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Pietro F. Peretto

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Robust Endogenous Growth

Pietro F. Peretto*

Department of Economics, Duke University

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Abstract

This paper studies a generalization of the Schumpeterian models with endogenous market structure that allows the overall production structure to be more than linear in the growth-driving factor and yet generates endogenous growth, defined as steady-state, constant, exponential growth of income per capita. This version of modern growth theory, therefore, is robust in the sense that its key result obtains for a thick set of parameter values instead of, as often claimed, for a set of measure zero. The paper, moreover, pays close attention to transitional dynamics, showing not only the existence but also the global stability of the endogenous-growth steady state.

Keywords: Endogenous Growth, Endogenous Market Structure.

JEL Classification Numbers: E10, L16, O31, O40

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