His Criticism of the Currency Principle

The goal of this paper is to examine in detail the criticism that Marx made of the monetary policy prescribed by the Currency Principle in times of crises. The core of the monetary policy of the Currency Principle was the view that the central bank had to manage the circulation of notes in such a way that this circulation should

expand or contract “pari passu” with the expansions and contractions of the gold reserve. Such a policy would avoid the crises in that it would avoid the inflationary overissue of notes that is taken to be the ultimate cause of the crises. In tune with the Banking School, Marx contends that the application of the Currency Principle in times of crises would not make relieve the recession of commodity capital, but it would make it worse. The reason is that the implementation of the Currency Principle causes an artificial scarcity of means of payment (in particular, of notes) that pushes up the price of money beyond the level required by the scarcity of money that results from the overproduction of commodities.

Key words: currency principle, inflation, money supply, capital flows

JEL classification: B11, E42, E52

- **Saverio M. Fratini**^o (Università di Roma Tre)
Marx’s Theory of Absolute Rent and Sraffa’s Price Equations

In *Production of Commodities*, Sraffa (1960) deals with rent only in its differential form (extensive and intensive) and makes no explicit reference to absolute rent. There are, however, some contributions aimed at reconsidering Marx’s theory of absolute rent and fitting it into Sraffa’s theory of value and distribution. Attention seems to focus primarily, however, on the inverse relationship between the rates of absolute rent and profit and on the resulting conflict between landlords and capitalists. Several specific issues concerning the theory of absolute rent are therefore left open. Some of these are addressed here. In particular, the paper discusses three issues. 1) A possible reinterpretation of the hypothesis about the organic composition of capital in agriculture upon which Marx bases his theory of absolute rent. 2) The differences between absolute rent and monopoly rent. 3) The possibility of conceiving absolute rent in such a way that it can be incorporated into Sraffa’s system of equations for price determination. In particular, this can be done by treating absolute rent as a share of the gross product of the land (or of the mine), which is in fact the way in which it is treated by the classical economists and Marx. Absolute rent can thus be taken as a magnitude independent of prices and therefore constitute a given in their determination.

JEL codes: B12, B51, D46.

- **Roberto Lampa**^{*} (Università di Macerata)
Generalising the General Theory: Lange’s contribution in the light of Hicks’s synthesis

1936 publication of Keynes’s *General Theory* constituted a turning-point in the contemporary economic debate: on the one hand, the book contained several critics to the Marshallian theory (which was largely dominant), such as the ones referred to the “Cambridge Equation” or the liquidity preference.

On the other hand, Keynes's conclusions about the possibility of underemployment-equilibrium and the dominant role of uncertainty within his framework, seemed to be a more general detach from the idea itself of economic equilibrium.

Despite this, probably due to the first aspect, the book provoked the immediate reaction of two economists engaged (even though with very different purposes) in a theoretical "struggle" against the Marshallian orthodoxy and both in favour of a theoretical shift-back to Walras: J.R. Hicks and Oskar Lange, who respectively wrote 1937 Mr. Keynes and the "Classics": a suggested interpretation and 1938 The rate of Interest and the Optimum Propensity to Consume.

Of course none of them could ignore the difference existing between Keynes's theory and the general economic equilibrium's one, so that they both decided to build up a "more general" theory, inside which the strictu sensu Keynes's statements became but a special case.

Anyway, Hicks paper has had, without any doubt, a superior diffusion across the years, becoming the IS-LL work par excellence. On the contrary, Lange's article has had an inferior attention, probably as a consequence of its later publication, and it has been indistinctly associated to the neo-Keynesian synthesis.

Nonetheless, they seem to exist also relevant differences among the two works, both analytical and, above all, connected to the implications of each contribution.

Consequently, this working paper's purpose is (though in a very preliminary stage) to compare the contents of the two articles, with particular regards to the implications of Lange's one.

- **Daniele Besomi*** (Indipendente)
Crises as a disease of the body politick. A metaphor in the history of nineteenth century economics

This paper examines the use of the medical metaphor in the early theories of crises. It first considers the borrowing of medical terminology and generic references to disease which, notwithstanding their relatively trivial character, illustrate how crises were originally conceived as disturbances (often of a political nature) to a naturally healthy system. Then it shows how a more specific metaphor, the fever of speculation, shifted the emphasis by treating prosperity as the diseased phase, to which crises are a remedy. The metaphor of the epidemic spreading of the disease introduced the theme of the cumulative character of both upswing and downswing, while the similitude with intermittent fevers accounted for the recurring nature of crises. Finally, the paper examines how the medical reflections on the causality of diseases contributed to the epistemology of crises theory, and reflects on the metaphorical shift accompanying the transition from the theories of crises to the theories of cycles.

D5. SIMULATION AND EXPERIMENTSChair and Discussant: **Pietro Terna** (Università di Torino)

- Anna Maria Nese (Università di Salerno)
Patrizia Sbriglia (Università di Napoli II – Sun)
Individuals' Voting Choice and Cooperation in Repeated Social Dilemma Games

In this paper we explore the relationship between the individual's preference for cooperation and the establishment of cooperative norms. Our aim is to provide an experimental test of the evolutionary hypothesis (see Carpenter, 2004, Fehr and Gächter 2002; Gintis 2000; Boyd, Bowles, Gintis and Richerson 2003; Bowles and Gintis 2004), according to which individuals are prepared to punish defectors in experimental social dilemma games because they want to enforce a social ("altruistic") norm which may conduce to increasing their future payoffs, as in the case of sanctions against free riding behaviour. According to this line of research, the high levels of cooperation we observe in our societies can, therefore, be strictly related to the establishment of social norms which are able to enforce and maintain cooperation in the long run. We study the results of two experiments in which the individuals decided both whether to participate in a common project and the institutional rule according to which the profits of the project had to be shared among each of the participants in the group. They could choose between 1) a regime where gains were shared equally, regardless of individuals' contributions and without sanctions and rewards (System A); 2) a regime where individuals were paid according to their marginal contribution, but the profits of the investments were lower than in the other contexts (System B); finally 3) a regime in which gains were shared equally (as in System A), but individuals were allowed to punish (and/or reward) free riding (cooperative) behaviours as in Sefton, Shupp and Walker (2007). Before the experiments took place, our subjects were required to fill a questionnaire composed of four sections, where their attitude to cooperate and their opinions on civic values and free riding behaviours were thoroughly explored. We then monitored the behaviour of potential free riders and cooperators in the game and their institutional choices. Our results partly contradict the evolutionary hypothesis in as much as System A and B received the largest shares of votes in almost all rounds and they were voted by free riders and cooperators alike. Thus, most individuals do not like sanctions (incentives) against defectors and free riders (cooperators), and their institutional preferences do not seem to be related to their willingness to cooperate. The inspection of individual data, however, reveals some interesting points. In fact, we can assert that System C was mostly chosen by cooperative individuals in response to observed free riding behaviour. Furthermore, when a cooperative individual chose C, she would tend to punish free riders and reward cooperators. Our conclusion is that, as far as the institutional choices are concerned, beside the profit motivations underlined in the evolutionary hypothesis, the ethical and cultural unobserved individual preferences play an important role. There is a number of individuals (limited in our

experiments, ranging between 15 and 30 per cent of the entire population) who see cooperation as the “right” thing to do, and therefore are prepared to implement institutional rules that may favour this collective outcome. Most people in our experiments did not share these same values.

