HISTORY OF ECONOMIC IDEAS

XXXII / 2024 / 3

Fabrizio Serra · Editore
Pisa · Roma

https://hei.libraweb.net

★

History of Economic Ideas is published three times a year by
Fabrizio Serra editore®, Pisa · Roma,
tel. +39 050 542332, fax +39 050 574888, fse@libraweb.net, www.libraweb.net
Pisa Office: Via Santa Bibbiana 28, i 56127 Pisa, fse@libraweb.net
Rome Office: Via Carlo Emanuele I 48, i 00185 Roma, fse.roma@libraweb.net

*Print and Online official subscription rates
are available at Publisher's website www.libraweb.net.*
Reduced rate for eshet members: € 95,00;
Reduced rate for storep members: € 95,00.

Subscriptions should be paid as follows:
by cheque/international money order payable to *Fabrizio Serra editore®*;
by postal giro account no. 17154550;
by credit card (*American Express, Eurocard, Mastercard, Visa*).

Printed in Italy

issn print 1122-8792
e-issn 1724-2169
isbn print 978-88-3315-601-9
e-isbn 978-88-3315-603-3

Direttore responsabile: Fabrizio Serra
Autorizzazione del Tribunale di Pisa n. 10 del 2/5/1994

CONTENTS

HISTORY OF ECONOMIC IDEAS: DISCIPLINE, JOURNAL, LIFE

A TRIBUTE TO RICCARDO FAUCCI'S *ONGOING* SCHOLARSHIP

Edited by
Nicola Giocoli, *University of Pisa*

HISTORY OF ECONOMIC IDEAS: DISCIPLINE, JOURNAL, LIFE

A TRIBUTE TO RICCARDO FAUCCI'S *ONGOING* SCHOLARSHIP

Edited by
Nicola Giocoli, *University of Pisa*

https://doi.org/10.19272/202406103014 · «History of Economic Ideas», xxxii/2024/3

FORM AND CONTENT IN ECONOMIC DISCOURSE: SOME EXAMPLES FROM ITALIAN AUTHORS

Giuseppe Garofalo
Tuscia University, Viterbo, Italy
Department of Economics, Engineering, Society and Business

and

Patrizio Morganti
Tuscia University, Viterbo, Italy
Department of Economics, Engineering, Society and Business

Abstract · This paper illustrates the essential role of direct, sometimes contentious, debate in the advancement of economics, drawing upon the works of several Italian authors from the previous century, each representing distinct theoretical and cultural perspectives. Such debate needs a common foundation in both form and content. The examples examined include i) the use of formalizations, beginning with an approach inspired by Pasinetti, emphasizing market hierarchies and causal relationships, and ii) the succinct and direct verbal language used both by the liberal Luigi Einaudi and the Keynesian Federico Caffè. The discussion between Einaudi and Caffè ultimately focuses on two specific issues: 'Good government', and common goods (or the common good). Despite their divergent starting points, it emerges that the similarities in their views outweigh their differences.

Jel codes · A11, A29, B41, H10

Keywords · Economics Languages, Italian Economists, Good Government, Political Economy.

1. Introduction

In the field of economics, the contrast between concepts and models represents a crucial factor that drives the advancement of the discipline. This should not manifest as a rigid opposition among different schools of thought; rather, it should foster a dialogue characterized by constructive engagement among diverse methodologies. This assertion pertains equally to both the form and substance of economic dis-

Address for correspondence: garofalo@unitus.it, morganti@unitus.it (corresponding author), Department of Economics, Engineering, Society and Business, Tuscia University, Via del Paradiso 47, Viterbo, Italy.

The authors thank two anonymous referees for valuable comments and suggestions.

submitted: 11.12.2023 · reviewed: 29.10.2024 · accepted: 26.11.2024

course, although an inextricable link exists between these two dimensions. Disparities often arise from the use of distinct and incompatible terminologies that fail to facilitate communication, whereas dialogue necessitates a shared foundation. Furthermore, language encompasses formalizations that are increasingly employed to elucidate the essence of reasoning and methodological differences; however, these formalizations can sometimes become obstacles, serving merely as rhetorical devices.

In this paper, we examine these methodological issues by referencing several Italian authors from the last century, who originate from diverse theoretical and cultural backgrounds. We start with formalizations (Section 2) to outline the two predominant models in macroeconomics: on the one hand the Say's Law of Markets combined with the Quantity Theory of Money, and on the other hand Effective Demand coupled with Liquidity Preference. The language employed will seek to establish a basis for comparison by identifying the hierarchy of markets and the causal relationships among variables, rather than relying on a vague notion of mutual influence as suggested by General Equilibrium Theory (GEE). At this regard, we will adopt the approach proposed by Luigi Pasinetti (1966, 1974).

