THE MACROECONOMIC DRIVERS OF ECONOMIC GROWTH IN MALAWI

Makroekonomski pokretači privrednog rasta Malava

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Abstract

This paper examines the main macroeconomic drivers of economic growth in Malawi. The drivers are identified by examining the various development plans and reforms that Malawi implemented during the period 1970-2011. The examination concludes that the main macroeconomic drivers of economic growth in Malawi during this period were the accumulation of physical capital, human capital development, international trade, inflation and the real exchange rate. The examination also shows that country-specific development policies and institutions are important in identifying and influencing the macroeconomic factors of growth. Although Malawi has been able to identify the factors that would contribute to sustainable economic growth in its development policies, these factors were influenced by a number of structural challenges, such as low investment rates, inadequate investment in human capital, balance-of-payment problems, macroeconomic instability, and frequent policy reversals in the implementation of macroeconomic reforms.

Keywords: Neoclassical, Open Economy Growth, Determinants of Development, Growth of Developing Countries

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1. Introduction

Within the framework of neoclassical growth theory, there have been three most important novelties that have spearheaded much of the existing literature on economic growth. The first innovation was the neoclassical Solow-Swan (1956) economic growth model, the principal contribution of which was the role of investment as an important driver of economic growth. The second innovation came from the endogenous growth theory, the major contribution of which was the inclusion of human capital development and useful technological knowledge (research and development) as important drivers of growth (Romer, 1986, 1990; Lucas, 1988; Grossman and Helpman, 1991; Aghion and Howitt, 1992). Mankiw, Romer and Weil (1992), in fact, argued that the inclusion of human capital-related variables provided a best fit of the augmented Solow model, as well as improving the parameter estimates.

The third innovation has been the emergence of empirical growth theories. One part has focused on the use of pooled cross-country data, in order to learn about technological differences across various countries (Islam, 1995; Bassanini et al., 2001). The other part has focused on country-specific regressions that place more value on identifying the drivers of economic growth, based on country-specific characteristics (Odhiambo, 2013). This has resulted in numerous drivers of economic growth being identified, of which some have been too related to socio-political, regulatory, and cultural variables. Solow (2007) has argued that for cross-country regressions, it is difficult to isolate commonalities between countries – in order to come up with a meaningful pooled dataset to be used to understand the drivers of technological differences across countries. In addition, for country-specific growth, it may be useful to focus more on national characteristics that are associated with faster growth and directly linked to output growth.

Today, it is still not clear as to which factors are the principal drivers of economic growth within and among countries. Many countries do not know the key drivers of economic growth – including Malawi. The new literature on empirical growth research stresses the importance of how development plans and economic reforms can cause different equilibria, or time paths, for per capita income growth that is country-specific (Azariadis and Drazen, 1990; Durlauf and Johnson, 1995). The approach adopted in this paper, therefore, aims to contribute to the growing literature on country-specific empirical growth studies. The examination of the macroeconomic drivers of economic growth and economic challenges in Malawi will relate to the study of the existing development policies and economic reforms that the country has implemented.

The rest of the paper is structured as follows. The second section discusses the trends in economic growth in Malawi during the period 1980-2010. The third section discusses the main macroeconomic drivers of economic growth extracted from the various economic development policies and reforms that were implemented during the period 1970-2011. The fourth section discusses the policy issues or challenges that have directly affected the performance of the key macroeconomic drivers. Lastly, the fifth section concludes this study.

2. Trends in Economic Growth

Based on the available data for the period 1980-2010, the overall performance of real GDP, real per capita GDP and population growth are illustrated in Figures 1 and 2 below. Figure 1 illustrates the trends in real GDP and population during the period
1980-2010. The primary vertical axis on the left represents a scale for real GDP; while the secondary vertical axis on the right is a scale for the population.

**Figure - 1. Trends in Real GDP and Population in Malawi: 1980-2010**

![Graph showing trends in Real GDP and Population in Malawi (1980-2010).](image)

*Source: World Development Indicators for Malawi, World Bank, 2014*

Real GDP at constant prices in Malawi increased from US$1.4 billion in 1980 to US$3.3 billion in 2010, growing at an average rate of 2.9% p.a. This growth rate was similar to the rate of population growth that averaged 2.9% p.a., increasing from 6 million to 13.8 million during the same period. Figure 2 illustrates the growth in real GDP per capita during the same period, 1980-2010, expressed in United States Dollars (US$).

