ANALYSIS OF FACTORS WHICH AFFECTING THE ECONOMIC GROWTH AND DEVELOPMENT

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Abstract: *High economic growth and sustainable process are main conditions for sustainability of economic country development. They also become measures of the success of the country's economy. Factors which tested in this study are economic and non-economic factors which impacting economic development. This study has a goal to explain the factors that influence on macroeconomics. It used linear regression modeling approach. The analysis result showed that Tax Amnesty, Exchange Rate, Inflation, and interest rate, they jointly can bring effect economic growth.*

Keywords: *tax amnesty, exchange rates, inflation, economic growth*

Introduction. In developed countries, with recession looming and unemployment rising, policy makers are trying to find ways of stimulating economic growth through productivity. Economic growth is important because it allows prosperity to rise and more people to find jobs. Elections are won or lost on the economy's record of growth. In addition, in developing countries high growth rates reduce poverty.

China, India and Africa's sustained growth rates over the last few decades have taken hundreds of millions of people out of poverty. Economic development is fundamental in this as well because it demonstrates the ways in which growth impacts on a society by increasing standards of living: improvements in health and mental health provisions, the quantity and quality of food which can be supplied, and in working conditions. The measurement of economic development includes looking at the roles of early childhood education, neighbourhood desegregation, innovation, trade and legislative reforms.

This article examines how economies can be supported to grow and develop. Growth and development are not synonymous. Economic growth aims to increase a country's national income. Development aims to generate positive qualitative changes. However, both indicators are continuous processes affecting a country's welfare and social progress.

Many things affect economic growth and development, both helping and hindering progress. Understanding these influences is key for anyone involved in economics, from policymakers to businesses and individuals.

Engines of Growth:

- Technology: New technologies boost productivity, create new industries, and improve lives. History shows that groundbreaking inventions, like the steam engine and the internet, have consistently pushed economies forward.
- Skilled People: A well-educated and healthy workforce is crucial. Investing in education, healthcare, and social well-being boosts productivity, encourages innovation, and leads to a better quality of life.
- Infrastructure: Strong infrastructure, including roads, communication networks, and reliable energy, forms the foundation of a thriving economy. These investments facilitate trade, connect markets, and support businesses.
- Natural Resources: While not the only factor, abundant natural resources can significantly boost growth. Managing them responsibly and adding value through processing is crucial for maximizing benefits and protecting the environment.
- Strong Institutions: Reliable institutions, fair laws, secure property rights, and transparent governance create a stable and predictable environment that attracts investment and encourages economic activity.
- Foreign Investment: Investment from other countries can provide capital, technology, and expertise, stimulating growth. However, it's important to

ensure this investment benefits the receiving country without exploiting resources or labor.

Open Trade: International trade opens new markets, allows countries to specialize in what they do best, and promotes competition, leading to greater efficiency and economic growth. However, fair trade practices and equitable distribution of benefits are essential.

Every country has a set of characteristics, such as natural resources and skilled manpower, that can influence their ability to build their economy. These are known as the economic factors, or the conditions of the economic environment within a country, which are a country's current economic condition and available economic resources that influence their capacity to further develop their economy.

In other words, economic development, or the process that increases a country's average standard of living by further enhancing the economy, can be affected by the current and available economic conditions.

While economic factors are not the only thing influencing economic development, they are important for understanding the capacity, or the ability of the economy to develop on their own. Important economic factors include:

Natural resources are the physical resources naturally available within a country. This includes trees, soil, water, minerals, coal, oil, and anything else existing within a country. Natural resources can help countries develop by creating jobs and increasing their wealth through the sales. The value of natural resources depends on the international interest in the resources. For example, oil is one resource known for making countries wealthy. This is because oil is in high demand and there are fears it is running out. Despite the benefit of natural resources, they are limited and will eventually run out. Thus, countries can use them to boost their development, but they can't depend on them to maintain the future of their economy.

Capital accumulation, or financial profits and investments acquired by a country, influence its ability to pay wages and hire labor. The more capital a country has, the more jobs it can create. In contrast, low capital countries may have a low living wage and high unemployment.

Transportation and communications includes a country's available transportation systems including air, train, car, and road, and their available communications systems such as phone lines, the Internet, radio, and television. Transportation is important for moving around the country to get to jobs and for industrializing cities. It is also important for transporting goods across the country. Communication makes it possible for a country to communicate within itself and with other nations, which is important for establishing strong businesses that can build the economy.

Education and training: the quality and availability of education and training provided to the citizens within a nation. This builds the capacity of the labor force and it can nurture entrepreneurs who will assist in building the economy. Thus, better education and training are important for societies to grow and expand their economies.

Like all factors influencing economic development, none of the economic factors act alone. Each factor is interacting with one another and influencing the overall ability of the country to develop.

Roadblocks to Progress:

Poverty and Inequality: Widespread poverty and large income gaps hinder development. These issues limit access to education and healthcare, reduce productivity, and can lead to social unrest.

