Kaldor`S Model of Economic Growth Technical Progress Function and Capital Investment

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ABSTRACT

This article presents a comprehensive analysis of Prof. Nicholas Kaldor's model of economic growth, emphasizing the pivotal role of technical progress and income distribution in determining long-term economic development. Kaldor's model represents a significant departure from traditional growth theories by arguing that the real engine of economic growth lies not merely in capital accumulation but in how effectively a society utilizes new technology and distributes its income among different social classes. The study examines the twelve key assumptions underlying Kaldor's model, with particular emphasis on the interdependence of technical progress and capital accumulation. The working of the model is analyzed through three key functions:

The Saving Function $S_t = \alpha P_t + \beta(Y_t - P_{t)}$ demonstrates that savings are determined by income distribution, with capitalists saving a larger proportion of their income than workers.

The Investment Function $((K_t = \alpha' Y_{t-1} + \beta'(P_{t-1})Y_{t-1})$ establishes the correlation between profit share and investment.

The Technical Progress Function $(Y_{t-1} - Y_t)/Y_t = \alpha'' + \beta''(I_t / K_t)$ reveals that income growth is driven by both autonomous and investment-induced technical progress.

The model operates in two stages: constant working population and expanding population. For constant population, the steady growth path is derived as G = α"/(1 - β"), indicating that long-run growth depends primarily on an economy's capacity for innovation. For expanding population, incorporating Malthusian assumptions, the equilibrium growth rate becomes G = α" + λ, where λ represents the maximum population growth rate.

The critical appraisal section evaluates both merits and demerits. Key merits include the model's emphasis on technical dynamism, recognition of interdependence among economic variables, and applicability to developing economies. However, criticisms include its failure to adequately explain income distribution, rigid assumptions, neglect of unproductive expenditure, and inability to incorporate human capital effectively. Solow (1956) also criticized the model's treatment of the technical progress function. The article concludes that despite limitations, Kaldor's model remains highly relevant for developing economies.

Keywords: ***Capital Investment, Savings Function, Investment Function, Steady-State Growth, Technical Dynamism, Nicholas Kaldors`, Post-Keynesian Economics, Development Policy.***

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1. Introduction:

Prof. Nicholas Kaldor was one of the most influential economists of the twentieth century. His model of economic growth stands as a remarkable contribution to the Western dynamic approach to understanding how economies grow over time. Unlike many other growth models that focus primarily on capital accumulation, Kaldor's model offers a unique perspective by emphasizing the crucial role of technical progress and the distribution of income between different social classes.

Kaldor modified the earlier Harrod-Domar Model of economic growth by establishing a clear relationship between technical progress function and capital investment. The Harrod-Domar model had focused heavily on the savings rate and capital-output ratio, but Kaldor believed that this approach was too narrow. He argued that the real engine of economic growth is not just how much a society saves, but how effectively it uses new technology and distributes its income.

The main aim of Kaldor's model is to show the nature of non-economic variables that ultimately determine the general output level of an economy. In simpler terms, Kaldor wanted to understand why some societies grow much faster than others. He believed that the answer lies not just in economics but in the broader social, political, and institutional factors that shape a country's development path.

Kaldor was particularly critical of the Harrodian approach to dealing with the problem of surplus savings. In Harrod's model, the growth rate of income was determined geometrically, but Kaldor felt this was too mechanistic. He argued that the possibility of substituting capital for labour is limited due to the rigidity of technology. In other words, you cannot simply replace workers with machines whenever you want; technology changes slowly and is often "locked in" to particular production methods. Moreover, Kaldor emphasized that change in technology occurs primarily through new doses of investment. When businesses invest in new machinery and equipment, they introduce new production techniques. This is why Kaldor believed that investment and technical progress are deeply interconnected.

A critical insight of Kaldor's model is the relationship between population growth and income growth. If the population grows faster than income, the technical progress function is adversely affected. This means that a rapidly growing population can actually slow down economic development by reducing the benefits of technological advancement. Therefore, Kaldor argued that it is essential to maintain a suitable relationship between the growth of population and that of income. Perhaps most importantly, Kaldor lays stress not only on the inter-relationships among factors but also on their **interdependence**. Unlike earlier economists who treated variables like savings, investment, and technology as independent, Kaldor showed that they are all deeply connected. A change in one factor inevitably leads to changes in others. In this sense, Kaldor's model is more comprehensive and realistic as it incorporates three key functions: savings function, investment function, and technical progress function.

