

# Economic globalization, institutions and development

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Propositions Accompanying the PhD Dissertation

## **Economic Globalization, Institutions and Development: Essays on Aid, Foreign Direct Investment and Trade**

By: HASSEN ABDA WAKO

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- I. Aggregate aid from 'traditional' donors has robust negative institutional effect, and negative to no direct growth effect; these, together with the robust positive effect of institutional quality on growth, establish robust negative overall effect of aid on growth. Chinese aid has a negative institutional effect but a favorable growth effect. (Chapter 2)
2. The heterogeneity found both in the effectiveness of aid from various donors and in donor behavior suggest that the future of aid would benefit more from focusing on quality – particularly, specialization and donor alignment. (Chapter 2)
3. Efforts to attract FDI should internalize the need to strike the right balance between its positive growth effect and its undesirable deindustrializing and institutional effects. (Chapter 3)
4. Institutional quality is a robust source of comparative advantage: better institutions not only improve the probability of exporting contract-intensive products (the extensive margin) but also enhance the volume of export conditional on exporting (the intensive margin). This is robust to the use of alternative definitions of the margins. (Chapter 4)
5. In the case of developing countries, improvements in institutional quality seem to lead them to concentrate on exporting fewer contract-intensive varieties to the more developed world but may at the same time allow them to experience institutional comparative advantage in trading with each other. (Chapter 4)
6. Estimates of illicit financial flows from Sub-Saharan Africa range from around 150% to 300% of what the region receives in the form of official development assistance (ODA).
7. "For every complex problem there is an answer that is clear, simple, and wrong." H. L. Mencken
8. "Power concedes nothing without a demand. It never did and it never will." Frederick Douglass
9. "He who feeds you, controls you." Thomas Sankara
10. "Your future depends on many things, but mostly on you." Frank Tyge
- II. "Education is the passport to the future, for tomorrow belongs to those who prepare for it today." Malcolm X