

Impact of Fiscal policy on economic growth: A case of EU countries

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ABSTRACT

Aims: The research article aims to investigate the fiscal policy impact on economic growth while drawing evidence from the European Union (EU) countries.

Method: To conduct this research, a secondary quantitative methodology was adopted, and the data was collected that included the EU countries from 2007 to 2021. The results had been analysed through the STATA software, which provides the GLS regression results and the testing of heteroskedasticity and autocorrelation issues.

Findings: The results of the study state that income tax has a significant and negative effect on the GDP growth of EU countries. At the same time, the inflation rate has an insignificant and positive influence on the growth of GDP. Moreover, consumption expenditure has an insignificant and negative impact on gross domestic product growth in the European Union countries. The limitation of this research is that it has not focused on the effects of relaxing fiscal pressure on the EU as a whole rather than segmenting it into either public or private sectors.

Keywords: *economic growth, fiscal policy, EU countries*