Government Expenditure Foreign Direct Investment And

Technological change has a positive role on Indonesian economic growth. Furthermore, foreign direct investment (FDI) as the means of technological transfer also has a positive role on Indonesian economic growth. This study investigates four inherently interconnected issues: the growth rates of output and inputs and also differences between sectors; the role of technological change on economic growth; government policies toward supporting economic growth; and the role of FDI on economic growth. The central research issue is on exploring the contribution of technological change on Indonesian economic growth. By modeling the role of technological change as a Malmquist index as applied by Coelli et al. (1998) and the role of FDI on economic growth, this study investigates the role of technological change and FDI on Indonesian economic growth. Using time series data for the period of 1971-2005 for Indonesia, the results show that Indonesian economic growth fluctuates over time, meanwhile labor fluctuates less compared to capital. So far, foreign direct investment (FDI) inflow shows broadly fluctuation over time. The role of technological change was analyzed using Data Envelopment Analysis (DEA)-like Malmquist index as applied by Coelli et al. (1998). The analysis was broken by the economic sectors in Indonesia and also by incorporating undesirable CO2 emission output. The results show that agriculture sector has consistently technological progress for the years of 1998-2004. In addition, manufacturing, and transportation & communication sectors show mostly technological progress over the years of analysis (1992-2004). The other sectors also show technological progress in some respective years. Furthermore, mining sector has been found as the benchmark for the other sectors in the efficiency analysis. With the efficiency change always one for all the years of the analysis mining has been very efficient sector over the years. Generally, all of the economic sectors have shown efficiency improvement after the economic crisis (Asian crisis), some of them have been efficient after the year 2000. Meanwhile, the regression results based on the FDI model applied by Tang et al. (2008) shows that FDI has a cointegration on Indonesian economic growth for the time of analysis. Nevertheless, the long-run relationship was found not significant as the result of broadly variations in FDI inflow for Indonesia. On the other hand some control variables show significant long-run relationship with Indonesian economic growth. The major policy implications are that the government policies in supporting technological change and economic growth in Indonesia are on the right track. So far, the government has released a number of favorable policies. Nevertheless, the government policies on generating public research and development (R&D;) found still not favorable. In the future, government should put more attentions on spending more on R&D; and also education sector in better supporting technological progress and economic growth in Indonesia.

Thesis (M.A.) from the year 2016 in the subject Economics - Case Scenarios, grade: 3.89, , language: English, abstract: The main objective of this study is to investigate the macroeconomic determinants of economic growth in Ethiopia from 1974-2014. A Vector Error Correction Model (VECM) to cointegration approach is applied in order to investigate the long run and short run relationship between real GDP and its macroeconomic determinants. The finding of the cointegration test shows that there is a stable long run relationship between real GDP, gross domestic saving, labor, human capital, export, FDI, foreign aid and external debt. The long run empirical result reveals gross domestic saving, human capital proxied by government expenditure on health and education, and labor force have positive and significant relationship with real output. However export and real GDP have positive but insignificant relationship. External debt, foreign aid and FDI have negatively significant relationship with real GDP during the study period. The short run dynamic results shows that human capital, saving
and FDI have positive relationship with output growth whereas labor, export, aid and external debt have negative relationship with Real GDP. The coefficient of equilibrating error term (ECM) suggests that the speed of adjustment (feedback effect towards the long run equilibrium) takes few years for full adjustment when there is a shock in the system. In order to sustain long run growth the government or policy makers should design appropriate policies that results in the efficient use of resources contributing to economic growth and proper management of variables resulting to negative growth in order to reverse their effect on output. Offers an analysis of economic progress in 28 countries from central Europe to central Asia. This describes the emergence of global pressures on prices, the tensions created by this and how policy-makers can respond to them. Includes a review of the emergence of global pressure on prices and liquidity in recent years and as a consequence the creation of short-term uncertainties. Reports on the tensions arising from the global strain on prices and how policy-makers should respond. Examines the longer-term challenges to sustaining economic growth. Analysis reveals how growth prospects are driven by fundamental factors such as human capital, market competition and physical infrastructure. Outlines the need for countries to diversify production and trade to sustain growth. Country-by-country assessments of the latest progress in structural reform and macroeconomic developments. Analysis is complemented by detailed economic data covering GDP, inflation, government expenditure and foreign direct investment.

