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IMPACT OF INFLATION ON ECONOMIC GROWTH IN BOSNIA AND HERZEGOVINA

Boris Spasojević[1], **Aleksandar Đukić**[2]
[1] University of Banja Luka
Faculty of Natural Sciences and Mathematics
[2] Hospitality, Trade, and Tourism School Banja Luka

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Correspodence: borisspasojevic@yahoo.com

Abstract: The objective of this research is to analyze the impact of inflation on economic growth in Bosnia and Herzegovina (BiH) from 2017 to 2023. Utilizing data on annual inflation rates and GDP figures, the study employs a correlational-regression analysis conducted with IBM SPSS software to examine the relationship between inflation and GDP growth. The results indicate a significant fluctuation in inflation rates, particularly with a dramatic spike in 2022, and a consistent upward trend in GDP growth, except for a minor decline in 2020 attributed to the COVID-19 pandemic. The regression analysis suggests that while high inflation in 2022 coincided with substantial GDP growth, the overall impact of inflation on economic growth appears complex and multifaceted, influenced by other underlying economic factors. The conclusion drawn from this study is that inflation in BiH has a nuanced relationship with economic growth, necessitating a balanced approach in monetary and fiscal policies to sustain economic stability and growth.

Keywords: Inflation, Economic Growth, Bosnia and Herzegovina, GDP

1. Introduction

Inflation is one of the key macroeconomic indicators that has a direct impact on the economic growth and development of a country. This economic phenomenon is reflected in the general rise in the prices of goods and services over a certain period, leading to a decrease in the purchasing power of the currency. In Bosnia and Herzegovina (BiH), inflation is often a subject of debate due to its ability to destabilize the economy, reduce the living standards of the population, and negatively affect investments and savings. High inflation can lead to uncertainty among consumers and investors, increased borrowing costs, and reduced real incomes, all of which can hinder economic growth. During periods of economic instability, inflation can further exacerbate the situation by destabilizing financial markets and reducing confidence in the domestic economy. Conversely, low and stable inflation can stimulate economic growth by encouraging consumption and investment (Dašić, et al., 2017) However, controlling inflation is a complex task, especially in economies facing structural problems, as is the case with BiH. Investigating the impact of inflation on the economic growth of BiH from 2017 to 2023 is an important step towards understanding how these macroeconomic factors interact in the specific context of BiH. This research is particularly significant given the historical and political specificities of BiH, which include the transition to a market economy, post-war reconstruction, and a complex political system. By analyzing inflation rates and GDP during the given period, it is possible to identify trends and correlations that can serve as a basis for making better-informed economic policies. Understanding the relationship between inflation and economic growth is crucial for creating effective monetary and fiscal policies that can contribute to the stabilization and long-term growth of the economy. This research can provide valuable insights not only for policymakers in BiH but also for economists, investors, and the general public interested in the economic perspectives of the country.

The subject of this research is the analysis of the interdependence between the inflation rate and the gross domestic product (GDP) growth rate in BiH. The objective is to determine the extent to which inflation affects economic growth

and whether there is a significant correlation between these two indicators. Understanding this relationship can provide valuable insights for policymakers in BiH to improve economic stability and sustainable growth. The motivation for conducting this research lies in the need for a deeper understanding of the macroeconomic challenges faced by BiH. Inflation is a complex phenomenon that can have various effects on the economy, depending on its intensity and duration. By researching the impact of inflation on economic growth, it is possible to identify potential risks and develop strategies to mitigate them, thereby contributing to the long-term economic stability of the country.

Based on previous research and theoretical frameworks, the following hypotheses are proposed:

1. Hypothesis 1: There is a negative correlation between the inflation rate and economic growth in BiH.

2. Hypothesis 2: High inflation has a more significant negative impact on economic growth during periods of economic crises or instability.

