

University of Toronto
Department of Economics
Economic Growth and Technological Change
ECO 360Y
Academic Term: Winter 2006/2007
Professor M. J. Hare
Larkin Building, Trinity College, Room 336

READING LIST: TERM ONE
[Revised: September, 2006]

CODE: \$ Newly added Reading

NOTES:

- a. There is no text book for this course. Instead, an Extract Package has been prepared for each term through Scholar House, 100 Harbord Street. The legally required [by the Canadian Government] royalty fees for each page selected from a volume is at least 7.4 cents per page. Thus, more than half the cost of the Extracts are the result of these copyright fees. Articles and selections from many volumes are included in the Extracts. Particularly important articles are denoted with **. All readings are considered compulsory.
- b. Students are expected to have read all the included readings as compulsory readings. The more important readings have been given an ** designation. Some test and final exam questions will relate directly to the readings.
- c. With respect to all the readings, students are expected to extract the principal themes and linkages included within each article or chapter. Students are not expected to memorize the many pieces of data which are contained within some of these readings or to memorize specific citations.

FIRST TERM READING LIST

1.0 ECONOMIC GROWTH AND PRODUCTIVITY CHANGE: AN INTRODUCTION [September 12 and 20, 2006]

- ***1.1 Institute for Competitiveness & Prosperity, *Rebalancing Priorities for Canada's Prosperity, Report on Canada 2006*, March 2006, pp. 6 to 27;
- **1.2 Lipsey, R. G., *Economic Growth, Technological Change and Canadian Economic Policy*, 1996 Benefactors Lecture, C. D. Howe Institute, selected passages: pp. 4 middle to 6; pp. 46 to 61 middle and pp. 80 to 84.
- **1.3 United Nations, **Overview: Millennium Development Goals: A Compact Among Nations to End Human Poverty** in *Human Development Report 2003*, 2003, pp. 1 to 13
and Human Development Index 2001: pp. 237 to 240.
- 1.4 Angus Maddison, *The World Economy, A Millennial Perspective*, OECD, Chapter 5 [part], **The World Economy in the Second Half of the Twentieth Century**, 2001, pp. 125 to 141.
- **1.5 Krugman, Paul, *The Age of Diminished Expectations, Third Edition*, Preface, pp. ix to xi Introduction, pp. 1 to 6 and Chapter 1, pp. 11 to 20. [One of the most important chapters in the course]
- 1.6 Baumol, W.J., Blackman, S.A.B. and Wolff, E.N., *Productivity and American Leadership*, Chapter 1, **Why The Long Run?** pp. 1 to 7; Chapter 2, **Why Productivity Matters—and Why It Does Not**, pp. 9 to 25 [exclude notes]; Chapter 3, **A Century of Productivity Improvement: Revolution in American Living Standards**, pp. 29 to 60 bottom.
- 1.7 Mishan, E. J., *The Costs of Economic Growth*, Chapter Two, **The No-Choice Myth**, pp. 9 to 16;
- **1.8 Lewis, William W., *The Power of Productivity: Wealth, Poverty and the Threat to Global Stability*, 2004: **Prologue**: pp. ix to xxxi; Chapter 1, **Findings: The Global Economic Landscape**, pp. 1 to 20.
- ***1.9 Lipsey, Richard G., Carlow, K. I. and Bekar, C. T., *Economic Transformations: General Purpose Technologies and Long Term Economic Growth*, Chapter 1, **Technology as Revolution**, 2005, pp. 3 to 21 bottom.

2.0 GENERAL EQUILIBRIUM [PARETO] ANALYSIS
WITH INTERNATIONAL TRADE AND INNOVATION IN A 2-2-2-2 MODEL
[September 27 ;and October 4]

****2.1** Bator, Francis M., *The Simple Analytics of Welfare Maximization*, Section I and Section II, *The American Economic Review*, March 1957 pp. 22 to 34.

2.2 Todaro, Michael P., Smith, Stephen C., *Economic Development, Eighth Edition*, Chapter 12 [part], **Trade Theory and Development Experience**, pp. 525 bottom 532 top.