Keywords: public good games, experiments, voting choices

JEL Codes: C90, C91

- **Francesco Farina** (Università di Siena)
Gianluca Grimalda (Lisbon and Warwick University)
A Comparative Study of Preferences for Redistribution

Developed countries differ vastly in terms of the amount of taxation, social spending, and redistribution operated by their governments (Alesina and Glaeser, 2004). The US – and more generally Anglo-Saxon countries – epitomize socio-economic systems that rely heavily on free markets as allocative mechanisms, whilst continental European countries attribute a larger role to the State and to regulative mechanisms. These macroeconomic differences are mirrored in the dissimilar patterns of attitudes towards social mobility and opportunities that people hold (Alesina and Glaeser, 2004; Corneo and Gruner, 2002). In particular, most people in the US believe that an individual’s success in their career is the result of hard work, whereas the majority of people in Europe hold the view that this is the upshot of luck or one’s family background.

The goal of the paper is to examine experimentally the underlying cultural, psychological, and sociological reasons of these differences within a comparative experimental study. We draw on the experimental framework developed in Durante and Putterman (2008), and Esarev et al. (2006) to examine how individuals’ preferences for earnings redistribution are affected by changes in the determinants of such differences. We replicate the study in the Italy and the US – two countries that are representative of the different systems.

- Marco Campenni (ISTC, CNR, Rome)
Federico Cecconi (ISTC, CNR, Rome)
ICT Applications for Financial Markets

In this paper we review the connections between ICT (Information and Communication Technology) and the dynamic of financial markets during a global crisis. We argue that it is possible to identify three different sources of criticality. (a) The first source is the effect that the networks have on the markets. Networks play a relevant part in the distribution of “toxicity” as in the distributions of the risks. (b) There is an aspect of the interaction between ICT and financial markets that is more closely economic: the concept of responsibility for financial ICT applications. We mean responsibility the capacity of automated trading systems to assess correctly the “magnitude” of damage inflicted to the system, in the

occurrence of harmful alternatives. (c) The third source is the overestimated ability of ICT systems to allow for browsing properly information. We describe some applications from Thomson Reuters, the world's leading source of information and ICT applications/services for businesses and professionals. The difficulty is to integrate in the algorithms a correct forecast based on vague estimates of the impact of news on the market dynamic. On the other hand, we show that the "cognitive" structure of the artificial agents in commercial trading software is lacking in many capabilities: for example to describe recursive knowledge (i.e. predictions of predictions of events).

- **Alessandro Innocenti** (Università di Siena)
Patrizia Lattarulo (IRPET Toscana)
Maria Grazia Paziienza (Università di Firenze)
An Experimental Analysis of Travel Mode Choice

This study extends previous experimental work on route choice by analyzing the case of travel mode choice. Two different settings are considered. In the first setting, subjects have to decide if commute by car or by metro. Metro costs are fixed, while car costs are uncertain and determined by the joint effect of casual events and traffic congestion. In the second setting, subjects can travel by car or by bus, whose costs are both determined by the combination of chance and congestion. In order to examine how subjects form and update expectations, they are informed of expected travel times, but not of the probability distribution determining casual events and traffic congestion. Subjects also receive feedback information on actual travel times of all travel modes. We find that subjects exhibit a marked preference for cars, are inclined to travel mode stickiness and, more specifically, to confirm their first choice, and update imperfectly their expectations on travel times. We conclude that commuters choose travel modes by using some heuristic procedures that can lead to robust deviations from travel time minimization.

Keywords: travel mode choice, information processing, learning, expectations, cognitive biases

JEL Codes: C91, D83, R41, R48

D6. LABOUR MARKET AND POLICIES

Chair and Discussant: **Antonella Stirati** (Università Roma Tre)

- **Ioannis A. Katselidis** (Athens University of Economics and Business)
Beveridge and "Flexicurity": Old and Recent Labour Policies

This paper presents and reassesses William Beveridge's views on labour market policy, and briefly compares his proposals with modern labour policies, such as the active measures for employment or the "flexicurity" strategy. Beveridge proposed

a progressive and forward-looking labour policy, which combined flexibility and security together with active labour market measures (e.g. a labour exchanges system or industrial training), without disregarding the weaker groups of labourers, such as the casual workers. The main purpose of the paper is to show that his policy proposition resembles the modern policy concept of flexicurity in such a degree that we can characterize Beveridge as the precursor of the flexicurity phenomenon.

Keywords: Beveridge, Labour Policy, Flexicurity

JEL classification: B31, J08

- **Antonella Palumbo** (Università di Roma Tre)
La teoria del salario monetario di A.W. Phillips e la curva di Phillips

Mentre la letteratura macroeconomica ha dedicato enorme attenzione alla relazione nota come curva di Phillips, facendone un caposaldo dell'analisi di inflazione e disoccupazione e uno strumento (sia pure controverso) di politica economica, scarsa attenzione è stata invece dedicata alla complessiva teoria delle determinanti del salario monetario proposta da Phillips nel suo articolo del 1958, di cui la celebre curva non è che un elemento.

E' noto invece come la curva di Phillips sia stata definita fin dall'origine come "un fatto in cerca di teoria" (Tobin, 1972), e come la successiva tradizione abbia individuato nella spiegazione offerta da Lipsey (1960) in termini di squilibri sul mercato del lavoro quella teoria che mancava, trascurando così la spiegazione teorica offerta da Phillips e anzi riducendola a un insieme di osservazioni non riconducibili a una teoria compiuta. Riprendendo un'osservazione di F. Vianello, tale atteggiamento (proprio degli autori della sintesi neoclassica) viene ricondotto alla circostanza che la teoria originariamente proposta da Phillips mal si concilia con l'analisi neoclassica standard in termini di curve di domande e offerta di lavoro. Si sosterrà qui come la teoria di Phillips sia piuttosto riconducibile, sia per quanto riguarda il contenuto che il metodo, all'analisi delle variazioni dell'unità-salario che Keynes propone nel capitolo 21 della Teoria Generale.

