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ABSTRACTS BOOK

Chamberlin vs Smith: an Experimental Study

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Experimental economists have studied the functioning and equilibrium properties of different market institutions for more than half a century. Two pioneering experiments were performed by Edward Chamberlin (1948) and Vernon Smith (1962). Chamberlin's was an over-the-counter (OTC) market in which buyers and sellers engage in bilateral and private bargaining, while in Smith's setting, known as double-auction (DA), buyers and sellers post their bids and asks publicly. Although in many actual markets negotiations and transactions occur on a private, bilateral basis, the experimental literature has focused on DA markets *à la Smith* and neglected the study of OTC markets *à la Chamberlin*.

In the present paper, we investigate through a classroom experiment the efficiency and convergence properties of a Chamberlin market and compare them to the properties of a Smith market. Among other things, we find that the lack of public information that characterizes Chamberlin's mechanism with respect to Smith's induces a loss of efficiency of almost 9%.

JEL classification: B21, C92, D41, D47, D83.

Keywords: Edward Chamberlin; Vernon Smith; Market experiments; Over-the-counter market; Double auction; Private vs. public information; Efficiency.

Relational Attributes and the Importance of (Retail) Context in Organic Consumption Behavior

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Extended Abstract: 10th STOREP Conference

The abstract motivations underlying organic and ethical consumption are the cause of a substantial gap between the expressed intention to consume and actual purchasing behavior. Contrary to the demand for 'panem et circenses,' Scitovsky (1962; 1976/1992) emphasizes how skilled consumption requires an initial investment of time and effort to develop the necessary expertise. To explain this attitude-behavior gap, I therefore develop the importance of the (retail) context, designated as 'relational attributes,' in the reinforcement process.

This discussion is elaborated around the relationship between need satisfaction and the consumption context. First, Learning to Consume theory (Witt, 2001; Witt and Schubert, 2010) is used to describe how preference refinement depends on the type of motivation. Specific to the category of cognitively constructed motivations, of which organic and ethical products are an example, learning depends on the perceptions of the instrumental relationship between a given product and the relevant needs, i.e. consumption knowledge. As such, greater consumption knowledge of a product is associated with the greater understanding of how to satisfy a given need. The credibility of information and the individual's perceived self-efficacy to utilize this information are thus crucial.

Employing Self-Determination Theory (SDT) (Ryan and Deci, 2000), moreover, I demonstrate the relationship between the context and the needs of relatedness and competence. In SDT, the satisfaction of these needs depends on the quality of the context. That is, in addition to its importance in fostering credibility, the need supports of this environment can also increase perceived self-efficacy and energize behavioral change (Sheldon, 2011). The structure of the context and the relationships therein can therefore facilitate the development of the expertise necessary to 'personalize' a consumption activity. This helps inform the 'leisure paradox.'

The concept of relational attributes thus expresses the critical function of the retail context in resolving the attitude-behavior gap. I conclude by considering the implications of this relational turn for sustainable transitions (Geels, 2004; 2010), specifically establishing the potential for a co-evolution of organic and ethical consumption and alternative retail formats.

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Causality and interdependence in Pasinetti's works and in the modern classical approach

by **Enrico Bellino** (Università Cattolica del Sacro Cuore, Milano)
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Abstract. The formal representation of economic theories normally takes the form of a model, that is, a system of equations which connect the endogenous variables with the values of the parameters which are taken as given. Sometimes, it is possible to identify one or more equations which are able to determine a subset of endogenous variables priorly and independently of the other equations and of the value taken by the remaining variables of the system. The first group of equations and variables are thus said to determine *causally* the remaining variables. In Pasinetti's works this notion of causality has often been emphasized as a formal property having the burden to convey some deep economic meaning. In this work, we will go through those Pasinetti's works where this notion of causality plays a central role, with the purpose to contextualize it within the econometric debate of the Sixties, to enucleate its economic meaning and to show its connections with other fields of the modern classical approach.

The Compulsive Consumption Misbehaviour:

an alternative approach for defining the paradox of happiness in the postmodern society

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About one and a half century ago Marx wrote: "A commodity is... an object outside us, a thing that by its properties satisfies human wants of some sort or another. The nature of such wants, whether for instance they spring from the stomach or from fancy, makes no difference". This is also the idea behind the concept of "ophelimity" in Pareto and the core of the neoclassical epistemological systematization by Robbins.

But Marx was not convinced that such goods might satisfy our needs, stressing the danger that systematic aspirations to material things may create the illusion that possession is a way to happiness. What has recently been defined the paradox of happiness is exactly this: we desire and try to buy more and more, at the same time increasing our distance from happiness.

In the postmodern society consumers are not always aware about their real needs and might indulge in compulsive consumption misbehaviours that might harm themselves or others in some way (other consumers, the environment and society at large). Compulsive consumption behaviour is defined by O'Guinn and Faber (1989) as a "response to an uncontrollable drive or desire to obtain, use, or experience a feeling, substance, or activity that leads an individual to repetitively engage in a behaviour that will ultimately cause harm to the individual and/or to others".

The aim of this paper is to enquire into the literature on the *compulsive consumption misbehaviour* and provide a critical analysis of the reasons why consumers tend to buy products that they cannot afford – and beyond their apparent, biological or social needs.

Some notes on the US pension system from an NDC perspective

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Abstract

The aim of this paper is to provide a new viewpoint on the debate on US Social Security, namely that of those who think that both fairness and financial stability of public pension schemes can be enhanced by switching over to the award formula and indexation rule typical of funded, defined-contribution systems, while retaining the pay as you go financial architecture, thus generating what is now known as the Notional Defined Contribution (NDC) scheme. In particular, the paper draws a comparison between the Defined-Benefit (DB) US pension scheme and the Canonical NDC scheme, which is characterized by its ability to ensure both fairness and financial sustainability. The paper provides some comparative statics and simulations for different career patterns that allow assessing to what extent the US rules are able to get rid of the regressive redistribution that generally characterize the DB schemes.

Creative Goods as Trust-intensive goods

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Ralph Hawtrey (1926) introduced the distinction, later "rediscovered" by Tibor Scitovsky, between goods that are creative and goods that are defensive: the first are aimed to prevent pain or distress, and the second devoted to deliver positive satisfaction or gratification (Hawtrey, 1926:189-90). In making this distinction Hawtrey pointed out at the cognitive efforts that the first require, an effort of imagination and knowledge, and a deployment of skills and time (Hawtrey, 1926:189-90)

Scitovsky (1992/1976) embraced this cognitive distinction and developed it in order to include also a motivational/emotional difference: the desire for comfort in the case of defensive consumption (a sort of negative pleasure), and a desire for positive stimulation and intrinsic pleasure in the case of creative consumption. This distinction proved very productive in the understanding of both consumer behavior and the nature of the trade-off between these two types of goods/satisfactions (Bianchi 2003, 2008).

In this paper I want to address an additional feature that might distinguish creative from defensive consumption, namely that creative goods are trust-intensive goods.

The literature on trust (and distrust) has a longstanding tradition in economics and political philosophy (starting with Hobbes, Rousseau, Hume, and Smith), but the focus of interest in this literature has been mainly on the analysis of interpersonal trust. Here the stress will be on goods-related trust.

Creative goods, it is well-known, are distinctive for their complexity, differentiation, and variety. These characteristics imply not only that they have relatively high costs of access in terms of knowledge and time, as both Hawtrey and Scitovsky stressed, but also that the contracts governing their transactions are difficult to write. In particular, contracts involving creative goods are likely to leave gaps that only the intervention of trustworthy relationships can close.

Drawing on a rather extensive recent experimental literature that makes a point of distinguishing between calculative trust and relational trust, I shall explore how trust – the willingness to believe and to make oneself vulnerable – and distrust, or fear of being betrayed, operates in the case of creative goods.

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KEYNES'S *GENERAL THEORY*, *TREATISE ON MONEY* AND *TRACT ON MONETARY REFORM*: DIFFERENT THEORIES, SAME METHODOLOGICAL APPROACH

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Abstract

Acquaintance with *A Treatise on Probability* allows readers of *The General Theory* to grasp the essence of Keynes's famous definition of economics as a "method rather than a doctrine ... which helps its possessor to draw correct conclusions". Keynes's criticism of the classical theory is first and foremost of a methodological nature, and rests upon the introduction of tacit assumptions of independence into the analysis. In Chapter 18 of *The General Theory*, Keynes makes explicit the assumptions of independence he himself has introduced into the analysis of chapters 1-17, and informs readers about the peculiar character of the notions of cause and independence he has used in constructing his theory. "Cause" and "independence" are related to the concept of "independence for knowledge", which concerns logical connections between arguments rather than material connections between events. Such logical connections are re-discussed in chapters 19-21, where Keynes allows for probable repercussions between the factors and removes the simplifying assumptions previously introduced.