2. Literature Review (Evolution of Growth Theory: Historical Context)

The study of economic growth has been a central concern of economists since the inception of modern economics. The literature on economic growth is vast and diverse, encompassing classical, neo-classical, and post-Keynesian approaches. This review of literature provides a comprehensive examination of the theoretical foundations, developments, and critiques of Prof. Nicholas Kaldor's model of economic growth, situating it within the broader context of growth theory. The review traces the evolution of growth models from the Harrod-Domar framework to Kaldor's contributions and subsequent developments.

2.1 Classical Foundations

The classical economists, including Adam Smith, David Ricardo, and Thomas Malthus, laid the groundwork for modern growth theory. Smith (1776) emphasized the role of division of labour and capital accumulation in driving economic growth. Ricardo (1817) focused on the distribution of income between landlords, capitalists, and workers, highlighting the tendency of profits to fall as population increases. Malthus (1798) warned against the dangers of population growth outpacing food production, an idea that later influenced Kaldor's treatment of population growth in his model.

These classical contributions established several themes that would later reappear in Kaldor's work: the importance of capital accumulation, the role of income distribution, and the relationship between population and growth.

2.2 Harrod-Domar Model

The Harrod-Domar model, developed independently by Roy Harrod (1939) and Evsey

Domar (1946), represented the first formal attempt to explain economic growth in a Keynesian framework. The model focused on the relationship between savings, capital-output ratio, and growth. It demonstrated that the growth rate of an economy is determined by the savings rate divided by the capital-output ratio ($g = s/v$). However, the Harrod-Domar model was criticized for its "knife-edge" property—the notion that the economy was unstable and would tend to deviate from its equilibrium growth path. As Sen (1970) observes, the model's assumption of fixed coefficients of production made it difficult to achieve stable growth.

Kaldor (1957) was particularly critical of the Harrodian approach, arguing that it dealt with the problem of surplus savings in a mechanistic manner. He believed that the Harrod-Domar model was too narrow in its focus on savings and capital-output ratios, ignoring the crucial role of technical progress and income distribution.

2.3 Neo-Classical Growth Models

The neo-classical growth model, pioneered by Solow (1956) and Swan (1956), addressed some of the limitations of the Harrod-Domar model. By introducing a production function with diminishing returns to capital and substitution possibilities between capital and labour, the neo-classical model demonstrated that economies would converge to a steady-state growth path determined by exogenous technical progress.

Solow (1956) introduced the concept of a production function with constant returns to scale and diminishing returns to individual factors. The model showed that the economy would converge to a steady state where the growth rate of output per worker equals the rate of technical progress. The neo-classical model emphasized the role of savings, population growth, and technical progress in determining long-run growth.

However, the neo-classical model was also criticized for treating technical progress as exogenous—a phenomenon that occurs outside the model. This limitation led to the development of endogenous growth theories, which attempted to explain technical progress within the model.

3. Key Assumptions of the Model: The Foundation

Like any economic model, Kaldor's growth model is built upon a set of assumptions. These assumptions simplify the complex reality of the real world, allowing economists to focus on the most important relationships. In Kaldor's own words:

"The purpose of a theory of economic growth is to show the nature of the non-economic variables which ultimately determine the rate at which the general level of production of an economy is growing and thereby contribute to an understanding of the question of why some societies grow so much faster than others." **(Kaldor, 1957, p. 591)**

Let us understand the key assumptions one by one:

1. Resource Constraint as the Limiting Factor

The first assumption is that the availability of resources acts as the limiting factor in achieving a desired level of output. In simple terms, an economy cannot grow beyond what its resources – land, labour, capital, and natural resources – can support. This assumption reminds us that growth is not unlimited; it is constrained by the physical and human resources available to a society.

2. Two Factors of Production: Capital and Labour

Kaldor assumes that there are only two factors of production: capital and labour. Consequently, there are only two types of income: profits (earned by capitalists) and wages (earned by workers). This is a simplification, of course, but it allows Kaldor to focus on the distribution of income between these two groups.

2. A crucial assumption here is that all profits are saved and wages are consumed. This means that capitalists save everything they earn, while workers spend everything they earn. While this is not entirely realistic, it reflects the classical economic view that wealthy individuals and corporations are the primary source of savings in an economy.

