# Index

academic research and researchers 30  
adjustment cost 59, 73  
agents 28, 66, 69, 70, 74, 87, 170, 175, 178  
aggregate investment 87  
Aghion, P.  
creative destruction xv, xvii, 271  
enforceability of contracts 279, 281–2  
patent protection 111–12  
R&D 265  
Schumpeterian growth model 5, 28, 268  
‘AH model’ 6, 22  
Alesina, A. xiv, 189, 192, 265–6, 274  
Antitrust regulations 271–2, 278  
Aoki, M. 53–4, 59  
Arrow, K.J. 29, 117, 145–7  
asset and liability stocks 249  
asymmetric consumers 69, 74  
asymmetric income distribution 185  
atomistic producers 8  
Balducci, R. xxii, xxiv  
Barro, R. xxiv, 53, 60, 173, 207–9, 218–19, 269  
 basic needs 91  
battle of mark-ups xvi  
behavioural economics 188, 192  
behavioural equations 239  
Bellman equations 193  
Bénabou, R. 163, 189, 267, 274, 279, 281  
Bonfatti, G. 101, 107  
Borzekowski, R. 145–7  
Boskin Commission 82, 105  
bounded rationality approach 69, 70  
breadth xxii, 112, 116–17, 125–6, 260  
Bresnahan, T.F. 51, 82  
Bucci, Alberto xx, 6–9, 22–3  
Business Week 97  
Calvó-Armengol, A. 145, 147, 153, 159, 163  
‘Cambridge equation’ 223  
capital 56, 62, 66  
capital accumulation 171, 181, 182–3  
capital market 118  
capitalist economy xxv  
CES consumption index 268  
CES technology 21–2, 23, 290–91, 299  
classical economists xi, 227, 236  
classical tradition xvi  
Cobb–Douglas production function xvi, 4, 22, 134, 209, 291  
Cobb–Douglas versus CES 4  
collaborative behaviour 42  
collective goods 90–91  
comparative statics and balanced growth 40–43  
competitive research firms 11  
complementarities and interdependencies 90  
composition effect 86, 90, 91, 104  
concessional rescheduling of debt 260  
consumers  
choice 84  
educated by produces 84  
electronics 98  
maximization 12, 24  
pref erence 69, 84  
consumption 34, 51–2, 72, 76  
analysis of patterns 84, 91–4  
composition xxi, 76–7, 90, 104, 106  
differentiation in 68  
distribution across goods 68
Index

'glamorous' 91, 95–7, 102, 104
innovation 85–6, 89, 97–9, 101, 105
Keynesian effective demand 77
leisure and 67
public 209–15, 221
uneven productivity growth 78
variety and growth 51–5, 71–2
cooperative and collaborative
departments 41
corporate channel 265, 267, 274
Corporate Profits 102
countries 239
Cozzi, G. xxv, 273
crime
economy 182
equilibrium 180
inequality and economic growth 169,
184
criminal activity 169, 184
Dasgupta, P. 29–30, 33
Daveti, F. xvii, 132
David, P.A. 29–30, 33, 99–100
De Groot, H.L.F. xviii, 133
debt
analysis 238
crisis 239
foreign 238
fragility 257
government 223, 225–7, 236
high debt/low income countries
245–6, 248, 253
increasing 261
model for foreign 240–49
overhang 239
partial forgiveness or relief 239, 255,
260
policy tools xxv
sovereign 238, 249, 261
sustainability of 238, 240, 259–60
deficit 224
demand factors 79, 100, 107
'destruction' of jobs xvi
devaluations 252
developing countries 238, 298
Dewatripont, M. 5, 270
Di Pasquale, D. 189, 192
differentiated goods 54, 72
differentiated product 90
'diffusion lag' 99
disclosure 29, 33, 111–12, 116, 124–5
disposable household income 210
distorsive taxation 207, 220
distribution of wealth and income xv, 13,
285
Dixit–Stiglitz
consumption index specification
114
production function 53
utility function 53, 57–8
'dramatic product innovations' 82
Duranton, G. xviii, 132
Dutt, A.K. xxiv, 224–7, 234–5
dynamic analysis 122–3, 291, 300
dynamic goods 82
EBrain Market Research Report 98
economic actors 238–9
economic environment 52
economic growth
criminal activity and 168
