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AWI This Week

Monday, 27. 4. 09

Departmental Seminar

17.15-18.45

Holger Strulik, Universität Hannover

AWI 00.010

"Knowledge and Growth in the Very Long-Run"

Wednesday, 29. 4. 09

Internal Seminar

17.15-18.45

Travis Warziniack

AWI 00.010

"Exports and Externalities: the Other Side of Trade and Ecological Risk"

Departmental Seminar

Holger Strulik

"Knowledge and Growth in the Very Long-Run"

This paper proposes a theory for the evolution of knowledge diffusion and growth over the very long run. A feedback mechanism between capital accumulation and knowledge spillovers creates a unified growth theory that explains a long epoch of (quasi-) stasis and an epoch of high growth linked by gradual economic take-off. It is shown how the feedback mechanism can explain the Great Divergence, the failure of less developed countries to attract capital from abroad, the productivity slowdown in fully developed countries, and why R&D effort, TFP growth, and income growth are jointly rising along the transition towards modern growth. Finally, it is explained how a First Industrial Revolution, brought forth by increasing propositional knowledge, triggered a Second Industrial Revolution from which onwards technological progress was increasingly produced by market R&D activities.

Internal Seminar

Travis Warziniack

"Exports and Externalities: the Other Side of Trade and Ecological Risk" *

This paper develops a general equilibrium model to measure welfare effects of taxes for correcting environmental externalities caused by domestic trade, focusing on externalities that arise through exports. Externalities from exports come from a number of sources. Domestically owned ships, planes, and automobiles can become contaminated while visiting other regions and bring unwanted pests home, and species can be introduced by contaminated visitors that enter a region to consume goods and services. The paper combines insights from the public finance literature on corrective environmental taxes and trade literature on domestically provided services. We find that past methods for measuring welfare effects are inadequate for a wide range of externalities and show the most widely used corrective mechanism, taxes on the sector imposing the environmental externality, may often do more harm than good. The motivation for this paper is the expansion of invasive species' ranges within the United States. We apply our analytical model to the specific example of quagga and zebra mussel (*Dreissena polymorpha* and *Dreissena rostriformis bugensis*) invasion into the U.S Pacific Northwest.

*with David Finnoff, Jason F Shogren, Jonathan Bossenbroek, David Lodge

Talks and Research Visits

On April 23, Jürgen Eichberger presented a paper at the Microeconomics Seminar at ETH/UZH Zurich: "Are the Treasures of Game Theory Ambiguous? "

New Working Papers

Travis Warziniack, David Finno, Jason F. Shogren, Jonathan, Bossenbroek, and David Lodge: "*Exports and Externalities: the Other Side of Trade and Ecological Risk*", April 2009.

Visitors

Dimitri Vinogradov from Essex Business School, UK, is staying at the AWI for research with Jürgen Eichberger from April 26 to May 2 (room 01.012a).

**Editorial deadline for issue 10/2009 of the newsletter:
Wednesday, April 29, 2009, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above.