The paper shows that the revolutionary character of the *General Theory*, both *A Tract on Monetary Reform* and *A Treatise on Money* show direct evidence of methodological continuity with it. In the *Tract on Monetary Reform*, Keynes revisits the traditional formulation of the quantitative theory of money by attacking the illicit introduction of a hypothesis of independence of the quantity of cash in circulation on habits of the public in the use of money and banks' reserve policies. In the *Treatise on Money*, the analysis of credit cycles follows a "two-stage" methodology which perfectly parallels the one later used in *The General Theory*. In the paper, we aim to show that despite radical differences in the theories, which obviously reflect Keynes's gradual abandonment of the orthodoxy but also the different *quaesita* of the analyses and changing circumstances, the three treatises are associated by the use of a same methodological approach. This is consistent with Keynes's definition of economics as a non-demonstrative logic, that is a way of reasoning about the economic material. What Keynes's theory of economics offers in truth is therefore a method of analysis, one which expressly requires, as the three treatises demonstrate, cooperation on the part of the reader, in the effort to emulate the author in coping with the complexity of the economic material.

Keywords: John Maynard Keynes, economic methodology
JEL codes: B31, B40

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ECONOMIC CRISIS AND THE CRISIS OF ECONOMICS. THE RECEPTION OF MICHAL KALECKI IN ITALY IN THE 1970S

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ABSTRACT

In the years immediately following his death (April 17, 1970), several writings of Kalecki were translated and published in Italy as a collection of essays. The attraction toward Kalecki's thought continued in the second half of the seventies, when some Italian economists published essays mainly based on the analysis of the similarities and the differences between Kalecki's economic analysis and that of Keynes and Marx.

The aim of the paper is to analyse the significance of the interest Italian economists showed for Kalecki's analysis. We suggest that such interest may be relevant to understand how Italian economists reacted to the twofold crisis of the Seventies: the economic crisis, which urged new theoretical and policy responses; and the crisis of Keynesian economics. In such context, Kalecki's work seemed to represent an ideal reference point for many Italian economists of the Left wing: for Marxists but also for Sraffians and all those who did not accept to leave Keynes to the theorists of the "neoclassical synthesis".

Ricardo's 'corn model' and the analytical separation between changes in the profit rate and changes in the level of output

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A relevant methodological feature of the classical conceptual framework is the separation into distinct analytical stages between the determination of distribution and relative prices on the one side, and the determination of outputs on the other (Garegnani, 1984). Indeed, within the classical framework, while the relations connecting distributive variables and prices show, for given levels of output and hence for the associated methods of production, an absolutely general character, the mutual influences between levels of production and distributive variables may operate through several channels whose direction and relative importance may not be ascertained in the abstract. It might however seem that, with regard to the influence on distribution and prices which the level of output is able to have through its impact on the conditions of production, no analytical separation is to be found in Ricardo's early theory of profits, *i.e.* in the first coherent application (although under quite restrictive assumptions) of the explanation of profits and rent based on the notion of a physical surplus: for one of the general conclusions Ricardo reaches in his correspondence of 1814 and in the *Essay on Profits* is that, owing to the need of extending cultivation to inferior lands, a lower profit rate, and a higher price of corn, is bound to be associated to a larger production of the latter.

We argue that the contradiction between this element of Ricardo's early theory of profits and the separate determination of distribution and outputs, which hallmarks the classical method of analysis, is only apparent. The extension of cultivation to inferior lands, with the consequent worsening of the conditions of production that are relevant to the profit rate, in Ricardo's view is a necessary implication of the increase of agricultural output, and therefore it coherently enters into what he sees as the general principles of profit determination. On the other hand, changes in the level of output may also affect the conditions of production through the possible action of increasing returns to scale, *i.e.* by making it profitable to adopt different types of capital

equipment, by inducing improvements in the organization of labour, etc. However, whether and how much the latter counteracting influences actually do operate is something which cannot be assessed in the abstract, and therefore with the same degree of generality as for the necessary worsening of the relevant conditions of production due to the expansion of tillage to inferior lands. We can thus understand why the latter effect of changes in agricultural output is fully considered by Ricardo in his theory of profits while, though acknowledging their possible action, he does not take into account the former category of influences, in respect to which the determination of the profit rate is still carried out at a separate stage of analysis from the study of output changes.

KEYWORDS: Ricardo, surplus approach, 'corn-ratio' theory of profit, methodology, separate stages of analysis

The Commons, Trust and Community Governance

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Abstract
The recent economic crisis has given evidence of the risks connected with unregulated markets (Acemoglu 2009; Schneider e Kirchgässner 2009; Spaventa 2009), economic interdependence (Acemoglu 2009; Leijonhufvud 2008) and deficit of State power – often bounded by supranational institutions and markets expectations (Zolo 2004: 69). At the same time, the awareness of social and environmental risks/externalities connected with the present models of production and consumption (Schumacher 1973; Geourgescu-Roegen 1998; Schor 2010; Shiva 2005) is calling for new "forms of integration" (Polanyi 1977; Armitage, 2008).
In this context, the literature about the commons (Olson 1965; Hardin 1968; Ostrom 1990) gained momentum, opening new perspectives on economic governance *between* and *beyond* markets and states. A typical feature of this literature is to underline the capacities of the communities to share risks and avoid uncertainties through the management of *commons* and *common pool resources* (Ostrom 1999, De Moor 2012: 269, 280).
As in the concept of *forms of integration* by Karl Polanyi, commons and community are strictly linked thanks to trust and reciprocity. Trust is a key element of the analysis of Bowles and Gintis (2002; 2005) and, in a neoclassical perspective, it constitutes a crucial factor for endogenous growth. If, according to Ostrom (1990: 39) "organizing is a process" and "the organization is the result of that process", social capital and community management of commons through local institutions should be seen as factors of potential progress (in qualitative terms) and welfare. Nevertheless, the study of Bowles and Gintis (2005) on community governance also highlights important features negatively affecting the potential positive results of this kind of governance (i.e. parochialism).
The aim of this paper is to enquire into the literature on the governance of commons, in order to underline the critical elements of local collective action, underline the power of knowledge sharing and trust building, and reflect on new possible directions that this field of research might take.

JEL: A13; B25; D71; I31 **Keywords**: Commons, Community Governance, Trust, Reciprocity

Governing the Commons. A Historical Perspective

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Abstract

While the literature on *public goods*, related to the national community in both theoretical and policy studies, has acquired academic status very early in the history of economics (from Marshall to Samuelson, from the Italian to the Swedish early writings on public finance), the reflection on *collective goods* (other than national ones) shows a complex trajectory.
The "commons", as goods whose stakeholders form a different community from the national or subnational administrations, were studied already in pre-classical economics as a matter of juridical questions on property rights and continued to fuel debates in the Nineteenth-Century-England along similar lines.
Only after Olson (1964) and Hardin (1968), collective goods become the focus of specific academic debates both in political science (Russett and Sullivan 1971; Ruggie 1972; Chamberlin 1974; Frohlich et al. 1975), and economics (Mishan 1969; Owen 1969; Olson 1971; Deacon and Shapiro 1975; Epple and Zelenitz 1981).
One of the crucial features highlighted in such literature is the difficulty of decision-making in collective actions, i.e. in context where the community of stakeholders related to a particular good or service does not coincide with the usual political constituencies and where therefore a democratic voting system is not available for the specific collective choice (both at sub-national and supra-national level) and is not enforceable through juridical norms.
Recently, thanks to the growing interdependence among different, sometimes overlapping (Frey and Eichenberger 1999), administrative jurisdictions key questions on the nature of collective goods and on the decision-making processes to avoid collective-action problems have been raised (Ostrom). The literature on the *multilevel governance* of concentric (from local to global dimensions) collective goods has challenged both *market oriented* and *government oriented* solutions to the externalities that collective goods impose on rigid administrative jurisdictions. But while a huge literature testifies of *market failures* and *government failures*, a few contributions focus on *governance failures*.
The aim of this paper is twofold. The first is to reconstruct the main steps of the literature concerning collective goods. The second is to highlight, in those debates, the key features concerning shortcomings of - and solutions to - the governance of collective goods.

A strange lacuna in value theory: the case of art

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There are features of art and art markets that place both outside the frameworks employed by economists to explain value. Smith, Ricardo and Jevons are prominent among those who were aware of the difficulties posed by art but viewed it as exceptional. I shall offer a brief reflection on this, prompted in part by the extraordinary demand and prices paid for (select) paintings by (select) painters in recent years and the association between top incomes and art purchases. I shall also discuss the increasingly frequent calls for the regulation of art markets, where intermediaries routinely engage in practices that are frowned upon in most other contexts.

