

# The Evaluation of Economic Growth Factors in the Developing Countries

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## ABSTRACT

The aim of the paper is analysis of economic growth factors and estimation of their relative importance in both theoretical and empirical framework. The theoretical part of the paper introduces the cornerstones of the neoclassical theory of growth - exogenous theory of growth. This theory does not give the explanation of the technological progress i.e. the technological progress is exogenously determined. The assumption of exogenous technological progress as well as the inability of the neoclassical theory to explain the differences in per capita income across countries brought about the appearance of the endogenous theory of growth - the New Growth theory. This theory analyzes investment in human capital, innovation process, R&D and spillover effects, which are also examined in the paper. The empirical part of the paper deals with the influence of the different factors on the economic growth, with an emphasis on the openness of the economy, investments in human capital and ICT. The subject of the economic growth and its determinants is essential for the countries with low or negative growth rate. Their comprehension is inevitable for the formulation of an adequate economic policy and the revival of the economic activity in these countries.

**Key words:** *factors of economic growth, Neoclassical theory, the New Growth theory*

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