This paper is divided into several chapters. Following the introduction, the second chapter will present a literature review and theoretical frameworks addressing the relationship between inflation and economic growth. The third chapter will describe the research methodology, including the data used for analysis and the steps conducted in IBM SPSS software. The fourth chapter will present the research results, while the fifth chapter will include a discussion of the results in the context of existing theories and previous research. Finally, the sixth chapter will contain the conclusion, in which the proposed hypotheses will be confirmed or refuted, along with recommendations for future research and practice.

2. Lterature Review

Inflation and economic growth have been longstanding subjects of research in economic theory and practice. This literature review covers key works that explore various aspects of the impact of inflation on economic growth, with a particular focus on the regional specificities of Bosnia and Herzegovina (BiH) and similar economies.

Classical economic thinkers, such as Keynes (1936), emphasize the importance of inflation in the context of aggregate demand and its impact on economic growth. Keynesian theory suggests that inflation can stimulate economic growth in the

short term by increasing nominal incomes and consumption (Keynes, 1936). Conversely, monetarists like Friedman and Schwartz (1963) argue that inflation, especially when unpredictable, can negatively affect economic growth due to increased uncertainty and reduced investment (Friedman & Schwartz, 1963).

Empirical research on the relationship between inflation and economic growth often shows varying results depending on the methodology and sample of countries. Barro (1995) finds a negative correlation between inflation and economic growth in a sample of 100 countries, concluding that higher inflation slows economic growth (Barro, 1995). Fischer (1993) demonstrates that inflation above a certain threshold can significantly reduce economic growth (Fischer, 1993). Bruno and Easterly (1998) confirm these findings, highlighting that high inflation negatively impacts economic growth, especially in developing countries (Bruno & Easterly, 1998). Peker and Hoti (2014) analyze the impact of macroeconomic policies on economic growth in Western Balkan countries, including BiH, and find that inflation has a significant negative impact on economic growth (Peker & Hoti, 2014). Radović et al. (2018) emphasize in their study that unstable inflation can lead to uncertainty, which negatively affects investment and economic growth (Radović et al., 2018). Balami and Aderemi (2020) use advanced methodologies such as panel data analyses to investigate these relationships in samples of developing countries. Their study shows that the impact of inflation on economic growth is non-linear, with moderate inflation potentially being beneficial, while high inflation has significantly negative consequences (Balami & Aderemi, 2020). Lothian and Tavlas (2021) explore the long-term effects of inflation on economic growth, concluding that high inflation slows economic growth in the long run (Lothian & Tavlas, 2021).

Ghobarah, Huth, and Russett (2003) show that post-conflict countries often experience high inflation, complicating economic recovery (Ghobarah, Huth, & Russett, 2003). Ali et al. (2001) indicate that high inflation can significantly hinder post-conflict reconstruction and development (Ali, Ali & Mshomba, 2001). Acemoglu, Johnson, and Robinson (2001) emphasize the importance of institutional factors in economic development, arguing that the quality of institutions can miti-

gate or exacerbate the effects of inflation on economic growth (Acemoglu, Johnson, & Robinson, 2001). Rodrik (2008) adds that institutional capacities are crucial for creating effective policies that can minimize the negative effects of inflation (Rodrik, 2008).

Research focusing on BiH and the Western Balkan region provides additional insights. Omerbegović-Bajtal (2016) analyzes the macroeconomic challenges faced by BiH, including high inflation and its impact on economic growth (Omerbegović-Bajtal, 2016). Pivac, Jovanović, and Ivanović (2020) study the impact of inflation on economic growth in Western Balkan countries, highlighting similar trends (Pivac, Jovanović & Ivanović, 2020). Further research is directed towards a more detailed analysis of the impact of inflation in specific economic and political contexts. Mishkin (2001) and Taylor (1993) discuss how monetary policies can be adjusted to control inflation and stimulate economic growth (Mishkin, 2001; Taylor, 1993). Bernanke and Mihov (1998) investigate the role of central banks in managing inflation and economic growth (Bernanke & Mihov, 1998).

