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COMMENTS ON GOVERNMENT BUDGETS OF EUROPEAN COUNTRIES AFTER MONETARY UNION

Abstract:

The public debt problems in Greece, Ireland, Portugal, Spain and other countries in last decade underline the fiscal risks and importance of fiscal discipline in Europe. Effects of euro, (independent monetary policy) have been discussed in the literature and accepted as one of the trigger factor of debt crisis. Becoming a member of monetary union creates a pressure and less elasticity over monetary authorities of european countries. At this research we try to observe the budget performance of european countries after monetary union. In addition we comparatively examine the differences in budget performances between member and non-member countries of monetary union.

Keywords:

monetary union, fiscal crisis, budget deficit, monetary policy

JEL Classification: E52, E62, H00