

Poverty Trap, Overtaking and Sustainable

Economic Growth

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Abstraction

This paper presents a new unified-two-regimes model based on two assumptions in relation to: labor size effect on production technology and physical capital accumulation. The dynamic model leads to three important implications: (i) successful shift in the prime economic growth engines raises sustainable and accelerated economic growth; (ii) unsuccessful shift in ones results in poverty trap; (iii) overtaking occurs between two typical economies: unsuccessful shifting prime growth engines with higher output per capita at first and successful shifting prime growth engines with lower output per capita at first.

Keywords: Sustainable Economic Growth; Poverty Trap; Overtaking