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Implications of Investment on Economic Growth

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Abstract
Investment is the intentional increase in the stock of capital. In the view of Keynesians, investment depends on income. In Nigeria, low income has played unqualified role in inability to raise sufficient capital for investment. So, lack of and improper utilization of available capital has contributed adverse influence in investment in capital overheads, developmental infrastructure and other productive ventures. Besides, the skewed investment in the urban with little or nothing in the rural areas dominantly occupied by Nigerians has large negative effects. Consequently, the acceleration of economic growth is seriously dandified. The study therefore dwells on the implications of Investment on the economic growth of Nigeria. To also know how the Nigerian government under the new democratic dispensation is making effort in the fostering of sustained economic growth. It goes further to review factors that inhibit enhancement to investment and economic growth, and the possible solutions or strategies to enhancing investment on economic growth and development in the country. Conclusions and some policy recommendations were made to the study. In general, the evidence from the paper suggests that policy makers in the country should encourage investors (both local and international) through appropriate mix of strong institutions, legal and regulatory policies in order to provide enabling environment for any business to thrive. Although Nigeria must grapple with its decaying infrastructure and a poor regulatory environment, the country possesses many positive attributes for carefully targeted investment and will expand as both a regional and international market player.

Keywords:*INVESTMENT, ECONOMIC GROWTH, HUMAN CAPITAL, GESTATION*

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I. Introduction

Nigeria is really an oil rich nation but the leadership over the years could not diversify the economy. So, the country relied heavily on the proceeds from oil as a major source of financing the social, economic and political activities. However, the myopic perception of the political power holders or the resource managers impeded effective use of realized income for investment which culminates to the ugly experience and low living standard of today (Index Mundi, 2014 and CIA World Fact-Book, 2013). Deficiency of public investment in infrastructure and the snail speed implementation of reforms constitute the major key debility to growth and advancement.

Actually, countries engage in varieties of activities aimed at accelerating economic development and growth. Public investment is usually employed as a veritable engine of development and growth. This is because improvement in the living standard of the people depends on efforts geared toward increasing aggregate economic activities which involves enough investment, effective and efficient utilization of the resources of the society and increase in aggregate productivity. Investment is the intentional increase in the stock of capital. In the view of Keynesians, investment depends on income. In Nigeria, low income has played unqualified role in inability to raise sufficient capital for investment. So, lack of and improper utilization of available capital has contributed adverse influence in investment in capital overheads, developmental infrastructure and other productive ventures. Besides, the skewed investment in the urban with little or nothing in the rural areas dominantly occupied by Nigerians has large negative effects. Consequently, the acceleration of economic growth is seriously dandified.

Economic growth as conceived by Abiola and Egbuwalo (2010) is the ability of a country to expand her production possibility curve to rise above its previously operating level. In addition, growth is perceived to imply a sustained rise in real per capita income of a nation. It can specifically be stated that economic growth involves a long term rise in the capacity of a given nation to continuously supply various economic goods to her populace such that the citizenry has sufficiency for consumption. But suffice it to note that economic development is synonymous to growth. Meier (1980) posits that economic development is the process whereby the real per capita income of a country increases over a long period of time-subject to the stipulations that the number of people below an “absolute poverty line” does not increase, and that the distribution of income does not become more unequal. This implies improvement of lives of the people beyond what it was in the past, and what can specifically guarantee this noble attainment are investments. The rates of investment and population growth in Nigeria given the present high level of resource unemployment do not correspond to output and income growth capable of adequate living standard.

The situation has been demoralizing considering the fact that very few people at the helm of affairs are becoming wealthy and wealthier everyday while the majority of the people are deteriorating in all ramifications. The critical situation of insufficient public infrastructural investment has to a great extent discouraged domestic and foreign private investment. Lack of conducive and favorable investment environment is inimical to the desired economic acceleration capable of repositioning declined low productivity and low per capita income. Consequently, the level of overall development and living standard of the people is below expectation, and so the average Nigerians live below poverty line. Besides, other social, economic and political factors in Nigeria led to classifying the country as one of the poorest economies in the global community of nations, notwithstanding her richly endowed with mineral and manpower resources.Actually, investment implies intentional expenditure that is channeled to raising or maintaining the stock of capital. In this respect, the stock of capital includes tangible assets or products, plants and machines and so on which support production (Dornbusch& Fischer, 1981). Human capital training and provision of infrastructure which are relevant factors needed for encouraging economic activity depend on investment.

