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:

   - Meier, G. (2005), Biography of a Subject: An Evolution of Development Economics, OUP. (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
   - 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:

   - 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
- 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*