PURSUIT OF THE ART OF LIVING THROUGH AN ECONOMICALLY EFFICIENCT ECONOMIC REDISTRIBUTION

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ABSTRACT
Alfred Marshal's study of man as related to his second part of fundamental economics allowed for man to conveniently forget and overlook obvious logical facts that surely have unintended consequences. Politico-economic motivations often overshadow clear economic logic and sacrifice the opportunity for man to enjoy the pleasures of a healthful life in which man can exert his ability to accomplish the "art of living". Leisure time and work time may present a paradoxical conundrum that calls for both a missing piece and an ability to successfully motor their drives. The missing piece may be man's prehistoric drive to "tell and illustrate" which has evolved to man's need to "perform and create". A rather a basic and fundamental prerequisite for man's endowed pursuit of happiness, through which the "joie de vivre" and the "art of living" truly endear themselves as reasonable and accomplishable humanistic desires is man's state of health. The "art of living" is not practically possible to enjoy without consideration of that important economic factor to motor his wants and desires. In regard to man's adequate state of health, Virgil stated that "health is wealth" and understandably necessary for the procurement of wealth. Work and leisure both look upon health, but again through emotionally blinded rather than cognitively contemplative eyes. Any paradox between work and leisure must be mediated through health. The financial consequences of a health economic commodity in light of other methods to more effectively enable man's pursuit of happiness to capture the "art of living" must be reconsidered. Given the restraints of a limited budget, increasing short term funding primarily for direct healthcare delivery services in the maternal environment may be "much to do about nothing" when it comes to substantially improving long term birth outcomes. This original paper epidemiologically documents the enormous degree that the "wealth of health", vital for the "art of living", can be cost-effectively and sustainably improved within the constraints of an existing economic budget by monitoring the economics of a primary preventive care derivative to

A MAXIMUM OLD-AGE PENSION IN PORTUGAL

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Abstract

Most industrialized countries adopted in the past century public pension systems based on Pay-As-You-Go mechanism, according to which the actual contributors pay the pensions of the actual pensioners, with the expectation that future taxpayers pay their own pensions when they retire. Changes in the structure of the population have a direct impact on the financial sustainability of these systems.

The paper analyses the evolution of the main demographic and economic parameters that influences the sustainability of the Social Security systems. We present the principal pension reforms adopted in Portugal and introduce the characteristics of the Portuguese pension system, in terms of its function form, contribution rates, statutory retirement age, minimum contributory period required to access to an old-age pension and conditions to access to early and deferred retirement.

To analyze the financial solvency of the Portuguese pension system, we used the internal rates of return (IRR), considering different wage scenarios and alternative contributory periods. The IRR, an indicator used in to study the financial solvency of pension system, summarizes the relationship between contributions and benefits received during the life cycle. Following Samuelson (1958), we assumed that if the IRR obtained was higher than the tax base growth, the pension system must be considered financially insolvent, since they provide better value for money to taxpayers than it generates its own economy and workforce. For all scenarios under analysis, we generally found that the contributions received by the system will be insufficient to meet the commitments assumed by the system in terms of old-age benefits, which shows that Portuguese pension system is insolvent.

In order to mitigate the effects of aging, several European countries have implemented reforms in the respective pension systems. In this sense, in the second part of this research, we have evaluated the imposition of a maximum old-age pension in the financial solvency of the Portuguese pension system. We concluded that the implementation of a maximum pension improves the financial sustainability of the pension system in the long term.

Keywords: pension system, old-age dependency rate, internal rate of return, ageing population, retirement, old-age pension.

JEL: H55, J11, J26.

German Historicism in North America:
A glimpse at Henry W. Farnam's archival material

Tiziana Foresti[*]

Abstract

This work explores the scope of the impact of German Historicism on American economics in the years 1870-1900 surveying Henry Farnam's papers. In 1908 Farnam authored the first quantitative analysis of the migration of young American economists to Germany for post-graduate training. The survey of his papers allows us to examine the American economists' attitude towards Historicism in terms of its influence. As this work shows, already in the early twentieth century, many American economists, reflecting upon their stay in Germany, regarded that the influence of Historicism on American economics had been less significant than we would have been expected.

Keywords: Historicism, American economics**,** Farnam, Mitchell, American Economic Association.

Jel classification: B1, B15.

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L'idea di "scienza" in *Miti e paradossi*: il dissidio tra Mauro Fasiani e Luigi Einaudi

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Abstract

La pubblicazione dei *Miti e paradossi della giustizia tributaria* all'inizio del 1938 originò un importante dibattito epistemologico tra Einaudi e Fasiani. I *Miti e pardossi* sono infatti costruiti come contrapposizione tra i "progetti" cattivi realizzati dagli stati reali (che non interessano la scienza) ed i "progetti" buoni dello stato ideale. I progetti "buoni" possono diventare parte integrante dell'approccio scientifico, perché lo stato è tendenzialmente volto alla produzione di servizi utili alla collettività. La scienza deve interessarsi al buon governo e all'imposta economica ideale, intesa come tassazione del reddito medio o normale.

Questo impostazione di Einaudi turbò profondamente Fasiani che, sotto la sua guida si era volto alla ricerca delle uniformità economiche nelle economie reali, rafforzato poi dalla concezione di scienza di Pareto, per cui ogni giudizio di valore, espressione di sentimento o precetto è fuori della scienza economica.

La reazione di Fasiani fu la stesura, nei primi giorni di aprile del 1938, di una recensione critica sull'impostazione epistemologica dei *Miti e paradossi*, sotto la forma di una lettera di 36 pagine indirizzata ad Einaudi. Essa non venne però inviata, perché Fasiani ebbe il dubbio che potesse essere considerata irrispettosa. Pur essendo menzionata nel carteggio Einaudi-Fasiani, era andata perduta, ma è stata adesso rinvenuta nell'Archivio della Fondazione Turati, ed è qui pubblicata in Appendice.

Ai primi di giugno del 1938 Fasiani riprese tale recensione critica, e progettò di inviarla ad Einaudi accompagnata da una seconda lettera esplicativa. Anche tale lettera manoscritta è conservata nell'Archivio della Fondazione Turati, ed è qui pubblicata in Appendice. Neanche tale lettera fu però spedita ad Einaudi. Tuttavia Einaudi ne venne a conoscenza tramite il comune amico Federico Chessa, così che Fasiani dovette dare spiegazioni ad Einaudi nella lettera datata 19 giugno, conservata nell'Archivio della Fondazione Einaudi, e qui pubblicata in Appendice. Einaudi rispose con una lettera andata perduta, e a quest'ultima Fasiani replicò il 24 giugno con una ulteriore lettera, conservata nell'Archivio della Fondazione Einaudi, qui pubblicata in Appendice.

Tale materiale costituisce tutta la documentazione che ci è giunta sul dissidio menzionato, così che resta direttamente documentato il solo il punto di vista di Fasiani. visto che nulla ci è giunto da parte di Einaudi. Tuttavia il riscontro da parte einaudiana è indubitabile, ed affidato alla seconda edizione dei *Miti e paradossi*, che vide la luce nel febbraio 1940.

Sommario

1. La cronistoria. – 2. I punti del dissidio: *Punto I Il linguaggio della scienza e la boria degli economisti matematici, Punto II La scienza delle finanze: il compito degli storici, dei sociologi e degli economisti, Punto III La scienza e i precetti* – 3. Alcune contraddizioni nel pensiero di Einaudi rilevate da Fasiani. – 4. Altri due problemi scientifici trattati nei Miti e paradossi. – 5. La seconda edizione dei Miti e Paradossi e le critiche di Fasiani: *5. 1. Le modifiche nell'introduzione, 5.2 Le modifiche al capitolo X, 5.3 Il nuovo capitolo XI, 5.4 Il nuovo capitolo XII* – 6. Scienza e precetti: l'evoluzione nel pensiero di Einaudi. – 7. Osservazioni conclusive sulla rilevanza del dibattito Fasiani-Einaudi.

How do contractual and wage inequality affect workers' well-being?

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Abstract

Although a substantial part of theoretical and empirical literature regards the phenomena of social comparisons, only a small portion of literature is focused on the study of such comparisons in the working context. In addition, social comparisons seem to be restricted mainly to income comparisons.

The first objective of this paper is to understand which the most relevant determinants of well-being in the working context are and how workers make comparisons. To this end the paper goes beyond the pure income comparisons approach. Employed workers compare themselves with other workers on the basis of the following elements: skills and effort degrees ("inputs" in the working relationship); employment contracts and wage levels (workers' main "outcomes"). Drawing on these elements, individual well-being depends on the ordinal and the cardinal position of a worker with respect to the other workers' positions. Hence, a model of comparison-based utility, where workers may be averse to both contractual and wage inequality, is presented.

The second objective of the paper is to provide evidence on effect of contractual and wage inequality on well-being. The impact on self-rated job satisfaction of a better (worse) contractual position and/or better (worse) economic treatment –compared to other workers with a similar background – is investigated through an empirical analysis based on the Italian ISFOL plus 2005-2010 panel. Finally, the impact of contractual concerns on job satisfaction is analyzed in relation to the share of income worn out for necessities (such as housing and food expenditure), in order to check whether labour precariousness is more difficult to accept for poorer people than it is for richer people.

Given the direct impact of contractual inequality and wage inequality on workers' well-being and behaviour, the theoretical model and the empirical analysis may offer insights into employment and consumption individual decisions.

