



Journal of Social Sciences and Management Research



Economic development and Human Progress In Tamil Nadu –A Theoretical Perspective

- Dr. G. YOGANANDHAM* & Mr. P. SENTHIL KUMARAN**

Abstract

The human development concept was developed by economist Mahbub ul Haq. The term human development may be distinct as an expansion of human potentials, a widening of choices, an enhancement of freedom, and a fulfillment of human rights. As income growth is essential, so are health, education, physical environment, and freedom. Among the most important of these factors is public policy. Human development raises the levels of education, health and nutrition in an economy. The results are a healthier and better-educated population capable of being economically more productive. Human development is defined as the process of enlarging people's freedoms and opportunities and improving their well-being. It is about the real freedom ordinary people have to decide who to be, what to do, and how to live. Whereas economic growth is an increase in the production of economic goods and services, compared from one period of time to another. Traditionally, aggregate economic growth is measured in terms of Gross National Product (GNP) or Gross Domestic Product (GDP), although alternative metrics are sometimes used. In short, Economic development is a critical component that drives economic growth in any economy, creating high wage jobs and facilitating an improved quality of life. Therefore, Human development and economic growth are two different paradigms that imply different objectives, measurement techniques, and policies. In this background this paper mainly concentrate on economic development and human growth within Tamil Nadu in theoretical perspectives with the help of secondary sources of information relating to the theme of the paper.

Keywords: *Human development, Human potentials, Economic development, Economic growth, Aggregate economic growth, Gross National Product, Gross Domestic Product, Human rights, Production of economic goods and services, Measurement techniques and polices.*

* Associate Professor and Head,
Department of Economics,
Thiruvalluvar University, Serkkadu,
Vellore District, Tamil Nadu- 632 115.

** Research Scholar,
Department of Economics,
Thiruvalluvar University, Serkkadu,
Vellore District, Tamil Nadu- 632 115.

Introduction

The term human development may be defined as an expansion of human capabilities, a widening of choices, an enhancement of freedom, and a fulfillment of human rights. As income growth is essential, so are health, education, physical environment, and freedom. Among the most important of these factors is public policy. There is also a key link back. Human development raises the levels of education, health and nutrition in an economy. The results are a healthier and better-educated population capable of being economically more productive.

Human development is defined as the process of enlarging people's freedoms and opportunities and improving their well-being. Human development is about the real freedom ordinary people have to decide who to be, what to do, and how to live. The human development concept was developed by economist Mahbub ul Haq.

Whereas economic growth is an increase in the production of economic goods and services, compared from one period of time to another. Traditionally, aggregate economic growth is measured in terms of Gross National Product (GNP) or Gross Domestic Product (GDP), although alternative metrics are sometimes used. Perhaps most importantly, studying human development makes it easier to spot possible signs of trouble. From problems with cognitive, social, or emotional development in early childhood to struggles later in life, being able to identify potential problems is important.

Human development encompasses the physical, cognitive, and psychosocial changes that occur throughout a lifetime. Human development refers to the physical, cognitive, and psychosocial development of humans throughout the lifespan. Human development composed of mean years of schooling, expected years of schooling, life expectancy at birth, and gross national income per capita. This index is a tool used to follow changes in development levels over time and to compare the development levels of different states. Social, physical, emotional, cognitive and cultural changes take place throughout the lifespan of an individual. Education in every sense is one of the fundamental factors of development. Education raises people's productivity and creativity and promotes entrepreneurship and technological advances. In addition it plays a very crucial role in securing economic and social progress and improving income distribution.

Economic development is a critical component that drives economic growth in our economy, creating high wage jobs and facilitating an improved quality of life. These are the top six reasons why economic development plays a critical role in any region's economy. Economic growth only comes from increasing the quality and quantity of the factors of production, which consist of four broad types such as land, labor, capital, and entrepreneurship. Economic growth means an increase in real GDP, an increase in the value of national output, income and expenditure. Essentially the benefit of economic growth is higher living standards, higher real incomes and the

ability to devote more resources to areas like health care and education.

