

UNIVERSIDADE TÉCNICA DE LISBOA
INSTITUTO SUPERIOR DE ECONOMIA E GESTÃO

MESTRADO EM: Economia

AJUDA PÚBLICA AO DESENVOLVIMENTO

E

CRESCIMENTO ECONÓMICO

Estudos Cross-Country da Relação Ajuda-Crescimento

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Junho/2002

ABSTRACT

This dissertation focuses on macro studies regarding aid effectiveness, in which its authors make empirical analyses between countries in order to estimate the impact of aid on the growth of developing countries. In the several cross-country studies carried out until the middle of the 90's, the macro evidence of a positive and statistically significant aid-growth relationship was, to say the least, ambiguous. The clear-sightedness of micro analyses, as alternative to macro analyses, originated the idea of a micro-macro paradox.

The theory underlying the first and second generations of cross-country studies (Harrod-Domar growth model for an open economy) and, most of all, some methodological and econometric procedures on those studies, were the most common reasons pointed out as the explanation for inconclusive results. The new empirical literature on aid, with its advances in theory and method, achieve the macro results foreseen by those in favour of aid and, therefore, the micro-macro paradox ceases to exist. On Hansen and Tarp's detailed survey (2000), these authors conclude that, in spite of the theoretical and methodological limitations of the first and second generations of cross-country studies, in more than one hundred regressions selected from the empirical literature, the number of cases favouring aid effectiveness is prevalent. So, the micro-macro paradox, in force until then, should be undervalued.

Our empirical study provides further contribution to the empirical cross-country literature, placing itself among the studies favouring macro aid effectiveness. We aim at introducing some improvements in the methodological and econometric procedures of studies that start from the Harrod-Domar growth model, concluding that, in spite of the model's simplicity, aid is expected to make a positive and statistically significant contribution for the growth of developing countries.

Key words: foreign aid; economic growth; developing countries; cross-country studies; growth models; models with panel data.