Structural Dynamics and Economic Growth

Ever since Adam Smith, economists have been preoccupied with the puzzle of economic growth. The standard mainstream models of economic growth were and often still are based either on assumptions of diminishing returns on capital with technological innovation or on endogenous dynamics combined with a corresponding technological and institutional setting. An alternative model of economic growth emerged from the Cambridge School of Keynesian economists in the 1950s and 1960s. This model – developed mainly by Luigi Pasinetti – emphasizes the importance of demand, human learning and the growth dynamics of industrial systems. Finally, in the past decade, new mainstream models have emerged incorporating technology or demand-based structural change and extending the notion of balanced growth. This collection of essays reassesses Pasinetti’s theory of structural dynamics in the context of these recent developments, with contributions from economists writing in both the mainstream and the Cambridge Keynesian traditions and including Luigi Pasinetti, William Baumol, Geoffrey Harcourt and Nobel laureate Robert Solow.

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Structural Dynamics and Economic Growth

Edited by
Richard Arena and Pier Luigi Porta
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