PANTHÉON-ASSAS UNIVERSITÉ PARIS

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LEMMA
Laboratoire d'économie mathématique et de microéconomie appliquée

SÉMINAIRE

FRICTIONAL CAPITAL MARKETS AND ECONOMIC GROWTH

27 May 2025
Lemma - Salle Maurice Desplas 4 rue Blaise Desgoffe 75006 PARIS

Le mardi 27 mai à 11h, en salle Maurice Desplas, le LEMMA (Laboratoire d'économie mathématique et de microéconomie appliquée) organise un séminaire, Guillaume ROCHETEAU (professeur à l'Université de Californie à Irvine) présentera ***Frictional Capital Markets and Economic Growth***.

Résumé :

This paper develops an endogenous growth model where firms face idiosyncratic productivity shocks, necessitating capital reallocation. Capital goods trade in a frictional dealer market, giving rise to a distribution of capital holdings and Tobin's q across firms. The model highlights the intricate relationship between capital misallocation and growth. Absent externalities, market frictions worsen capital misallocation and hinder growth. When brokers are perfect monopolists, vanishing search frictions eliminate capital misallocation but leave growth inefficiently low. With learning-by-doing externalities, reducing frictions lowers misallocation but has nonmonotonic effects on growth and welfare. With entry, higher dealer's bargaining power can reduce misallocation and growth.