

Empirical studies on institutions, policies and economic development

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PROPOSITIONS ACCOMPANYING THE THESIS
EMPIRICAL STUDIES ON INSTITUTIONS, POLICIES AND ECONOMIC DEVELOPMENT

BY KRISTINE FARLA

1. The development of formal property rights, contracting, and competition institutions is positively related to the level of credit to the private sector as a ratio to GDP. [Chapter 2, thesis].
2. There is a positive correlation between the implementation of policy supporting industrial development and policy supporting free-market development; empirical evidence suggests that the former has a clear positive impact on economic growth and the latter not. [Chapter 3, thesis].
3. In developing countries, overall investment levels are higher as a result of foreign investors. At the same time, it may be that (possibly as a result of rent seeking behavior) foreign investors have preferential access to investment opportunities. [Chapter 4, thesis].
4. Institutions, policy and other macroeconomic influences are important determinants of investment behaviour. However, it appears that, in comparison to macroeconomic influences, firm-specific determinants have a relatively large impact on firms' investment. [Chapter 5, thesis].
5. 'Too much' is never good. However, when financial deepening stimulates investment in the real economy, it is likely that there is a positive relation between financial deepening and economic growth.
6. Arguably, support for technology and innovation is becoming an increasingly *experimental* part of countries' industrial policy package.
7. Ideas such as 'good enough governance' and 'second best institutions' are related to the idea of accepting (tolerable levels of) rent seeking.
8. Sometimes policy based evidence is mistaken for evidence based policy.
9. A major determinant of the degree of popularity of workshops, conferences and summer schools is geographical location.
10. There are times and places where the most important matter is model convergence.
11. The sandwich lunch is a good quick fix but it is not an optimal solution.