Human development and economic growth are two different paradigms that imply different objectives, measurement techniques, and policies. However, a broad literature has shown that economic growth and human development are intrinsically interconnected, co-evolutionary, and mutually reinforcing each other. The main aim of this study is to discuss and compare these two paradigms and outline their elements of specificity as well as their potential linkages. In particular, a review of potential linkages between human development and economic growth highlights their bi-directionality, both in theory and in terms of policy implications. In addition to the main theories, some empirical evidence is also being presented. Finally, specific sections are devoted to policy implications and specificities of transition countries. The two-way relationship between economic growth and human development suggests that nations may enter either into a virtuous cycle of high growth and large gains in human development, or a vicious cycle of low growth and low rates of HD improvement.

Statement of the Problem

In the Human Development Index (HDI), the level of human development is conceptualized as having three components such as health, education, and economic conditions. Perhaps most importantly, studying human development makes it easier to spot possible signs of trouble. From problems with cognitive, social, or

emotional development in early childhood to struggles later in life, being able to identify potential problems is important.

The first UNDP Human Development Report published in 1990 stated that the basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives. It also defined human development as a process of enlarging people's choices, and strengthens human capabilities. The HDI considers three indicators of human development, namely, life expectancy, education, and per capita income. Economic development helps to protect the local economy from economic downturns by attracting and expanding the region's major employers. The increased presence of companies in the region translates to increased tax revenue for community projects and local infrastructure.

Ranis and Stewart (2001) extend this analysis to the experience of Latin American countries for the period 1960-92. Their results reinforce the earlier conclusion that a balanced approach to Economic Growth and Human Development has to be adopted. It is also imperative to emphasize on Human Development from the very outset of any development programme, as policies that emphasize economic growth alone do not ensure sustainable Human Development. Evaluating the performance of some selected countries from Africa, Asia and Latin America on Human Development during the period 1960-95, Ranis and Stewart (2000) have identified the best performing countries and the conditions for making success in HD. Based on general reasoning and empirical evidence; they have

suggested the conditions for sustainability of success in Human Development.

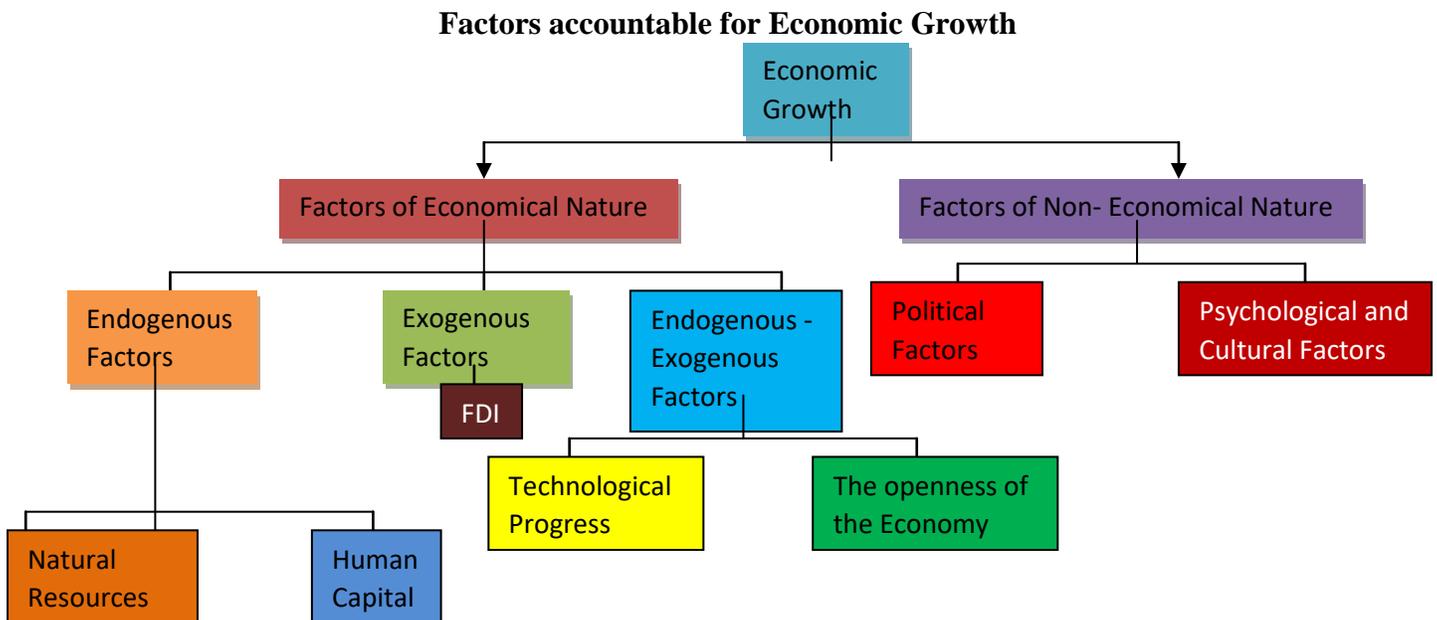
While Singh et al (2003) find no evidence of absolute or conditional divergence in human development across 14 major states in India, Dholakia (2003) observes that while per capita income does not show any significant trend in regional disparity, the overall indices of human development show a clear and highly significant declining trend during 1981-2001. A review of the studies in the existing literature on Human Development indicates the need for undertaking further research to shed more light on the issue to guide development strategy at the national and regional levels.