Dopo aver dedicato spazio alla ricostruzione del contributo teorico di Phillips, il paper intende seguire i primi sviluppi della letteratura sulla curva di Phillips, con particolare riferimento ai noti articoli di Lipsey (1960), Samuelson e Solow (1960); e alla letteratura empirica degli anni '60 e '70.

La tesi di fondo che emerge da questa analisi è che, se da un lato le caratteristiche empiriche della relazione tra variazioni del salario monetario e disoccupazione sono molto difficilmente riconducibili a una spiegazione in termini di domanda e offerta (in relazione alla quale si pone l'accento sulle molteplici ipotesi artificiali cui sono costretti a ricorrere Lipsey e gli altri autori che tentano tale spiegazione), al contrario la teoria originaria di Phillips, caratterizzata dalla considerazione del complesso sistema di influenze cui sono soggetti i salari monetari e in cui svolgono un ruolo importante i fattori socio-istituzionali, sembra molto più idonea a dar conto di tali caratteristiche empiriche e a fornirne una spiegazione coerente.

- **Guillermo Chiodi** (Università La Sapienza, Roma)
Leonardo Ditta (Università di Perugia)
Una ricostruzione storico-analitica del legame tra salari e produttività

Il lavoro analizzerà il legame tra salari e produttività. Gli obiettivi che intende raggiungere sono: 1) fornire una spiegazione organica dell'evoluzione e del radicamento di quel legame nel pensiero economico contemporaneo; 2) proporre modalità di ragionamento alternative alla visione tradizionale che considera il salario dipendere, in ultima istanza, dalla produttività del lavoro.

Una prima parte consisterà nell'analizzare la transizione dalla concezione 'classica' della produzione e della distribuzione del reddito a quella postclassica. Ciò che interessa di tale transizione è tuttavia il processo attraverso il quale dalla teoria ricardiana della rendita è scaturito il criterio marginale, esteso poi a qualsiasi altro 'fattore della produzione'.

Una seconda parte riguarderà la ricostruzione sia del percorso analitico che ha portato al perfezionamento e al consolidamento di una teoria della distribuzione del reddito basata sulle produttività dei fattori sia delle critiche a tale teoria, distinte per contenuti e per tempi.

Il saggio cercherà di fornire una spiegazione di un fenomeno alquanto inusuale nella storia delle discipline e delle scienze: critiche di natura logico-formali ad una teoria si sono rivelate inefficaci a smantellare un apparato concettuale fragile, o in ogni caso a sminuirne la forza e la rilevanza sia teorica che empirica nell'ambito della disciplina economica.

- **Izabela Bludnik** (The Poznań University of Economics)
Is There a Sign of New Agreement in Economics?

The New Keynesianism arose in the mid 1970s has been determined by the variety of the post-war Keynesian research fields, profound changes in economic environment and growing supremacy of the neo-liberal stream in the theory and policy. Far-reaching differentiation of the New Keynesian scientific program made many modern Keynesian models very similar to the typical neoclassical structure. However, such theories like the search in the labour market or the New Keynesian Phillips Curve integrating many different elements typical of rival schools do not seem to announce a consensus providing a better understanding of contemporary economic systems.

Keywords: New Keynesianism, neo-liberalism, new neoclassical synthesis.

JEL codes: B21, B22, E12.

16.30-18.00 - PARALLEL SESSIONS E

E1. FINANCIAL POLICIES

Chair and Discussant: **Luca Fiorito** (Università di Palermo)

- Michele Alacevich (Università di Palermo)
Pier Francesco Asso (Università di Palermo)
Sebastiano Nerozzi (Università di Palermo)
Cambridge meets the crisis. Four Harvard economists and the shaping of New Deal reforms

The paper aims to assess the contribution of four Harvard economists to the interpretation of the Great Depression and the policy decision making from 1933 to 1938. Lauchlin B. Currie, Jacob Viner, John H. Williams, Harry D. White, eminent scholars in the field of monetary and international economics, were deeply involved in policy decision making during the New Deal.

They enjoyed a common training at Harvard University (even though Viner is commonly recognized as one of the forefathers of the “early Chicago School”); with the exception of Currie, all of them were Frank W. Taussig’s PhD student, providing path breaking empirical analysis on the functioning of the international monetary system. Their analysis of the Great Depression showed strikingly common features: they all highlighted the importance of banking instability and international factors, while providing a thorough and original analysis on the interconnections between monetary and real forces. They all supported bold programs of fiscal and monetary intervention and shared common views on banking reform.

Moreover they were among the most influential economists during the New Deal: Viner was Secretary of the Treasury’s Special Assistant and Consultant up to 1945; Currie became Governor Eccles’s main assistant; White was appointed Director of the Treasury’s Division on Monetary Research; Williams was chief research economist of the Federal Reserve Bank of New York.

In our synoptic analysis of these four economist’s contributions to economic theory and policy, we will benefit from extensive scholarly work which has been provided in the last few years. We will then rely upon a substantially improved body of literature, together with first hand analysis of their writings and archival papers.

The paper shall be structured as follows. In the introduction we shall examine the extensive biographical connection between Currie, Viner, White and Williams with special regard to their common training at Harvard. In the second section we shall compare their interpretations of the causes of crisis. In a third section we shall focus on their proposals in fiscal, monetary and banking policy. In a fourth paragraph we shall describe their advisory activity in the Roosevelt administration and try to assess their influence.

