

Theory of Economic Growth and Technological Progress

Rohit

Room # 321. rohit@jnu.ac.in

Contact Hours: Tues, Thurs: 3.30-5.00 p.m.,
Wed: 2.00-3.30 p.m., Fri: 11.30 a.m.-1.00 p.m.

1 Course Description

Why has the diffusion of growth not taken place in the so-called Third World? Why have they lagged behind the advanced capitalist countries? Will they ever catch up in terms of growth and technological progress? These are a few questions that this course would attempt to understand. Normally we tend to separate the components of “pure” economics, which deal with the First World, from “development” economics, which deals with the specific issues of the Third World. However, as this course seeks to establish, this artificial compartmentalization does injustice to both these components of economics because capitalism in the First World cannot and, historically has not, existed without the help of the Third World. *In this effort, this course attempts to bring certain components of growth and development economics together.*

The traditional growth theories of the Solow-Cass-Koopmans variety and the modern theories that go under the name of Endogenous Growth Models take the supply side as their point of departure. While they throw some interesting questions on the issue of growth, they have certain limitations in explaining growth, or the lack of it, especially for the Third World countries. The best example of this is the debate around the convergence (absolute or conditional) hypothesis that followed from Solow’s model.

This course would attempt to find the sources, impediments to growth in the developing countries. Among other things, the course would deal with alternative (Kaleckian, Marxian, Structuralist) theories of growth. It would specifically deal with the political economy of the relationships between the North and the South in explaining growth historically and contemporaneously.

2 Evaluation

The final grade would be based on a term paper and a final exam of equal weightage. *I follow zero tolerance policy for plagiarism in the term paper.* All term papers are to be submitted in typed format, which will be run through the anti-plagiarism Turnitin software.

3 Main Readings

1. References:

- Patnaik, P. (1997) “*Accumulation and Stability Under Capitalism*”, Clarendon Press, Oxford.
- Aghion, P. and Howitt, P. (2009), *The Economics of Growth*, The MIT Press, Harvard. (some chapters)
- Meier, G. (2005), *Biography of a Subject: An Evolution of Development Economics*, OUP. (some chapters)
- Brewer, Anthony (1990), *Marxist Theories of Imperialism: A Critical Survey*, Routledge, London and New York (some chapters)

2. Journal Articles: To be used as essential or suggested readings during the course.

4 Topics

4.1 Problems of Accumulation Under Capitalism

Topics covered: Stagnation Vs Full Employment Growth Path; NAIRU and Price Stability; Convergence Vs Unequal Interdependence.

Readings:

- Patnaik, ch. 1-3
- Sen, *Introduction*
- Kalecki, M. (1962), “Observations on the Theory of Economic Growth”, *Economic Journal*.
- Aghion and Howitt, *The Economics of Growth*, Introduction.

4.2 Invisible Hand and the Neoclassical Solution

. Topics covered: Solow-Cass-Koopmans Model, Exogenous Vs Endogenous technological progress, Absolute or Conditional Convergence.

Readings:

- Solow, R.M. (1956), “A Contribution to the Theory of Economic Growth”, *Quarterly Journal of Economics*, Vol. 70, pp. 65-94
- Barro and Sala-i-Martin, *Economic Growth*, ch. 1-2;
- Aghion and Howitt, *The Economics of Growth*, ch. 1

4.3 State Intervention and the Keynesian solution

Topics covered: Keynesian response; Early Development Economics; Structuralist School; New Development Economics.

Readings:

- Patnaik, ch. 4-5
- Luxemburg, R. (1963), *The Accumulation of Capital*, Introduction by Joan Robinson
- Kalecki, M. (1962), “Political Aspects of Full Employment”, *Economic Journal*.
- Kari Polanyi Levitt (2006), “Raul Prebisch and Arthur Lewis: The Two Basic Dualities of Development Economics”, in *The Pioneers of Development Economics: Great Economists on Development*, edited by Jomo KS, pp. 193-208 (New Delhi: Tulika Books, 2006)
- Meier, G. (2005), *Biography of a Subject: An Evolution of Development Economics*, OUP. ch. 4, 5 and 8
- Aghion and Howitt, *The Economics of Growth*

4.4 A Radical Critique of Capitalism

. Topics covered: Dependency Theories: A Critique; Unequal Interdependence; Diffusion of Activities and the Terms of Trade; The Limitations of Enforced Diffusion; Market Question in a Historical Setting; The Neoliberal Growth Trajectory and the Third World.

Readings:

- Patnaik, ch. 6-12
- Brewer, ch 2, 3, 8, 9
- Luxemburg, R. (1963), *The Accumulation of Capital*
- Alfredo Saad-Filho (2005), “The Rise and Decline of Latin American Structuralism and Dependency Theory”, in *The Origin of Development Economics: How Schools of Economic Thought Have Addressed Development*, edited by Jomo KS and Erik S. Reinert, pp. 128-145 (New Delhi: Tulika Books, 2005)
- Patnaik, U. (1986), “Neo-Marxian Theories of Capitalism and Underdevelopment: Towards a Critique”, in *Lenin and Imperialism* edited by Patnaik, P. (Delhi: Orient Longman, 1986)