3. Role of Monetary Policy

Kaldor assumes that monetary policy plays a significant role in the model. Specifically, he assumes that money wages may remain constant. This implies that the government or central bank can influence the economy by controlling the money supply and interest rates, but wage levels do not adjust freely.

4. Savings Function

Total savings in the economy are the sum of savings out of wages and savings out of profits. This means that both workers and capitalists save, although at different rates. Kaldor assumes that capitalists save a larger proportion of their income compared to workers.

5. Technical Progress and Capital Accumulation

One of the most important assumptions is that technical progress depends upon the rate of capital accumulation. This means that new technology is not discovered in a vacuum; it emerges through investment. When businesses invest in new machinery, they inadvertently introduce improved production methods. As Kaldor observes:

"The technical progress function is a product of two tendencies – growth of capital and growth of productivity. The relation between the two will determine the capital-output ratio." **(Kaldor, 1957, p. 595)**

6. Composition of Income

Income consists of wages and profits. Wages include salaries and earnings of manual labour, while profits comprise incomes of entrepreneurs and property owners. This distinction is important because Kaldor assumes that these two groups behave differently in terms of savings and investment.

7. Choice of Techniques

Kaldor assumes that the choice of production techniques changes with the accumulation of capital and the progress of techniques in capital goods industries. As capital accumulates, businesses adopt more advanced production methods, which in turn affect the overall growth rate.

8. Investment Function

Investment in any period is partly a function of the change in output and partly a function of the change in the rate of profit on capital in the previous period. This means that businesses invest more when output is rising and when profits are high.

9. Constant Returns to Scale

Kaldor assumes constant returns to scale, meaning that if both capital and labour increase by a certain proportion, output increases by the same proportion. The production function remains unchanged over time, and capital and labour are complementary (they are used together, not as substitutes).

10. Marginal Propensity to Consume

The marginal propensity to consume of workers is greater than that of capitalists. In simple terms, workers spend a larger proportion of any additional income they receive compared to capitalists, who tend to save more.

11. Full Employment Assumption

Kaldor's model is based on the Keynesian assumption of full employment. In the short period, the supply of aggregate goods and services is inelastic and does not respond to any increase in monetary demand.

12. Constant Prices

All macroeconomic concepts – incomes, wages, profits, capital, savings, and investment – used in the model are expressed at constant prices. This eliminates the distorting effects of inflation and allows the model to focus on real growth.

4. Working of the Model: How It Operates

The important determinants of growth patterns – such as saving-income ratio, technical progress, and population growth – are considered to be exogenous factors to the economic system. In simple terms, these are external forces that drive the economy, rather than being determined within the model itself.

The main purpose of the model is to describe capitalistic development in terms of macro relationships among aggregate variables. Kaldor wanted to understand how the economy as a whole behaves, rather than focusing on individual firms or households.

The model operates in two stages:

A. Constant Working Population

B. Expanding Population

In the case of constant working population, the proportionate growth rate of total real income will be the same as the proportionate rate of growth of output per head. In other words, if the number of workers remains unchanged, any increase in total income must come from increased productivity per worker.

In the case of expanding population, the proportionate change in total real income is the sum of the proportionate change in output per head and the proportionate change in total working population. This means that total income grows both because workers become more productive and because there are more workers.

5. Stage One: Constant Working Population

To explain how the model operates under constant working population, Kaldor considers three key functions:

a. Saving Function

b. Investment Function

c. Technical Progress Function

Let us examine each of these in detail.

a) Saving Function

The saving function can be expressed mathematically as:

β "

Where $1 > \alpha > \beta > 0$

What does this equation mean?

- S_t represents total savings in period t
- P_t represents total profits in period t
- Y_t represents total income in period t
- $(Y_t - P_t)$ represents total wages in period t
- α represents the proportion of profits saved (the marginal propensity to save out of profits)
- β represents the proportion of wages saved (the marginal propensity to save out of wages)

The equation shows that savings out of profits (α) are greater than savings out of wages (β). In simpler terms, capitalists save a larger share of their income than workers do.

What is the significance of this function?

The saving function demonstrates that savings are determined by the distribution of income between profits and wages. This is a crucial insight because it means that the total savings rate of the economy depends not just on how much income is earned, but on who earns it. If profits increase relative to wages, total savings will rise, even if total income remains unchanged.

