

Errata to: Why the Concept of Hicks, Harrod, Solow Neutral and even Non-Neutral Augmented Technical Progress is flawed in Principle in any Economic Model, May19 2018

Replace on page 2 in keywords two times the name

Harris

by

Harrod

Replace the next part (page 9-10)

We choose $c = c_1 y$ and linearize around k_{c_1} , using Taylor expansion at c_1 gives

$$\dot{k} = \frac{(1-c_1)}{\left(\frac{k}{y}\right)_{c_1}} \frac{\alpha(a_K k_{c_1})^\alpha}{\alpha(a_K k_{c_1})^\alpha + (1-\alpha)} k - \delta k = \left(\frac{\alpha(a_K k_{c_1})^\alpha}{\alpha(a_K k_{c_1})^\alpha + (1-\alpha)} - 1 \right) \delta k = (1 - ks) \delta k \quad (31)$$

The eigen value of this equation is λ

$$\lambda = (1 - ks) \delta < 0 \quad (32)$$

which holds for $\forall c_1 \in (0,1)$

This means that this system is stable and will converge towards the equilibrium at c_1 , starting from arbitrary initial condition $k_0 > 0$. The time constant τ is

$$\tau = \left| \frac{1}{\lambda} \right| \quad (33)$$

Lemma: If consumer's behavior is $c = c_1 y$ under maximizing profit with wages fixed or under maximum profit conditions, then all choices c_1 will result in a unique and stable equilibrium.

by

We choose $c = c_1 y$ and linearize around k_{c_1} , using Taylor expansion at c_1 gives

$$\dot{k} = \frac{(1-c_1)}{\left(\frac{k}{y}\right)_{c_1}} \frac{\alpha(a_K k_{c_1})^\alpha}{\alpha(a_K k_{c_1})^\alpha + (1-\alpha)} k - \delta k = \left(\frac{\alpha(a_K k_{c_1})^\alpha}{\alpha(a_K k_{c_1})^\alpha + (1-\alpha)} - 1 \right) \delta k = (ks - 1) \delta k \quad (31)$$

The eigen value of this equation is λ

$$\lambda = (ks - 1) \delta < 0 \quad (32)$$

which holds for $\forall c_1 \in (0,1)$

This means that this system is stable and will converge towards the equilibrium at c_1 , starting from arbitrary initial condition $k_0 > 0$. However, not all combinations of c_1 and σ will result in an equilibrium. The time constant τ is

$$\tau = \left| \frac{1}{\lambda} \right| \quad (33)$$

Lemma: If consumer's behavior is $c = c_1 y$ under maximizing profit conditions, then all choices c_1 will result in a unique and stable equilibrium, if an equilibrium exists.