This book provides a detailed overview and analysis of key macroeconomics variables in Sierra Leone from 1980 to 2015. Like Sierra Leone and Ghana, many nations depend primarily on taxation as a means of galvanizing the required resources needed to meet public expenditure requirements. As a result, it is critical to study how fiscal variables change and how private investment can improve life for everyone. Dr. Ezekiel K. Duramany-Lakkoh, dean of the faculty at University of Sierra Leone, explores Sierra Leone’s fiscal policy and how it’s changed over time in this academic work. Topics include: • economic growth beginning in 2010; • social and economic reform programs; • monetary policy and its effect on inflation; • external and domestic debt management. The author also highlights how government spending has influenced private investment at home and abroad—as well as how a re-established political order has contributed to impressive growth. Whether you do business in Sierra Leone, want to do business there, have a connection to the country, or are a citizen or native, you’ll find valuable insights in this book.

Republic of LithuaniaSelected Issues and Statistical AppendixInternational Monetary Fund

The South Asia Economic Focus is a biannual economic update presenting recent economic developments and a near term economic outlook for South Asia. It includes a Focus section presenting more in depth analysis of an economic topic of relevance for stability, growth and prosperity in the region as well as country briefs covering Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. It concludes with a data section providing key economic indicators for South Asia "at a glance". Overall, it aims at providing important background information and timely analysis of key indicators and economic and financial developments of relevance to World Bank Group operations and interaction with counterparts in the region, particularly during annual and spring meeting.

Does economic size matter for economic development outcomes? If so are current policies adequately addressing the role of size in the development process? Using working age population as a proxy for country size, Open and Nimble, systematically analyzes what makes small economies unique. Small economies are not necessarily prone to underdevelopment and in fact can achieve very high income levels. Small economies, however, do tend to be highly open to both international trade and foreign direct investment, have highly
specialized export structures, and have large government expenditures relative to their Gross Domestic Product. The export structures of small economies are concentrated in a few products or services and in a small number of export destinations. In turn, this export concentration is associated with terms of trade volatility, which combined with high exposure to international trade, implies that small economies tend to face more volatility on average as external volatility permeates national economic life. Yet small economies tend to compensate for their export concentration by being nimble in the sense of being able to change their production and export structure relatively quickly over time. Moreover, limited territory plays a role in shaping how economies are affected by natural disasters, even when the probability of facing such disasters is not necessarily higher among small than among large economies. The combination of large governments with macroeconomic volatility seems to be associated with low national savings rates in small economies. This combination could be a challenge for long-term growth if productivity growth and foreign investment do not compensate for low domestic savings. The book finishes with some thoughts on how policy makers can respond to these issues through coordinated investments and regional integration efforts, as well as fiscal policy reforms aimed at both increasing public savings and conducting countercyclical fiscal policies.

The report reviews lessons from the International Finance Corporation's (IFC) investment, and advisory experience in the developing world, which show the interactions between policy frameworks, and the volume and structure of foreign direct investments (FDI). Case studies show how the Corporation promotes successful project structures, and regulatory changes, as it tries to attain the strongest development impact for investments. In developing countries, FDI has flowed mainly into manufacturing, and processing industries. In the past, investment attractiveness had been closely linked to possession of natural resources, or a large domestic market, while production and trade globalization, competitiveness as a location for investment, and exporting, have become the main determinants of attractiveness. Sources of FDI in the past, came almost exclusively from industrial countries, though recently those sources have widened, emerging from developing countries in their own right, and for their own regions. IFC, as an international initiative to promote FDI in developing countries, is liable to promote bilateral trade agreements, bilateral and multilateral financial institutions, and investment promotion programs; its advisory role may vary from diagnostic studies overviewing constraints to FDI, to investment policy studies giving specific solutions on either changes, or strategies. The study further looks at how policy environment is set, and at finding investor opportunities, through project financing, largely structured as joint ventures. The inherent, fragile nature of joint ventures, restricts foreign ownership, thus limiting project structures; however, careful project design has lead to successful operations, by ensuring management, and financial arrangements. Still, to maximize benefits, an unfinished agenda of policy reform remains, and, as more countries open to FDI,
this integration will lead to an overall increase in FDI flows. First published in 1999, this volume recognised how widespread attention has been given to charting how the global rise in investment flows has caused numerous changes in the operation of economies – such as the globalisation of production and increasing international economic interdependency. Less research has been made on the role of government policy in promoting FDI. This book, based on a report for the OECD Development Centre, examines the rising competition between European governments to attract mobile investment projects and its impact on the use of different policy areas to influence FDI decisions.

