

CONTENTS

Page No.

1.	INTRODUCTION	1
2.	REVIEW OF PRODUCTION FUNCTIONS AND THEIR PROPERTIES	5
	2.1 Production with Fixed Coefficients	5
	2.2 Substitution Between Capital and Labor	7
	References	16
	Exercises	17
3.	BASIC NEO-CLASSICAL GROWTH MODELS	18
	3.1 The Harrod-Domar Model	19
	3.2 The Solow-Swan Model	32
	3.3 Summary	49
	References	51
	Exercises	52
	Appendix: Differential Equations	56
4.	TECHNICAL PROGRESS	73
	4.1 Neutral and Non-Neutral Technical Change	74
	4.2 Endogenous Technical Progress	88
	4.3 Induced Bias in Technical Change	105
	4.4 Embodied Technical Progress: Vintage Models	113
	4.5 Measurement of Technical Change	132
	4.6 Summary	136
	References	140
	Exercises	143
5.	MONEY AND ECONOMIC GROWTH	145
	5.1 Tobin's Model	147
	5.2 Money as a Consumer Good	163
	5.3 Money as a Producer Good	169
	5.4 The Keynes-Wicksell Approach	173
	5.5 A Synthesis of Neo-Classical and Keynes-Wicksell Models	178
	5.6 Summary	181
	References	184
	Exercises	186

	<u>Page No.</u>
6. NEO-CLASSICAL MODELS WITH TWO INCOME CLASSES	187
6.1 Different Saving Propensities for Workers and Firms	188
6.2 Wage Earners Receiving Dividend Income Also	190
6.3 The Pasinetti Paradox in a Two-Class Monetary Growth Model	202
6.4 Summary	215
References	217
Exercises	218
7. CAMBRIDGE GROWTH MODELS	220
7.1 A Simple Kaldorian Model	220
7.2 A Neo-Keynesian Model with Pasinetti Saving Behavior	223
7.3 The Technical Progress Function	236
7.4 Robinson's Criticisms	239
7.5 Summary	240
References	242
Exercises	243
8. THE SPEED OF ADJUSTMENT IN GROWTH MODELS	244
8.1 The Solow-Swan Model	244
8.2 A Model With Unemployment	248
8.3 Other Models	251
References	252
Exercises	253
9. OPTIMAL GROWTH	254
9.1 Inter-temporal Optimization	254
9.2 Economic Interpretations	261
9.3 Phase Diagram Analysis	263
References	270
Exercises	271

	<u>Page No.</u>
10. TWO SECTOR GROWTH MODELS	273
10.1 The Static Two-Sector Model	273
10.2 The Dynamic Two-Sector Model	283
10.3 Stability of the Long-run Equilibrium	284
10.4 Extension to the Case of Variable Savings Ratio	289
References	294
Exercises	295
11. INTERNATIONAL TRADE AND ECONOMIC GROWTH	296
11.1 A Static Two-Sector Trade Model	296
11.2 A Dynamic Two-Sector Trade Model	301
11.3 A Monetary Growth Model of an Open Economy	310
Appendix	327
References	330
Exercises	331
REVIEW QUESTIONS	333