

Financial Institutions and Economic Growth

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This paper examines the threshold effects associated with the initial financial development and level of education, and the level of openness. It is clearly shown in Berthelemy and Varoudakis (1995, 1996)'s investigation that there are the existences of multiple steady-states associated with financial and educational development. We, on top of that, carry out Chow tests associated with MY_{1960} , SEC_{1960} , $OPEN$ across the entire sample of 86 countries in the same way as Berthelemy and Varoudakis (1995, 1996)' approach. We hope to make clear whether their procedure is not robust and it is reasonable to suppose that there may be probabilities of the existence of multiple steady-states associated with other factors of economies. Over and above that we present another data-analysis tool which is CART (classification and regression trees). We show that classifying 86 countries into four groups is intelligent and sensible application for the data structure by CART.