multiple equilibria 285
poverty traps 285–6
rate of 219
time xiii
economic miracle 27
economic stagnation 168
economic systems
cumulative dynamics xvii
multiple equilibria 180
economists, self-confidence 191
economy
crime 171
definition of profit-led 251
enforceability of contracts 281
firms 173–4
government 174–5
growth trap 184
households 171–2
mature 298
populated by two-period living
individuals 286
scientific research 31–2
education 4, 15
government 141, 170, 173, 175, 183
human capital 207
investment xx
part of collective goods 91
trade unions and 133

Neri Salvadori and Renato Balducci - 9781845428167
Downloaded from Elgar Online at 02/15/2019 03:34:13AM via free access
effective demand
consumption composition 102
debt servicing 239
expansion and contraction 99
function 250–51
new generation growth models 104
effects of public policies 229–34, 296–9
efficient bargaining 131–2, 140
employment
information on skills 147
job arrival rates 145–6, 188
search for better jobs 189
self-confidence 195
dependent growth models
constant growth rate xv, 207
income distribution xiv–xv
innovation 28
investment in education xx
investment in human capital 140
investment in physical capital 132
optimal factor shares 16–17, 134–7
unequal distribution of wealth xviii
Engel law and Engel curves 81, 83, 106
envelope theorem and Leibniz rule 194
endogenous growth models
constant growth rate xv, 207
income distribution xiv–xv
innovation 28
investment in education xx
investment in human capital 140
investment in physical capital 132
optimal factor shares 16–17, 134–7
unequal distribution of wealth xviii
Engel law and Engel curves 81, 83, 106
envelope theorem and Leibniz rule 194
endogenous growth models
constant growth rate xv, 207
income distribution xiv–xv
innovation 28
investment in education xx
investment in human capital 140
investment in physical capital 132
optimal factor shares 16–17, 134–7
unequal distribution of wealth xviii
Engel law and Engel curves 81, 83, 106
envelope theorem and Leibniz rule 194
endogenous growth models
constant growth rate xv, 207
income distribution xiv–xv
innovation 28
investment in education xx
investment in human capital 140
investment in physical capital 132
optimal factor shares 16–17, 134–7
unequal distribution of wealth xviii
Engel law and Engel curves 81, 83, 106
envelope theorem and Leibniz rule 194
endogenous growth models
constant growth rate xv, 207
income distribution xiv–xv
innovation 28
investment in education xx
investment in human capital 140
investment in physical capital 132
optimal factor shares 16–17, 134–7
unequal distribution of wealth xviii
Engel law and Engel curves 81, 83, 106
envelope theorem and Leibniz rule 194
<table>
<thead>
<tr>
<th>Index</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>issues bonds 225</td>
<td>differences in income 172</td>
</tr>
<tr>
<td>levies lump sum taxes e/o subsidies 225, 287, 288</td>
<td>educational activities 8</td>
</tr>
<tr>
<td>public consumption 215, 221</td>
<td>equities 240</td>
</tr>
<tr>
<td>public education and schooling 170, 173, 179, 187</td>
<td>labour share 142</td>
</tr>
<tr>
<td>public policies 41</td>
<td>wage and profit income 244, 247</td>
</tr>
<tr>
<td>taxes households 141</td>
<td>Howitt, P.</td>
</tr>
<tr>
<td>Grossman, G.M. 3–4, 6–7, 11, 19</td>
<td>creative destruction xv, xvii, 271</td>
</tr>
<tr>
<td>Dixit–Stiglitz specification 53, 57</td>
<td>labour in scientific section 36–7</td>
</tr>
<tr>
<td>patent protection 111–13, 115</td>
<td>patent protection 111–12</td>