The discussion can be also articulated in terms of verbal language, which is the predominant way of expression used by both Luigi Einaudi and Federico Caffè, who are regarded as leading figures in two contrasting ideologies: liberalism and Keynesianism (Section 3). Building upon the work of these two authors, we argue that a clear and direct mode of communication should be adopted, tailored to the audience to whom it is directed, including individuals who may be less familiar with economic concepts. The endeavor to disseminate knowledge and let analytical findings comprehensible to citizens, politicians, and social partners, is essential in economics, considering the pervasive impact of economic factors on daily life. Section 4 is devoted to a direct comparison between Luigi Einaudi and Federico Caffè regarding two specific themes: Good Government, which acknowledges individual freedoms as well as societal needs, and the common good. We will demonstrate that, despite the authors' divergent starting points, their similarities outweigh their differences in this context. The conclusions presented in Section 5 suggest that, beyond ideological extremes, a form of theoretical eclecticism tempered by pragmatism and a commitment to interpreting reality is evident among many Italian economists. We conclude in this manner as it aligns with the perspective articulated by Riccardo Faucci (2000), who emphasizes the «deep interpenetration of form and content» (16) and the concept of 'thought-action' present in our 'major economists'.

2. Formalizations and the Two Core Economic Models

The predominant language used in scientific articles and economics textbooks is increasingly formal, characterized by a reliance on abstract formulas that emulate the language of arithmetic. In this context, we can draw upon a reflection by Hao Wang (1974):

> Indeed, mathematics is not to be regarded as a special branch of knowledge based on the accumulation of experience, but rather as a refinement of general language, supplementing it with appropriate tools to represent relations for which ordinary verbal communication is imprecise or too cumbersome.
>
> (361)

and it is important to acknowledge that mathematical language enables us to achieve greater rigor;[1] however, we must also recognize that formulas can be ambiguous. To elucidate this point as clearly as possible, we can begin with the well-known macroeconomic equation which establishes the equality between aggregate supply, represented by national income produced and distributed (Y), and aggregate demand, which, in a four-sector open-economy, involves households' consumption (C), firms' investment (I), government spending (G), and net exports (X – M):

$$Y = C + I + G + X - M$$

The equation allows for the interpretation of whether it is the supply of goods and services that creates its corresponding demand, or, conversely, whether the level of aggregate demand determines the level of supply and, consequently, income. In Say's Law of Markets the causal link moves from left to right in the expression, whereas in the Keynesian approach the link moves from right to left.

The rationale behind the two approaches can be explained to highlight the different causal chains and the reversal in the hierarchy of markets. At this regard, we will follow the approach initially proposed by Luigi Pasinetti (1966 e 1974).[2] The graphical analysis presented in the Appendix complements the explanation, enhancing its effectiveness from a visual perspective.

The neoclassical framework (Say's Law of Markets and Quantity Theory of Money – see Appendix 1, Figures A and B) considers:

- Supply side:
  - Labor market

$$N_D\left(\frac{w}{P}\right) = N_S\left(\frac{w}{P}\right)$$

[1] This issue is addressed by Josephsen (2023). See Fossati (2014) on the epistemological debate in Italy in the late 1930s and early 1940s, with particular reference to Einaudi and Fasiani.

[2] This issue is addressed by Garofalo (1986).

with N is employment and w/P the real wage.

- Production

$$Y = Y(N) \textit{ with } Y'(N) > 0 \textit{ and } Y''(N) < 0$$

with income corresponding to the level of full employment (Y_{PO}).

– Demand side:

- Goods market

$$Y = C + S$$
$$E = C + I$$
$$E = Y \leftrightarrow S = 1$$

- Capital market

$$S(r) = I(r)$$

where S and r denote, respectively, savings and the real interest rate.

The monetary side of the economy, which is separate from the real side (so-called neoclassical dichotomy), can be synthesized in the quantity equation:

– Money market

$$M_S^{\star} = kPY \;\longrightarrow\; P = \frac{M_S^{\star}}{kY}$$

with star denoting that the money supply is exogenous, as also the average stock of money (k) and Y in the left-hand side of the equation, denoting the money demand. There comes the neutrality of money hypothesis.

In contrast, the Keynesian framework, characterized by liquidity preference and effective demand, can be expressed as follows (see Appendix 2, Figure C):

- Money market

$$M_D(r) = \frac{M_S^{\star}}{P}$$

We concentrate solely on the speculative motive for money demand, given a specific value of short-term expectations held by economic agents in the financial markets, while emphasizing the monetary nature of the interest rate.

- Goods market

$$E = (C_0 + cY) + I(r, \overline{MEC})$$

for a given value of marginal efficiency of capital (MEC), with C_0 denoting the autonomous component of consumption and c ($1 > c > 0$) the propensity to consume.

By equaling aggregate expenditure and income, we obtain:

$$Y = \frac{1}{1-c}(C_0 + I)$$

where the ratio $\frac{1}{1-c}$ represents the multiplier.

- Labor demand

$$N = f(Y)$$

which is a function of aggregate output, and contingent upon effective demand, leading to labor market conditions that are compatible with involuntary unemployment.

The sequential analysis described above appears to be more effective than a general economic equilibrium (GEE) approach, in which variables are interdependent and simultaneously influenced by all model equations: this is the traditional IS-LM model. To impose the logic of interdependence and capture the aforementioned differences, thus maintaining the linearity of both reasoning frameworks, we would observe a horizontal IS curve and a vertical LM curve in the extreme neoclassical scenario, while the extreme Keynesian scenario would feature a vertical IS curve and a horizontal LM curve. Consequently, it follows that: i) in the former case, the determination of the interest rate arises from the capital market, whereas in the latter it originates from the money market; ii) the Quantity Theory of Money holds full validity in the former case, while in the latter, the liquidity trap hypothesis and/or the endogeneity of money supply are applicable; iii) the crowding-out hypothesis and income at potential levels are valid in the former case, while conversely, in the latter case, we observe the crowding-in hypothesis (multiplier effect without monetary feedback) and underemployment equilibrium.

