



Paolo Sylos Labini

Paolo Sylos Labini was born in Rome in 1920 and died there on December 7th at the age of 85. After graduating from the University of Rome with a dissertation on the economic consequences of inventions, he studied at Harvard University with Schumpeter and later in Cambridge (UK) with Dennis Robertson. The decision to seek the guidance of Schumpeter originated with the thesis itself wherein he had become convinced that the traditional (marginalist) theory of value and distribution, has little useful to say on a number of issues that are important to modern economies. Amongst these is economic development (as distinct from purely quantitative growth) and technical change.

On his return to Italy, he began his academic career at the universities of Catania and Bologna, later moving to the 'la Sapienza' in Rome. After the war he played an active part in debates about the reconstruction of the Italian economy (and society) and was much preoccupied with the gap between the relatively wealthy northern region and the much poorer and traditional south. This concern stayed with him throughout his life and published a book of essays shortly before his death (*Scritti sul Mezzogiorno*, 2004).

Amongst English-speaking economists he is probably best known for his work on oligopoly. This began with the publication, in 1956 of *Oligopolio e Poggio Tecnico* (trans. *Oligopoly and Technical Progress*, Harvard U P, 1962). The book was published more or less simultaneously with J Bain's *Barriers to New Competition* (1956). The two works were then grouped together Franco Modigliani in a widely read article 'New developments on the oligopoly front', which appeared in the 1958 *Journal of Political Economy*. It was in this version that they came to be accepted as part of the mainstream theory of non-competitive market forms. However, with his model, Modigliani (a friend of Sylos-Labini since the late forties) deprived Sylos' theory of its original Classical context, devising a 'neoclassical synthesis' analogous to the one he had provided for Keynesian theory with his 1944 and 1963 articles. In doing so he left aside its dynamic aspects which were worked out in the second part of the 1956 book.

Sylos Labini's notion of oligopoly was based on the Classical economists' notion of competition, as freedom of entry into a sector of economic activity. When there are barriers to entry, there is oligopoly. Thus oligopoly becomes the general case, while competition (absence of any barrier to entry) and monopoly (insurmountable barriers) are but limit cases, quite rare in practice. Explaining the barriers to entry — their nature and size — thus becomes the central object of the theory of market forms. While Bain focused on 'differentiated oligopoly', where the product is perceived as different according to the firm producing it and investment in advertising generates a barrier to entry, Sylos Labini focused on 'concentrated oligopoly', where it is the large efficient scale of plants which represents barriers to entry for new producers.

The most widely known of Sylos Labini's books, among the Italian public at large, is his 1974 bestseller, *Saggio Sulle Classi Sociali* (trans. *Essay on the Social Classes*). This was subsequently translated into many languages but, curiously, not English. It crosses the boundaries between economics, politics and sociology. In it Sylos-Labini criticises the Marxian dichotomy between capitalists and proletariat, and stresses the central role of the 'middle classes'. The book gave rise to a lively political debate, contributing to the dramatic change of attitude of the strongest party of the Italian left, the Communist Party.

His writings reflect his personality, in which intelligence and passion, culture and morality were combined in a unique and fascinating way. He preferred research and teaching to a political career, but considered political involvement as a duty for every citizen. Many Italian and non-Italian economists have been his pupils, and many more have been influenced by his views; with his example, he set an extraordinarily high standard of seriousness and moral rigour in research, in teaching and in lifestyle, coupled with a warm interest in others. His humanity will be missed by all those who had the fortune to know him.

This obituary draws on, inter alia, the appreciation of Paolo Sylos Labini written by Alessandro Roncaglia, available at:
<http://151.100.71.71/sylosPersonal/ricordo/ObituaryTransf.pdf>