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The Role of Investment Environment on GDP Growth in Developing Countries (Jordan' Case)

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ABSTRACT:- The creation of a proper environment for investment on one hand, and the realization of genuine GDP development on the other, is an issue that has gained a momentum in most developing countries. The actual effect of authentic economic development is evaluated by the improvement it advocates the living standards of society members.
This study aims to highlight the realities and hardships of the economic development in the developing countries, as well as examining the essential requirements of GDP development of developing countries. However, the magnificent challenges brought up by the twenty-first century prerequisite a credible and consistent political will that shall promote economic development and update its conditions and provisions. The continuous encouragement and activation of joint countries actions, especially in this century of denominated regional and international economic blocs has become a must.

I. INTRODUCTION

The prime objective of economic growth is the real need to decrease poverty levels of developing countries that is deeply necessary to improve the people's standards of living.
This can be achieved via expanding exports and gaining more international investment. Most medium developed countries are able to grow their income and employment levels through technology development and management promotion, they are able to reinforce the activities of the private sector organizations, and thus will able to provide the money needed for development. The country's investment competitiveness is closely linked to many factors such as its ability to drag in, maintain, and encourage private investments required for sustainable economic growth.
The investor survey reflected that the political stability and security as well as legal and regulatory environment stabilities are the essentialmajor conditions considered by top management of international corporations prior to any new ventures capital commitments. These conditions outweigh the issues of low tax rates and labor costs(1).
The developing countries dependence rate on international trade is high: their exports account to about 20-35% of their GDPs (with a few countries were excepted). Also, the degree of international direct investment in developing countries GDPs has increased, it rose from 4% to 22% within the late50-year period. Regardless to that, the conditions that exist in developing countries vary from country to country, and not all the countries enjoy the same benefits from trade and investment. Achievement of economic growth through export promotion was limited to the countries who were internationally competitive. Human resource development in those less developed is much important as a base to attain economic growth. It is quite important to add that human resource development in the less developed countries is not only linked with their financial operations such as trade and investment; but it is quite linked to other areas such as education, health, public health anddistinct legal systems(1).

I-1-Study Objectives:
--To understand and identify the concept of investment climate in the developing countries.
-- To understand and identify the concept of investment climate in Jordan.
--To identify the real picture of the obstacles to investment in developing countries.
-- To identify the real picture of the obstacles to investment in Jordan.
--Identify the development requirements and how to improve the investment climate of developing countries.
-- Identify the development requirements and how to improve the investment climate of Jordan.

I-2-Study Importance:
The appropriate investment climateas well as achieving the development requirements of any society areconsidered as the mainstay of the society development.The importance of the study is that it recommends the tested methods of achieving real development by calling for adopting the strategy of relying on the local resources of the country and stimulating cooperation among countries in order to achieve comprehensive and

balanced development which will result in reducing the gap between developing and developed countries and to meet the challenges of globalization with economic, social, and political strengths.

II. THEORETICAL FRAMEWORK:

II-1-Investment:

Investment is an old concept which, in its simple sense, means sacrificing an existing benefit in order to obtain a greater future benefit over a given period of time in exchange for a certain degree of risk. Investment has multiple forms and deadlines, and investment in terms of form is divided into direct or indirect investment. Term investments and long-term investment (ASE, 2016). The direct investment is defined as that investment in real and tangible areas and assets such as real estate and various projects such as the establishment of a company or the construction of a factory or the operation of a shop. The indirect investment or the so-called financial investment is the investment in securities of shares and a bond, which is through the stock exchange, Investors who wish to trade on the stock exchange should have the ability to invest in the long term. Their main objective should be the high return based on long-term investment rather than the rapid profit from the unplanned speculative process that is detrimental to smallholders (3).

II-1-1-Investment Forms:

--Industrial: The industrial zone is a primedoner to Jordan's GDP

--Tourism: Jordan containsa set of the world's highly unique andemblemassets such as: Petra is one of the world seven distinct ruins.

--Agriculture: The Jordan's Valley with its unique soil and varying temperatures which enables the year-roundcultivation.

--Healthcare: First-class worldwidereputed medical taskforce and qualified hospitals.

Information and Communication Technologies (ICT): One of the first sectors in the Middle East and North Africa (MENA) region

--Transportation & Logistics: It is highly developed and it is in the lead as compared by the Middle East and North Africa (MENA) region

--Energy & Renewable Energy: Jordan is qualified and is an ideal location for investment in the energy source that never runs out and adopts clean technology (2).

