

## PREFACE

### ENGLISH

The aim of this thesis is to investigate the role of international finance and trade in promoting sustainability in middle-income countries. This research seeks to explore the dynamics, challenges, and opportunities in harnessing international financial mechanisms and trade policies to foster economic, social, and environmental sustainability in these nations. The thesis aims to provide insights and recommendations for policymakers, businesses, and stakeholders, contributing to the achievement of sustainable development goals in middle-income countries through effective international finance and trade strategies. To explore the impact of international finance and trade on economic growth and other sustainable development pillars in middle-income countries the findings of my thesis reveals that,

- a) Foreign direct investment as part of international finance has a significant positive impact on accelerated economic growth in middle-income nations. Similarly, official development aid appears to exhibit positive effects primarily in lower middle-income countries and middle-income countries with sea ports. However remittance inflow as part of internal finance does reveals any association with economic growth,
- b) Similarly, international trade has a positive influence on economic growth, particularly in upper middle-income countries, middle-income countries with sea ports, and high-income countries.
- c) Furthermore according to the empirical findings this research work also confirms, a higher level of corruption control correlates with increased economic growth in middleincome nations. It also highlights that, for accelerated economic growth, lower middleincome countries benefit from an effective government role, while high-income countries require strong regulatory quality and adherence to the rule of law.

The research also reveals that economic growth, when coupled with international finance and trade, often has detrimental effects on the environment in middle-income countries. According of the empirical findings,

- d) Economic growth appear to harm environment in middle-income and high income countries ; whereas Pollution-Heaven hypothesis found to be true to overall middle income countries and lower middle income countries thus foreign direct investment as

part of internal finance harm environment. Moreover, the empirical findings indicate that the impact of international finance as official development aid and remittance on environmental pollution varies across different panels of middle-income countries.

e) International trade tends to exacerbate environmental sustainability issues in middle-income countries.

The research demonstrates that economic growth plays a pivotal role in enhancing social sustainability by alleviating poverty and improving health outcomes and education.

f) The empirical findings of the research work indicate that economic growth increases the income baskets of the individuals of the habitants of middle-income countries thus decreases poverty.

g) International finance's influence on various social dimensions is subject to governance factors, resulting in varying outcomes. Foreign aid appears to remove poverty in upper and lower-middle income countries; whereas remittance inflow decreases poverty in lower middle-income countries and middle-income countries with seaports.

The empirical findings also confirm that foreign direct investment appear to decrease poverty in overall middle-income countries and middle-income countries with seaport.

h) International trade generally contributes positively to social pillar outcomes in middle-income countries as a whole.

i) However, the extent of its impact on income inequality varies across different panels of middle-income nations, contingent upon governance and the rule of law.

Furthermore, empirical findings also highlight the heterogeneous effects of governance indicators in both middle-income countries as a whole and their sub-panels. These findings emphasize the critical role of government effectiveness in enhancing the social aspects of middle-income countries. Likewise, they underscore that the promotion of environmental sustainability hinges on the presence of a robust rule of law. This research highlights that achieving social and environmental sustainability isn't possible solely through sustainable economic growth. It also finds that middle-income countries can escape the middle-income trap through trade, provided they control corruption. Economic growth positively impacts social sustainability in these countries but negatively affects environmental sustainability due to governance issues.

This PhD thesis comprises six chapters that collectively address the intricate

relationship between economic growth and sustainability within middle-income countries and their sub-groups, all in the context of international finance and trade. Chapter 1 lays the foundation by presenting the research background, articulating research questions, and explaining their significance. Chapter 2 delves into economic growth theories and drivers, establishing a research framework. Chapter 3 conducts empirical investigations into the factors influencing growth in middle-income countries and their sub-groups, detailing the empirical analysis method and discussing findings. Chapter 4 focuses on the empirical analysis of the connection between economic and environmental sustainability. Chapter 5 explores how economic growth impacts social sustainability goals, encompassing poverty, health, education, and income inequality. Chapter 6 concludes the thesis by summarizing the empirical findings and their implications for macroeconomic variables, economic, social, and sustainable development goals in middle-income countries and sub-groups. It also provides policy recommendations, particularly addressing the challenges faced by upper-middle-income countries grappling with the middle-income trap. This study contributes to a nuanced understanding of how governance indicators interact and impact social and environmental dimensions within middle-income countries, offering valuable insights for policy formulation and decisionmaking. Additionally, the thesis provides a comprehensive analysis and practical insights into promoting economic growth and sustainability within the diverse middle-income country context.