

# **Health economy planning and development**

(Fundamentals, principles and methods)

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**Dedicated to my family:**

**My father, who was my only friend and guide during my studies**

**And my mother, who has always encouraged me with compassion.**

My dear parents and brothers and sisters, I am extremely grateful that you have been my friend and supporter in all stages of my life. I dedicate the result of the first effort of my life to your kindness.

### **The survival of government positions depends on planning and solutions.**

The Holy Prophet (PBUH)

#### **Introduction**

Health economics planning is one of the new topics in economics. But at the same time, this issue has been considered among the countries of the world so that decision-making institutions (health economics) do not go without using this tool. In this work, due to the increasing use of statistics and economics, we have provided methods and tips to solve health economics problems faster. Of course, this book is not only for students of health economics, but according to the contents of the book can be said for all students dealing with regression issues, and other disciplines including family health and epidemiology and public health and disease control and management .....; It can also be used by all students who are interested in forecasting the economic situation of the country. This collection is organized and presented in ninth chapters. The first chapter includes general planning and development of health economics, the second chapter includes the position of government involvement in the development of economic planning system and health economics, and the third chapter contains macroeconomic indicators of health, the fourth chapter includes the principles and principles of health management organization, and the fifth chapter Also includes modeling in planning and development of health economics, and the sixth chapter of the epidemiological history of health economics and public health, and the seventh chapter of the evaluation of social factors policies in health economics, and the eighth chapter of this book includes decision making and management planning in health economics. And the ninth chapter is the goals of necessity in planning health economics in communities. It is hoped that the followers of science and knowledge can take a step towards their scientific advancement by studying this collection. Of course, the present collection is not without its faults, and I have no claim on this issue. Therefore, I do not consider the valuable guidelines of professors, students and all scholars to be rich in the contents of the book. **And these books in four Persian languages; English ; Written and translated into French and German.**

**Najmeh Mohammadian**

**Fall 1400**

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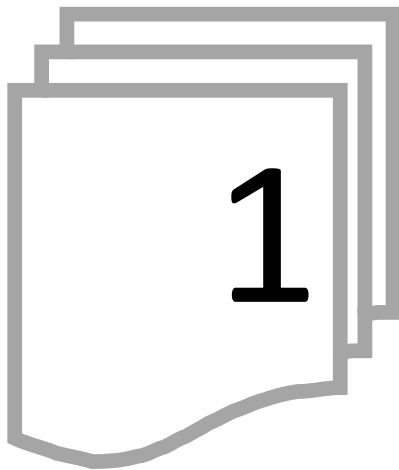
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# First Chapter

## General planning and development of health economy development

The student will be able to study this chapter

- ❖ Define planning.
- ❖ Describe economic planning and health economics.
- ❖ Explain planning from the perspective of Michael Todaro and Professor Arthur Luis.
- ❖ Name and define general health economics planning.
- ❖ Describe the characteristics of health economics planning.
- ❖ Define economic growth.
- ❖ Describe the process of economic growth and health economics .
- ❖ Explain the benefits and costs of economic growth and health economics.
- ❖ Name and describe the government's involvement in economic growth and health economics.
- ❖ Define the modern economic growth of Kuznets.
- ❖ Name the characteristics of modern economic growth.
- ❖ Define the classification of societies and development.
- ❖ Define the literal meaning of development.
- ❖ Define economic development and health economics.
- ❖ State the difference between the growth and development of the economy and the health economy.
- ❖ Name the research method in the development of economics and health economics.
- ❖ Define the differences between developed and underdeveloped society.

### **Introduction**

Planning has been around since the first half of the twentieth century. In the present age, the place of planning for each unit of economy and e-economy is health, whether it is a household, a manufacturing or commercial enterprise, and a government. Because they have realized that they can make better use of the available facilities through planning and achieve their goals and aspirations more accurately and quickly. Therefore, planning for economic and health decision makers is a valuable tool. With continuous planning, serious obstacles can be overcome, such as lack of access to sufficient resources and technological backwardness. The health economy and its history are discussed. After enumerating the most important features of economic planning and health economy, the necessary conditions for the success of economic planning have been formulated. In the following, the types of economic planning are described. Has been. In them, the process of economic growth is explained and the factors influencing it are introduced, and the classification of societies and the development of economy, economy and health economics are presented.

