Contribution of Education to Economic Development

Walid Y. Alali[ǂ]

University of Oxford, Balliol College, Oxford, OX1 3BJ, United Kingdom

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The concept of education is an umbrella term for academic studies and learning to develop talents and skills; it's a pluralistic comprehensive term. The first paper's objective is a theoretical view. Education is one of the essential factors in economic development, which means human capital investment is the fundamental issue for the countries to sustainable economic development achievement; furthermore, it sang the community members to grasp themselves and the surrounding circumstances and the impact of the global variants. Education improves the quality of living; and benefits society; in addition, it increases productivity and innovation; subsequently promoting entrepreneurship; therefore, it is a crucial factor in the economic development of countries and improves income equality of the societies. Education helps the poor and improves their food intake by increasing families' incomes and spending on health and food, in order to raise their standard of living and make them have better healthier choices.

Key Words: Economic Development, Human Capital, Labour Productivity; Poverty, Health, Human Development, Growth

1. Introduction

This paper is to present a theoretical perspective on how education represents a foundation for economic development and the impact on poverty, labour productivity, health, innovation and technology also the equality benefits of incomes. Education is the key to the well-being of society and consistency also increases the efficiency of the economy. Subsequently, raise human capital efficiency and value, which means raising the community productivity and intellectual resilience this will help low-income families from poverty and increase the labour force. To build distinct societies and countries that can compete in global markets, they must focus on building children, their integration into society, and coexistence with each other without racial, ethnic and social discrimination. This is the role of education to build societies and innovation and tolerance among society members. The big problem of china and India as

[ǂ] Economist and Engineer in Development & Politics. I'm an advisor and researcher in development economics & Policies with a wide experience in different sustainable Development & Policies areas including institutions, Education, Health, equality, Labour, Gender, Agriculture and Demography. In addition to my economics degree, I started my career as an engineer and finished an MSc Engineering degree in 1990 from Imperial College University (with 20 published papers and patents in engineering, cause of business, then I finish my postgraduate studies in economics after the MBA) makes me strong in innovation complexity and quantitative which allows me to support evidence-based projects and policies and generate knowledge products.

the biggest developing countries is to compresence and improve their education sector, taking into account the limited resources.

Understanding and helping alleviate poverty is the real and main economic purpose. There is a relation between human capital investments and poverty alleviation. The human capital term may not be usual to everyone. Human capital means the education, skills, training and health of individuals in society. It is capital as education or skills are long-lasting and an integral part of society, like a machine in a factory lasts. Prior to the 19th century, investment in human capital was not important. The investment was quite small in schooling, training, jobs and other forms. Radically changed during the century with the scientific development of new goods and more efficient methods of factory production and the first country started was Great Britain, and gradually spreading to other countries. In this century, skills, education, and other knowledge have been crucial determinants of individuals and a nation's productivity, until the last century became the Age of Human Capital, which means the standard of living is measured by success in developing Knowledge, skills, health and habits of its population.

It reached that education of human capital, training, health and other comprises around 80% of the wealth in the US and other developed countries. Even if these estimations are exaggerated, it is not large, this indicates human capital can be neglected only at a country's peril.

Now to investigate how human capital impacts economic development, we considered some further actions, first by splitting the human capital of education levels into three, primary, secondary and higher education, then use the expectation of life to measure health factors in the human capital, because there are differences between countries such as level of development, historical events and energy impact; therefore we set-up some variables virtual to cover it.

The significance of human capital for growth is clearly demonstrated by the outstanding records of Taiwan, Japan, South Korea, Hong Kong, and other economies of fast-growing Asian countries. Because they are real examples of being lacking in natural resources, they may be overstated as a determinant of economic performance, even though their exports face discrimination against their exports in the West. They have been able to grow very quickly though in large portion because they have a well-trained workforce, well-educated and very hard-working backgrounds, and dedicated parents.

For example, Korea, North Korea owns all the coal and before the War of Korea, the North was richer than the South. Today, North Korea has an economic catastrophe, and the South is a rich, prosperous and democratic country. The reason is that the South is able to harness the talents of its inhabitants and enhance them. All Asian tigers are extremely educated and trained. On-the-job training and so forth, in addition to good work job habits and values, support these hard-working people.

