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Technological progress and human capital accumulation in a model of endogenous growth

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Title:	Technological progress and human capital accumulation in a model of endogenous growth
Year:	2010
Author:	Iacovos N. Psarianos, Spyros J. Vliamos
Abstract:	An endogenous growth model is presented that combines two well-known 'sources of growth': technological progress arising from R&D investments and accumulation of human capital. The model produces steady state growth of per capita income without unwarranted 'scale effects'. Human capital emerges as the ultimate 'source of growth'. The long-run equilibrium of the decentralized economy is compared to this reached by its optimally planned counterpart. It is found that both economies grow at the same rate. However, the decentralized economy reaches a sub-optimal level of output and the firstbest fiscal policy is considered as a remedy for this inefficiency.

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