

OBITUARY

Luigi Ludovico Pasinetti 12 September 1930–31 January 2023

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Abstract

The life and work of Pasinetti is overviewed by the founding scholar of computable economics, who observed this Italian economist's formative years at Cambridge University. Folding in tributes from three further scholars, the obituary identifies Pasinetti's contribution to capital theory, his view of the macro foundations of microeconomics, his focus on production rather than exchange, and his separation of theoretical and institutional economic analysis.

Keywords: Pasinetti; Keynes; Sraffa; capital theory; macrofoundations of microeconomics; separation theorem

JEL Codes: B31; B32; E12

Luigi Pasinetti was born in Zanica (near Bergamo) on 12 September 1930. He married Carmela Colombo of Lugano in Switzerland on 7th December 1966; they had one son, Giovanni. Luigi Pasinetti died in Milan, Italy on 31 January 2023.

Pasinetti was the very first economist I met in Cambridge, in the first days of October 1973; I was introduced to him by the distinguished astronomer Jayant Narlikar. I was both astonished and pleasantly surprised that in his room, on the fourth floor of the Faculty of Economics and Politics, he had *only one book* [no papers of any sort] – the first volume of *Ricardo Collected* (Sraffa edition)! Pasinetti was a Fellow of King's College and had just been appointed a Reader in the Faculty. I was a lowly graduate student at King's. Much later I understood the late Thomas Rymes' statement that 'an exciting new economics based on Ricardo was being developed by Pasinetti'.

I was supervised for the PhD by Richard Goodwin, officially from the Easter term of 1974 but 'unofficially' from the very beginning of my stay in Cambridge. Before that, for the Michaelmas and Lent terms of 1973–4, I was supervised by Kaldor and I concur with the view of Harcourt (1995: 332) of this experience. I proudly share my subsequent experience with Pasinetti, whose initial supervisor at Cambridge (UK) was also Richard Goodwin (Pasinetti 1981, xiv and 1996).

Pasinetti was a *macroeconomist* (Pasinetti 1962, 278, 2005, 843, item 5); he was not interested in the fashionable microfoundations for macroeconomics, nor in general equilibrium theory. If anything, what interested him was the opposite – macrofoundations for microeconomics (Hicks 1977, 373–376) and the economics of Maynard Keynes and Piero Sraffa¹ – of Richard Kahn, Joan Robinson, and Nicholas Kaldor (Pasinetti 2007).² It is interesting to note what Goodwin has to say³ about one of Pasinetti's most famous papers (Pasinetti, *op.cit*; but it assumed full employment, as did Kaldor's original formulation):

... I remember Luigi Pasinetti telling me that Kahn had made objections to his formulation of distribution theory, and I remember telling him that if Richard [Kahn] made any objections, he should take them seriously. Later Pasinetti published a revised theory, which became known as the Kaldor-Pasinetti theory—perhaps it should be thought of as the Kaldor-Kahn-Pasinetti theory. (Goodwin 1994, 76)

Luigi Pasinetti obtained his *laurea* ('Old fashioned' Italian doctorate, but really something between an Anglo-Saxon undergraduate and master's degree) from the Catholic University of Milan in 1954; the *laurea* thesis was on econometric models applied to the trade cycle problem. He obtained his PhD at Cambridge University in March, 1963 (with a dissertation in the summer of 1962, on 'A Multi-Sector Model of Economic Growth'). Between Milan and Cambridge, from the early 1950s to 1962s, he was at Harvard and Oxford as a graduate student and research fellow (at Nuffield College, Oxford). He presented the analytical part of the thesis as Pasinetti (1965) in the Vatican in October 1973.

He was appointed a Fellow of King's College in the academic year 1960–61, a Reader (before that a Lecturer) in Economics in the Faculty of Economics and Politics in 1973–74. Although he only returned 'permanently' to the Catholic University of Milan in 1976, Pasinetti had been appointed to the Chair of Econometrics there in 1964. His Inaugural Lecture was delivered on the 25th of January 1965 and translated into English and published only in 2019 (Pasinetti 2019). The publication of Pasinetti (1981), coincided with his appointment as Professor of Economic Analysis at the Catholic University in Milan, in 1981.