2. Education Matter for Economic Development

Investment in human capital was not considered before two centuries even in developed countries, there was little spending on employment training, education and R&D, while with time this is changed magnificently especially now. Last century especially in the second half, knowledge, skills, education and all the human capital factors became very decisive and became the era of the human capital age and the country's living standard has been measured by the develop skills, knowledge, education, health and all other factors related to the human capital development by relatively to the population.

These days extraordinary expansion in the education sector in many developing countries and improvement in quality and offering of all levels of education, Rather, it extended to be more inclusive of both genders as we find in developing countries such as the Middle East, more demanding on high education level also, the girls and women have shared the same opportunity today and this is a very effective investment for such countries, while this gives women a chance to increase the family income and therefore better living standard, infant mortality have decreased and improved educational attainment for generation, all that helping developing countries to integrate into the global markets for trade, innovations, technologies and manufactured goods, ability to compete in services and knowledge market globally, all that achievement based on the human capital of education (as we mentioned earlier, the definition of education). Making sure all society members are educated, with good health care and prepared to face any problems with high-level skills much beyond the basic. Investing in teachers and teacher programs also the development of the academic foundation and encourages those with skills and preparing educational programs to develop their skills.

There is a series of studies will continue in this field. There is no economic development constant achieved without human capital investment, certain matters need to be considered such as inequality and non-distribution in education will affect negatively on country's income per capita, and good distribution management for the human capital with appropriate methods, securing suitable jobs with specifications consistent to asset allocation will affect positively on GDP growth, in case of failed will insignificant impact negatively on the growth. Investment in human capital has little impact on growth, except in the case of being able to use education competitively in open markets, as a direct relationship, the bigger the market, the greater to use of skills and education. Education has been considered in the human capital investment revolution [2], which led others to publish a series of growth studies which contribute to education in economic growth [3]; also a study covering around 29 developing countries which showed the education contribution to growth by a percentage which is different for a country to other [4].

[2] human investment revolution in economic thought" (Bowman, 1960)

[3] The seminal works of (Schultz, 1961) and (Denison,1962: 67)

[4] (Psacharopoulos, 1984)

Productivity

Knowledge is the fact that differences humans from other creatures and this is what makes human capital the species and led to affect economic development, while knowledge is the major factor in this issue. Knowledge is always transmitted without an extensive and formal school system. Back old days Socrates privately taught Plato; Plato did the same to Aristotle and so on; apprentices always were taught and guided skills by masters; parents taught their children. Schools train young children, while the system reaches large numbers of people.

Educational provisions in any country represent the main determinants of growth in countries' exports and output constituted an important factor in a system's capacity to borrow technology from others effectively. education (primary and secondary), nutrition and health raise workers' productivity in urban, rural, and vocational, facilitating the acquisition of managerial capacity and skills; tertiary education is supporting of basic sciences development, appropriate selection of development of technologies and local adaptation and technology imports; Secondary and higher education are also critical components of the development of key institutions, of government, the financial system and the law, among others, all are essential to the economic growth.

We will discuss the impact of education on other sectors briefly. Agriculture productivity is impacted by education but not much, as the farmers do not have the knowledge to use modern technologies, regarding fertilizers, new irrigation systems, the new technologies of an implant between different products and also the technologies to increase the productivity of other things. Regarding the macro and micro levels, many empirical studies clarify this relationship, several of them approved that earning was raised with extra education years [5], where primary school have more effect on return than secondary school. Innovation and technology rely on education; meanwhile, significantly impacting the industrial sector positively, incontestable, increases entrepreneurs' skills, thus achieving productivity easement [6]. As for the macro level, there are some researchers on this topic who incarnate technical progression by incorporating some of the same effects, labours with higher education are more productive than others as they have more ability for innovation and creativity [7], thus it becomes Education increases productivity and quality, and it's self-evident increase average export which crucial factor of GDP, therefore education affect the growth rate [8]. And so on we proved education influences the skills and creativity of the labours which means human development which results in an effect on macro performance. Education and skills of the labour force in developing countries influence its trade. We should consider not only education can transform economic performance but must be accompanied by skills, human development level investment quantity, and the country's

[5] (Behrman 1990, Psacharopoulos 1994). & (Psacharopoulos, 1994: 1325-45)
[6] (Deraniyagala, 1995).
[7] (Lucas, 1998)
[8] (Perotti, 1993)

policies. Education also presents a major role in policymakers' and leaders' decisions. A big volume of investment for foreign and domestic when it comes to human capital availability.