II-2-The Effect of Investment on the GDP:

The main factors which comprise any country's Gross Domestic Product (GDP) are: government expenditures, consumer basic needs, investments carried out by the excess financial outcomes of exports and imports. GDP is a financial value of all the goods and services that an economy produces within a given time. However, when evaluating GDP, the investment term is used to elaborate how corps and government agencies invest theirphysical and financial sources.

II-2-1-The **state of the economy Depend on Business Investments:**

The GDP increases as businesses invest their financial resources in the infrastructure, roads, buildings and other physical structures. So, when public zones and other private investments flourish, the GDP tends to follow suit. Other causes that comprise GDP has toconsider the relax when one factor is not responding efficiently. It is quite worth to add that. aside from consumption, business investment is the most powerful factor in calculating an economy's GDP. However, industries whose businesses who invest their profits are more liable to grow and attain a higher percentage of GDP.

II-2-2-Investments Can Cause a Bust Cycle:

Regardless of being a major catalyst in economic change, the country whose GDP is concentrated with financial investments can attain an economic boom. An example, prior the economic crisis of 2008, a country like India,38% of its GDP was business investments which is highly correlated with the country's most effective economic performance.

An economy tends to be most vigorous when its financial policy concentrates in financial investments which assists it to increase production and attains more financial growth. Also, financial investment can have a significant effect on other GDP components such as collective consumer spending, via creating more jobs and increasing the consumers buying power.

II-2-3-Investments Can Also Cause a Failure

As outcomes of economic variations, if an economy's GDP dwarfsas a result of slowing trade or dwarfing financial investment, a bankruptcy can be expected. When ay corporation is unable to invest in new products or services, its outcomes will decrease or gets stagnant; this will lead to economic uncertainty and a minimize the appetite for attaining financial risk.(The Daily Mail).

II-3-Investment in emerging and developing economies:

After a quite long slowdown, most financial markets and most developed economies had shown a rise in their financial investments to about 4.5% in 2017, and is forecasted to reach to 5.2% in 2018 and 2019. However, forecasted investment growth was still below its long-term (1990–2017) average as it was jeopardized by political uncertainty, risks of trade, and prospects of interest rates risings. This will minimize the output growth potential and will retard the per-capita income concourse between both EMDEs and other more advanced economies.

The pickup in investment in EMDEs in 2017 followed an extended period of weakness. Investment growth fell from 11.4% in 2010 to 3% in 2015, despite record-low borrowing costs and ample liquidity. The pattern of prolonged investment weakness in EMDEs stands in contrast to the trend in advanced economies, where investment recovered rapidly following a deep contraction in 2009, and has since hovered close to its long-term average. Several factors were behind the post-2010 slowdown in investment in EMDEs, including a plunge in commodity prices, lower foreign direct investment (FDI) inflows, bouts of elevated policy uncertainty and low business confidence, and weakening growth expectations. The deceleration was especially pronounced among commodity-reliant regions; some major commodity-exporting economies experienced double-digit investment contractions. The long period of low investment growth rateof EMDEs had slowed the pace of convergence in per capita GDP with advanced economies. It has also dampened potential growth by reducing the pace of capital accumulation and the rate at which new technologies embedded in investment can raise productivity (1,1).

International investment is one of the important topics that were studied in recent periods, as most of the medium developing countries, in particular, had to attract international direct investment. The international investment is known as the transfer of foreign capital investments directly to the national countries. It is considered as one of the main veicles of economic development in the home country.

Foreign investments contribute to many national sectors as it expands the base of investment in the home country, as well as in magnifying employment rates via the creation of new job opportunities, and by introducing advanced technologies to the country, as well as introducing modern management methods, communication and marketing, that will lead to increase the local employment and leads to modify skills and talents (7).

Most developing countries are in need of foreign investment although it may not be politically correct to say so. However, it is a fact that most developing countries are in need of foreign investment to upgrade development, decrease poverty and build reputable national wealth.

According the World Bank Group report published in October 2017, international direct investment (FDI) is of good advantage for most developing economies as it grows up production and work skills, it upgrades technical development, improving employees' payments and grows local businesses.

The importance of FDI to developing economies cannot be underestimated. The World Bank revealed that a 1% rise "in the share of inputs purchased by a foreign firm from local companies is associated with a 58% increase in sales of a typical high-growth rated company for two years.