### **Definition of planning**

Planning is a set of decisions that are made to achieve a specific goal or objectives. Planning is based on "a type of human behavior." Human behaviors fall into four categories:

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1. Reflective or instinctive behaviors: These types of behaviors are formed in the form of reacting involuntarily to a phenomenon.
2. Behaviors that, although not instinctive, are not based on cognition, awareness, or study.
3. Imposing Behaviors: In this type of behavior, man is forced to do something without his will playing a role in it.
4. Behavior-based behaviors, recognizing the effects and consequences of action; these types of behaviors are formed based on people's awareness.

According to the concept of planning and types of human behaviors, it can be said that planning in the form of human behavior based on awareness and will (the fourth type) and if the nature of that behavior is economic, the program is economic. It is economic planning. Economic planning has been accepted as an important tool for controlling resources and facilities in access and coordinating a wide range of tasks to achieve economic goals and thus improve economic conditions. Hence, all countries have engaged in economic planning with each economic system.

### **Definition of economic planning and health economics**

Despite the great influence of planning in economic decisions and policies, there are still different interpretations and interpretations of its meaning. Health economics planning has always been associated with terms such as socialism, communism, and economic development. Therefore, in this section, we will define economic planning. Some refer to economic planning as better management of aggregate demand or better implementation of

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monetary and fiscal policies. , Political or even military. Here, first the definition of economic planning based on the encyclopedia of Dr. Gholam Hossein is mentioned, and then different interpretations and definitions of it are given in the name of some of them. Lewis, Ferdinand Zwick, Professor Rabis, and finally, a general definition of economic planning.

Economic planning (economic design) in the encyclopedia of Dr. Gholam Hossein Mosaheb is defined as follows:

"It is a term in the new economy that refers to the oversight of economic activities and their leadership by a competent body (usually the state) in order to achieve the goals that are considered to be in the best interest of society from the time. The government and the state have come into being. Economic plans and programs have also been considered, and in ancient Egypt, Greece, Rome, wages and prices have been monitored. In the Middle Ages, price regulation. In the 16th and 17th centuries, the nations of the world sought to trade abroad through direct activities or the encouragement and regulation of private activities. Develop their own domestic industries, and increase their wealth.

In recent times, economic management has played a vital role in the implementation of the weighty plans of the regimes of socialism, communism and fascism, and is also of great importance to nations that are not subject to these regimes. The outbreak of war automatically makes all private activities subject to a national activity, and thus strengthens national economic planning. "Economic planning may involve direct oversight (for



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example, in rations, and in setting prices, rents, and wages), and it may also be indirect (such as monetary and fiscal policy)."

### **Michael Todaro defines economic planning as follows:**

"It is a conscious effort by a central organization to influence, direct or, in some cases, even control changes in a country's major economic variables (such as GDP, consumption, investment, savings, etc.). "Or a certain area is formed over time and according to a set of predetermined goals."

### **Professor Arthur Lewis uses the term planning in six ways:**

1. There are many economic hypotheses in which the term planning has been used to determine geographical factors, the creation of housing units, cinema, and so on. Sometimes this type of planning is used as urban and national planning and sometimes absolute planning.

2. Planning means that the government, if it has revenue, will spend it in the future.

3. Planned economy is an economy in which production units use resources that include human resources, raw materials, and equipment allocated to it, and the central reference, type of production, distribution. And most importantly, it determines the allocation of economic resources through quotas for this sector of the economy.

4. Planning in some cases means setting production targets by the government, whether the production is done in the private sector or in the public sector. Some governments use this type of planning sporadically or for one or more sectors of industrial

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production and services that are of particular importance to the economy.

5. Sometimes planning means the optimal allocation of economic resources such as foreign exchange, labor, raw materials and other resources among different branches and sectors.

6. The term planning is sometimes used to describe government tools and tactics to mobilize the private sector toward predetermined economic goals.

Ferdinand Zoic accepts the term planning only in the case of economic planning, that is, planning for macroeconomic purposes. He does not believe in urban planning or planning for a part of the economy. From his point of view, planning means comprehensive planning of the national economy. Zwick considers planning to be an important factor in the concentration and representation of the national economy.

According to Professor Rabis, economic planning refers to the overall control of the dimensions of private sector activities in production and foreign trade.

General definition of health economics; Health economics is a branch of economics that deals with issues related to efficiency, value effectiveness and behavior in the production and consumption of health and health care.