This Selected Issues paper and Statistical Appendix analyzes four issues relevant to the achievement of high-quality economic growth in Lithuania, namely the composition of government expenditure, financial sector development, foreign direct investment, and entry and exit of commercial enterprises. The paper reviews the composition of public expenditure and draws some comparison with other countries in the region. A discussion of the reforms to date in the area of public expenditure management is presented. The paper also highlights the possible pressures for additional expenditure in a number of areas. This report seeks to discuss the critical constraints to sustainable, job-creating growth, and to present policy options for the region and country Governments to stimulate such growth. It analyzes growth performance in the Caribbean over the last four decades, and highlights key determinants of past and also future growth. Given the recent deterioration in government finances, the report then studies key areas of government expenditure. A discussion of the climate for private investment follows, which looks at the framework that shapes the risks and returns for private investment. The report then discusses the impact of recent trade developments on the Caribbean, the future outlook in view of major ongoing changes in the international environment, as well as the opportunities that are likely to emerge, especially in the services sector. It then focuses on some key factors that have been significant in determining past growth in the Caribbean, including labor market issues; education, skill development and training; and, infrastructure. The report suggests a pro-active approach for the region to take on the challenges of a group of small states, facing severe resource constraints, eroding trade preferences, declining productivity, and increasing risk of macro instability. First, it argues that greater integration within the CARICOM region on several fronts will be a critical input into improving competitiveness. Second, on trade, the report argues that a negotiation of an orderly dismantling of preferences in return for increased technical and financial support would be in the region’s interest. Third, improving the investment climate, and orienting it away from being subsidy-driven, addressing problems of high taxes and inefficient customs procedures, as well as specific infrastructure deficiencies, would help improve the quality of private investment and maintain the high levels of Foreign Direct Investment (FDI). Fourth, making the public
sector more cost-effective and delivering services more efficiently, through greater reliance on the private sector, seeking cost efficiencies through regional cooperation. Fifth, improving the quality and effectiveness of human resources would enable diversification into knowledge-based activities including services, increase exports, and improve productivity in existing activities. Deals with the determinants of the aggregate private investment expenditures. Discusses theoretical foundation of the estimating equations. Investigates disaggregate investment behaviour by sector of production. Analyzes the factors determining foreign direct investment both on aggregate and sectoral levels. This book entitled 2017 Annual Competitiveness Analysis and Impact of Exchange Rates on Foreign Direct Investment Inflows to Sub-National Economies of India is the fifth edition of the Asia Competitiveness Institute’s flagship analysis of competitiveness covering the sub-national economies of India. The research in this study comes from an effort to recognise the heterogeneity of India and how the variations in the dynamics of competitiveness pan out at the sub-national level. Based on rigorous methodological foundations, the competitiveness study possesses several distinguishing features. First, the competitiveness index is constructed from a holistic set of 75 indicators spanning four different dimensions encompassing (1) macroeconomic stability, (2) government and institutional setting, (3) financial, business and manpower conditions, and (4) quality of life and infrastructure development, which carry equal weights. Second, the Shapley Values approach is used to construct alternative weights for the competitiveness index. Such approach measures the marginal contribution of a particular indicator used in the analysis and is embedded in solid mathematical and theoretical foundations. This serves as a robustness check to the Equal Weights approach. Third, the analysis includes a What-if competitiveness simulation exercise to identify the specific policy areas that each sub-national economy must focus on to improve its rankings. Intrinsically tied to the notion of competitiveness is the issue of maintaining a competitive exchange rate. Using real effective exchange rates as a proxy for competitiveness, this book also undertakes an empirical investigation of the impact of real exchange rates on foreign direct investment inflows at the sub-national level in India. This edition is recommended for academics, undergraduate and graduate students, and professionals interested in India’s economic development. This book presents fifteen papers selected from the papers read at the 53rd Congress of the International Institute of Public Finance held at Kyoto, Japan, in August 1997. Although organized under the general title of Public Finance and Public Investment, the Congress covered a wide range of topics in Public Finance. One of the highlights of the Congress was a historic and brilliant debate between two of the greatest living authorities in the area of public finance, Professors James M. Buchanan and Richard A. Musgrave, on the nature of the welfare state and its future. Part I of this book is concerned with this debate and its empirical counterpart. James M. Buchanan (Chapter 1) warns that the welfare state will be unsustainable unless it preserves generality or at least quasi generality in welfare programs. The introduction of overt discrimination in welfare programs through means testing and targeting can only diminish public support. He argues that a political version of the “tragedy of commons” will emerge if and when identifiable interest groups recognize the prospects of particularized gains as promised.
by discriminatory tax or transfer payments. Faced with mounting pressure from entitlement-like claims of special interest groups against public revenues on one hand and equally strong pressure against further tax burdens on the other, political leaders are attracted to solutions that single out the most vulnerable targets. Distributional disagreement among classes will then become a major source of political discourse and an impetus for class conflict.

