The formation of an economist

J. HICKS

Abstract

This is the first in a series of recollections by distinguished economists commissioned by the Banca Nazionale del Lavoro Quarterly Review. In it John Hicks reflects on his life, career and intellectual development.

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Capital formation or accumulation is regarded as the key factor in economic development of an economy. The vicious circle of poverty, according to Prof. Nurkse, can easily be broken in underdeveloped countries through capital formation. It is capital formation that accelerates the pace of development with fuller utilisation of available resources. As a matter of fact, it leads to an increase in the size of national employment, income and output thereby the acute problems of inflation and balance of payment. Capital formation improves the conditions and methods for the production of a country. Hence, there is much increase in national income and per capital income. This leads to increase in quantity of production which leads to again rise in national income. Formation of the human capital concept was influenced by processes in the scientific, technical and economic areas of developed countries, which are called technological revolution. In scientific literature, questions of human capital are widely discussed, which is a complex, diverse and changing phenomenon. The British economist, one of the founders of classical political economy in England, V. Petti was the first one to attempt to estimate the monetary value of the productive qualities of the person (XVII century). He wrote that the wealth of a society depends on the nature of employment of people, distinguishing useless activities and activities that «increase the qualifications of people and have them to this or that kind of activity», which in itself is of great importance. [1].