

Gautam Mathur's Sraffa – Neumann System: A Framework for Development

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Throughout the work of Gautam Mathur there is a unique blend of theoretical insights for development strategies and the pursuit of ideals of economic justice, freedom and egalitarian society. He uses a Sraffa-Neumann system structure to disaggregate the economy into sub-systems as a tool of analysis for choice of techniques, allocation of labour and resources and time transition path towards steady growth based on a sound foundation of capital theory. The paper appraises his unique approach to study processes of structural transformation, and the relevance of such a strategy in an era of jobless growth, high inequality, low productivity and inefficient production structures across sectors. Mathur envisioned that an underdeveloped economy can be structurally transformed into a Robinsonian “golden age” through active state policy interventions.

I Introduction

The seminal publication of Piero Sraffa's *Production of Commodities by Means of Commodities* (PCMC) in 1960 gave a foundational critique of the dominant neoclassical theory of value and distribution. It revived interest in classical economics and the surplus approach. Based on the classical approach, Sraffa laid out a consistent theory of value and distribution. For economists (mostly Cambridge educated) disenchanted with neoclassical economics and the re-appropriation of Keynes' economics by the former, PCMC provided a foundation upon which to build an alternative analysis of growth, output, employment and development. Gautam Mathur was one of the few Indian economists who was inspired by the works of Cambridge economists.¹ Mathur published *Planning for Steady Growth* (1965),² his seminal work on development planning. In the book, and in subsequent writings, he puts forward a development framework based on a synthesis of Sraffa and Neumann systems along with post-Keynesian growth analysis. The present paper is an appraisal of Mathur's unique approach to development. Section II discusses the limitations of growth models and how it can be amended with regard to developing economies to study the objective of steady state growth. Section III introduces Mathur's Sraffa-Neumann model, its assumptions and the concept of a subeconomy. Section IV proceeds with the construction of a process matrices production function that enables the planner to

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