JEL classification code:. J28, J31, J41

Keywords: labour contract, wage, inequality, satisfaction

Due traduttori: Gramsci e Sraffa

Andrea Ginzburg

In una lettera del 30 maggio 1932, Gramsci rivolge a Sraffa, dal carcere, tramite Tania, alcune domande. Si può attribuire a Ricardo — chiede Gramsci — un apporto 'sintetico' allo sviluppo delle concezioni di Marx, un apporto cioè che riguarda "l'intuizione del mondo e il modo di pensare, e non solo analitico, riguardante una dottrina particolare [la teoria del valore] sia pure fondamentale?". La risposta di Sraffa, come è noto, è elusiva. Si dichiara non in grado di fornire una risposta, chiede chiarimenti, promette approfondimenti. Lo scambio epistolare si interrompe qui. Ma quali erano i problemi da cui traevano origine le domande di Gramsci? E quale eco hanno avuto le domande di Gramsci sulla successiva elaborazione teorica di Sraffa? Attraverso i *Quaderni del carcere* e le carte lasciate da Sraffa, oltre che dalla sua opera pubblicata nel 1960, è possibile cercare di ricostruire l'evoluzione dei percorsi intellettuali dei due autori e scoprire inattese convergenze tematiche, oltre che evidenti differenze. La chiave di lettura impiegata è imperniata sul concetto di 'traducibilità dei linguaggi scientifici', un termine che Gramsci eredita da Lenin e dilata espandendolo in una pluralità di direzioni. Da questa estensione, ha sostenuto Boothman, deriva il carattere 'aperto' del marxismo di Gramsci. Il tema della traducibilità dei linguaggi è presente anche in Sraffa: in una nota di poco successiva all'importante svolta teorica dell'estate del 1927, egli enuncia l'intenzione di dedicarsi alla traduzione di Marx in inglese, cioè alla traduzione del linguaggio di Hegel in quello di David Hume. Sia nell'interpretazione del pensiero di Marx come 'filosofia della prassi', che nell'affrontare temi come quelli della causalità nei sistemi sociali, della soggettività storica di gruppi sociali, dei rapporti fra storia, politica ed economia si può mostrare che l'area tematica attorno a cui ruota la riflessione di Gramsci aiuta a comprendere il significato e l'importanza di *Produzione di merci a mezzo di merci*.

In a letter of 30 May 1932 from prison, via Tania, Gramsci posed a few questions to Sraffa. Can Ricardo be attributed -— asks Gramsci — with a contribution 'synthetic' to the development of Marx's views, a contribution concerning "the intuition of the world and the way of thinking, not merely analytical, concerning a particular doctrine [the theory of value], albeit an essential one? ". Sraffa's reply, as we know, is elusive. He pleads inability to provide an answer, asks for clarification, and promises further inquiries. The exchange of letters on these matters would end here. But just what were the problems that originated Gramsci's questions? And how did Gramsci's questions reverberate in Sraffa's subsequent theoretical development? Through the *Prison Notebooks* and the papers left by Sraffa, as well

as from his work published in 1960, it is possible to attempt a reconstruction of the intellectual paths taken by the two authors and discover unexpected convergences, as well as obvious differences. The key concept employed here is that of the 'translatability of scientific languages', a term that Gramsci inherited from Lenin and expanded in a plurality of directions. From this extension, Boothman has argued, stems the 'open' character of Gramsci's Marxism. The theme of the translatability of languages is also present in Sraffa: in a Note written shortly after the important theoretical turning point of the summer of 1927, he states his intention to write a book that will consist in the translation of Marx into English, that is in the translation of the 'metaphysics' of Hegel into that of David Hume. It can be shown that issues that have a prominent importance in Gramsci's thought, such as the interpretation of Marx's theory as a 'philosophy of praxis', the problem of historical causality in social systems, the historical subjectivity of social groups, the relationships between history, political thought and political economy, help us to understand the meaning and importance of *Production of Commodities by Means of Commodities.*

Ricardo's Income Induced Consumption and Savings Functions in an International Context

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What were Ricardo's views on savings, consumption and growth? Not much has been written on his sophisticated views of these fundamental aspects of an expanding economy in an international context. The simple view is that Ricardo believed in the classical version of Say's Law, in which savings was automatically converted to investment and capital formation, without a significant lag. But, this view leaves out the importance of one of Ricardo's main goals, to improve domestic growth by reducing the tariffs on foreign food-stuffs, mainly grain, while simultaneously raising the living standard of most people. The emphasis here was on the laboring class, most of which worked not only in agriculture, but also in primitive manufacturing. So, Ricardo wished to raise the consumption standard of workers, by lowering the price of food and raising the demand for domestic labor. This led him to theorize about how much savings of both individual workers and capitalists could increase during expansion, simultaneously causing the consumption of both groups to increase even more to raise the living standard.[1] Also, most savings would come from capitalists, not workers. This idea suggested the concept of "business" rather than "personal" savings. The idea of business saving was not introduced until later by Senior, but a germ of this idea was also present in Ricardo's writings.

The savings and the consumption functions in Ricardo's model are described in a context of growth. They are upward sloping with respect to real income. Income increases are described in a relatively short run context, when the aggregate demand for necessities (food) and primitive manufactured goods increase. Here is a summary description of the mechanism: Removing or reducing the tariff on wheat due to the corn laws would reduce rents and simultaneously lower the price of food. Capitalists are classified as farmers and small manufacturers. The focus is on the infant manufacturing sector, which would reap the main benefit from cheaper food. A reduction in the price of food for workers is regarded as an increase of the real revenue of the capitalist or a decrease in their production costs, so expected profits increases.

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[1] Malthus also realized that savings should not increase too much but also not too little. The concept of a proper savings rate was hinted at. See Works, v. 2, Notes on Malthus, p. 13, "No considerable and continued increase of wealth could possibly take place without that degree of frugality which occasions, annually, the conversion of some revenue into capital, and creates a balance of produce above consumption; but it is quite obvious that they are not true to an indefinite extent, and that the principle of saving, pushed to excess, would destroy the motive to production."

This will eventually lead to more balanced growth when the savings of capitalists increase. Here, we have an intimation of an increase in business saving. The capitalist saves more from increased revenue, increasing the demand for workers, increasing employment and the real wage rate, creating more circulating capital and eventually more fixed capital as businesses grow. Since food is amply supplied at ever reduced prices, the implication is that growth will occur in manufactures. Freer trade creates opportunities for widening the capital structure.

This process would also have a positive effect on consumption as the real wage bill increases. So, we have positively sloped savings and consumption functions. The business increase in labor demand could be regarded as an increase in business saving and the induced saving and consumption as a result of the workers' wage bill increase could be regarded as an increase in personal (S, C). There could also be an increase in the personal (S, C) for the capitalists.

Another version of Ricardo's views on savings is given in *Principles*, ch. 31, "On Machinery." Instead of an increase in the real wage bill, in this case the wage bill would stay constant, but product prices would fall, improving the living standard. It adds another driver (exogenous variable) to the description of growth: An Improvement in Technology (Ty)." This is a gradual change and is described in a longer run context than the possibility of a change in the tariff on foreign food grains. (See Works, v. 1, 396.) An increase in Ty reduces production costs and leads to "…new savings and accumulations…"[ibid.] This is business savings (Sb). This will lead to new profits ("an increase in net incomes") and a new "fund" destined to maintain labor demand. The reduced production costs also also lead to reduced product prices, which together with a constant real wage rate, cause an increase in the welfare of the working class.

Ricardo appears to have a short and a long run approach to increase in Sb and personal saving (Sp). The short run approach means that when profits are expected to increase, this would mean an increase in circulating capital, an expansion in labor demand, the wage bill, more workers, but not new fixed capital. This would also lead to more Cr, Spr, as Yr increases. It could be caused by a decrease in the tariff (T) on foreign food grains and a simultaneous expansion of the infant manufacturing sector. The long run approach would involve an improvement in technology (Ty), and a complementary increase of the stock of fixed capital as the expansion continues. This would also increase labor demand, the wages bill and the level of employment, so it would increase Sp, Cr. The main emphasis here is on "machinery" expansion and improvement.

LA "SOCIETÀ OPULENTA" DI JOHN KENNETH GALBRAITH E LA SUA RILEVANZA PER I PROBLEMI ATTUALI+

ARTURO HERMANN*

In questo periodo di crisi e di incertezza, che tende ad investire sempre più gli elementi di fondo sui quali si basano i nostri sistemi economici e sociali, una rilettura della *The Affluent Society* di John Kenneth Galbraith può essere di notevole interesse. Questo testo, pubblicato per la prima volta nel 1958, e poi nel 1998 con commenti di aggiornamento dell'autore, affronta i problemi centrali dello sviluppo delle "società opulente" del secondo dopoguerra.
Viene proposta una chiave interpretativa largamente inedita dei principali aspetti e contraddizioni che hanno caratterizzato tale sviluppo, tra i quali spiccano l'imperativo del consumo con il ricorso eccessivo al credito e a pubblicità pervasive, la presenza di potenti tecnostrutture, la crescente insicurezza economica e sociale, il degrado dell'ambiente, e la limitata possibilità delle "politiche convenzionali" di incidere su questi fenomeni.
Per superare queste contraddizioni e costruire una società a misura d'uomo, si rende necessario modificare progressivamente le caratteristiche del consumo e della produzione tipiche della società opulenta. Ciò può essere realizzato promuovendo il consumo sostenibile e diminuendo — ad esempio attraverso un reddito di cittadinanza per i cittadini più bisognosi — la dipendenza del reddito dalla produzione.
Queste tematiche sono anche oggi di estrema attualità, e possono contribuire a spiegare le ragioni profonde dell'attuale crisi economica e sociale.
Nel nostro lavoro, nella prima parte ripercorreremo le principali argomentazioni sviluppate nel testo. Vedremo poi come questo approccio possa proficuamente interagire con altri importanti contributi dell'economia, della sociologia e delle scienze psicologiche, prestando particolare attenzione alle implicazioni per l'azione di politica economica.

