

PROBLEMS OF ACCUMULATION

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The purpose of this course is not to give one theory of growth after another but to look at the alternative approaches that have been adopted in answering to the question: What determines the pace of accumulation in a capitalist economy? Apart from discussing the four main approaches, namely classical, Marxian, neo-classical and neo-Keynesian, the course would take up some critical issues relating to growth in capitalist economies with a view to bridging the divide between Growth theory and Development economics.

COURSE OUTLINE

1. The location of surplus in the sphere of production: the contribution of classical political economy. The deployment of economic surplus as the determinant of growth. The concept of productive and unproductive labour in Adam Smith: alternative definitions. Division of labour and increasing returns. Adam Smith's theory of economic growth and falling rate of profit.
2. Ricardo's theory of distribution and growth. Ricardo's theory of the falling rate of profit and the movement of the terms of trade between manufacturing and agriculture. Ricardo's theory of comparative advantage and the effect of trade on growth. Ricardo on machinery. A critique of "classical traverse" a la Ricardo.
3. Marx's critique of Ricardo's theory of accumulation: Marx's rejection of Say's law and recognition of the possibility of generalized over-production. Marx on machinery and technological progress. The role of the reserve army of labour. Marx's theory of the falling tendency of the rate of profit. Marx's theory of crises and the centralization of Capital. Marx's methodology in the study of economic growth under capitalism.
4. The market question and capital accumulation. Earlier discussions of the issue: Rosa Luxemburg. Harroddian dynamics. The concepts of actual, warranted and natural growth rates. Harrod's theory and the dynamic instability of the capitalist system. The Kaleckian Critique of Harrod's theory: the role of exogenous stimuli in capital accumulation. A discussion of such stimuli. The role of innovations in stimulating growth: Schumpeter and his critics.
5. The neo-classical critique of Harrod. Solow's growth theory and the "moving equilibrium" approach. Technological progress in the neo-classical Paradigm. The concept of "neutral" technological progress. Disembodied and embodied technological progress: the "vintage" approach: The Cambridge critique of neo-classical approach.
6. Technological progress through "Learning by doing". "Endogenous" growth theory. Its relationship with the neo-classical approach. The critique of the market from a dynamic perspective.
7. Certain critical issues on growth theory. (i) International trade and economic growth: export-led growth and export-led retrogression. (ii) The possibility of growth through "internal exports": Inter-sectoral trade and economic growth. (iii) The Inter-relationship between technological change, income distribution and economic growth.

READINGS:

- Arrow, K.J. (1970) "Economic Implications of Learning by Doing" in Sen, A.K. ed. *Growth Economics* Penguin.
- Bhaduri, A. (1994) *Unconventional Economic Essays* OUP, Delhi.
- Chaudhuri, P. (1989) *The Economic Theory of Growth* Harvester Wheatsheaf, UK.
- Dasgupta, D. (1996) *New Growth Theory: An Expository Device*, CSSSC, Kolkata.
- Dobb, M.H. (1973) *Theories of Value and Distribution since Adam Smith* Cambridge.
- Goodwin, R. M. (1991) *Chaotic Economic Dynamics* Oxford.
- Hahn, F.H. and R.C.O. Matthews (1962) "The Theory of Economic Growth: A Survey", *Economic Journal*.
- Hicks, J.R. (1968) *Capital and Time* Clarendon Press, Oxford.
- Kahn, R.F. (1970) "Exercises in the Analysis of Economic growth" in Sen, A.K. ed. *Growth Economics* Penguin.
- Kaldor, N. (1960) "Alternative Theories of Distribution" in *Essays on Value and Distribution*, Duckworth, London, 1960.
- Kaldor, N. (1978) *Further Essays on Economic Theory* Duckworth, London.
- Kalecki, M. (1962) "Observations on the theory of Economic Growth", *Economic Journal*.
- Kalecki, M. (1971) *Selected Essays on the Dynamics of the Capitalist Economy* Cambridge.
- Luxemburg, R. (1963) *The Accumulation of Capital* Routledge, London.
- Marx, K. (1968) *Theories of Surplus Value* Parts I and II, Progress Publishers, Moscow.
- Patnaik, P. (1997) *Accumulation and Stability Under Capitalism* Clarendon Press, Oxford.
- Robinson, J. (1963) "Introduction" to Luxemburg, R. *The Accumulation of Capital* Routledge, London.
- Robinson, J. (1962) *Essays on the Theory of Economic Growth* Cambridge. Sen, A.K. ed. (1970) *Growth Economics* Penguin.
- Solow, R. M. "A Contribution to the Theory of Economic Growth" in Sen, A.K. ed. *Growth Economics* Penguin.
- Solow, R.M., Tobin J., von Weizsacker C.C. and Yaari M. "Neo-classical Growth with Fixed Coefficients" in Sen, A.K. ed. *Growth Economics* Penguin.