

Essays on technological change and income distribution

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Propositions accompanying the dissertation
Technological Change and Income Distribution
By Guido Pialli

1. The skill-biased literature is silent on the effects of technological change on income distribution between capital and labour. The different modes of knowledge production determine whether a skill-biased technology is *also* capital-biased, reducing the labour share, or capital-saving, resulting in an increase in the share of income paid to labour (Chapter 2).
2. The CES framework provides implications about the direction of technological change, based on the value of the elasticity of substitution, which is considered fixed over time (Chapter 3).
3. Empirically, we find that, over the last 70 years, the elasticity of substitution has not been constant and, for a selected group of countries, it has increased (Chapter 3).
4. Changing practices in the tradability of knowledge, that can now be exchanged and traded as a service, in conjunction with the new knowledge-intensive direction of technological change, are the primary causes of the increase in wage inequality across US cities (Chapter 4).
5. Income inequality is detrimental to the general society for several reasons. Greater levels of income inequality are associated with lower trust, higher levels of crime and social unrest, as well as health and psychological issues.
6. The limited exhaustibility of knowledge implies that knowledge is not subject to the wear and tear suffered by standard economic goods.
7. The knowledge generation process can be interpreted as a recombinant process in which technological knowledge is generated by recombining existing pieces of knowledge.
8. Compared to other economic goods, knowledge is more scalable since the costs of its reproduction do not vary with the output volume produced.
9. “Gentlemen, you are worried about the depression[*sic*]. You should not be. For capitalism, a depression is a good, cold *douche*.” (Joseph Schumpeter).