The literature review shows that the impact of inflation on economic growth is complex and depends on various factors such as economic policies, institutional framework, and specific economic conditions. While most studies indicate a negative impact of high inflation, there are arguments that moderate inflation can have a stimulative effect on the economy. This issue is of particular importance for BiH, which faces specific macroeconomic challenges. Further empirical research is crucial for accurately understanding these relationships and formulating appropriate economic policies.

3. Research methodology

This study employs regression and correlation analysis to examine the impact of inflation on economic growth in Republika Srpska. The methodological approach was chosen to explore the relationships between key economic variables in detail using IBM SPSS software.

Considering both comparative and descriptive analysis, we rely on detailed correlation and regression analysis. In the linear regression model, the regression equation is expressed as: $Yi = ß0 + ß1*xi + \varepsilon i$ where the index (i) denotes the (i)-th observation, (X) represents the independent explanatory variable (infla-

tion), and (Y) is the dependent variable (economic growth). The goal is to explain the variations in the dependent variable (Y) based on changes in the independent variable (X).

The assessment of the simple linear regression function based on a sample is typically expressed as: Ŷi= b0 + b1xi where (Ŷi)is the value of the dependent variable located on the best-fit regression line, and (b0) and (b1) are the estimates of the unknown regression parameters of the basic set.

The analysis includes the following steps and statistical indicators:

- Mean
- Median
- Maximum value
- Minimum value
- Standard deviation
- Probability (p)
- Skewness
- Kurtosis
- Standard error
- Correlation coefficient
- t-statistic
- F-statistic

Durbin-Watson (D.W.) statistic is used to measure serial correlation between residuals. The D.W. statistic ranges from 0 to 4. The F-statistic is used to test the significance of all variables in the model simultaneously. The model is considered statistically significant if the F-statistic value is greater than the critical value from the appropriate table. Additionally, the p-value should be less than 0.05 for the model to be statistically significant. The null hypothesis is rejected if no variable in the model is statistically significant. In addition to regression and correlation analysis, comparative and descriptive methods will be used to thoroughly analyze the structure of inflation and its impact on economic growth. These methods enable a comprehensive analysis that ensures the relevance of the research and the validation of the proposed hypothesis. Comparative analysis will allow for the comparison of results with similar economies, while descriptive analysis will provide an in-depth insight into the statistical characteristics of the data used in the study. Together, these methods will facilitate a robust analysis of the impact of inflation on economic growth in Republika Srpska.

This approach not only contributes to the methodological foundation of the research but also allows other researchers to replicate the study using the same methods and data, thereby enhancing the validity and reliability of the findings.

4. Results and discussion

Below is a table showing the inflation rates and GDP of Bosnia and Herzegovina (BiH) in billions of dollars for the period from 2017 to 2023. The data were used to analyze the relationship between inflation and economic growth.

Table 1. Inflation Rate and GDP of BiH for the Period 2017-2023

Year	Inflation Rate	GDP of BiH in Billions of Dollars
2017	0,81%	18
2018	1,42%	19,1
2019	0,56%	19,8
2020	-1,05%	19,4
2021	1,98%	21,1
2022	14%	23,1
2023	6,1%	24,3

Source: CEIC DATA

The table above shows the changes in inflation rates and Gross Domestic Product (GDP) of Bosnia and Herzegovina over a seven-year period. Analyzing this data can provide important insights into how inflation affects economic growth in this region.

1. Period from 2017 to 2019:

- During this period, inflation is relatively stable and low, ranging between 0.56% and 1.42%.
- GDP continuously increases, from $18 billion in 2017 to $19.8 billion in 2019.
- These data suggest positive economic growth with controlled inflation.

2. 2020:

- Inflation recorded a negative value (-1.05%), indicating deflation.
- GDP slightly declined to $19.4 billion.
- Deflation may be an indicator of reduced demand or other economic challenges that affected economic activity that year.

3. Period from 2021 to 2023:

- Inflation surged sharply in 2022 to 14%, a significant increase compared to previous years.
- GDP also shows substantial growth, reaching $24.3 billion in 2023.
- This high inflation may result from increased demand, supply disruptions, or other macroeconomic factors. However, despite high inflation, GDP continues to grow, suggesting that some sectors of the economy may have benefited or adjusted their prices in response to inflationary pressures.

