

Abstract

The interaction between justice sector and private investments has widely been acknowledged by economists and governments. For instance, services provided by police and courts have been found to affect private investments in most economies. However, there is limited information regarding the growth trajectory private investments would follow when an exogenous shock to crime and resolution of court cases occurs. Therefore, this paper investigated the impact of exogenous shocks to crime and resolution of court cases on private investment. The analysis entailed the use of vector auto regressive model and Kenyan data for the period 1960- 2016. The results showed that an exogenous shock to crime and resolution of cases impacts on private investment for a relatively long period of time. Hence, Governments should speedily ease down the memories of crime once a major crime engulf the economy and expansively secure the affected firms and other economic agents with future propensity to be hit by a comparable crime. Further, for courts with high pendency of cases, prioritizing cost effective programmes that would substantially and within a short period of time reduce a huge chunk of pending cases, would positively impact on private investment for a long period.