Prof. Dr. Erinc Yeldan

Consider the following modification of the R&D-production function of Romer (1990):

The growth of general knowledge takes the form:

1) $\dot{A} = \delta A^{\gamma} H_A$, where γ is some positive parameter. Re-solve the Romer's problem in a market setting. How does the growth rate of the economy behave with respect to particular values of γ?