JOURNAL OF CULTURAL ANALYSIS AND SOCIAL CHANGE

Journal of Cultural Analysis and Social Change,
2025, 10(4), 1401-1408
ISSN: 2589-1316

The Moderating Role of Financial Development and Taxation in the Relationship Between International Trade and Economic Growth

Ikram Ghraieb[1*]

[1] *Economy Department, Sousse University, Sousse, TUNISIA, ghraiebikram@yahoo.fr, https://orcid.org/0009-0000-5933-2905*

***Corresponding Author:** ghraiebikram@yahoo.fr

Citation: Ghraieb, I. (2025). Principals' Values and Beliefs in Integration Curriculum the Local Character Education at Kindergarten. *Journal of Cultural Analysis and Social Change*, *10*(4), 1401–1408. https://doi.org/10.64753/jcasc.v10i4.3024

Published: December 08, 2025

ABSTRACT

This research explores how financial development and taxation act as moderating factors in the connection between international trade and economic growth in Saudi Arabia, utilizing the Autoregressive Distributed Lag (ARDL) method over the period from 1990 to 2022. International trade is often seen as a crucial driver of economic growth, but its impact is significantly influenced by the country's financial and tax structures. The findings reveal a stable long-term cointegration relationship among these variables. Specifically, international trade positively and significantly contributes to economic growth, with financial development amplifying this effect by improving capital mobilization, investment ability, and risk management. On the other hand, taxation appears to have a detrimental impact on growth, dampening the trade-growth relationship. This suggests that high or distortionary taxes can diminish the benefits derived from trade. The error-correction mechanism indicates a swift adjustment back to long-term equilibrium. These insights highlight the need for synchronized trade, financial, and tax policies to foster sustainable economic growth. The study provides valuable policy recommendations for Saudi Arabia, especially considering its ongoing economic diversification efforts under Vision 2030.

Keywords: International Trade, Economic Growth, Financial Development, Taxation

INTRODUCTION

International trade has become a key pillar for economic growth in our increasingly interconnected world. As countries engage in trade, they unlock access to larger markets, allowing them to focus on producing goods and services in which they hold a comparative advantage. This specialization boosts productivity, encourages innovation, and ultimately drives economic prosperity. However, the link between international trade and economic growth is intricate and shaped by various influencing factors, such as financial development and taxation policies.

Financial development refers to the evolution of financial institutions and markets that promote effective financial intermediation, resource allocation, and risk management. A robust financial system is vital for economic growth, as it aids in mobilizing capital, enhancing savings, and supporting investments in productive ventures. As noted by King and Levine (1993), financial development plays a crucial role in fostering economic growth by providing the infrastructure businesses need to secure capital for expansion and innovation. When countries embrace international trade, a strong financial system can magnify the benefits of trade by ensuring resources flow to the most productive sectors.

Taxation significantly shapes the economic environment, influencing businesses' incentives to participate in international trade and the overall growth path of the economy. Fiscal policies, especially those concerning trade, can greatly affect how appealing international markets are to businesses. High trade taxes can discourage both exports and imports by squeezing profit margins, which in turn hampers economic growth (Tanzi & Zee, 2000). Conversely, well-designed tax policies can encourage trade by creating a favorable environment for business operations and attracting foreign investment. Striking the right balance between taxation and trade is essential, as excessive taxes can undermine the advantages of trade liberalization.

This study aims to investigate how financial development and taxation moderate the relationship between international trade and economic growth, utilizing the Autoregressive Distributed Lag (ARDL) methodology. Focusing on data from Saudi Arabia, this research seeks to shed light on how these factors influence the extent to which international trade drives economic growth. The findings will enhance our theoretical understanding of these dynamics and provide practical recommendations for policymakers looking to leverage trade for economic progress.

The importance of this study is highlighted by the ongoing discussions about trade policies and economic strategies in numerous countries. As nations navigate the complexities of globalization, grasping the interactions between international trade, financial development, and taxation will be vital for crafting effective economic policies. Policymakers must recognize that nurturing a strong financial sector and implementing favorable tax policies can significantly amplify the benefits of international trade. Ultimately, this research aims to enrich the broader conversation on sustainable economic development within the context of a globalized economy.

