IMPACTUL DEPOZITULUI PUBLIC ÎN CREȘTEREA ECONOMICĂ A ALBANIEI

THE IMPACT OF THE PUBLIC DEBT IN THE ECONOMIC GROWTH OF ALBANIA

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Abstract: The majority of the policy-makers support the idea that the public debt reduces the economic growth. This opinion is along the lines of a very wide empirical literature, which shows the existence of a negative correlation between the public debt and the economic growth. This is further emphasized when debt reaches 90% of GDP (Reinhart & Rogoff, 2010). This correlation does not imply a casual. This linking between public debt and economic growth may be due to the fact that the reduction of economic growth generates high levels of public debt. In the study of Panizza and Presbitero (2012), by applying econometrics techniques to an OECD sample they conclude that the correlation between public debt and economic growth can not be verified. Instead, they see it as something casual. The results of the correlation between public debt and economic growth have a special role in the debate on fiscal policies in times of crisis.

Keywords: Public Debt, Economic Growth, Austerity, Albania