

FISCAL POLICY AND ECONOMIC GROWTH IN ROMANIA

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Abstract:

The connection between fiscal policy and economic growth is not a strong one, taking into account that fiscal policy is not a fundamental source of growth. Even so, government authorities could use fiscal policy to affect in an indirect manner the economic growth. We will try to highlight this indirect connection and its strength on Romania's case using a specific econometric methodology which takes into account the restrictions imposed by the government's budget constraint and we will identify the specific fiscal policy measures which could enhance economic growth in Romania.

Keywords: *fiscal policy, economic growth, government budget constraint*

JEL codes: *E62, O40, C20*