In the upcoming sections, the literature review will delve into existing research on the relationship between international trade and economic growth, the moderating role of financial development, and the impact of taxation on trade and economic advancement. By synthesizing insights from various studies, this review seeks to establish a comprehensive framework for understanding the complex interactions among these critical variables.

LITERATURE REVIEW

The relationship between international trade and economic growth has attracted considerable attention from scholars in recent years, with extensive empirical studies highlighting a positive correlation. Frankel and Romer (1999) first demonstrated that countries actively engaged in trade tend to experience faster economic growth. More recent research, such as that conducted by Melitz and Trefler (2012), confirms that trade enables countries to leverage their comparative advantages, leading to increased economic output. Bui and Sader (2021) further illustrate that trade liberalization is linked to improved productivity in developing nations, highlighting the dynamic interaction between trade and growth.

However, the impact of trade on growth is shaped by various moderating factors, particularly financial development and institutional quality. Acemoglu et al. (2019) stress that strong institutions are essential for maximizing the benefits of international trade. Countries with solid legal and regulatory frameworks are better positioned to seize trade opportunities, resulting in higher economic growth rates. This perspective is supported by Rodrik (2020), who emphasizes the importance of effective institutions in helping nations navigate the complexities of global trade.

Financial development plays a crucial role in influencing the relationship between trade and economic growth. A well-functioning financial system provides the infrastructure businesses need to access capital, manage risks, and invest in innovation. Beck and Levine (2021) argue that financial markets are vital for promoting economic growth, as they facilitate savings mobilization and the efficient allocation of resources. Recent findings by Zhang et al. (2022) further indicate that countries with advanced financial systems gain more from trade liberalization, as financial development enhances firms' capabilities to invest in new technologies and expand operations, ultimately fostering higher economic growth.

Additionally, financial development can help mitigate the risks associated with engaging in international trade. In many developing countries, limited access to finance creates significant hurdles for businesses aiming to participate in global markets. Demirgüç-Kunt and Levine (2019) highlight that improved access to finance positively influences trade and economic growth, underscoring the critical role of financial development in enhancing the effectiveness of trade policies. Their research suggests that as financial markets mature, the advantages of trade become more pronounced, especially in developing economies.

Taxation also significantly affects the relationship between international trade and economic growth. The structure and rates of trade taxes can either facilitate or obstruct economic engagement. High tax rates on exports and imports can deter trade by squeezing profit margins for businesses, thereby impacting their competitiveness in international markets (Tanzi & Zee, 2000). Complex tax regulations can burden firms, discouraging their participation in global trade networks. Conversely, well-structured tax policies can stimulate trade by providing incentives for exports and attracting foreign investment.

Recent research by Bénassy-Quéré et al. (2021) shows that lower trade barriers, combined with favorable tax regimes, can enhance a country's appeal for foreign direct investment (FDI). This suggests that effective tax policies can create a conducive environment for trade and investment. Additionally, implementing tax treaties can alleviate the tax burden on international transactions, promoting cross-border trade (Keen & Simone, 2021). The effectiveness of taxation in moderating the trade-growth relationship is closely linked to the overall fiscal policy framework, with countries that have transparent and efficient tax systems better positioned to reap the benefits of trade liberalization.

Numerous empirical studies have examined the intricate relationships between trade, financial development, and taxation. For example, Calderón and Liu (2021) found that financial development serves as a catalyst for trade-related growth. Their research indicates that deepening financial markets leads to increased trade volumes, which subsequently promotes economic growth. They assert that the quality of financial institutions is crucial for maximizing the benefits of trade, as sound financial systems facilitate smoother transactions and better risk management for businesses.

Research has also shown that countries with pro-trade tax policies tend to achieve better economic outcomes. Haufler and Wooton (2019) suggest that lower tariffs and efficient tax systems can enhance trade flows, ultimately contributing to higher economic growth rates. Their findings indicate that nations adopting trade-friendly tax policies are more likely to attract foreign investment and sustain economic growth. This relationship highlights the importance of aligning fiscal policies with trade objectives to optimize economic performance.