II-4-Investment in Jordan:

Based on the conviction of the importance of enhancing the role of the private sector, Jordan has discovered the need to use encouraging frameworks for investment activities that containtempting and challenging incentives for financial investments. International as well as domestic investment are the prime engine for attainingongoingeconomic growth and development.

In 1995, the Investment Authority was initiated in order to simplify procedures related to investment and to eliminate overlapped and duplicated tasks and powers to promote trust in the investment environment in the Kingdom(4).

II-5-Investment Reasons:

Jordanian departments and ministries have raised many reasons for encouraging investment in Jordan (3):

1-Jordan is located at the middle of three continents: Europe, Asia and Africa. It represents the main transportation vehicle between the Middle East countries, located in the middle of the international shipping line, overlooking the Red Sea through Aqaba port as well as nearby ports.

2-The stable political environment: Jordan is characterized by political stability through the existence of a motive and modern leadership in the Hashemite Kingdom of Jordan supported by an honestly and freely elected parliament, in addition to free thoughts, beliefs, speech, press,party organization, and private property. The investment is fully protected from nationalization, expropriation, The firm commitment of Jordan to the special project system, as well as the existence of a sophisticated judicial system.

3-. A free market economy: The Jordanian economy relies on market mechanisms. There are no restrictions on the freedom of individuals and institutions to carry out economic activities, as long as they are within the framework of the general regulations and controls and in the framework of the supreme interests of the state, which leads in the ranking in terms of economic freedom on both Egypt and Israel. Economic policies are based on the outward-led approach led by the private sector, in particular that privatization continues with major government projects and substantial progress in economic and legal reforms.

4- A set of incentives and exemptions to enhance investment: most projects are exempt from income tax and public services costs up to 25%, 50%, 75% for a ten-year grace period, depending on the location of the project. All imported fixed assets are mostly exempted by 100% of taxes and customs duties. Exemption of spare parts for factories from duties and taxes, as well as customs and income tax to encourage and guarantee to expand, update and develop existing projects, either for renovation purposes, hotels and hospitals can buy furniture and accessories without customs duties every seven years.

5- Access to international markets: The Jordanian market has the advantage of expansion, growth and openness to most of the world markets. Jordan is a member of the World Trade Organization. Access to EU markets is exempt from taxes. It can reach the markets of more than 10 Arab countries through the Arab Union Free Trade AFTA. In addition to the existence of many bilateral agreements and preferential trade protocols from more than 20 Arab countries, access is exempt from taxes and quotas for the US market through QIZ. Jordan is a member of the Multilateral Investment Guarantee Authority.

6-. Free Zones and Industrial Cities. The Free Zones Corporation operates two fully functioning industrial zones in Aqaba and Zarqa. Two other areas are under construction in both Sahab Industrial City and Queen Alia International Airport in Amman. There are five private free zones in Jordan that use more than 2500 employees in industries such as chemicals, fertilizers and meat packaging. The Industrial Cities Corporation operates three fully functional industrial cities in Amman, Irbid and Karak, and recently other industrial cities have been opened.

7- Qualified human resources and competition: Jordan has trained, qualified, well-trained and skilled manpower. It is characterized by a high percentage of highly educated young people. 87% of the population is educated. 17% of Jordanians receive higher education, High competitive wages.

8- High-level infrastructure and communications system: Jordan has been able to establish a good infrastructure and a modern and extensive network of communications and transport, enabling the selection of private Internet service providers. There are direct flights to 47 major cities in Europe, the Middle East, Africa and North America, served by 26 international airlines. As well as the construction of a fast and modern motorway network and major truck lines to ensure the movement of raw materials to and from Aqaba port as well as to and from the ports of neighboring countries. Aqaba Jordan serves as a strategic gateway for Jordan, the developing Red Sea region and the Middle East as a whole.

9-An attractive investment climate: exemption from income tax and social services for years. It also includes exemptions from full customs duties on imported fixed assets. It is characterized by easy and easy licensing and registration procedures, exempting income from exports from income tax, and export industries are not subject to fees. Customs duties on imported new raw materials. And the freedom to return capital, profits and salaries to the homeland of the original investor.

10- Quality of Life: Includes the abundance and the cheapest modern means of life, and the existence of a high quality public education system is provided in Arabic, English and French, besides the level of health services in Jordan are comparable to international levels and reasonable prices. In addition to a network of well-developed local and international business associations and cultural centers, traditional festivals, cultural events and a wealth of archaeological sites, and the presence of excellent clubs and restaurants.

