Chapter Two: Development – Principles and General Concepts

Introduction:

Economic schools of thought differ in defining the concept of development, which is why we find numerous concepts of development in economic literature. Generally, these concepts are primarily based on the understanding of economists regarding underdevelopment, whether in its interpretation or causes. We notice that economists who merely highlight the current aspects of the problems faced by developing countries, considering them as causes or explanations of underdevelopment, focus their attention on understanding development through statistical economic indicators such as national income level, average income per capita, or focusing on certain factors they consider as hindrances to the economic development process. On the other hand, we find other economists who go beyond their understanding of development as merely an economic aspect and further explore the human and environmental dimensions. They have introduced new concepts, leading to discussions on human development, sustainable development, and others.

1- Basic Concepts:

- **Economic growth:** It refers to the quantitative indicators that illustrate the changes occurring in the national output of a country or in one of its sectors. These indicators are usually expressed as a percentage or as absolute numbers. Economic growth has been defined as the continuous increase in the quantity of goods and services produced by individuals in a specific economic environment. It has also been defined as the quantitative increase in the average share of income or production per individual. Therefore, countries that achieve an increase in average income are considered to have achieved economic growth. Economic growth is characterized by the presence of certain factors that can increase production and income over a long period. The question of how to increase resources and productive capacities, which maximize the overall economic potential, is an ongoing and long-term process, not a transient or temporary phenomenon. For example, a rich country may provide assistance to a poor country, resulting in a temporary increase in its real income for a year or two. However, this temporary increase is not considered economic growth. Income growth should result from internal and external forces interacting in a way that ensures its sustainability over a relatively long period in order to be considered economic growth.

- **Economic Expansion:** It is the temporary increase in production, and therefore we can say that economic growth is the cumulative result of consecutive economic expansions.
- **Economic Progress**: Measuring economic growth is nothing but a comprehensive measurement of the increase in goods and services produced in a certain period compared to the previous period. Economic progress, on the other hand, is the increase - from one period to another - in the average real output, average real income, and average real consumption of the population.

Economic progress is defined as "the growth of available resources exceeding population growth." Economic progress represents "the sum of improvements in the economic and social fields accompanying growth."

Thus, economic growth can be accompanied by economic progress if the growth rate of the national output is greater than the population growth rate, or it can be unaccompanied by economic progress if the growth rate of the national output is equal to the population growth rate. However, if the population growth rate is higher than the growth rate of the national output, then the growth is accompanied by economic decline.

- **Economic Development:** Growth is the quantitative improvement of the overall economy, including resources, demographic growth, and labor productivity. This growth requires a series of changes in the economic structure to ensure its continuity. Development is defined as "a series of changes and adaptations without which growth is halted." It is also defined as a multidimensional process that involves radical changes in social, behavioral, cultural, political, and administrative structures, alongside increasing rates of economic growth, achieving justice in the distribution of national income, and eradicating absolute poverty in a society.

This concept implies that development is deeper than growth; it necessarily includes the culmination of profound changes that affect the economic, social, and cultural structures—the future of social evolution. Hence, it can be said that development is a qualitative leap from an economy characterized by backwardness and deprivation to an economy characterized by efficiency, improvement, and progress. From this perspective, development can be seen as a growth accompanied by the pursuit of:

- Bringing about structural changes in the production structure, necessitating the redistribution of production factors among sectors.
- Ensuring a decent standard of living for individuals.
- Ensuring the continuity of this growth by guaranteeing the flow of economic surplus, or what remains after meeting the needs of individuals, towards investment.

The Difference between Growth and Development:

Based on the previously mentioned concepts of growth and development, we can infer the key points of difference between them.

Table: Differences between Economic Growth and Economic Development

Economic Development	Economic Growth
Intentional (planned) process aimed at changing the structural framework of society to provide a better life for its individuals.	It is done without making any decisions that would bring about structural changes to society.
It focuses on the quality of goods and services themselves.	It focuses on changes in the quantity or amount that individuals obtain from goods and services.
It represents a qualitative change, meaning a transition from one state to a better state. It is concerned with increasing the real per capita income, especially for the poor class.	It only expresses quantitative changes, without concern for the actual overall distribution of income among individuals.
It is concerned with the source of increasing national income and its diversification.	It doesn't matter the source of the increase in national income.
It touches upon all aspects as it is a comprehensive process.	It relates only to the economic aspect and is considered a part of development. It is a necessary condition but not sufficient to achieve it.
Development indicators can be used to assess the progress of a country.	The development of a country cannot be judged solely based on the rate of economic growth.

As a note, it can be said that growth is a prerequisite for development, but not all growth automatically leads to development. It is not just about economic growth alone, but the key lies in the extent to which economic growth can serve the goals of economic development.

From here, it can be said that economic development cannot be achieved without economic growth. Economic growth is considered a fundamental requirement for achieving development, but it is not sufficient. Therefore, achieving economic growth does not necessarily lead to achieving economic development without fulfilling the two basic conditions for the transformation of growth into development: fair distribution of the fruits of growth to achieve justice in distribution, and the intervention of the state. Without the state's intervention, growth cannot be transformed into development.