

Growth, Labor and Inequality in the Global Economy

The field “Growth, Labor and Inequality in the Global Economy” is concerned with the consequences of technical change for structural change and inequality, with issues of the labor market, of development, of energy and climate change, as well as with inequality between various groups of people and the related political economy issues.

Typical questions that will be answered in the courses that belong to this field are: Will labor become obsolete due to technological progress in the future? How does the determination of wages affect firms’ hiring behavior and workers’ search intensity? Does international aid actually help developing countries and what are its most effective forms? What are the effects of micro-finance, education, and health programs on poverty?

Module	CP	Obligatory/Elective	Target CP	
Seminar in Growth, Labor and Inequality in the Global Economy	6	O	6	18
Foundations in Growth, Labor and Inequality in the Global Economy A: Growth, Inequality and Structural Change	6	E	Min. 6	
Foundations in Growth, Labor and Inequality in the Global Economys B: Macroeconomics of the Labor Market	6	E		
Foundations in Growth, Labor and Inequality in the Global Economy C: Political Economy	6	E		
Topics in Growth, Labor and Inequality in the Global Economy	6	E	Max. 6	

Growth, Inequality and Structural Change (Foundations A, summer term) – Prof. Dr. Peter Funk

100 years of technological progress have increased tenfold the per capita income of OECD countries. In less than one hour, a worker with average productivity produces the per capita consumption of a day in 1915. Will labor become obsolete in the future? If so, would this be a blessing or a curse? Does a competitively organized market economy pay increasingly abundant workers worse and worse? This course studies the causes and consequences of technical change, the “driving force behind everything”. It is concerned with the relation between growth, inequality, and structural change and covers topics as “Capital, Labor and Factor Shares”; “Real Estate and Rising Inequality”; “Heterogeneous Workers and Labor Earnings” (unequal skills, biased technical change, polarization, race between technology and education); “Work and Leisure” (automation, future of work, participation); Sectorial Change (Deindustrialization, Services, Rise of the State); “The Affluent Society and its Economic Problems”.

The course provides empirical facts and covers formal economic models to explain these facts. Students solve and discuss exercises and receive information with regard to their future thesis.

“Growth, Inequality and Structural Change” is recommended for 2nd (or 4th) semester Master students, if desired in conjunction with the field seminar offered at the end of the summer break.

Macroeconomics of the Labor Market (Foundations B, winter term) – **Prof. Michael Krause, PhD**

“Macroeconomics of the Labor Market” is recommended for Master students in the 3rd semester. The course is concerned with the labor market as an equilibrium of flows and labor market policies. Main topics are the search behavior of unemployed workers and the duration of unemployment, the determination of wages and how they affect firms’ hiring behavior and unemployment, job and wage polarization, tasks and the assignment of workers to jobs, CEO compensation and the role of off-shoring for inequality and unemployment. Optimal labor market policies, unemployment insurance and employment protection are some of the policies that will be discussed in the course. Students will get to know important stylized empirical facts of the labor market and their explanation, based on current theoretic models most suited to understand the data, and be introduced to the current research frontier. They will learn to interpret and critically evaluate empirical facts and political measures with the help of these models.

Political Economy (Foundations C, winter term) – **Prof. Dr. Matthias Messner**

The course is recommended for Master students in the 3rd semester. It will be composed of two parts: The focus of the first part will be on introducing some of the most important theoretical models of collective choice (basics of social choice, models of voting and electoral competition, political agency, special interest politics, corruption, conflict). In the second part of the course the models and tools developed in the first part will be used to discuss questions surrounding the topics inequality and redistribution. Lectures will mostly be based on research articles and students will be provided with problem sets, the solutions of which will be (briefly) discussed in class.

In the course, students apply the approach of new political economy and learn to know the most important theoretical models of collective choice and social choice. Furthermore, they formalize and analyze questions of redistribution and inequality within these models and discuss and evaluate the outcomes of different institutional setting with the tools of collective choice.

Development Economics (Topic, winter term) – **Jun.-Prof. Thomas Schelkle, PhD**

The course covers macro- and microeconomic topics in development economics, such as factor accumulation, technology, institutions, structural transformation, international aid, property rights, financial markets, micro-finance, education, health and corruption. Since it contains both theoretical and empirical analysis, students will learn to apply the methods from the core micro, macro and econometrics courses. “Development Economics” is research oriented and based on journal articles, so that students will learn to evaluate and discuss the strengths and limitations of pieces of economic research.

Growth, Energy, Climate Change (Topic, winter term) – **PD Dr. Dietmar Lindenberger**

The course provides natural science foundations concerning energy use and climate change. Main topics are the availability and price formation of energy resources, growth models including energy as a factor of production or under resource and environmental constraints, as well as policy options in environmental and climate protection. In both theoretical and empirical analyses, students will learn to appreciate theoretical models and their relevance for growth, energy, and climate policy. The course is based on selected text book chapters and journal articles.

Seminar in Growth, Labor and Inequality in the Global Economy – **Prof. Michael Krause, PhD** (winter term) and **Prof. Dr. Peter Funk** (summer term)

The seminar covers modern research on current topics concerning growth, labor and inequality using the theoretical and empirical concepts introduced in the Foundations courses. Students have to actively participate in the course, critically analyze the scientific and applied literature, present and discuss papers at the research frontier and hand in a seminar paper. Possibly, they can identify a topic for their future thesis.