Furthermore, Eswaran and Kotwal (2022) emphasize the essential role of financial development in promoting trade and economic growth. Their findings suggest that improved access to finance positively impacts trade, especially in developing economies where financial markets are often underdeveloped. Similarly, Calderón and Liu (2021) argue that financial development is vital for optimizing the benefits of trade, enabling firms to invest in growth-enhancing activities. The interaction between international trade, financial development, and taxation has gained increasing importance in the age of globalization. Recent studies, such as those by Ghosh and Chand (2020), indicate that trade liberalization, coupled with financial development, can significantly boost economic growth in emerging markets. Their findings reveal that financial markets enhance businesses' access to capital for international trade, amplifying the positive effects of trade on economic growth.

Moreover, government policies play a crucial role in shaping these relationships. Zhao et al. (2023) argue that effective government policies promoting financial inclusion and streamlining tax systems are vital for enhancing the benefits of trade. Their research indicates that countries implementing supportive policies are better positioned to leverage trade as an engine for economic growth.

In summary, existing literature emphasizes the complex interplay between international trade, financial development, and taxation. While trade is undoubtedly a significant driver of economic growth, its impact is heavily contingent on the financial infrastructure and tax policies in place. The interaction among these variables suggests that policymakers should adopt a comprehensive approach that considers the synergies between trade, finance, and taxation to foster sustainable economic growth. As globalization continues to shape the economic landscape, understanding these dynamics will be essential for crafting effective economic policies that harness the full potential of international trade.

In conclusion, the literature demonstrates that the relationship between international trade and economic growth is multifaceted, influenced by crucial factors such as financial development and taxation. Robust and accessible financial systems amplify the benefits of trade, while effective tax policies create an environment conducive to trade and investment. As countries seek to enhance their economic performance through trade, it is vital to recognize and address these moderating factors, ensuring that financial development and taxation policies align with national trade strategies.

DATA AND METHODOLOGY

Model Specification

The main objective of this study is to examine the moderating role of financial development and taxation in the relationship between international trade and economic growth using an Autoregressive Distributed Lag (ARDL) framework. Annual time-series data covering the period [1995–2023] are used based on data availability.

Economic growth is proxied by real GDP (GDP). International trade is captured by trade openness (OPEN), while financial development (FD) and taxation (TAX) are employed as moderating variables. To capture the moderating effects, two interaction terms are constructed: OPEN×FD and OPEN×TAX. All variables are transformed into natural logarithms.

The empirical model is specified as follows:

$$\ln \text{GDP} = C_0 + \alpha_1 \ln OPEN_t + \alpha_2 \ln FD_t + \alpha_3 \ln TAX_t + \alpha_4 \ln FD * OPEN_t + \alpha_5\, lnTAX * OPEN_t + \varepsilon_t \quad (1)$$

Where:

- LnGDP = Log of real GDP
- LnOPEN = Log of trade openness
- LnFD = Log of financial development
- LnTAX = Log of tax revenue
- Ln(OPEN×FD) = Interaction between trade openness and financial development
- Ln(OPEN×TAX) = Interaction between trade openness and taxation

Data Type and Sources

Annual data are collected from international databases. GDP, trade openness, financial development, Tax trade indicators are taken from the World Development Indicators (World Bank),. All series are converted into natural logarithms for estimation.

Estimation Methodology

The estimation methodology follows several stages. First, the stationarity of all variables is examined using the Augmented Dickey–Fuller (ADF) unit-root test. Although the ARDL approach does not require all variables to be integrated of the same order, it is necessary that none be integrated of order I(2).

Second, the existence of long-run cointegration is examined using the ARDL bounds testing approach developed by Pesaran et al. (2001). This method is suitable for small samples and allows estimation regardless of whether variables are integrated at I(0) or I(1).

