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Ahmed, Ovais and Mashkoor, Aasim

5 April 2015

Online at <https://mpra.ub.uni-muenchen.de/70828/>
MPRA Paper No. 70828, posted 19 Apr 2016 13:49 UTC

Theory of Economic Development

(Pyramids of Development)

By

Aasim Mashkoor, Ovais Ahmed

Abstract

The economic development is the term represents “long-term economic planning which based on infrastructure development, trade development and most importantly human development. These pyramids are basically interconnected with economic development. In other word, the new theoretical aspects considerable compared with prior studies of economic development. There are further factors which purposely get rid of development barriers in economic planning, secure from dissolving assets of nations such as, deforestation, flood management, land of agriculture, and climate impact. These are most fundamental variables ignored by economic planner. This research study further elaborated wealth of natural resources in the example of other Asian countries like, Malaysia and china. Moreover, human development is the skeleton of economic development. They should be keep healthy and nourish which are provided complete legal material of living standards, therefore, health of nation would be controlled and maintained. Besides, education is an essential for human development, consequently, ignorance of appropriate basic level of education can lead the nation to dark of unaware of civil society i.e. harmful for growing economy at globalize world. Human without education like stagnant of literate people in economy that deliberately useless for industrial services and repercussion economic growth.

Keywords: Economic Development, Human Development

Introduction

The theory we have designed the idea of economic development which remain associated with main elements that consists of two main development area, firstly is Health and secondly, Education development. The main factor of this idea to provide Human development that enormously influence on economic development which resulted from different perspectives. Many researches explained by analysis of focus variables of economic growth which have

relationship to lead the economic development. In addition, there are further economic factors are playing crucially related with economic growth. in this study, the hypothesis concern to seriously influence on private investments in economic factors which are, therefore mainly discussed in researches, human development, awareness of education, infrastructure of economic reforms, Trade and industrial expansions. The theory surrounds human development to economic development will be resulted to economic growth. The education means to provide each and every facility of education and enrich learning with knowledge of living standards and society norms. The factor of economic development is health which means to provide complete legal material, therefore, health of nation would be controlled and maintained.

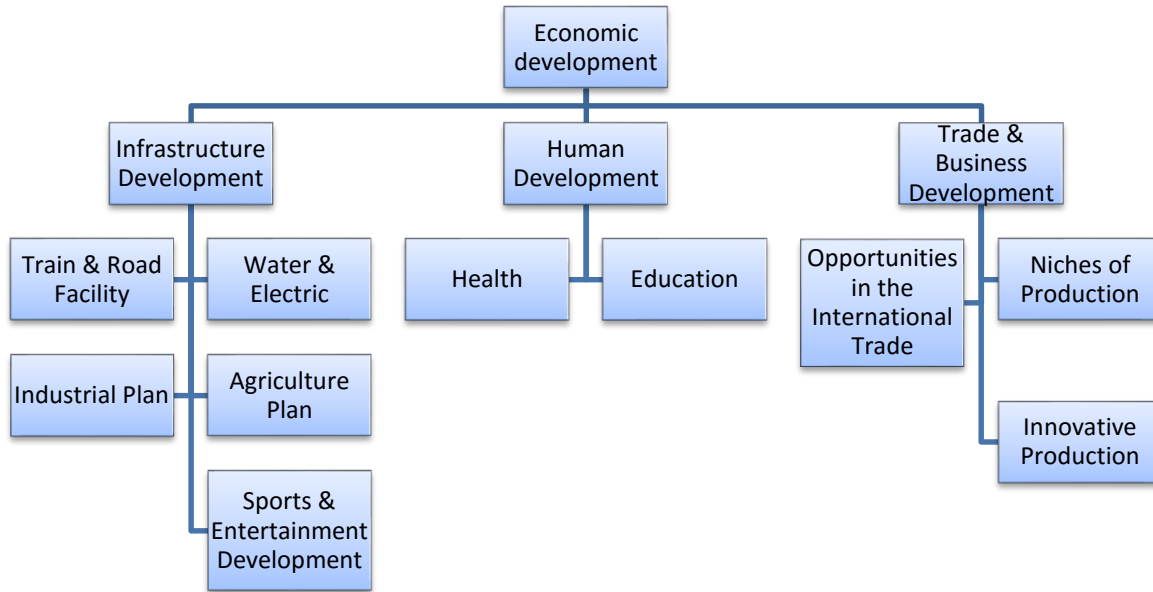
In this theory the essentials of accelerate the economy by productivity of industrial scale and infrastructural development. It consists of basic necessities of living. Infrastructural development contain water & electric, train and road facility, advance agriculture plans, industrial plan and entertainment and sports development.

In order to further elaborate the under developed country we will define it as “an under developed country is that country which does not provide health and education to maximum number of its population free of cost and have no infrastructure to optimize its resources and turned them into a handsome income without damaging the natural environment.”¹

¹ New definition defined by Prof. Aasim Mashkooor in his book *The Economic Development Planning: Most innovative solution of most orthodox problems* published by Scholar’s Press, 2016, Germany. (Mashkooor & Ahmed, 2016)

Hierarchy of Economic development to Human Development

Figure 1 Created by Aasim Mashkoor



In above economic development hierarchy shows up in depth factors of developing roots. The first and very initial stage of economic development are based on infrastructure development i.e. the physical economic and landmarks structure of country, providing water & electricity at cheap rates by renewable energy generation, transportation facility. Furthermore, the long-term planning of agriculture sector producing consumption goods, and starting innovation & tech facility so that industrialization opportunities increase. The last and important sector is sports and entertainment development conveys foreign revenue. Moreover, human development is essential factor in this context of theory therefore, it requires manpower skills, literacy of people, capability of struggle dealt and satisfy with their living standards and these could be provided to them until education, health facilities and other benefits which are directly or indirectly involve with their living standards like a well-being society. For further enhancement in economic growth needs trade and business opportunities at globally. The well trading strategies can make trading hub in country for earning foreign revenues leads to strong currency.

