Some Factors in Growth Reconsidered by Robert Eisner, (Lecture Series No. 21). Athens: Center of Planning and Economic Research, 1966. Pp. 63.

Eisner's book contains two lectures which were read at the Center of Planning and Economic Research in Athens. In his first lecture the author raises the question: does a higher level of employment contribute to a more rapid, sustained rate of economic growth? A number of economists, including P.A. Samuelson, A.W. Philips and Harry Johnson, have argued that the positive relation between employment and growth is a transitory phenomenon which occurs only when the employment level changes. By using a simple model of the Harrod-Domar type he shows that the higher the level of employment or, more exactly, the higher the proportion of the labour force employed the greater will be the percentage rate of growth of output.

In his second lecture the author discusses the oft-ignored interrelations which one expects between durability of capital, rates of return, capital-output ratios and economic growth. In his discussion of the problem, he uses a housing example in which 1 million houses have to be built each year. There is the choice of building either brick houses or wooden houses, both of which will furnish identical streams of services except that the brick houses would last 50 years while the wooden houses would be blown over in 20 years. It is assumed that the brick houses are twice as expensive as the wooden houses. The author shows that the choice between these two alternatives depends solely upon social rate of time preference. He then poses the question of the durability of capital within the framework of growth models which use the Harrod-Domar and Cobb-Douglas type of production functions, and shows by interesting numerical examples the impact of rate of shifting from shorter-lived to longer-lived capital on growth.

These lectures are highly recommended to those interested in studying the interrelationship between the durability of capital, rates of return, capital-output ratios and economic growth.

GUNNAR FLOYSTAD

Pakistan Institute of Development Economics