The analysis of the presented data suggests a complex relationship be-

tween inflation and economic growth. Although high GDP growth was recorded during periods with varying inflationary environments, the high inflation in 2022 did not necessarily negatively impact economic growth, which may indicate the resilience of the BiH economy or specific factors that supported growth despite inflation. Further analyses, including regression and correlation methods, will help in gaining a more precise understanding of these relationships. The results from SPSS provide confirmation of our hypotheses and offer deeper insights into the dynamics between inflation and GDP in BiH. These results are detailed and discussed further below:

Table 2. Statistical Analysis Summary

Category	Parameter	Value	N
Descriptive Statistics	Mean (GDP)	20,6857	7
	Std. Deviation (GDP)	2,28139	7
	Mean (Inflation)	3,4029	7
	Std. Deviation (Inflation)	5,16661	7
Correlations	Pearson Correlation (GDP, Inflation)	0,751	7
	Sig. (1-tailed)	0,026	
Model Summary	R	0,751	
	R Square	0,564	
	Adjusted R Square	0,476	
	Std. Error of the Estimate	1,65092	
	R Square Change	0,564	
	F Change	6,458	
	Sig. F Change	0,052	
	Durbin-Watson	1,526	
ANOVA	Sum of Squares (Regression)	17,601	
	df (Regression)	1	
	Mean Square (Regression)	17,601	
	F	6,458	
	Sig.	0,052	
	Sum of Squares (Residual)	13,628	
	df (Residual)	5	
	Mean Square (Residual)	2,726	
	Total Sum of Squares	31,229	
Coefficients	(Constant) B	19,558	
	Std. Error (Constant)	0,766	
	Inflation B	0,332	
	Std. Error (Inflation)	0,130	
	Beta (Inflation)	0,751	
	t	2,541	
	Sig.	0,052	
	95% Confidence Interval for B (Lower Bound)	-0,004	
	95% Confidence Interval for B (Upper Bound)	0,667	

Residuals Statistics	Minimum Predicted Value	19,2096	7
	Maximum Predicted Value	24,1987	7
	Mean Predicted Value	20,6857	7
	Std. Deviation (Predicted Value)	1,71274	7
	Minimum Residual	-1,82618	7
	Maximum Residual	2,72018	7
	Mean Residual	0,00000	7
	Std. Deviation (Residual)	1,50708	7
	Minimum Std. Predicted Value	-0,862	7
	Maximum Std. Predicted Value	2,051	7
	Mean Std. Predicted Value	0,000	7
	Std. Deviation (Std. Predicted Value)	1,000	7
	Minimum Std. Residual	-1,106	7
	Maximum Std. Residual	1,648	7
	Mean Std. Residual	0,000	7
	Std. Deviation (Std. Residual)	0,913	7

Source: IMB SPSS 26

Descriptive statistics provide insight into the basic characteristics of the data, such as the mean and standard deviation. The mean GDP of $20.6857 billion indicates stable economic growth in Bosnia and Herzegovina during the analyzed period. The standard deviation of GDP at 2.28139 reflects the variability in economic performance across different years, which may result from economic fluctuations or external factors. The average inflation rate of 3.4029% indicates relatively moderate inflation, but the standard deviation of 5.16661 suggests significant volatility, which could impact economic stability. These indicators are crucial for understanding the overall economic environment and the context in which the research is conducted.

A positive correlation of 0.751 between GDP and the inflation rate suggests a strong relationship between these two variables. This means that, during the observed period, an increase in the inflation rate often coincided with GDP growth. A p-value of 0.026 further confirms the statistical significance of this correlation, implying that the results are not due to random chance. This connection may indicate that inflation, up to a certain level, could stimulate economic growth by increasing consumption and investment. However, high inflation volatility may also pose risks that negatively affect long-term economic stability.