In general, health economists study the performance of health care systems in behaviors that affect health, such as smoking.

Contararo, in his 1963 paper, which has often led to the recognition of health economics as a discipline, illustrates the

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conceptual distinction between health and other commodities. Factors that separate health economics from other areas include widespread government intervention, uncontrollable uncertainty in various dimensions, asymmetric information, barriers to entry, externalities, and the presence of a third party. In the health care sector, a third party is the physician who makes purchasing decisions (for example, about laboratory tests, prescribing medication, performing surgery, etc.) while being unaware of the price of the product or service. Health economists evaluate several types of financial information: costs, debts, and expenses; Uncertainty about health is inherent in patient test results and financial concerns. The knowledge gap between physician and patient brings a special advantage to the physician, which is called asymmetric information. External effects on health and health care often appear, especially in the case of infectious diseases. For example, trying to prevent catching a cold affects people other than the decision-maker.

### **General definition of health economics planning**

Health economics planning is a process through which consciously and voluntarily in order to achieve specific goals of health economics, such as making desirable changes in macroeconomic variables in society such as GDP, consumption, savings, investment and ..., the decision is made.

In other words, each health economics program actually includes a set of economic activities that centrally guide them in achieving the specific goals of the community health economics.

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With a little reflection, it can be seen that in order for health economics planning to be effective and achieve its goals, not only its economic aspect should be considered, because health economics planning basically has two general aspects, including; It is the content and the face.

### **1. The content of health economics planning**

The content of planning is made by the scientific knowledge of the society. This means that for the content of planning, a lot of research and studies should be done and the theoretical topics of various disciplines (such as economics, health economics, sociology, management, political science, etc.) should be known to the society and society. To obtain scientific.. In order for planning to be done properly and properly, it is necessary for scientists and theorists to participate in planning in various fields of science, especially in the field of economic sciences. Therefore, the content of planning can not be summarized in one topic because it relates to different areas of science.

### **2. Health economics planning form**

The planning form includes planning work methods, work techniques, and how the variables relate to each other. In this regard, in order for the planning work to be done properly and correctly, it is necessary to use health economics planning techniques.

A good planning technician can design a macroeconomic program, but this program will be useful and fruitful if a group of theoretical experts in all fields including economics and health

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economics, sociology, management , Political scientists, etc., are constantly being researched and studied so that the planner can use the results of the studies of this group and take those results into account in the process of planning a health economy.

### **Characteristics of health economics planning**

In general, it is suggested that health economics planning should have a set of compiled and designed economic plans and health, social, cultural, etc. economics compatible with each other and delegated to implement it. Authorization and allocation of resources. Therefore, the important features of health economics planning are:

1. Designing and compiling a set of economic, health, social and cultural plans compatible with each other; Designing and compiling a set of compatible designs in the mentioned areas is necessary to achieve what is considered desirable.

In designing and formulating a health economy plan: First, the macro and basic economic, social, and cultural goals of the country are determined by the responsible authorities. These goals, which in fact state the main framework of the program and its constraints, clarify the direction of the government's activities and actions or policies.

Of course, in each program, several detailed and detailed goals are also defined. Second, the capabilities of the community in terms of production and distribution of goods and services are identified. It is obvious that the mistake in estimating the capabilities of the society is risky in any of the two forms,

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shrinking or enlarging. Because if the abilities and facilities are not fully identified, part of the facilities of the society will be left unused or lost. In this case, the growth of production and the movement towards development is slowed down or even stopped. On the other hand, if the potential of the community is overestimated, the actions taken in the program will be disrupted and it will be impossible to achieve the goals and many resources will be lost.

### **2. Execution and delegation of authority for the implementation of the health economy program**

In order to implement a health economy program, the responsibility of each person and its size, and what task or tasks he / she should take on, should be specified. In addition, it is necessary to specify what regulations, by-laws and executive instructions or new laws are needed, or what changes should be made to existing regulations and by-laws in order to achieve the desired benefits. Or be simpler. Also, the organization of the country should be reviewed and organizations that have an inappropriate structure should be reformed or replaced with more appropriate institutions.