Note: In addition, you may wish to refer to your Micro Theory textbook for additional analysis for efficient resource allocation in a market economy and the economic distortions allocated to monopoly and oligopoly

3.0 THE DOWNFALL OF CAPITALISM VIA MARX:
AN INTERPRETATION BY SWEEZY [October 11 and 18]

****3.1** Sweezy, P. M., *The Theory of Capitalist Development:*

Chapter IV, **Surplus Value and Capitalism**, pp. 56 to 71;

Chapter V, **Accumulation and the Reserve Army**, pp. 87 top to 94 bottom;

Chapter VI, **The Falling Tendency of the Rate of Profit**, pp. 96 to 108.

Chapter VII, **Crises Associated With the Falling Tendency of the Rate of Profit**, pp. 147 to 155.

3.2 Mandel, Ernest, *An Introduction to Marxist Economic Theory*, Chapter III pp. 54 to 78.

**4.0 THE CONTRIBUTION OF THE WORLD'S GREATEST ECONOMIST
WHO DIED FIFTY YEARS AGO:
JOSEPH SCHUMPETER'S WORLD OF CAPITALISM
[October 25 and November 1 and 8]**

- **4.1** Schumpeter, Joseph A., *Capitalism, Socialism and Democracy*, Part II, **Can Capitalism Survive**: Prologue, pp. 61, 62;
- Chapter VII, **The Process of Creative Destruction**, pp. 81 to 86;
- Chapter VIII, **Monopolistic Practices**, pp.87 to 91 middle, 95 to 98 bottom, 106;
- Chapter X, **The Vanishing of Investment Opportunities**, pp.111 to 113;
- Chapter XII, **The Crumbling Walls**, pp. 131 to 134 and 139 bottom to 142;
- Chapter XIV, **Decomposition**, pp. 156 to 163.
- 4.2** Schumpeter J. A., **Can Capitalism Survive?** in Swedberg, Richard, editor, *Joseph A. Schumpeter: The Economics and Sociology of Capitalism*, Chapter 6 , pp. 298 to 314.
- **4.3** Nelson, Richard R., *The Sources of Economic Growth*:
- Chapter 2, **Capitalism as an Engine of Growth**, pp. 52 to 83;
- Chapter 3, **Schumpeter and Contemporary Research on the Economics of Innovation**, pp. 87 to 99.
- **4.4** Nelson, Richard, **The Role of Firm Differences in An Evolutionary Theory of Technical Advance** in Magnusson, Lars, editor, *Evolutionary and Neo-Schumpeterian Approaches to Economics*, Chapter 8, pp. 231 to 240 top.
- **4.5** Heertje, Arnold, **Neo-Schumpeterians and Economic Theory** in Magnusson, Lars, editor, *Evolutionary and Neo-Schumpeterian Approaches to Economics*, Chapter 10, pp.265 to 275 middle.

**5.0 THE LONG WAVE KONDRATIEFF CYCLE:
AN ANALYSIS [November 15 and 22]**

****5.1 van Duijn, J. J. *The Long Wave in Economic Life*,**

Chapter 1, **Cyclical Fluctuations**, pp. 3 to 19;

Chapter II, **Growth As An S-Shaped Phenomenon**, pp.20 to 32 bottom;

Chapter IV, **Discovery of the Long Wave**, pp. 63 bottom to 70;

Chapter VI, **Innovation Theories**, pp. 93 to 111;

Chapter VII, **Fluctuations in Infrastructural Investment**, pp. 112 to 124;

Chapter VIII, **Innovation, Innovation Life Cycles and Infrastructure Investment,
pp.129 to 143;

****5.2 Mensch, Gerhard O., *Stalemate in Technology*,**

Introduction, **The Fundamental Process of Economic Change**, pp. 1 to 12;

Chapter 1, **The Technological Stalemate of the Present**, pp. 13 to 36.

5.3 Maddison Angus, *Dynamic Forces in Capitalist Development: A Long-Run Comparative View*, Chapter 4, **Fluctuations in the Momentum of Growth, pp. 85 to 111 bottom.**

TEST ONE: TOPIC 1 TO TOPIC 5

Tentative Date: Wednesday, December 6, 2006]

[Two Hours in Class Time – 25% of Final Grade]