</tr>
<tr>
<td>quality-ladder growth model 122, 125</td>
<td>R&amp;D 265</td>
</tr>
<tr>
<td>R&amp;D development 265</td>
<td>Schumpeterian growth model 5, 28</td>
</tr>
<tr>
<td><em>Grossman and Helpman-type economy</em> 22</td>
<td>human capital 4, 6, 7, 141–2</td>
</tr>
<tr>
<td><em>Grossman–Helpman–Lucas-type economy</em> 23</td>
<td>ICT</td>
</tr>
<tr>
<td>growth enhanced by</td>
<td>consumption innovation 104</td>
</tr>
<tr>
<td>consumption composition 54, 77</td>
<td>development 99</td>
</tr>
<tr>
<td>effective demand 77–8</td>
<td>impact greater as we move from home</td>
</tr>
<tr>
<td>preference for variety xxii</td>
<td>electronics to Internet 97</td>
</tr>
<tr>
<td>research sector xx</td>
<td>initial stage 100</td>
</tr>
<tr>
<td>structural dynamics and demand</td>
<td>products 94</td>
</tr>
<tr>
<td>composition 78–80, 86</td>
<td>illiquidity 259</td>
</tr>
<tr>
<td>unionized labour market 132</td>
<td>imitation 96, 123</td>
</tr>
<tr>
<td>growth rate of</td>
<td>partial 110–13, 117, 126</td>
</tr>
<tr>
<td>consumption 137, 143</td>
<td>imperfect information 191</td>
</tr>
<tr>
<td>economy, no criminal activity 182</td>
<td>incentives to commit crime 175–8</td>
</tr>
<tr>
<td>expenditure 91</td>
<td>income inequality 224–5</td>
</tr>
<tr>
<td>organization of science 43</td>
<td>income level and poverty 170</td>
</tr>
<tr>
<td>Gualerzi, D. xxi, 76, 86, 93–4, 96, 99–102</td>
<td>increase in overall deficit 230</td>
</tr>
<tr>
<td>Hahn, F. xiii, xv</td>
<td>increasing returns 101, 107</td>
</tr>
<tr>
<td>Hamilton–Jacobi–Bellman equation 274</td>
<td>individuals 85, 266–7, 275, 277, 280</td>
</tr>
<tr>
<td>Hamiltonian function 135, 143, 210, 215, 277</td>
<td>industrialization 81, 96</td>
</tr>
<tr>
<td>Harrod–Domar model 76–7</td>
<td>inequality</td>
</tr>
<tr>
<td>hedonic techniques 82</td>
<td>differences in connection 146–7</td>
</tr>
<tr>
<td>Helpman, E. 3–4, 7, 11, 19</td>
<td>dynamics of 147</td>
</tr>
<tr>
<td>Dixit–Stiglitz specification 53, 57</td>
<td>network structure 146, 164</td>
</tr>
<tr>
<td>endogenous growth theory 28</td>
<td>profit-based income 266</td>
</tr>
<tr>
<td>patent protection 111–13, 115</td>
<td>inequality and growth 265–7</td>
</tr>
<tr>
<td>quality-ladder endogenous growth</td>
<td>inequality in income distribution 169, 223, 234</td>
</tr>
<tr>
<td>model 122, 125</td>
<td>infringement rate and unemployment xvi</td>
</tr>
<tr>
<td>R&amp;D development 265</td>
<td>information distribution 69</td>
</tr>
<tr>
<td>heterodox models, economic system 238</td>
<td>information-communication technology 52</td>
</tr>
<tr>
<td>heterogeneity 69</td>
<td>infringement of the lagging breadth 125</td>
</tr>
<tr>
<td>horizontal collusion 272</td>
<td>infringement of patent 111</td>
</tr>
<tr>
<td>households 287, 300</td>
<td>innovation</td>
</tr>
<tr>
<td></td>
<td>consumption 51, 83–6</td>
</tr>
<tr>
<td></td>
<td>continuum memoryless Poisson</td>
</tr>
<tr>
<td></td>
<td>process 117</td>
</tr>
<tr>
<td></td>
<td>discovering new designs 7</td>
</tr>
</tbody>
</table>
enhance notion of eating 91
fashion, collective aspect 91
risky venture 117
transformed ICT products 97
uncertain 17, 33
innovative activities of firms 5, 31
innovative firms 28
innovative investment 88
intellectual property (IP) rights protection 111, 125
interest rate 235
interest rate stabilization 225, 232, 233, 237
intergenerational distribution of resources 285
intergenerational transfers 292, 296, 298
intermediate firms 10
intermediate sectors 9
intersectoral competition for skills 4, 24
