

THE GOVERNMENT REVENUE – ECONOMIC GROWTH RELATIONSHIP IN EMERGING AND DEVELOPING ASIA COUNTRIES: DOES GOVERNANCE MATTER?

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ABSTRACT

Government revenue plays an important role in the process of economic growth and development in a country. Changes in government policies and regulations (institutional quality) may help increase government revenues, but it can be detrimental to economic growth. The main objective of this study is to empirically investigate the role of governance in the government revenue – economic growth relationship for a balanced panel of 17 emerging and developing Asian countries over the period 2002 – 2019 using the difference GMM Arellano-Bond estimators. The results show that government revenue decreases while governance increases economic growth but their interaction reduces it. Besides, trade openness and inflation are significant determinants of economic growth in these countries. These findings provide some crucial policy implications for governments in these countries in reforming and improving governance to appropriately manage and use government revenue for economic growth and development.

Keywords: Government Revenue, Governance, Economic Growth, Emerging and Developing Asian Countries, Difference Gmm Arellano-Bond Estimator

INTRODUCTION

To optimize social and economic wellbeing, governments must execute a variety of functions in the areas of politics, social affairs, and economics. The government requires a considerable number of resources to carry out these responsibilities and functions. These resources are called Government Revenues. Government revenue consists of taxes, revenue from administrative activities like fines, fees, gifts and grants. Tax and nontax revenue are two different sources of public revenue (Illyas & Siddiqi, 2010).

The impact of promoting the economic growth of budget revenue to economic growth is still a major debate theme. This comes from the source of budget revenue as an important source of capital for government spending to promote economic growth and development. However, increasing revenue from increasing taxes may be a major obstacle to the economic activities of the private sector, the investment activities of enterprises are very sensitive to the tax rate that the Government is imposed and will restrain the growth. The theoretical basis for the relationship between budget revenue and economic growth originating from endogenous theory was developed by Romer (1994) with the argument that the budget revenue was a domestic capital source of the Government and have an important contribution to the development process and economic growth in a country. Governments can use this revenue for regular spending to maintain the operation of the State apparatus and pay for investment to develop the infrastructure, health, and education to promote economic growth.

The budget revenue is one of the important capital sources for all countries and to the emerging countries, which are developing in Asia, in particular, can be used for domestic economic development goals. Does the increase in budget revenue bring higher economic growth to emerging countries in Asia? For the answers, the experimental assessment article

impacts the budget revenue on economic growth in those Asia emerging countries in the period 2002 - 2019.

The outline of the article is presented as follows: Part 1 is an introduction; Part 2 is an overview of previous studies, mainly considering the impact of budget revenue on growth. Part 3 is the model and research data which determines the suitability of the GMM regression approach and the data source of variables, especially using variable governance: Six Dimensions of Governance Including Regulatory Quality, Rule of Law, Voice and Accountability, Control of Corruption, Government Effectiveness, Political Stability (Value). This is a new point that is different from the studies of other authors. Part 4 will show estimates and durability verification. Part 5 is the conclusion and implications for policy.

LITERATURE REVIEW

The best way to finance government expenditure, according to Ricardo (1820), is through taxation. According to Wagner (1893), an economy's real per capita income rises as the share of government spending in total receipts rises. Ramsey (1927) developed the optimal taxation theory, which was later refined by Mirrlees (1971). The goal of collecting taxes, according to the theory of optimum taxation, is to promote social welfare. As a result, social planners should create a tax system that maximizes total societal welfare while also taking into account the preferences of individual economic agents.

Almost all research said that the budget revenue contributes significantly to promoting economic growth (Anastassiou & Dritsaki, 2005; Muriithi, 2013; Takumah, 2014; Roşoiu, 2015; Ofoegbu & Akwu, 2016; Stoilova, 2017; Egbunike et al., 2018; RAIFU, 2018; Nguyen, 2019; Gurdal et al., 2020; Hang et al., 2020; Jabir Ibrahim Mohammed et al., 2020; Arvin et al., 2021).

