

THE FISCAL REVENUES AND PUBLIC EXPENDITURES: IS THEIR EVOLUTION SUSTAINABLE? THE ROMANIAN CASE

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Abstract:

Depending on the specific stage of economic cycle, different types of fiscal policies, expansionist (incentive) or restrictive (prohibition), are use in specific state of the economy, for a certain period of time. Thus, in times of recession, the state use of tax incentive measures and in times of economic boom are applied, in particular, prohibitive taxation policies in order to avoid, where possible, the large economic shocks. Starting from the idea that taxation, as any other financial leverage, is displayed while operated in influencing capacity and rebalancing the economic situation in growth, we believe, that the adjustments made by fiscal policy, it should be comprehensive, immediate and lasting, therefore, this paper is focused on aspects regarding fiscal policy sustainability in Romania. The objective is to provide some empirical evidencies of sustainability of fiscal revenues and expenditure flows. The main output consist in this thesis that some support could be found for the sustainability.

Keywords: *fiscal policy, sustainability, cointegration tests, budget revenues and expenditures*

JEL codes:: *H20, H63, C22, C32*