

**TITLE:** Do market regulations reduce investment? Evidence from European regions

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**ABSTRACT:** Do market regulations reduce investment? Evidence from European regions. *Regional Studies*. This paper investigates the impact of market imperfections on non-farm business sector investment in European regions for 1995–2007, using dynamic panel and generalized method of moments (GMM) methods for estimating a Euler equation. The results show that barriers to entrepreneurship and to trade and investment decrease the productivity of capital, which has negative effects on European regions' investment. Corruption leads to increased operational costs, creates uncertainty and thereby deters investment. Greater labour market regulation also means higher labour costs. Hiring and firing regulation and employment protection and legislation indicators increase the productivity of capital which has positive effects on regional investment.

**REFERENCE:** Regional Studies (First View) [[LINK](#)]



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