- **Giuseppe Garofalo** (Università della Tuscia)
Claudio Gnesutta (Università La Sapienza, Roma)
Per un ritorno ai fondamentali: il pensiero di Fausto Vicarelli sui nessi finance-growth ed efficiency-stability del sistema finanziario

L'attuale crisi economico-finanziaria si presenta al culmine di una fase in cui la teoria economica mainstream, per un verso, la liberalizzazione finanziaria globale, per un altro, avevano ridato credito alle capacità di autoregolazione dei mercati, confermata, nonostante aspetti critici (colossale indebitamento Usa, ricorrenti "bolle speculative"), dai risultati della "Grande moderazione" (alta crescita con bassa inflazione). Di fronte all'attuale ritorno ai rimedi keynesiani (ma con la pretesa di non "pagare pegno" sul piano teorico), il lavoro riflette sul dibattito sviluppatosi in Italia degli anni '70-'80 del secolo scorso, in presenza di una crisi finanziaria altrettanto importante, anche se con forme diverse, e di una discontinuità sul piano teorico (controrivoluzione neomonetarista). A quel dibattito Fausto Vicarelli ha fornito un contributo teorico-interpretativo fondamentale affrontando questioni centrali quali i nessi finanza-accumulazione, efficienza-stabilità dei sistemi finanziari, più in generale mercato-Stato. Nella convinzione che l'evoluzione teorica non è unidirezionale perché si ripropone, anche con svolte a U, e che l'evoluzione economica ha dei fondamenti univoci, anche se in forme diverse, questo lavoro intende riprendere criticamente quei contributi per recuperare idee rilevanti anche per l'oggi, in particolare in tema di superamento di ogni autonomizzazione dei processi finanziari e di scelte unidirezionali a favore solo dell'efficienza dei mercati.

- **Liudmyla Vozna** (Zhytomyr State Technological University, Ukraine)
Financial Crises in the Context of Synergetic and Business Cycles Innovation Theories

Business cycles theory is the complex theory that reveals general reasons for all economic crises including financial ones. It is worth to point out, that current world financial crisis takes place in the period of long Kondratiev wave's bearish phase. "Kondratiev waves" are often called an innovation cycles. At the same time, developed by J. A. Schumpeter the business cycles' innovation theory has synthetic characteristic that successfully interacts with other economic cycle explanations (monetary, investment, etc).

Here innovations are linked with economic growth's synergetic factor. This factor we interpret as an increase of interactions among economic system components (sectors) which leads to economic growth, and, at the same time, to reduction of prices and profit rate variations. It can be demonstrated on aggregate demand (AD) and aggregate supply curves (AS) (figure 1). We think, that the intersection of these curves reflects not only the equilibrium price level, but also the price' multitude (this variation is marked with hatch on figure 2). Here demand curve describes the upper frontier of buyers' price preferences and supply curve describes the lower

frontier of sellers' price preferences. The equilibrium price here reflects the most frequent (modal) price level (figure 2). The more elastic A-D curves, the less price variation and the more homogeneous price multitude they describe.

Figure 1.1 demonstrates the economic growth without action of synergetic effect, figure 1.2 – with such effect: the removal of aggregate demand and supply curves in more elastic position leads to reduction of price rate variation and shifts equilibrium level of aggregate product to the right. The minimal (in ideal – zero) level of such variation means the exhaustion of synergetic effect.

Based on statistic data, we have revealed that chronologically lowest turning-points in profit rates variation's dynamic (in US industry) closely predated (or coincided with) dropping of stock markets indexes [1]. In this report we want to prove an existence of the link between the exhaustion of synergetic effect of economic growth and financial crises.

Appendices

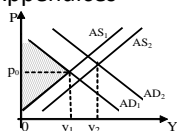


Fig. 1.1. The economic growth

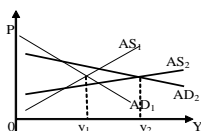


Fig. 1.2. The economic growth with action of synergetic effect

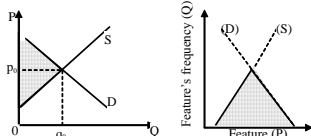


Fig. 2. The market equilibrium and price dispersion

E2. CAPITALISM AND POWER

Chair and Discussant: **Fabio Masini** (Università Roma 3)

- **Bruno Jossa** (Università Federico II, Napoli)
A few advantages of economic democracy

The aim of this article is to discuss some of the main advantages of an employee-managed system: a labour productivity edge on capitalistic businesses, the suppression of external firm control; slower monopoly-building and softer competition; the eclipse of the paramount role of economics in social evolution and a reduced need for state intervention into the economy. The author's analysis sheds light on whether, and in what sense, economic democracy is a public good proper or just a «merit good». From the classification of cooperative as merit goods it follows that any government, regardless of political-economic orientation, should make it its task to support the growth of the democratic firm system by enforcing tax or credit benefits in its favour.

JEL Classification: B5, P2, P50, P13.

- **Ludovic Frobert** (CNRS, Ecole Normale Supérieure Lettres et Sciences humaines)

French Utopian socialists as First Pioneers in Development

It is the purpose of this paper to present a reassessment of the works of the first nineteenth century French Utopian Socialists. It is well-known that their contributions have been highly criticised, from both the economic and social point of view and the political or ethical one. Recent commentators, mostly historians and philosophers, have however underlined the realistic ambition and the reformist spirit of those approaches. This paper aims to develop this perspective. Indeed, it is my intention to defend the idea that the realism of utopia can be even better characterised by economists: the analyses of Leroux, Enfantin, Chevalier, Buchez or Considérant can be interpreted in terms of development. We study more specifically the initial flowering between 1830 and 1835 of the writings of the Saint-Simonians (Enfantin, Chevalier, Pereire), the works of the dissidents (Buchez, Leroux) and those of the main supporters of Fourier (Considerant, Transon, Lechevalier). We will conduct our survey proceeding from the notion of “vision” proposed recently by Robert Heilbroner. We then examine whether these socialist pioneers really worked in order to elaborate a “vision” in terms of “development”.

Keywords: saint-simonianism, fourierism, utopia, development, transition

JEL Codes: B14, B51

- **Alfonso Sánchez Hormigo** (Universidad de Zaragoza)
Corporativism, Fascism and New Capitalism in Spain (1931-1936)

After the political decomposition of the Restauracion in Spain and the failed dictatorship of General Primo de Rivera, some politicians and Spanish thinkers that had participated in both experiences with political positions of great responsibility dramatically turned towards positions in close proximity to Italian fascism and, economically speaking, towards the corporativist model, also practiced in Spain since 1926.

Amongst them, is the significant figure of José Calvo Sotelo, Minister during the dictatorship, catholic and convinced monarchist and, in the opinion of many, candidate to be the “Spanish duce”, if a coup d’état had occurred with him as political leader of the so called Bloque Nacional, who lost the elections in February 1936.

