Too much finance? (Ref. SoSS-2020-005)
Supervisory team: Prof. David Cobham & Dr Robert Mochrie

Research on the relationship between financial development and economic growth, particularly over the last 20-30 years, has led to a consensus that financial development contributes to growth. In the last few years, however, researchers have found that when financial development exceeds some threshold level it appears to have negative implications for growth. The aim of this project is to examine this finding critically, using different estimation techniques and different measures of financial development, and then to focus on the possible micro-foundations for the result. See: Arcand, J-L. et al., 'Too much finance?', Journal of Economic Growth (2015); Cecchetti, S., and Kharroubi, E., 'Why Does Credit Growth Crowd Out Real Economic Growth?' Manchester School (2019); Cournède, B., and Denk, O., 'Finance and economic growth in OECD and G20 countries', OECD Working Paper 1223; Sahay, R., et al., 'Rethinking financial deepening: stability and growth in emerging markets', IMF Staff Discussion Note 2015/08

Applicants for this project should have an MSc in Economics (or a closely related area).

For informal enquiries, please contact Prof. David Cobham (d.cobham@hw.ac.uk)

When submitting your application for this project area, please select the option ‘Economics, PhD’ from the drop-down list on the online application system.