**Figure - 2. Trends in Real GDP per capita in Malawi: 1980-2010**

![Graph showing trends in Real GDP per capita in Malawi (1980-2010).](image)

*Source: World Development Indicators for Malawi, World Bank, 2014*
The performance of real GDP per capita was not particularly very impressive. It increased only marginally from an average of US$217 per capita during the 1980-1990 period – to an average of US$242 per capita in the 2000s. This resulted in an average real GDP per capita of US$222 that marginally grew at an average rate of only 0.2% p.a. between 1980 and 2010.

3. The Macroeconomic Drivers of Economic Growth in Malawi

During the period 1970-2011, Malawi implemented a number of development plans and reforms. These consisted of Long-Term Plans (LTPs), Medium-Term Plans (MTPs) and Short-Term Plans (STPs). The LTPs were plans that had a planning horizon of more than five (5) years. These included the Development Plan of 1971-1980; the Development Plan of 1987-1996; and the Malawi Vision 2020 covering the period 1998-2020 (Government of Malawi, 1971, 1987, 1998). The medium-term plans covered a period of three (3) to five (5) years; and these included the three-year rolling Development Plans implemented in the 1970s, the Medium-Term Plan of 1981-1986, the Malawi Poverty-Reduction Strategy of 2002-2005, the Malawi Economic-Growth Strategy of 2004-2008, and the Malawi Growth and Development Strategy of 2006-2011 (Government of Malawi, 2002, 2004, 2006).

Supporting the implementation of the LTPs and MTPs were a number of short-term structural-adjustment programmes that covered a period of less than three (3) years. These were supported by the World Bank and the IMF – through the Structural Adjustment Loans and the Enhanced Structural Adjustment Facilities (World Bank 1981b, 1983, 1985, 1988, 1990, 1998, 2004). The main macro-economic drivers of economic growth promoted through the various development plans and reforms in Malawi comprised the accumulation of physical capital, human capital development, international trade, inflation and the real-exchange rate. Sections 3.1 to 3.5 present the performance of these key macro-economic drivers that were promoted by the various development policies and reforms implemented in Malawi between the period 1970 and 2011.

4. Accumulation of Physical Capital and Growth

The major factor behind Malawi’s economic growth performance since the 1970s was driven by the accumulation of physical capital, through the rapid expansion of investments in key sectors of the economy (Government of Malawi, 1998, 2006). Bassanini et al. (2001) argued that private investment was an important determinant of long-run economic growth, with long-run averages of private investment rates ranging from a minimum 10% to over 20% of GDP. Aschauer (1989), on the other hand, advocated the inclusion of public investments in the estimation of long-run growth patterns. The combined effect of both private and public investments (total investment) is, therefore, expected to average at least 20% of GDP (Bassanini et al., 2001).

Gross national investment was an important driver of the accumulation of physical capital in Malawi, which comprised a residual of total investment and the current account balance. Figure – 3. below illustrates the growth patterns between gross national investments and real GDP growth. The primary vertical axis on the left represents the percentage change in gross national investments over time; while the secondary vertical axis on the right represents the growth rate of real GDP.
Overall, the evidence shows a positive relationship between real GDP growth and the growth in gross national investments, as represented by the polynomial trend lines of order four. As a proportion of real GDP, gross national investment in Malawi averaged 9.2% p.a. during the period 1980-2010. This trend declined significantly from an average of 18.9% of GDP p.a. in the 1980s, down to 11.1% of GDP p.a. in the 1990s; and it continued to decline sharply to an average of -6.4% of GDP p.a. between 2001 and 2010.

The overall investment position in Malawi, therefore, was at the margin of recommended levels, as suggested by Bassanini et al. (2001) to support growth in the economy after taking into account the balance-of-payment position that the nation faced throughout the study period. While total investments were supported by significant foreign capital inflows, the gross national investment position deteriorated significantly, as most sources of investments – both foreign and domestic – were used for budget support for the government to clear factor and non-factor payments (World Bank, 1990).

5. Human Capital Development and Growth

The second important driver of economic growth in Malawi related to investments in human capital development. This has been well manifested in all development policies under review since the 1970s (Government of Malawi, 1998, 2006). The education policy adopted, after Malawi had attained independence, was in recognition of the need to address severe human capital constraints. The Government policy on education was based on the understanding that, in order to achieve improvements in agricultural productivity, improvements in the utilization and training...
of the rural labour force – especially small-holder farmers – was of paramount importance (Government of Malawi, 1971, 1987). Figure – 4. below illustrates the growth in the enrolment of students at two levels of education – primary and secondary education – expressed as a proportion of the total population. The gross enrolment rate for tertiary education was not included; since its proportion to total population has been nearly zero throughout the entire period.

