Journal of Economic Cooperation and Development

Public Debt, Economic Growth and Fiscal Sustainability in Uzbekistan: Nonlinear Effects and Policy Lessons for Developing Economies

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ABSTRACT

This paper examines public debt, real GDP growth and fiscal adjustment in Uzbekistan using annual growth-model data for 2000-2023 and a separate World Bank fiscal dataset. The preferred ARDL has a negative contemporaneous debt coefficient under conventional OLS inference. Its significance does not survive HC3 standard errors or the exclusion of the 2020 and 2021 regression rows, so the evidence is sensitive to inference and influential years. The error-correction reparameterisation gives an adjustment coefficient of -1.371, consistent with damped oscillation in this one-lag model conditional on fixed regressors. A levels F-test rejects against asymptotic bounds, but mixed integration evidence prevents a conclusive cointegration claim. The quadratic specification does not support an inverted-U, and formal NARDL tests do not reject long-run or short-run symmetry at the 5 percent level. Restricted fiscal regressions yield negative lagged-debt coefficients in very short samples. The results do not establish a causal growth effect, a numerical debt ceiling or fiscal insolvency. Their policy value lies in clarifying the uncertainty around aggregate debt estimates and the need to assess debt composition and fiscal risks directly.

Keywords: Public debt, Economic growth, Fiscal sustainability, Fiscal reaction, ARDL, Uzbekistan

JEL Classification: C22, E62, H63, O47

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