Researchers believe that Jordan possesses many important elements of the investment environment such as firm security, political stability, strategic location, access to international markets. Also,Jordan's membership in the World Trade Organization and its presence as a party to bilateral and regional trade agreements, providing access to major markets that creates foreign and domestic investments (5).

II-6- Jordan Investment Authority (JIC):

It represents the only reference to attract and encourage investment and trade for a clear and improved environment aimed at achieving economic development and job creation. It has a legal personality with financial and administrative independence. It owns movable and immovable property and undertakes all necessary legal actions to achieve its objectives. It aims to attract and encourage foreign and domestic investment, and to ensure the sustainability of the attractive climate.

Jordan Investment Authority was established under Article (15) of the Investment Law No. (30) of 2014, aims to provide a single station service to register and license economic activities and projects in the Kingdom and to review and simplify licensing procedures and follow-up. The Licensing Manual contains the conditions, procedures, requirements and legal deadlines for issuing licenses in accordance with the legislation in force in the official institutions and in accordance with the approved form published on the Authority's website(5).

II-7- The Jordanian Investment Law (2014):

The law contains general provisions that include non-Jordanian investors:

1. Transferring all or some of the foreign capital in a convertible currency within the framework of the applicable legislation.
2. Transfer of investment income and profits outside the Kingdom.
3. Liquidation of his investment, sale or disposal of his economic activity, share or shares in this activity, provided that he fulfills his obligations to any third party or official bodies in accordance with the legislation in force.
4. To manage his economic activity in the manner he deems appropriate and through the persons of his choice, and the concerned parties shall provide the necessary facilities for this purpose.
5. The non-Jordanian investor shall be granted the same treatment as the Jordanian Investor.
6. Non-Jordanian workers employed in any economic activity shall be entitled to transfer their salaries and compensations outside the Kingdom in accordance with the applicable legislation(3).

II-7-1-Main Features of the Jordan's investment law:

Between Investment Law No. (30) of 2014, the advantages and incentives for investment outside and within the development zones and free zones.

A. Outside Development Areas and Free Zones:

(1) Exempt production inputs of the industrial and crafts sector from customs duties, and subject to the general tax on sales.

(2) Refund of the general sales tax on production inputs for the industrial and crafts sector within (30) days.

(3) Exemption of production inputs and fixed assets for the industrial and crafts sector from customs duties and a zero reduction on the general sales tax. If imported or purchased locally.

(4) Investments in specific regions such as the least developed in the Kingdom may enjoy income tax reductions of at least 30% on specific bases and criteria.

B. Advantages of Investment in Development Areas and Free Zones:

(1) 5% income tax on income from economic activity within the development zone.

(2) Tax exemptions granted in the Kingdom on exports of goods and services.

(3) Reduction of sales tax by (zero) on the goods and services used by the Foundation for the purpose of carrying out its activities.

(4) Completion of sales tax at the rate of (7%) of the value of selling specific services provided by a company registered in the region when consumed within the development unit.

(5) Exemptions from customs duties except for a specified number of goods.

C. Investments in free zones benefit from the following advantages:

(1) Exemption from customs duties, taxes and duties on goods exported abroad.

(2) Exemption from income tax on profits derived from certain goods and services.

(3) Exemption from building and land taxes and license fees.

(4) Allow it to convert foreign currencies and profits arising from them.

(5) The extraction of machinery, equipment, materials, goods and equipment necessary for the project and the profits arising from it out of the Kingdom.

(6) 0% Sales tax on services rendered by the registered enterprise in the free zone when sold for consumption in the free zone and for goods consumed by the establishment.

(7) Exemption of salaries and allowances of non-Jordanian employees working in the free zones of income tax(4).

III. INFRASTRUCTURE DEVELOPMENT AND GDP GROWTH:

As infrastructure gets bigger, it might fuel economic growth via diminishing the production and transportation of goods and services costs; by increasing the productivity of input factors; and by creating indirect positive externalities. In recent decades, many studies have reported a magnificent positive link between investment levels of infrastructure and economic development. A huge stock of infrastructure is expected to activate the economic improvementviadecreasing production costs and the goods and services traffics; this can be achieved by increasing productivity factors; and by decreasing indirect negative externalities. Aggressive investments of the basic physical and organizational structures and facilities could be a way of solving many confrontations that most economies face. Most researchers believe that the basic physical and organizational structures and facilities investments could provide the potential to boost the economic development.