### **3. Allocation of health economy resources**

Resource allocation is one of the main pillars of health economy planning, which is presented in both financial, monetary and physical forms. To achieve the goals of the program, there must be sufficient financial resources. Therefore, in health economics planning, financial planning in order to eliminate the imbalance

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between supply and demand in all markets and calculate the costs and benefits of various health economics projects and avoid inflationary financial pressures. It is necessary. Also, in health economics planning, physical planning in order to accurately evaluate all available resources in the economy such as raw materials, capital, manpower, etc, and determine how to use these resources. This is important.

The goal of physical planning in health economics is to minimize the possibility of facing bottlenecks so that health economics can achieve its goals in the desired time period.

### **Definition of economic growth**

The literal meaning of the word growth is enlargement, which can indicate, for example, an increase in weight and height. In general, growth has a quantitative meaning. In other words, growth expresses quantitative changes in a variable. For example, when we talk about population growth, we mean an increase in population. Economic growth is also a quantitative concept that is defined as follows.

Economic growth is the increase in a country's gross national product (GNP) over a period of time. Usually, two related indicators are used to measure economic growth: the growth of gross national product (real) and the growth of real per capita national production.

### **The process of economic growth and health economy**

To understand the process of economic growth and health economy; Imagine a person trapped on an island with the bare

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minimum of necessities. In order to make a living, he provides everything he can from seeds and food and builds a shelter for himself. GNP is the monetary value of food and shelter in this society. He can gradually provide better shelter for himself by cultivating more crops and providing better tools and facilities. In this way, "physical capital" has been created. On the other hand, that person, by knowing more about that island and the conditions of growing the crop on it, can prepare better food for himself. Thus, "human capital" has been created. Because with these two types of capital, a person spends less time producing food and necessities, his productivity increases and he can spend more energy on producing other goods. It should be noted, however, that he faces limitations at all times. These factors, on a larger scale, are the same factors that cause the upward curve of society's production facilities. As mentioned earlier, economic growth and a health economy mean an increase in gross national product (GNP). And this increase in gross national product depends directly on the amount of labor (L), total capital (K), resources and natural factors. According to the mentioned cases, the increase in gross national product (GNP) is possible in four ways:

- 1) Increasing the amount of labor that is possible through factors such as population growth and the rate of labor participation in the production process (increasing the factors of production quantitatively).



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2) Increasing the amount of capital of the society, which is possible by increasing the investment, savings and overhead costs of the society. (Increasing the factors of production quantitatively).

3) Increasing the exploitation of natural resources and factors, which is possible through such things as exploration and restoration of natural resources (increasing access to natural resources from a quantitative point of view).

4) Increasing the efficiency and productivity of capital and labor, which is possible through cases such as technological changes, scientific advances (increasing the quality of factors of production).

Increasing the productivity of capital and labor means increasing the production of each unit of capital or each unit of labor used in the production process and can lead to an increase in gross national product (GNP). Thus, in this part of the workforce, capital, investment and savings, society's overhead capital, resource exploration, land reclamation, human-to-climate change, and technological change. Economics are discussed. The first six are among the factors that affect economic growth and health economics in terms of quantity and the rest in terms of quality. Therefore, the factors affecting economic growth and health economics in two general groups of quantitative and qualitative factors are examined.

### **A) Quantitative factors affecting economic growth and health economy**

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**Labor force:** To understand how an increase in labor force increases gross national product (GNP), imagine someone else entering the island in the previous example. Salary will provide facilities. With his production, the island's gross national product (GNP) grows. Similarly, in today's society, when the active labor force is added and this new labor force produces, the real production of society increases. A more populous community has potentially more workforce. The population of countries increases through the natural increase of population or migration to that country.

**Capital:** An increase in the amount of capital can also lead to an increase in production, even if it is not accompanied by an increase in labor force, an increase in capital can lead to an increase in labor productivity. A clear example of this today is the computer, which can be used to perform many tasks and calculations in a short time. Therefore, the growth potential of the economy and the health economy for the production of goods and services will increase with the increase of capital (factories, equipment and buildings).

**Investment:** More investment can lead to more production and increase (GNP) and thus affect the rate of economic growth and the health economy of the community. Society must also, at present, choose between the production of consumer goods and the production of capital goods. Access to more capital in order to produce more in the future requires ignoring the consumption of some of the goods and services produced at present. Thus, the amount of goods and services consumed that are considered to be the same as the savings that cover the investment costs by the

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firms. In this case, after certain periods, more consumption is possible.