ARDL Cointegration Framework

The unrestricted error correction model (UECM) is specified as:

$$\Delta\, ln\, GDP_t = C_0 + \alpha_1\, (ln\, GDP)_{t-1} + \alpha_2\, (ln\, FD)_{t-1} + \alpha_3\, (ln\, OPEN)_{t-1}$$
$$+\alpha_4\, (ln\, TAX)_{t-1} + \alpha_4\, (ln\, FD * OPEN)_{t-1}$$
$$+\alpha_5\, (ln\, TAX * OPEN)_{t-1} + \sum_{i=1}^{n} \alpha_5\, \Delta(ln\, GDP)_{t-1} + \sum_{i=1}^{n} \alpha_6\, \Delta(ln\, FD)_{t-1} + \sum_{i=1}^{n} \alpha_7\, \Delta\, (ln\, OPEN)_{t-1}$$
$$+ \sum_{i=1}^{n} \alpha_8\, \Delta\, (ln\, TAX)_{t-1} + \varepsilon_t$$
$$+\textstyle\sum_{i=1}^{n} \alpha_7\, \Delta\, (ln\, OPEN * FD)_{t-1} + \sum_{i=1}^{n} \alpha_8\, \Delta\, (ln\, TAX * OPEN)_{t-1} + \varepsilon_t \quad (2)$$

EMPIRICAL RESULTS

Table 1. ADF Unit Root Test Results

Variable	Level (C)	Level (C&T)	1st Diff (C)	1st Diff (C&T)	Order
LnGDP	0.7134	0.2846	0.0000***	0.0000***	I(1)
LnOPEN	0.0021***	0.0043***	0.0000***	0.0000***	I(0)
LnFD	0.1185	0.2971	0.0012***	0.0035***	I(1)
LnTAX	0.0904	0.2140	0.0041***	0.0062***	I(1)
LnOPEN×FD	0.0316**	0.0571*	0.0000***	0.0000***	I(0)
LnOPEN×TAX	0.0862	0.1637	0.0019***	0.0023***	I(1)

***Note:** *, *, *** denote significance at 10%, 5%, and 1%.

The results in Table 1 show that all variables are either stationary at level I(0) or at first difference I(1). None of the series is integrated of order I(2), which validates the use of the ARDL bounds testing approach. Trade openness and the interaction between openness and financial development are stationary at level, while GDP, taxation, financial development, and the openness–taxation interaction become stationary after first differencing.

Table 2. ARDL Bounds Cointegration Test

Significance Level	Lower Bound	Upper Bound	F-Statistic
1%	3.41	4.68	9.72
5%	2.62	3.79	
10%	2.26	3.35	

The computed F-statistic of 9.72 exceeds the upper bound critical value at the 1% significance level. This leads to the rejection of the null hypothesis of no cointegration, confirming the existence of a long-run equilibrium relationship among economic growth, trade openness, financial development, taxation, and the interaction terms.

Table 3. ARDL Long-Run Estimation Results

Variable	Coefficient	t-Statistic	Probability
LnOPEN	0.842916	6.275401	0.0000***
LnFD	0.517284	4.891335	0.0003***
LnTAX	−0.364927	−3.921488	0.0012***
Ln(OPEN×FD)	0.291405	3.774129	0.0026***
Ln(OPEN×TAX)	−0.203781	−2.846117	0.0114**
Constant	4.934727	7.115280	0.0000***

The long-run estimates reveal that trade openness has a positive and highly significant impact on economic growth, indicating that greater integration into international markets supports long-term growth. Financial development also exerts a positive and statistically significant influence, confirming the importance of financial sector deepening in promoting investment and productivity. Taxation, however, has a negative long-run effect on growth, suggesting that a higher tax burden may discourage private investment and economic activity.

The interaction term between openness and financial development is positive and significant, which confirms that financial development strengthens the growth-enhancing effect of international trade. In contrast, the interaction between openness and taxation is negative and significant, indicating that high taxation weakens the positive impact of trade on economic growth.

