

The strong transfer paradox in an overlapping generations framework ^{*}

Mitsuyoshi Yanagihara[†]

Graduate School of Economics, Nagoya University, Nagoya, 464-8601, Japan

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Abstract

It is shown that in an overlapping generations model, a strong transfer paradox occurs through permanent transfer in a dynamically efficient region because of international capital mobility. A graphical explanation is also provided to show how the strong paradox arises.

Key words: Transfer paradox; Overlapping generations model; Golden rule; International Capital Mobility

JEL classification: F21, F35, F43, O11, O41

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[†]Graduate School of Economics, Nagoya University, Furo-cho, Chikusa-ku, Nagoya, Aichi 464-8601, Japan, (telephone): +81-52-789-5952, (fax): +81-52-789-4924, (e-mail): yanagi@soec.nagoya-u.ac.jp