Literature Review

The research study investigated the relationship between private and public investment for economic development in Pakistan, therefore, it is merely discussed in studies that private investment is overfilled by public investment. It is more explained that private investment could be heightened by public investment which ease to grow infrastructure. (Abdul, 2006) Another study suggested that private investment is induced by public investment to create the expansion level to increase economic growth, now further analyzed the data which showed private investment played positive trend in human development. The huge government investment mainly shifted to energy sector from manufacturing industry. It is to be seen that a lot of stakeholders are attracted to private investment for diversification in industrial sectors. (Looney, 1997)

“The empirical study is analyzed the determinants of private investment in Senegal. He found a significant relationship between private investment and its explanatory variables. Public infrastructural investment was found positively related with private investment, GDP. Credit to private sector and terms of trade has a significant negative impact on private investment.” (Bazoumana.O, 2004) The data have been analyzed by (M & C, 1990) and discussed the factors of approaching private investment performance into developing countries create mitigate economic risk and low living standards. Particularly, it is noted that public and private investment could not compete instead complement each other. An economic growth had larger impact of private investment than public investment. The research study suggested to evaluate more determinants of public and private investment for education sector which differs negative association among private investment and inflation. The quantitative discussed that if one unit increase in inflation reflects decrease in investment respectively. (Abbas V, 2004) During the 1970 the study found that domestic investment analyzed in eight African countries relatively. Private investment had been negative impact by non-infrastructural investment then infrastructural investment is vice versa. (W.Oshikoyo, 1994)

“They studied determinants of private investment in Botswana and found a positive and significant impact of GDP growth on private investment. Public investment had a negative relationship with private investment depending on the situation that there was public non infrastructural investment in the country. In his study, Patrick found an insignificant impact of

inflation rate on private investment in both short and long run.” (Patrick.L, 2006) “The researcher had investigated the determinants of private investment in Pakistan with special emphasis on public investment. After testing the model he found that private investment got a positive relation with GDP growth, with credit extended to the private sector and with government investment.” (Sakr, 1993)

In this study, the researcher argues that education can make center pole in any discussion of development change. The reason behind that the quality of education influence with labor force, and quantity respectively. The most of the government institution are providing awareness of spreading education at peak level for labor force, therefore they can avail their skills to promote the entrepreneurship ideas in economy which can control and monitor the economic development. Education is the determinant key to success for every economy. It needs foreign and domestic investment in this sector for workforce development and productivity. Macroeconomic growth will be harmonized by all segments of society and essential for ensured by universal access to education. The volatility could be resolve by education for poor people. Particularly, education is the only source to learned fundamentals of human development which can distinguish for survival of family. If government services are chances to short fall in economic crisis, therefore, educationist make a critical change in human development and economic development. (Stern, 2001) There are number of quantitative studies that explained the education system in Pakistan. This issue is still considerable in country due to under investment in education in Pakistan. (Behrman, 1995) The study derived the importance of education role for economic growth that creates the various benefits of high productivity which reflects positive impact on economic development. They further emphasized on center role in the human capital and development of generation activity for cognizance and intellectual and social goals. (Temple, 2000)

In this paper the study is thoroughly argued on significance of education which comforts to generate economic growth in developing countries. Likewise, the policy implementation is brought together by education conferences. In addition, education policy is designed to reduce the socio and economic issues within developing countries. Education is one of the advantages to reflect of advance economy and social objectives. (Kerr, 2001)

This study has explained the initials of economic growth which has long-run relationship between economic development and education. This study derived for Nigerian economy during 1970. The researcher has found the long-run relationship through Johansen Co-integration technique to analyze the datasets of that tenure. In this study, they suggested that tertiary and enrolments in primary have long-run relationship by co-integration. Vector error correction technique suggested that educated manpower has greater influenced on economic development. It has factors of production which resulted to increase awareness of basic education helps in productivity. (Babatunde, Adetunji, & Adefabi, 2005) In this study they investigated the main elements of human resource management that established the economic competitiveness in Pakistan. In further discussion, they mainly focus the benefits sustainability to integrate with global markets from the opportunities. Education is essential factor for economic development which has controlled human capital and manpower productivity in economy. The development countries are trying to enhance the education system in developing country; therefore, they can change the awareness in children level and increase economical change to betterment. (Afza & Mian, 2007)

The further studies has discussed the relationship between economic development and human capital and resulted to analyze the Pakistan data during 1960 to 2013. It has revealed that human development is accounted for about 50 percent of the GDP. Education is expected to long relationship with human development for increasing economic growth of the country. The elasticity of human awareness is counted by education endowment lesser the poor education. (Abbas & James, 2007) The researcher has found that education is most important role play in economic development. In Europe, education played contributive impact on human development to economic development. They also discussed the main factors affecting necessary measures to improvised quality of education in Europe. (Papadenos, 2007)

Conclusion

The conclusion of this theory that the pyramids of economic development has coupled up infrastructure development, human development and trade and business structure policies. The new definition of economic development entirely based on new theoretical aspects of developing a well aware nation by health, by education and by innovation and industrious. We need to

eliminate further barriers which prevent to growth and toppled economic situation. But, in the meanwhile our theory will bring to merge out the human development facility which consistently distinguish with other empirical studies. There should be entrepreneurial skills attentiveness among people who can utilize the appropriate funds for enhancing industrial diversification. It is help to mitigate of economic risk and increase advancement on economic development. We have detailed about barriers of economic development in our next paper.

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