Family and the Education Human Capital

To build a high-quality human capital must start building the members, the core of the society, which means families. The literature has documented a strong association between parental education of the family and child human capital development, a relationship that persists despite the inclusion of controls for household and community background factors. This relationship is often attributed to higher levels of investment in children's human capital made by more educated parents, but the nature of such investments has not been well understood. Investments in human capital may include spending on educational goods and services and time spent interacting with children for educational purposes, yet parents in resource-constrained households in areas with incomplete credit markets are likely to face a trade-off between these investments. Because more educated parents are likely to earn higher wages, the opportunity cost of time spent outside the workplace is high, and these parents may spend less time interacting with children in order to provide more goods for children's human capital development. However, more educated parents are likely to be more adept at teaching children in the home; thus they may forgo sometime in the workplace in order to provide more time to interact with children. Finally, more educated parents may provide higher levels of both investments despite being resource-constrained if the returns to children's human capital development differ for their children or if such parents have different preferences for children's education.

Families always make an assortment of decisions. We find that more educated parents are not substituting goods investments for time investments or vice versa but are, instead, providing higher levels of both types of investments. This is generally robust to conditioning on a rich set of controls, including household wealth, teacher quality, child cognitive development, and community fixed effects, suggesting that the relationship between parental education and educational investments is quite strong. The perceived returns to education are higher for the children of more educated mothers. In addition, more educated mothers prefer more education for their children. Greater investment in both goods and time among more educated parents is thus likely explained by both higher expected returns and different preferences for education. The trend becomes as long as countries develop, more to do for children and each developed nation tries to do so, we see in some developing countries achieve remarkable development such as rate of birth as some developing countries like far-east and Latin America have a lower rate than the USA [9]. Same for some Middle East areas having a lower rate of birth than other areas and this is because of the educated families in particularly educated mothers. We can say

[9] (Becker, 1998) & (Baloglu, 1998: 40-42)

in general, more educated families resulting better improvement in children's handling and also decrease the gap between both sexes of children improvement. Many literature reviews find that the marginal effect of education differs for mothers and fathers: an additional year of mother's education leads to greater time investments than an additional year of father's education. This finding is particularly true for sons who scored below average on a cognitive development test and for daughters who scored above average. Mother's education also has a stronger impact on investments in some goods investments for low-scoring sons. The pronounced difference in parental education does not have a strong, systematic gender bias in investments; promoting education in time investments suggests that mothers either have a greater interest in their children's schooling or that they have a lower opportunity cost of time.

Many studies find that for poor families, education improves their lives not only for securing food but will give them better choices for a healthy quality of life, as a result, lower mortality and better health therefore they consider more investment in education and human capital when they understand it's a benefit.

Openness and Trade

The impact of education on trade preferences has more to do with ideas and economic literacy than it does with calculations about how trade affects personal income or job security, this is not to say that the latter types of calculations are not important in shaping individuals' views of trade. We strongly suspect that concerns about the effects of trade on personal economic well-being do play a large role in shaping trade policy preferences, but they are related much more directly to the impact that trade openness is expected to have on particular industries and firms. "Specific factors" models of the distributional effects of trade that, unlike the Stolper-Samuelson theorem, allow that factors of production are not perfectly mobile between different sectors in the economy, predict that the real incomes of individuals are tied closely to the fortunes of the particular industries in which they are employed or invested [10].

Developed and some other developing countries have successfully taken advantage of the openness and development in learning and education. Openness helps increase demand for learning and education, while education with Knowledge helps strengthen the export competitiveness of countries and trade performance accumulation [11].

After learning how trade policies would affect themselves, people became more likely to advocate policies that would advance their material interests. On the other hand, distributional information made people more sensitive to the interests of society. Information about the impact

[10] See Jones 1971; and Mussa 1974+ The specific factors approach underpins much of the most recent analysis of the political economy of trade in contemporary advanced economies: see Magee 1980; Grossman and Helpman 1994; and Hiscox 2002.

[11] (Grossman and Helpman 1989)

on other groups made people more likely to support policies that would help others, and less likely to support policies that would hurt them. On balance, selfish responses outweighed altruistic ones. Thus, if people knew more about the distributional effects of trade, the correlation between personal interests and policy preferences would tighten. The people respond to information about efficiency. Economists generally agree that protectionism decreases aggregate welfare. Transmitting this knowledge to respondents weakened the connection between material self-interest and trade preferences. At the same time, efficiency cues substantially raised support for free trade. In fact, some studies showed that if the public were fully informed—knowing not only about winners and losers but also about efficiency—a majority of Americans would endorse free trade instead of supporting protection for low-skilled and/or high-skilled workers. These findings have important implications for research on international relations.

