

## Public Expenditure and Economic Growth in the Republic of Kosovo - Empirical Evidence

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### Abstract

In developing countries, it is still a controversial issue whether or not public spending can affect economic growth or not. Therefore, to enrich the literature on this phenomenon, the purpose of this paper is to study the impact of total public expenditure on economic growth and development in the Republic of Kosovo using secondary data from 2008 - 2018. Multiple regression model will be used for data analysis. The results of the analysis show that total government spending has a negative and non-significant impact on economic growth in the country. Also, GDP has a weak negative correlation with public spending. In this research we have also disaggregated the data by dividing total public expenditures into current expenditures and total capital expenditures, where both indicators, current expenditures and total capital expenditures have a negative and insignificant impact on economic growth. The data analysis also shows that GDP has a weak and negative correlation with current expenditure and total capital expenditure, while there is a positive but very weak correlation between current expenditure and capital expenditure. For public spending to have a positive effect, they must be used productively, using sector funds that are considered most important by policy-makers for the country's economic development.

**Keywords:** Total government expenditure, current expenditure, capital expenditure, economic growth, developing countries, developed countries.

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