With time-type data-based data studies, the main approach is using VAR and OLS models. Anastassiou & Dritsaki (2005) uses the VAR model with an error correction mechanism for Greece in the period from 1965 to 2002 has shown that existing causal relations between tax collection and economic growth in Greece. Muriithi (2013) identifies the connection between government income and Kenyan economic expansion. A descriptive research design was included in this study. Since only Kenya was engaged, this study was a case study of a single country. Secondary data was used to compile the tax revenue, which included import duty, customs taxes, income tax, and Value Added Tax (VAT). In addition, the research gathered information on non-tax revenue. Tables and figures were also used to illustrate the recorded information. The result revealed that economic growth and import taxes have an unfavorable connection. As import tariffs rise, so does economic growth, and vice versa. In the case of excise duty, the study shows that if the pace of increase in excise tax slows, the rate of economic growth lowers as well. In terms of income tax, the study suggests that a well-established income tax leads to steady growth in government revenue. The study also suggests that income tax has a direct association with economic growth. According to the findings, raising the VAT has a favorable impact on the rate of economic growth. Within the VAR framework, Takumah (2014) investigates the impact of tax revenue on economic growth in Ghana utilizing quarterly data from 1986 to 2010. The study discovered that economic growth and tax revenue have both short-run and long-run correlations. The findings revealed one-way causation connecting tax income and economic growth, with the latter originating from the former. The findings demonstrate that tax revenue has a positive and statistically significant impact on economic growth in both the long-run period and short-run one, demonstrating that tax income boosts Ghana's economy. In order to create more profit, the tax structure should be expanded, and tax revenues should be decreased, according to the report. The government should enhance tax collection mechanisms in order to create more income and boost Ghana's economic growth, as stated in the report. Similarly, Roşoiu (2015) uses Granger causal regression tests through the self-rebellious regression method (VAR) analyzing the impact of government income and government spending on economic growth in Romania, in the first quarter of 1998 to the first

quarter of 2014, showed that the source of positive impact budget was significant to economic growth in these countries. Ofoegbu & Akwu (2016) examine the effect of tax revenue on the economic development of Nigerian. By using the annual time series data in the period 2005 - 2014 to estimate the linear income model and the human development index with Ordinary Least Square (OLS), the research has been shown. The positive relationship between tax revenue and economic development. This study has shown the importance of tax revenue for Nigeria's economic development and it can be the instrument for Nigeria's economic. So it is necessary to take measures to encourage people to pay taxes and use this revenue carefully. Stoilova (2017) studied the impact of tax structure on the economic growth in the EU-28 member states for the period 1996 – 2013. The descriptive analysis is focused on the cross-country differences in terms of total tax burden and design of tax structure, while the empirical analysis studies the impact of taxation on the economic growth through regressions on pooled panel data. The conclusion is that tax structure based on selective consumption taxes, taxes on personal income and property is more supporting to the economic growth. Meanwhile, Egbunike, et al., (2018) using Granger and OLS tests the effects of tax revenue for Nigeria and Ghana's economic growth shows the positive impact of tax collection for Nigeria and Ghana's gross domestic product. Confirm by previous studies. The study has recommended appropriate measures to ensure that tax revenue is used effectively to develop and grow economies. RAIFU (2018) uses a co-linked, causal inspection and an ARDL approach to Nigeria in the period 1981 - 2013, showing that the government's revenue is indispensable for economic growth in Nigeria. In addition, the author finds that economic growth reacts faster with oil revenue rather than non-oil revenue. Recently, Nguyen (2019) used the ordinary least-squares regression method with secondary data collected from General Statistics Office of Vietnam in the period of 2000-2017 to study the relationship between state budget revenue and economic growth in Vietnam. Vietnamese state budget revenue includes domestic revenue, oil revenue, custom duty revenue, and grants. Although the results show that state budget revenue has a positive impact on the economy, but in terms of influence, each component has different levels of influence. Of the 4 types of revenue mentioned, custom duty revenue, and grants have no clear effect while domestic revenue and oil revenue are statistically and well affected to the economy. Vietnamese state budget revenue should be restructured toward the sustainability and by way of boosting the economy, specifically: (1) Increase the proportion of domestic revenue to state budget revenue and domestic revenue should be based on the ground of production and business activities rather than collection from state-owned assets; (2) Reduce the proportion of custom duty revenue and grants to state budget revenue; (3) Keep the volume and ratio of oil revenue in state budget revenue at an appropriate proportion. Based on discoveries from experimental results, Egbunike et al., (2018) Proposal of the Government should use the appropriate measurement method to ensure that the budget revenue from the tax is effectively used for development and economic growth. Besides, RAIFU (2018) supports the use of revenues Effective and reasonable budget.