To date, studies of individual trade preferences have indicated only weak ~Mayda and Rodrik! or no ~Scheve and Slaughter! The individuals employed in import-competing industries will be much less likely to support trade openness than those employed in exporting industries. But these studies have measured the industry-specific effects of trade in an indirect way, locating respondents by industry using answers to a standard question about the type of business in which they are employed, then controlling for the aggregate trade positions of those industries ~for example, their degrees of import penetration! when estimating individual trade preferences[11]. There are at least two major problems with this approach,

First, accurately coding respondents by industry of employment using standard industrial classifications is extremely difficult, as respondents typically give vague answers to questions about the type of business in which they work[12].

Second, aggregate industry measures of import penetration and export dependence may offer more information about policy outcomes than policy preferences, and they obscure the obvious variation in positions taken by firms in the subcategories within each broad industry grouping[13].

Future studies should be substantially refined to better account for industry-specific effects if we are to accurately gauge the impact of distributional concerns on attitudes toward trade and globalisation[14]. Resolving these issues is crucial for improving our understanding of the

[11] Scheve and Slaughter 2001a and 2001b examine industry effects using this approach and industry coding supplied in the NES. Mayda and Rodrik 2005 were forced to take an extra step: because the ISSP data does not provide coding by industry, they inferred industry of employment from occupational codes assigned to respondents instead.

[12] When the staff at the Panel Study of Income Dynamics checked a random sample of surveys, for instance, they found that industry codes differed across coders in 14 percent of cases.

[13] The standard concern about using import penetration as a measure of an industry's trade policy preference is that low levels of penetration may reflect the effectiveness of a protectionist lobby ~not the absence of concerns about import competition!

[14] One recent study, for instance, questioned respondents directly about the likely impact of trade on the security of their particular job, asking them whether they felt that increasing trade made their job more secure, less secure, or had no clear effect ~see Hiscox 2004! The estimated probability of support for trade was some 45 percent higher among respondents for whom trade had raised job security compared with those reporting that trade made their job less secure

determinants of anti-globalisation sentiments and the range of policies that might address them.

Income

While research over the past decade has made genuine progress on the question of the causal effect of education, it may be useful to conclude with a brief list of related topics that have not been as thoroughly addressed.

Education plays a central role in modern labour markets. Many studies from different countries and different time periods have confirmed that better Learning and educated individuals earn higher and better wages, also experience less unemployment, and work in more prestigious positions and occupations than their less- learning and educated counterparts.~ Despite the overwhelming evidence of a positive correlation between labour market status and education, social scientists have been cautious to draw strong inferences about the causal effect of schooling. Also, it is very difficult to know whether the higher earnings observed ~ by better-educated workers are caused by their higher education, or whether individuals with greater earning capacity have chosen to acquire more schooling.

Economists' interest in the same issue was stimulated in the fifties of the last century by growth accounting exercises which found that increased education levels could explain much of post-war US productivity growth, leaving little room for technological change[15]. Skeptics conclusion was only valid if the observed cross-sectional earnings differences between education groups reflected true productivity differentials, rather than inherent ability differences that happened to be correlated with education[16]. The emergence of large-scale microeconomic datasets in the sixties last century lead to an outpouring of research on education and earnings, much of it focused on the issue of "ability bias" in the earnings differentials between more- and less-educated workers.

Education can affect the growth of per capita income through its effect on the denominator, that is, population growth. For example, there is a study conducted on a group of countries in Africa in the mid-1980s, which demonstrated a negative association effect in about half of the countries and no significant effects in the other half, while secondary education consistently resulted in lower fertility [17]. The three successful low-fertility countries, Kenya, Botswana and Zimbabwe, had the highest levels of female education as well as the lowest infant mortality rates [18].

[15] (Becker, 1964; Griliches, 1970)
[16] (e.g., Denison, 1964)
[17] (Birdsall 1995, Behraman and Wolfe 1987)
[18] (Ainsworth, 1995).

