

# The Role of Private Sector under Insecure Property Rights

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## Abstract

This paper extends the literature on the relationship between economic growth and insecure property rights by introducing the contribution of the private sector to the common sector. We show that the balanced growth rates do not depend on the technology of the common sector and, thus, the standard voracity effect is not obtained, and that the consumption strategy of each interest group becomes Markov control-state complementarity. Moreover, we have observed numerically that an introduction and/or an increase of the contribution ratio leads to an increase in appropriation rate and a decrease in the balanced growth rate, which is like voracity effect, and that, if the contribution of the private sector to the common sector is relatively high, each interest group has relatively more private capital than common capital.

**Keywords:** differential game, Markov-perfect equilibrium, the voracity effect,

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