**Figure - 4. Gross Enrolment Rates in Primary and Secondary Education: 1970-2010**

![Gross Enrolment Rates in Primary and Secondary Education: 1970-2010](image)

*Source: Data series obtained from Education Statistical Yearbook, 2012*

Significant investments in human capital development were more pronounced in primary education, as the enrolment significantly increased from an average of 10.2% of total population p.a. in the 1970s, 13.4% of total population p.a. between 1980 and 1990, 22.9% of total population p.a. during the 1991-2000 period, to an average of 28.3% of total population p.a. during the 2001-2010 period (Figure 4). Enrolment in secondary education also marginally increased over the decades, increasing from an average of 0.3% of total population p.a. enrolled in secondary education between 1970 and 1980, 0.5% p.a. during the period 1981-90, 1.2% p.a. during the period 1991-2000 to an average of 1.6% of total population p.a. during the period 2001-2010. Tertiary education was given the lowest priority, where enrolment rates marginally increased from an average of 0.02% in the 1970s to 0.06% of total population during the period 2001-2010.
The education policy in Malawi was, therefore, demand-driven – and aimed at addressing the technical skills required to support the agricultural sector, as the key source of economic growth. It has been argued that investments in human capital development have similar effects on economic growth as the accumulation of physical capital (Bassanini et al., 2001). Even advances in technological adaptation have strong links with education, especially when investments in education are at the highest levels (Grossman and Helpman, 1991; Aghion and Howitt, 1992). The trend in Figure – 3, however, shows investment in educational development in Malawi was more focused on the basic skills obtained through investing in primary education, and less on secondary or tertiary education (Government of Malawi, 1987, 2006).

6. International Trade and Growth

The third important driver of economic growth in Malawi, and an important driver of real incomes, has been international trade. The Government’s strategy to promote agriculture since the 1970s, and the small effective size of the domestic economy – to provide a market for trading in goods and services – necessitated that the government should focus more on external trade and openness. Realizing that Malawi’s comparative advantage relied on small-scale agricultural production and productivity, the plausible route to improve on per capita incomes, and a stable market for all exportable agricultural produce, was to promote exports to other countries (Government of Malawi, 1987). At the same time, the Malawian economy was susceptible to external shocks, such as falling terms of trade and rising freight costs (Government of Malawi, 2006). Figure 5 below illustrates three important variables – the trade ratio, the trade balance and the current account balance – that represent the performance of trade in Malawi in relation to real GDP growth. The primary vertical axis on the left represents the percentage change in the trade ratio, the trade balance and the current account balance; while the secondary vertical axis on the right represents the growth rate of real GDP.

Figure - 5. Real GDP Growth, Trade Ratio, Trade Balance and Current Account Balance: 1980-2010

Source: Data series obtained from the Reserve Bank of Malawi’s Statistical series, 1980-2010
Overall, the trend shows a positive relationship between the three trade variables and real GDP growth. During the period 1980-2010, the trade ratio, as a proxy for terms of trade, averaged 94.9%, as imports on average grew faster than exports. The trade balance, as a proportion of GDP, represented an average rate of -8.2% of GDP p.a. during the same period.

Malawi, being a landlocked country, experienced significant problems because of the increase in high net factor and non-factor service payments that were dominated by high debt-service obligations and external transport costs (Government of Malawi, 1987, 1998, 2004, 2006). As a proportion of GDP, the current account deficit averaged -23.3% of GDP during the period 1980-2010. This deficit rose sharply from an average of -12.5% of GDP in the 1980s, to an average of -38.4% of GDP p.a. between 2001 and 2010 (Figure – 5).

7. Inflation and Growth

The fourth important driver of economic growth in Malawi was inflation. A number of studies in the economic growth literature identify inflation as being an important driver of economic growth. Inflation brings in uncertainty; and it thus acts as a tax on investment (Fernandez Valdovinos, 2003; Guerrero, 2006). As such, it is expected that inflation and growth have a negative relationship. Apart from controlling for population growth, the Malawi Government has put considerable emphasis on ensuring stability in inflation movements – if Malawi was to sustain its growth achievements.

