

International Financial Liberalization and Economic Growth

Ross Levine

First published: 17 December 2002

<https://doi.org/10.1111/1467-9396.00307>

Abstract

This paper pulls together existing theory and evidence to assess whether international financial liberalization, by improving the functioning of domestic financial markets and banks, accelerates economic growth. The analysis suggests that the answer is “yes.” First, liberalizing restrictions on international portfolio flows tends to enhance stock market liquidity. In turn, enhanced stock market liquidity accelerates economic growth primarily by boosting productivity growth. Second, allowing greater foreign bank presence tends to enhance the efficiency of the domestic banking system. In turn, better-developed banks spur economic growth primarily by accelerating productivity growth. Thus, international financial integration can promote economic development by encouraging improvements in the domestic financial system.

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](#)