II. Concepts And Objectives

Economic Growth: Economic growth can be defined as the increase or improvement in the inflation-adjusted market value of the goods and services produced by an economy over time. Statisticians conventionally measure such growth as the percent rate of increase in the real gross domestic product, or real GDP.The economic growth rate is calculated from data on GDP estimated by countries' statistical agencies. The rate of growth of GDP per capita is calculated from data on GDP and people for the initial and final periods included in the analysis of the analyst.Economic growth refers to the increase in the value of goods and services produced by an economy. It is conventionally measured as the rate of increase in GDP. Growth in output can be divided into two categories; growth through increased input and through improvement in productivity. According to Simon Kuznets, economic growth is defined as a long term rise in capacity to supply increasingly diverse economic goods to the population, this growing capacity based on advancing technology and the institutional and ideological adjustments. However, in the Solow-Swan growth theory model, the policy target variable is saving rate. This shows that increase in savings rate shifts the actual investment line upward and so the economy witnesses economic growth. Economic growth is theoretically and empirically established to be dependent on capital accumulation and investment. Economic growth again according to Kuznets refers to a long-term rise in capacity of the economy to supply increasingly diverse economic goods to its population. This growing capacity is based on advancing technology and the institutional and ideological adjustments that it demands.

Investment: Investment is the dedication of an asset to attain an increase in value over a period of time. Investment requires a sacrifice of some present asset, such as time, money, or effort. In finance, the purpose of investing is to generate a return from the invested asset. The return may consist of a gain (profit) or a loss realized from the sale of a property or an investment, unrealized capital appreciation (or depreciation), or investment income such as dividends, interest, or rental income, or a combination of capital gain and income. The return may also include currency gains or losses due to changes in the foreign currency exchange rates. Investors generally expect higher returns from riskier investments. When a low-risk investment is made, the return is also generally low. Similarly, high risk comes with a chance of high returns.According to Stiglitz (1993), investment can be broadly defined as the acquisition of an asset with the aim of receiving a return. It can also be defined as the production of capital goods used in future production. However, there are two broad types of investments. They are public investment and private investment. Public investment refers to investment by government. When government expenditure creates positive production externalities focused on enhancing innovation and research and development and/ or stimulating the accumulation of private capital, we say that these expenditures are productive. It is generally assumed that public investment in infrastructure; education and health belong to this category. In these cases, public investment is said to crowd-in private investment. If financial resources are scarce, public investment may also reduce the possibilities of the private sector to obtain credit to finance investment. Moreover if public investment is financed through monetary financing, private investment may be seriously discouraged. In these cases public investment may be said to crowd-out private investment opportunities. Private investment refers to non-government investments. Such investments include domestic and foreign private investments.

One of the principal objectives of Nigerian government under the new democratic dispensation is the fostering of sustained economic growth. Finance is the process of channeling funds in the form of credit, loans to those economic entities that need them in the most productive use. Generally, finance and investment aid growth and development in an economy. This is evident from the link between growth of output, investment and savings, which is well documented in the literature.

THEORIES ON INVESTMENT AND THE GROWTH OF THE ECONOMY

In an endogenous growth economy, output follows a stochastic trend, and permanent policy changes have long-term consequences for the growth of output, whereas temporary policy changes have long-term consequences for the level of output (Jones, 1995; Kocherlakota and Yi, 1996; and Evans and Karras, 1994). In the case of endogenous growth, demand-side effects of increased public spending or crowding-out effects from the way public spending is financed may have long-term effects on output levels. The impact of changes in public investment may vary with the level of public investment.

Barro (1991) specifies an endogenous-growth model, which incorporates productive public spending (e.g., public investment financed by lump-sum taxes) into the production function, and he derives a growth-maximizing spending share. The relationship between public spending and growth depends on the current spending level; it is positive (negative) if public spending is below (above) the growth maximizing share. Therefore, only when public investment is below its growth-maximizing share will additional public investment increase growth. The government spending must consider the marginal effects of different types of public spending.

