

Chapter 5

CAUSALITY ANALYSIS OF THE HUMAN DEVELOPMENT INDEX, INNOVATION AND GROWTH¹

Murat AYKIRI²
Ömer Uğur BULUT³

INTRODUCTION

Human development has been brought to the agenda within the scope of development economics in the early 1990s, when the Second World War ended and the effects of the Cold War began to diminish partially, in order to increase the welfare levels of the colonized countries when their under-developed and historical backgrounds were considered. Within the framework of development economics, it was noticed that economic development is not sufficient to ensure human development and the adoption of a more comprehensive and coordinated development notion is needed in this regard; hence, the “human development” approach started to be included in debates over economic development. The human development approach is a notion that states that the ultimate aim in the understanding of development should focus more on people than economic size and that all economic activities should be designed for the purpose of improving human capacity (Gürses, 2009, p.304).

With the embracement of this approach, put forward within the framework of human development, by broad circles in the early 1990s, states started to focus more on human development in order to gain the transformation and development they desire in social, economic and political domains. According to UNDP’s 2018 report, for example, global population increased from 5 billion to 7.5 billion people and the population with low human development has been declined from 3 billion to 926 million, in other words, from the 60% to 12% of the global population, between 1990 and 2017. By the same token, the number of people with high and very high human development has tripled from 1.2 billion to 3.8 billion, in other words from 24% to 51% of the global population in the same period.

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² Asst. Prof. Kafkas University, maykiri36@gmail.com

³ Asst. Prof. Kafkas University, bulut.o.u@gmail.com

The experiences gained by countries, dealing with the problems of economic growth and sustaining the short-term economic success to the long term, from both theoretical and empirical research conducted as well as the examples of countries who achieved good results struggling the same problems show that in combating this problem: products with high added value and competitive power in the international markets that are manufactured with knowledge-intense advanced technologies are needed, that a new production notion should be developed depending on the improvement of a new R&D and innovation infrastructure, and more importantly, that effective policies are needed to enable the appearance of the quality human element that bears the necessary knowledge and skills to achieve all these. Undoubtedly, the impact of investment in people begins to be felt in the long term. However, the achievement of the expected outcome in such investments is related to the number of expenditures made to these areas as well as their quality because more qualified education and health spending means the growing of more qualified individuals.

On the other hand, the Turkish economy has economic stability and growth problems from time to time. The quality of the way to be traced by Turkey that has directed towards a high and sustainable economic growth is closely associated with the solution of destabilizing/inhibitory structural problems as well as the comprehensiveness of the economic growth figures obtained, in other words, with the prioritization of those who cannot equally access certain services, opportunities or markets and lack these facilities. From this aspect, the country-wide economic growth can be carried to a more sustainable quality, by seriously leaning towards the problems of especially the regions with disadvantages in terms of education, health and per capita income factors, enhancing employment facilities in these regions, increasing technological development and dissolving public infrastructure deficiencies.

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