Defining economic growth and human development can be defined as the increase in wealth over time and it is usually measured in terms of variation in Gross Domestic Product (GDP), which comprises the entire value-added produced within national boundaries in a given time-frame. In today's economies, economic growth is usually understood as a measure of progress in which economic factors such as innovation and technology and financial and human capital play a major role beside traditional elements such as investments and

entrepreneurship. Other features also largely contribute to determine economic growth including progresses in science and medicine, education and public health, trade and globalization, and stable and capable governments and institutions. As highlighted by the Commission on Growth and Development in the past three decades the number of people living in high-growth contexts or in industrialized countries has increased from one to about four billion with a great potential in terms of increase of opportunities, improvement in living conditions, and decrease of poverty levels.

Theories concerning economic growth

Fig. 1.1



Source: Mihuț Ioana Sorina, (2013), Growth and convergence criteria in the emerging economies of Central and Eastern Europe, doctoral thesis, Cluj-Napoca, p. 19.

The phenomenon of economic growth is identified as being the most powerful engine that can generate long-term growth of the standard of living. The process of economic growth is considered to be extremely complex, influenced by a variety of institutional, policies, social and cultural factors. In comparison with the literature which is studying the concept of human development from the perspective of a positive effect of growth, specific literature presents an extensive classification of these factors, the contribution of each of them being supported by strong arguments.

In the elaboration of the classical theories of economic growth, Adam Smith

had a significant influence, in who vision the accumulation of human capital, technological advancement and specialization of labor are considered the main sources of economic growth. Starting from this consideration, Thomas Malthus, David Ricardo, and John Stuart Mill, shared some of the ideas contained in the Wealth of Nations, with regard to the role and place of ownership in economic growth and they confirmed that the private benefit derives from the pursuit of private interests, which guides the decisions of individuals and their activities, a concept that Adam Smith named it as the Invisible Hand.

The vision of economic growth in the 1980s does not put great emphasis on the use of internal factors or external situation, but largely as a component whose efficiency depends on the degree of state intervention and regulation and standardization of the economy. This approach supports the effectiveness of open economies and

Privatization of ineffective public companies. Early 1990s brings a new approach known as the New Economic Growth Theory.

This proposes to broaden the induced scope of classical theories and explaining the phenomena, which determines that certain economy to grow rapidly and other to stagnate. The most important works for this purpose are those belonging to Paul M. Romer's 1986 *Increasing Returns and Long-Run Growth* and Robert E. Lucas *On the mechanism of Economic Development* in 1988. They focused their research on the possibilities of measuring the capital. Another current of endogenous growth is closely related to the education analysis and Research and Development (R&D), considered to represent factors of current economic growth due to propagation of beneficial effects and so their potential to generate future growth. Investment in human capital, education, research and development etc. give positive externalities. Thus, the successive increase of investment could have increasing yields, adding growing quantities to the total production.

Relationship between Economic Growth and Human Development

Research carried out for investigating the link between economic growth and human development, such as that of Ranis (2004), explained that the extension of the capacity and

freedom lead to increased economic performance, and human development would have a significant effect on development. Similarly, on the extent in which the revenue increase increases also the range of options and capabilities that benefit on the same extent households but also the governments; in this way growth will enhance human development.

