

THE INFLUENCES OF GLOBAL ECONOMIC SHOCKS ON GOVERNMENT DEBT

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Abstract

The contemporary economic crisis has created an economic environment which is favorable to the development, both symmetric as well as asymmetric economic shocks. In the context of an economy dominated by economic cycles and interconnected by contagion phenomenon, economic crisis propagates in the form of a snowball which is rolling. The breaking of speculative bubbles causes the onset of economic crisis, which must be prevented. The article has the objective to describe regulatory states strategies and limit a public debt, that have the role to create a healthy economic growth. The mix of economic policies that are intended to effectively manage the public debt, represents the functionality of economy at the state level.

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