

Abstract

The first chapter examines distributional effects of quantitative easing of the ECB in the euro area. Previous theoretical models have investigated the dynamics of inequality measures through different access of households to financial/capital markets, neglecting the labor market differences. My contribution lies in considering segmented labor markets coming from capital-skill complementarity in production and asymmetric wage rigidities. In comparison with the models with only segmented financial markets, the introduction of segmented labor markets significantly mitigates the observed drop in total income inequality, while a rise in wealth inequality is largely amplified.

In the second chapter, I develop a model with high- and low-skilled workers and show the expansionary effects of government spending despite large training costs for new hires. When firms invest in training activity for new hires, production is disrupted as some experienced workers are diverted from production to training the new hires. In the heterogeneous agent framework, firms do not need to postpone hiring but have a choice to hire the cheaper type of workers regarding training costs. The output expansion occurs as the economy experiences an extensive hiring activity for low-skilled workers.

In the third chapter, we study the influence of changes in firms' entry, exit and borrowing on the propagation of tax shocks in the U.S. economy. We apply a proxy-SVAR model to isolate exogenous variations in tax changes. The model indicates that corporate income tax cuts increase capital accumulation, which relaxes collateral constraints and provides (existing and entering) firms with additional funds. These funds sustain initial tax stimulative effects on aggregate productivity and output growth.

Keywords: Quantitative easing, capital-skill complementarity, asymmetric wage rigidity, government spending, training costs, search and match frictions, financial frictions, firm entry and exit, borrowing.