Inequality

Qualification, training and education not only enhance efficiency and growth but also reduce inequality in countries and impact disadvantaged backgrounds. Education is the basis and the most effective method for young people from poor backgrounds to be able to move up and enter the economic hierarchy since human capital is the main driver of 90% of the population. This is one of the reasons that income inequality in a country is greater when education inequality is greater. In fact, inequality is directly related to income, where in general inequality is in all types of human capital, such as training and health, as well as in education.

Therefore, it is not surprising that the increase in income inequality in the US since the mid of seventies of last century has resulted in large part from greater returns to training and other education, and that many countries, such as Mexico and Brazil, have high poverty inequalities. Inter-regional educational opportunities.

Other Matters

Although many countries have made great achievements in the advancement of education in the world as a whole, there are still major obstacles and challenges that still need solutions, such as increasing access to education and benefiting from the talents and skills of individuals and opening institutions to enable the largest number of access to develop these skills, And work on equality and improve justice and quality. The enrolment gap between the transition economies of Europe and Central Asia and members of the Organization for Economic Co-operation and Development (OECD) is also widening, with enrolment ratios previously low and high in OECD countries. Countries with low and middle-income have grown at an accelerating pace and this is the result of progress in education and the progress that has taken place in them. This thus reduced the poverty rate in these developing countries. Whereas primary education in most developing countries was comprehensive, noting that the MENA region is making more remarkable progress than the countries of South Asia, while Sub-Saharan Africa is lagging behind.

There are still great challenges in some developing countries, which is that the education rate has decreased in some developing countries that need social justice, equality and quality improvement, and it is important to reform the educational aspect, knowing that there are many individuals who were unable to access or enrol in schools, especially secondary schools. Many were unable to complete higher studies. The slowdown in reforms will hinder the growth of countries, knowing that the slowdown in reforms is one of the important reasons that hinder growth. The reason for the rapid growth of Asian countries, in general, is their investment in human capital. The delay of the countries in reforming the educational system and the reforms

cause the creation of a large gap between them and the major economic structures and vice versa.

The issue of equality mainly affects many overlapping disadvantaged groups, including poor linguistic and ethnic minorities, Bedouins, refugees, street children and working children. The different access of boys and girls to the education system in some parts of the world is also very important because it contributes to gender differences later in life. The gender gap in years of schooling projected now is very small in most countries in Europe, Central Asia and Latin America. It's still big in the Middle East, North Africa (MENA Region), and South Asia, where it doesn't close at all. The quality of education is poor at all levels in low- and middle-income countries. Students in developing countries have an average level of achievement lower than that in industrialized countries, and their performance shows much greater variation around the average. Delays and inaction in reforming education systems for keeping pace with economic structures are evident in the economic transition of Eastern and Central Europe.

A slowdown in reform can stunt growth; conversely, timely reform can pay off in terms of economic growth and poverty reduction, as evidenced by East Asian countries that have generally invested heavily in basic human capital, both male and female. Although many countries have made great achievements in the advancement of education in the world as a whole, there are still major obstacles and challenges that still need solutions, such as increasing access to education and benefiting from the talents and skills of individuals and opening institutions to enable the largest number of access to develop these skills, And work on equality and improve justice and quality. The enrolment gap between the transition economies of Europe and Central Asia and members of the Organization for Economic Co-operation and Development (OECD) is also widening, with enrolment ratios previously low and high in OECD countries.

3. Nation's Culture and Successfully Economic Developing

There are many studies by economists on growth in the middle of the last century for more than a hundred countries. Some countries, such as Korea, Taiwan, and Hong Kong, which were poor, have become today among rich countries to some extent, and also that some countries started poor, such as Nigeria and others in Africa, remained economically stagnant, but could they be considered to have retreated? How did a country like Argentina decline knowing that it was one of the richest countries in the world, according to these studies, education and health (healthy life expectancy) were important determinants. Nations that possess the will and determination are capable of becoming among the advanced economic nations. Nations with wise patriotic leaders presenting good policies capable of building economically advanced nations in the world. Unlike nations whose countries have retreated because of the policies that their

governments have imposed on their people, such as Africa, Chile, Brazil and Argentina. So it is not the cultures that prevented the progress of countries, but the policies and leaders that imposed them.

