

THE IMPACT OF MACROECONOMIC INDICATORS ON PUBLIC DEBT DYNAMICS

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Abstract:

The paper examines the determinants of public debt in EU Member States, including the United Kingdom, from 2005 to 2019. The research` s aim is to estimate the correlation of each macroeconomic indicator, as current account balance, real effective exchange rate, export market share, nominal unit labour cost index, unemployment rate to public debt, using a multiple regression on panel data, the contribution that the United Kingdom has had in the whole mechanism of the Union. Also, among the objectives is the capture of some proposals for a better limitation of the increasing levels of the member countries` debts, taking into account the impact of Covid 19, which at this date cannot be estimated accurately. The results, in this sense, seem to indicate an acceleration of the level of debt that tends to increase in most member countries to limit and stabilize some severely affected economies. The main contribution of the paper is providing a viable solution for recovery and constant economic growth in order to reduce the public debt at the level of the member countries of the European Union.

Keywords: euro area, multiple regression, public debt

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