Figure 1: Diagram showing the relationship between savings and income distribution

b) Investment Function

Kaldor recognized that there is a deep correlation between the share of profits on the one hand and investment on the other. To capture this relationship, he formulated what is called the capital stock function.

This can be expressed in a linear form as:

$K_t = \alpha' Y_{t-1} + \beta' (P_{t-1} / K_{t-1}) Y_{t-1....}$ ... (Equation 1)

$I_t = K_{t-1} - K_t ...$ (Equation 1.1)

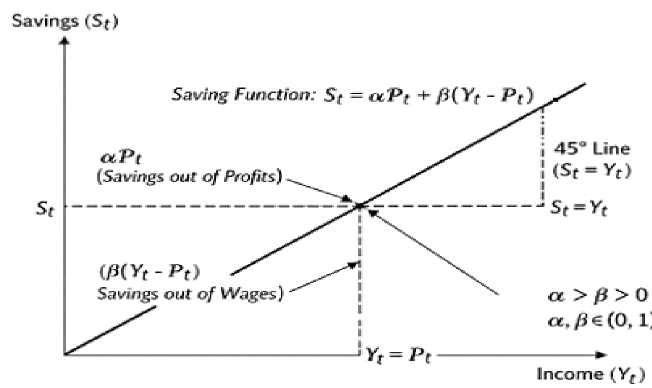

Figure 1: The Saving Function

Where $\alpha' > 0 and \beta' > 0$

What does Equation 1 mean?

- K_t represents the stock of capital at time t
- Y_{t-1} represents the output of the previous period
- P_{t-1} / K_{t-1} represents the rate of profit on capital in the previous period

- α' is a coefficient (a constant) that determines the effect of past output on current capital stock
- β' is a coefficient (a constant) that determines the effect of the profit rate on current capital stock

In simpler terms, the stock of capital in any period depends on two things: (1) the level of output in the previous period, and (2) the rate of profit earned on capital in the previous period.

What does Equation 1.1 mean?

Investment in period t is equal to the capital stock in the next period minus the capital stock in the current period. This simply states that investment increases the capital stock.

The relative values of α' and β' differ. The value of the constant related to profits (α') is greater than the value related to wages (β'). This means that profits have a larger impact on capital accumulation than wages do.

Figure 2: Diagram showing the relationship between investment and profit rate

c) Technical Progress Function

Kaldor discovered that there is a significant relationship between the rate of growth of capital and the rate of technical progress. This relationship can be expressed as:

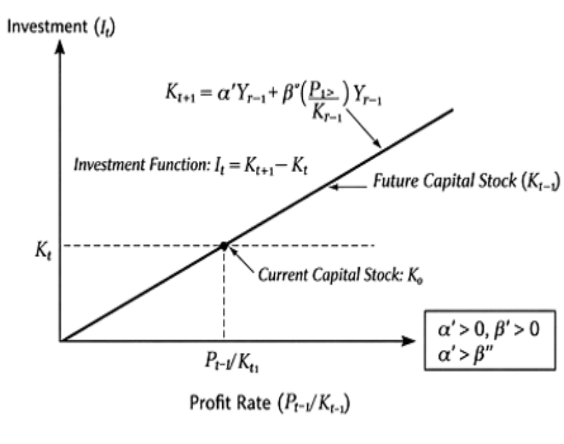

Figure 2: The Investment Function

$(Y_{t-1} - Y_t)/Y_t = \alpha'' + \beta''(I_t / K_t)$ … (Equation 2)

Where α'' > 0 and 1 > β'' > 0

What does this equation mean?

- $(Y_{t-1} - Y_t)/Y_t$ represents the rate of growth of income
- I_t / K_t represents the rate of investment as a proportion of capital stock
- α'' is the autonomous rate of technical progress (technical progress that occurs even without investment)
- β'' is the coefficient that shows the effect of investment on technical progress

In simpler terms: The rate of growth of income is determined by the rate of investment (as a proportion of capital stock) multiplied by the capital per head coefficient, plus the autonomous rate of technical progress. The value of α'' is greater than zero, while α'' lies between 0 and 1.

What is the significance of this function?

The technical progress function shows that growth in income is driven by both autonomous technical progress (α'') and investment-induced technical progress $\beta''(I_t / K_t)$. This means that growth comes from two sources: (1) new ideas and innovations that occur regardless of investment, and (2) the incorporation of new technology through investment in machinery and equipment.

