Does the Economic Growth Matter ?

by

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March 2010
revised April 2011

Abstract

This paper presents an overlapping generations model of economic growth through the replacement of goods. In the model, a new good is introduced in each period and can be produced until the next period. Every good is produced by labor with learning by doing. No capital exists. The knowledge collected by a person through learning by doing has no spillover effect, and obsoletes after the death of the person. It is proven that there exists a stationary equilibrium in which a positive economic growth and a constant utility level of people coexists over time. The source of the growth is the market itself. This result seems to suggest that the economic growth may arise without any accumulation of capital or knowledge over time. It also seems to suggest that the real growth rate is not an adequate indicator of economic welfare.

JEL Classification Number: E01, E13, J24