

FARAI MANWA

Southern Cross University, Australia

SACUNOMICS: THE IMPACT OF TRADE LIBERALISATION ON THE SOUTH AFRICAN ECONOMY**Abstract:**

It has been widely documented that the world is classified into at least two economic systems of developed and developing countries according to average GDP levels. The arising research question then is why has development been more proliferate in certain regions of the world and are there any strategies that might enhance growth in poorer regions? Whilst economic growth theory does not give a definitive solution to the problem neoclassical growth and endogenous growth theory provide clues to the necessary variables required for growth. Empirical studies show incongruity on the effects of trade liberalisation on economic growth. Furthermore, to the best of our knowledge, no studies have examined the impact of trade liberalisation within Southern African Customs Union (SACU) countries. In an effort to partially remedy this neglect we empirically estimate the dynamic causal relationships between economic growth and several trade liberalisation measures whilst controlling for growth factors. Study data is derived from the World Bank, Bruegel, and Penn World Tables national accounts data. Employing the Bounds Testing Autoregressive Distributed Lag (ARDL) Approach to Cointegration, we quantify for the first time the relationship between trade liberalisation and economic growth in the SACU countries over a time frame ranging from 1980 to 2011.

Keywords:

Trade Liberalisation, Economic Growth, SACU, Bounds Testing Autoregressive Distributed Lag (ARDL) Approach to Cointegration

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