Related to research with table data forms, studies are done more recently. Gurdal, et al., (2020) apply the Cointegration and Causality method to study the relationship between tax collection, government spending, and economic growth for groups of G7 countries including Canada, France, Germany, Italy, Japan, England, and the United States from 1980 to 2016. Results of Causal Relations Frequency regions show that there is a two-way causal relationship in the short term and long-term between economic growth and tax collection, and a long-term causal relationship between economic growth and government spending. The main finding of tax policies is carried out on the basis of economic associations of G7 countries as a strong financial instrument, with the potential to serve the economic goals that need to be achieved. Meanwhile, Hang, et al., (2020) use a one-step GMM Arellano-Bond estimation method for 6 ASEAN countries (Indonesia, Malaysia, Thailand, Singapore, The Philippines, and Vietnam) in the period of 2008 - 2017. This group of authors also affirmed the effects of budget revenue on the economic growth in these ASEAN countries. Jabir Ibrahim Mohammed, et al., (2020) used a Panel VAR framework, determine the proportional contribution of government oil revenue investment and private oil revenue investment among a sample of 83 oil-producing countries

during the period, 1990–2015. Also, a two-step system GMM is used to estimate the effect of oil revenues on economic growth conditional on financial markets development estimates the effects of oil revenues on economic growth through financial markets development channel. The study find that government investment of oil revenues positively affects economic growth conditional on banking sector development but has no effect in the case of the stock market development except *via* turnover ratio. Arvin, et al., (2021) study the interactions between institutional quality, government expenditure, tax revenue, and economic growth in Low-Income Countries (LICs) and Lower Middle-Income Countries (LMICs) over 2005–2019. And all the taxes from international trade, and customs and other duties are considered as general revenue or tax revenue. The results show that institutional quality, government expenditure, tax revenue, and economic growth often have endogenous links among each other in the short run. So if can combine both institutions and fiscal policies (relating to taxes and government expenditure), it will be a condition to maintain long-term economic growth of countries.

Base on previous studies, noticing that no posts apply the recovery of time chain qualities, a method is considered to be the latest now, especially this article Use the 2SLS-IV estimation method to verify the durability of the estimates. This is the academic space that the article wants to target.

METHODOLOGY AND RESEARCH DATA

Methodology

Based on the work by Gurdal, et al., (2020); the empirical equation is extended as follows:

$$GDP_{it} = \beta_0 + \beta_1 GDP_{it-1} + \beta_2 REV_{it} + \beta_3 GOV_{it} + \beta_4 (REV \times GOV)_{it} + X_{it} \beta' + \eta_i + \zeta_{it} \quad (1)$$

where subscript i and t are the country and time index, respectively. GDP_{it} is real GDP per capita, a proxy for economic growth, DIN_{it-1} is a proxy for the initial level of real GDP per capita, REV_{it} is government revenue, GOV_{it} is governance (six dimensions of governance), and $(REV \times GOV)_{it}$ is the interaction between government revenue and governance. X_{it} is a set of control variables such as trade openness, inflation, and infrastructure; η_i is an unobserved time-invariant, country-specific effect and ζ_{it} is an observation-specific error term; $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$, and β' are estimated coefficients.

Equation (1) is applied to examine the role of governance in the government revenue – economic growth relationship for a sample of 17 emerging and developing Asian countries over the period 2002 – 2019. In this study, six dimensions of governance by the Worldwide Governance Indicators project will be used as institutional quality (Kaufmann et al., 2011). These six dimensions are measured in the standard normal units with the value ranging from around –2.5 to 2.5.

For estimation, the General Method of Moments (GMM) Arellano & Bond (1991) estimators first proposed by Holtz-Eakin, et al., (1988) is applied. The first difference in Equation (1) is taken to eliminate country-specific effects. Then, the regressors in the first difference are employed as instrumented by their lags under the assumption by (Judson & Owen, 1999) that time-varying disturbances in the original models are not serially correlated. This strategy is well-known as the difference GMM Arellano & Bond estimator (D-GMM), which can be able to handle simultaneity biases in regressions.