We will not pretend that physical capital, equipment and machinery are of little importance in the field of a modern economy. Indeed, countries need good equipment, machinery, and factories. It also needs skilled and experienced workers, experienced and efficient managers, and creative with innovative entrepreneurs who can use this mechanism effectively. Many examples of countries in the world have provided the best possible machines as if they did not achieve the desired results, on the contrary. Growth without a really strong human capital base is not possible. Rather, success and development are dependent on peoples' investment and deification to become the real tool for developing countries. If the people are treated badly, if they are not trained and well educated to invest in themselves or neglect a large part of them, then these countries are doomed to failure and will not be part of the modern world, no matter how many resources and machines they use.

One would think that the value of having trained, educated and skilled individuals would decline over time because there are so many of them in the world. Supply/demand analysis which is a simple principle may show that with more supply, the price goes down. Despite the oversupply of learners, technology is changing rapidly and dramatically in favour of better-trained and more educated people. Therefore, despite the significant increase in the supply of learners in the US, there has also been exponential growth in the benefits of obtaining additional education and training in most European countries and some developing countries.

In the US, between 1930 and 1970, college graduates earned about 40% more than high school graduates at the start of this period, while the percentage subsequently doubled to between 70 to 80%. Economic studies examined the reasons and found that the world is increasingly competing for low-skilled jobs that are exported to Asia and also other poorer countries. Although this happens, the main determinant seems to be technology. Sophisticated devices such as computers, and computer literacy as well are samples of what is happening in every field, the ability to harness and use knowledge effectively determines a nation's success. Knowledge is power in the modern world. The same trends are happening in Western Europe. The lack of rehabilitation and development of human capital tends to appear more and more widely in Europe, causing an increase in unemployment. In 1980, unemployment in the US was much higher than that of France, Germany, Sweden and many other countries in Western Europe. There has been a complete reversal since then. France's unemployment rate is now 11%; West Germany's about 9%; Britain's; 8.5%; Sweden's 13%; Spain's 23%. Similar numbers apply in most of the Netherlands and Belgium.

Most of the unemployed group are young people who are less educated and experienced and have little professional investment.

4. Human Capital and Education Policy

Policies represent the main role of human capital in the economy in terms of health, education and other investments which are an important part of their impact on economic prosperity and development of economic growth in countries as well as income inequality. Here we try to clarify some basics related to education after this study, noting that we will have a series of empirical and theoretical studies to research in this field. Public schools dominate in most countries of Europe and America until the completion of secondary public schools because it is where 85% of students go because it is free, and the curricula and programs of public schools are determined according to the policies followed by a state, and here lie the problems.

This system is suitable for the upper and middle classes, where parents of students can control the education of their children. When parents are not satisfied with the curricula or staff in public schools, they can change schools and enrol their children in other private schools. Or move to other areas or communities where public schools are more satisfactory. In this way, suburban communities in most developed countries compete for families and population, partly through the quality and capacity of public schools.

This system is unfair to poor families due to the difficulty of providing good schools for the development of poor families with educational weaknesses. Also, disadvantaged families cannot afford the tuition fees charged by private schools, and we rarely find that these families move to other communities or areas that have better public schools as they are more expensive for these families, and as a result, they accept any public schools available, regardless of how poor they are.

To address this problem, many forms of solutions were proposed, but the most popular was the distribution of vouchers to students to help them pay tuition fees for any school chosen by students according to the voucher ceiling. He is a saviour in Denmark, Chile, Sweden and some places in America. There are many studies to improve academic performance or help people with limited income, but they remain on a small scale, and there are great difficulties to implement them on a larger scale. Some facts are discussed about the interdependence of investments in education, human capital, employment mechanisms and earnings, fertility and family size, health and mortality, discrimination against girls in education, the nutritional health system, and other methods. Overall, the issue is that investments in human capital are an important step and one of the most important ways to combat poverty and raise the poor to adequate levels of income, living and health.

5. Conclusion

Any culture has the ability and potential to produce a successful developing nation, and the core of nations is the individual, and this can only be achieved if we build educated individuals with polished talents, and conscious trained skills.

This can be achieved through education and learning, which are indispensable to economic development. No economic development can be achieved without quality education. It is based not only on promoting a balanced education system for economic development, but also enhancing productivity and generating individual income. To be a clear and noticeable reflection on the micro level of the family. Thus, we achieve an integrated health system and raise life expectancy, and social balance by achieving equality and opportunities, achieving equality in income growth, increasing productivity in all societal sectors, raising the standard of living that reduces poverty, and so on.

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