



Impact of Financial Market Liberalization on the Ethiopian Economy

By Menelik Geremew

LAP Lambert Academic Publishing Mrz 2013, 2013. Taschenbuch. Book Condition: Neu. 220x150x3 mm. Neuware - This study analyzes the practical implications of financial market liberalization on Saving, Investment, Inflation and Economic Growth in Ethiopia, using time series data covering the period 1974 2004. The Johansen Maximum Likelihood Estimation Procedure is used to see the short and long run dynamics of macroeconomic variables and their response to a major policy shift from a closed command economy to a semi-open market economy. The Mckinnon-Shaw hypotheses is tested and used as a bench mark to compare the effect of removal of repressive policies and development of financial markets against the pre-reform pervasive government intervention policies in accelerating economic growth, increasing domestic saving and investment. The shifts in policy regimes are captured by period dummies in the regressions. The results indicate that saving is positively and significantly affected by the real deposit rate of interest and income growth. Domestic investment has a positive long-run equilibrium relationship with output growth whereas the real depreciation of the exchange rate and an increasing level of government debt are found to have a negative effect on private domestic investment. 56 pp. Englisch.



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