Pasinetti was confronted with two issues⁴ in the early 1960s. The first was that Sraffa's book which appeared in 1960 (Sraffa 1960) extended the concept of sub-systems (Sraffa 1960, 89) as vertically integrated sectors, a major difference between the Cambridge thesis, the Vatican paper, and Pasinetti (1981). The other, he resolved through what he eventually called (Pasinetti 2007, 274) the *separation theorem*⁵ – the separation of the analysis of an economic system into what the Classical economists referred to as the natural theoretical part and the more modern institutional economics of today.

By mid-1960s, he had made fundamental contributions to capital theory at the QJE [*Quarterly Journal of Economics*] symposium. He had found, together with others – but independently – the flaw in Levhari's attempt at resurrecting neoclassical economics (all this is beautifully described in Harcourt, 1972). Pasinetti always maintained that neoclassical economics was dealt a fatal blow by the results of the capital controversies – which arose out of Sraffa's economics, as expounded in 1960, and Joan Robinson's concern with the assumptions underlying the neoclassical production function. Sraffa's concern with capital as a factor of production go back at least to the late 1930s with his important letter to Joan Robinson (Harcourt and Riach, 1977, 131).

Pasinetti was never sanguine about the implications of the capital controversies for neoclassical economics; after Cohen and Harcourt (2003) wondered about capital controversies, Pasinetti (2003) very effectively pointed out the many infelicities that neoclassical economics was prone to, because of these controversies – he did not have, each time, to acknowledge Sraffa or Joan Robinson. He had made contributions to the field of capital theory that was independently path-breaking.⁶

He travelled widely to every nook and corner of the World, and he had admirers wherever he went, partly due to his convictions but also because he was mild-mannered in expressing his personal opinions (particularly against mainstream economic theory or marginal economics). His friendly rivalry with Samuelson and Solow, Patinkin and Baumol and Malinvaud and the French-Belgian schools (and many other mainstream economists), and his determined opposition to any supply–demand mechanism as underpinning optimal decisions in the economics of scarcity and the life-long objections to any form of IS-LM did not stop him from agreeing with Hicks, Clower, and Leijonhufvud (and others) on other, relevant, economic theory.

Three of my former colleagues at the Department of Economics in the University of Trento in Italy and NSSR (The New School for Social Research) in New York, USA, wrote to me as follows when they heard from me of his demise:

31st January 2023

Dear Vela,

....

In 2015 I had an exchange with Pasinetti regarding the paper that was published 3 years later at the CJE [*Cambridge Journal of Economics*] The Aggregate Production Function is NOT neoclassical.

I sent a version of the paper for Pasinetti to read. . . . [He] wrote me a short mail with the following words:

30 October 2015 October

Caro Zambelli,

Sono andato a vedere la sua bozza di articolo che mi aveva mandato con la sua email precedente.

I am impressed!

Non ho dubbi. Il mio consiglio è di mandare subito il suo articolo alla CJE, sperando che si sveglino.

Un caro saluto,

llp

....

Pasinetti and Harcourt were the last [of] Sraffa's students alive. . . . It is sad they are both gone.

Ciao

Stefano [Zambelli]

1st February 2023

Dear Vela,

Pasinetti was one of the clearest thinkers and writers of his generation, and taught us a lot. He was also a good friend of the NSSR [New School for Social Research] department, where he visited and lectured from time to time. I am very sorry to lose his presence, and even sorrier that the profession as a whole never wised up to what he was saying!

Duncan [Foley]

and,

1st February 2023

[Dear Vela],

Great sadness for me. He was my guiding light, and introduced me to rigorous analysis a la Sraffa.

Anwar [Shaikh]

Pasinetti worked, almost exclusively, with production economies, as distinct from the neoclassical concentration on alleged exchange economies, but there are neoclassical stalwarts – like many of the Japanese theoreticians – who are exceptions to this rule, such as the later Uzawa, Nikaido for most of his career, late Morishima, and so on. There are, also, eminent mainstream economists who work with production economies, but who formulate them in terms of *scarcity*, instead of *surplus* (as Sraffa does, in his book – see Martins, 2014, especially 214ff.)

