

Rome, January 27, 1969

Professor Nicholas Kaldor
King's College
Cambridge, Inghilterra

Dear Professor Kaldor:

Please find herewith enclosed the sheets which I promised to you, with the data on industrial employment, and a copy of the article by G. Vaciago on the "Verdoorn law".

Yours sincerely,

(Paolo Sylos Labini)

Prof. Nicholas Kaldor
 King's College
Cambridge, England

Rome, September 4, 1970

Dear Professor Kaldor:

thank you very much for the gift of the reprints of your articles on 'The New Monetarism' and on the Common Agricultural Policy. I fully agree on the views that you work out in the latter article and especially on the thesis that the support of agricultural prices on levels considerably higher than international levels is an anti-economical policy and that a policy of subsidies is to be preferred. I expressed similar views in an article published in 1957 (including the reference to the Ricardian theory); I am sending to you a reprint of the English version of that article under separate cover.

To make pressure on the Italian policy makers, I would translate your article for an Italian magazine (Il Ponte), which has a political standing similar to the New Statesman and the Nation. Do you give your permission?

Did you receive the check for the Seminar that you gave in Rome? It was sent to that French address about one month ago.

Yours sincerely,

(Paolo Sylos Labini)



UNIVERSITÀ DEGLI STUDI DI ROMA
FACOLTÀ DI SCIENZE STATISTICHE DEMOGRAFICHE E ATTUARIALI
ISTITUTO DI ECONOMIA

Rome, January, 15, 1984
00198 Via Capodistria 4

Lord Nicjolas Kaldor
King's College
Cambridge

Dear Lord Kaldor,

thank you very much for your letter and for your detailed and very interesting observations on my paper on productivity. I see with great pleasure that, ~~apart from minor qualifications,~~ you think that I am on the right track in this important field of analysis; ~~This article will appear not only in the JPKE, but also in a book of mine that the MIT Press will publish before the end of this year.~~

^{collection of essays}
Yes, I received the Italian version of your memorial speech on Piero Sraffa: thank you.

Yours sincerely,

Paolo Sylos Labini

x I will use your observations in my further work.

Rome, January, 15, 1984
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Yours sincerely,

KING'S COLLEGE CAMBRIDGE

Postcode CB2 1ST Telephone 0223 350411

Professor P. Sylos-Labini,
Via Capodistria 4,
00198 Roma, Italy.

24th January 1986

Dear Paolo,

Thank you for your letter of 11 January and for your tribute to Weintraub, as well as a translation of your paper on social cooperation.

I was very interested to have your theory on determination of prices under oligopoly to which you refer in your P.S. If you can send me the extracts referred to I shall be grateful (particularly if you can do so in English!).

Yours sincerely,

Nicky



UNIVERSITA' DEGLI STUDI DI ROMA « LA SAPIENZA »
DIPARTIMENTO DI SCIENZE ECONOMICHE

11 January 1986

Via Nomentana, 41 - Tel. 868054 - 862780
Via del Castro Laurentino, 9 - Tel. 4957973
00161 ROMA

Professor Lord Nicholas Kaldor
King's College
Cambridge

Home a.: Via Capodistria 4
00148 Rome

Dear Lord Kaldor,

first of all I wish to express my great appreciation for your review of my book published in the EJ; I had already read it in Italian, in the magazine "L'indice". It is flattering for me and I realize that it should have costed a lot of toil to you; I am really grateful.

A few days ago I received the extracts of two speeches that you gave in the House of Lords on the 14th of November and on the 3rd of December 1985. The latter one ends up with the following sentences (in connection with the economic policy followed in Japan): "We have a long way to go before we can emulate these policies of mutual co-operation of workers, management and government and get rid of the out-of-date adversarial relationships which still dominate our industries. But, if we wish to survive, we must embark on that road, and the sooner we begin the better".