The political change that occurred at the start of his exile –as a result of the proclamation of the Second Republic in 1931–, first in the Portugal of Carmona and Salazar and later in Paris, where he met the Action Française group and was strongly influenced by the ideas of Charles Maurras as well as being faced with the crisis of the Spanish monarchy, lead him to accept fascism. As far as economics are concerned, he had a peculiar version of corporativism, strategically used at the service of a totalitarian state, thus thinking up a “new capitalism”, which distanced itself from the corrupt financial capitalism and became compatible with an organic

directed economic system with individual initiative, that, based on the search for profit, would make up the eternal engine of a system that hadn't disappeared, but had simply been corrupted. The accidentalism characteristic of the Spanish right in the period of the Second Republic was aggravated and manipulated towards a search for a totalitarian state, which he foresaw and defended and in which he considered his destiny to play a relevant role, which only his assassination at the beginning of the Civil War prevented him from taking part in.

E3. JOINT SESSION SIE – STOREP

Chair and Discussant: **Massimo Di Matteo** (Università di Siena)



SOCIETA' ITALIANA DEGLI ECONOMISTI



- **Marco Guerrazzi** (Università di Pisa)
Nicola Meccheri (Università di Pisa)
Explaining Unemployment: From Wage Rigidities to Labour Market Rigidities. A Turning Point in Macroeconomic Modelling?

This paper aims at providing a critical discussion about the concept of labour market rigidity relevant for the explanation of unemployment. Specifically, starting from the Keynes's own view, we discuss as the concept of labour market flexibility, particularly, in relation to unemployment, has changed over time involving nominal or real wage flexibility, contracts flexibility or labour market institutions flexibility. Moreover, we aim at providing a critical assessment about the factors that lead the labour market rigidities (frictions) stressed by the search framework to challenge the more widespread explanation of unemployment based on wage (or contract) rigidity.

Keywords: Labour Market Rigidities, Nominal and Real Wages, Unemployment, Search Theory

JEL Codes: E12, E24

- **Maurizio Zenezini** (Università di Trieste)
Disoccupazione e piena occupazione. Uno sguardo retrospettivo

La Teoria Generale studia i legami tra variazioni della domanda effettiva e variazioni del livello dell'occupazione e in questo consiste il suo aspetto innovativo. Tratta tuttavia solo residualmente il tema della disoccupazione: in particolare, come fece notare Richard Kahn, la Teoria Generale non fornisce un metodo "per arrivare ad obiettivi di piena occupazione in termini di livelli effettivi di disoccupazione". La "teoria classica" ha invece un'idea precisa della piena occupazione, ma,

contrariamente a quanto sostenuto da Keynes, non ammette solo equilibri di piena occupazione: in particolare, non ignora che la disoccupazione, soprattutto quando è un fenomeno generale, sia prevalentemente dovuta a fluttuazioni della domanda aggregata e non afferma che le fluttuazioni della disoccupazione siano prevalentemente dovute a spostamenti della “curva surrogata di offerta di lavoro”. Sono invece le teorie moderne del tasso naturale che insistono sui processi di aggiustamento del mercato del lavoro come principali determinanti della disoccupazione osservata e che tendono a suggerire l’idea che il mercato del lavoro sia quasi sempre in equilibrio di piena occupazione. Questa concezione non ha tuttavia ricevuto un convincente sostegno empirico negli ultimi trent’anni, nonostante una incredibile mole di ricerca applicata.

- **Florenca Sember** (Università di Macerata)
Closing the model? The Harrod-Marschak correspondence on the draft of the ‘Essay on Dynamic Theory’

During August and September 1938 Harrod discussed a first draft of his “Essay on Dynamic Theory” with Keynes and Marschak. The aim of this paper is to discuss Harrod’s correspondence with Marschak, in the light of the subsequent interpretations of the “Essay”. Firstly, we show how Marschak focused on some of the features of Harrod’s theory that would later give rise to widely different interpretations and some misunderstandings. Three issues in particular have been widely debated in the literature: the concept of warranted rate of growth, instability and non-linearity. Secondly, we show that a possible reason why Harrod neglected Marschak’s remarks lies in their respective methodological approaches. While Marschak tried to frame Harrod’s theory by means of a closed model, Harrod thought that the analysis of equilibrium and of the succession of states belong to separate stages; this made the building of a complete model nearly impossible. In spite of their respective approaches being inconsistent, Marschak’s comments remain of great importance, and if Harrod had followed some of his advice his theory would probably have improved in several respects, and certainly it would have been clearer and less ambiguous.

E4. FINANCIAL CRISES: INTERPRETATIONS

Chair and Discussant: **Carlo Zappia** (Università di Siena)

- **Fabio Boscherini** (Indipendente)
Riflessioni e suggerimenti sul risparmio degli italiani

Il denaro di ognuno di noi viene gestito nel nostro interesse o viene considerato molto più semplicemente come il mezzo per incrementare i ricavi del sistema bancario a cui viene affidato?

Il sistema del risparmio, per come si è storicamente sviluppato in Italia, è davvero in grado di assicurare quei meccanismi e quelle regole che ci consentano di avere fiducia in tutti coloro che si occupano dei nostri soldi?

Il paper si propone una lettura dell'evoluzione del sistema del risparmio in Italia degli ultimi trent'anni, delle principali problematiche e delle innumerevoli contraddizioni che hanno caratterizzato, e che caratterizzano tuttora, i processi di impiego del denaro dei risparmiatori.

Infatti, i risparmiatori da qualche anno sono stati chiamati a trasformarsi in investitori, senza però essere mai stati aiutati sul serio a maturare i tratti essenziali che devono contraddistinguere un investitore: l'accettazione del concetto di rischio insito in un qualsiasi investimento, l'abbandono dello status di semplici percettori di rendite, la comprensione che l'avvento dell'Euro e della globalizzazione costituiscono elementi di non ritorno.

Approfondendo gli aspetti etico/comportamentali su cui dovrebbe fondarsi un sistema del risparmio che tenda a rispettare tutti gli interessi in gioco, l'attenzione si incentra sull'inscindibile triangolo che caratterizza il sistema stesso "risparmiatori-consulenza finanziaria-istituzioni bancarie", nonché sulla funzione sociale che dovrebbero svolgere le istituzioni bancarie e la consulenza.

- **Pompeo Della Posta** (Università di Pisa)
Market and state after the world financial crisis: substitutes or complements?

The role played by economists in determining the current world financial crisis is under severe scrutiny. However, while many observers underline the responsibilities of *mainstream economists* in encouraging an excess of deregulation and liberalization, it should be recognized that at least some of them (and some economic journals like *The Economist*) had been warning about the growing risks resulting from the housing bubble, the excess of credit, and the huge expansion of financial and credit derivatives. Nouriel Roubini is one of the few 'orthodox' economists who had been launching repeated warnings, but some alerts against the risks of an 'excessive' capital liberalization had been launched also by an enthusiastic and absolute supporter of free trade like Jagdish Bhagwati.