investment bargaining power xix
education 183
ICT sector 97
innovative 90
intensity 90
new products 86
productivity 101
‘invisible colleges’ 30
IT 101
Jackson, M. 145, 147, 153, 159, 163
job arrival rate 201
contract networks 145–6
search activity 163, 166, 189, 190
search model 195–7
Josten, S.D. 168–9
‘Kaldor facts’ 82
Kaldor, N. xii, xxiv, 131, 223, 226–7
Kaldor–Pasinetti tradition 224, 235–6
Kaleckian model 234
Keynes–Kaldor–Kalecki and structuralist tradition xxv
Keynesian economists 225
Keynesian growth theory 78, 105
Keynesian literature 223–4
Klenow, P.J. 82–3, 104
knowledge xii–xiv, xviii, xxi, xxvi, 3–4, 6–7, 11, 14, 22, 27–35, 43–4, 54, 69–70, 73, 82, 101, 111, 126, 163, 267, 269, 278
Köszegi, B. 189, 191–2
Krauth, B.V. 147, 165
Kurz, H.D. xiii–xiv
Kuznet facts 82
labour costs 132
market 147, 150, 250, 262
power xi
productivity 171
rigidities 100, 107
role of trade unions and xviii
search 189
segmentation 102, 104
social networks 146
supply and crime 169, 178
transmission of information on jobs in 164
unions xvii–xx
La Ferrara, E. 189, 192
Lafer curve 239, 279
Lailson, D. 189, 192
Lancaster, K. 51, 81
Langrangean multiplier 287, 300
learning new preferences 79–80
learning principle 79
leisure 66–7
LIBOR bond rate 245
Lindbeck, A. 190, 198–200
Lingens, J. xix, 133
LitAlert database 110
Lloyd-Ellis, H. 168–9
‘long-range’ links 159
long-term growth 51, 68
Lossani, M. 93–4
low-labour productivity agents 171
low-paid jobs 102
Lucas effect 5
Lucas, R.E. 3, 7–8, 16, 18–19, 207
Lucas–Grossman and Helpman model 21
lump sum taxes/transfers 286, 298–9
McDonald, I.M. 131, 137
‘Malthusian Law of Population’ xi
Mansfield, E. 31, 80
Marceau, N. 168–9
Marshall–Lerner condition 252, 262
Marx, Karl 227, 236
Neri Salvadori and Renato Balducci - 9781845428167
Downloaded from Elgar Online at 02/15/2019 03:34:13AM
via free access
Index

measurement of quality 82
Metcalfe, J.S. 71, 84
methodological individualism-rational agent (MIRA) 238
mixed equilibrium 180–81
mobility rates 188
model setup for economic growth 286–90
Modigliani–Miller theorem 131, 137
monetary theory of distribution 223
Montgomery, J.D. 146, 162
Mortensen, D. 188, 194
multiple equilibria 63, 200–201, 285, 293–4
existence 296–7
poverty traps 286
steady-state 64
Nash bargaining solution 138
needs structure 91
Neo-Schumpeterian endogenous growth theory 31, 111, 115
new products 80
notion of ‘patent scope’ 112, 126
product market competition 4
role of demand 80, 105
neoclassical economists xii
theory of employment xv
theory of growth 207, 220
network
composition 163
effects 162
growth 147, 158
new competitor 116
new consumption good 51, 52, 72
new growth theory 207, 220
new products and expansion
basic relationships 86–9
composition effect 89–90
no-arbitrage condition 118, 122
no crime equilibrium 180
no-fixed factors 54–5
no-growth trap 37, 40
nominal wages 242
non-decreasing returns to scale 207, 220
norm of ‘priority’ 33
number of links 156
Nyberg, S. 190, 198–200
O’Donoghue, T. 111, 125
Office and Computing Machines (SIC 357) 100
OLG model à la Samuelson–Diamond xxv, 299
optimism in search model 189
output–capital ratio 240
output and distribution variations 249
output and inequality 160
overlapping generation model 133, 170–71, 223, 230, 286
paradox of cost 257
Parreno, J.M.R. xix, 133
‘Pasinetti’ and ‘anti-Pasinetti’ theorems 223, 225, 228, 235
Pasinetti, L.L. 76, 78–9, 81, 86, 88, 105, 131, 223, 226
patent 124
acquisition 61
block for new product or process 111
infringement 111
law 112, 115
