

## **AN ASSESSMENT OF MACROECONOMIC PERFORMANCE OF ALBANIA-A CLASSICAL AND THRESHOLD ECONOMETRIC APPROACH**

**Prof. Dr. Myslym OSMANI**  
Agricultural University of Tirana  
ALBANIA

**Dr. Arben KAMBO**  
Agricultural University of Tirana  
ALBANIA

**Dr. Mira ANDONI**  
Professional Academy of Business  
ALBANIA

### **ABSTRACT**

This research is concerned with macroeconomic performance of Albania. We assessed macroeconomic performance of Albania by estimating and commenting on a set of macroeconomic models. Based on economic theory and empirical research we assume that Gross Domestic Product (GDP), Gross National Income (GNI), Gross Fixed Capital Formation (GFCF), International Trade volume as a variable of economic openness, Imports of Capital Goods, Inflation, Government deficit, Tax revenue, and their interrelationships could substantially (but not thoroughly) characterize the macroeconomic performance of a country. We used time series econometric modeling, specifically classical and threshold and ARDL regression models. GDP, GFCF, Inflation, Tax revenue and Population consumptions are kept as key dependant aggregates and for each a specific cluster of models has been estimated to assess macroeconomic performance of Albania during its long transition from communism to free market. Among other, we found that GFCF and openness are among key determinants of GDP growth; GDP growth and Imports of capital goods are factors of GFCF or capital accumulation; Inflation is positively correlated with budget deficit. Based on estimation results, specific conclusions are drawn.

**Keywords:** Growth rate, threshold regression, ARDL model, macroeconomic performance, significant effect, economic freedom, transition index.