III-1-The impact of the basic physical and organizational structures and facilities investments on macroeconomic development and stabilization

Productivity growth carries many potential benefits. Many researchers have considered the productivity growth speed as a prime cause of the decelerating inflation rate of unemployment. This rate is a percentage estimate of how low unemployment can go before any jumps to high aggregate demands that might require higher price growth instead of quickproductbooms. In most perfect and adapted labor markets, the speed of productivity growth would be linked by an equivalent speed of wage calls. However, this had opened a wide and progressive link between wage ambitions and output growth rates, causing employment to increase without instigating causing inflated wages. However, it is worth to add that undeveloped countries upon apprasing the effects of infrastructure spending should take into consideration that most of the labor-intensity disadvantage of infrastructure investment may be specified towards the developed countries(3).

IV. THE CHALLENGES OF THE JORDAN'S ECONOMY:

(Al-Nisour Newspaper- 2008: 3-4) elaborated the investment environment in Jordan between reality and ambition due to the existence of a number of challenges and impediments to the Jordanian economy, and investment at the same time: the continuous rise in inflation rates, the growing deficit in the Jordanian trade balance, The deficit of the public budget and external public debt, the increase in the domestic saving gap (lack of domestic savings to cover the Kingdom's need for investments to achieve sustainable economic growth), unemployment and poverty. As for the challenges that hinder business performance in Jordan, according to the Global Competitiveness Report 2014-2015, they are restrictive labor laws, corruption, tax legislation, tax rates, access to finance, government bureaucracy, and low level of education for the labor force.

The Financial Stability Report 2015 (FYI, 2015) highlighted a number of challenges to financial stability as Jordan was aggravated by the influx of large numbers of refugees, especially the Syrians, thus increasing pressure on limited resources and the strengthening of the dollar. Adversely affect the competitiveness of the Jordanian dinar, which requires continuing to pursue prudent monetary policy and continue to carry out structural reforms to improve the competitiveness of the Jordanian economy. Where Jordan suffers from a marked slowdown in growth rates, rising unemployment amid unstable regional conditions, expansion of the current account deficit, in addition to the continuation of deflationary pressures for 2015 due to low oil prices, weak Euro and the negative economic output gap (4).

The researchers believe that the regional instability surrounding Jordan, administrative bureaucracy and the rise of energy, transport and raw materials may be one of the main obstacles and challenges of investment.

IV-1-Jordan's most competitive investment advantages:

• The stable political climate in Jordan and good relations with neighboring countries and the world.
• The strategic location in the heart of the Middle East, making it an ideal starting point for regional and international markets.
• The human element in the business environment in Jordan has made human resources the most competitive advantages for the various sectors. Jordan is one of the most important countries to supply labor markets in the Middle East with high quality competencies.
• The multiple opportunities to attract investment, through the attractiveness of the business environment and the availability of incentives and regulatory frameworks for investment and a strong focus on supporting entrepreneurship.
• The openness of the Jordanian economy to the world through the signing of several preferential trade agreements, whether bilateral cooperation agreements or free trade agreements.

IV-2-Jordan: Foreign investment

Jordan recognizes the importance of foreign investment and its influential role in the overall economic development efforts in light of the limited domestic savings and its inability to meet the increasing investment needs and Jordan's need for the modern administrative, technical and technological expertise provided by these investments in its quest for access to international markets and increasing its competitiveness under the policy of openness Commercial Bank, Jordan also relies on foreign investment in providing job opportunities with high added value and financing development projects in light of the limited natural and financial resources of the Kingdom.

FDI in Figures: Historically, the Jordan's economy has been flourished by the intensive investment of the Gulf states, which sustained to an extremely high level in 2006. But, unfortunately, as Foreign Direct

Investment haddropped down by the worldwide economic drop followed by political instability. However, in the year 2016, Jordan had fulfilled substantial loans and financial assistance from several international donors (such as IMF and World Bank) and some international partners. Namingly, USA had decided to raise its annual financial aid to reach USD 1.275 billion per year. The funds' objective was to finance Jordan's financial ability in hosting Syrian refugees. During 2017, Foreign Direct Investment had totaled to about USD 1.6 billion(8).

V. RESEARCH STUDY

The researchers used the descriptive analytical method through the data and information available in the financial reports of: Central Bank publications, Investment Promotion Corporation, the Department of Statistics, the World Bank and UNCTAD.

V-1-Study Limits:
A) Time: The time period was 2005-2015
B) Spatial boundaries: Study society is Jordan.
V-1-Analysis method used: The descriptive analytical process of describing the phenomenon, the analysis measurement and data interpretation. The study relied on several secondary sources such as: articles, related Arabic and foreign studies, the Internet and other relevant studies to get the study objectives. Following is a table which reflects Jordan's GDP development for the period 1975-2017.

