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DETERMINANTS OF ECONOMIC GROWTH IN MALAWI

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Abstract. Economic growth is an important index among the macroeconomic variables. It plays an integral role in the economic development of a country and the general improvement of living standards. It is therefore important to understand the factors which drive economic growth in an economy. The research reported here analyzed the determinants of economic growth in Malawi. Regression analysis was applied to secondary data from the International Monetary Fund, for the period 1971 to 2003. Economic growth was also positively correlated with the exchange rate, population growth, and foreign direct investment. Statistically, it was population growth, exchange rate and domestic credit which were significantly related to economic growth. It was of interest to observe that there was a negative relationship between economic growth and private investment.

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