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Social Capital and Economic Growth: A Presentation of Theoretical Pattern

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Abstract

The concept of social capital has been the focus of attention and also used in social sciences fields for decades. Based on pivotal theory of this study, efforts have been made to present a theoretical pattern in order to introduce the social capital-as mutual trust among individuals and economic units-along with other factors such as economic and human capitals, as an independent variable in economic growth function. In this point of view, the trust is the individual's belief in standing for fulfilling their commitments in their socio economic interactions. In fact, this is a belief that facilitates the establishment of interactions.

We pursue to answer the following question "Are there any other effective factors to determine the change of production function of economics in addition to economic and human capital? If there is, how is this production function defined theoretically?"

We use Francois pattern (2002) as a base pattern and expand it to production function of economics. This model explains the trust role in increasing or decreasing entrepreneur appearance share in economics.

The results have identified a new relationship in economic growth by expansion of Francois model and entrance of production function. In this model, the economic growth is dependent on the absolute quantity and growth rate of social capital in addition to economic and human sources.

Keywords: Social capital, Trust, Norm, Network, Social ties and Economic growth

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- 1 . Fedderke, De Kadt, Luiz
 - 2 . Glaeser , Laibson and Sacerdote
 3. Francois

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2. Trust

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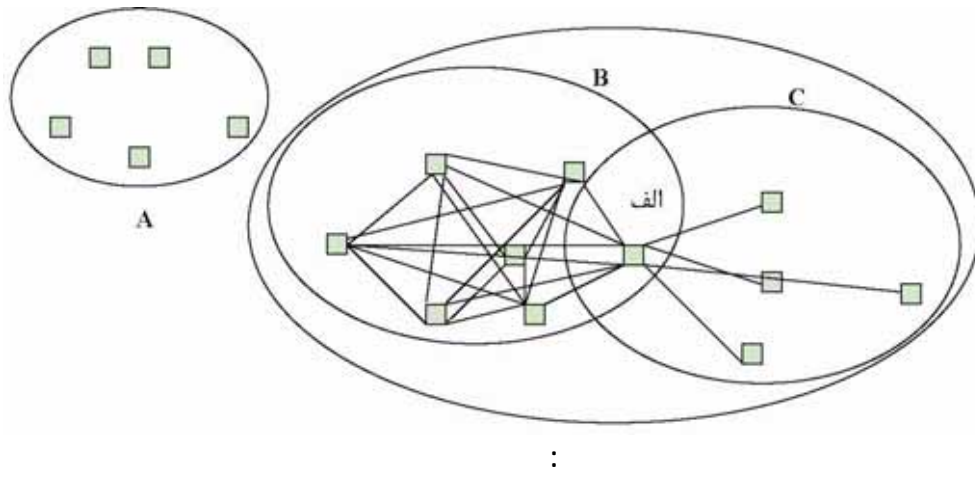
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- 5 - Loosely
 - 6 - Exchange Theorist
 - 7 - Homans
 - 8 - Jacobs
 - 9 - O'Connor
 - 10- Glenn Loury
 - 11 - Ben Porath
 - 12 - Williamson
 - 13 - Baker

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- 1 - Lyda. J Hanifan
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- 12 - Putnam
 - 13 - Fukoyama
 - 14- Kramer , Brewer and Hanna
 - 15 - Reciprocity-Based
 - 16 - Elicitive
 - 17 - Compensatory
 - 18 - Moralistic

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- 1 - Bourdieu
 - 2 - Cultural
 - 3 - Economic
 - 4 - Functional
 - 5 - Linguistic
 - 6 - Personal
 - 7 - Political
 - 8 - Professional
 - 9 - Social
 - 10 - Symbolic
 - 11- Coleman

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9 - Michael Pollitt
10 - Glaeser , Laibson and Sacerdote

1 - Flora
2 - Flora and Wade
3 - Narayan and Pritchett
4 - Offe
5 - Teachman , Paasch and Craver
6 - Woolcock
7 - Portes
8 - Fedderke, De Kadt, Luiz

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$$E[\alpha \pi(p_t)] = \alpha \beta_t \pi(p_t) - k$$

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p_t

$\pi(p_t)$

k

$\alpha \pi(p_t)$

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3 - Grootaert
 4 - Groups and Networks
 5 - Trust and Solidarity
 6 - Collective Action and Co-operation
 7 - Information and Communication
 8 - Social Cohesion and Inclusion
 9 - Empowerment and Political Action

1 - Falk and Kilpatrick
 2- Francois

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P_t

P_t $(0 < P_t < 1)$

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k

$\pi(P_t)$

) $P_t = 0$

$\pi'(P_t) < 0$

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) $P_t = 1$

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$$P_t y_t = b$$

$$A[U^T(P_t)] = P_t [(1-\alpha) \pi(P_t) + \gamma] - F \quad () \quad \gamma \quad ()$$

$$A[U^0(P_t)] = P_t b \quad () \quad y_t$$

$$U_t^T = y_t + d_t \gamma \quad : \quad d_t = 1$$

$$\Delta \beta_t = \beta_{t+1} - \beta_t \quad y_t = \alpha \pi(P_t) \quad d_t = 0$$

$$(1 - \pi(P_t))$$

F

γ

β

(1- β)