Figure 3: Diagram showing the Technical Progress Function

Putting It All Together: The Equilibrium Process

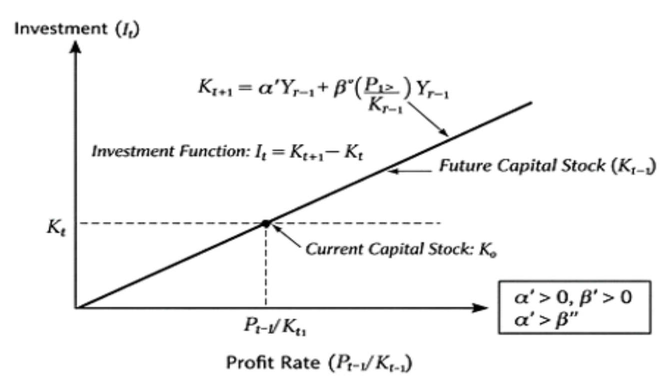

Figure 2: The Investment Function

When we consider equations (1), (1.1), and (2) together, we get a complete picture of the mechanism underlying saving and investment in Kaldor's model.

The saving function shows that savings are determined by the propensity to save out of profit and wages respectively.

The investment function shows that investment is determined by the rate of profit and changes related with it.

The technical progress function shows that the rate of growth of income is a function of the rate of investment and the joint effect of per capita capital and technical progress.

Given that the growth of income and the propensity to save are equal to the rate of investment, changes in income alone would lead to equality between saving and investment. In other words, if income grows, savings will increase, and this will automatically bring savings and investment into balance. The last function (technical progress) helps establish equilibrium between saving and investment when the first two functions fail to do so.

Conditions for Stable Equilibrium

The savings are likely to accelerate investment, provided that the level of profits as a proportion of income increases above the equilibrium point. However, changes in the level of profit (through changes in prices and costs) would re-establish the equilibrium. The equilibrium path would be maintained if it fulfils the following condition:

$\alpha > \beta\varepsilon\beta.$ Y/K ... (Equation 3)

For achieving stable equilibrium, the growth rate of saving should be greater than that of investment. This is a necessary condition.

The other conditions for stable equilibrium are:

P/Y $\geq$ m (minimum margin of profit) ... (Equation 4)

Where 'm' represents the minimum margin of profit required to stimulate investment.

What do these equations mean in simple terms?

· Equation (3) states that the propensity to save out of profits must be sufficiently large relative to other factors.

· Equation (4) states that the level of profit must be greater than a minimum margin so that producers get sufficient incentive to invest further.

These inequalities serve as constraints for the stable equilibrium growth path. They express that profits must be high enough to encourage businesses to continue investing.

The Steady Growth Path

To understand the dynamics of Kaldor's growth process, we must recognize that the rate of profits should be flexible enough to accommodate any redistribution of income between profits and wages. The current rate of profits should be sufficient to stimulate entrepreneurs to continue investment.

In short, the equilibrium between savings and investments, as attained through this process, will not be a stable equilibrium in the long run. Instead, the steady growth path would depend on what Kaldor called the **'technical dynamism'** of the economy.

The steady state growth depends upon the technical growth function, which can be illustrated by: **G =** $\alpha''/(1-\beta'')$ ... (Equation 5)

Where G represents the growth rate of output, determined by the technical growth function and the savings and investment functions.

In simple terms: The long-run growth rate of the economy is determined by the autonomous rate of technical progress (α'') divided by (1 - β''), where β'' is the coefficient showing how investment affects technical progress. This means that the economy's growth rate depends primarily on its ability to innovate and adopt new technologies.

6. Stage Two: Expanding Population

Now Kaldor drops the assumption of constant working population and considers what happens when the population is growing. Following the Malthusian theory, he assumes:

1. For any given fertility rate in a community, the percentage rate of growth in population cannot exceed a certain maximum, regardless of how much real income is rising.

2. The rate of population growth will rise only moderately as a function of the rate of growth in income over some interval before the maximum is reached.