Most of the critical voices, however, have been coming from economists referring one way or another to the Keynesian tradition (including the two Nobel laureates Paul Krugman and Joseph Stiglitz, and Dani Rodrik), and from most 'heterodox'-Post-Keynesian (and therefore 'non mainstream') economists, whose ideal references are not only John Maynard Keynes but also Joan Robinson, Piero Sraffa and Hyman Minsky. In particular, in interpreting the possible consequences of the dramatic explosion of financial derivatives, they have been referring to the 'financial fragility' theory developed precisely by Minsky. Other severe critics had been raised over time by even more radical economists, referring often explicitly to a Marxist tradition (Del Bosco, Amoroso).

But critical remarks more and more also come from authors that can be labelled neither as heterodox nor as Marxists. Morris (2008), to which I will refer other times in this article, George Soros, and even one of the richest, most successful and worldwide known businessmen like Warren Buffet who, in 2003, gave the famous definition of financial derivatives as 'a weapon for mass destruction' are among them.

These observations and comments, coming from well known market participants that can hardly be accused of being 'statists', should also let us conclude that the current financial (and economic) crisis, does not question the role of the market as opposed to that of the state. In other words, recognizing the limits of the markets (especially of financial markets) doesn't mean to suggest replacing it with the state, but rather to complement it with the latter when that is necessary: recognizing the many distortions produced by public intervention in the economy, as it has been done widely in the recent past, without recognizing at the same time the equally serious distortions produced by the working of unregulated markets (especially the financial ones), means to ignore an essential aspect of reality and would lead us to conclude, incorrectly, that state and market are substitutes, while they have to complement each other.

- **Alessandro Lanteri** (POLIS, Università del Piemonte Orientale and TINT, University of Helsinki)
The Economic Ethics of Ezra Pound

The poet Ezra Pound's obsession with economics resulted in numerous economic writings (e.g. *ABC of Economics*, *Social Credit: An Impact*, *What is Money for?*, *Murder by Capital...*). Pound's economic ideas were inspired by those of two heretic economists – Major Clifford Douglas' social credit and Silvio Gesell's perishable currency – and were animated by his conviction that most social problems could be solved through economic policies.

Pound's economics was neither analytically sophisticated, nor uniformed to the mainstream and so it is not surprising that they have been neglected. In a time of financial crisis, however, his crusade against bankers and financiers and his utopian visions might make a timely come back.

Keywords: Economic Democracy, Ethics, Ezra Pound, Social Credit, Stamp Scrip
JEL Codes. A13, B29, B31, E4, E5

E5. FINANCIAL CRISES IN THE HISTORY OF ECONOMIC THOUGHT

Chair and Discussant: **Giovanni Palmerio** (Libera Università Maria Ss. Assunta LUMSA)

- Marcella Corsi (Università La Sapienza, Roma)
Giulio Guarini (Università La Sapienza, Roma)
Uno studio della crisi finanziaria americana secondo l'approccio di Paolo Sylos Labini

Paolo Sylos Labini nel suo "Le prospettive dell'economia mondiale" del 2003 analizza i fattori reali e finanziari dell'economia americana e formula previsioni pessimistiche sui futuri andamenti economici di questo paese e del resto del mondo, che oggi, alla luce degli avvenimenti accaduti dal 2007, si possono considerare realizzate. Scopo di questo lavoro è ricollocare le sue idee all'interno dell'attuale dibattito sulla crisi finanziaria americana e, a tale scopo, il lavoro è suddiviso in tre parti: inizialmente si definiscono i tratti principali che caratterizzano la letteratura sulle crisi finanziarie in generale ed in particolare su quella americana iniziata nel 2007; successivamente si delinea l'approccio utilizzato da Paolo Sylos Labini nell'approfondire i legami tra sistema finanziario e sistema economico reale alla luce della sua più generale analisi delle dinamiche economiche; infine si prolunga l'analisi descrittiva di Paolo Sylos Labini, relativa alla sostenibilità dell'indebitamento sia pubblico sia privato, fino al 2008, per attualizzarne i risultati. In sintesi, emerge l'utilità di integrare l'indagine teorica ed empirica sulla crisi americana degli ultimi anni con riflessioni derivanti da un'impostazione classico-schumpeteriana i cui elementi cardini sono: distribuzione del reddito, innovazioni e forme di mercato.

- **Katia Caldari** (Università di Padova)
Fabio Masini (Università di Roma Tre)
Recurrent Crises and Sand in the Wheels of Global Finance. A Historical Perspective

After the end of the Bretton Woods regime in 1971 the macroeconomic clashes between external constraints and domestic policy goals became increasingly severe.

Capital controls were adopted worldwide but soon proved to be ineffective and against powerful interests. During the Seventies, a new consensus was growing in the economic literature on the need to give up any attempt to rescue ineffective autonomous national expansionary policies and tackle the interdependence worldwide with greater efforts towards integration and deregulation.

Among the few Authors who still believed in the effectiveness of active national monetary and fiscal policies, James Tobin proposed the introduction of "sand in the wheels" of international finance, in order to reduce speculative capital flows and enhance national autonomy in economic policy choices.

The acceleration of the European integration process since then threatened to overshadow such proposal but the recurrent financial crises that have occurred in the world economy and the increasing awareness on the global nature of some public goods, have recently given new impetus to the literature on the Tobin Tax. The paper aims at reviewing the debate on it and at verifying the past evolution and future perspectives of similar proposals

- **Giovanni Pavanelli** (Università di Torino)
Le “grandi depressioni” nel pensiero di Fisher: analisi teorica e proposte di policy

La Grande depressione degli anni trenta costituì per Fisher, come per altri autori del suo tempo, un evento di portata senza precedenti, la cui soluzione richiedeva nuove spiegazioni a livello teorico. L'analisi del *crack* borsistico del '29 e del circolo vizioso costituito dalla continua discesa dei prezzi e dall'aggravarsi in termini reali dei debiti del settore privato indussero Fisher a elaborare una nuova teoria delle “grandi” depressioni (*debt-deflationary theory*) che è stata ripresa di recente e che coglie aspetti fondamentali delle dinamiche recessive.