Compared with one-step D-GMM, two-step D-GMM is more asymptotically efficient. The validity of instruments in D-GMM is tested through Hansen statistic, Sargan statistic, and Arellano-Bond statistic. The Sargan and Hansen tests with null hypothesis H_0 : the instrument is strictly exogenous, which means that it does not correlate with errors. The Arellano-Bond test is used to detect the autocorrelation of errors in the first difference. Thus, the test result of the first

autocorrelation of errors, AR(1) is ignored while the second autocorrelation of errors, AR(2), is tested on the first difference series of errors to detect the phenomenon of the first autocorrelation of errors, AR(1).

Research Data

The data are government revenue, six dimensions of governance, real GDP per capita, trade openness, inflation, and infrastructure. These data are taken from the World Bank World Development Indicators (WDI) and Worldwide Governance Indicators (WGI) database and IMF World Economic Outlook Database (WEO). The research sample contains 17 emerging and developing Asian countries¹ as suggested by IMF from 2002 to 2019. The variables are defined as follows:

- Economic growth: real GDP per capita (constant 2010 US\$) (logarithm)
- Government revenue: The ratio of government revenue in GDP (%)
- Governance: Six dimensions of governance including Regulatory Quality, Rule of Law, Voice and Accountability, Control of Corruption, Government Effectiveness, Political Stability (value)
- Trade openness: Share of the sum of exports and imports in GDP (%)
- Inflation: Inflation, consumer prices (annual) (%)
- Infrastructure: Fixed telephone subscriptions per 100 people (logarithm)

The descriptive statistics of the data are given in Table 1. The results show that the average real GDP per capita over the period 2002 – 2019 in 17 emerging and developing Asian countries is 2855.56 USD/year with the highest of 12486.68 USD/year and the lowest of 2312.648 USD/year. It means that these countries have a very different level of economic development. The average government revenue in the same period in these countries is 20.461% with the highest ratio of 47.49% and the lowest ratio of 7.191%. Besides, the value of six dimensions of governance in the group of 17 emerging and developing Asian countries is negative. It means that most developing countries have poor institutional quality. Meanwhile, the matrix of correlation coefficients between variables in Table 2 shows that government revenue, trade openness, and infrastructure are positively associated with economic growth while inflation negatively. All correlation coefficients between independent variables are lower than 0.8, which helps to remove the possibility of co-linearity between these variables. In contrast, the matrix of correlation coefficients between six dimensions of governance in Table 3 notes that correlation coefficients between them are relatively high, so they are separately used in the empirical equations.

Variable	Obs	Mean	Std. Dev.	Min	Max
Real GDP per capita (GDP)	306	2855.56	2312.648	417.97	12486.68
Government revenue (REV)	306	20.461	7.191	8.797	47.49
Trade openness (OPE)	306	84.94	44.157	0.167	210.4
Inflation (INF)	306	5.798	5.845	-18.11	57.074
Infrastructure (TEL)	306	8.156	7.08	0.19	30.461
Regulatory Quality (GOV1)	306	-0.488	0.583	-1.672	1.646
Rule of Law (GOV2)	306	-0.253	0.587	-1.617	1.267

Voice and Accountability (GOV3)	306	-0.38	0.843	-2.149	1.283
Control of Corruption (GOV4)	306	-0.452	0.539	-2.344	0.837
Government Effectiveness (GOV5)	306	-0.381	0.528	-1.739	0.627
Political Stability (GOV6)	306	-0.563	0.725	-2.233	0.663

	GDP	REV	OPE	INF	TEL
GDP	1				
REV	0.468***	1			
OPE	0.367***	0.3700***	1		
INF	-0.331***	-0.174***	-0.230***	1	
TEL	0.746***	0.431***	0.311***	-0.233***	1

Note: ***, ** and *denote significance at 1 percent, 5 percent and 10 percent respectively

	GOV1	GOV2	GOV3	GOV4	GOV5	GOV6
GOV1	1					
GOV2	0.740***	1				
GOV3	0.482***	0.300***	1			
GOV4	0.483***	0.791***	0.138***	1		
GOV5	0.780***	0.825***	0.433***	0.671***	1	
GOV6	0.374***	0.335***	0.077***	0.458***	0.563***	1

Note: ***, ** and *denote significance at 1 percent, 5 percent and 10 percent respectively

Empirical Results and Discussion

Main Results

The results by the two-step D-GMM are given in Table 4. Each column in each table is the model in correspondence with each dimension of governance. In all estimation procedures, we detect that inflation is endogenous, thus we use inflation as instrumented in the GMM-style and the remaining variables (economic growth, government revenue, governance, trade openness, and infrastructure) as instruments in the IV-style. The estimated results across all models in Table 4 indicate that government revenue decreases economic growth while governance increases it. The interaction between these two variables also reduces economic growth. In addition, trade openness stimulates economic growth but inflation harms it.

