SORINA EMANUELA STEFONI
Bucharest University of Economic Studies, Romania

CODRUT FLORIN IVASCU
Bucharest University of Economic Studies, Romania

MODELLING THE NON-LINEAR DEPENDENCIES BETWEEN THE GOVERNMENT EXPENDITURES AND THE SHADOW ECONOMY USING DATA-DRIVEN APPROACHES

Abstract:

This paper aims to provide an original perspective on the Machine Learning algorithms applied for current macroeconomic phenomena and of interest both for society and predominantly for the states that need leverage in sustaining the formal economy. The research has revealed that shadow economy is also influenced by the decisions of the government, when it comes to the distribution of expenditure by health, education and social protection sectors.

Keywords:

machine learning, shadow economy, government spending

JEL Classification: C63, E26, G28