Eric Hanushek and Dennis Kimko introduced measures of students' mathematics and science skills from international assessments into growth analysis. They found that this measure of human capital was very significantly related to economic growth. Eric Hanushek and LudgerWößmann have extended this analysis. Theodore Breton shows that the correlation between economic growth and students' average test scores in Hanushek and Wößmann's analyses is actually due to the relationship in countries with less than eight years of schooling. He shows that economic growth is not correlated with average scores in more educated countries. Hanushek and Wößmann further investigate whether the relationship of knowledge capital to economic growth is causal. They show that the level of students' cognitive skills can explain the slow growth in Latin America and the rapid growth in East Asia.JoergBaten and Jan Luiten van Zanden employ book production per capita as a proxy for sophisticated literacy capabilities and find that "Countries with high levels of human capital formation in the 18th century initiated or participated in the industrialization process of the 19th century, whereas countries with low levels of human capital formation were unable to do so, among them many of today's Less Developed Countries such as India, Indonesia, and China."

SOME FINDINGS ON THE IMPLICATION OF INVESTMENT ON ECONOMIC GROWTH

Levine and Renelt (1992) explored the empirical relationship between investment and economic growth and concluded that the rate of physical investment to GDP was most important of the factors. Nnanna (2004) explained that in the long-run, gross national savings and domestic investment rates show a strong positive correlation. Schmidt-Hebbel *et al.,* (1996) argued that available international evidence on long-term patterns of growth appears to support the increasing disparities of investment and growth on the differences on saving rates over the past thirty years. Thus, several authors have attempted to explain the mechanisms for the transmission of savings and investment to growth. These mechanisms include the relationship of interest rates on savings and investment, the close link between investment and growth and the budget constraint and the role of foreign finance on investment profile and growth.

According to Ariyo (1988), the Nigerian investment climate is characterized by high production costs, inadequate infrastructure and corruption, high rate of crime, spiraling inflation, political instability and macroeconomic imbalance. Nevertheless, private capital flows are motivated by profit considerations. Iyoha (1998) using the same parameters were able to analyze the impact of investment on growth in Nigeria. Using data for the 1970-1994 periods, Iyoha found that a 10% rise in the investment-income ratio will induce a 26% increase in per capita GNP. With these findings, he concluded that per capita GNP is highly investment elastic in Nigeria. For government to achieve its desired objectives of high economic growth and rapid development, it must pursue policies that will increase both the public and private investment. Aggregate investment in any economy comprises both the public and private investments. Although the prime motive of the public sector investment may be different from that of the private sector, they both face the same challenges in financing their investment requirements.

The need for both the private and public sectors of the Nigerian economy to save in order to be able to increase investment was clearly demonstrated by Obadan and Odusola (2001). Using the Granger causality test on Nigerian data, they tested the causal relationships between savings and income growth, savings and investment and investment and growth. They came out with these findings; Savings is not income induced in Nigeria i.e. higher income does not lead to higher savings. Savings does not also Granger cause income. Their findings do not show any direct relationship between savings and income growth Investment is savingsconstrained but not vice-versa. That is, low savings leads to low investment or higher savings will lead to higher investment but higher investment does not lead to higher savings in Nigeria. High investment is expected to lead to high production of goods and services which is growth. Therefore, the authors opined that the lack of casual relationship between investment and savings, (i.e. investment does not Granger cause savings), is a reflection of high propensity of corporate bodies and individuals in Nigeria to consume rather than to save.

Experience has shown that when profits of corporate bodies increase, the tendency is to increase employees' emoluments and declare high dividend payments rather than increase investment. The same is equally applicable to the public sector. Windfall gains in revenue are not saved but consumed; and there is a uni-directional relationship between investment and economic growth. This finding confirms the finding of Iyoha's study on the same matter and therefore gives credence to the important role of investment in the growth process. Having recognized the role of investment in economic growth in Nigeria, it is important for government to adopt policies and strategies that will ensure a stable macroeconomic environment that is conducive for sustainable investment planning and rapid capital accumulation.

While domestic savings for investment is of utmost importance, it is realized that foreign resources are needed to complement the domestic ones in order to enhance efficiency and transfer of modern technology and managerial skills to the Nigerian economy. In this regard, both foreign indirect and foreign direct investment (FDI) are needed for the required investment and economic growth in Nigeria.