Contrary to previous related studies (Anastassiou & Dritsaki, 2005; Roşoiu, 2015; Egbunike et al., 2018; Raifu, 2018; Nguyen, 2019; Gurdal et al., 2020; Hang et al., 2020); this study finds out that government revenue harms economic growth. It may come from the increase in government revenue mainly from an increase in the tax rate. An increase in the tax rate will reduce the profitability of the business, reduce investment, and thus negatively affect economic growth. To avoid adversely affecting the process of economic development and economic activities of enterprises, emerging and developing Asian countries should consider increasing government revenue through strictly managing and controlling tax collection to eliminate tax evasion. In contrast, reforming and improving governance significantly contribute to economic growth in emerging and developing Asian countries. Regulations and policies that are appropriately designed, formulated, and implemented by policy-makers will benefit the economic activities of businesses and citizens by reducing transaction costs and costs on administrative procedures. This result is completely consistent with Nedić, et al., (2020); Ahmed, et al., (2021). However, the interaction between government revenue and governance negatively affects economic growth. It means that change in regulations and policies relating to increasing government revenue in emerging and developing Asian countries is inadequate. Accordingly, these regulations and policies create many loopholes for businesses to evade taxes through the handshake between tax collectors and enterprises or possibly transfer pricing activities of FDI investors. In addition, changing and improving these regulations and policies are intended only to increase government revenue without taking into account the interests of businesses and citizens, which can reduce economic activities and domestic investment, thereby decreasing economic growth.

The positive impact of trade openness on economic growth can be found in Musila & Yiheyis (2015); Shahbaz (2012); Kong, et al., (2021). Opening the economy helps the country to trade better and has the opportunity to receive a high level of science and technology and capital flows from other countries, and thus contribute positively to the economic growth and development. Meanwhile, inflation increases transaction costs and reduces corporate profits, so inflation limits investment activities and slows economic growth. This result is similar to that in Gillman, et al., (2004); Gillman & Harris (2010). This finding also implies that emerging and developing Asian countries should have appropriate solutions to control inflation.

Table 4
GOVERNMENT REVENUE, GOVERNANCE, AND GROWTH: TWO-STEP D-GMM, 2002 – 2019
DEPENDENT VARIABLE: ECONOMIC GROWTH

Variables	GOV1	GOV2	GOV3	GOV4	GOV5	GOV6
Economic growth (-1)	0.905 ^{***} (0.023)	0.898 ^{***} (0.023)	0.891 ^{***} (0.029)	0.913 ^{***} (0.026)	0.875 ^{***} (0.025)	0.908 ^{***} (0.025)
Government revenue	-0.081 ^{**} (0.037)	-0.192 ^{***} (0.029)	-0.404 [*] (0.222)	-0.833 ^{**} (0.336)	-0.300 ^{***} (0.088)	-1.353 ^{***} (0.288)
Governance	7.825 ^{**} (3.490)	16.638 ^{**} (5.946)	10.464 ^{***} (3.165)	19.242 ^{***} (5.607)	21.518 ^{***} (4.988)	26.320 ^{***} (4.787)
G. revenue*Governance	-0.196 ^{**} (0.085)	-0.627 ^{**} (0.274)	-0.491 ^{***} (0.139)	-0.899 ^{**} (0.393)	-0.882 ^{**} (0.389)	-1.023 ^{***} (0.110)
Trade openness	0.261 ^{***} (0.043)	0.281 ^{***} (0.043)	0.328 ^{***} (0.070)	0.338 ^{**} (0.078)	0.276 ^{***} (0.034)	0.111 ^{***} (0.025)
Inflation	-0.161 ^{**} (0.043)	-0.215 ^{***} (0.052)	-0.200 ^{***} (0.067)	-0.158 ^{**} (0.063)	-0.193 ^{**} (0.057)	0.040 (0.037)
Infrastructure	0.002 (0.007)	-0.002 (0.007)	0.002 (0.005)	-0.002 (0.008)	-0.009 (0.007)	0.002 (0.006)
Country/Observation	17/272	17/272	17/272	17/272	17/272	17/272
AR(2) test	0.422	0.138	0.426	0.302	0.317	0.611
Sargan test	0.105	0.534	0.185	0.424	0.343	0.111
Hansen test	0.711	0.667	0.779	0.744	0.813	0.716