Just recently I handed over to my publisher, Laterza, the manuscript of a book of mine ("Social classes in the Eighties"), where I maintain a thesis which is very near to your point of view; I had already given a hint to that thesis in the article that I wrote as a tribute to Sidney Weintraub (JPKE, ¹⁹⁸⁵ p.572). Please find attached herewith the photostatic copy of this article and the English translation of certain passages of the book mentioned above.

Sincerely yours,

Paolo Sylos Labini

Paolo Sylos-Labini

P.S. One of the few criticisms that you raise in your review is that in my book there is ^{no} a theory explaining price leadership. The reason is that I tried to present such a theory in my book on oligopoly, esp. ch. III (but also ch.II); I should have recalled this explicitly. You write that "there is no attempt to explain this /the cost-price/ asymmetry on rational grounds-it is presented as a fact..." Again, in ch. III of my book on oligopoly I tried to explain why the markup is

not constant and often varies in the opposite direction with respect to direct costs; I also present cases of asymmetrical variations. More systematically, in my new book I tried to explain why as a rule we find an asymmetrical behaviour in the cost-price variations in sec. 2 of chVII. Whether this explanation is satisfactory or not, is another matter; but it is not missing.

The Italian trade unions, at least in the past, have been hostile both to the method of preventive referendums [like the one adopted in Germany in deciding strikes] and ^{to} the method of ^a trilateral committee (in fact, this was the character of the so-called planning Committee created in 1964 in Italy). Yet, among industrialized countries Western Germany, Austria and Japan *show* the lowest rates of inflation and of unemployment. To be sure, we cannot import the institutions and the methods applied in those countries; but we can study them, with an open mind and ^{trying to} ~~get~~ rid of ideological biases, to see what can be creatively imitated and applied in our country. One of the ideological biases, *coming from* the Marxian doctrine, is that the ^{social} ~~stronger~~ the ^{conflicts}, the better it is for the interests of the workers; at least implicitly, the struggle is seen as a good in itself. Such a conception, that could have some economic or civilian basis in the past, now-a-days is obsolete: today in the algebraic sum negative signs are greater than positive ones.

.....

For societies, we can repeat Heraclitus's dictum: πόλεμος πάντων πατήρ - conflict is the father of everything and therefore also of history. Conflicts put into motion a variety of processes that eventually can come out to be positive and progressive or sterile and destructive: the final result depends on ways and on intensity. The very conflict that up to a point can determine a healthy process of civilian ripening and ^{of} an improvement in social life, beyond that point can ~~be~~ ^{become} disastrous.

Ralph Dahrendorf is right: conflict - first of all: the conflict of ideas - is the vital breath of freedom: in totalitarian societies every conflict is repressed. Menenius Agrippa, in preaching social harmony in all conditions, was wrong; but Karl Marx, in preaching class struggle at all costs, was even worse.

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Under modern conditions the main problem of economic policy is, I believe, that of obtaining the active consensus of the great social actors, without any preconceived bias against neither industrialists nor trade unions. Such a line is to be developed by taking into account the experiences as important as little studied of Austria and Japan, that in the last ten years or so show the lowest rates of inflation and the highest rates of growth in the world (see table 2.2). Such a line, that does not eliminate the conflicts of interests and of ideas, is different from laissez faire, a line that, substantially, is hostile towards left-wing movements as well as towards trade unions; and it is different from the line advocating systematic State intervention, a line tending to impose upon managers, without trying to obtain their consent, given behaviours. In general, we can say that a line seeking systematically to obtain the consensus of social actors consists in the unceasing attempt of finding the optimum combination between the market and the State, an optimum combination which is not given once for ever nor ^{is} equal in all countries and which is based on the acknowledgement of the economic power that in modern conditions has been acquired by the three great actors of social life: government has the capacity of the general leadership of the economy in addition to the fiscal power and to the power of regulating money and credit and of making public investment; entrepreneurs and managers have the power of taking decisions in the field of private investments and, in several cases, of influencing prices. Trade unions have the capacity of deciding strikes to obtain wage increases or to resist wage cuts or to modify labour conditions; they have also the capacity of exerting pressure on the politicians to obtain ^{the enactment of} laws in favour of the workers. In short, the line of economic policy founded on the active consensus of the social actors - the line of the trilateral social pact - presupposes the acknowledgement that today the conditions of free competition do not exist any more neither in

in the labour market nor in the market of a great number of industrial products and that the State, in the economic and social life, has come to play a role which goes much beyond defence and public order and the supply of certain essential services.