Corruption: Corruption erodes trust in institutions, discourages investment, and hinders economic progress. It diverts resources away from productive activities and perpetuates inequality.

Instability and Conflict: War, political turmoil, and weak governance create uncertainty, deter investment, and disrupt economic activity.

Lack of Infrastructure: Poor infrastructure limits connectivity, hinders trade, and restricts access to essential services, stifling economic growth.

Climate Change: Extreme weather, rising sea levels, and resource scarcity pose significant threats to economic development, especially for vulnerable communities.

Pathways to Success:

- Invest in People: Prioritizing education and training equips individuals with the skills needed for a modern economy.
- Foster Innovation: Encouraging research and development, supporting entrepreneurship, and embracing new technologies can drive growth.
- Strengthen Infrastructure: Investing in transportation, communication, and energy infrastructure facilitates economic activity and improves living standards.
- Fight Corruption: Establishing transparent and accountable institutions builds trust, attracts investment, and supports sustainable development.
- Address Inequality: Implementing social safety nets, promoting inclusive growth, and empowering marginalized communities are crucial for equitable progress. Prioritize Sustainability: Integrating environmental considerations into economic policies ensures long-term prosperity and protects the planet for future generations.
- Economic growth is the increase in the inflation-adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP.

Increase in Production: Economic growth means an economy is producing more goods and services than before. This could be anything from cars and computers to haircuts and healthcare. Increasing a country's production is a complex challenge, but here are some key strategies:

Investing in Human Capital:

Education and Skills Development: A skilled workforce is essential. Investing in quality education, vocational training, and lifelong learning programs equips individuals with the skills needed for a productive economy.

Health and Well-being: A healthy population is a productive one. Investing in healthcare, sanitation, and nutrition improves overall well-being and contributes to a more productive workforce.

Boosting Technological Advancement:

Research and Development: Supporting research in science and technology can lead to innovations that boost productivity, create new industries, and improve efficiency.

Technology Adoption: Encouraging businesses to adopt new technologies, automate processes, and embrace digital transformation can significantly increase production capacity.

Improving Infrastructure: Transportation Networks: Efficient transportation systems (roads, railways, ports, airports) are essential for moving goods and services quickly and cost-effectively, both domestically and internationally.

Energy Infrastructure: Reliable and affordable energy is crucial for powering businesses and industries. Investing in renewable energy sources can also contribute to sustainable production.

Communication Technology: Reliable internet and communication networks facilitate business operations, connect markets, and support innovation.

Creating a Favorable Business Environment:

Reducing Bureaucracy: Streamlining regulations and reducing administrative burdens can make it easier for businesses to operate and expand, leading to increased production.

Promoting Competition: A competitive marketplace encourages innovation and efficiency, driving businesses to improve their products and processes.

Ensuring Stable Governance: Political stability, the rule of law, and secure property rights create a predictable environment that encourages investment and supports economic growth.

Other Important Factors:

- Access to Capital: Businesses need access to funding to invest in new equipment, expand operations, and hire workers.
- Natural Resources: While not essential for all types of production, access to natural resources can provide a competitive advantage in certain industries.
- International Trade: Participating in global trade can open new markets for a country's products, increasing demand and encouraging greater production.

It's important to remember that increasing production is not just about producing more things; it's about producing more valuable things. This means focusing on innovation, quality, and efficiency, and adapting to the changing demands of the global market.

Conclusion

Economic growth and development are complex and depend on many interconnected factors. By understanding these influences and implementing effective strategies, we can foster sustainable economic progress and improve the well-being of individuals and societies.

Growth is measured in "real" terms, meaning the effect of inflation (rising prices) is removed. This allows for a true comparison of production levels over time.

Economic growth considers the value of what's being produced, not just the quantity. So, producing more high-value items contributes more to growth than producing more low-value items. Growth is a dynamic process, measured over a specific period, such as a quarter or a year.

Economic growth often translates into higher incomes for individuals, leading to improved living standards. As economies grow, businesses expand and create new jobs. Growth encourages investment in new businesses, technologies, and infrastructure, further fueling economic expansion. Growing economies can generate more tax revenue, allowing governments to provide better public services like education and healthcare.Growth doesn't always benefit everyone equally The benefits of growth can be unequally distributed, leading to widening income gaps and social tensions.

Growth can come at a cost to the environment: Unsustainable production practices can deplete natural resources and contribute to climate change.Therefore, the pursuit of economic growth should be balanced with considerations of equity, sustainability, and long-term well-being.

There are many things which contribute to short term growth, which are not sustainable. These include changes in interest rates, pent up demand, stock market changes, housing price changes, sentiment, etc. High sustained oil prices, and high global demand for oil will constrain economic growth.

The only way to achieve economic growth in an energy constrained environment is to increase efficiency and productivity throughout the entire economy by a minimum of 2% per year. Without increased access to low cost energy, and without continuous improvement in efficiency and productivity, the economy will remain in the doldrums, experiencing slow or no growth.

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