Per far fronte alla depressione Fisher insistette sulla necessità di adottare politiche monetarie di tipo espansivo dirette essenzialmente a sostenere i prezzi e a riportarli al livello precedente alla crisi. Secondo la sua impostazione, la politica monetaria era estremamente efficace e non aveva bisogno del supporto della politica fiscale.

Va detto, tuttavia, che le operazioni di mercato aperto adottate dalla Fed nel biennio 1933-34 non conseguirono se non in minima parte gli obiettivi sperati. Nella seconda metà degli anni Trenta si andò pertanto diffondendo, presso gli economisti e i *policy makers* statunitensi, la convinzione che la politica monetaria fosse sostanzialmente inefficace. Fisher invece, attribuì lo scarso successo delle azioni promosse dalle autorità monetarie alle caratteristiche strutturali del sistema bancario, basato sul metodo della riserva frazionale, e si fece promotore di una profonda revisione dello stesso (*100% money*).

Il paper si propone di ripensare la teoria fisheriana della deflazione da debiti nella sua originaria formulazione e nelle interpretazioni successive, anche per verificare le sue capacità esplicative con riferimento alla crisi attuale. Si soffermerà inoltre sulle proposte fisheriane di riforma del sistema bancario.

E6. FINANCIAL CRISES IN THE ECONOMISTS' VIEWChair and Discussant: **Mario Cedrini** (Università del Piemonte Orientale)

- **Michael J. Gootzeit** (University of Memphis)
The Evolution of the Role of Income and Wealth in Business Saving

Business saving (S_b) from both income and wealth has never been investigated adequately even though it plays an important role in both the development of economics and finance. It had two parts; internal and external. S_b was merged with the concept of direct personal saving during the mid-19th century, under the influence of first Senior and then Mill's writings. The late 19th and early 20th century neoclassical version of "indirect" personal saving (S_{pi}) in intermediaries neglected personal wealth, emphasizing the interest rate and/or personal income as cause variables. This idea separated S_{pi} from S_b , with S_{pi} becoming much more important in Keynesian macro-economics. The growth of the corporation in the early 20th century caused S_b to once again be emphasized as a prime source of capital formation and growth. Modern empirical microfinance studies of corporate growth emphasized the importance of income (cash flow) as well as wealth (net worth), in causing S_b and investment variations; they were using ideas from classical writings, but the expansion of household sector external funding sources for investment lessened the relative importance of S_b . The importance and evolution of the concept of S_b in classical and modern growth theory has not been clearly noticed.

- **Laurent Le Maux** (Université Paris 8 and Paris 10)
The Peel's Act, Bank Rate of Discount and Financial Crisis: The Banking School's View

The common interpretation of the financial crises after the Peel's Act of 1844 claims that rule of Bank note issue designed by the currency principle – i.e. the marginal 100 percent reserve rule – aggravated fluctuations of credit and commercial crises. It explains thus why government should authorize the Bank to suspend the rule of issue in order to give assistance to banks and financial markets. However, the Banking School pointed out that the problem of the Peel's Act was worse. Indeed, if no problem of run on hand-to-hand currency occurred, the Bank could give assistance through the issue of demand deposits which were used by bankers and financial institutions as interbank money. Actually, the true problem of the Peel's Act was the separation of the Bank of England into two departments. The Issue Department should apply the currency principle on Bank notes. More decisively, the Banking Department could be managed like any other commercial bank or discounting institution: it was the so-called "new" discounting policy of the Bank. As a consequence, the Bank discount rate set by the Banking Department was aligned on the market rate, and it became very instable. The instability of the Bank rate was transmitted into credit market and exacerbated both credit boom in

periods of optimism, like the railway mania between 1844 and 1847, and credit crunch during the panic. The contagion of the instability created by the new Bank rate policy was effective not only in Britain but also across the Channel, in Paris, especially during the year of 1857.

- **Giovanni Scarano** (Università di Roma Tre)
Causative Relationships between Economic and Financial Crises

The current crisis is viewed by most analysts as a financial one, generated by malfunctioning financial market rules affecting the real economy through wealth effects, rising uncertainty and credit crunch. This interpretation is certainly consistent with a vision of crises as exogenous shocks, produced from time to time by more or less unforeseeable events, such as natural catastrophes, political disturbances, terrorist attacks, breaches in the international order, wars, and even the fraudulent, opportunistic behaviours of greedy and unscrupulous financial operators.

In the nineteenth century most economists believed business crises were periodic. In the twentieth century economic fluctuations were not empirically regular and modern macroeconomics abandoned attempts to interpret them by means of deterministic cycles. Yet the persistent recurrence of economic crises in the economic history of last two centuries may suggest that they are phases of a cyclical pattern ingrained in the development dynamics of capitalist economies. In which case, explanations founded on exogenous and random causes prove hardly very convincing.

In economic literature there are many theories on business cycles, some “endogenous”, others “exogenous”. But most endogenous theories of business cycles do not refer to monetary and financial aspects, while exogenous theories refer to them only as random initial causes. Yet in the history of economic thought we find different interpretations of the relationships between economic and financial crises, such as that of Marx, which set out to show a causative relationship proceeding from the real to the financial, even though the latter tends to appear first.

In this paper we attempt to contextualize this kind of interpretation, analysing its internal logic and its consistency with empirical experience. We dwell in particular upon the different *abstract causes* of economic crises that we can identify in Marx’s works, analysing the way they interact with each other in determining the features of concrete crises in the real world. We also endeavour to draw from these causes some useful implications for a better understanding of the present crisis and to forecast its probable future trends. In particular, in the conclusions, we underline the possible role of underconsumption in determining the current crisis and the ways by which this kind of phenomenon was able to assume the form of a highly speculative and extremely instable credit chain, fed by speculative bubbles.