Investment is a key factor that determines economic progress in both developed and developing economies. Nigeria requires substantial investment in promoting and enhancing economic activities that guarantee better living conditions of the Nigerians. In development economics, the debate on the investment – growth nexus is still on going for developing countries to cash up with the developed economies. For any meaningful investment to take place in Nigeria, saving's habit needs to be encouraged. Savings in Nigerian economy was fluctuating over the study period. Specifically, savings habit in the country fell from 33.7% in 1987 to 6.9% in 1997. It dropped by 59% in 2007 and later rose to 52% in 2012. It is important to investigate this empirically for efficient policy makings and formulations.

Theoretically, Nurkse (1953) argues that the so-called underdeveloped areas, as compared with advanced, are underdeveloped with capital in relation to their population and natural resources. Further, the emphasis was on accumulation of physical capital to the neglect of investment in education, health and skills (human capital) or technical progress. The idea was to divert a part of society's currently available resources to increase the stock of capital goods to make possible an expansion of consumable output in the future. Nurkse did mention the vicious circle of poverty on the demand side but his solution was a supply-side strategy of balanced growth -- "a more or less synchronized application of capital to a wide range of different industries" -- which he took to be an implication of Rosenstein-Rodan's theory. His view was that though "capital formation is not entirely a matter of capital supply... this is no doubt the more important part of the problem." To finance the required investment a high savings ratio (or massive foreign borrowing) would be necessary.

Barro (1991) examines the effect of public investment and public consumption expenditures on cross-country growth rates. After controlling for several variables, it was found that public investment has no significant effect on growth rates, whereas the rate of economic growth is negatively related to the share of government consumption expenditure.

Canning and Fay (1993) and Easterly and Rebelo (1993) use panel data to investigate the contribution to economic growth of transportation networks. A key finding of the study is a strong relationship between economic growth and public investment in transportation and communication.

Devarajan, Swaroop and Zou (1996) present evidence for 43 developing countries, which indicates that the share of total government expenditure (consumption plus investment) has no significant effect on economic growth. However, the authors found an important composition effect for government expenditure: that is, increases in the share of consumption expenditure have a significant positive effect on economic growth, whereas increases in the share of public investment expenditure have a significant negative effect. The negative 68 effect also holds for each of the major components of public investment, including transportation and communication. This leads to the somewhat surprising prescription that governments in developing countries would be better advised to switch public resources from investment goods to current consumption.

Pritchett (1996) suggests another explanation for the Devarajan et al. (1996) findings – the "white elephant" hypothesis. He argues that public investment in developing countries is often used for unproductive and inappropriate projects. Therefore, the share of public investment can be a very poor measure of the actual increase in economically productive public capital. On the one hand, higher public investment raises the national rate of capital accumulation above the level chosen (in a presumed rational fashion) by private sector agents; thus, public capital spending may crowd out private expenditures on capital goods on an ex-ante basis as individuals seek to re-establish an optimal inter-temporal allocation of resources.

On the other hand, public capital – particularly infrastructure capital such as highways, water systems, sewers, and airports – is likely to bear a complementary relationship with private capital in the private production technology. Thus, higher public investment may raise the marginal productivity of private capital and thereby “crowd in” private investment. Public investment must be a source of endogenous growth. Under the hypothesis of balanced exogenous growth, public spending in the long run does not affect economic growth (King, Plosser, Stock and Watsson, 1991).

FACTORS THAT INHIBITS THE ENHANCEMENT TO INVESTMENT

Nevertheless, in some cases, while the rate of growth in investment is growing, that of growth is declining and vice versa. This scenario is not completely absent even in private investment asthere are cases of investment failures in that component, leading to no growth at all or even negative growth. There are, therefore, instance where it would appear that growth can take place without investment or investments can result in no growth. These can occur due to the following factors;

Underutilization of Capital: Here growth can occur without immediate investment if the economy is harbouring excess capacity or even inventory. Thus, as demand increases, excess capacity is utilized to satisfy the growing demand.

Long Gestation Periods of Capital Projects: Because of long gestation periods of capital projects, the investment/growth nexus in an economy may be eclipsed especially as statisticians assemble data on monthly, quarterly or yearly basis. Nevertheless, the Nigerian economy has witnessed a slow pace of growth in the last two decades. The reason is that Nigeria’s economic climate was not able to attract foreign investments to its fullest potentials, given the precarious operating environment which also limited her domestic investment.