$\gamma = 0$

$= y_t$

$d^t(\beta)$

U_t^0

$d^0(1-\beta)$

b

:

$$1-d^t(\beta)$$

$$(d^t(\beta_t)-d^o(1-\beta_t))\beta_t$$

β

$$1-\beta$$

$$\Delta\beta_t = \beta_{t+1} - \beta_t = \beta_t(1-\beta_t)\Phi(A[U^T(P_t)] - A[U^O(P_t)]) \quad ()$$

$$d^o(1-\beta) \quad ()$$

t

1-

$$1-\beta$$

$$t+1 \quad (A[U^T(P_t)] \quad A[U^O(P_t)] < 0 : \quad)$$

$$P^{ij} \quad :$$

$$j \quad i$$

$$: \quad () \quad () \quad ()$$

$$\Delta\beta_t = \beta_{t+1} - \beta_t = \beta_t(1-\beta_t)\Phi(P_t[(1-\alpha)\pi(P_t) + \gamma - b] - F) \quad ()$$

$$P^{tt} = d^t(\beta) + (1-d^t(\beta))\beta$$

$$P^{to} = (1-d^t(\beta))(1-\beta)$$

$$P^{oo} = d^o(1-\beta) + (1-d^o(1-\beta))(1-\beta) \quad ()$$

$$P^{ot} = (1-d^o(1-\beta))\beta$$

$$()$$

$$\beta_{t+1} = \beta_t P^{tt} + (1-\beta_t) P^{ot} \quad ()$$

$$: \quad () \quad ()$$

$$\beta_{t+1} = \beta_t [d^t(\beta_t) + (1-d^t(\beta_t))\beta_t] + (1-\beta_t) [(1-d^o(1-\beta_t))\beta_t] \quad ()$$

(P_t)

$$:$$

$$\beta_{t+1} - \beta_t = \beta_t(1-\beta_t) [d^t(\beta_t) - d^o(1-\beta_t)]\beta_t \quad ()$$

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$$d^t(\beta_t) > d^o(1-\beta_t)$$

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(β_t)

λ_t)

$$K \quad A \quad (Y_t = AK^\alpha L^{1-\alpha}) \quad :$$

$$Y_t \quad L \quad E[\alpha\pi(P_t)] = \alpha\beta_t\pi(P_t) - k \quad ()$$

$$(\quad \beta_t$$

(P_t)

$$P_t = 0 \quad \alpha\beta_t\pi(P_t) - k < 0 \quad ()$$

$$P_t = 1 \quad \alpha\beta_t\pi(P_t) - k > 0 \quad ()$$

$$0 < P_t < 1 \quad \alpha\beta_t\pi(P_t) - k = 0 \quad ()$$

$$A_t = A_0 e^{gt}$$

$$A_0 \quad t \quad A_t \quad (P_t)$$

$$() \quad (0) \quad t \quad (\beta_t)$$

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$$P_t$$

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$$Y^* = P_t \{ 1 + [(\delta P_t / \delta t) / P_t] t \} + \alpha K^* + \lambda \beta^* + \lambda L^* \quad () \quad (g = P_t)$$

$$P^* \quad (\delta P_t / \delta t) / P_t$$

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$$Y^* = P_t (1 + P^* t) + \alpha K^* + \lambda \beta^* + \lambda L^* \quad () \quad Y_t$$

P_t

(K_t)

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$$() \quad ()$$

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β_t

$\beta_t L_t$

L_t

Y_t

t

$$\beta_t) : \quad (\beta_t)$$

$$P_t = h(\quad)$$

$$P^* = h' \beta^* :$$

$$: \quad ()$$

$$Y_t = A_0 e^{P_t t} K_t^\alpha (\beta_t L_t)^\lambda \quad ()$$

$$Y^* = h(\beta) [1 + (h' \beta^*) t] + \alpha K^* + \lambda \beta^* + \lambda L^* \quad ()$$

$$0 < \lambda \quad \alpha < 1$$

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$$\ln(Y_t) = \ln(A_0) + P_t t + \alpha \ln(K_t) + \lambda \ln(\beta_t) + \lambda \ln(L_t) \quad ()$$

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$$Y^* = h(\beta) + (h' h t + \lambda) \beta^* + \alpha K^* + \lambda L^* \quad ()$$

$$() \quad \beta^*$$

$\ln(A_0)$

β^*

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$$(\delta Y^* / \delta \beta^*) > 0 \quad () \quad Y^* = (\delta P_t / \delta t) t + P_t + \alpha K^* + \lambda \beta^* + \lambda L^* \quad ()$$

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$h(\beta)$

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$h' > 0$:

$Y^* = f(\beta^*, \beta, K^*, L^*)$

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(L^*, K^*)

(β^*, β)

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(h'ht)

(β°)

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.(h'ht +λ) > λ :

h'>0

(t)

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