

Financial Liberalisation and Economic Development: An Assessment

Paul Auerbach, Jalal Uddin Siddiki

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Abstract

Abstract. The financial sector has always played a central role in economic development, but analysis of its precise role has been hampered by the emphasis on 'real' factors in the main stream of economic thought and the static nature of financial theory. Empirical studies confirm the importance of finance to economic development, but are indecisive on the efficaciousness of the widely advocated policies associated with financial liberalisation. To be successful, strategies for financial liberalisation must deal with problems generated by asymmetric information and have policies to promote competition, the disclosure of information and the maintenance of governmental integrity.

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