We conclude this section by referencing an open letter published in the Italian newspaper La Repubblica on September 30, 1988, by a group of distinguished Italian economists representing «various backgrounds and tendencies», including Paolo Sylos Labini, Giorgio Fuà, Giacomo Becattini, Onorato Castellino, Orlando D'Alauro, Siro Lombardini, and Sergio Ricossa (some of whom possess substantial mathematical and econometric expertise).[1] The signatories of the letter expressed their concerns regarding:

> the use of refined tools of analysis can be mistaken, regardless of content, for a proof of professional maturity and competence or, even worse, for the sign of recognition

[1] The letter is mostly attributed to the work of Giorgio Fuà, as highlighted by Marcella Corsi during her presentation at the conference titled «Paolo Sylos Labini: Economist and Citizen,» held at the University of Rome La Sapienza on October 16, 2006. We point out that all translations from Italian are by the authors.

of the modern scholar in economics. [… While not excluding that we should] continue to train scholars whose main goal is the refinement of analytical techniques, the important thing is that the profession of the specialist in analytical methods for economists should not be identified with the profession of the political economist.

On the contrary, they emphasize that progress in economic knowledge is not related to techniques, but rather to the development of economic thought in general, and they note that:

the masters who illustrated this branch of study in the past devoted themselves to the great problems of the society in which they lived and gave their teachings contents and form such as to offer enlightenment for civic consciousness and political action. [… The invitation to young scholars is to] employ all the most effective analytical techniques in their research – even highly specialized – but also to explain the results they achieved and their usefulness in a way understandable by the wide circle of social scholars, as well as economic and political agents. When this explanation fails, it means that the work done is not worthy of a good political economy: this is actually the old rule taught by Alfred Marshall.

3. The Language and the Search for a Broader Dissemination of Economic Knowledge in Luigi Einaudi and Federico Caffè (with a Final Note)

The language of economists is inherently complex. Economics encompasses not only interpretation but also needs the use of formal language, employing mathematical tools. The abstract concepts within economics have tangible counterparts, which is why it engages with statistics and econometric techniques. Furthermore, it involves storytelling and rhetoric à la Donald McCloskey (1983), where verbal language serves as the primary tool, thus intersecting with the humanities and other social sciences. As Keynes notes in his tribute to his mentor Alfred Marshall, published in the Economic Journal (1924):

[The economist] must be mathematician, historian, statesman, philosopher-in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must lie entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near the earth as a politician.
(322)

Let us concentrate on verbal language and, referring to Italian authors, defer to linguists for further insights. One such linguist, Tullio De Mauro (1994), argues that economic texts – encompassing not only academic essays but also popular writings – exhibit a significantly lower degree of readability compared to texts from other disciplines. Fortunately, there are numerous exemplary cases that stand in contrast to this trend. Among these is Luigi Einaudi, whose linguistic aspects have been analyzed by Valeria Della Valle (2010). The author highlights Einaudi's linguistic versatility and his meticulous attention to adapting his language according to the context (such as monographs, newspaper articles, correspondence, diaries, and academic lectures), the forms of writing employed, and the intended audience (including scholars, politicians, and the general public). Della Valle (2010) recalls that the esteemed philologist Gianfranco Contini (1968) regarded Einaudi as:

> one of the best prose writers of the twentieth century. (540)

The perspective presented by another linguist, Domenico Proietti (2010), particularly captivates us as it associates Einaudi with other Italian economists of the 20th century:

> Certainly, there has been no shortage of works by economists (Luigi Einaudi, Umberto Ricci, Giovanni Demaria, Federico Caffè, Claudio Napoleoni and Piero Sraffa, in his not numerous writings in Italian) written in fully comprehensible and effective Italian prose.[1]

Pierluigi Ciocca (1995), an economist and economic historian, and a former student of Caffè, writes about his mentor:

> Caffè's analytical and expository style is characterized primarily by its firm grounding in the proficient use of the Italian language. Italian economists have demonstrated an ability to write effectively, with texts of Ferrara, Messedaglia, Pantaleoni, De Viti, Ricci, and Einaudi serving as exemples of high-quality literature in a language that is both refined and powerful. Caffè, known for his clear and non-rhetorical prose, is part of this tradition, which is rich in elegant and pure expressions of political economy. He possessed a profound awareness of the semantic richness of Italian economic science and contributed to its rediscovery, dissemination, and enhancement. Notably, he approached this task without any preconceived biases towards other methodologies; he was less polemical than Keynes, who asserted in Chapter 21 of the General Theory the superiority of 'ordinary discourse' over 'symbolic pseudo-mathematical methods'. Caffè never discouraged his students from expressing economic concepts using symbols derived from mathematics or statistics. Instead, he provided us with the concrete example of a true mathematician like Bruno de Finetti to remind us that the core issue relates fundamentally to Ricardian 'comparative advantage'. Those who possess a comparative advantage in mastering their native language may misallocate resources if they inadequately utilize the expository methods of mathematics, physics, or geometry, and vice versa. (145)

The form is often perceived as a purely stylistic element, distinct from substance or content. However, this perspective does not apply to Luigi Einaudi or Federico Caffè; for both, form constitutes substance, particularly due to their communicative charisma.

