

[Home](#) > [Economic Theory](#) > Article

# The evolution of debt and equity markets in economic development

| Article | Published: October 1998

| Volume 12, pages 519–560, (1998) [Cite this article](#)[Economic Theory](#)[Aims and scope](#) →[Submit manuscript](#) →[John H. Boyd<sup>1</sup>](#) & [Bruce D. Smith<sup>2</sup>](#) **1024** Accesses **175** Citations **20** Altmetric **1** Mention [Explore all metrics](#) →

## Summary.

As noted by Gurley and Shaw, there is a typical pattern of economic development in which the evolution of the financial system is an essential aspect of the growth process. We focus on one component of this evolution: the increasing importance of equity markets as an economy grows. We develop a growth model where capital accumulation is financed externally through a combination of debt and equity. We illustrate why equity market activity might grow – often very rapidly – as an economy develops. We also illustrate why access to equity markets may not be needed in the early stages of economic development.

## Access this article

[Log in via an institution](#) →

[Buy article PDF 39,95 €](#)

Price includes VAT (Poland)

Instant access to the full article PDF.

Rent this article via [DeepDyve](#) 

[Institutional subscriptions](#) →

## Similar content being viewed by others



**Corporate Finance and Financial Development: An Introduction**

Chapter | © 2022



**After the Credit Crunch: Long-Term Finance for Economic Growth**

Chapter | © 2015



**Equity and Debt Financing Strategies to Fuel Global Business Operations During Crisis**

Chapter | © 2017

## Author information

### Authors and Affiliations

**Finance Department, University of Minnesota, Minneapolis, MN 55455, USA (e-mail: [jboyd@csom.umn.edu](mailto:jboyd@csom.umn.edu)), , , , , , US**

John H. Boyd

**Department of Economics, University of Texas at Austin, Austin, TX 78712, USA (e-mail: [bsmith@eco.utexas.edu](mailto:bsmith@eco.utexas.edu)), , , , , , US**

Bruce D. Smith

# Additional information

---

Received: December 30, 1997; revised version: May 26, 1998

## Rights and permissions

---

[Reprints and permissions](#)

## About this article

---

### Cite this article

Boyd, J., Smith, B. The evolution of debt and equity markets in economic development. *Economic Theory* **12**, 519–560 (1998). <https://doi.org/10.1007/s001990050234>

Issue Date

October 1998

DOI

<https://doi.org/10.1007/s001990050234>

[Keywords and Phrases: Finance](#)

[Growth](#)

[Development.](#)

[JEL Classification Numbers: E13](#)

[E44](#)

[E50](#)

[G20](#)

[O16.](#)

## Search

Search by keyword or author



## Navigation

**Find a journal**

---

**Publish with us**

---

**Track your research**

---

