

Financial Development and Economic Growth: An Egg-and-Chicken Problem?

Jordan Z. Shan, Alan G. Morris, Fiona Sun

First published: 17 February 2003

<https://doi.org/10.1111/1467-9396.00291>

Abstract

This study uses a Granger causality procedure to investigate the relationship between financial development and economic growth. The authors estimate a vector autoregression (VAR) model for nine OECD countries and China. They argue that a time-series approach is superior to a cross-sectional one and that the VAR framework avoids technical problems common in other time-series models. Evidence is presented of bidirectional causality between financial development and growth in half of the countries and reverse causality in three others. There is little support for the hypothesis that finance “leads” growth, and caution must be exercised in making general conclusions about this relationship.

Citing Literature



[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

OPPORTUNITIES

Subscription Agents
Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network
Wiley Press Room

Copyright © 1999-2026 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)