



Economic Policy Seminar WS 2017/2018

Economic Policy and Globalization

Synopsis

This year's seminar addresses a broad range of topics in macroeconomics and globalization. The first part deals with structural transformation of economies, that is, the reallocation of economic activity across the broad sectors agriculture, manufacturing and services. The main focus is on technological aspects of sectoral change. The second part investigates the observation that the supply as well as the wage of skilled relative to non-skilled labor is growing in many industrialized countries. Based on the existent empirical as well as theoretical literature, we address and scrutinize two of the most important channels to explain this observation: Capital-skill complementarity and skill-biased technological change. The third part considers several aspects of Piketty's "Capital in the twenty-first century". Our focus is on Piketty's non-standard capital definition and his "fundamental laws" of capitalism.

Schedule

Introductory session: 16 October 2017, 13:00 - 14:00, SCH/B37

Seminar presentations: 12 January 2018, 08:00 - 12:40, SCH/B37
19 January 2018, 08:00 - 12:40, SCH/B37
26 January 2018, 13:30 - 17:00, SCH/B37

Instructors

Prof. Dr. Alexander Kemnitz, office hour: Tue, 16:40 - 18:10, SCH C265
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Prerequisites

Basic knowledge in econometrics and economic growth is advantageous, but not obligatory.

Modules


MA-WW-VWL-2704, D MA-WW-VWL-2704: Economic Policy and Globalization

MA-IB-WP-GPOE-IW: Global Economic Governance

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Use elevator
Hülse- Bau (3rd floor),
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<http://tu-dresden.de/wipol>

Application

Application is possible during October 4th - 21st 2017 by email to wipo.office@tu-dresden.de. The application must include name, matriculation number, degree programme, and up to three proposals of topics ordered according to preferences. Feasible topics are specified by the list of basic articles below. All articles can be downloaded from the OPAL site of the course. Students are expected to have made themselves familiar with the respective articles before applying. Topics will be allocated to participants according to their preferences in the introductory session.

Examination

Seminar paper (2/3 of final grade):

The seminar paper has to provide an informative summary and a critical review of the methods and results of the basic article. For this purpose, it is imperative to work through the literature referred to in the basic article and beyond. The seminar paper should not exceed 20 pages in 12pt font and 1.5 line spacing (15 pages only for module MA-IB-WP-GPOE-IW).

The seminar paper has to be submitted by January 15, 2018 as a hardcopy to the secretary of the Chair (Sabine Wagner, SCH C264, office hour: 11:30 - 15:30) and as a digital copy to michael.knoblach@tu-dresden.de.

Presentation (1/3 of final grade):

The presentation has to provide an economically oriented summary of the seminar paper. It should not exceed 30 minutes (excluding interposed questions), followed by general discussion of about 30 minutes.

All participants are expected to participate constructively to the discussion of each presentation, based on a sound familiarity with the topic and the literature. Contributions to discussion of other presentations enter the grading of one's own presentation.

Both examinations are taken in English.

List of basic articles

Technological aspects of structural transformation

1. Ngai, R. and Pissarides, C. (2007): Structural Change in a Multi-Sector Model of Growth, *American Economic Review* 97 (1), pp. 429-443.
2. Acemoglu, D. and Guerrieri, V. (2008): Capital Deepening and Nonbalanced Economic Growth, *Journal of Political Economy* 116 (3), pp. 467-498. **[IB]**
3. Alvarez-Cuadrado, F., Van Long, N. and Poschke, M. (forthcoming): Capital-Labor Substitution, Structural Change and Growth, *Theoretical Economics*.
4. Herrendorf, B., Herrington, C. and Valentinyi, A. (2015): Sectoral Technology and Structural Transformation, *American Economic Journal: Macroeconomics* 7 (4), pp. 104-133. **[IB]**

Capital-skill complementarity and skill-biased technological change

5. Duffy, J., Papageorgiou, C. and Perez-Sebastian, F. (2004): Capital-skill complementarity? Evidence from a panel of countries, *The Review of Economics and Statistics* 86(1), pp. 327-344.
6. Krussel, P. et al. (2000): Capital-skill complementarity and inequality: A macroeconomic analysis, *Econometrica* 68(5), pp. 1029-1053.
7. Maliar L. and Maliar, S. (2011): Capital-Skill Complementarity and Balanced Growth, *Economica* 78(310), pp. 240-259.
8. Papageorgiou, C. and Chmelarova, V. (2005): Nonlinearities in capital-skill complementarity, *Journal of Economic Growth* 10(1), pp. 59-89. **[IB]**
9. McAdam, P. and Willman, A. (forthcoming): Unraveling the skill premium, *Macroeconomic Dynamics*.
10. Acemoglu, D. (2002): Technical Change, Inequality, and the Labor Market, *Journal of Economic Literature* 40(1), pp. 7-72. **[IB]**
11. Autor et al. (2008): Trends in U.S. wage inequality: Revising the revisionists, *The Review of Economics and Statistics* 90(2), pp. 300-323. **[IB]**

Reflections on Piketty`s “Capital in the twenty-first century”

12. Acemoglu, D. and Robinson, J. A. (2015): The Rise and Decline of General Laws of Capitalism, *Journal of Economic Perspectives* 29(1), pp. 3-28. **[IB]**
13. Krussel, P. and Smith Jr, A. A. (2015): Is Piketty`s “Second Law of Capitalism” Fundamental?, *Journal of Political Economy* 124 (4), pp. 725-748.
14. Góes, C. (2016): Testing Piketty`s Hypothesis on the Drivers of Income Inequality: Evidence from Panel VARs with Heterogeneous Dynamics, *International Monetary Fund Working Paper* 16/160.
15. Zamparelli, L. (2016): Wealth Distribution, Elasticity of Substitution, and Piketty: an anti-dual Pasinetti Economy, *Metroeconomica*, pp. 1-20. **[IB]**
16. Semieniuk, G. (2017): Piketty`s Elasticity of Substitution: A Critique, *Review of Political Economy* 29(1), pp. 64-79. **[IB]**