![Inflation Movements: 1980-2010](image)

Source: Data series obtained from the Reserve Bank of Malawi Statistical series, 1980-2010

The importance of reducing the inflation growth rate is evidenced by the strategic objectives incorporated in its development policies since 1987, in order to reduce inflation to a single digit growth of at least 5% p.a. (Government of Malawi, 1987, 2006). In the 1970s, it was a deliberate policy for the Government to ensure that inflation, at all costs, was managed; and this policy ensured that price and wage controls
were effective (Government of Malawi, 1971, 1987). The control of inflation was also crucial in controlling other variables, such as domestic interest rates.

Figure – 6. The growth trajectory of price movements (inflation) and real GDP performance during the period 1980-2010. The growth pattern on the left primary vertical axis shows the percentage change of inflation; while the right hand side represents real GDP growth. Overall, using a polynomial function of order four, there was a negative relationship between inflation and economic growth in Malawi. During the period 1980-2010, inflation grew at an average rate of 20.6% p.a. The average inflation rate rose from an average of 14.9% in the 1980s, to 34.1% in the 1990s, before dropping to 13.2% p.a. in the 2000s.

8. Real Exchange Rate and Growth

The fifth important driver of economic growth in Malawi was the real exchange rate. In Malawi, a number of structural adjustment reforms were implemented, from 1981 onwards, to restore a once buoyant economy that had been affected by external economic shocks and policy inconsistencies (Government of Malawi, 1987). The over-reliance of the economy on the agricultural sector that depended on natural resources, especially fertile land, created a very weak foundation for sustained economic growth. The sector was heavily affected by international shocks, such as falling world market prices for major exports crops and high import prices. These factors led to a decline in the terms of trade, high transportation costs on international corridors, and regional competition (Government of Malawi, 1987; World Bank, 1988).

However, the economic shocks that Malawi faced during the 1979-1981 period also affected the exchange rate movements. The rapid deterioration of Malawi’s economic performance between 1979 and 1981 prompted the government to implement stabilization programmes and structural-adjustment programmes funded by the Bretton Woods Institutions. There were three major problems that were affecting the exchange rate movements. These included the slow growth and poor quality of traditional exports from smallholder farmers, the declining terms of trade, the increasing government budget deficit, and the slow growth in human capital development – resulting in an ongoing shortage of skilled labour and subsequent reliance on expatriates (World Bank, 1981a; 1988).

These problems drove the exchange rate movements that led to a number of currency depreciations during the period 1980-2010. On average, the exchange rate depreciated at an average rate of 20.3% p.a. during this period. In the 1980s, the depreciation of the local currency averaged 11.8% p.a.; and this significantly increased during the 1990s, depreciating at an average of 40% p.a., before again declining to an average depreciation rate of 10% p.a. in the period 2001-2010.

The pressure exerted by Malawi’s balance-of-payments position, on the other hand, obliged the government to implement a number policy reforms on exchange-rate liberalization; and these led to a number of currency devaluations (World Bank, 1988). The reforms that the Government of Malawi implemented in the late 1980s aimed at introducing a free-floating exchange rate regime, in order to reduce the rate at which imports were growing, while at the same time stimulating the production of exports. The exchange-rate alignment policy was seen as an important tool for both monetary policy and the management of the external balance of payments.
Another control used by the government to manage the availability of foreign exchange was the prioritization of expenditure on essential imports through the Reserve Bank of Malawi (Government of Malawi, 1987; World Bank, 1988). More recently, exchange-rate misalignment has become an important determinant of growth, particularly for developing countries that are recipients of foreign aid (Elbadawi et al., 2012). Figure – 7. below illustrates the real exchange rate movements versus the real GDP growth during the period 1980-2010. The growth pattern on the left primary vertical axis shows the percentage change of the real exchange rate; while the right-hand vertical axis represents the real GDP growth. Overall, a negative relationship exists between the real exchange rate and real GDP growth.

**Figure - 7. Real Exchange Rate Movements and Real GDP growth: 1980-2010**

![Real Exchange Rate Movements and Real GDP growth: 1980-2010](source: Data series obtained from the Reserve Bank of Malawi Statistical series, 1980-2010)

A real exchange-rate misalignment, either an overvaluation or devaluation, has a significant impact on economic growth; where the former has led to economic stagnation (Johnson et al., 2006; Rajan and Subramanian, 2011), and the latter has led to growth accelerations (Hausmann et al., 2005; Rodrik, 2008), respectively. The stylized facts in Malawi also exhibit similar trends that reveal a negative relationship between real exchange rate movements and growth.