[1] https://www.treccani.it/enciclopedia/lingua-dell-economia_(Enciclopedia-dell'Italiano).

The two authors stand on opposing sides regarding substance: Einaudi is a liberal who advocates for free markets, while Caffè is a Keynesian who supports public intervention. Nonetheless, both scholars do not interpret the relationship between market and state in an extremist manner, acknowledging that there are instances of market failures that necessitate public intervention, as well as cases of state failures that suggest the adoption of quasi-market solutions.

Luigi Einaudi emphasizes a specific model of the market characterized by perfect competition, which, as it is known, represents an idealized scenario in which an individual firm's ability to influence the price of a good or service, independent of its marginal cost, is entirely absent. In contrast, Federico Caffè recognizes that actual markets are characterized by non-competitive dynamics and predominantly adopts a macroeconomic perspective that focuses on aggregates of individuals.

Continuity of thought with classical economic principles is a hallmark of Einaudi's work (Einaudi 1950):

> If, after Pareto, a new foundation has yet to be established, the fault, albeit a glad fault, lies in the fact that the greatest innovator, whom I refer to as Keynes, was primarily an iconoclast. He sought the new excessively and was often critical of the mistakes made by the great thinkers who had erred only in perceiving a reality different from his own; it remains uncertain which perspective was truly more relevant. Furthermore, it is doubtful whether the heretics he exalted deserved to replace the classics, whose contributions have been consecrated by time. When the new synthesis eventually emerges, and it will undoubtedly do, it will not negate the achievements accumulated over two centuries of remarkable progress. The creator of this anticipated synthesis will be one who, while acknowledging all that has been articulated and is still evolving in the laborious two-century development of our discipline, presents scholars with a synthetic model that is better suited than those of the past to interpret our contemporary economic reality, one that is far more diverse, richer, and complex than that of previous eras. This reality is also subject to fluctuations, which we refer to as crises; only historians will ultimately determine whether these crises have led humanity toward destruction or elevated goals.
>
> (16)

Caffè is also convinced of the continuity between Keynes and the classical economists; he consistently engaged in the study of neoclassical and marginalist economists, including those from Italy.

We have previously highlighted that effective dissemination allows even those without specialized tools to comprehend knowledge. This responsibility of scientists is particularly crucial for economists, given the pervasive nature of economic issues in our daily lives.[1] In this regard, Luigi Einaudi was an undisputed master, owing to his early involvement in journalism, not only with Italian newspapers such as *Stampa-Gazzetta Piemontese* directed by Luigi Roux, and *Corriere della*

[1] On the relevance of dissemination of economic ideas see Becattini (2012).

Sera, but also with 'The Economist'. His approach (see Einaudi, 1944) stems from a rejection of:

> the nefarious idea, which was a sad legacy of the Italian *Ventennio*, that there is someone in charge of opining, of watching over, of deciding on our behalf,

but also from the task of the economist (see Einaudi 1950):

> to remind the politician that choices must be made; and that no judgment as to the expediency of doing anything, of spending public money for any given purpose, can ever be an absolute judgment; but is always a comparative judgment; and that at any given time, given the means at that time existing, a positive vote in favor of one expenditure item of any public or private budget necessarily implies, by definition, a negative vote against another.
>
> (9)

Caffè's writings are characterized by their rigor and clarity, even when published in opinionated and often sharply partisan newspapers, such as *Il Manifesto*. He also demonstrated a commitment to educating non-experts, including out-of-school students, an endeavor that involved Luigi Spaventa as well (Capparucci 2009).

If, during the times of Einaudi and Caffè, the primary medium of communication was the (printed) newspaper, subsequently, the channels for information dissemination, public opinion formation, and economic knowledge transmission increasingly shifted to television, social media platforms, and websites (such as Facebook and YouTube). Regarding television, particularly the Italian public broadcaster Rai, we highlight the special program «Quark Economics: The Global Village», directed by the esteemed popularizer Piero Angela and aired by Rai on December 3, 1986, as noted by Riccardo Gualdo (2023). Additionally, we mention an earlier initiative, an «Elementary Course in Economics» consisting of 25 lessons, produced by the School Education Department and broadcast by Italian state television in the latter half of the 1970s.[1] As reported in Gualdo (2023):

> [Since then] while talk shows dealing with economics and financial issues have increased, the commitment to education has decreased […] public investment in education in the television channel and then in the digital channel has decreased, while private individuals' own productions have increased. That experiment did not have many heirs in public television, which still does too little for the economic and financial literacy of citizens.
>
> (95)

With regard to the attention given to the issue of scientific popularization and communication by economists, particularly through social media

[1] The School Education Department, which was later referred to as RAI_Education and more recently as RAI_Cultura, is a division of RAI, the Italian public broadcasting company, established in 1975 to manage the cultural and educational activities of public radio and television through programs produced in-house or commissioned externally.

and web platforms, we can cite as an example the initiatives undertaken by the Italian Economic Society (ies), which has established two dedicated committees in recent years. Among the various initiatives, we point out the opening of a Facebook page in 2020 (www. facebook.com/siecono), of a Twitter account (@sieconomisti) and, among all, of two YouTube channels (https://www.youtube.com/channel/UCogC259W3OEOrkuihL6RkRA and https://www.youtube.com/channel/UCDCtdzf1bgJul2Y3hE8Ygiw): with the latter there has been a collaboration with the European Association for Economics Education (https:// www.aeeeitalia.it/2022/01/28/ lezioni-di-economia-sie/).

