

IMPACT OF EXCHANGE RATE REGIMES ON ECONOMIC GROWTH: SOME OBSERVATIONS ON THE POSSIBLE CHANNELS

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Abstract

This paper has been a challenge to identify a direct correlation between exchange rate regimes and economic growth in Tunisia over a period from 1990 to 2014. The empirical analysis seems to show a link between the actual exchange rate regime and economic growth. The empirical investigation confirmed the adverse effect of exchange rate regimes on growth, using all measures of exchange rate regimes, as predicted by endogenous growth models. The results also highlighted the role of other factors; specifically, capital stock and labour input have the theoretical signs predicted by the Solow growth model and are statistically significant.

Keywords: Exchange Rate Regimes, Economic Growth, Solow growth model, Tunisia.

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