+ Il lavoro riprende e sviluppa le principali tematiche di un articolo pubblicato nella rivista "Il Pensiero Economico Moderno", nn.1-2, 2012.

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The impact of differential satiation dynamics on changing consumer behavior, wellbeing, and innovative activity

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With respect to some consumer needs (e.g. for food) in most industrial nations, individuals have reached their satiation points. However, with respect to other needs (e.g. for social approval) satiation points seem to be harder to achieve. Such differential satiation patterns have led to significant structural changes on the demand side (Pasinetti, 1981; Scitovsky, 1992; Witt, 2001), and there is ample empirical evidence for such change, partly shown by the classification of food products as necessities and status symbols as luxuries (Chai and Moneta, 2010; Deaton and Muellbauer, 1980). However, in economics there are almost no theoretical models that can explain, rather than solely describe, these empirical findings (Chai and Moneta, 2012).

The present paper presents a formal model in which differential satiation dynamics of various consumer needs translate into long-run changes of consumer behavior when income rises. To formalize differential satiation patterns, the model assumes that the satiation points of some needs (e.g. for food) are stable, and that the satiation points of other needs (e.g. for social approval) change systematically with income. In contrast to most traditional economic models that use constrained utility maximization to approximate consumer behavior, in this model a variant of Herrnstein et al.'s (1997) matching law, which has proven to be a good approximation for human and animal behavior driven by need deprivation states, is used to formalize the individual decision making process. Since in the model, individuals are not assumed to be rational utility maximizers, it is possible that their motivation to consume (wanting) differs from the well-being (liking) they expect to obtain from consumption.

Based on these assumptions, the model can reconstruct some empirical regularities that most classical utility maximization models have great difficulties to reconstruct. Moreover, the model can explain why also affluent individuals are still motivated by deprived need satiation states (and thus might not reduce their time spent at generating income in order to increase the time spend at leisure activities). The paper, moreover, analyzes the effects that innovations that change the degree to which different goods induce satiation have on structural change and individual well-being.

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The payment system and liquidity provision during the U.S. National Banking Era

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In Europe and the United States, governments progressively implemented the classical specie regime after periods of Revolutionary, Napoleonic or Civil wars, during which the paper money regime had prevailed. Gold or silver specie coined at the mint and several kinds of currency circulated at once, but all of the monies were not of equal status. All of them circulated among the public from hand-to-hand, while some of them were used as reserves by banking and financial institutions. During the U.S. National Banking Era (1863-1913), the circulations of different monies became particularly entangled. Thus, this essay distinguishes hand-to-hand *currency* shortage from the funding *liquidity* crisis in order apprehend the nature of disruptions of the payment system during the U.S. National Banking Era (1863-1913). The first section of the paper briefly describes the monetary regime in place and the rule of issue built by the National Banking System. The second section examines the problem of the upward and downward inelasticity of the currency. Then, the third section apprehends the nature of the banking panics during the National Banking Era (especially those of 1873, 1893 and 1907) and distinguishes the hand-to-hand currency shortage from the interbank liquidity crisis. The fourth section clarifies the actions of the Clearing Houses (especially the New York Clearing House), which enhanced the supply of currency through the issue of certificates and more crucially provided liquidity to the interbank system through the issue of *loan* certificates. All of these categories could be intertwined under the National Banking System and hence the fifth section concludes on the expected functions of the Federal Reserve System in the early twentieth century. This paper is a paper on U.S. monetary and banking history and used the contribution of turn-of-the-century such as Laughlin (1903, 1907), Nyoes (1890, 1901), Sprague (1909, 1910).

Keywords: National Banking System, liquidity provision, lender of last resort

JEL Classifications: E32, E58, N11

De gustibus disputandum est?
La costruzione sociale del consumo in Gary Becker e Pierre Bourdieu

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Nel famoso paper del 1977, *De gustibus non est disputandum*, Gary Becker e George Stigler formularono un modello teorico costruito sull'ipotesi di stabilità delle preferenze del consumatore. I gusti, scrivevano i due economisti, anziché essere capricciosi e influenzabili dall'ambiente e dal contesto sociale, sono in verità stabili nel tempo (e nello spazio) e mutano assai poco nella vita di ogni persona. L'intento del paper era quello di provare che – anche assumendo quest'ipotesi "eroica" – la scienza economica fosse in grado di spiegare i comportamenti apparentemente più paradossali: il consumo di beni legati a meccanismi di assuefazione, come la cultura o droga ad esempio, piuttosto che il consumo di beni soggetti alle dinamiche capricciose della moda o al desiderio di distinzione. Il saggio rappresentava un ulteriore tassello di quello che sarebbe stato definito l'imperialismo economico, di cui Becker è come noto l'esponente più autorevole: le scelte economiche, anche quelle che investono i piani della cultura e della società, sono l'esito di strategie di ottimizzazione che non richiedono ipotesi ad hoc di natura sociologica, basandosi fondamentalmente sulle variazioni dei prezzi e dei redditi.

Pierre Bourdieu è senza dubbio l'autore che più di ogni altro ha cercato di contrastare questo imperialismo economico: tutta la sua prolifica e complessa biografia intellettuale si può leggere come un programma di ricerca antagonista rispetto a quello di Becker. Ed è davvero straordinaria la sovrapposizione dei temi su cui i due autori hanno costruito la loro fama scientifica: negli anni sessanta, proprio nel momento in cui Becker elaborava la teoria del "capitale umano", Bourdieu iniziava la sua riflessione sulle diverse forme del capitale, all'interno della quale l'idea di "capitale culturale" emergeva come categoria alternativa e differente rispetto a quella di Becker; mentre nel 1981, a pochi anni di distanza dal saggio beckeriano sulla non discutibilità dei gusti, Becker pubblicava quella che è forse la sua opera più famosa, dall'evocativo titolo *La distinzione. Critica sociale del gusto*.

L'intento del lavoro è dunque quello di tentare una comparazione, condotta sul piano della storia delle idee, dei diversi e contrastanti approcci teorici dei due autori, con riferimento alle questioni dei modelli di consumo e dei gusti individuali. Come cercheremo di mostrare, mentre nell'approccio di Becker l'identità sociale viene messa ai margini del ragionamento teorico, questa emerge come il dato saliente della teoria di Bourdieu: i gusti e le scelte di consumo contribuiscono alla costruzione del sé individuale, in un processo in cui assume un decisivo rilievo la dimensione simbolica della vita umana.

Nonostante la straordinaria rinomanza nelle diverse scienze sociali, il nome di Bourdieu è assai poco o quasi per nulla conosciuto tra gli economisti. Ciò potrebbe far pensare a un orizzonte totalmente altro rispetto a quello economico; e potrebbe far apparire pretestuoso il tentativo di confronto che qui si propone. In verità, in un recentissimo saggio, il nobel George A. Akerlof ha richiamato proprio il nome di Bourdieu per sostenere la necessità di un ponte tra l'economia del consumo e la sociologia del consumo. Il programma di ricerca dell'*Identity Economics* aperto da Akerlof in questi ultimissimi anni muove appunto dal convincimento che le scelte dell'*homo oeconomicus* siano inspiegabili se sradicate da ogni determinazione sociale, in una direzione che sollecita una rilettura delle diverse e contrastanti spiegazioni dei gusti proposte da Becker e Bourdieu.

Il tempo sottratto all'economia: immagini dell'ozio nella letteratura economica

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La cultura occidentale, in un arco temporale più che millenario, ha elaborato una contrastata rappresentazione dell'ozio: da una parte un'immagine tanto scredita da cristallizzarsi nel detto popolare che descrive l'ozio come "padre di tutti i vizi"; dall'altra un'immagine, celebrata soprattutto dagli scrittori antichi (greci e romani), che vuole l'ozio come l'emblema per eccellenza di uno stile di vita nobile e sublime. Pochi altri concetti si sono rivelati capaci di alimentare una rappresentazione cosi manichea, essendo difficile trovare, nella sterminata letteratura sull'ozio, zone grigie o tentativi di mediazione: di fronte a questo uso del tempo di vita troviamo infatti atteggiamenti che sono totalmente pro o contro di esso.

Storicamente, l'ozio è stato prevalentemente oggetto di riflessione da parte di filosofi, moralisti e poeti. Poco hanno detto, e non potevano fare diversamente, gli economisti. Per definizione l'ozio rimanda a una declinazione del tempo che esula dal mondo dell'economia: non solo dall'universo della produzione, come facilmente possiamo immaginare, ma anche dal momento del consumo, spazio per l'appunto dove prevalentemente si manifesta quell'idea moderna di "tempo libero" che ha però una valenza assai diversa da quella di ozio. Non deve in effetti stupire che, con lo sviluppo dell'economia e con l'avvento della rivoluzione industriale, l'ozio sia stato prevalentemente bistrattato e rinnegato dagli studiosi della società, in nome dell'etica del lavoro e della produttività.