4. The topics of Good Government and Common Goods in Luigi Einaudi and Federico Caffè

The divergence between Einaudi's liberal positions and Caffè's explicitly Keynesian stance, while characterized by mutual respect and a shared foundation in the tradition of Italian economic thought, may imply an absence of common ground for comparison. However, this is not the case in our view, since both scholars share a similar perspective of a liberal-democratic reformist 'social' policy aimed at the goal of a Good government (the adjective 'social', used both in Einaudi 1964 and in Caffè 1970, instead of the more traditional one 'economic', qualifies a policy that pays attention to the social consequences of the market).

The strategy we can employ is to demonstrate the alignment of Caffè's thought with the Italian liberal tradition and, consequently, the irreducibility of Einaudi's thought to the notion of an unrestricted market.[1]

Caffè was indeed a meticulous scholar of liberal economic thought, particularly the Italian variant, possibly due to his emphasis on social issues and a generally less dogmatic approach compared to his foreign counterparts. According to Caffè (1981):

> [in Einaudi] economic harmonies represented an ideal paradigm, but on earth the tendency to monopolize prevailed, against which it was necessary to be vigilant, combative and ready to react. I have the impression that there is a tendency to pay homage to that Einaudi which is convenient, but to forget his determination and severity (especially with respect to banks and bankers).[2]

On the other hand Einaudi (1945) writes:

> the famous maxim *laissez faire, laissez passer* [...] does not mean that the state has to overlook what is wrong or tolerate damage for the many to the advantage of a few. It means that in most cases, except in the unlikely case of evidence to the contrary,

[1] See Garofalo (2012).
[2] The quotation has been taken from Amari and Rocchi (2009), 267.

> the industrialist and the agriculturalist should work at their own risk instead of being protected from foreign competition. Whoever asks for protectionism, or subsidies or aid from the state, nine times out of ten, is the real enemy of his compatriot and wants to achieve a monopoly to extort higher prices, larger profits and abnormal wages to the detriment of his compatriots. […] Laissez-faire is not an economic doctrine; it is a moral thesis.
>
> (151-153)

Making a 'synthesis' of the two contributions, we are able to delineate the contours of a reformist liberal-democratic social policy aimed at the goal of Good government, advocated by both Einaudi (1949, 1954) and Caffè (1970). At the center there is the idea of political action based on ethical values as well as on a long-term perspective, oriented towards *efficiency* ('acting without wasting') and *equity* ('equality in the starting points'), with an involvement of *individual* responsibility (whereby each person is responsible for the choices he/she makes) and, at the same time, *collective* responsibility (in the sense that social harmony cannot disregard the guarantee of resources and opportunities to everybody).

Linked to the theme of Good government is the concept of common goods, or simply commons, which has seen recent developments by Charlotte Hess and Elinor Ostrom concerning knowledge and information. Commons include not only natural resources and collective rights of use, but also the so-called global goods such as the atmosphere, climate, oceans, food security, peace, goods resulting from collective creation. Examples are the protection of landscape, and of historical and artistic heritage:[1] such protection implies a long-term commitment of the government, civil society and all citizens in terms of urban planning, hydro-geological defense, conservation and enhancement of cultural heritage. Commons belong to no one, as it is for public services: these goods are 'non-excludable' *de facto* (it is not possible to impose a price), and partially or totally 'non-rivalrous' (with the risk of over-exploitation, due to inefficient distribution of social rights).[2] They differ from institutions because the latter are public goods that belong to everyone and are structured to accommodate all individuals. Institutions embody the beliefs and behaviors that are essential for any organized society, subject to frictions, as currently, if not outright crises.

Einaudi's engagement with these issues is exemplified through the practical actions he undertook in his homeland, situated between the lower Piemonte and the beginnings of the Langhe. This is further illus-

[1] Note that, in Italy, the first law for the protection of the landscape was enacted by Benedetto Croce in 1920, as minister of Public education. Article 9 of the Italian Constitution, to whose drafting, during 1947, Luigi Einaudi contributed, states that "The Republic … protects the landscape and the historical and artistic heritage of the Nation".

[2] See Pelligra (2023) on the collective protection of common goods which reminds the contribution by Amartya Sen.

trated by his choice of a summer residence during his presidency (1948-1955), a modest structure known as the *Casina del piacere*, located within the nearby Farnese Gardens of the Farnese Palace, which was constructed by Jacopo Barozzi da Vignola between 1559 and 1575 in the small town of Caprarola, province of Viterbo. At his initiative, the village commissioned architect and urban planner Luigi Piccinato in 1953 to develop a town planning scheme that preserved the visual connection between the Farnese Palace, which occupies a dominant position over the entire town, and the original design conceived by Vignola.

On the Caffeian side, it is noteworthy that the title of a paper dedicated to Caffè by Guido M. Rey (2023) references the common good (singular), understood as what 'should be', specifically emphasizing the welfare of citizens. Such welfare encompasses the reduction of inequality, full employment, and public services, particularly in education.

The discussion on these topics would benefit from additional examination to enhance both the quantitative and qualitative consistency of the terms 'Good government' and 'common goods' in the works of the two authors. We consider this a commitment to future research.

