



**IL DIPARTIMENTO DI ECONOMIA E IL CENTRO SRAFFA  
ORGANIZZANO IL SEMINARIO:**

**DEMAND-LED GROWTH THEORY IN A CLASSICAL  
FRAMEWORK: ITS SUPERIORITY, ITS LIMITATIONS  
AND ITS EXPLANATORY POWER**

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**Abstract:** The main purpose of this paper is to show that the Keynesian-Kaleckian demand-led theory of growth proposed within the classical framework of prices and distribution as articulated by Sraffa (1960), is superior to the neoclassical supply-driven theory in explaining economic growth. It begins by showing that a fundamental problem with the neoclassical supply-driven approach, which does not afflict the demand-led approach, is that it cannot suppose in general that planned aggregate demand systematically adjusts to the planned level of aggregate output to establish a long-run macroeconomic equilibrium along the trend growth path necessary for a valid growth theory. We then expound a demand-led model of growth that abandons 'steady-state' and, instead, adopts an 'historical' approach in which the data is specified for historical periods of time. The model incorporates the contribution of technical progress to demand-led growth and, generally, better identifies the main factors which are conceived to historically determine trend growth. The measurement problem in our demand-led theory of growth in the classical framework is then considered, which, notwithstanding the limitations identified, shows its superiority to the neoclassical supply-driven theory. From the standpoint of our demand-led growth model we next identify the most important political, social and institutional developments that historically explain growth and economic development of the past three hundred years since the beginning of industrialisation. The paper concludes by consideration of how demand-led growth theory can provide the foundation for a new interpretation of the history of economic development since the advent of capitalism.

**Mercoledì 13 dicembre 2017  
Ore 16.00 – Aula 22**

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**La partecipazione è aperta a tutti gli interessati**