Public investment is key to growth in developing oil-exporting countries and oil revenue is an important source of finance for public investment. Assessing the growth impact of public investment in Iran under various investment scaling-up (gradual, aggressive, and conservative) and oil price (baseline and adverse) scenarios, this paper shows that because of absorptive capacity constraint and investment inefficiency the growth outcome of an aggressive investment scaling-up is not significantly different from a conservative or a gradual scenario while its costs, in terms of fiscal adjustment, are significantly higher, especially during low oil price periods. An improvement in investment efficiency has a significant positive impact on growth outcome and leads to higher private consumption and investment. Using an oil fund, on the other hand, can help contain the size of fiscal adjustments, although it would result in a larger appreciation of real exchange rate and deterioration in the current account balance.

The flows of world foreign direct investment (FDI) have been increasing; however, there has been a shift in the inflows of FDI from developed to developing countries. The shift raises questions on the factors that have attracted the inflows of FDI despite the benefits believed to be brought by FDI on the host economy. Thus, the objectives of this study are to examine determinants of inward flows of FDI, determine the impact of FDI on economic growth and examine the impact of FDI on employment, particularly in Malaysia. In examining the determinants of FDI, this study employed the bounds test (ARDL) approach for the study period between 1970 to 2009. Results indicate the existence of co-integration relationships among underlying variables. Trade openness and exchange rates are found to be the most robust and consistent variables in the short run and long run. Trade openness is found to be positive and significant, while exchange rates are found to be negative and significant in influencing the inward flows of FDI. In determining the impact of FDI on economic growth, this study utilized the Johansen-Juselius VECM approach for the period between 1970 to 2012. Based on the model which comprised of real GDP, FDI, trade openness and government development expenditure, this study proves the existence of a long run relationship among the variables with FDI and trade openness exert a positive and significant influence on the Malaysian economic growth. Finally, in examining the impact of FDI on the Malaysian employment condition, this study applied a panel data analysis of pooled, random and fixed effects models. The underlying variables are employment, FDI, real wages and gross output of five different sub-sectors for the period between 2000 to 2010. Results of robust fixed effects indicate that only the gross output is positive and significant in influencing employment.

This study empirically examines the relationship between foreign direct investment and economic growth in South America using panel data for the period 1970-2013. The variables used in the study include real GDP, real foreign direct investment, real gross capital formation, real openness, real government consumption expenditure, index of human capital and labor force participation rate. The data were obtained from World
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Bank, UNCTAD and Penn Table. Ten out of twelve countries were included in the study. The study employs cointegration test and vector error correction analysis as the estimation technique. The evidence indicates that there is a positive and statistically significant long-run relationship between foreign direct investment and GDP. Additionally, the results reveal a bidirectional Granger causality between foreign direct investment and GDP in the short-run. The conclusion is that increases in FDI inflows translate to economic growth in South America. Also, in the short-run, there is a two-way causation between foreign direct investment and economic growth. The study recommends that incentives should continuously be offered by the countries in South America to attract FDI. Additionally, the region should strengthen its legal framework regulating foreign investment as this will create a conducive investment environment to attract FDI.