5. Conclusions

We began by considering how the contrast between concepts and models in Economics represents a crucial factor for development. This contrast should not be viewed as a rigid opposition among different schools of thought (each perfectly self-consistent) but rather as a dialogue characterized by constructive engagement among diverse methodologies, with implications for both the form and content of the discourse.

Such awareness is present among many Italian authors. In contrast to forms of theoretical hypertrophy and, in some instances, doctrinaire intransigence characterized by a certain degree of abstractionism, particularly of a naturalistic and positivistic nature, one of the primary characteristics of Italian economic thought is a form of theoretical eclecticism tempered by pragmatism and a commitment to interpreting reality. This second tendency, initially identified by Achille Loria (1896), was later emphasized by, among others, Marcello De Cecco (1989), Rossella Bocciarelli-Pierluigi Ciocca (1994), and Riccardo Faucci (2000).

In our paper, we focus on two Italian authors from the previous century, Luigi Einaudi and Federico Caffè. Their policy analyses and recommendations were anchored in empirical reality, while constantly referring to theory – or, more accurately, to theories – given that their perspectives were radically different. Ideological extremism is an avoidable option, as the authors demonstrated through the confrontation and dialogue they maintained on various topics. Their pedagogical approach led them to adapt language according to audience while maintaining a focus on the policy implications of theoretical formulations.

The language employed in the works of Einaudi and Caffè is predominantly verbal, while the prevailing one used in scientific articles and economics textbooks tends to be increasingly formal, characterized by a reliance on abstract formulas that emulate the language of arithmetic. As we have pointed out, while this formal language aids analytical understanding (Luigi Pasinetti's approach seems particularly useful in this regard), it can also lead to pre-constituted 'models' that are analytically coherent but lack economic depth and policy implications. In this way, the economist fails in his civic role, which, as both Einaudi and Caffè were well aware, is carried out towards students to train, policymakers in the broadest sense, whose actions should be monitored and compared based on their adherence to the principles of good government and the safeguarding of the commons, as well as individuals who may be less familiar with economic concepts and who, precisely for this reason, need 'reading glasses'.

Appendix 1.

The Neoclassical Framework

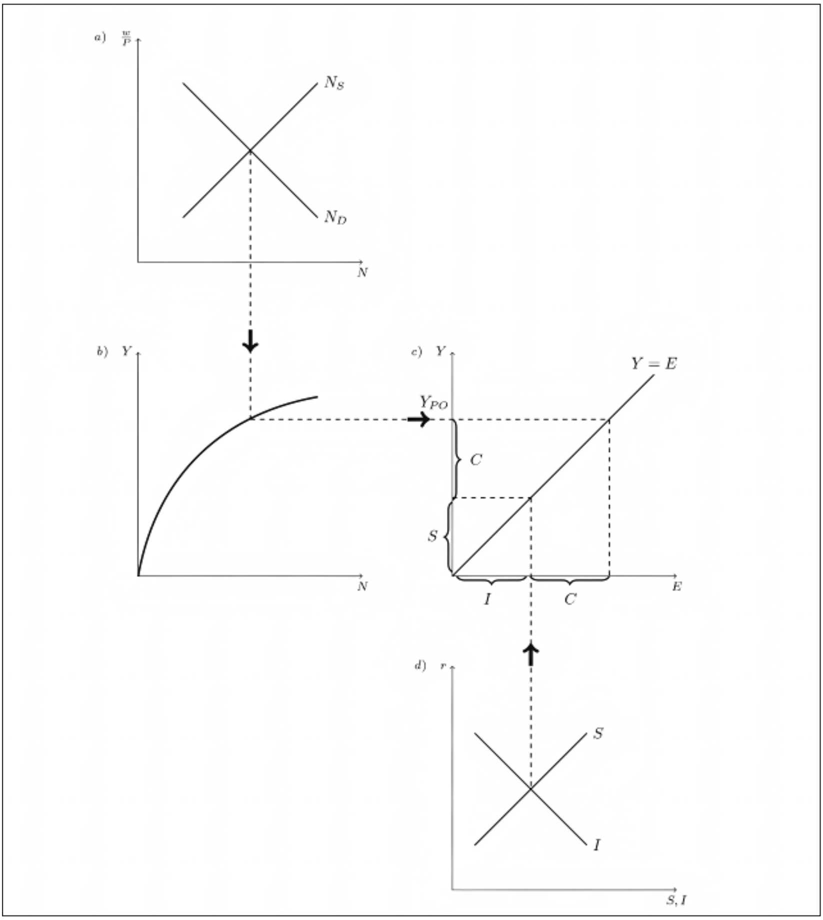

Fig. A. Say's law of markets.

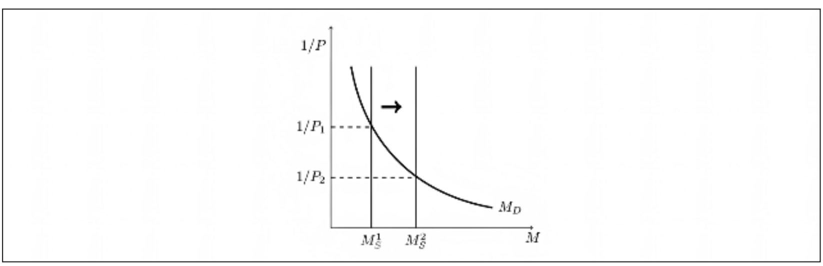

Fig. B. The Quantity Theory of money (Cambridge version).

