Testing Significance of Macroeconomic Variables in Explaining Aggregate Economic Growth: A Cross-Country Study

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Abstract

The paper studies the relationship between the aggregate economic growth and the macroeconomic variables during the period 1977-2016. A first-order autocorrelation in the dependent and independent variables was detected. The residuals of the ordinary least squares (OLS) model were also affected by heteroscedasticity. By applying multiple econometric estimation techniques, the study finds that annual consumption growth, government expenditure growth, and gross savings to GDP ratio are the most statistically significant macroeconomic variables in explaining the change in aggregate economic growth.

Full Text

Due to technical limitations, full-text HTML conversion of this manuscript could not be completed. However, the latest manuscript can be downloaded and [accessed as a PDF](#).

Figures

Figure 1

Evidence of nonstationary trend in Broad Money to GDP Ratio

Figure 2

Distribution of Broad Money to GDP Ratio across continents