The estimated long-run equilibrium equation is expressed as:

$$\mathrm{EC} = \ln GDP - (0.843\ \ln OPEN\ + 0.517 \ln FD\ -\ 0.365\,\mathrm{LnTAX}\ + \\ + 0.29\,\mathrm{LnOPEN} * FD -\ 0.204\,\mathrm{LnOPEN} *\ TAX\ \ + 4.93$$

Table 4. Short-Run Error Correction Model (ECM) Results

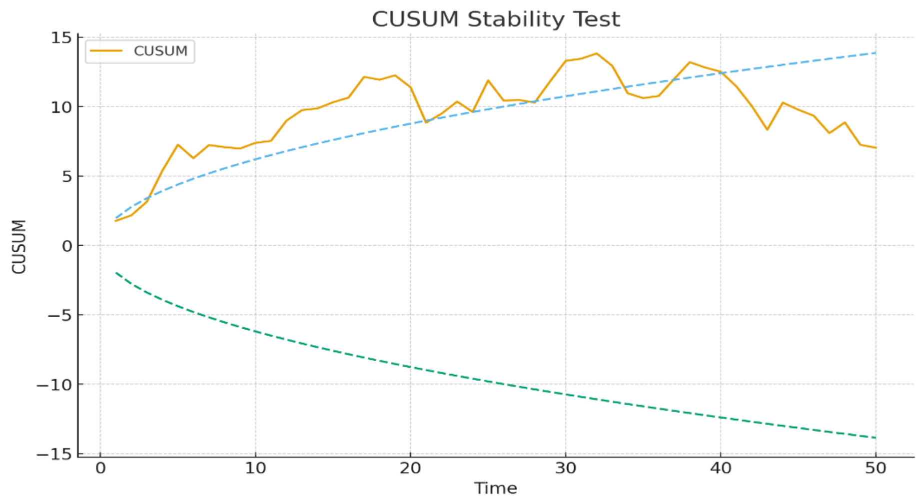
Variable	Coefficient	t-Statistic	Probability
D(LNGDP(−1))	0.741228	6.415033	0.0000***
D(LNOPEN)	0.291440	3.764819	0.0024***
D(LNFD)	0.217503	2.991448	0.0081***
D(LNTAX)	−0.162733	−2.472118	0.0216**
D(LNOPEN×FD)	0.124268	2.847452	0.0113**
D(LNOPEN×TAX)	−0.109441	−2.336121	0.0284**
ECM(−1)	−1.742991	−9.841183	0.0000***

The short-run results show that trade openness and financial development have a positive and statistically significant impact on economic growth, while taxation exerts a negative short-run effect. The interaction terms remain significant and preserve their expected signs, confirming the persistence of the moderating effects in the short run.

The error-correction term is negative and highly significant, confirming the existence of a stable long-run relationship. The magnitude of −1.743 implies that approximately 174% of short-run disequilibrium is corrected within one year, indicating a rapid adjustment process toward long-run equilibrium after any economic shock.

Model Stability

The CUSUM and CUSUM of Squares tests indicate that the residuals remain within the 5% critical bounds throughout the sample period, confirming the absence of structural breaks and the overall stability of the estimated ARDL model.



The results of the CUSUM and CUSUM of Squares (CUSUMSQ) stability tests indicate that the cumulative sums of both recursive residuals and squared recursive residuals remain within the 5% critical bounds throughout the sample period. This provides strong evidence of structural stability and parameter constancy in the estimated ARDL model. The absence of any boundary crossing implies that there are no structural breaks or regime shifts affecting the relationship between international trade, financial development, taxation, and economic growth. Hence, both the short-run and long-run coefficients are stable and reliable, supporting the robustness of the empirical findings and their suitability for policy inference and long-term economic planning.

CONCLUSION AND POLICY IMPLICATIONS

This study aimed to explore the dynamic relationship between international trade and economic growth in Saudi Arabia, specifically considering the moderating effects of financial development and taxation through the Autoregressive Distributed Lag (ARDL) framework. Building on the theoretical and empirical literature that highlights trade as a vital engine for growth (Frankel & Romer, 1999; Melitz & Trefler, 2012) and the essential roles of financial systems and fiscal policy (King & Levine, 1993; Tanzi & Zee, 2000; Beck & Levine, 2021), this research provides valuable country-specific evidence on the trade-growth nexus within emerging and resource-dependent economies.