Appendix 2.

The Keynesian Framework

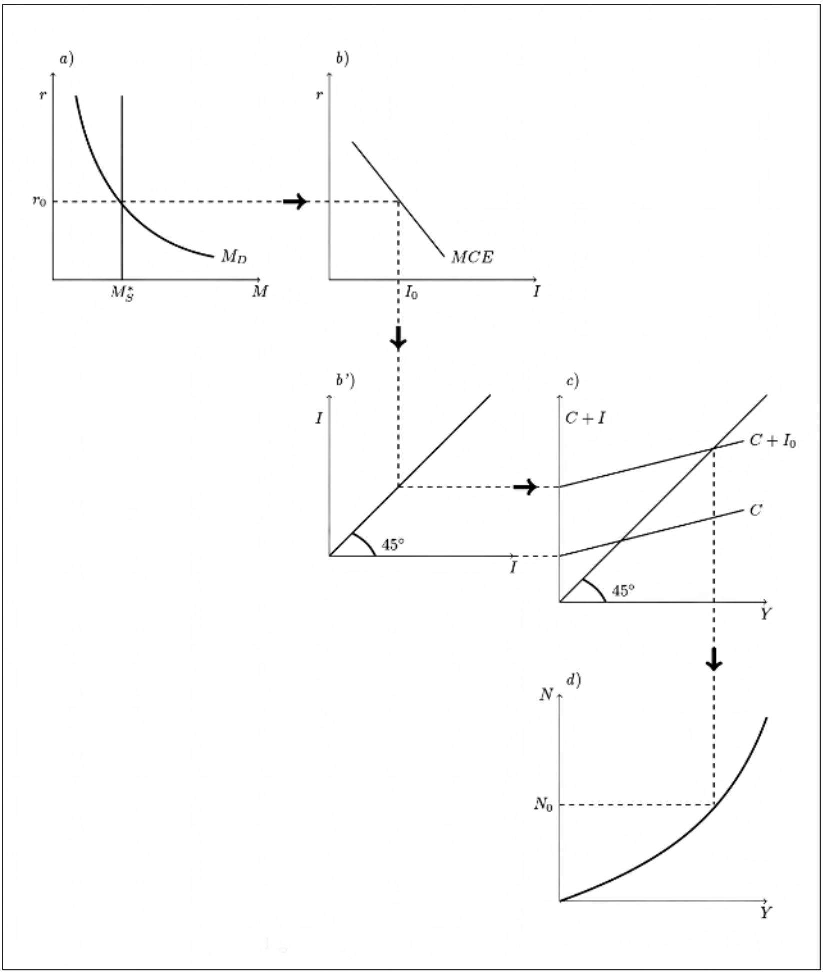

Fig. C. The Keynesian model.

References

Amari G. and Rocchi N. (eds) 2009, *Federico Caffè: Un economista per il nostro tempo*, Roma, Ediesse.

Becattini G., Castellino O., D'Alauro O., Fuà G., Lombardini S., Ricossa S., Sylos Labini P. 1988, «Lettera al Direttore», *la Repubblica*, 30 settembre; english version titled «Economics as Doctrines of Society: An Italian Letter», *Journal of Australian Political Economy*, n. 24, 1989, 25-28.

Becattini G. 2012, «The Dissemination of Economic Ideas», *History of Economic Ideas*, 20 (2), 185-187.

Bocciarelli R. and Ciocca P. (eds) 1994, *Scrittori italiani di Economia*, Roma-Bari, Laterza.

Caffè F. 1970, *Teorie e problemi di politica sociale*, Bari, Laterza.

Caffè F. 1975, *Frammenti per lo studio del pensiero economico italiano*, Milano, Giuffrè.

Caffè F. 1981, «Un liberale sulle cose», *L'opinione*, 17 novembre, now in *Il Sole24ore*, 13-4-2007, reprinted in Amari and Rocchi 2009, just quoted.

Capparucci M. 2009, «Federico Caffè e la 'scuola di economia'», in Amari e Rocchi 2009, just quoted.

Ciocca P. 1995, «Per il tramite dei grandi economisti: il lessico 'non famigliare' di Federico Caffè», in A. Esposto e M. Tiberi (eds) 1995, *Federico Caffè: Realtà e critica del capitalismo storico*, Roma, Donzelli.

Contini G. 1968, *Letteratura dell'Italia unita (1861-1968)*, Firenze, Sansoni.

Costabile L. and Scazzieri R. 2012, «Tendenze recenti del pensiero economico italiano. il contributo italiano alla storia del pensiero», in *Treccani. Il portale del sapere*, Roma, Institute Giovanni Treccani.

De Cecco M. 1989, «Keynes and Italian Economics», in Hall P. A. (ed.) 1989, *The Political Power of Economic Ideas. Keynesianism across Nations*, Princeton, Princeton University Press.

De Mauro T. 1994, «Nota linguistica aggiuntiva», in Bocciarelli and Ciocca (eds) 1994, just quoted.

Della Valle V. 2010, «Lessico einaudiano», in Acocella N. (ed.) 2010, *Luigi Einaudi: studioso, statista, governatore*, Roma, Carocci.