Riflessioni sull'ozio non sono comunque del tutto assenti nella letteratura economica. La relazione si propone appunto di mostrare il modo in cui gli economisti abbiano affrontato questo delicato argomento. Se pure in modi e forme diverse, autori come Henri de Saint Simon, Thomas Robert Malthus, John Stuart Mill, Thorstein Veblen o Maynard Keynes hanno cercato di ricomprendere anche la tematica dell'ozio dell'alveo della riflessione economica, naturalmente assumendo atteggiamenti taluno di condanna ed altri di approvazione. Di questi autori si cercherà pertanto di fornire una sommaria presentazione, focalizzando l'attenzione sulle idee da essi espresse sulla tematica dell'ozio. Una particolare menzione verrà data anche ad uno dei più autorevoli rappresentanti del liberismo italiano, Luigi Einuadi, protagonista negli anni Trenta di una singolare polemica con Keynes proprio sulla questione dell'ozio. L'intento del lavoro è altresì quello di verificare se e come nelle argomentazioni degli economisti continui a essere presente il retaggio culturale antico dell'*otium cum dignitate*.

Alexandre Lamfalussy as a "Founding Father" of the euro

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Alexandre Lamfalussy is especially well known as the first president of the European Monetary Institute (EMI), the predecessor of the European Central Bank. Lamfalussy pursued a three-pronged career, as a private banker, a central banker (at the Bank for International Settlements from 1976 to 1993) and an academic. Partly under the influence of Triffin, Lamfalussy soon became interested in international and European monetary issues and was an early advocate of a strengthening of European (monetary) integration. As Economic Advisor of the BIS, he participated in the meetings of the Committee of Governors and provided important intellectual inputs, just as in the Delors Committee. Typical for Lamfalussy was a profound distrust of the functioning of financial markets, very much marked by his experience of the Latin American debt crisis, wherein the banking system had provided far too ample credits to these countries. He became one of the main architects of the BIS "macro-prudential" approach. His vision of the financial markets also permeated his view of the foreign exchange markets. Lamfalussy's advocacy of European monetary integration had then its origin in two main sources: a profound European conviction, marked by the devastations of the second world war and the iron curtain, and a fundamental distrust of systems of floating exchange rates. As observed by Duisenberg, his successor at the European Monetary Institute, "You have never believed that a true single market is in the long run compatible with a quasi-floating exchange rate system".

key words: Lamfalussy, euro, European monetary integration

On the notion of permanent and temporary causes. The legacy of Ricardo.

Maria Cristina Marcuzzo[1]

Abstract

In this paper I consider the distinction made by Ricardo between "permanent" and "temporary" causes, which he sometimes refers to also as "stable" and "accidental" causes, (see *Works* I: 86, 88, 92; VI: 154) to derive implications useful to distinguish his approach from subsequent developments of the notions of short-period and long-period equilibrium. In particular, I trace out the change of focus in the concept of "permanent" forces brought about by Marshall – from whose insights Kahn and Keynes drew inspiration for their short period analysis – which paved the way to fundamental changes in the method and theory.

I would argue that Ricardo's distinction maintains a heuristic value, in particular *vis-à-vis* the distinction between short and long period which is part of the common language in standard economics.

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Lavoro, uso del tempo e dominio della tecnica nella riflessione di Günther Anders

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Abstract
Günther Anders non è un economista. Cionondimeno la sua filosofia della tecnica può fornire spunti interessanti per i temi del convegno annuale qui organizzato.
Noto soprattutto per le sue acute ed anticipatrici analisi dei mezzi di comunicazione di massa e per la denuncia della minaccia nucleare, Günther Anders è anche autore di importanti riflessioni sull' "onore perduto" del lavoro.
Mancanza di *telos*, di riconoscimento eidetico e di agonismo, passività e mero adattamento ad un sistema di imperativi impersonali sono le condizioni che, secondo il filosofo tedesco, caratterizzano l'"operare" umano nell'epoca della terza rivoluzione industriale.
Il dominio incontrastato della tecnica distrugge l'*homo faber* negando la sua *cupiditas atque voluntas laborandi* (una caratteristica della natura umana che non è peraltro da Anders ulteriormente argomentata, un po'come la smithiana propensione umana a barattare, scambiare, trafficare che serve al filosofo ed economista scozzese per dimostrare la superiorità dell'ordine mercantile rispetto ai precedenti sistemi di economia politica, perché meglio corrisponde a tale propensione).
Più ancora che di tempo libero e reddito, ciò di cui, secondo Anders, l'uomo ha fondamentalmente bisogno è un lavoro non alienato, utile e creativo.

Alle origini della concertazione. I patti sociali nell'Italia degli anni Ottanta

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Questo lavoro si propone di offrire alcune prospettive storiografiche circa la realizzazione dei patti sociali in Italia, con particolare attenzione a quelli di prima generazione, e le loro origini. Allo scopo, nella prima parte verranno sinteticamente ricordate le linee essenziali del dibattito tra scuole di pensiero sulla stagflazione e l'emergere del conflitto sociale alla fine degli anni Sessanta. In tale prospettiva, si cercherà di mostrare come, nel contesto italiano degli anni Ottanta, i patti sociali di prima generazione (cioè l'applicazione di politiche neocorporative) abbiano rappresentato un'alternativa percorribile a politiche monetarie restrittive. La sezione centrale proporrà una ricostruzione storica di quello che può essere considerato come primo tentativo di portare avanti una politica di concertazione in Italia: l'accordo sul costo del lavoro siglato il 22 gennaio 1983 da governo, sindacati e confederazione degli imprenditori. Nel far questo, adotteremo il punto di vista di Ezio Tarantelli, che può esserne considerato il principale ispiratore. Suggeriremo, al riguardo, un parallelismo tra la struttura originale della proposta ed i contenuti dell'accordo, riportando anche il dibattito ad esso successivo. L'ultima sezione sarà dedicata ad alcune considerazioni conclusive riguardanti sia l'evoluzione più recente dei patti sociali in Italia, sia la sostanziale scomparsa, negli ultimi anni, del neocorporatismo dal campo di interesse della teoria della politica economica.

Time-intensive vs Goods-intensive activities in a 'what-shall-I-do' choice model

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Abstract

The aim of this paper is to cast the problem of the alternative between skilled, time-intensive and unskilled activities within an analytical framework wherein the individuals' choice problem is addressed in terms of alternative time-consuming activities rather than alternative bundles of goods and services. In particular, each activity is interpreted as a sort of productive process allowing pleasant time to be produced by consuming 'direct' unpleasant time plus the 'indirect' amount of unpleasant time equivalent to the market goods used up as inputs. The paper suggests that individuals might refrain in engaging in skilled, time-consuming activities because of the attractiveness of a certain, higher present-period rate of return of unskilled activities as opposed to the uncertainty of a possibly higher future-period rate of return obtainable through engagement in (more roundabout) skilled activities.

La scarsità nella teoria del valore

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Fondamento della nozione marginalista di valore, la nozione di scarsità ha storicamente soppiantato il principio, proprio della teoria degli economisti classici e in particolare di Ricardo, che è la "difficoltà di produzione", ovvero le condizioni di riproducibilità, piuttosto che la scarsità, a determinare il valore delle merci.

La scarsità come regolatore del valore delle merci è tuttavia principio ben più antico, che si rinviene sia in autori contemporanei a Ricardo che in autori precedenti.

Il paper si propone un esame dei principali aspetti analitici delle teorie della scarsità pre-ricardiane e contemporanee a Ricardo; e un'analisi della critica rivolta da Ricardo contro il principio di scarsità, che si manifesta, nel suo dibattito con i contemporanei, nella sua opposizione all'idea che il valore delle merci sia regolato da domanda e offerta.

Il dibattito tra Ricardo e i suoi contemporanei è considerato anche alla luce delle successive teorie marginali, caratterizzate da un apparato teorico generale di domanda e offerta sia per la determinazione del valore delle merci che del valore dei servizi dei fattori produttivi. Pur con importanti modifiche analitiche, le teorie marginali tornano a fondare la teoria del valore sulla nozione di scarsità, prestando meno attenzione (soprattutto per quanto riguarda i fattori produttivi) al ruolo delle condizioni di riproducibilità messo in evidenza dagli economisti classici.

CAPITAL'S *PONS ASINORUM*: THE TURNOVER COEFFICIENT IN KARL MARX'S LABOUR-THEORY OF VALUE

Marco PASSARELLA[*] and Hervé BARON[†]

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Abstract. This article aims to shed light on the role played by the so-called 'turnover coefficient' (or 'rate of turnover') of capital within the Marxian analysis of the working laws of capitalism. Oddly enough, that concept has been neglected by the most part of Karl Marx's scholars and exegetes, as it is proved by the few number of scientific works dealing with it. Yet, the turnover coefficient plays a crucial role in Marx's economic thought, since it allows Marx to address the impact of the improvement in finance, transportation and communication means on the capitalist process of creation (and realization) of surplus-value. As we are going to show, the new manuscripts from the *MEGA*^{2} philological edition of Marx's writings further strengthen our insight. Against this background, the goal of the paper is twofold: first, to plug a gap in the literature concerning the economic thought of Marx; second, to provide a rigorous (and general) definition of the notion of the 'turnover coefficient' of capital. This will also allow us: to redefine the concept of the 'annual rate of profit'; to define a new linked concept, that is, the 'temporal composition of capital'; and to shed new light on the counter-tendencies to the law of the tendential fall of the general rate of profit.

