

# **Title: Practical Knowledge and Economic Growth: A Hermeneutical Study of the Economic Growth Processes**

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## **Abstract**

New growth theories have brought the role learning and entrepreneurship in economic growth processes once again. Their attempt to formalize the role of learning in growth hides the informal relationship between growth and entrepreneurship. The inarticulate and tacit dimension of entrepreneurship and market process is the driving force behind economic growth. The use of knowledge in the market efficiently depends on the practical dimension of human action. Including this aspect into analysis will help us in connecting the micro dynamics of entrepreneurship and macro dynamics of growth.

Explaining economic growth and technological developments without any recourse to practical knowledge would necessarily mitigate the crucial role of the existence of a market system in the whole process. Reducing human action to human capital thus requires excluding a whole analysis of practical knowledge.

In this paper we discuss the role of entrepreneurship and practical knowledge in economic growth. This study begins from the Austrian theory of entrepreneurship and adds a practical dimension to entrepreneurial human action. Following the works of Martin Heidegger, we argue that what makes entrepreneurship crucial for the market and economic growth is the practical orientation of human action rather than articulate ways of thinking.

An important implication of the hermeneutical discussion is that accepting the role of the practical orientation of human action would necessarily prove the individualistic nature of entrepreneurial activity and economic growth. Any collective intervention to this process will create an environment where interpretation and economic growth more costly.

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