FACTORS THAT INHIBITS THE ENHANCEMENT TO GROWTH

Human capital: Many theoretical and empirical analyses of economic growth attribute a major role to a country's level of human capital, defined as the skills of the population or the work force. Human capital has been included in both neoclassical and endogenous growth models.A country's level of human capital is difficult to measure since it is created at home, at school, and on the job. Economists have attempted to measure human capital using numerous proxies, including the population's level of literacy, its level of numeracy, its level of book production/capita, its average level of formal schooling, its average test score on international tests, and its cumulative depreciated investment in formal schooling. The most commonly-used measure of human capital is the level (average years) of school attainment in a country, building upon the data development of Robert Barro and Jong-Wha Lee. This measure is widely used because Barro and Lee provide data for numerous countries in five-year intervals for a long period of time.One problem with the schooling attainment measure is that the amount of human capital acquired in a year of schooling is not the same at all levels of schooling and is not the same in all countries. This measure also presumes that human capital is only developed in formal schooling, contrary to the extensive evidence that families, neighborhoods, peers, and health also contribute to the development of human capital. Despite these potential limitations, Theodore Breton has shown that this measure can represent human capital in log-linear growth models because across countries GDP/adult has a log-linear relationship to average years of schooling, which is consistent with the log-linear relationship between workers' personal incomes and years of schooling in the Mincer model.

Political institutions: “As institutions influence behavior and incentives in real life, they forge the success or failure of nations.”In economics and economic history, the transition to capitalism from earlier economic systems was enabled by the adoption of government policies that facilitated commerce and gave individuals more personal and economic freedom. These included new laws favorable to the establishment of business, including contract law and laws providing for the protection of private property, and the abolishment of anti-usury laws.Much of this literature was built on the success story of the British state after the Glorious Revolution of 1688, in which high fiscal capacity combined with constraints on the power of the king generated some respect for the rule of law. However, others have questioned that this institutional formula is not so easily replicable elsewhere as a change in the Constitution—and the type of institutions created by that change—does not necessarily create a change in political power if the economic powers of that society are not aligned with the new set of rule of law institutions. In England, a dramatic increase in the state's fiscal capacity followed the creation of constraints on the crown, but elsewhere in Europe increases in state capacity happened before major rule of law reforms.

Entrepreneurs and new products: Policymakers and scholars frequently emphasize the importance of entrepreneurship for economic growth. However, surprisingly little research empirically examines and quantify entrepreneurship's impact on growth. This is due to endogeneity—forces that drive economic growth also drive entrepreneurship. In other words, the empirical analysis of the impact of entrepreneurship on growth is difficult because of the joint determination of entrepreneurship and economic growth. A few papers use quasi-experimental designs, and have found that entrepreneurship and the density of small businesses indeed have a causal impact on regional growth.

Another major cause of economic growth is the introduction of **new products and services and the improvement of existing products**. New products create demand, which is necessary to offset the decline in employment that occurs through labor-saving technology (and to a lesser extent employment declines due to savings in energy and materials). In the U.S. by 2013 about 60% of consumer spending was for goods and services that did not exist in 1869. Also, the creation of new services has been more important than invention of new goods.

Structural change: Economic growth in the U.S. and other developed countries went through phases that affected growth through changes in the labor force participation rate and the relative sizes of economic sectors. The transition from an agricultural economy to manufacturing increased the size of the sector with high output per hour (the high-productivity manufacturing sector), while reducing the size of the sector with lower output per hour (the lower productivity agricultural sector). Eventually high productivity growth in manufacturing reduced the sector size, as prices fell and employment shrank relative to other sectors. The service and government sectors, where output per hour and productivity growth is low, saw increases in their shares of the economy and employment during the 1990s.The public sector has since contracted, while the service economy expanded in the 2000s.The structural change could also be viewed from another angle. It is possible to divide real economic growth into two components: an indicator of extensive economic growth—the 'quantitative' GDP—and an indicator of the improvement of the quality of goods and services—the 'qualitative' GDP.

STRATEGIES TO ENHANCING INVESTMENT ON ECONOMIC GROWTH AND DEVELOPMENT

There are many different ways through which states achieved state (fiscal) capacity and this different capacity accelerated or hindered their economic development. Thanks to the underlying homogeneity of its land and people, England was able to achieve a unified legal and fiscal system since the middle Ages that enabled it to substantially increase the taxes it raised after 1689. On the other hand, the French experience of state building faced much stronger resistance from local feudal powers keeping it legally and fiscally fragmented until the French Revolution despite significant increases in state capacity during the seventeenth century. Furthermore, Prussia and the Habsburg Empire— much more heterogeneous states than England—were able to increase state capacity during the eighteenth century without constraining the powers of the executive. Nevertheless, it is unlikely that a country will generate institutions that respect property rights and the rule of law without having had first intermediate fiscal and political institutions that create incentives for elites to support them. Many of these intermediate level institutions relied on informal private-order arrangements that combined with public-order institutions associated with states, to lay the foundations of modern rule of law states.