litigation 110
protection for R&D 111
virtual everlasting monopoly for firms 111
PAYG social security scheme xxv, 298
Perotti, R. 265, 279, 281
personal distribution of income 226
Persson, T. xiv, 265–6, 274
Piketty, T. 279, 281–2
‘pivotal shareholder’ 267, 274
pivotal voter 274
Poisson stochastic process 33
Ponzi debt rollover 255
population
growth and poverty trap 286
stationary 12
productivity growth 4
post Keynesian theory of growth and distribution 223, 228, 234–5, 236
poverty trap 290
basic ingredient of 291
conditions for existence of 293–4, 300
definition 285, 291, 300
effects of public policies 296
with intergenerational transfers 292–6
without intergenerational transfers 290–92
OLG economy 290
PAYG social security scheme and xxv
predator 176–7
preference for variety 57–8, 61, 67, 68
preferences for new goods 69
price increases 82
private and collective goods 90, 106
producers 81
product of final good 42
product innovation 80, 83, 95, 104
polarized pattern of consumption 96
quality and variety 82–3
role in New Growth Theory models 80
theoretical perspectives on new products 80–82, 95
way to promote demand 79
product market competition 4–5, 24
production
intermediate goods 4
intermediate inputs 240
human capital 4
knowledge 27
production function 208
productive agents 164
productive investments xxiv
productivity
dispersion 162
gains 102
growth 78
profit
explaining investment 131
fraction of aggregate expenditure 280
result of R&D investment 280
share of individual income 279
taxation 278–80
property rights 207
‘pseudo-dynamics’ 78
public sector 35 see also government
quality improvement 83
quality-ladder R&D-based growth model xxii, 112–13, 125
quest for priority 30
R&D
cooperation 272, 282
‘in-house’ 6
lower investment 281
monopolist firm 269, 282
patent infringement 110
R&D-based endogenous growth model 118, 123
sector of intermediate good producer 4
shareholders’ optimal choices 273
socialist economy 276
who decides the amount carried out in the economy? 265–6
Rebelo, S. 6–7, 18, 22, 82
redistributing opportunities 188–91
redistributive policy 198–201, 286
effectiveness 191
long-run dynamic outcomes 299
multiple equilibria of 190
rentiers
benefits received xxiv
government wealth 232
profits and interests 225
saving 225
replicator dynamics model 81
rescheduling 239
research
financing 28
incentive 43
uncertainty 30
researchers xxi, 28
Rey, P. 5, 270
Ricardian equivalence theorem 298
Ricardo, David xi
Robinson, J. 80, 86, 226
Romer, P.M. 28, 111, 207, 265
Rowthorn, R.E. xvi, 290
rule of ‘full disclosure’ 33
S&P 500 index 102
Sacerdote, B. 168, 189, 192
Sala-I-Martin, X. 53–4, 60, 269
Salvadori, N. xiii–xiv
Sánchez-Losado, F. xix, 133
satiation 81
saving 115, 265–8, 276–8
saving capitalism 265–84
saving propensity 81, 133
scale-invariant quality-ladder growth model 113
dynamic equilibrium system 119–21
preferences 113–15
Index

R&D sector 117–19
Schumpeter, J. xvii, xviii, 27, 80, 81, 84, 265, 266, 267, 269, 271
Schumpeterian growth model 5, 23, 32, 80
science sector 33–4, 44
public financed 44
public good 33
technological innovation 29
Science and Technology institutions 31
scientific community 29
scientific research 30, 44–6
scientists xx, 28
search
effort and self-confidence 189
model 189
unemployment 134
'second generation' of consumer durables 95
self-confidence 191–2, 201
'above median effect' 191
behaviourable trait of 201
inequality in wages 188
investment in image 190
search effort for better jobs 189
self-esteem
individual social capital 192, 202
