

# Market Size, Patent Protection, and Economic Growth

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## Abstract

An endogenous growth model is constructed to address the issue of scale effect and to investigate the effect of patent protection on economic growth and social welfare. The main result is that the long-run growth rate is independent of the market size and patent protection. In addition, it shows that increasing patent protection improves social welfare when initial patent protection is weak. The policy implication of this result is that patent protection is beneficial to a society, even though patent protection does not promote innovation.

Keywords: Scale Effect; Patent Protection; Economic Growth

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