**9. Policy Challenges affecting Economic Growth in Malawi**

Based on the approach that the Government of Malawi has taken since the 1970s, development policies and reforms have been a major influence on the performance of key macroeconomic drivers, aimed at influencing long-term economic growth. The identification of the macroeconomic drivers was in response to policy challenges that significantly affected the movement in economic growth. Most of these
challenges affecting economic growth in Malawi started during the period 1979-1981; when Malawi experienced a number of economic shocks (Government of Malawi, 1987). We identify five main challenges that the Malawian economy faced during the period 1970-2011.

The first challenge related to the accumulation of physical capital. All development plans and reforms implemented since the 1970s identified the accumulation of physical capital as an important driver of economic growth. However, the over-reliance on an agrarian society in the agricultural sector exposed the Malawian economy to a number of international shocks that were affected by the international price movements of major export crops, such as tobacco, tea, cotton and sugar; increasing foreign debt service; increasing factor payments; and rising import prices. These, in turn, affected the accumulation of physical capital, as the gross national investment declined over time from an average of 18.5% during the period 1971-1980 to -6.4% of GDP during the period 2001-2010. This was well below the recommended level of accumulation of capital, which was expected to range at least between 10% and 20% of GDP (Bassanini et al., 2001).

The second challenge was associated with the low investments in human capital development, which has been consistently identified as a constraint to growth in all development plans studied in this paper (Government of Malawi, 1998, 2006). Investment in human capital development brings in capital deepening which can lead to sustained economic growth. Even technological adaptations have a strong link with education and this implies that investment in human capital development should be more focused on higher learning (Romer, 1990; Bassanini et al., 2001). In Malawi, although significant investments went into education, the majority of these investments targeted the improvement of basic skills, by increasing access to primary education, and less on secondary and tertiary education. As a result, Malawi still faces a constraint on the availability of skilled workers, even though all development plans implemented have stressed the importance of the development of technical skills needed to support growth in all sectors of the economy (Government of Malawi, 1998, 2006). The quality of human capital is, therefore, inadequate to absorb any transfer of knowledge or technologies resulting from the accumulation of physical capital from abroad.

The third challenge that the Malawi economy faced related to the balance-of-payment problems. Due to the size of the domestic market, trade was very important for Malawi; and the balance of payments position was critical to the economic performance of the country (Government of Malawi, 1987; 1998). Instead of trade bringing in gains, such as economies of scale, diffusion of knowledge and technologies, Malawi faced declining terms of trade, increased trade and current-account deficits (Government of Malawi, 2006). Malawi’s terms of trade deteriorated significantly over time, as represented by the trade ratio that declined from an average of 127.9% p.a. in the 1980s to 62.8% during the period 2001-2010. In addition, the current-account deficit increased from an average of -12.5% of GDP in the 1980s to -38.4% of GDP in the 2000s. The situation was made worse due to increased factor and non-payments, increasing freight costs, interest repayments on loans and the declining terms of trade (Government of Malawi, 1987, 2006).

The fourth challenge related to instability in the key macroeconomic factors of growth, such as inflation and the real-exchange rate. Both drivers were negatively related to economic growth, and thus represented a tax on investment. During the period 1980-2010, the inflation rate averaged 20.6% p.a.; whilst the exchange rate depreciated at an average rate of 20.3% p.a. This is not a desirable position, as countries within the
Southern Africa Development Community (SADC) region are expected to adopt the principles of macro-economic convergence – where, among other things, inflation is expected to remain within low and stable levels (SADC, 2006). The high inflation rates and exchange rate misalignments that Malawi faced during the period, 1980-2010, were a significant drawback and a tax on the economy (Bassanini et al., 2001; Government of Malawi, 1998, 2004).

The fifth challenge faced by the Government of Malawi that affected the performance of macroeconomic drivers included frequent policy reversals in the implementation of macroeconomic reforms. The first policy reversal related to the liberalisation of the exchange rate. From independence to the early 1970s, the exchange rate policy in Malawi had followed a fixed exchange rate regime, in which the local currency, the Malawi Kwacha, was pegged to the British Pound Sterling (World Bank, 1975). Since 1984, the Malawi Kwacha has been fixed to a basket of seven currencies (World Bank, 1988). From July 1997 to July 2003, the exchange rate policy moved back to a flexible exchange rate regime (Reserve Bank of Malawi, 2003). From August 2003 to February 2005, the regime returned to a fixed exchange rate system.

