

THE ENTREPRENEURIAL FACTOR IN ECONOMIC GROWTH

Also by Harold Lydall

THE STRUCTURE OF EARNINGS
A THEORY OF INCOME DISTRIBUTION
YUGOSLAV SOCIALISM: Theory and Practice
YUGOSLAVIA IN CRISIS

The Entrepreneurial Factor in Economic Growth

Harold Lydall

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Preface

The ideas presented in this book have matured slowly – far too slowly – over a long period of time. Three strands of thought have come together. The first concerns the theory of the firm; more specifically, the concept of freedom of entry. I first attempted to clarify this in an article in *Oxford Economic Papers* in October 1955. Five years later, when I was working temporarily in India, I continued to think about the same problem, but in a more practical context, when I joined with P. N. Dhar in writing a short book on the role of small enterprises in Indian economic development. Meanwhile, I had been doing a good deal of work on the distribution of income; and this became the second strand. The work culminated in a major study of the structure of earnings, in the course of which I came to the conclusion that one of the important factors which determines the final distribution of earned income is a personal quality of ‘drive’, or ‘determination’. Subsequently, I suggested that this quality should be called ‘the D-Factor’. Although I did not recognize it at the time, it is clear that this is one of the most important qualities, if not the most important quality, possessed by successful entrepreneurs. The third strand arose out of my more recent researches into the economic system of communist Yugoslavia, from which I learned that the greatest deficiency in that system is the shortage of good entrepreneurs.

If it seems absurd that it has taken me nearly forty years to become convinced that the key factor in economic development is entrepreneurship, I can only offer the defence that there are still many economists – perhaps even the majority – who are not yet convinced of the same elementary truth. That is the reason why I have written this book.

I wish to acknowledge my indebtedness to the Oxford University Institute of Economics and Statistics for the use of their excellent library and photocopying facilities. My connection with the Institute started more than forty years ago and continues, in a small way, even now.

HAROLD LYDALL