ECONOMIC GROWTH IN TIME OF CRISES: WHAT IS THE ROLE OF INTERACTION OF SOCIAL GROUPS?

Vladimir D. Matveenko[1], Anatoly V. Shatrov[2]

[1]National Research University Higher School of Economics at St. Petersburg
55/2 Sedova street, 193171 St. Petersburg, Russia, Phone (812)560-01-01,
E-mail: vmatveenko@hse.ru

[2]Vyatka State University
36 Moskovskaya street, 610000 Kirov, Russia, Phone (8332)64-48-16,
E-mail: avshatrov1@yandex.ru

Based on the theory of endogenous growth, we provide a possible explanation of differences in development of the national economies of the world and their reaction to the global economic crises. In [1], [2] there was proposed an approach to modeling of a choice of technologies in countries. The technological change is modeled as a change of parameter α of the Cobb-Douglas production function $Y = AK^{\alpha}L^{1-\alpha}$ or of the CES production function $Y = A(\alpha K^p + (1-\alpha)L^p)^{1/p}$. Parameter α has simultaneously technological and institutional meaning for the economy, in particular, for the Cobb-Douglas function, it is the capital share. Big variety of the capital share in countries and in time was found recently empirically by several authors. The choice of the parameter naturally depends on the interests of the social groups: the workers and the capital owners; each of the social groups is agreeing to a change of the parameter α if it leads to an increase of the income of this group. Thus, it is possible to identify the areas of coincidence and of non-coincidence of the interests of the social groups on the plane α-k, where k is the capital-to-labor ratio. By use of the UNSTATS statistical data [3], we construct schedules of parametric dependencies α-k for economies of USA, Japan, Russia, China and Iran for the period of 2000 – 2010. The schedules clearly identify the sub-period of the crises by a change of the region of coincidence/non-coincidence of the interests. A specific behavior of the integral characteristic for the region of non-coincidence of interests of social groups in Russia and China is noted, which differs from the situation in the USA radically.

References.
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