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Chapter

Macro-level analysis

Basic determinants of growth

Education

Innovation

Deregulation and investment

Policy and institutional determinants of growth

Inflation

Fiscal policy

International trade

The financial system

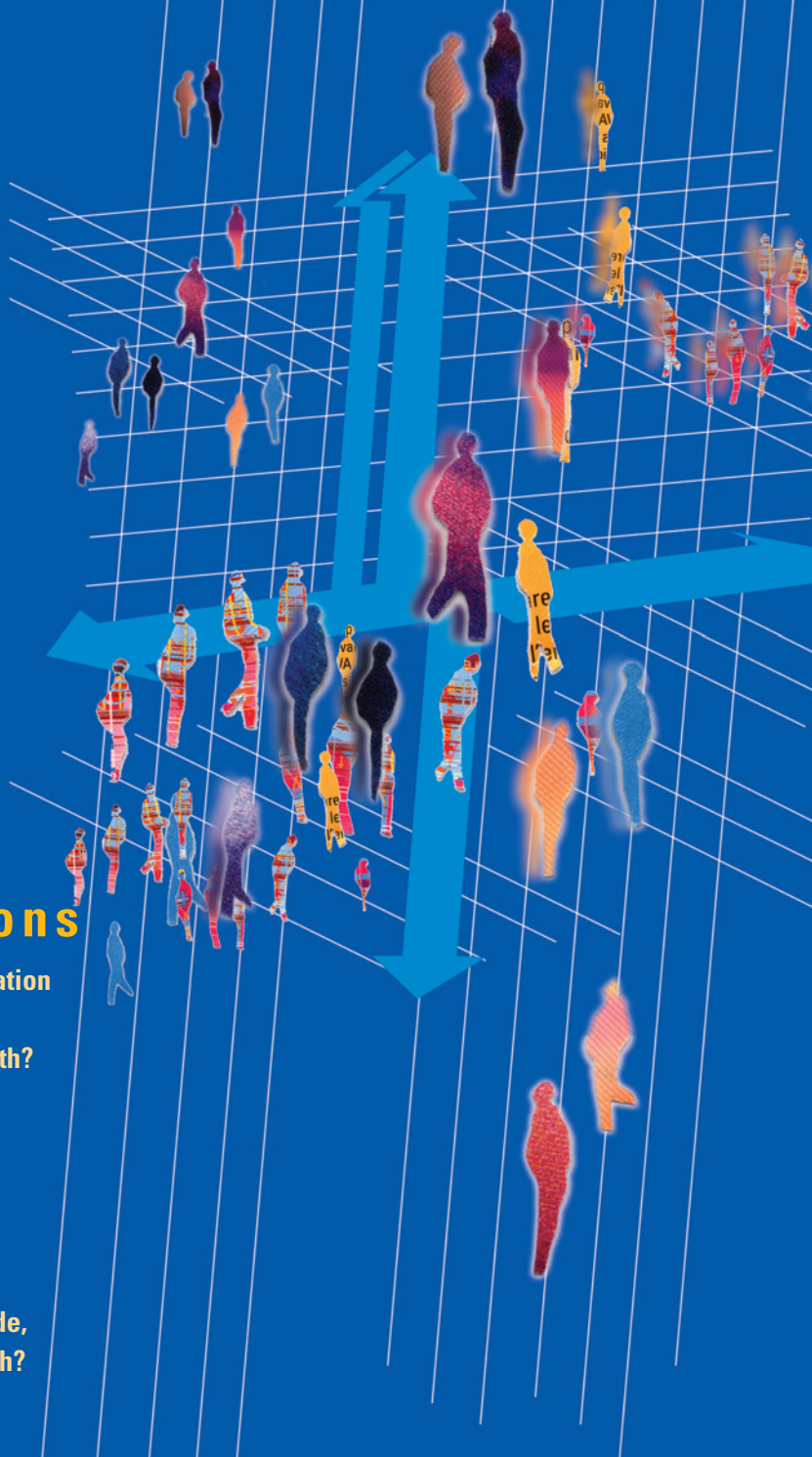
The overall impact

The contribution of IT at the macro level

Key conclusions

Key questions

- How important are education and other aspects of "human capital" to growth?
- What contribution does innovation make?
- What impact do macroeconomic policies and conditions, such as inflation and trade, have on economic growth?



Macro-level analysis

The role of economic policy and other structural factors

In examining the main drivers of long-term economic growth, there is a potentially significant role for economic policy and other determinants of the economic environment within which firms operate in explaining differences in growth performance.

The following section examines the impact of human capital, R&D activity, macroeconomic and structural policy settings, trade policy and financial market conditions on economic efficiency.

In addition, it provides an assessment of the indirect impact of these factors on growth via their impact on investment spending.

Examining the links between these factors and growth also helps to gauge the medium-term growth outlook for countries that have changed their policy settings in recent years, and for whom the full effects of these reforms may not yet have materialised.

