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At a Glance: Public Debt and Economic Growth in South America

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Abstract

The objective of this study is to give an overview of public debt in South-American nations from 2000 through 2019. In addition, this research seeks to find out the relationship between public debt and economic growth in these nations. To achieve the objectives, the descriptive statistics is provided and followed by the regression analysis. The results drawn from this study suggest that public debt of most countries have generally been increasing over the past decade, whereas that of Bolivia, Peru, Paraguay, and Uruguay shows the decreasing trend. Regarding the Regression analysis, mean year of schooling as well as trade openness and investment are shown to have a positive impact on the growth rates whereas public debt is negatively related with economic growth. Not surprisingly, the corruption perception index has a positive relationship with the growth. In other words, when a nation has low corruption prevalence, the economic growth gets higher.

Keywords: Public Debt, Economic Growth, Schooling