

Managing Growth: The Role of Export, Inflation and Investment in three ASEAN Neighboring Countries

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ABSTRACT

This study investigates the relationship between export, inflation, investment and economic growth for three ASEAN countries namely Indonesia, Malaysia, and Thailand. In general, the results revealed that export has a positive impact on growth. As for, Malaysia and Thailand, inflation has a negative impact on growth; while for Indonesia it has a positive impact. The inflation rate for Indonesia is almost consistent for a several years, which have lead to a positive relationship between inflation and growth. However, there is also a modest increase in the rate of inflation for certain years. The results also shows that investment have a positive impact on growth for Indonesia, Malaysia and Thailand.

Keywords: Economic growth, export, inflation, investment, ASEAN

1. INTRODUCTION

The issue of the export promoting growth has been a central theme for the international trade economists and policy makers. Numerous studies have been conducted dealing with different aspects of this impact toward the economic growth¹. Many of these studies have focused on testing whether export leads to improvement in economic growth performance. Causal inspection of export and economic growth in developing market economies reveals that these two time series tends to move together (Bahmani-Oskooee and Alose, 1993; Ahmad and Harnhirun, 1995; Ghatak *et al.*, 1997; Biswal and Dhawan, 1998; Baharumshah and Rashid, 1999; Hossain and Karunaratne, 2004; Mamun and

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