Keywords: History of Economic Thought, Marxian Economics, Labour-Theory of Value, Turnover of Capital

JEL Classification: B24, B51

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L'utopia dello stato stazionario e le alternative possibili

Cosimo Perrotta

Abstract

I classici pensavano che l'accumulazione avrebbe portato ad uno "stato stazionario", in cui ci si limita a riprodurre la ricchezza sociale consumata, senza accrescerla. Di questa idea c'erano molte versioni. Le più importanti sono due: per Malthus e Ricardo la fine dell'accumulazione sarebbe arrivata per i limiti alla crescita posti dalla natura; per J.S.Mill, Marx e anche Keynes (su questo tema, da considerare un classico), perché si sarebbe raggiunta la soddisfazione dei bisogni essenziali per tutti.
I classici sapevano che l'accumulazione stessa crea nuovi bisogni, e che i beni nuovi, che sono dapprima beni di lusso, tendono in gran parte a diventare *conveniences* e poi *necessaries*. Ma vedevano l'accumulazione soprattutto come una progressiva estensione di nuovi consumi a nuovi ceti, fino allora esclusi. In effetti nella seconda metà del sec. XX, nei paesi più avanzati, ci fu un'estensione a tutti i ceti dei consumi essenziali, e quindi una crescente saturazione della domanda per i beni tradizionali, ma lo stato stazionario non apparve.

Mill e Keynes, e lo stesso Marx riguardo al capitalismo, pensavano che il profitto fosse normalmente connesso con la produzione di nuova ricchezza; e che la fine di questa comportasse anche la fine della ricerca del profitto e dell'investimento. Ma ciò non avvenne. La tendenza alla saturazione fu rallentata dalle nuove scoperte ma fu accelerata dall'enorme aumento di produttività generata sia da quelle stesse scoperte sia dal'aumento del benessere (casa, sanità, istruzione, assistenza, cultura). Una quantità crescente di capitali diventò ridondante per gli investimenti produttivi, e s'incanalò verso la finanza speculativa, generando una patologica finanziarizzazione dell'economia, o verso i mercati dei paesi emergenti, oppure verso la produzione di beni ripetitivi sostanzialmente inutili.

Questo contesto degenerato rende oggi la concorrenza sempre più accanita; aumenta a dismisura le disuguaglianze fra i redditi e fra emolumenti dei manager e salari; fa dilagare la disoccupazione e quindi peggiora le condizioni di lavoro e di paga. Questo spiega l'apparente paradosso che la capacità di produrre beni per tutti genera, invece della diminuzione del tempo di lavoro, disoccupazione, povertà e condizioni pessime di contrattazione e di lavoro.

Nell'articolo esamineremo anche le soluzioni errate della "decrescita" e le prospettive di un nuovo sviluppo che emergono nella letteratura odierna.

Produzione e consumo nel pensiero di Sismondi

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Per circa un secolo dopo la sua scomparsa, gli studi su Sismondi (1793-1842) hanno vissuto periodi di oblio alternati a momenti di rifioritura. In campo economico è stato studiato soprattutto il Sismondi dei *Nouveaux principes*. Il Sismondi costituzionalista ha avuto meno fortuna.

L'economia politica è per Sismondi filosofia pratica dunque etimologicamente *régle de la maison et de la cité*. In questo senso l'economista svizzero si oppone all'assunto che la natura scientifica dell'economia sia riferibile alle scienze sperimentali, o a quelle logico-matematiche, economia e politica si reggono sulla complessa dialettica fra studiosi e soggetti sociali. Sismondi come la maggior parte di coloro che affrontarono i problemi posti dalle scienze sociali nel XIX secolo, e i classici non facevano eccezione, viveva al cuore di una contraddizione.

È cosa ben nota che Sismondi fu spesso accusato di anti-industrialismo, sia dai suoi contemporanei sia da molta letteratura posteriore, simili giudizi furono dettati in gran parte dal marchio primigenio di progresso di cui l'industrialismo fu premiato sin dalle sue origini. Nel confronto con le anomalie del sistema industriale inglese il problema che Sismondi poneva, la domanda implicita presente in tutta la sua produzione scientifica, è se fosse sempre e comunque il caso di inserire un sistema di produzione ad alto coefficiente di capitale, ovvero se questo dovesse sempre e comunque avere la precedenza su un sistema di produzione ad alto coefficiente di manodopera. La questione relativa all'introduzione delle macchine nel sistema di produzione non mancò di suscitare un ampio dibattito tra gli economisti del tempo, in cui sia Malthus che Ricardo assunsero posizioni che possono sembrare ambigue. Sarebbe toccato a Sismondi tuttavia trarre da simili riflessioni conseguenze peculiari alla sua analisi dal carattere, oggi si direbbe, multidisciplinare.

Nel ricordo della grande figura di intellettuale e gentiluomo quale Ricardo fu in vita, l'economista ginevrino consegnò alle *Études sur les sciences sociales* le proprie considerazioni sul tema della dimensione sociale di produzione e consumo.

Scitovsky meets Sen: introducing endogenous development into individual welfare

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Abstract
Sen's Capability Approach has been criticised for having some major weaknesses: (i) the under-theorised selection and weighting of the functionings to be included in an individual's capability; (ii) paternalism when public debates are invoked to evaluate an individual's capability; (iii) underestimation of information, such as happiness indices, about an individual's mental state; (iv) the unclear analytical status of the 'freedom to choose' in evaluating capability; (v) the notion that the capability of children cannot be evaluated. This paper introduces endogenous dynamics into Sen's Capability Approach on the basis of some key insights of Scitovsky, such as 'intrinsically motivated learning', and the novelty/comfort distinction. There thus emerges a renovated approach that helps, with support from the interdisciplinary empirical literature, to counter the criticisms, to identify undesirable functionings such as addictive consumption, and to imply new policy priorities.

J.E.L. codes: D63, D11, I21, J24, O15
Keywords: Amartya Sen, Capability Approach, Tibor Scitovsky, novelty, intrinsic motivations, learning

Disaggregated consumption functions and the personal distribution of income in a simple Keynesian model

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Abstract

Important developments of Keynesian theory rely on the assumption of marked differences in the consumption habits of the various types of income earners. Taking up that assumption within the context of a simple multisectoral model, we examine the effects of the above-mentioned differences on the adjustment of outputs and, through this route, on personal income distribution.

The paper is based on a three-sector Keynesian model in which investment, money wages and prices are given. By assumption, the first two sectors produce two distinct consumption goods (1 and 2) and the third a capital good (good 3). Moreover, it is assumed that only labour of type A is required in the production of goods 1 and 3, while the production of 2 requires labour of type A and labour of type B – paid at a lower wage than A – in such proportion as to guarantee higher profits per unit of output than in sector 1. Finally, two types of income earners are assumed to exist: the workers, who consume good 1 only and do not save, and the profit earners, who do not work, consume only good 2 and save.

Within this framework, we construct a quantitative specification of the initial equilibrium position of the economy with the associated income distribution among households. Then we introduce an income transfer to the profit earners and identify its initial effect on personal distribution. Finally, we determine the new equilibrium engendered by the adjustment of outputs to the changed composition of demand and examine the 'final' effects on household income distribution. In view of this exercise, we discuss the role played by the adjustment of outputs in the change in personal distribution, focussing in particular on the change in inequality.

Keywords: propensities to consume, output adjustments, personal distribution, inequality
JEL Classification: D11, D31, E12

Time inequalities: exploring the relationships between work, leisure and satisfaction

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Abstract

The analysis of multidimensional well-being and inequality can be greatly enriched taking into account the way individuals allocate their time between market and non market activities. Despite the lack of a clear trend in total leisure time, some recent studies have shown how the well-documented trends in wage and consumption inequality favouring highly educated individuals in the 1980s and the 1990s, in many industrialised countries, was mirrored by a growing inequality in the distribution of leisure favouring the less educated. In this framework, the time poverty characterising the more privileged in society is often attributed to increased work hours. Furthermore, the proportion of people feeling rushed and pressed for time has grown and complaints about time stress seem to come disproportionately from high-income families. Do they work longer hours and experience more work pressure? Do they have ever-increasing incomes to spend during an ever-decreasing leisure time? Is it "yuppie kvetch" (complaining) as Daniel Hamermesh suggests?

The first goal of the paper is to provide a picture of the distribution of leisure and work time across income classes in Italy making use both of Istat *Time Use Surveys* (1989, 2002, 2008) and of the Isfol Plus 2005-2010 panel. While the former contain detailed cross-section information about individuals' allocation of time between different activities over the 24 hours, the latter offers a longitudinal follow-up of individuals as regards work hours. The second goal of the paper is then to link the objective distribution of work and leisure time with individuals' subjective perceptions of time as well as with their satisfaction levels (time use, work and life in general). In this way, an insight into the unequal distribution of work and leisure time, together with its relationship with individual satisfaction, is put forward.