The model summary provides a detailed insight into the effectiveness of the regression model. The correlation coefficient R of 0.751 confirms a strong positive association between inflation and GDP. The R-squared value of 0.564 means that the model explains 56.4% of the variability in GDP using the inflation rate, indicating significant predictive power of the model. The adjusted R-squared value of 0.476 accounts for the number of predictors and suggests that the model remains robust. The standard error of estimate of 1.65092 shows how predictions differ from actual GDP values, while the change in R-squared of 0.564 confirms the significant contribution of inflation in explaining GDP variability.

ANOVA analysis helps in assessing the overall variability of the data and partitioning that variability among different sources. The sum of squares for regression of 17.601 indicates the portion of GDP variability explained by the model. With one degree of freedom, the mean square for regression is also 17.601, meaning that the model has a significant impact. The F-value of 6.458 with a p-value of 0.052 is close to the threshold of statistical significance, implying that the model is nearly statistically significant. The sum of squares for residuals of 13.628 represents the portion of GDP variability that the model did not explain, while the total sum of squares of 31.229 includes the total variability in the data.

Regression coefficients provide a detailed insight into the specific impact of the independent variable on the dependent variable. The model intercept, or constant, is 19.558, representing the base GDP value when inflation is zero. The coefficient for inflation is 0.332, suggesting that an increase in inflation by one percent could lead to a $0.332 billion increase in GDP, assuming all other factors remain constant. The beta coefficient of 0.751 indicates a significant positive relationship between inflation and GDP. The t-value of 2.541 with a p-value of 0.052 shows that the inflation coefficient is almost statistically significant. The confidence interval of -0.004 to 0.667 indicates the variability of inflation's impact on GDP.

Based on the data, the regression equation for the model can be written as:

$$GDPi = 19{,}558 + 0{,}332 \cdot \text{inflation} + \epsilon i$$

The regression equation indicates that there is a positive relationship between inflation and GDP in Bosnia and Herzegovina during the observed period. This may mean that, within the scope of the data analyzed, higher inflation could be associated with higher GDP. Additionally, the standard deviation of the residuals and predicted values suggests that the model generally predicts GDP well.

Residual analysis helps in assessing the model's precision and identifying potential issues in predictions. The predicted GDP values are close to the actual values, indicating good model precision. The standard deviation of predicted values is 1.71274, while the standard deviation of residuals is 1.50708, suggesting consistent predictions without extreme deviations. Standardized values confirm that the model is not prone to extreme values, with standardized residual values between -1.106 and 1.648. These statistics confirm that the model adequately predicts GDP values, although there is room for improvement in precision.

The research results clearly show a significant relationship between the inflation rate and GDP of Bosnia and Herzegovina during the observed period. The first hypothesis, that there is a significant link between inflation and economic growth, has been confirmed. Correlation analysis revealed a strong positive correlation, suggesting that inflation may play a stimulating role in economic growth. However, high inflation variability indicates potential risks to economic stability. These findings highlight the importance of balancing inflation to achieve sustainable economic growth in Bosnia and Herzegovina and suggest the need for further research to better understand all aspects of this relationship.

The second hypothesis, which states that high inflation has a more significant negative impact on economic growth during periods of economic crises or instability, was evaluated using available data on inflation rates and GDP of Bosnia and Herzegovina from 2017 to 2023. Specifically, we examined the years 2020 and 2022, which were characterized by economic crises and instability.

Data for 2020: During 2020, marked by the COVID-19 pandemic and global economic crisis, inflation was negative (-1.05%), indicating deflation, while GDP was $19.4 billion, representing a decline compared to the previous year. These data indicate a negative impact of the economic crisis on economic growth,

but inflation in this case was not high, but rather negative.

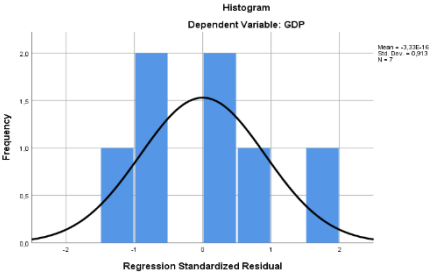
Data for 2022: The year 2022 shows an extremely high inflation rate of 14%, while GDP increased to $23.1 billion. Although inflation rose significantly, economic growth did not show a decline but rather an increase. This period of high inflation does not coincide with a decrease in GDP, raising a dilemma regarding the hypothesis that high inflation negatively impacts economic growth during economic crises.