In 2005, there were two exchange rate policies adopted: between March and June 2005 the Reserve Bank of Malawi adopted a flexible exchange rate regime, which was changed to a fixed exchange rate system from July to December 2005 (Reserve Bank of Malawi, 2005). The exchange rate policy reversals continued; and from January 2006 to November 2007, a flexible exchange rate policy was adopted, before being reversed to a fixed managed float – with occasional devaluation – between December 2007 and April 2012. From May 2012 onwards, the policy moved to a full market-determined (floating) exchange-rate regime (Reserve Bank of Malawi, 2007; 2008).

The second policy reversal related to high fiscal deficits that resulted from increased borrowing by Government – from both the domestic and external financial institutions. Although the structural adjustment reforms implemented since the 1980s aimed at controlling government spending, high fiscal deficits continued to be a significant drawback to attaining macro-economic stability (World Bank, 1998, 2004). At the helm of the high fiscal deficits was the continued poor performance and mismanagement of public expenditures, coupled with weak policy and strategic planning. This led the Government to excessively borrow: both from the local and external financial markets, leading to high interest rates, inflation, currency depreciations and the crowding out of any private sector investment (Government of Malawi, 2006).

10. Conclusion

This paper has discussed the main macroeconomic drivers of economic growth in Malawi, by examining the policies and reforms that the country implemented during the period 1970-2011. Based on the available data for the period 1980-2010, real GDP growth averaged 2.9% p.a. and per capita GDP averaged US$222 p.a. Population growth, on the other hand, averaged 2.9% p.a. Malawi’s level of economic growth could, therefore, be characterised as that of an economy that had experienced an extensive growth pattern – with contributions not arising from increased productivity but rather from production – due to the increasing population. The most significant macroeconomic drivers of growth identified in the study include the accumulation of physical capital, human capital development, international trade, inflation and the real exchange rate. Other drivers identified, although implemented to a lesser extent,
included land, research and development, population growth, trade and tax reform, financial-sector development and good governance (fiscal discipline, control of corruption, security, and public service delivery).

The performance of the macro-economic drivers was influenced by the medium- and long-term development plans that Malawi has implemented since the 1970s. These include the Development Plan of 1971-1980; the Medium-Term Plan of 1981-1986; the Development Plan of 1987-1996; the Malawi Vision 2020 for the period 1998-2020; the Malawi Poverty-Reduction Strategy of 2002-2005; the Malawi Economic-Growth Strategy of 2004-2008; and the Malawi Growth and Development Strategy of 2006-2011. These development plans were further supported by the structural-adjustment reforms financed by the World Bank and the International Monetary Fund, since the 1980s.

A number of policy challenges have been discussed that affected the performance of the macro-economic drivers of economic growth. These include: the low accumulation of physical capital; the low investment in human capital development; the frequent balance-of-payment problems affected by the declining terms of trade and current account deficits; macroeconomic instability, due to rising inflation; and exchange rate misalignment; as well as the frequent policy reversals that affected the implementation of macroeconomic reforms. Based on the analysis, the study identifies the accumulation of physical capital, human capital development, international trade, inflation and currency depreciation, as the important macroeconomic drivers of economic growth in Malawi. The study, therefore, concludes that it is important to include such drivers as the macroeconomic determinants, when measuring and estimating growth patterns in Malawi.

References


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Apstrakt

Ovaj rad ispituje glavne makroekonomске pokretače ekonomskog rasta Malava. Identifikacija pokretača izvršena je uvidom u različite razvojne planove i reforme koji su Malavi realizovali u periodu od 1970. do 2011. godine. Ispitivanje je dalo zaključak da su glavni pokretači ekonomskog rasta Malava u ovom periodu bili akumulacija fizičkog kapitala, razvoj ljudskog kapitala, međunarodna trgovina, inflacija i realni devizni kurs. Ispitivanje takođe pokazuje da su specifične razvojne politike zemlje i institucije važni u identifikaciji i uticaju makroekonomskih faktora privrednog rasta. Iako su Malavi bili u stanju da identifikuju faktore koji mogu doprineti održivom ekonomskom rastu u svojim razvojnim politikama, ti faktori su imali uticaj od brojnih strukturnih izazova kao što su niske stope investicija, neadekvatno ulaganje u ljudski kapital, problemi platnog bilansa, makroekonomска nestabilnost i česta unazadenja politike u implementaciji makroekonomskih reformi.

Ključne reči: neoklasika, rast otvorene ekonomije, determinante razvoja, rast zemalja u razvoju