This volume probes the interactions between domestic and international political economies, and inquires about their effects in different regional and national contexts. The contributors seek to identify persistent patterns as well as changing trends in regard to these important questions of theory and policy by applying systematic cross-national analyses.

"Aid is good for the poor. This paper uses detailed aid data spanning 60 developing countries over the past two decades to show that social aid significantly and directly benefits the poorest in society, while economic aid increases the income of the poor through growth. This new and unequivocal finding distinguishes the current study from past studies that only utilized aggregate aid data and returned ambiguous results. The paper also confirms that none of the elements of globalization (trade, foreign direct investment, remittances), policies (government expenditure, inflation management), institutional quality, nor other plausibly pro-poor factors have systematic effects on the poor or any other income group, beyond their effects on average incomes. The paper finds that trade and foreign direct investment tend to benefit the richest segments of society more than other income groups. Therefore, the presented evidence suggests that aid can play a crucial role in enabling the poor to benefit more from globalization. These discoveries underscore the need to assist developing countries to find the mix of economic and social aid that jointly promotes the participation of the poor in the development process under globalization. In this manner, aid can make greater strides in spurring development"--Abstract.

This project discusses the phenomenon of corruption, its causes and consequences. In particular, it assesses the negative effects of corruption on a number of variables including economic growth. Corruption and economic growth constitute a circle where economic growth has a positive effect on employment and education therefore increasing the awareness level, thus decreasing the corruption level. On the other hand, a low corruption level affects positively the foreign direct investment rate and consequently increases the economic growth. A review of the corruption literature reveals the increasing recognition of the adverse effects of corruption on growth. In fact, empirical evidence suggests that corruption increases the tax evasion rates, decreases foreign direct investment and distorts the government expenditure's composition. The present research helps provide a better understanding of the impact of corruption on economic growth in Lebanon and suggests an anticorruption project based on recommendations extracted from the successful Romanian case. The results of the study show that one standard deviation improvement in the corruption level leads to four percentage point increase in economic growth. Also, a suggested anticorruption project must make use of international expertise in order to prevent political interference.

This report provides the details of the IMF's projections and estimates on Estonia's basic data; gross domestic product by expenditure, origin, and income approach; real gross domestic
product by origin; employment by sector; balance of payments; foreign direct investment inflows and outflows by countries; foreign direct investment outflows and inflows by sectors during 1996–2000; maturity and currency composition of deposits and loans; general government revenue and expenditure during 1996–2001; gross external debt; foreign assets; net external debt during 1997–2000, and so on.

Gross domestic product (GDP) growth is expected to have fallen sharply in 2017 to a projected -1.8 percent from 5.3 percent the year before. This contraction is driven by a reversal of trend in government spending. In the last six months, the political impasse has worsened, with the President declaring a ‘serious institutional crisis’ and dissolving Parliament in January 2018. The current government has not been able to pass its rectification budget for 2017 nor a budget for 2018 to date. The resulting tight budget envelope has led to a sharp reduction in government expenditure of some 24 percent year-on-year, especially felt in the last three months of the year. With government expenditure making up about 75 percent of GDP, weakening expenditure has had a significant downwards impact on growth in 2017. Offshore petroleum production has continued to gradually decline over 2017 as existing fields are steadily depleted, while coffee exports were lower in 2017 due to poor weather conditions. International arrivals by air continued to grow, suggesting that the international visitor market has held up. Private consumption has been more robust in 2017, but investment, both public and private, has declined and foreign direct investment (FDI) has dried up. There remains an urgent long-term agenda of development in Timor-Leste which a new government program could focus on. Key priority reform areas include addressing the multi-sectoral challenge of severe malnutrition, improving systems of public service delivery, supporting a broadening and diversification of the economy, and putting environmental and fiscal management back on a sustainable path. Existing fiscal reserves provide a golden opportunity to achieve these reforms, but only if they are utilized to support a transition to a long-term sustainable economic and fiscal model.

