

SECOND GENERATION OF FISCAL FEDERALISM

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Abstract. Fiscal federalism is a universal theory applicable to all forms of government, widely studied abroad. The second generation basic theory of fiscal federalism is studied in this article. The second generation of fiscal federalism is complemented by concepts: intergovernmental relations, interstate management and theories of microeconomics. Using the application of microeconomic theory, scientists reveal a lot of problems in the interaction between the levels of government that ignored the traditional theories.

Keywords: fiscal federalism; the second generation of fiscal federalism; fiscal decentralization.

JEL codes: H00; H77.

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