Ranis and Steward (2005), confirms the importance of the many empirical connections in both directions along the time, from economic growth to human development, human development, including investment report. Economic growth, which make an important contribution to human development, can be simultaneous or priority. Therefore, traditional political measures, which argue that improving human development should wait until economic growth permits, seem to be an error.

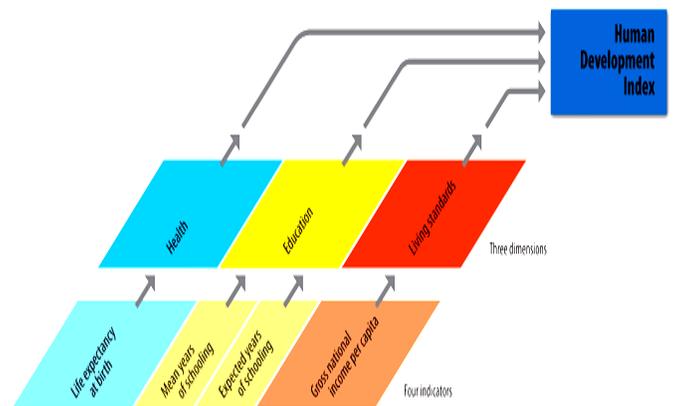
Ramirez et al. (1998) exploring connections between economic growth and human development, identifying two directions, one of the economic growth to human development and the other, in the opposite direction, from human development toward economic growth, they found that there is a strong positive relationship in both directions, and public spending on social services and education are important connections that determines the relationship between economic growth and human development, while investment rate and income distribution connections are important to determine the relationship between human development and economic growth.

It can argue that human development can be defined as a process of expanding people's opportunities to choose. According to

the new paradigm, human development can be regarded as a process of expanding the real freedoms enjoyed by the people. The focus on freedoms people contrasts with the more limited visions about development, such as identifying the development with the growth of gross national product, with an increase in personal income or with social modernization. The increase of GNP or individual income can be, of course, important as a means of extending the freedom for people, in the same way as extensive industrialization, technological progress or social modernization. But freedoms also depend on other factors, such as social and economic arrangements for example, access to education, health and social services, access to the labor market, as well as civil and political rights for example, freedom to take part in the discussion and public debate.

Education index is composed by aggregation of two parts namely adult literacy and school enrolment level of the three levels of education. For each of the two is determined by an index. Combining the two indices is based on a two-thirds share index for adult literacy and one-third to the coverage rate in education. GDP index includes GDP per capita in purchasing power parity. HDI (Human Development Index) is calculated as a simple average of these three indices, its values indicating the degree of development in reverse.

Fig. 1.2 Mechanism of the Human Development



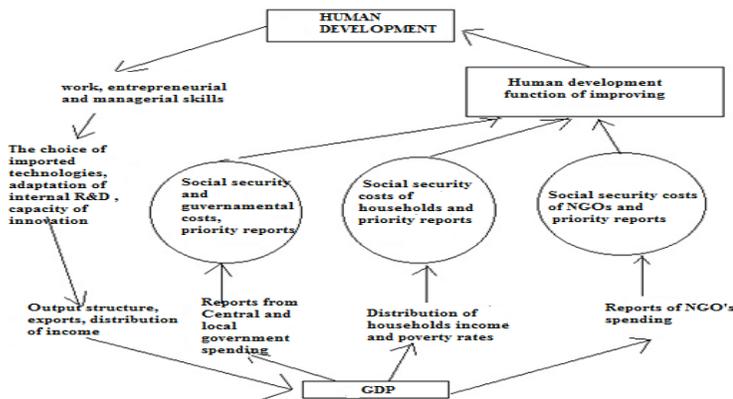
Source: Compiled and Formulated by the Author with the help of the reports of the Human Resource Development Ministry, New Delhi.