Jordan GDP per capita Development

Jordan GDP	Last	Previous	Highest	Lowest	Unit	
GDP Annual Growth Rate	2.00	2.10	10.58	-1.11	percent	[+]
GDP	40.07	38.65	40.07	0.56	USD Billion	[+]
GDP Constant Prices	5667.00	5390.08	9380.00	1256.71	JOD Million	[+]
Gross National Product	28302.80	27228.80	28302.80	203.00	JOD Million	[+]
Gross Fixed Capital Formation	5063244705.00	5449121017.00	5903038059.00	351730565.80	JOD	[+]
GDP per capita	3238.30	3258.50	3786.50	1663.00	USD	[+]
GDP per capita PPP	8337.49	8389.60	9749.10	6069.10	USD	[+]
GDP From Agriculture	351.31	303.17	508.71	49.00	JOD Million	[+]
GDP From Construction	251.65	211.50	252.77	47.00	JOD Million	[+]
GDP From Manufacturing	1489.59	1332.50	1489.59	210.60	JOD Million	[+]

Above table indicates that The GDP per capita in Jordan was last recorded at 3236.90 US dollars in 2018. The Real GDP per Capita in Jordan is equivalent to 26 percent of the world's average. GDP per capita in Jordan averaged 2986.07 USD within the period 1975 – 2017. Also, it had reached as high as 3786.50 USD in 2009 and had recorded a low rate of 1663 USD in 1975(Jordan Times,2016-2018).

V-2-Research outcomes:

The Jordanian economy had faced a set of socio-economic stresses including varying real (GDP) growth rates, unemployment high rates, followed by grown labor force, high levels of poverty, and deep levels of income as compared with population growth rates. Additionally,most governments were suffering from budget deficits leading to falling public spending at alarming rates. It is worth to accept the fact that there is no one logical policy to upgrade Jordan's GDP. Many researchers had proposed a set of economic theories that might manipulate the varying factors on the real GDP development. Consequently, many publicatedapplied research papers as well as a set of political papers which had examined the factors which really impact GDP development. Some of these include the capital structure and bank loans that were granted to the private sector.Additionally, institutional-level investmentswere examined as their activitieshad exerted significant impact on the institutions' performance, and consequently, the country's economy.

VI-Recommendations:
A-To activate economic growth: the following actions are recommended:
--High wages paid – as most wages had grown above inflation rates.
--High International Economic growth – It had led to increased exportingcosts.

--Currency Value Drop, it had made exports cheaper and consequently imports became more expensive, and consequently hadincreasedlocal demands.

B-How to integrate economic development: There are two main bases to economic development:
1.Promote The Country's public consumptions(Aggregate demand -AD), which are :(consumer consumptions, degree of investment, public spending, net result of (exports-imports).
2.Promote The Country's total economicproduction: Aggregate Supply- AS),which are: (Productive ability and production volume, improving economic development, and enhance labor production ability)

C- How toenhance economic development:
1-Expansionary fiscal policy – it can be achieved by lowering tax rates to encourageconsumption income and increase spending levels. The expansionary fiscal policy is practicallyused in recessiontimes when consumer spending is at low levels.
2-Expansionary and contractionary monetary policiesare usually implemented by the Central Bank viadecreasing orincreasing interest rates as this change will causean effect on the domestic demand to boom or shrink.
3-Sustanability is a key functionimplementedby the government to cause botheconomic and political stabilitiesthat willactivate the normal economic actions to take place. Firmness and political liability both will encourage both financial investment and economic development.

D-The influence of non-government Factors
1-The technological development levels primarily comefrom the private sector provided that it is hard for the government to interfere.
2-Industrial relations and workers motivation are activated primarilyby the private sector.
The government's impact on worker ethics and motivation isat most limited.
3-Inventors and initiators are who establishnew businesses are primarily self-motivated. Thus, government regulations and imposed tax rates will influence the willingness of entrepreneur's willingness to take risks.So, the government should be the catalyst for their success.
4-Level of savings can influence farming growth. Higher savings enable higher investment, but it can be hard for the government to influence savings.
5-Global growth causes a significant impacton the economy drastically. If the world enters a global recession, it is very hard for an individual economy to avoid the costs. As an example, on this principle is the Financial Collapse of 2008had negatively affected economic growth in most world economies.

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