

Theories of Distribution, Employment and Growth (60h – 9CFU)

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Course learning objectives and skill acquisition

The course will present alternative theories of primary income distribution and employment and draw their implications for the analysis of growth, the effects of technical change, the impact of labour market reforms and macroeconomic policies.

Assessment

The course assessment is based on a written exam and on a reporting exercise, to be held during the course, in which students will give a presentation each on some of the study material of the course

Course general schedule

Part I – Alternative approaches to value and distribution and their implications for the analysis of employment

- The surplus classical approach to income distribution and wage determination
- The neoclassical approach to wage and employment theory
- The criticisms to the neoclassical approach:
 - Keynes's theory of employment and the passive role of the labour market;
 - the criticism to decreasing factor demand curves
- The revival of the classical approach and the Classical-Keynesian synthesis in the explanation of employment and income distribution

Part II - Alternative theories of growth

- Harrod's model
- Solow's model
- Demand-led growth approaches (Neo-Kaleckian and Classical-Keynesian)

Part III – Growth, employment productivity in different approaches

- The empirics of growth from Solow 1957 on and the notion of TFP
- Endogenous changes in productivity: Okun's law and the Kaldor-Verdoorn law
- Analytical foundations and effects of labour market flexibility policies
- The wage-productivity nexus

- The notion of potential output in different theoretical contexts

Teaching material

Teaching material will be available to students in the form of slides and downloadable papers on the course webpage

Suggested readings

- Amadeo, E.J. (1986), "The role of capacity utilization in long-period analysis", *Political Economy: Studies in the Surplus Approach*, 2(2), pp. 147-160.
- Cesaratto S. (2015), "Neo-Kaleckian and Sraffian Controversies on the Theory of Accumulation", *Review of Political Economy*, 27(2), pp. 154-182.
- Ciccone, R. (1986), "Accumulation and capacity utilization: some critical considerations on Joan Robinson's theory of distribution", *Political Economy: Studies in the Surplus Approach*, 2(1), pp. 17-36.
- Freitas, F. and Serrano, F. (2015), "Growth Rate and Level Effects, the Stability of the Adjustment of Capacity to Demand and the Sraffian Supermultiplier", *Review of Political Economy*, 27(3), pp. 258-281.
- Garegnani, P. (1992), "Some Notes for an Analysis of Accumulation", in: Halevi, J., Laibman, D., Nell, E. (eds), *Beyond the Steady State. A Revival of Growth Theory*, Londra-Basingstoke, Macmillan.
- Garegnani, P. "Notes on consumption, investment and effective demand. Part I", *Cambridge Journal of Economics*, 2(4), 1978, pp. 335-353; "Notes on consumption, investment and effective demand. Part II", *Cambridge Journal of Economics*, 3(1), 1979, pp. 63-82.
- Garegnani, P. "Value and distribution in the classical economists and Marx", *Oxford Economic Papers*, 36(2), 1984, pp. 291-325.
- Garegnani, P. and Palumbo, A. (1998), "Accumulation of capital", in: Kurz, H.D. e Salvadori, N. (eds), *The Elgar Companion to Classical Economics*, Cheltenham, Edward Elgar, 1998.
- Hansen, A.H. (1953), *A Guide to Keynes*, New York, McGraw-Hill.
- Hicks, J.R. (1937), "Mr. Keynes and the 'Classics'. A Suggested Interpretation", *Econometrica*, 5(2), pp. 147-159.
- Keynes, J.M. (1936), *The General Theory of Employment, Interest and Money*, Londra, Macmillan.

- Modigliani, F. (1944), “Liquidity Preference and the Theory of Interest and Money”, *Econometrica*, 12(1), pp. 45-88.
- Pasinetti, L.L. (1974), “The Economics of Effective Demand”, in: *Growth and Income Distribution: Essays in Economic Theory*, Cambridge, Cambridge University Press.
- Rowthorn, R. (1981), “Demand, real wages and economic growth”, *Thames Papers in Political Economy*.
- Serrano, F. (1995), “Long-period effective demand and the Sraffian supermultiplier”, *Contributions to Political Economy*, 14(1), pp. 67-90.
- Skott, P. (2019), “Autonomous demand, Harrodian instability and the supply side”, *Metroeconomica*, 70(2), pp. 233-246.
- Trezzini, A. e Palumbo, A. (2020), “The debate on capacity adjustment in the Classical-Keynesian approach: a brief historical account”, in: Fratini, S.M. e Naccarato, A. (eds), *Economics, Policy and Law*, Roma, Roma Tre University Press.
- Trezzini, A. (2020) Harrodian Instability: An Unhelpful Analytical Concept in *Review of Radical Political Economics* 1–17 DOI: 10.1177/0486613420967201
- Vianello, F. (1985), “The pace of accumulation”, *Political Economy: Studies in the Surplus Approach*, 1(1), pp. 69-87.

Detailed teaching agenda

Lecture 1-6: Alternative approaches to value and distribution and their implications for the analysis of employment

Lecture 7-16: Alternative theories of growth

Lecture 17-21: Students’ presentations

Lecture 22-30: Growth, employment productivity in different approaches