

## Editorial

*Fiscal policy is central to economic and political decision-making in any period of history, but the years since 2008 have seen the issues addressed in this Journal take centre-stage even more decisively. In the Great Recession, states sought to stave off even deeper economic and financial crisis by substantially increasing already high levels of public debt. In a second-stage, painful austerity drives have been adopted to uphold sovereign ratings and support fiscal sustainability – however economic recovery has proved elusive for most European states. The current situation of disappointing growth and highly constrained public budgets poses stark challenges to European policy-makers.*

*In the longer-run, European countries are especially exposed to the implications of their demographic decline, increasing pressure in favour of potentially painful reforms in social spending. Fundamental questions regarding the structure, organisation, and purpose of social spending will sooner or later impose themselves on European democracies.*

*These major questions are all addressed in some form in this issue of the Romanian Journal of Fiscal Policy, which contains articles addressing the structure of social security systems, the relationship between social outcomes and economic growth, the determinants of the sovereign rating, how to measure and analyse countries' fiscal vulnerability, and the impact of credit growth.*

*Further research is clearly needed in each of these distinct areas, as well as in related areas. The long-term competitiveness of Western economies in general and European ones in particular shall depend on the ability to mobilise sufficient funds for strategic spending areas such as infrastructure, higher education, and research and development. Increasing pension and health spending commitments risk crowding out such areas, so the question of prioritisation of public spending and reforms to public*

*spending will have to be posed ever more strongly. New research on the social returns of various kinds of public spending, and on the ultimate effect on growth, should be joined up with analyses of fiscal sustainability and fiscal vulnerability. Political economy approaches also offer a promising avenue of research to better understand the likely evolution of policy decisions and their consequences.*

*It is my hope that the research presented in the Romanian Journal of Fiscal Policy can help to make sense of these important and inter-connected issues, for both researchers and policy-makers.*

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