Master's Thesis from the year 2019 in the subject Economics - Case Scenarios, University of Lusaka (University of Lusaka UNILUS), course: Economics and Finance, language: English, abstract: This research study has analyzed the effects of foreign aid in promoting economic growth in Zambia. The study used available data in Zambia from 1986 – 2018. The study adopted the ARDL model for investigating the short and long time relationship between foreign aid and Gross Domestic Product GDP. The hypothesis of foreign aid having an effect on economic growth was explored and examined. This study sought to archive the following objectives: To establish whether there is a connection between foreign aid and economic growth in Zambia and determine whether foreign aid significantly contributed to Zambia’s economic growth in the period under review. For policy implications, this study also analyzed the determinant of economic growth in Zambia over the same period. The results clearly revealed a positive relationship between foreign aid and Zambia’s economic growth in a given period that was under investigation. The findings in this study affirm that foreign aid may be important in promoting economic growth. This study also asserts that foreign aid may be effective in improving the quality and lives of people if used effectively. Thus, the outcome of this study recommends that foreign aid be directed towards the promotion of investment because its proper use can promote and boosts the country’s economic growth. For policy implications, this study also found that independent variables such as Foreign Direct Investment FDI, Population Growth, Government Expenditure and Consumer Price Index as important and determinants of economic growth in Zambia over the same period. Thus, this study found that important drivers of economic growth included foreign aid inflow, population growth, investment whilst government expenditure and inflation affected GDP negatively, thus their impact was insignificant and negligible. This study furthers found efficiency and effectiveness of programs by government supported by foreign aid being effective to promote
growth, hence, the reason why it is important for traditional donors to support government in many sectors.

Doctoral Thesis / Dissertation from the year 2016 in the subject Business economics - Investment and Finance, , course: Public Administration, language: English, abstract: The study examined foreign direct investment (FDI): a panacea to national economic development. The objectives set for the study are; to determine the causes of the Nigerian economic downturn, to ascertain the effects of foreign direct investment, to suggest measures that would be taken to accelerate the economic development of Nigeria. Primary and secondary data were used; the population of the study was 1200 from which the sample sizes of 400 were determined using Taro Yamani’s formula. The research instruments used were questionnaire and oral interview. The reliability of the research instruments was tested using Pearson Product moment correlation coefficient; the result gave a reliability index of 0.98 indicating a high degree of consistency. Chi-square and ANOVA approach were the statistical tools used. The findings from the study reveals that, decline in oil prices and revenue, increase government expenditure and decline in market indices are the challenges posed by economic downturn in Nigeria; consumption-based economy, poor savings, high credit culture and huge financial outflow are the causes of the economic crises in Nigeria; reduction in direct foreign investment and overseas development assistance are the effects of economic crisis to Nigeria and finally, diversification of the economy, robust regulatory policies and professional supervision to aid foreign direct investment in Nigeria. Based on the findings, the researcher made the following recommendation: Nigeria should adopt tough policy measures as effective strategies towards a comprehensive strengthening of the economy, government should ensure that policy recommendations are implemented in order to reposition the Nigerian economy against the impact of future economic downturn, government should create enabling environment to attract foreign investors in order to boost economic activities in the country. Finally, government needs to sincerely focus on developing/strengthening the economy and provide alternative sources of revenue on a sustained basis.

This report assesses recent macroeconomic developments in central eastern Europe and the Baltic states(CEB), south-eastern Europe (SEE) and the Commonwealth of Independent States (CIS). It updates the assessment made in November 2005 (ISBN 1898802300) and provides an outlook for 2006. This report focuses on the flow of remittances from workers living abroad, which have become an important source of capital in many transition countries, particularly in the Western Balkans and the poorest countries of the CIS.

Analyses the impact of ICTs on economic development. Offers panel studies on various issues facing developing countries, such as education, corruption, economic growth, government expenditure, financial inclusion, foreign direct investment, infrastructure, economic and social welfare, and inequality.

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