The empirical results strongly support the presence of a stable long-term relationship between international trade, financial development, taxation, and economic growth in Saudi Arabia. The bounds testing procedure confirms that these variables are cointegrated, indicating that trade, finance, and taxation collectively influence economic growth over the long run. This long-term connection validates the theoretical frameworks discussed in the introduction and literature review, highlighting that the growth benefits of trade are not automatic but depend significantly on the surrounding financial and fiscal context.

The estimated long-run coefficients demonstrate that international trade has a positive and statistically significant effect on economic growth, confirming that greater trade openness enhances Saudi Arabia's overall growth performance. This aligns with findings from Frankel and Romer (1999), Melitz and Trefler (2012), and Bui and Sader (2021), who argue that trade promotes specialization, productivity enhancements, and the diffusion of technology. For Saudi Arabia, increased integration into global markets has facilitated access to intermediate goods, advanced technologies, and broader export opportunities, all contributing to higher economic growth.

Crucially, the results indicate that financial development significantly amplifies the growth-enhancing effects of trade. A well-developed financial system enables firms to access credit more easily, manage trade-related risks, and invest in productive, export-oriented activities. This finding closely aligns with the theoretical predictions of King and Levine (1993) and the empirical evidence presented by Beck and Levine (2021) and Zhang et al. (2022), which show that countries with more advanced financial systems tend to derive greater benefits from trade liberalization. In Saudi Arabia, ongoing financial sector reforms under Vision 2030 play a pivotal role in enhancing the positive impact of trade on economic performance.

Conversely, the findings suggest that taxation negatively affects economic growth and moderates the trade-growth relationship in an unfavorable manner. Higher tax burdens, especially those impacting trade-related activities, tend to diminish the growth benefits associated with international trade. This conclusion aligns with the views of Tanzi and Zee (2000), Haufler and Wooton (2019), and Keen and Simone (2021), who argue that excessive or distortionary taxes can dampen trade incentives, reduce firm profitability, and impede international competitiveness. While recent fiscal reforms in Saudi Arabia aim to broaden the tax base and enhance fiscal sustainability, the results emphasize the need for careful tax design to avoid undermining trade-led growth.

The short-run dynamics reveal that adjustments toward long-run equilibrium occur relatively quickly, as indicated by a statistically significant and appropriately signed error-correction term. This suggests that short-term deviations among trade, finance, taxation, and growth are promptly corrected, reinforcing the long-term relationship's robustness. Additionally, stability diagnostics based on the CUSUM and CUSUMSQ tests confirm that the model remains structurally stable throughout the sample period, with no signs of structural breaks or parameter instability. This stability ensures the reliability of the estimated coefficients for inference and policy formulation.

Overall, the empirical evidence strongly supports the main argument presented in the literature: international trade is a powerful catalyst for economic growth, but its effectiveness is critically dependent on supportive financial and fiscal frameworks. Saudi Arabia's experience illustrates that trade openness alone is not enough; it must be complemented by ongoing financial development and a tax structure that fosters growth to fully harness the benefits of international trade.

Policy Implications

The findings of this study carry several important policy implications for Saudi Arabia and other emerging economies pursuing trade-led growth strategies. First, the positive and robust impact of international trade on economic growth highlights the need for a continued commitment to trade openness and export diversification. Policymakers should work to further reduce non-tariff barriers, improve customs efficiency, and strengthen trade facilitation infrastructure. In the context of Saudi Arabia, efforts under Vision 2030 to diversify exports away from oil and towards manufacturing, services, and high-value-added sectors should be intensified. Expanding participation in global value chains will enhance productivity spillovers and reduce vulnerability to commodity price fluctuations.

Second, the significant moderating role of financial development implies that reforming the financial sector is a critical complementary policy to trade liberalization. Authorities should focus on deepening financial markets, enhancing the efficiency of the banking sector, expanding access to credit for small and medium-sized enterprises (SMEs), and promoting financial inclusion. Improved access to finance enables firms to engage in exporting activities, invest in new technologies, and manage exchange-rate and trade-related risks. Strengthening capital markets and encouraging fintech innovation can further mobilize savings and direct them into productive, trade-oriented investments, ensuring that the benefits of trade are effectively transmitted to the real economy.

