

## THE IMPACT OF FISCAL POLICY UPON ECONOMIC GROWTH IN THE EUROPEAN UNION

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### Abstract

*The current paper aims to analyze the correlation between fiscal policy and economic growth. Using a multiple regression we have researched the effects of the fiscal pressure, gross capital formation, exchange rate, labor productivity and economic openness upon the growth rate of the Gross Domestic Product per capita. In our study the countries were grouped into two categories: old member countries and new member countries of the European Union and the data were gathered for the 2001-2011 period. This dividing was based on the existing disparities in the economic development between the European Union member countries. The result obtained have shown that the economic growth rate is positively influenced by fiscal pressure, gross capital formation in the private sector, degree of economy openness and labor productivity. The variables government expenditures, exchange rate and public debt have proved to exert a negative influence upon the economic growth.*

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