Tamil Nadu Human Development Index has made available to the public the classification on human development, in which 37 districts of Tamil Nadu are positioned according to the levels of income, education and life expectancy. Chennai is ranked 3rd among the 37 districts in Tamil Nadu. On the top of the list, as human development is, as usual in the last few years, Kanniyakumari district with a value of HDI (Human Development Index) 8.79, with the gross national income of Rs.13,698/- per capita, a life expectancy of 74.2 years and 17.3 years of schooling waited. It is followed by Chennai, Coimbatore, Thirchirappalli and Madurai. So, we can say that the people, both as a group and look in their individuality, represent both the

beneficiaries and the promoters of human development. So that human development, according to the study Human Development has three main components such as,

- ❖ Welfare - development of real freedoms of the people, so that people can thrive.
 - ❖ Accreditation, and action - in order to allow people and groups to act - to monitor outcomes of value.
 - ❖ Justice - increasing equity, sustainability of results and the respect of human rights and other social goals.
- The causal relationship between economic growth and human development is expressed in the picture.

Fig. 1.3 Cyclical Process of Economic growth and human development



Source: Compiled from the reports of the Human Resource Development Ministry, New Delhi.

Human development has been lately considered to be the goal of human activity and economic growth and, at the same time, a strategic instrument in advancing it. According to the remembered authors there is a double relationship of causality between the human development and economic growth. Economic

growth makes it possible to achieve a high degree of human development, on the one hand, and on the other hand, the improvement of human development levels lead to increased opportunities for economic growth.

Purpose of Human Development

In the traditional development economics, development meant growth of per capita real income. Later on, a wider definition of development came to be assigned that focused on distributional objectives. Economic development, in other words, came to be redefined in terms of reduction or elimination of poverty and inequality. These are, after all, a goods-sloping view of development. True development has to be people- centered. When development is defined in terms of human welfare it means that people are put first. This people-sloping vision of development is to be called human development. It is thus clear that per capita income does not stand as a true index of development of any states. To overcome this problem and to understand the dynamics of development, the Human Development Programme (HDP) developed the concept of Human Development Index (HDI) in the 1990s. This index brought in revolutionary changes not only in development, but also in the policy environment in which the government was assigned a major role instead of market forces.

Economic development now refers to expanding capabilities. According to Amartya Sen, the basic objective of development is the expansion of human capabilities. The capability of a person reflects the various combinations of doings and beings that one can achieve. It then reflects that the people are capable of doing or being. Capability thus

describes a person's freedom to choose between different ways of living.

Objectives

The overall objective of the study is to analyze the relationship between human development and economic growth of Tamil Nadu in theoretical perspectives with the help of secondary sources of statistical data and information relating to the theme of the study. The specific objectives are:

- ❖ To discuss the relationship and theoretical debates on economic growth and human development linkages.
- ❖ To explain the factors accountable for human resource development & their impact on economic growth in Tamil Nadu.
- ❖ To examine the policy implications of the economic development and human resource progress linkages, and

Methodology and Theoretical Framework

This research study is a descriptive analysis based on secondary sources of information and statistical data. It can be evaluate that the relative performance of Districts of Tamil Nadu on human development, and examine whether regional disparity in it has increased or decreased over time. It also investigate the two- way link between Economic Growth and Human Development viz., Growth-Induced Human Development and Human Development - Induced Economic Growth) and explore the possibilities of vicious cycle, virtuous cycle, lopsided-Economic Growth and lopsided-Human Development, and then classify the Districts of Tamil Nadu into these categories. Based on the results, it suggested that the

policies for achieving sustainable improvement in Human Development for lifting the Districts of Tamil Nadu from the vicious to virtuous cycle groups. The data used are relates to 15 major economically progressed Districts of Tamil Nadu, viz, Kanyakumari, Virudhunagar, Thoothukudi, Chennai, Kancheepuram, Coimbatore, Tirunelveli, Thiruvallur, Krishnagiri, Trichy, Vellore, Namakkal, Cuddalore, Dindigul, Madurai. The data set was compiled from various issues of Tamil Nadu Human Development Report as well as National Human Development Reports, National Accounts Statistics and India Database.

The rest of the research work is organized as follows. Section III evaluates the performance of the districts of Tamil Nadu on Human Development and examines local convergence in various indicators of Human Development. While Section IV investigates the two-way link between Economic Growth and Human Development, Section V explores the possibilities of vicious cycle, virtuous cycle, lopsided-Economic Growth and lopsided-Human Development, and classifies the states into these categories on the basis of their actual performance on Human Development and Economic Growth. Section VI summarizes the main findings and draws policy conclusions.

