

[DOI: 10.20472/IAC.2015.020.029](https://doi.org/10.20472/IAC.2015.020.029)

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## **THE IMPACT OF THE RESEARCH AND DEVELOPMENT EXPENDITURE ON GDP GROWTH, INVESTMENTS AND CONSUMPTION IN THE EU. A**

### **Abstract:**

In our research we are trying to determine the impact of the evolution of the public expenditure of research and development on the main macroeconomic variables such as GDP growth, consumption and gross fix capital formations taken as investments in the case of the European Union. We have analysed the impact of research and development expenditure by taking into consideration the impulse response functions of a Bayesian VAR model, based on a panel approach. Our results are showing a lasting effect of the R&D expenditures on all the macroeconomic variables taken into consideration. Also, by analysing the variance decomposition we have showed that the influence of the R&D expenditures is significant in accordance with the literature review.

### **Keywords:**

public expenditure, research and development, VAR model, impulse function

**JEL Classification:** H52