Based on the available data, the second hypothesis that high inflation has a more significant negative impact on economic growth during periods of economic crises or instability was not confirmed. Although there is a negative impact of economic crises on GDP, as shown during 2020, in cases of high inflation, such as in 2022, we did not observe a decline in GDP. This indicates the need for further analysis and investigation of the specific conditions and factors influencing this relationship, including political measures, economic structure, and externalities. Thus, while inflation is a significant factor, its impact during economic crises can be complex and depend on multiple variables.

Chart 1. Histogram

Source: IMB SPSS 26

The histogram graph illustrates the distribution of the regression standardized residuals for the dependent variable GDP. The residuals appear to be symmetrically distributed around the mean, which is very close to zero (mean = -3.33E-16), suggesting

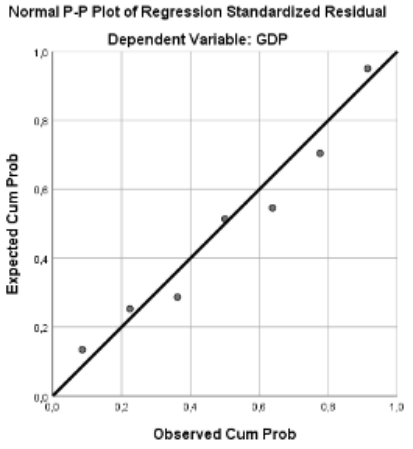


that they follow a normal distribution. The superimposed normal distribution curve aligns well with the histogram bars, indicating minimal deviation from normality. This is corroborated by the standard deviation of 0.913, implying that the residuals do not vary significantly from the mean. With a sample size of 7 observations (N), this distribution supports the validity of the regression model assumptions.

Chart 2. Scatter plot

Source: IMB SPSS 26

The Normal P-P Plot of Regression



Standardized Residuals for GDP compares the observed cumulative probabilities with the expected cumulative probabilities under a normal distribution. The points closely follow the diagonal line, reinforcing the notion that the residuals are normally distributed. This linear alignment indicates that there are no significant deviations from normality in the residuals, thereby affirming the robustness of the regression model. The normal distribution of residuals is a crucial assumption for linear regression analysis, and the P-P plot confirms that this assumption is met, ensuring the reliability of the model's estimations and inferences. Overall, the analysis of both graphs confirms that the regression residuals are approximately normally distributed. This validation of the normality assumption enhances the credibility of the linear regression model used to examine the relationship between inflation and GDP. It indicates that the model's predictions and statistical tests are reliable, supporting the conclusion that inflation significantly impacts GDP as demonstrated by the regression analysis.

5. Conclusion

In this study, we analyzed the impact of inflation on economic growth in Bosnia and Herzegovina through correlation and regression analysis using data from 2017 to 2023. Our hypothesis was that inflation significantly affects economic growth, with high inflation expected to have a negative impact, especially during periods of economic crises and instability. The results of the study provided mixed findings, requiring further consideration and additional research. We posed two hypotheses: the first stated that inflation significantly affects economic growth, while the second posited that high inflation has a more