**Capital overhead of the community:** These include transportation, water and sewage systems, energy, communications and education. These funds form the part of the capital stock in the economy and health economics that is produced by the government or generated by subsidizing private sector enterprises.

The aim of the government is to increase the productivity of capital in the society so that it can provide better conditions for the growth of the economy and the health economy. The overhead assets of society alone do not guarantee the growth of the economy and the health economy in society, but the lack of these facilities certainly limits the growth of the economy and the health economy. For example, the activities of manufacturing companies face problems in the absence of transportation networks and communication channels, electricity, telecommunications and water supply network.

**Exploration of resources:** Exploration of new resources is another factor that can play a role in the growth of the economy and the health of societies. Without raw materials, firms will not be able to produce the goods needed by society. Of course, the exploration of natural resources requires a choice between the consumer goods of the present and the capital goods. Using more production factors in order to discover new resources requires less

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use of them in the production of consumer goods. Exploration of resources also includes the discovery of new and unknown lands.

**Land reclamation:** Land reclamation is also a factor that contributes to the growth of the economy and a healthy economy. Agricultural products are effective.

### **B)Qualitative factors affecting economic growth and health economy**

So far, the factors of production have been increased quantitatively. But the quality of factors of production is also one of the factors that affect the growth of the economy and the health economy. By increasing the quality of factors of production, assuming other conditions are constant, more goods and services can be produced. In fact, increasing the quality of factors of production means increasing the productivity of factors. The productivity of factors of production or inputs changes under the influence of factors such as technological changes, economies of scale and human capital.

**Technology change:** Technology change affects productivity. Provides companies with the technology, knowledge and techniques necessary for the optimal production of goods and services. In general, technological changes can not be measured in the production process, but its crystallization can be seen in new methods of production and production of new goods (capital and consumption). Imagine an alloy made of aluminum that is lighter and harder than steel. By using this alloy, vehicles can be built that have a higher speed with less fuel consumption and lower

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production costs. Or, for example, the invention of telephones, radios and computers make a great contribution to the growth of the economy and the health economy.

All countries have. Advances in other sciences may also increase productivity. For example, in the 1980s, management knowledge taught firms how to produce better. In addition, new methods of manpower management and accounting methods also helped to reduce costs, increase production in a more efficient way, and ultimately increase productivity; Labor and capital, and consequently increases production.

**Scale savings:** Scale savings are savings that result from an increase in the size of the industry. For example, for an expanding industry, the establishment of multiple factories in different regions can reduce transportation costs. Another example is the cost of research and professional internship programs, the effects of which on the cost of producing firms are clear to everyone.

**Human capital:** Human capital is one of the factors that is considered in relation to the quality of labor and by definition is "upgrading and improving the productive capacity of individuals." Labor training, which increases the ability of individuals to produce goods and services, is an investment in human resources. In other words, labor training is considered as human capital. Human capital is one of the important sources of economic growth and health economics. There are several ways to increase human capital, such as educating people in the community and training the workforce by firms. On the other

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hand, the states are involved in the implementation of programs such as free education, vocational training and the expansion of educational, medical and health facilities.

### **Benefits and costs of economic growth and health economics**

Although the growth of the health economy and economy will help communities meet the needs of the individual and increase society's ability to produce goods and services, it also has costs. Environmental pollution, destruction of resources, change in customs, traditions and way of life and reduction of current consumption for more production in the future, are among these costs. The following are some of the views of proponents and opponents of economic growth and health economics. Proponents of economic growth and health economics attribute growth to the development of societies. The group believes that by using more appropriate technology and production methods, resources are used to produce better and newer goods and the quality of life is improved.

The way they propose to understand the benefits of economic growth and health economics is a comparison of different time periods. In addition, economic growth and health economics can improve the lives of disadvantaged classes and increase employment levels. Opponents of economic growth and health economics believe that increasing production is a purely material issue and that the quality of life cannot be increased by increasing market exchanges. To achieve growth, industries must create new tastes and preferences. In fact, there is no real need for many of

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the goods that are now produced and consumed. They believe that human beings have become slaves to the economy, not to its owners. In addition, rapid economic growth is destroying limited resources worldwide.

It has also caused the income of the society to be unfairly divided among the different classes, changing the way of life of the people and damaging the environment. Environmental pollution is the result of the presence of waste in the production process and the return of this waste to the environment. More production leads to more pollution. And this in fact means reducing the level of welfare of society and moving away from the ability of society to meet the needs of the people of that society. As mentioned, resource depletion is another cost of growing the economy and health economics. The production of goods requires raw materials, and since raw materials are mostly irreplaceable or difficult to replace, the widespread extraction and use of these materials causes communities to become barren for production.