To compare, the data for all the states in Tamil Nadu are got from Population Division (for life expectancy), Government of India and Tamil Nadu, Central Statistical Organization and National Sample Survey Organization, proportion of people studying at higher education and schooling years at schools. There are three methods of calculating Human

Development Indices, such as outdated, updated and elite. Actually, the creation of this index dates back to 1995, at the time Mahbub al-Haq invented and put forward the idea of this indicator. Afterwards, his works were continued to develop and at now, scientists have already given more perfect shape for the formula of Human Development Index. First and foremost one is Health Index:

The formula of Human Development Index evaluation is a complex of several indices, some important of them are the index of schooling, life expectancy and GNI per capita. The formula is widely used on the sphere and particularly Human Development programme estimates Tamil Nadu district development in accordance with that:

1. Healthcare index

$$I = \frac{\text{Actual Value} - \text{Minimum Value}}{\text{Maximum Value} - \text{Minimum Value}} \dots (1)$$

2. GNI per capita index

$$I = \frac{\ln[\text{Actual Value}] - \ln[\text{Minimum Value}]}{\ln[\text{Maximum Value}] - \ln[\text{Minimum Value}]} \dots (2)$$

3. Schooling year index or Education level

$$\begin{aligned} & \text{Mean years of schooling index} \\ & = \frac{\text{Actual Time} - \text{Minimum Time}}{\text{Maximum Time} - \text{Minimum Time}} \dots (3) \end{aligned}$$

$$\begin{aligned} & \text{Expected years of schooling index} \\ & = \frac{\text{Actual Time} - \text{Minimum Time}}{\text{Maximum Time} - \text{Minimum Time}} \dots (4) \end{aligned}$$

$$\begin{aligned} & \text{Edu index} \\ & = \frac{\text{Expected Schooling Index} + \text{Mean years of schooling index}}{2} \dots (5) \end{aligned}$$

4. Human Development Index – combination of other formulae:

$$HDI = \sqrt{I_{\text{health}} I_{\text{education}} I_{\text{income}}} \dots (6)$$

In coincidence with Human Development report of Tamil Nadu calculations, Kanniyakumari district is in the first place. It can be identified that some reasons why Kanniyakumari district has been occupying the first place consecutively in Human Development Index of districts of Tamil Nadu rankings for ten years by conducting the research study of Quality of Life Project and they showed the ways how Kanniyakumari district reached to such level of life. North district of Tamil Nadu and some leading district in South Tamil Nadu are considered as the most prosperous and the happiest ones among other districts of Tamil Nadu today. It can be further examined that the methods used by Kanniyakumari district in order to clarify the possibility of usage of them in Tamil Nadu.

Model

The study integrates the above-mentioned variables in the subsequent growth model adopted by (Barro et al., 1995; Solow, 1956), using Random and Fixed effects estimations.

$$\text{Growth}_{it} = a + \beta_1 \text{INF}_{it} + \beta_2 \text{CAP}_{it} + \beta_3 \text{HDI}_{it} + \beta_4 \text{AID}_{it} + \beta_5 \text{INV}_{it} + \beta_6 \text{LAB}_{it} + e_{it} \dots (1)$$

Where Growth is the dependent variable, Human Development Index (HDI) measured in percentage as the variable of interest with Inflation (INF) proxied as Consumer price index measured in percentage, Capital (CAP) proxied as Government Capital formation measured in percentage of GDP, Aid (AID) proxied as official development assistant measured in current USD, Investment (INV)

proxied as foreign direct investment measured as (% of GDP) and Labour (LAB) as control variables.

Methods

This type of study is an exploratory one that tries to find out the significance and relationship between economic growth and human development index by assessing the factors that determines economic growth and development in Africa. At the first stage, unit root estimation is conducted to determine the stationary of the data by using in the Pesaran and Shin procedure in the estimation. Secondly, both Random and Fixed effects estimation technique are employed to analyze and assess the significance and relationship between economic growth and human development. Finally, a Hausman Test is conducted to determine the appropriate method for the model.

