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We study endogenous growth within a model with occupational choice in which innovators produce ideas, within an asymmetric information framework. Each innovator has private knowledge of their production costs. Developers offer innovators non-linear contract schemes that affect both the number of innovators and the rate of economic growth. Two main results are obtained. First, the equilibrium contract under asymmetric information leads to the selection of highly-talented workers in R&D activities. Second, the growth rate is lower in the private information case when compared to the full-information benchmark due to the existence of an efficiency-rent extraction trade-off.

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