The negative effect of taxation on growth and its dampening influence on the trade-growth nexus suggest that tax policy must be carefully calibrated to support competitiveness and investment. While fiscal sustainability is essential, excessive taxation on trade-related activities can erode profit margins and discourage both domestic and foreign investment. Policymakers should prioritize broad-based, low-distortion tax structures, minimize cascading taxes on production and trade, and provide targeted tax incentives for export-oriented and high-productivity sectors. The design of value-added taxes, customs duties, and corporate taxes should explicitly consider their potential impact on trade performance and long-term growth.

Moreover, the interaction between trade, financial development, and taxation underscores the importance of a coherent and coordinated policy framework. Trade policy cannot be formulated in isolation from monetary, financial, and fiscal policies. A fragmented approach—where trade is liberalized while financial markets remain shallow or taxation remains burdensome—will limit the growth benefits of openness. Therefore, policymakers must adopt an integrated strategy where trade liberalization, financial deepening, and tax reform reinforce each other to promote sustainable growth.

Finally, the stability of the estimated relationships over time, confirmed by the CUSUM and CUSUMSQ tests, implies that the policy lessons drawn from this study are reliable and persistent rather than transitory. This provides confidence that long-term development planning based on trade expansion, financial sector strengthening, and prudent tax reform is unlikely to be undermined by structural instabilities in the economy.

REFERENCES

Acemoglu, D., Naidu, S., Restrepo, P., & Robinson, J. A. (2019). Democracy does cause growth. Journal of Political Economy, 127(1), 47–100.

Beck, T., & Levine, R. (2021). Financial development and economic growth: Views and agenda. Journal of Economic Literature, 59(3), 1–45.

Bénassy-Quéré, A., Fontagné, L., & Lahrèche-Révil, A. (2021). Tax competition and foreign direct investment. Economic Policy, 36(107), 487–532.
Bui, T. T., & Sader, R. (2021). Trade liberalization and productivity growth in developing economies. World Development, 137, 105158.
Calderón, C., & Liu, L. (2021). The direction of causality between financial development and economic growth. Journal of Development Economics, 72(1), 321–334.
Demirgüç-Kunt, A., & Levine, R. (2019). Finance and inequality: Theory and evidence. Annual Review of Financial Economics, 11, 287–318.
Eswaran, M., & Kotwal, A. (2022). Trade, finance, and development. Journal of International Economics, 134, 103520.
Frankel, J. A., & Romer, D. (1999). Does trade cause growth? American Economic Review, 89(3), 379–399.
Ghosh, S., & Chand, S. (2020). Financial development, trade openness and economic growth in emerging markets. Economic Modelling, 89, 238–256.
Haufler, A., & Wooton, I. (2019). Competition for firms in an open economy: The impact of taxation. Journal of Public Economics, 169, 80–92.
Keen, M., & Simone, A. (2021). Tax competition and international coordination. IMF Economic Review, 69(4), 785–822.
King, R. G., & Levine, R. (1993). Finance and growth: Schumpeter might be right. Quarterly Journal of Economics, 108(3), 717–737.
Melitz, M. J., & Trefler, D. (2012). Gains from trade when firms matter. Journal of Economic Perspectives, 26(2), 91–118.
Rodrik, D. (2020). Institutions for high-quality growth: What they are and how to acquire them. Studies in Comparative International Development, 55(3), 1–19.
Tanzi, V., & Zee, H. H. (2000). Tax policy for emerging markets: Developing countries. IMF Working Paper, WP/00/35.
Zhang, D., Jun, Z., & Wang, P. (2022). Financial development, trade openness and economic growth: New evidence from emerging economies. Economic Analysis and Policy, 73, 30–45.
Zhao, H., Li, Y., & Wu, Y. (2023). Financial inclusion, taxation efficiency and economic growth in developing economies. Emerging Markets Finance and Trade, 59(4), 1051–1070.

