Summary Article: **Pareto, Vilfredo**

Italian economist and political philosopher who began his career as a liberal but ended it as an early fascist. His two important books on economics were the *Cours d’économie politique* (1906) and *The Manual of Political Economy* (1906).

The *Cours* contained, among its many historical and statistical illustrations, the so-called Pareto's law of income distribution, according to which the distribution of income in all countries and in all ages conforms to an invariant pattern. The *Manual*, meanwhile, is famous for at least three ideas: the unsuccessful attempt to banish the term 'utility' and to replace it by 'ophelimity', a word coined by Pareto to denote the power of goods to satisfy wants; the demonstration that the mere ranking of preferences is sufficient to deduce all the important propositions of demand theory; and the apparently innocent definition of an economic optimum as the configuration of prices that commands unanimous approval – any other configuration might make some better off but only by others becoming worse off – the definition now known as ‘Pareto optimality’, coupled with the not altogether successful attempt to show that a perfectly competitive economy in fact achieves a Pareto optimum, and vice versa.

Pareto was born in Paris, France, his father having been exiled from Italy. He began his education in France but continued it in Italy, specializing in mathematics and classical literature. He graduated from the Polytechnic Institute in Turin in 1869 and then spent more than 20 years working as an engineer and director of two Italian railway companies. He did not come to the study of economics until 1890 at the age of 42. He taught economics at Lausanne for only seven years, resigning in 1900 when he inherited a substantial fortune. He spent the rest of his life in Switzerland, wholly devoted to his studies and writings. Shortly before his death in 1923, he was appointed a member of the Italian senate by the new government of Mussolini.

Pareto’s influence made itself felt only very gradually and it was not until the 1930s that he actually entered English-speaking economics, in part because even then not a single book of his had been translated into English.

His publications include *Trattato di sociologia generale/The Mind and Society: A Treatise on General Sociology* (1916).

**quotations**

Pareto, Vilfredo

**weblinks**

Vilfredo Pareto: ‘New Theories of Economics’