Pasinetti was fond of Kuhn's term 'paradigm' and subscribed to the philosophy of science, but I am not sure he was clear on the difference between Kuhn and Lakatos or that he had mastered the concepts of paradigm shift (Kuhn) or methodology of scientific research programmes (Lakatos). So far as I can discern, Pasinetti was of the opinion that economics is a science, and so did not appreciate the value of critical realism, such as that of Roy Bhasker (e.g. 2008) and Tony Lawson (2003), which is a philosophy of science (Wilson and Dixon, 2006, 260). Recognition of such, could have strengthened Pasinetti's critique of mainstream economics.

Pasinetti's sustained efforts to propagate an objective theory of value, in opposition to any kind of subjective theory, is also what logical positivism is about at the hands of Neurath, Carnap, and others.⁷ Given Pasinetti's commitment to objectivism and his confusion between Kuhn and Lakatos, one may interpret much of his criticism of mainstream economics as if it came from the pen of a logical positivist – particularly Popper (although Popper, like Debreu *vis a vis* the Bourbakists, is *not* a logical positivist, especially because he – Popper – develops falsificationism, as against verificationism).⁸

In 1977, through the good offices of the late Professor Thalberg, my teacher at the University of Lund in southern Sweden, I was able to invite two scholars for the *Wicksell Symposium* at Frostavallen; of course, I suggested that he invite Richard Goodwin and Luigi Pasinetti – which he happily did. Pasinetti, appropriately, spoke of the Wicksell effects (and Goodwin took up the issue of Wicksell's early interest in neo-Malthusianism in terms of Thom's catastrophe theory).⁹

Before the conference I took them for a meal to my house in Svanshall in the Skåderviken near the city of Höganäs in Scania, Sweden. We had a large garden with flourishing apple and plum trees. Luigi Pasinetti plucked some plums from the trees and ate them – and exclaimed: 'They are delicious' – that was the man he was.

Pasinetti was not only a pure economic theoretician, but he was also a humane person.

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Notes

1 Shaikh wrote to me, on 9/2/2023, that his 'encounter with Pasinetti was when he taught a course on Sraffa: I was mesmerised'.

2 I have found Baranzini and Mirante (2018) very admirable and most useful on the intellectual aspects of Pasinetti's life; this obituary is about Pasinetti's intellectual – academic – contributions (almost exclusively). Kahn and Joan Robinson – in addition to Austin Robinson, David Champernowne, Richard Stone and Brian Reddaway – were more-or-less students of Keynes; Sraffa was more of a colleague of sorts, but Kaldor was neither a student nor a colleague of Keynes. Roy Harrod and James Meade were mentored by Keynes, in Cambridge, but for very much shorter periods, before they went back to Oxford, where they came from.

3 Around the early 1960s! Goodwin told me the story in the late 1970s.

4 Earlier, Pasinetti was confronted with 'macro-dynamic models of economic growth and input-output analysis', of which the former may be the reason for Baranzini and Harcourt, 1993, p. x, to single out Pasinetti, 1960 as one of his 'most significant essays' on growth cycles; Pasinetti was under the guidance not only of Goodwin but also of Leontief and Duesenberry and he tried to integrate all three of them. Goodwin kept the linear input-output economics separate from his nonlinear macrodynamics.

- 5 Although it is not a theorem in any mathematical sense, it is, at best a theory of economic development in *stages* (especially because he believed in progress in economics, Pasinetti, 2002).
- 6 For a more detailed analysis of Pasinetti's thought, see Velupillai, [forthcoming](#).
- 7 See, for example, Carnap, Hahn and Neurath, 1929/1973.
- 8 For example, Popper 1959[2002].
- 9 He also spoke on *Normalised General Coordinates* in a way which was related to Sraffa's sub-systems and Pasinetti's extensions in terms of vertically integrated sectors. He had been using these coordinates ever since the late 1940s. For catastrophe theory, see Thom, 1977.

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Kumaraswamy (Vela) Velupillai is the founder of the growing field of computable economics. In theorising economic history, philosophy, and methodologies, he has applied recursion theory and constructive mathematics to the analysis of dynamic systems, business cycles, growth theories, and behavioural economics. Originally from Colombo and now retired in Sweden, Professor Velupillai has studied and worked in many settings, including Cambridge, Japan, China, Madras, as Distinguished Professor in The New York New School and as founder of the Algorithmic Social Sciences Research Unit at the University of Trento.