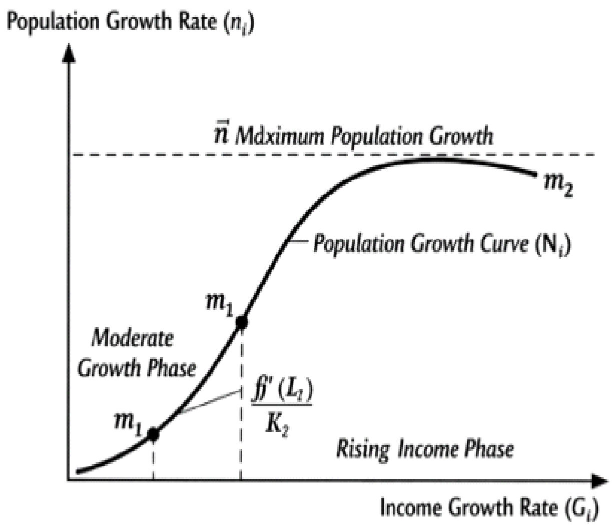

Figure 4: Population Growth and Income Growth

Figure 4: Relationship between Population Growth and Income Growth

The relationship between population growth and income growth is explained with the help of Fig. 4. The proportionate growth of income is taken along the X-axis, and proportionate growth of population along the Y-axis. The dotted curve represents population growth as a function of income growth. When the rate of growth of income exceeds a certain critical value, the population growth curve becomes horizontal.

The mathematical relation of population growth with growth in income is:

$I_t = g_t$ (where $g_t \geq \lambda$)

Where I_t and g_t are the percentage rates of growth of population and income respectively, and ë is the maximum rate of growth of population.

What does this mean?

If the rate of population growth (I_t) is less than the maximum rate (λ), then both income and population growth will rise until the population growth rate reaches λ. In the long run, the equilibrium rate of growth of both capital and income becomes:

$G=\alpha''+\lambda$ ... (Equation 6)

In the long run, population must grow at its maximum rate λ. This assumes that the shape and position of the technical progress function (given by coefficients α'' and β'') are not affected by changes in population. Therefore, there are constant returns to scale, meaning **"an increase in numbers, given the amount of capital per head, leaves output per head unaffected."** This condition holds in a modern, under-populated country.

Figure 5: Technical Progress Function with Population Growth

However, this viewpoint will not hold in the case of underdeveloped countries where scarcity of land causes diminishing returns. In these countries, the technical progress function will

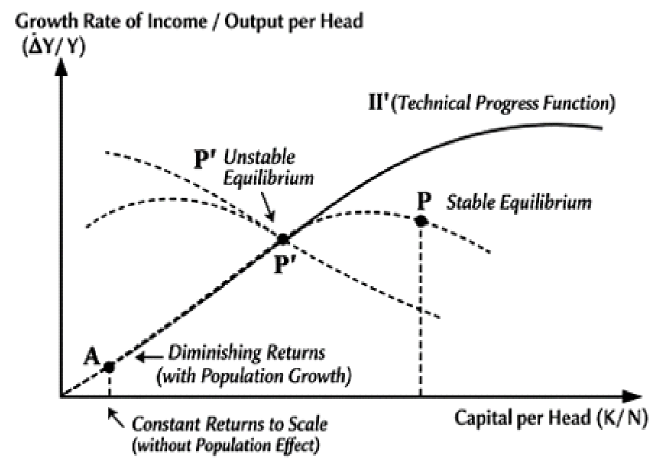

Figure 5: Technical Progress Function with Population Growth

decrease due to an increase in the population growth rate. In this case, the technical progress function will cut the capital axis positively at point A.

This implies that to maintain output per head at a constant level, a certain percentage growth in two points of intersection: P' and P.

· **P'** is the point of unstable equilibrium

· **P** is the point of stable long-run equilibrium

If the economy is towards the left of P', the rate of growth of income and capital will steadily decline, and growth will come to a complete standstill. If this situation occurs, the technical progress function II' shifts to the dotted curve I" I', and this will cause stagnation in the economy.

In short, expanding population will be consistent with growth equilibrium in the long run and will depend upon two conditions:

1. The maximum rate of population increase ë.
2. The rate of technical progress which causes a certain percentage increase in productivity (á"), when both population and capital per head are held constant.

Kaldor concludes that:

"Since diminishing returns cannot cause the output of a large working population to be smaller than that of a smaller population, the growth of population cannot lower the position of II' curve by more than the rate of population growth itself. So if $\alpha"+\lambda$, the technical progress function must cut the vertical axis positively and possibility of a stable equilibrium growth will be achieved."

