

External debt and Economic Growth: Evidence from Tunisia

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Abstract: This study aim to anlyze the effect of external debt on Tunisia's economic growth. To accomplish this objective, we firstly provide a literature review of various studies examining the connecton between external debt and economic growth, with the goal of informing our empirical methodology. We then conducted an empirical analysis to assess the effect of external debt on Tunisia's economic growth from 1983 to 2021, utilizing the ARDL model for estimation. Empirical findings revealed that external debt positively impacts long-term economic growth. This indicates that external debt is portrayed as a driver of economic growth, however, upon surpassing a certain development and a trigger for recession.

Keywords: External Debt, Economic Growth, Positive Influence, ARDL, Tunisia