A seemingly simple plant that is disappearing today as a result of economic growth and a healthy economy could one day become a new source of energy or nutrition. Lifestyle changes are other consequences of economic growth and the health economy.

Some argue that such changes have brought great harm to the social structure of societies, especially to developing societies. For people in developing countries, life satisfaction is more important than the benefits of economic growth and the health economy. Reducing current consumption is another consequence

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of growing economic and health economics. When societies invest in capital goods, human capital, and the upper echelons of society in order to sustain the growth of the economy and the health economy, some factors of production are excluded from the production of consumer goods. As a result, the production of these goods and current consumption decreases. In fact, more consumption and satisfaction in the future will come at the cost of consumption and less satisfaction today. Therefore, some believe that the decline in satisfaction today for people who want to make the most of their current lives will not necessarily be offset by a future increase. In addition, people who ignore their current consumption are not the same people who will benefit from a higher level of consumption in the future.

### **Government involvement in economic growth and health economics**

Classical school economists in the eighteenth and nineteenth centuries mainly prescribed the non-interference of the state in the economy. However, with the passage of time and the emergence of economic and health crises, the importance and role of government in the economy became apparent. Definitions are given briefly in this chapter. And health economics has been examined. In 1936, Keynes introduced British economists in his analysis of economic crises, such as unemployment and declining aggregate demand, in a rational and rational way by the government. Progress has been largely due to the intervention and leadership of their governments. As history shows, the role of



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states in the growth and development of the economy and the health economy of these countries are not the same. For example, after World War I, the governments of Japan and Germany were able to best shape economic planning and direct involvement in investment and the management of manufacturing enterprises. They may bring their countries to an acceptable level of development. The governments of the United Kingdom and the United States have also contributed to the growth and prosperity of their economies and their health economies. However, this role has been far less important than that of the governments of Japan and Germany.

Economists today, regardless of their school of thought, emphasize government intervention in achieving economic growth and health economics. Nothing can be done with the help of the governments of these countries. The range of root problems and shortcomings in these countries is so wide that government intervention in the activities of the economy and the health economy seems necessary. In developing countries, governments must play a key role in the development of the economy and the health economy. Because to achieve such a goal, the private sector lacks the ability and motivation, and therefore this important matter should not be left alone.

In general, the government, as an important and effective factor, can influence the growth of the economy and the health economy by its decisions and the implementation of various economic and social policies. Some of the most important economic policies of

the government affecting the growth of the economy and health economy are:

**•Income redistribution policies among low-income communities**

This policy in the first place increases the income of these people and as a result leads to an increase in effective demand in society. When these people spend the increased income through training to increase the capabilities of their manpower, the possibility of increase and increase their purchasing power will be available in the coming years. In this case, the coefficient of effectiveness of income redistribution policies as a positive and effective factor in the growth of the economy and health economy increases. Because education, on the one hand, improves the quality of human resources and as a result increases the productive capacity of society, and on the other hand, with increasing income and the ability to purchase more goods and services, effective demand in society increases. A clear example of this type of policy can be seen in the countries of Southeast Asia, which in the twentieth century, one of the most important factors for the success of these countries in the various stages of economic growth and health economy of the region.

**• Encouragement policies for savings and investment**

As the community's savings increase, more resources are made available to investors for investment. Within the framework of these policies, the government, by intervening, provides investment opportunities in various sectors of the economy and

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the health economy. For example, the Japanese government has played an important role in expanding the share of the Japanese automotive industry. But because any investment is risky, many believe that government intervention in these types of investments can be detrimental to social well-being because of the likelihood that they will fail.

### **• Research and development policies**

In industrialized countries, research and development policies are of great importance and weight, so that a significant percentage of the growth of the economy and the health economy of these countries is due to these policies.

### **• Policy to remove barriers to private sector activities**

Within the framework of this policy, the government can improve market conditions by monitoring the activities of the private sector. A clear example of this is the efforts of governments to prevent the emergence of monopolies in the market.

### **• Expansion of social services and infrastructure**

One of the most important tasks of the government is to expand social services and infrastructure. Among the social services, we can mention the development of education, improving public health and guaranteeing property rights for members of society.