(Kaldor, 1957, p. 601)

7. Critical Appraisal: Evaluating Kaldor's Model

Merits of the Model

The chief merit of Kaldor's model is that the concept of development depends upon the technical progress function. This function acts as the main engine of growth. Unlike earlier models that focused primarily on capital accumulation, Kaldor recognized that new technology and innovation are the real drivers of long-term growth.

In doing so, Kaldor succeeded in demonstrating the inter-relationship of technical progress with other crucial variables such as income, savings, and investment. Kaldor believes that economic growth and its process are based on the interdependence of fundamental variables like savings, investment, productivity, and technology.

This model succeeded in building a growth framework that embraces a wider range of economic processes than other neo-classical models. It is more realistic as it comes closer to the real situation prevailing in underdeveloped economies, and hence it is applicable to both developed and underdeveloped economies.

In fact, Kaldor's model is quite different from the Harrodian Model. In his own words:

"His model is a piece of economics that tries to show that the ultimate causal factor was not saving or capital accumulation, but technical dynamism – the flow of new ideas and the readiness of the system to absorb them." **(Kaldor, 1957, p. 592)**

Demerits of the Model

1. No Proper Explanation of Distribution of Income

Kaldor's model fails to explain how the distribution of income in a functional sense will be affected by changes in real income below the full employment level. Therefore, it does not provide any measure to increase capacity, and so full employment will be reached only through a relative increase in the non-wage share of total income.

2. Rigid Assumptions

Kaldor's model is not easy to generalize for more than two classes. The assumptions of invariable shares of income growth and other factors are so rigid that they cannot be fitted into the modern complex framework of socio-economic society.

3. No Study of Unproductive Expenditure

It is an abstract model that takes no account of unproductive expenditure that burdens modern capitalistic society, especially government and military spending. Kaldor simply assumed state income with a corresponding propensity to save, which could be a source of growth and rising rates of accumulation.

4. Artificial Distribution between Macro-Distribution and Growth

Kaldor's model cannot be accepted either as a model of growth or a model of macro distribution. Although the model depends upon a unique profit rate for steady growth, it does not explain how this unique rate is achieved. This is a major drawback. The model needs to be supplemented by a theory of income distribution.

5. Self-Contradictory

This model is also criticized on the basis of its distribution mechanism. A continuous increase in prices has different effects on spending and wage inflation. But this model attributes all profits to capitalists, implying that the savings of workers are transferred as a gift to capitalists – which is a contradiction, since individuals will be able to save.

6. Ignores the Effect of Redistribution

This model fails to consider the effect of redistribution of income on human capital while it lays unnecessary stress on physical capital. As McCormick remarks: 'The failure of theory to incorporate human capital leaves the theory too simple to explain the complexities of the real world' (McCormick, 1970, p. 45). Similar concerns about the limitations of growth models have been raised by economists like Sen (1970) and Hahn & Matthews (1964) in their comprehensive surveys of growth theory.

7. Problem of Choice of Techniques

Another criticism concerns the technical progress function. Kaldor simply assumed the effect of any change in the share of profit and wages on the choice of technique.But economists like **Solow (1956)** and Black argued that if this function coexists with a neo-classical production function, then either the production function must be of the Cobb-Douglas form, or the technical progress function will shift all the time. In this manner, Kaldor's study of growth with the technical progress function is not accurate.

8. Conclusion:

This model has rightly pointed out the importance of technical progress in the economic growth of an underdeveloped country. The two alternatives – either raising the value of the technical progress coefficient or controlling population – are of great significance.In the last stages of development, it is possible to increase the value of technical progress coefficients. However, in initial stages, this is not possible due to low propensity to save and invest. This is a key insight for developing countries: they must first build their savings and investment capacity before they can fully benefit from technological progress. The model's emphasis on technical dynamism,the interdependence of economic variables, and the crucial role of income distribution in the growth process remains highly relevant for understanding the dynamics of economic development.

Kaldor taught us that economic growth is not simply about accumulating more capital; it is about creating the conditions for continuous innovation and technical progress. It is about ensuring that the benefits of growth are distributed in a way that encourages further investment. And it is about maintaining a balance between population growth and income growth. In today's world, where many developing countries are struggling to achieve sustainable growth, Kaldor's insights remain as relevant as ever. His model reminds us that growth is a complex, multi-dimensional process that depends on a wide range of factors– not just economic, but also social, political, and institutional.

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