Einaudi L. 1944, «I limiti ai partiti», in *L'Italia e il secondo Risorgimento. Supplemento settimanale di "Gazzetta ticinense», 17 giugno 1944*, 20-25, reprinted in Giordano A. (ed.) 2021, «Luigi Einaudi and Politics», Torino, ibl Libri.

Einaudi L. 1945, entry «Liberismo [Laissez-faire]» in *Small Political Dictionary*, as part of a course in civics called *Man and Citizen*, Berne, now in Luigi Einaudi Foundation 1986, *Annali*, Turin, xx.

Einaudi L. 1949, *Lezioni di politica sociale*, Torino, Einaudi [in the 1964 edition introductory note by Caffè F.].

Einaudi L. 1950, «Scienza economica ed economisti nel momento presente», *Giornale degli economisti e annali di economia*, genn.-febb., 1-17.

Einaudi L. 1954, *Il Buongoverno. Saggi di economia e politica (1897-1954)*, Bari, Laterza [edited by Rossi E.]

Einaudi L. 2019, *Scritti sull'agricoltura e sul territorio*, a cura di A. Giordano, Torino, Fondazione Luigi Einaudi.

Einaudi L. and Silvestri P. (eds) 2016, *On Abstract and Historical Hypotheses and on Value Judgments in Economic Sciences: Critical Edition*, London, Routledge.

Faucci R. 2000, *L' economia politica in Italia. Dal Cinquecento ai nostri giorni*, Torino, Utet.

Fossati A. 2014, «The Luigi Einaudi vs. Mauro Fasiani Epistemological Debate (1938-1943): The End of the Italian Tradition in Public Finance», *Studi Economici*, 113, 5-33.

Fuà G. 1950, «L'économie politique en Italie», *Bullettin international des sciences sociales*, II, 2.

Garofalo G. 1986, «Interdipendenza e processi causali nell'analisi monetaria», *Studi economici*, 28, riprodotto in Idem 1990[1], 1992[2], *Equilibrio, razionalità, causalità. Ricerche sui fondamenti della teoria economica*, Milano, FrancoAngeli.

Garofalo G. 2012, «Luigi Einaudi and Federico Caffè: Outlines of a Social Policy for Good Governance», in Heritier P. and Silvestri P. (eds) 2012, *Good Government, Governance, Human Complexity: Luigi Einaudi's Legacy and Contemporary Societies*, Firenze, Olschki, 45-55.

Gualdo R. 2023, *L'italiano dell'Economia*, Roma, Carocci.

Hess C. and Ostrom E. (eds) 2006, *Understanding Knowledge as a Commons: From Theory to Practice*, Cambridge, MA, MIT Press.

Josephsen L. W. 2023, «Use of Mathematics in Macroeconomic Analysis», in Jespersen J., Chick V. and Tieben B. (eds) 2023, *Routledge Handbook of Macroeconomic Methodology*, London, Routledge.

Keynes J. M. 1924, «Alfred Marshall, 1842-1924», *Economic Journal*, 34, 135, 311-372.

Loria 1896, «Italian School of Economists», in Palgrave R. H. I. (ed.) 1896, *Dictionary of Political Economy*, vol. 2, London, MacMillan.

McCloskey D. N. 1983, «The Rhetoric of Economics», *Journal of Economic Literature*, 21, 2.

Pasinetti L. 1966, «Causalità e interdipendenza nell'analisi econometrica e nella teoria economica», *Annuario dell'Università Cattolica del S.Cuore 1964-65*, Milano, Vita e Pensiero.

Pasinetti L. 1974, *Growth and Income Distribution: Essays in Economic Theory*, Cambridge, U.K., Cambridge University Press.

Pavanelli G. 2023, «The Economists and the Press in Italy from the End of the Nineteenth Century until Fascism: The Case of Luigi Einaudi», *Journal of the History of Economic Thought*, 45-44.

Pelligra V. 2023, *La cura delle radici*, Milano, Vita e Pensiero.

Proietti D. 2010, «La Lingua dell'Economia», in Simone R. (ed.) 2010, *Italian Encyclopedia*, Roma, Institute Giovanni Treccani, https://www.treccani.it/enciclopedia/lingua-dell-economia_(Enciclopedia-dell'Italiano).

Rey G. M. 2023, «Federico Caffè e il bene comune», in Romagnoli G. C. (ed.) 2023, *L'Italia a una svolta. L'attualità della lezione di Federico Caffè*, Milano, FrancoAngeli.

Roncaglia A. 2012, «Economia politica: impostazioni a confronto», *Moneta e credito*, 65, 259, 229-241.

Silvestri P. 2008, *Il liberalismo di Luigi Einaudi o del Buongoverno*, Soveria Mannelli, Rubbettino.

Stiglitz J. 2006, *Making Globalization Work*, New York, W.W. Norton & C.

Visca R. 2023, *La lingua dell'economia in Italia. Caratteri, storia, evoluzione*, Roma, Banca d'Italia.

Wang H. 1974, *From Mathematics to Philosophy*, Abington Routledge.

Editing by Fabrizio Serra.

Editorial care by Lucia Corsi.

Set in Serra Dante by
Fabrizio Serra Editore, Pisa · Roma.

Printed and bound by
Tipografia di Agnano, Agnano Pisano (Pisa).

★

February 2025

(cz 2 · fg 21)