These social services increase the productive capacity of members of society and the quality of the workforce and, as a result, increase the productivity of society. Every country must provide infrastructure such as communication, water, electricity, gas and telecommunications during the stages of economic development

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and health. Investment in these infrastructure sectors is not within the scope of the private sector's work due to its size as well as the long time required to achieve productivity and profitability, and it is the governments that must provide them and Be active in providing civil services.

### **• Monetary, fiscal policy and budget deficit**

By applying monetary and fiscal policy, the government can influence macroeconomic variables (such as consumption, savings, investment, national production, and employment) under different economic and health conditions, and in order to achieve its goals. The economy and the health economy move like price stabilization, equitable distribution of incomes, full employment, and the growth of the economy and the health economy. Thus, the government can accelerate or reduce the growth of the economy and a healthy economy through these policies. Sometimes governments resort to deficit policies to invest in socio-economic schemes. Using this policy, the necessary investment can be made in development projects. Budget deficit policies can address recessions caused by capital shortages or aggregate demand, and affect GDP and, consequently, economic growth and the health economy.

### **• Supportive policies in the field of foreign trade**

Developing countries are usually importers of manufactured goods and exporters of raw materials. Because manufactured industrial goods are more expensive than raw materials, these countries often face a balance of payments deficit. If the balance

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of payments deficit continues continuously. They stop the economy and the health economy of developing countries. Therefore, governments should try to reduce the deficit of the balance of payments by adopting appropriate policies. Domestically, the adoption of appropriate laws to facilitate exports, aid and encourage domestic exporters, and the establishment of customs tariffs on imported goods similar to those produced domestically.

### **Kuznets modern economic growth**

Simon Kuznets (1901-1985), as a result of extensive scientific research on the economic growth of some countries, developed a new and profound understanding of the economic and social structure of development, which he called "modern economic growth".

For this reason, he won the Nobel Prize in 1971.

In his early writings, Kuznets defined "modern economic growth" as "the continual increase in per capita income or per capita output of labor, often accompanied by population growth and widespread structural change," and described these structural changes. Has done:

- Industrialization; That is, shifting from agricultural production to non-agricultural production.
- Urbanization: The process of industrialization causes people to migrate from rural to urban areas and as a result, the distribution of population between urban and rural areas changes.

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- Income status of individuals; The process of urbanization and joining different industries affects the income level of individuals and its distribution.
- Product distribution between consumption, investment and government spending.
- Cooperation and participation of countries with each other; This affects the growth of countries on each other. Thus, international growth can also be attributed to economic growth. But at the Nobel Prize ceremony, Kuznets proposed another definition for modern economic growth:

Modern economic growth is the long-term increase of production capacity in order to increase the supply of more diverse goods to the people. This capacity growth is based on advancing technology and the appropriate institutional and ideological adjustments of such technology.

This definition refers to three basic conditions that are necessary for economic growth:

- 1) Continuous increase in the supply of goods and services.
  - 2) The effect of technological progress on the growth of production efficiency of required goods.
  - 3) Adaptation of new technology to the economic and social conditions of developing countries
- According to Kuznets, raising the level of knowledge and technical innovation is a major and strategic factor in the economic development of societies. But economic growth is not achieved solely by technological change. Because technological change is in relation to social and cultural

change. Is. If these adjustments are not made, the use of technology will not be useful.

Kuznets's method of study is a historical method. In his view, the historical study of economic growth requires bilateral studies. This means that on the one hand, the internal mechanisms of economic growth in the leading society must be studied. On the other hand, it is necessary to examine how the changes that have taken place in a leading society affect the societies associated with it. He also believes that every historical age is influenced by a long process of education that should affect the attitudes that govern human behavior.

In the historical process of economic growth, due to technological change and its interaction with socio-cultural changes, the following three social contexts have been affected and developed simultaneously:

1. **Secularism:** This field has been created due to the evolution of religious beliefs. In the view of secularism, it is accepted that life on earth (the mortal world) is a short transitional stage. But the center of life on earth becomes meaningful and the spirit of capitalism opens its place.

2. **The school of human equality:** The denial of inherent differences among the human race is one of the principles of this school.

3. **Nationalism (nationalism):** Nationalism is a social and emotional claim based on the historical past and cultural heritage.

### **Characteristics of modern economic growth**