

Секция «Инновационная экономика и эконометрика»

Fiscal policy coordination in the EMU

Putoto Sebastiano

Студент

University of Pavia, dep of Economics, Pavia, Италия

E-mail: seb.putoto@gmail.com

From its early years, the European Union has been the cradle of broad political and academic debate, particularly with respect to the Economic and Monetary Union. There are many objectives to this work. First, to point out how the issue of fiscal coordination arises, namely through the “unholy trinity” theoretical framework. Second, to recall the evolution of the EMU, from the Treaty of Paris and the Treaties of Rome, up to the last phase which begun on January 1st, 1999, the establishment of the Euro. Third, to review the current debate on fiscal coordination, both on the academic side (a synthesis of the main models and an explanation of the fiscal-monetary interaction through the tools of game theory) and on the political side (recent works of the European Commission on the possible improvements of the Internal Market). Lastly, a practical example of the importance of the fiscal coordination issue: the Greek debt crisis (expanding to other countries in the European Union). The purpose of the study is to advocate the importance of a broad system of fiscal coordination, to avoid free-riding behaviours of the monetary and fiscal agents, and possibly to suggest a moderate centralisation of the European financial resources, to allow the Commission a faster response in the case of a crisis.<?xml:namespace prefix = o ns = "urn:schemas-microsoft-com:office:office" />