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AUTHORS AND/OR EDITORS

Víctor Giménez

Diego Prior

Emili Tortosa-Ausina

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Abstract

As is well established (Robinson and Acemoglu, 2012), the economic performance of countries depends on the level of quality of its institutions. Referring to the economic performance, this paper establishes the aggregate efficiency of 133 countries in the generation of GDP by using the production theory framework and considering the participation of human as well as physical capital. Additionally, it is analyzed to what extent the aggregated performance depends on the level of quality and effectiveness of the subsequent national public institutions. It is also determined whether or not the size of the public expending, and its level of efficiency, have an impact on the rate of economic growth. To conclude, the conditions to favor the public expending as a driver for economic growth are determined. After a general overview, the specific situation of Colombia is analyzed. The results confirm the importance of the quality of the institutions on the respective levels of efficiency. It is also verified how the level of efficiency is a key factor to obtain economic growth from the public spending.