Keywords: time allocation, leisure, inequality, work and life satisfaction

JEL Classification: D30, J22, J28

Which kind of models (methodologically speaking) do we teach to our students? The case of international trade theory

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ABSTRACT

In the last few decades the plea for "naturalizing epistemology" (cf. Feldman 2012) has been widely supported even within economic methodology. As John Davis has appropriately observed in his past chair address at the 2006 INEM conference (Davis 2007, 278):

> There [has been] a 'third revolution' in economic methodology, somewhat less trumpeted than the first two, but no less influential in redirecting the practice of economic methodology, and especially crucial for understanding the outlines of current economic methodology. Central here is the downplaying of any normative or prescriptive account of economics and a commitment to naturalism as a descriptive scientific methodology – a 'reflection without rules' (Hands 2001).

This does not necessarily imply, to be sure, an endorsement of one of the radical versions of the so-called "naturalistic turn" in present-day epistemology, with their refusal of any methodological *prescription*. Rather, it suffices to recognize – as it seems to be the preponderant attitude in the current literature on economic methodology – the advantages to be gained from paying more attention to the actual scientific practices. It is enough, in other words, to recognize some merits to what Hands (2001, 132) has dubbed "reformist naturalism", a perspective that "employs science to reform epistemology; the traditional epistemological questions remain the same, science just provide a new set of answers/solutions".

In any case two problems, in my opinion, arise in this respect. The first may be easily appreciated if we note that observing scientific practice does not imply, *per se*, that we are obliged either to assume perfect rationality of single scientist/scientific communities, or to rely on some version of the metaphor of the "marketplace of ideas". We are not compelled, in other words, to justify whatever practice we might meet in a certain discipline. To do this, however, we need some criteria of methodological judgment and therefore we cannot completely avoid some normative methodological prescriptions or "rules" (if only implicitly adopted).

Apart from this, a second question arises about the extent of the unit of appraisal to be considered appropriate for the intended purposes. Nowadays, admittedly, we can no longer speak of "the definition of political economy and of the method of investigation proper to it" or, in more modern terms, of "the methodology of economics", if only because we have at least to distinguish between theoretical and applied research in microeconomics, macroeconomics and econometrics, respectively. However, in an important portion of the current methodological literature, all too often we may encounter articles where no more than a couple of papers (and not always really "path-breaking") are quoted in support of the preferred methodological arguments, or

allusions are made to a bit larger bulk of literature in a generic mood[1]. By the same token, we may observe a prodigious proliferation of model-types and interpretation of their role in the economic methodology literature (and, for that matter, more generally in the philosophical literature, see Frigg and Hartmann 2009).

The aim of this paper is to explore the possibility of a methodological discussion of the role of models, and the robustness of results obtained by means of them, taking as object of appraisal a large segment of economic theory, such as the theory of international trade as is currently taught at international level[2].

In doing so, among other things, some methodological subtleties hidden behind Robert Driskill's recent (2012) critique of arguments usually employed by economists in order to justify their consensus in support of free trade will emerge.

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[1] Take, for example, the recent literature on the role of models, isolation, robustness and all that: just a few quotations (Sugden 2000, Boumans and Morgan 2001, Mäki 2005, Cartwright 2007, Kuorikoski *et al.* 2010) may suffice here to support both the previous claims.

[2] As representative of this kind of stuff we may well consider two widely adopted textbooks such as Krugman *et al.* 2011, at an intermediate level, and Feenstra 2003 at a more advanced level.

Essential Challenges of Fruit Consumption

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Fruit is important component of a healthy diet, and their sufficient daily consumption could provide well-being of mankind: efficient work, proper leisure and mental rest.

Study objectives:

1. to investigate fruit healthfulness as a human reliable protection against senilism and pathogenic pathways;
2. to compare the actual and recommended fruit consumption rates;
3. to identify dependence between fruit consumption and morbidity level via multi-correlation relations;
4. to evaluate internal and external fruit consumption barriers;
5. to make prediction of fruit consumption rates till 2015 year;
6. to allocate substantial guidelines for increasing of fruit consumption rate.

There is consistent evidence, primarily from medicine, that the substantial reason of human pathogenic processes, particularly cardio-vascular conditions and oncological diseases, is excessive oxygen radicals' accumulation. The reliable protection of its disruptive effect is provided by antioxidants complex that is high in fruit.

The situation is an appropriate for state food safety and human health maintenance when actual fruit consumption is according to optimal. We find out that EU adherence to the WHO norms would involve a significant decrease in the fruit intake (25% above recommended norm). Most Ukrainians still do not consume even half of recommended fruit consumption rate (90 kg p.a.). The results of studies indicate reducing general morbidity level on 6,6% (particularly cardio-vascular conditions on 40,5%) carried out by increasing of fruit intake in 20 kg p.a. in Ukraine.

The internal and external intake barriers were revealed by using John and Ziebland methodic and the neuron network of architecture "8-4-1" multilayered perceptron. The increasing fruit consumption looking ahead to 2015 was predicted in the accordance with the following guidelines: the optimization of fruit production; government support spreading for horticulture industry, conceptual approaches to building the strategy for horticulture market development.

Dual Development Models in historical perspective

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Starting from the 1950s a new and sometimes controversial group of Dual Development Models (DDM) stemmed from the so-called season of Development Economics. DDM models were bought forward mainly by W. Arthur Lewis (1954), Celso Furtado (1958), Gustav Ranis and John Fei (1961). These models basically explained two related aspects: (1) the possibility of the simultaneous presence into an economic system of two economic sectors characterized by a sharp difference in technological endowment and (2) how development processes could be derived starting from this situation.

The main objective of this paper is, after an exposition of the key features of DDM of 1950s, to highlight the major differences between these models and to show that this approach is still relevant in order to understand contemporary economic problems such as shadows economies and cohesion problems within countries.

Consumption Volatility: The Role of Homeownership as a Protection against Uninsurable Risks and Italian Households' Preferences

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Abstract

Home equity is the most important wealth component of household wealth in many countries. This fact is particularly true in Italy where the percentage of homeownership is above 70 percent and has been continuously increasing in the last 20 years. Moreover, housing is at the same time one of the most critical consumption and investment decisions for families over the life-cycle involving both the amount of housing service to consume and whether to associate consumption with property.

This paper investigates the relationship between homeownership and households' consumption dynamics, through an empirical analysis based on the longitudinal section of Bank of Italy - SHIW microdata. In particular, it aims at disclosing possible bidirectional links which will allow to better analyze, also in a dynamic perspective, the likely distributional implications of housing and house wealth.

According to our main results, homeowner households show a more stable consumption profile since, on the one hand, house property improves consumption smoothing by favouring a better access to credit. In this channel we can recognize a direct causal link between homeownership and consumption volatility. On the other, however, homeowners show greater stability in their income profiles which seems to be explained by a lower propensity to invest in risky assets. This represents an indirect or inverse channel (reverse causality), since the decision whether to combine housing service with property depends also on preferences and the lower observed volatility is thus an effect of risk aversion.

Such results, besides providing new microeconomic insights on inequality and well-being, could suggest macro implications with reference to the low volatility of Italian aggregate time series on consumption, combined with slow income growth.

Keywords: house wealth, household consumption, volatility

JEL Classification: D100, D390, D910

Lessons from the 2011 Italian pension reform

Pietro Tommasino

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Abstract.-

This paper outlines and discusses the main features of the reform of the Italian social system legislated in December 2011. We argue that, even before the reform, the system was financially sustainable, resilient to macroeconomic and demographic shocks, and relatively well-designed. On the other hand, action was necessary to reign in the mounting tensions on the Italian sovereign bond market. We also argue that, while solving most of the drawbacks of the previous system, the reform opens new relevant policy issues concerning the labour market and private pensions.

The Labor as Perceived Necessity

Liudmila Vozna

Similarly as K. Marx divided the capitalistic society into the class of exploiters and the exploited class, ignoring other social groups, economists tend to oppose labor and leisure. In this case, they identify labor with pain and leisure with pleasure. But if we observe the lives of great scholars, artists or entrepreneurs we will not find such a dividing line. For geniuses of Leonardo da Vinci's type the joy and pain of creative work are intertwined as the DNA double helix. Does such a time point where the working day finishes and the free time begins really exist for them? Such a point can hardly exist in this case. Ordinary people might not seem to know this phenomenon: as simple wageworkers they wait for the end of a working day as well as for a weekend with impatience. Such expectations of workers are in a harmonic agreement with Marxian theory, which asserts that workers, being alienated from the means of production, are also alienated from the means of subsistence and, thus, they are induced to supply their labour power on the labour market and to work for the acquisition of these means of subsistence. It seems that Marxian employees only work for the sake of the receipt of their salaries. In the paper I would like to prove that the simple economic motivation of employees is connected with instability of labour markets. One of the sources of this instability has its place in the education sphere. For example, in modern Ukraine we often observe that students are indifferent to their future profession (either to be a medical worker or to be an accountant in the future) but are only motivated by the price of education. In the end, considering the issue even exclusively from the economic point of view, we must come to the conclusion that the labour is not just a way to earn money but also an important way of human self-realization.