

Year: 2009
Volume: 54
Issue: 2

STUDIA
Universitatis Babeş-Bolyai
OECONOMICA

ON THE MACROECONOMIC IMPACT OF REMITTANCES IN ROMANIA

Cristian LITAN*
Babeş-Bolyai University of Cluj Napoca, Romania

Abstract. This note looks at remittances' aggregate impact on the private consumption and investment in Romania for the period 2000 to the second quarter of the year 2008. We estimate two separate equations, one for the private consumption and one for the investment, using an ARDL (Auto Regressive Distributed Lag) model for each equation. We try to account for the time series properties of the variables. The study provides evidence against the worst hypothesis regarding the impact of remittances, which would be that in Romania remittances positively influence the consumption and negatively the investment. In the final part we provide a discussion of the results and lines for future developments.

JEL Classification: C22, E21, E22, E29

Keywords: consumption; investment; remittances; macroeconomic impact; time series analysis; ARDL.

* Adress: Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, 400591 Cluj Napoca, Romania. Tel: +40 745 911 546. E-mail: cristian.litan@econ.ubbcluj.ro