

Jump from trap to take-off in Endogenous variety-expanding growth model with Leisure

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Abstract

The time-allocation including leisure decision plays a crucial role in macro (micro) economy or economic theory. But it is difficult to tact the time-allocation including leisure decision and we need various devises in order that we show usual observation about the positive effect of leisure towards economy .

Caballe and Santos (1993) and Chamley (1993) use Uzawa-Lucas framework, which engage growth by the interaction of human capital and physical capital, and display that leisure positive effect towards economy. Ortigueira (2000) employ quarified leisure in utility function and analyze dynamic.

This article employ variety-expanding utility function , which with leisure, and show dynamic analysis. We show that this model has three types of dynamics, (i)the paradox case , (ii)the exogenous case, and (iii)normal case . We need attain jump from the paradox case, over the exogenous case, to normal case in order that attain economic sustain expanding as like Dixit and Stiglitz (1977) and Romer(1990). But in order to attain this performance, we need to attain discontinuous jump of the number of subjects, who demand leisure , and leisure-goods and to escape economy traps.