National Fiscal Policy Discipline in Common Currency Areas: Do Enforceable Rules Exist?

Abstract:
Various rationalisations have been offered in the literature to justify the need for fiscal rules in a monetary union. The recent European experience, however, shows that the enforcement of such rules is, at least, incomplete and selective. In this paper we develop a model which allows consideration of the enforceability and effectiveness of alternative rules in achieving fiscal policy discipline in a multinational monetary union.

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Biography:
Georgios Chortareas is a professor of economics at the University of Athens. He received his Ph.D. from the University of Connecticut in 1999. Before joining the University of Athens he worked at the Bank of England and at the Essex Business School (Reader in International Finance). He is a member of the Money Macro Finance Research Group Committee and of the Executive Board of the European Public Choice Society.