



(Séminaire dans le domaine de la gestion et de l'économie de l'innovation présenté  
en collaboration avec les professeurs et les étudiants de GMT Gestion et mondialisation de la technologie)

## INVITATION (Entrée libre)

**Date** : Le mercredi 27 avril 2016, 15 h à 16 h 30, salle M-2107 (pavillon Lassonde)

**Titre** : **Allocative efficiency and institutional reform in the rural and resource sectors with capital mobility: Effects on migration, wages and capital returns**

**Invité** : Louis Hotte Associate Professor of Economics at the University of Ottawa

Louis Hotte he has published on problems of natural resource use, property rights and conflict; the political-economy of trade and the environment; as well as on the economics of crime and private protection. Louis has recently conducted a household survey in Costa Rica investigating the use of formal banking by women as a protection measure. His work appeared in the *Journal of Development Economics*, *Oxford Economic Papers*, the *Canadian Journal of Economics and Public Choice*; it has attracted mention by scholars in both the Economics and Law literatures. He is currently Associate Editor for the journal *Environment and Development Economics* at Cambridge University Press. He previously held a joint appointment at the Economics and Law Faculties of the University of Namur in Belgium and has taught graduate students at the Université Catholique de Louvain, the Université d'Auvergne, the Université de Rouen and the Toulouse School of Economics.

### Abstract

Among the various processes associated with economic development, the transition from an agrarian or resource-based economy to a manufacturing one arguably constitutes its most remarkable expression. Indeed, not only is it unescapable, but it transforms people's lives. There are various factors that together can explain this transition. Important among them is institutional change in the agricultural and resource sectors. Think, for instance, of the transition from the family farm to commercial farming practices associated with land reforms, or the creation of property rights in the fishing sector. Previous theoretical analysis has looked at how such the adoption of "modern" institutions causes rural exodus, increases productivity and depresses wages. In this paper, we take a look at this question by accounting for the fact that capital may also move between sectors. The analysis sheds new light into our understanding of the links between institutional change and structural changes. Somewhat counterintuitively, we show that wages can actually increase as labor is reallocated into the manufacturing sector after being effectively "evicted" from the rural sector. We also discuss important implications for the analysis of allocative efficiency, now considered a dominant source of TFP differences between countries

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Le 18 avril 2016