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## **ASSESSMENT OF GOVERNMENT COFOG EXPENDITURES IN SELECTED EU COUNTRIES**

### **Abstract:**

The goal of the article is an assessment of government COFOG expenditure in selected EU countries in the period 1995-2016. Government expenditure and factors of their growth are crucial problem of many countries. In the context of the EU2020 strategy, supportive of smart, sustainable and inclusive growth, pressure on public expenditure is in link with on-going fiscal consolidation and the legacy of the economic and financial crisis. The paper evaluates the government expenditure in compliance with the COFOG international standard. The results show that the expenditure composition differs across the EU countries, but it is also possible to identify some similarities for specific government COFOG functions, such as the large weight of social protection. The proportion of potentially growth-enhancing public expenditure, such as education, health care, R&D or public investment, affirms significant cross-country variation.

Next, the article provides direct empirical evidence on cyclicity and the long-term and short-term relationship between government COFOG expenditure and output. The Johansen cointegration test and the Error Correction Model are applied for research. Findings confirm the long-term relationship between government expenditure and output but the short-term relationship is not confirmed due to a low statistical significance.

### **Keywords:**

public finance, government expenditure, cyclicity, COFOG classification, expenditure by function

**JEL Classification:** H50, H72, C32