

DO STOCK MARKETS PROMOTE ECONOMIC GROWTH?*

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Abstract. One of the most enduring debates in economics is whether financial development causes economic growth or whether it is a consequence of increased economic activity. Little research into this question, however, has used a true causality framework. This paper fills this lacuna by using Granger-causality tests and finds little evidence of a causal relationship going from stock market development to economic growth. We do find evidence that stock market development can cause currency appreciation, which may confound studies that use dollar denominated measures of economic growth.

Keywords: stock market, financial development, economic growth, Granger causality.

JEL classification: G00, G14, O16, F36.

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Abstrakt

Jednou z důležitých ekonomických otázek je zda-li rozvoj finančního sektoru ovlivňuje ekonomický růst, nebo jestli je pouze následkem zvýšené ekonomické aktivity. Tento článek se snaží vyplnit mezeru v současném výzkumu těchto kauzálních vztahů. Pomocí Grangerova testu na kauzalitu je empiricky prokázán pozitivní a signifikantní kauzální vazba od rozvoje kapitálového trhu k ekonomickému růstu, zvláště pro méně rozvinuté země.