Endogenous Growth Theory Twenty Years On: A Critical Assessment

SERGIO CESARATTO

Endogenous growth literature emerged from dissatisfaction with one result of the neoclassical growth model: the independence of the growth rate from the saving ratio, which is seen as a variable subject to policy influence. There are at least three generations of EGT models: the old one of the sixties; the new one of the late eighties; and the most recent one, from the second half of the nineties. EGT models of any vintage fall into one of two fields: neo-Solovian (or semi-endogenous models) or fully endogenous models. Models from the sixties would generally fall into the first class and for good reasons. Indeed, most of the early generation of fully endogenous models from the late eighties fell under the 'Jones critique', which pointed out some of the difficulties of these models. The most recent models have found various ways to avoid those problems. It is shown that these *stratagems* were anticipated by Marvin Frankel in the sixties and by Lucas in the eighties. One suspects that these devices arose in order to fix the theory rather than from, say, some ex-ante empirical observation (which is often provided ex post). More importantly, this paper indicates some problems common to all vintages of EGT models, beginning with the Cambridge capital theory critique, and suggests some alternative routes for growth analysis outside neoclassical theory.

The Neoricardian Theory of Economic Integration

GUIDO MONTANI

From an economic standpoint, the globalisation process amounts to the formation of an integrated market on a world-wide scale. The aim of this paper is to show that the Ricardian theory of international trade, if correctly interpreted, can explain why an early form of global market emerged in the 19th century, and why the current process has some distinctive characteristics. To this end, the Ricardian approach will be interpreted in the light of the stages of development theory, which Ricardo was not thinking of while writing the chapter *On foreign trade* of the *Principles*, but which is an important cultural legacy of classical economic thought.

Exploitation and Productiveness: The Generalised Commodity Exploitation Theorem Once Again

ROBERTO VENEZIANI & NAOKI YOSHIHARA

In a recent contribution on this journal, Matsuo (2009) has provided an interesting argument to refute the Generalised Commodity Exploitation Theorem (GCET), by highlighting a potential asymmetry between labour and other commodities. In this paper, a novel characterisation of the relation between exploitation and productiveness that is at the heart of the GCET is proved. This result is interesting per se, because it is weaker and more general than the standard GCET. But, owing to the rigorous specification of all the relevant conditions, it also clarifies the structure of Matsuo's argument, and its dubious theoretical features. It is also argued that, even if Matsuo's formal argument were deemed convincing, a revised version of the GCET can be proved, which reinstates the symmetry between labour and other commodities in the standard Leontief setting.

An Input-Output Analysis of Macroeconomic Effects of Infrastructure Investment: The Case of Attiki Odos Motorway in Greece

ATHENA BELEGRI-ROBOLI, MARIA MARKAKI & PANAYOTIS G. MICHAELIDES

This paper estimates ex-post the macroeconomic impacts of the high-speed toll motorway investment of Attiki Odos, in the Athens Metropolitan Area in Greece. Attiki Odos is incorporated in the Trans-European Networks and it is a priority project aimed at developing the greater area of Athens and the Greek economy as a whole. The investment vector was assembled from figures calculated ex-post. The input-output model was used to estimate relative changes in output, employment and occupations by sector of economic activity. We show that the construction of the Attiki Odos grid has significantly affected the broader area.