

THE CENTRE FOR STUDIES IN SOCIAL SCIENCES, CALCUTTA

R-1 BAISHNABGHATA PATULI, KOLKATA 700094

ECONOMICS STUDY GROUP SEMINAR

Subhasankar Chattopadhyay

shall present

On the Golden Rule of Capital Accumulation under Structural Transformation

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Abstract

Structural transformation is the changes in the composition of sectoral output, employment and consumption in a country. This paper studies golden rule of capital accumulation under structural transformation in a two-sector economy comprising an agricultural and a non-agricultural sector, and compares it with the standard Ramsey golden rule. The model incorporates non-homothetic preference, heterogeneous sectoral production functions with heterogeneous and exogenous total factor productivity growth. We show that (i) the optimal accumulation path and the steady state real interest rate depend on the equilibrium path of inter-sectoral relative price, and (ii) the golden rule level of capital stock, in comparison to the Ramsey case, depends on (a) whether aggregate consumption is intertemporally substitutes or complements, (b) capital intensities in two sectors, (c) relative preference for agricultural goods, and (d) relative total factor productivity growth rates.

Date: 12th June 2024 (Wednesday)

Time: 3 P.M.

Venue: CSSSC's Seminar Room, Patuli Campus

All are welcome to attend

Dr. Sattwik Santra

(Co-Convener, Seminar Sub-Committee)