

***‘A NOBEL PRIZE MEMORIAL PRIZE LAUREATE IN ECONOMICS WHO
HAS INSPIRED ME’***

Before I begin my story on how this special man called Robert Merton Solow inspired me, I would like to quote one of his humble statements; “Growth theory did not begin with my articles of 1956 and 1957, and it certainly did not end there. Maybe it began with 'The Wealth of Nations'; and probably even Adam Smith had predecessors.” (Solow, BrainyQuote, retrieved on 11th July 2017). This simple statement tells me that nobody’s perfect and there is always a room for an improvement, for a better growth. I have always tried my best to break my own boundaries as I believe that there is no limit in one’s life. As every individual will come to a point whereby they would feel like they have done enough, I, myself would also stop someday at a point where I believe my potential has maxed. Thus, Robert Merton Solow or Robert Solow, is a man who inspired me through his great ideas of growth theory which I can relate especially to my personal growth and the growth of my beloved country, Malaysia.

Let me briefly introduce my inspirer, Robert Merton Solow. Robert Solow is an American Economists who was born on August 23rd 1924. He is well known for his contributions to the *‘theory on economic growth’* which eventually led to him winning the Nobel Memorial Prize in Economic Sciences in 1987. He started to teach Economics at the Massachusetts Institute of Technology (MIT) in 1949 and is currently an emeritus Institute Professor in the MIT economics department (Nobelprize.org, retrieved on 11th July 2017).

What is Economic Growth? And Why do all nations desperately aim for economic growth? According to Bamford & Grant (2015), economic growth occurs when there is an increase in the inflation-adjusted market value of an economy’s goods and services over a period of time. The economic growth especially in the 1950s were very rapid due to the war that took place. Therefore, Robert Solow took the incentive to find out what actually caused the rapid economic growth. His first major work on economic growth was when he made an article entitled *‘A Contribution to the Theory of Economic Growth’* which was published in 1956. He then developed a mathematical model of growth based on the criticism on Harrod-

Domar version of economic growth. His first theory was that full employment could be achieved by adjusting the wages given to the workforce. This contradicted Harrod-Domar theory and so he came up with another theory stating that labour and capital were not the only two factors needed for economic growth. Robert Solow suggested a third factor known as "*Solow Residual*" which can be attributed to the technical changes required for a healthy economic growth. He then developed a new model which made the role of human capital even more vital in achieving higher economic growth (Bunker, 2014). On this basis, it is evident that the main agent of growth is investment in people and science, rather than investment in capital.

I strongly agree with his support towards the contribution of human capital in determining the rate of economy progress. I believe with knowledge and technology improvement, labour will become an important asset to any country in creating a sustainable future income stream. My parents have always told me the importance of education and how it leads one to a better future. "Treasure your studies and remember education is the key to success." and here I am holding to my parents' advise till this very day. I am very thankful towards them as they have made me realize that once an individual gets an opportunity to obtain an education, one must not take it for granted. I am thankful and blessed that I was given the opportunity to study A-Levels and upon completion, I hope to further contribute to my country by taking a degree in Law and someday help to seek and promote justice whereby everyone regardless of age, skin, race and religion would obtain an education as it is vital towards an economic growth of a country. In addition to this, I am also aware of a significant personal growth in myself, it's like a metamorphosis but in this case in the human mind of course! I am more mature in terms of the way I speak, see things, and generally how my mind thinks as compared to several years before and this is mainly due to the good quality of education I have received over the past years. Moreover, I agree that the logic behind Robert Solow's concept is very understandable, acceptable and essential for a country aiming for economic growth. Technology definitely makes ones life more comfortable and this is evident as almost all nations seem to enjoy higher growth due to technological progress.

With higher economic growth, the government is able to allocate more funds on education. It is important for a country to have a proper education system to

produce more skilled and qualified human capital. Without education, labour will not be productive and will lose out because they will not be able to get jobs easily due to the lack of skills. Education is vital in creating more advanced machineries or technologies. As Robert Solow stated that technology now is *“not just advances in robots, but rather anything that allows for a more efficient use of capital and labour.”* (Bunker, 2017). I have kept in mind his valuable findings and realized how he influenced my thoughts into looking at economic growth in a bigger picture. Robert Solow has also inspired me as he made me realize that through education, human capital can be formed and when that occurs an economy may be able to overcome the vicious cycle of poverty.

Eradication of poverty is one of the main economic objectives for every country and so, through investment, the poverty issue may be resolved. When a country invests in technology, their national income will increase. When income increases, people will increase savings, increase their demand for goods and also capital formation for which will eventually help to overcome the poverty cycle. The more advanced technology being introduced, the more jobs will be created and unemployment rate of a country would fall leading to more people earning income and less of them facing poverty. A country with a low poverty rate would have a greater economic growth. For example, China alone has lifted over 450 million people out of poverty since 1979. Evidence shows that rapid economic growth between 1985 and 2001 was crucial to this enormous reduction in poverty (Lin, 2003).

He has also made me realize how important is the Solow's model in understanding economic growth in the real world. Take China and the United States of America for example. China could be seen to be growing at a faster rate than the US due to the fact that China is investing more in its economy by adopting technology and resources from richer countries. Eventually in the long run, China may be catching up to US technological frontier and grow at the same rate. When countries are producing at their frontier it indicates that the pathway to sustainable long-term economic growth is to improve productivity. Thus it made me understand how vital improving access to and again the quality of education is to increasing the productivity of capital

Out of all the economists who have won the nobel memorial prize laureate, I choose Robert Merton Solow because I can see his point of view or ideas in growth. Reading about Solow's theory on economic growth made me understand and realize what actually influences an economy to grow. Through his studies and research, I've been able to relate to how improvement in technology, human capital and education will contribute to the economic progress. And by looking at how intense the Malaysian government is trying to promote human capital formation, I've come to realize and understand that an economy will grow if labours are educated. As far as I know, the Malaysian government has provided scholarships to straight A's students (state scholarships), PhD students and Master students (MyBrain15) as well as in collaborating with PTPTN (Perbadanan Tabung Pendidikan Tinggi Nasional) to provide education loans at lower interest rate so that more people could afford and decide to continue pursuing their higher education (at least up to tertiary education). I have also learned that one should never give up easily and always continue to find a solution as what Robert Solow did when he never stopped researching how and what caused an economy to grow. His undying spirit to find the answers and to prove his theory made me respect him even more.

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