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A DYNAMIC HIERARCHICAL CLUSTER ANALYSIS OF ECONOMIC PERFORMANCE AND PERCEPTIONS OF THE EURO ACROSS EU COUNTRIES

Abstract:

One of the crucial benefits of EU membership, inscribed in Art. 3(3) of the Treaty on the European Union, should be economic and social cohesion. Ample empirical studies have examined EU countries' performance in terms of nominal convergence, real convergence, and convergence of business and financial cycles. Twenty years after the inception of the Economic and Monetary Union, economic cohesion clearly is not a reality, while widening real income gaps threaten social cohesion, too. The paper aims to highlight the heterogeneity and dynamics of changes in economic performance and perceptions of the euro across Europe – two factors arguably having a tremendous impact on the success of the European project. To this end, series of data spanning 2008 through 2017 were explored using hierarchical cluster analysis.

Keywords:

Economic and Monetary Union, economic performance, convergence criteria, euro adoption, euro perception, dynamic hierarchical cluster analysis

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