Note: ^{***}, ^{**} and ^{*} denote significance at 1 percent, 5 percent and 10 percent respectively

Robustness Check

Equation (1) is re-estimated by one-step D-GMM to check the robustness of estimates. Similarly, the estimation procedures in one-step D-GMM detect inflation endogenous. The corresponding results across all models are shown in Table 5. In line with the two-step D-GMM, the estimated results note that government revenue reduces and governance stimulates economic growth while their interaction decreases it. Also, trade openness increases economic growth but inflation harms it. All findings are confirmed by a battery of diagnostic tests shown at the bottom in Table 5 (Sargan tests and Arellano-Bond AR (2) tests) suggesting that one-step D-GMM estimates are relatively reliable.

Variables	GOV1	GOV2	GOV3	GOV4	GOV5	GOV6
Economic growth (-1)	0.912 ^{***} (0.023)	0.891 ^{***} (0.021)	0.843 ^{***} (0.021)	0.885 ^{***} (0.015)	0.873 ^{***} (0.026)	0.889 ^{***} (0.024)
Government revenue	-0.971 ^{**} (0.403)	-0.999 ^{**} (0.439)	-0.040 (0.325)	-0.755 [*] (0.429)	-0.698 ^{**} (0.348)	-1.086 ^{**} (0.485)
Governance	10.279 [*] (5.735)	20.676 ^{**} (9.597)	14.912 ^{***} (3.384)	19.784 [*] (10.897)	21.705 ^{**} (9.657)	24.877 ^{***} (5.682)
G. revenue*Governance	-0.332 (0.256)	-0.788 [*] (0.438)	-0.520 ^{**} (0.248)	-0.786 [*] (0.482)	-0.937 ^{**} (0.444)	-0.993 ^{***} (0.332)
Trade openness	0.113 ^{***} (0.036)	0.342 ^{***} (0.094)	-0.069 (0.123)	0.314 ^{***} (0.084)	0.300 ^{***} (0.081)	0.089 ^{***} (0.031)
Inflation	-0.091 [*] (0.053)	-0.175 ^{**} (0.086)	0.074 (0.059)	-0.165 ^{**} (0.076)	-0.197 ^{**} (0.089)	0.048 (0.050)
Infrastructure	0.048 ^{***} (0.018)	-0.003 (0.008)	0.002 (0.006)	-0.006 (0.007)	-0.004 (0.007)	0.004 (0.007)
Country/Observation	17/272	17/272	17/272	17/272	17/272	17/272
AR(2) test	0.963	0.118	0.145	0.275	0.184	0.274
Sargan test	0.338	0.977	0.365	0.406	0.537	0.111
Note: ^{***} , ^{**} and [*] denote significance at 1 percent, 5 percent and 10 percent respectively						

CONCLUSION AND POLICY IMPLICATIONS

Government revenue plays an important role in the process of economic growth and development in a country. Government revenue helps the government maintain the operation of the national apparatus and promote economic activities in the country. However, an increase in government revenue mainly coming from the tax that can harm the economic activities of enterprises. Meanwhile, changes in government policies and regulations (institutional quality) may help increase government revenues, but it can be detrimental to economic growth. Therefore, this study uses the difference GMM Arellano-Bond estimators to empirically investigate the role of governance in the government revenue – economic growth relationship for a balanced panel of 17 emerging and developing Asian countries over the period 2002 – 2019. The results show that government revenue reduces while governance stimulates economic growth but their interaction harms it. Also, trade openness increases economic growth and inflation decreases it.

These findings in this study suggest some crucial policy implications relating to reforming and improving governance to increase government revenue for economic growth as follows:

- Governments in 17 emerging and developing Asian countries should strongly reform and improve governance so that regulations and policies are appropriately designed, formulated, and implemented to help governments to manage and control effectively tax collection. Change and

reform of regulations and policies relating to government revenue should be associated with the interests of businesses and people.

- Governments in 17 emerging and developing Asian countries should open the economy by participating in regional and global multilateral international organizations.
- Governments in 17 emerging and developing Asian countries need to establish mechanisms to monitor and control inflation, such as implementing appropriate money supply policies.

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