In many poor and developing countries much land and housing are held outside the formal or legal property ownership registration system. In many urban areas the poor "invade" private or government land to build their houses, so they do not hold title to these properties. Much unregistered property is held in informal form through various property associations and other arrangements. Reasons for extra-legal ownership include excessive bureaucratic red tape in buying property and building. In some countries, it can take over 200 steps and up to 14 years to build on government land. Other causes of extra-legal property are failures to notarize transaction documents or having documents notarized but failing to have them recorded with the official agency.

Not having clear legal title to property limits its potential to be used as collateral to secure loans, depriving many poor countries of one of their most important potential sources of capital. Unregistered businesses and lack of accepted accounting methods are other factors that limit potential capital.Businesses and individuals participating in unreported business activity and owners of unregistered property face costs such as bribes and pay-offs that offset much of any taxes avoided."Democracy Does Cause Growth", according to Acemoglu et al. specifically, "democracy increases future GDP by encouraging investment, increasing schooling, inducing economic reforms, improving public goods provision, and reducing social unrest."[UNESCO and the United Nations also consider that cultural property protection, high-quality education, cultural diversity and social cohesion in armed conflicts are particularly necessary for qualitative growth.

According to DaronAcemoglu, Simon Johnson and James Robinson, the positive correlation between high income and cold climate is a by-product of history. Europeans adopted very different colonization policies in different colonies, with different associated institutions. In places where these colonizers faced high mortality rates (e.g., due to the presence of tropical diseases), they could not settle permanently, and they were thus more likely to establish extractive institutions, which persisted after independence; in places where they could settle permanently (e.g. those with temperate climates), they established institutions with this objective in mind and modeled them after those in their European homelands. In these 'neo-Europes' better institutions in turn produced better development outcomes. Thus, although other economists focus on the identity or type of legal system of the colonizers to explain institutions, these authors look at the environmental conditions in the colonies to explain institutions. For instance, former colonies have inherited corrupt governments and geopolitical boundaries (set by the colonizers) that are not properly placed regarding the geographical locations of different ethnic groups, creating internal disputes and conflicts that hinder development. In another example, societies that emerged in colonies without solid native populations established better property rights and incentives for long-term investment than those where native populations were large.

III. Conclusion And Policy Recommendation

This paper investigates the implication of investment on economic growth in Nigeria. The fact that public investment affects output positively does not imply that increases in public investment represent an effective growth strategy. A balanced growth strategy relies on several prerequisites. There is a growing Nigerian consensus that foreign investment is essential to realizing Nigeria's vast potential. Companies interested in long-term investment and joint ventures, especially those that use locally available raw materials, will find opportunities in the large national market. However, to improve prospects for success, potential investors must educate themselves extensively on local conditions and business practices, establish a local presence, and choose their partners carefully. The Nigerian Government is keenly aware that sustaining democratic principles, enhancing security for life and property, and rebuilding and maintaining infrastructure are necessary for the country to attract foreign investment

Therefore, government in the country should put more efforts in accumulating capital to further enhance improvement and efficiency of the investment activities which in turn accelerate sustainable economic development in the country.

Investment in high-speed broadband telecommunication is required for businesses and institutions (e.g., universities, hospitals) to function efficiently and for individuals to communicate. Good quality transportation systems are needed to move people and goods rapidly and safely between towns and cities.

Also the country should adopt policies that will fast track sustainable development through heavy investment, and the government should ensure the provision of adequate facilities that promote and encourage heavy investment. This notion supported the view of Leibenstein (1957) who suggested that the only way of escaping the trap of underdevelopment is to raise per capita income to a level where growth becomes self-sustaining. This was linked with the idea of big push or critical minimum effort in development economics.

Finally, there is a common need for investment in education. There is a role for government in promoting balanced growth. Government as an employer can foster balanced growth through the decentralized provision of public services. Another approach would be to focus on supporting community economic development (CED), including the provision of capital financing.

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