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Corporate Self-financing and Growth
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Abstract
This paper analyzes the advantages and disadvantages of corporate self-financing from the perspective of corporate finance in order to evaluate its macroeconomic consequences. Specifically, a corporate self-financing coefficient is calculated for a group of 15 countries of OECD during the period 1970-2003. Using recent panel data methods, this paper studies the long-run effect of the corporate self-financing coefficient on the corporate investment, the total factor productivity and the output growth. The findings suggest a positive and significant long-run relationship between them.

JEL Codes: C33; G32; O16
Keywords: Corporate Self-financing Coefficient, Pooled Mean Group Estimator

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