

Course Outline and Reading List
IZA European Summer School in Labor Economics
April 3-9, 2006

Labor Market Models for the New Economy
Gilles Saint-Paul

The topic of this course is: how do new technologies affect the distribution of income? It is based on my book (in the writing stage), *Labor market models for the new economy*, (LMNE) forthcoming, PUP. Chapters of the book will be distributed when available.

1. Productivity and wages in neo-classical growth models
LMNE, Chapter 2

2. Skill-biased technical change
LMNE, Chapter 3

Krusell, P., L. Ohanian, J.V. Rios-Rull, G. Violante, "Capital-skill complementarity and inequality", *Econometrica*, 2000

3. Competing technologies models
LMNE, Chapter 4

Beaudry, Paul and David Green, "Wages and employment in the US and Germany: What explains the difference ?", *American Economic Review*, 2003

Caselli, F. "Technological Revolutions", *American Economic Review*, March 1999

4. Appropriate technologies, and supply-driven innovation
LMNE, Chapter 5 (TBW)

Acemoglu, D. "Why do new technologies complement skills? Directed technical change and wage inequality", *Quarterly Journal of Economics*, Nov. 1998

----- "Endogenous bias in technology", mimeo, 2005

Mathias Thoenig and Thierry Verdier, "A Theory of Defensive Skill-Biased Innovation and Globalization" *AER*, 93, 3, 2003, 709-728

5. Complementarities and segregation by skills

LMNE, Chapters 7 and 8

Saint-Paul, G. "On the distribution of income and worker assignment under intra-firm spillovers, with an application to ideas and networks", *Journal of Political Economy*, 2001

-----"Knowledge hierarchies in the labor market", *Journal of Economic Theory*, 2006

Kremer, Michael, "The O-Ring Theory of Economic Development", *Quarterly Journal of Economics* v108, n3 (August 1993): 551-75

Kremer, Maskin, "Wage inequality and Segregation by Skill", National Bureau of Economic Research Working Paper: 5718

Garicano, Luis "Hierarchies and the Organization of Knowledge in Production", *Journal of Political Economy* v108, n5 (October 2000): 874-904

6. Non homothetic preferences and income distribution in general equilibrium

LMNE, Chapter 9

Zweimuller, Josef, "Schumpeterian Entrepreneurs Meet Engel's Law: The Impact of Inequality on Innovation-Driven Growth", *Journal of Economic Growth* v5, n2 (June 2000): 185-206

Foellmi, Reto, and Zweimuller, Josef, "Heterogeneous Mark-ups, Demand Composition, and the Inequality-Growth Relation", *Royal Economic Society Annual Conference 2002* (<http://ideas.repec.org/s/ecj/ac2002.html>)

*Matsuyama, K. "The Rise of Mass Consumption Societies", *Journal of Political Economy* v110, n5 (October 2002): 1035-70

Matsuyama, K., "Growing Through Cycles in an Infinitely-Lived Agent Economy", *Journal of Economic Theory* v100, n2 (October 2001): 220-34

*Matsuyama, K., "A Ricardian Model with a Continuum of Goods under Nonhomothetic Preferences: Demand Complementarities, Income Distribution, and North-South Trade", *Journal of Political Economy* v108, n6 (December 2000): 1093-1120

Matsuyama, K., "Growing through cycles", *Econometrica* v67, n2 (March 1999): 335-47

Cohen, Daniel and G. Saint-Paul, "Uneven technical progress and job destruction", CEPR Working paper, 1994

*G. Saint-Paul "Distribution and growth in an economy with limited needs", *Economic Journal*, 2006