Summary of Variables

S. No.	Variables	Unit of measurement	Sources of Data
1.	Per Capita Income	Percentage	World Development Indicators
2.	Basic Needs	Percentage	World Development Indicators
3.	Employment Opportunities	Percentage	World Development Indicators
4.	Dependency Ratio	Percentage	World Development Indicators
5.	National Income	Percentage	World Development Indicators
6.	Population Growth Rate	Percentage	World Development Indicators
7.	Life	Number of	World

	Expectancy at Birth	Years	Development Indicators
8.	Mean and Expected years of Schooling	Number of Years	World Development Indicators
8.	Health and Education	Percentage	World Development Indicators
9.	Growth (GDP)	Current USD	World Development Indicators
10.	Productivity, Empowerment and Cooperation	Percentage	World Development Indicators
11.	Inflation (INF)	Percentage	World Development Indicators
12.	Capital (CAP)	Percentage	World Development Indicators
13.	Human Development Index(HDI)	Percentage	World Development Indicators
14.	Aid(AID)	Current USD	World Development Indicators
15.	Investment (INV)	Percentage	World Development Indicators
16.	Labour (LAB)	Percentage	World Development Indicators

Source: Compiled and Formulated by the Author.

Nonetheless, it hypothesizes that the human developmental dynamics in Tamil Nadu exhibit high gender disparities and deprivations. The present study will also encompass in its purview the evil of poverty that is pervasive. Nevertheless much work is done at national and state level in this regard,

serious dearth lies in district level analysis of poverty and drudgery. The multi dimensional poverty index for districts of Tamil Nadu will be developed in the study on the same lines as that in India's Human Development Report. However, minor changes are inevitable as some data at district level would be unavailable. The indices would be abbreviated as District Multidimensional Poverty Index (DMPI) as it is multi dimensional poverty index of districts of Tamil Nadu.

To develop this index the study shall penetrate at taluk level as well; the households indicated in this index in Human Development Report would be represented by taluk. The parameters and weight age shall be same but sub indicators would be changed owing to constraints on data availability. The education level shall be measured by literacy and number of schools. But literacy rate has been worked out dividing total literates to total population of the taluk as taluk wise population above 15 years is unavailable. The exercise would certainly ameliorate understanding about masses and drudgery in districts of Tamil Nadu. It would be of use to researchers, academicians and policy makers to decide further course of action.

Significance of the study

Human resource development may be identified as the process through which a society augments the skills, education, and productive abilities of its people. In essence, it means increases in human capital. Human capital is accumulated and improved upon in several ways: through programs of education and formal training, training on the job, and through individual initiative. It is generally agreed that this process, if carefully designed

and implemented, promotes economic growth in any country. Human resources development is important because it is an investment in one's employees that will ultimately result in a stronger and more effective workforce. When an organization develops their employees, they are strengthening their assets and making these employees even more valuable. In this background the study on human resource development and economic growth is timely and socially relevant one and need of the hour.

Underlying principles of the Study

Recently Neglected despite a Long History looking at development through a human development lens is not new. The idea that social arrangements must be judged by how much they promote human goods dates back to at least Aristotle, who stated that wealth is not the Good we are in search of, for it is only good in being useful, a means to something. He argued for seeing the difference between a good political arrangement and a bad one in its successes and failures in facilitating people's ability to lead flourishing lives. Viewing people as the real end of all activities was a recurring theme in the writings of most early philosophers. The same concern can be found in the writings of the early leaders on quantification in economics. William Petty, Gregory King, Francois Quesnay, Antoine Lavoisier, and Joseph Lagrange, the grandparent of the concepts of Gross National Product (GNP) and Gross Domestic Product (GDP). It is also clear in the writings of the leading political economists like Adam Smith, David Ricardo, Robert Malthus, Karl Marx, and John Stuart Mill. The human development concept is an extension of that long tradition

and is broader than other people-oriented approaches to development.

Conclusion

In the context of increased presence of inter-state migrant labour in the construction and service sector in Tamil Nadu, the government should include these workers in the Unorganized Worker Welfare Board schemes. In addition, the enrolment of unorganized sector workers in the welfare board schemes should be increased. Data from National Sample Survey Organization (NSSO) (2014) showed that among the employees in the AGEGC and non-agriculture sectors, 84.1 per cent in rural areas and 68 per cent in urban areas were not eligible for any social security benefit in Tamil Nadu. In the context of growing casualisation of employment, efforts should be made to considerably increase the numbers registered and mobilization of resources in order to ensure comprehensive social security net for those involved in temporary or casual work. Currently, there are only 37 night shelters for the homeless in urban Tamil Nadu, whereas there were 50,929 homeless persons (Census of India 2011). Clearly, there is a need to increase the number of shelters, with priority to women, PWD, children and elderly homeless and to focus attention on livelihood options for the homeless in both rural and urban areas.