significant negative impact on economic growth during periods of economic crises or instability. Methodologically, we relied on regression and correlation analysis in IBM SPSS, with inflation used as the independent variable, and Bosnia and Herzegovina's GDP as the dependent variable. We analyzed basic descriptive statistics, correlations, and regression models to test these hypotheses. Descriptive statistics showed that the average GDP during the period from 2017 to 2023 was $20.6857 billion, with a standard deviation of $2.28139 billion, while the average inflation rate was 3.4029%, with a standard deviation of 5.16661%. These data indicate variability in inflation and relative stability in economic growth during the analyzed period, although there were significant fluctuations in certain years. Correlation analysis showed that the Pearson correlation coefficient between GDP and inflation was 0.751, indicating a positive correlation, and the significance (1-tailed) was 0.026, which is below the threshold of 0.05, meaning the correlation is statistically significant. These findings show that there is a significant positive correlation between inflation and economic growth, contrary to the commonly accepted view that inflation negatively impacts economic growth. Regression analysis showed that the R square (R^2) was 0.564, meaning that inflation explains 56.4% of the variability in GDP, while the Adjusted R Square was 0.476, indicating a good model fit. The F-statistic was 6.458, with a significance of 0.052, which is close to the threshold of statistical significance. The results of the regression analysis support the conclusion that inflation has a significant impact on economic growth, thus confirming the first hypothesis. In the analysis of specific years of economic crisis, such as 2020 and 2022, the data showed different effects: in 2020, marked by the COVID-19 pandemic, inflation was negative (-1.05%), while GDP fell to $19.4 billion, whereas in 2022, inflation jumped to 14%, but GDP increased to $23.1 billion. These data show that high inflation is not necessarily associated with a negative impact on economic growth during economic crises, meaning that the second hypothesis is not confirmed. This study provides significant insights into the dynamics of inflation and economic growth in Bosnia and Herzegovina.

The confirmation of the first hypothesis indicates the importance of

controlling inflation as a factor in economic growth. However, the invalidity of the second hypothesis indicates the complexity of the impact of inflation during economic crises and the need for further research. One limitation of the study is the relatively short time period of the analyzed data. Long-term studies could provide deeper insights into the long-term effects of inflation on economic growth. Additionally, other factors such as political stability, macroeconomic policies, and external shocks should be included in future analyses to better understand the contextual impacts. Based on the findings of this study, we recommend several directions for future research: extending the timeframe to identify long-term trends and cyclical impacts of inflation on economic growth, including other economic and political variables such as unemployment, political stability (Lučić, Dašić, 2016), and economic policies, conducting comparative analyses with other countries in the region to identify specific characteristics of Bosnia and Herzegovina, and more detailed investigation of specific periods of economic crisis to better understand the mechanisms through which inflation affects economic growth. This study has shown a significant positive impact of inflation on economic growth in Bosnia and Herzegovina, which is contrary to many classical economic theories predicting a negative impact. Although the first hypothesis is confirmed, the second hypothesis did not find support in the analyzed data, indicating the need for further research and deeper understanding of the complex dynamics of inflation and economic growth, especially during periods of economic instability. These findings have important implications for economic policies and strategies aimed at stabilizing inflation and stimulating economic growth in Bosnia and Herzegovina.

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UTICAJ INFLACIJE NA EKONOMSKI RAST U BOSNI I HERCEGOVINI

Rezime: Cilj ovog istraživanja je analizirati uticaj inflacije na ekonomski rast u Bosni i Hercegovini (BiH) od 2017. do 2023. godine. Koristeći podatke o godišnjim stopama inflacije i BDP-u, studija koristi korelaciono-regresionu analizu sprovedenu sa IBM-ovim SPSS softverom za ispitivanje odnosa između inflacije i rasta BDP-a. Rezultati ukazuju na značajnu fluktuaciju u stopama inflacije, posebno sa dramatičnim skokom u 2022. i konzistentan uzlazni trend rasta BDP-a, osim manjeg pada u 2020. koji se pripisuje pandemiji COVID-19. Regresiona analiza sugeriše da dok se visoka inflacija u 2022. godini poklopila sa značajnim rastom BDP-a, ukupan uticaj inflacije na ekonomski rast izgleda složen i višestruk, pod uticajem drugih osnovnih ekonomskih faktora. Zaključak koji je izveden iz ove studije je da inflacija u BiH ima nijansiranu vezu sa ekonomskim rastom, što zahteva uravnotežen pristup u monetarnoj i fiskalnoj politici kako bi se održala ekonomska stabilnost i rast.

Ključne reči: inflacija, ekonomski rast, Bosna i Hercegovina, BDP