If we study the experiences of Austria and of Japan, we notice that social conflicts have been institutionalized and that the economic policy is founded precisely on a trilateral social pact. It is not true, as some economists contend, that the Japanese is a laissez faire economy: public intervention is and has always been broad, but it does provoke much opposition because as a rule it is carried out with the consent and the cooperation of the social actors.

.....

The concerted economic policy includes the so-called incomes policy, but it goes much beyond. The case of Japan shows that private firms are not necessarily hostile to ^{(Keynes's} ~~to~~ "social control of investment" when such a control is not imposed upon the firms by the government and by the leading bureaucrats, but is the consequence of decisions adopted by the public authority on the basis of the maximum possible consent of firms and ^{of} trade unions. To be sure, the three great actors are not on the same plane: only government has ^{got} political power and the monopoly of force; and it is also clear that when there is no agreement government should use that power. The problem is to minimize impositions and to maximize the degree of consent in all possible ways, including specific institutions. All considered, the extension of State intervention imposed upon the citizens often is the consequence of lack of consent. At the beginning of the sixties ~~was~~ a policy of a trilateral concertation was attempted in Italy: this was precisely ^{the aim of} ~~intervention~~ ^{all} the so-called planning policy, which was involving ^{all} the three great social actors. That policy failed not only due to the inefficiency of public administration, but also and principally owing to the hostility of two of the three actors, that is,

industrialists and trade unions. It is well to emphasize that the probabilities of obtaining consensus depend to a non-negligible extent on the intellectual atmosphere; at the same time those probabilities are the greater the higher is the degree of cultural and civilian maturity of society considered as a whole ; and, as a rule, man does ^{not} learn anything without suffering.

After the war policies of economic planning were attempted, besides Italy, in other western countries, like France and England; ~~such policies~~ ^{such policies} were put aside after the international shocks of 1973 and 1974. What is left of those experiences is not so much a technique of economic policy as the teaching that today in the industrialized countries only those lines of economic policy can be effective that are founded on the active consensus of the three great actors of social life and not simply on the acquiescence of the two actors without political power. At the same time the conviction is gaining ground that the internal agreements are not sufficient; it is necessary to rebuild an international monetary system and to promote strategies agreed upon at the world level among the principal industrialized countries, with the fundamental proviso that now-a-days the main problem for these countries is to promote a growth process different from the previous one, a process of growth in which employment is seen as an essential human need and not only as a source of income.



UNIVERSITÀ DEGLI STUDI DI ROMA

FACOLTÀ DI SCIENZE STATISTICHE, DEMOCRATICHE E ATTUARIALI

ISTITUTO DI ECONOMIA

February, 10, 1986
Via Capodistria 4 00198 Roma

Professor Lord Nicholas Kaldor
King's College
Cambridge

Dear Nicky,

thank you for your letter of January, 26. Please find herewith enclosed two sets of photocopies, the former concerning the problem of price determination, the latter the problem of price variations under oligopoly, both problems being, in my view, only two aspects of one more general analytical problem; the enclosed pages are taken from "Oligopoly and technical progress" and from "The Forces of Economic Growth and Decline", that you know; however, the analyses presented in these pages can appear less schematic and fragmentary when read after considering the relevant passages of "Oligopoly and Technical Progress".

Yours sincerely,

Paolo

Paolo Sylos-Labini