motivation in search activities 191
search effort 189–90, 201
self-image, 'ego-utility' 191
shared capitalism 103
shareholders 271
Shell, K. 27–8, 44, 265
short-run and longer-run
dynamics 249
equilibrium 253–4
foreign debt 255
profit- and wage-led effective demand 251–2
rescheduling at different rates 256–8
stability 254–5
temporary equilibrium 249–50
short-run bargaining 137–9
short-run behaviour 54
signalling 189
simulations 154, 164
average path length 158–9
composition and exclusion 160–62
inequality dynamics 157
relation between effort and tax rate 41, 41–2
social links 154–8
social networks 154
Smith, Adam xi, xii, xiv
social accounting matrix (SAM) 240, 244
social capital 192
social integration 161–2
social links 145
social networks xxii, 162–4, 188
social norms 190, 200–203
social planner 131, 134, 141–2
social stigma 198, 200–201, 201
social ties 146, 163
Solow, R.M. xii, xiii, 27, 131, 137
specialization 6, 24
degree of returns 8, 24
productivity effects 55, 73
spillovers 94, 280
duplications 272
knowledge 3, 6–7, 43
research 31
without knowledge 7, 11, 22
standard solvency condition 255
stratification 163, 166
structural change 81, 99–101
structural dynamics 101–3
structure of needs 89, 106
study of variety and quality growth 83–4
substitutability effect 5, 209, 219, 291
substitution, rate of item 83, 103
Tabellini, G. xiv, xviii, 132, 265–6, 274
taste formation 85–6
taxation
distortionary 268
dynamics of economy 295, 299
growth 278, 285
of labour income 132
poverty trap 286
of profit 35, 278
R&D 279
redistributive 265, 281
taxes and subsidies 199
Taylor, L. 238, 242
technical progress
different pace 78
employment xv, xvi
physical and human capital 18
technological change, skilled-biased xvi, xxvi
development, 27
systems 80
technology 18–22
Technology and Culture 84
technology of physical production 55–7
technology of R&D sector 60
theft 172
theory of behavioural determinants of earnings 188
theory of output 78, 105
Tirole, J. 189, 191–2
trade unions 132–3
bargaining power 140
dual labour market xviii
effective behaviour 141
firms 137
low-skilled workers xviii
optimality 139–40
‘rational’141
‘two-tier marketing’97
unemployment
distribution and growth xv, xvi, xvii
efficiency wages xix
growth xviii
job offer 145
wage share xv
unequal distribution xvii
unequal individual wealth 273
unskilled workers 134
US economy
1980s weak growth 93
consumer durables 95
deregulation of financial services 101
expansive cycles (1980s and 1990s) 77, 91–2, 106
Federal Circuit Judges and Supreme Court and patent law 112
growth rate (1979–89) 92, 106
macroeconomic indicators 93, 102–3
National Cooperative Research Act (1984) 272
new products and industries 103
Patent and Trademark Office 110
performance of stock market 103
pivotal role of ICT 92, 94, 106
spending on consumer durables 82, 105
structural change 101
study of firms 31
USD bond rate 245
Uzawa, H. 8, 16
wages
boom 102
cut 257
inequality 145
marginal productivity 280
part of workers’ income 103
real xv
stagnation of (1990s) 104
wait unemployment 132, 133
Wapler, R. xviii, 134
weak ties 146, 165
Weibull, J.W. 190, 198–200
welfare program 198
welfare state and social norms 190
‘winner take all’ 30
Witt, U. 69, 81
workers
ability 192, 202
bargaining power 260
compensation 101–2, 107
earnings 132
income 224
savings 225
search for job 193
selective information 149, 165
self-confident xxiii, 191
skilled and unskilled 134, 145, 148
wages 147
worker–job matches 163
Yoshikawa, H. 53–4, 59
You, J.J. xxiv, 224–7, 234, 235
Zeira, J. 279, 281–2