JEL Codes: B14, E32, E44, B51

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GENERAL INFORMATION

CONFERENCE SITE

All events of the VI STOREP CONFERENCE will take place at **POLO DELLE SCIENZE SOCIALI**

REGISTRATIONS will take place in the hall of the building **D6**

PARALLEL SESSIONS will take place in buildings **D4, D5** and **D6**

LUNCHE and **COFFEE BREAKS** will be served in building **D6**

INTERNET ACCESS

A number of passwords for wireless access in the conference area is available on request at the reception counter

SOCIAL DINNER – JUNE 3 – 20.30



TRATTORIA DA BURDE
Via Pistoiese 6r
FIRENZE

STOREP provides two buses for the participants to reach the restaurant “Da Burde”

20.00: Departure from Piazza Indipendenza by bus

20.15: Bus Stop in front of the Hilton Garden Inn Florence Novoli (just behind the conference venue)

20.30: Arrival at “Trattoria da Burde”

23.30: Departure from Trattoria Da Burde by bus

23.45: Bus Stop in front of the Hilton Garden Inn Florence Novoli

00.00: Arrival at Piazza Indipendenza

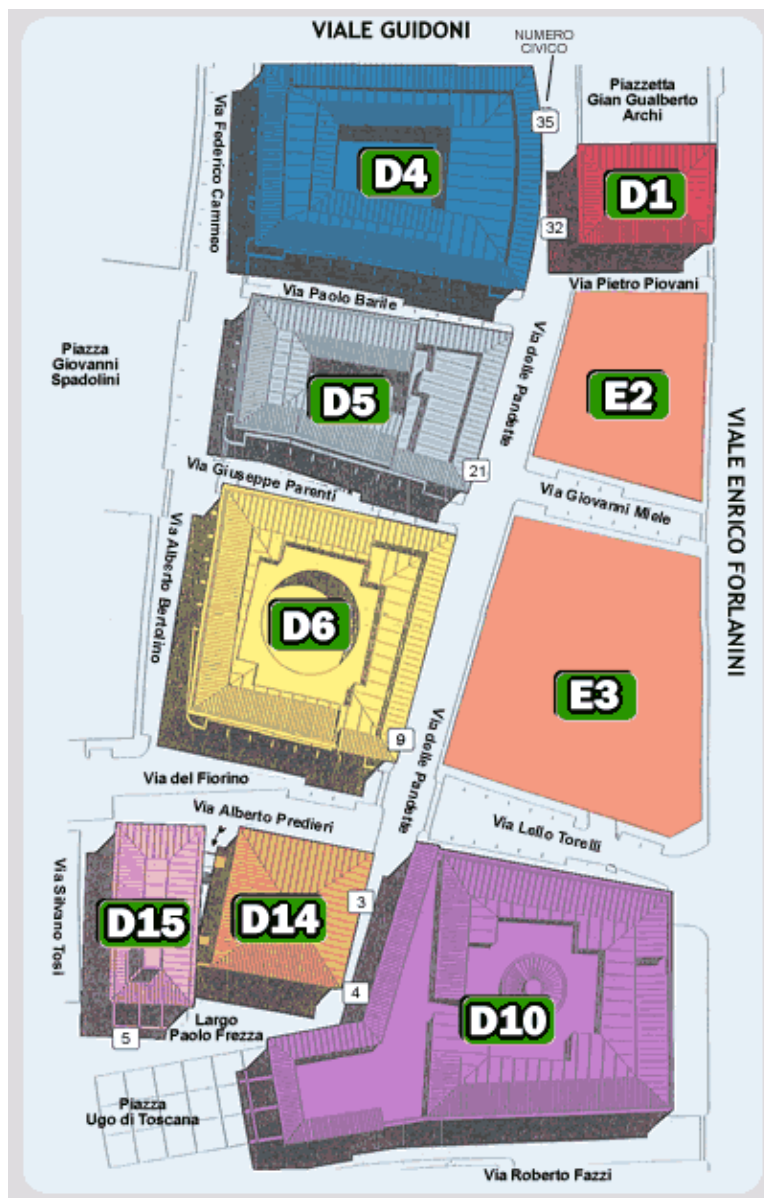
See maps in the following pages

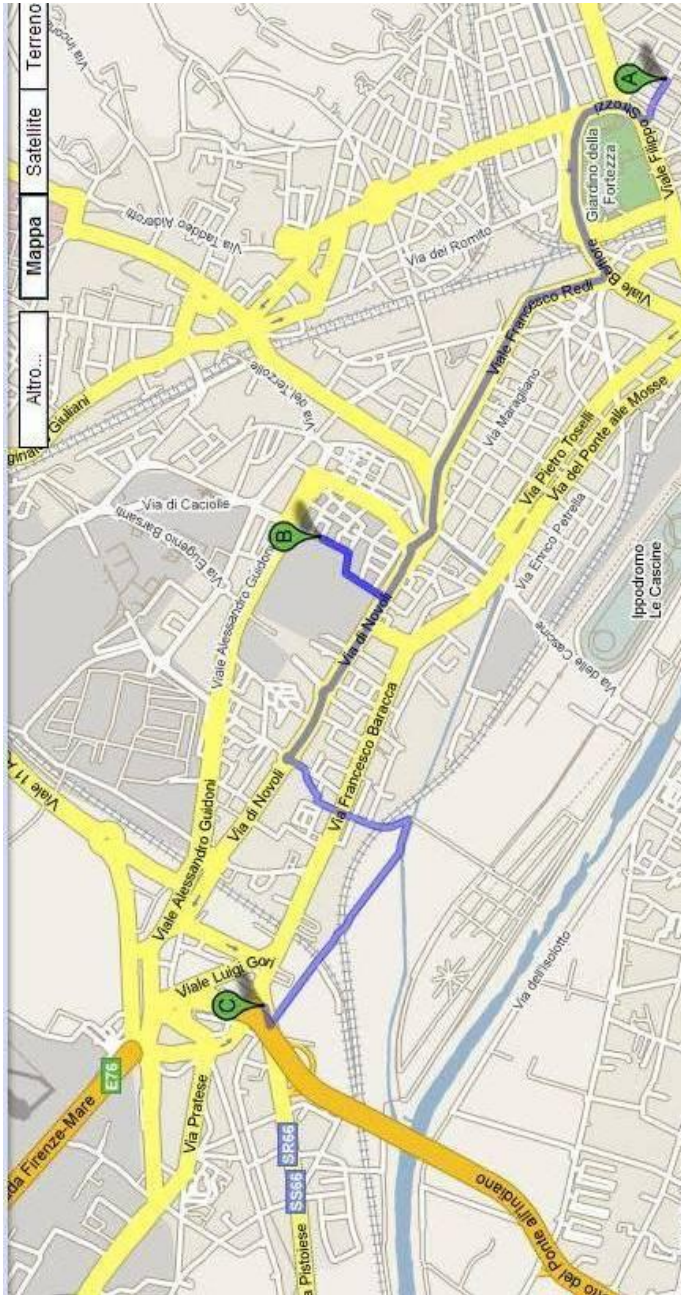
MAPS

Map of Firenze



Buildings of the Polo delle Scienze Sociali





LEGEND:

- A) Piazza Indipendenza
- B) Hotel Hilton Garden Inn Florence - Novoli
- C) Trattoria "Da Burde"

NOTES

