

Pablo Selaya

"Empirical Studies on Growth and Comparative Development"

The thesis consists of five self-contained chapters. Chapter 1 shows that a higher frequency of lightning strikes is negatively correlated with IT diffusion and economic growth across US states. Lightning strikes create power disruptions that reduce longevity of digital equipment and slow down IT diffusion. Hence, macroeconomic sensitivity to this particular feature of climate may be due to the increasing importance of digital technologies for the growth process. Chapter 2 uses lightning frequency as an instrument for computer and Internet use, and shows that diffusion in the use of this type of technologies has contributed to alleviating corruption across countries and US states. Chapter 3 studies the impact of development aid on bureaucratic quality. It identifies a negative effect from aid given as grants and support to the general budget, as compared to an insignificant effect from aid given as loans and support to specific public projects. Chapter 4 investigates the relationship between aid and Foreign Direct Investment (FDI), and shows that aid attracts FDI if it is invested in complementary inputs (like public infrastructure or human capital investments), whereas aid crowds FDI out if it is invested in pure capital goods. Chapter 5 analyzes the extent to which development aid flows give rise to currency overvaluation and lead to a loss of export competitiveness. Results show positive effects of aid on labour productivity at recipient countries' tradable and non tradable sectors. The paper thus finds no empirical support for the idea that aid reduces export competitiveness in developing countries.