

Economic development assignment

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Home I development Economic development, achieved largely through productivity growth, is very important to both developed and developing nations. However, even though we know that higher productivity leads to improved economic outcomes there has been no consensus among researchers about either the desired path of development or the role of state in economic development. Concerning the path of development, All (2001) says that the appropriate strategy for any country depends not only on its objective economic situation but also on its government policies and national views guarding the appropriate role of the state.

The role of the state in economic development began to change dramatically with the advent of the Industrial Revolution. In the West, the resulting Industrialization and economic development were based on the establishment of individual property rights that encouraged the growth of private capital. Competition and individual enterprise thrive in this environment because individuals pursue their self-interest of survival and wealth accumulation. The instinct to survive under competitive pressures yields innovation and productivity increases, which eventually lead to both increased profits for business and lower prices to consumers.

The governments in these newly independent nations assumed a significant role in economic development. They sought to quickly and substantially raise the standard of living through directed and controlled economic development. Apart from everything else, these developing countries invested heavily in education to promote literacy and to ensure an adequate supply of technical manpower to meet their growing needs. The progress of Indian economic development from 1947 to the present provides rather

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evidence that individuals do respond to incentives in their pursuit of self-survival and accumulation of wealth.

Further, the nature of this response depends on the economic climate, particularly the role of the government. The Indian economy provides a revealing contrast between how individuals react under a government-controlled environment and how they respond to a market-based environment. The evidence presented here suggests that recent market reforms encouraging individual enterprise have led to higher economic growth in that country. The reasoning here is too new, although it is refreshing to discover that this “tried-and-true” reasoning applies to developing as well as to developed nations.

Specifically, reliance upon a free market, with its emphasis upon individual self-interest in survival and wealth accumulation, can yield a wide range of economic benefits. In India those benefits have included, among other things, increased economic growth, reduced inflation, a smaller fiscal deficit, and higher inflows of the foreign capital needed for investment. The first questions that come to the mind when “economic development” is invoked are: What is development? What makes it happen?