

CIFREM SEMINARS

Endogenous Growth and Changing Sectoral Composition in Advanced Economies

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4 PM Disa Seminar room

Facoltà di Economia- Via Inama, 5

We study how changing sectoral composition in employment and output shares affects aggregate growth by modeling a two-sector economy with a technologically “progressive” industry, which produces for consumption and investment, and a technologically “stagnant” industry producing only for consumption. Hence, unbalanced improvements in total factor productivity interact with changes in the composition of final demand in shaping the growth process. Within this endogenous growth framework, we show under what conditions on preferences Baumol’s asymptotic stagnancy occurs. Beside studying the limiting behavior of the economy, numerical examples are presented to analyze the structural change going on along the transition path.

Referente

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