Although Tamil Nadu has had a long history of social security well before the Government of India had

initiated such schemes, very few evaluations have been done to bring about improvement. The government should get the programmes evaluated by a third party. Besides that, the government should have a proper mechanism to collect data on coverage of social security schemes. As Tamil Nadu is considered to have one of the best MIS in Mahatma Gandhi National Rural Employment Guarantee Scheme and PDS, this information system could be replicated in other social security schemes.

Economic growth can be defined as the increase in wealth over time and it is usually measured in terms of variation in Gross Domestic Product (GDP), which comprises the entire value-added produced within national boundaries in a given time-frame. In today's economies, economic growth is usually understood as a measure of progress in which economic factors such as innovation and technology and financial and human capital play a major role beside traditional elements such as investments and entrepreneurship. Other features also largely contribute to determine economic growth including progresses in science and medicine, education and public health, trade and globalization, and stable and capable governments and institutions.

As highlighted by the Commission on Growth and Development in the past three decades the number of people living in high-growth contexts or in industrialized countries has increased from one to about four billion with a great potential in terms of increase of

opportunities, improvement in living conditions, and decrease of poverty levels.

References

- ❖ Theodore W. Schultz (1963), "Investment in Human Capital in Readings Economic Development", Theodore Morgan, et al. (eds.). Belmont, Calif: Wadsworth Publishing Company, pp. 187 and 199.
- ❖ Simon Kuznets (1955), "Toward a Theory of Economic Growth in R. Lekachman (ed.), National Policy for Economic Welfare at Home and Abroad", New York: Doubleday, p. 39.
- ❖ Theodore W. Schultz (1963), "Investment in Human Capital", in Readings Economic Development, Theodore Morgan, et al. (eds.). Belmont, Calif: Wadsworth Publishing Company, pp. 187 and 199.
- ❖ Simon Kuznets (1955), "Toward a Theory of Economic Growth", in R. Lekachman (ed.), National Policy for Economic Welfare at Home and Abroad, New York: Doubleday, p. 39.
- ❖ Richard Bland (1965), "Education and Training in Developing Countries", *International Labour Review*, Vol. 92, No. 6, p. 481.
- ❖ T. W. Schultz (1962), "Investment in Human Capital", *American Economic Review*, LI (March, 1961), pp. 1-17; and "Reflections on Investment in Man," *Journal of Political Economy*, LXX, No. 5, pp. 1-8. See also S. J. Mushkin (ed.), *Economics of Higher Education*, Washington.
- ❖ E. F. Denison (1962), "The Residual Factor in Economic Growth", *The Economics of Human Resources*, Den Haag, Drukkerij Pasmans, Paris: OECD.
- ❖ David McClelland (1966), "Does Education Accelerate Economic Growth?" *Economic Development and Cultural Change*, XIV, No. 3, p. 269.
- ❖ Alkire, Sabina (2002), "Dimensions of Human Development", *World Development*, Vol. 30, No. 2, pp. 181-205.
- ❖ Anand, Sudhir and Amartya Sen (2000), "The Income Component of the Human Development Index", *Journal of Human Development*, Vol. 1, No. 1, 2000.
- ❖ Anand, Sudhir and Martin Ravallion (1993). "Human Development in Poor Countries: On the Role of Private Incomes and Public Services", *The Journal of Economic Perspectives*, Vol. 7, No. 1, 133-150.
- ❖ Aturupane, Harsha, Glewwe, Paul, and Paul Isenman (1994), "Poverty Human Development, and Growth: An Emerging Consensus?", *The American Economic Review*, Vol 84, No. 2.
- ❖ Behrman, J. R., & Barbara L. Wolfe (1987a), "Investments in schooling in two generations in pre-revolutionary Nicaragua: the roles of family background and school supply", *Journal of Development Economics*, 27.