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AN ANALYSIS OF ECONOMIC POLICIES IN THE EU IN THE POST-CRISIS PERIOD

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SUMMARY

This thesis presents an analysis of the post-crisis economic policies implemented by member states of the European Union (EU) in the aftermath of three major shocks: the Global Financial Crisis (GFC), the Covid-19 pandemic, and the onset of the polycrisis context in 2022. Throughout this thesis, rigorous quantitative case studies are intertwined with a qualitative assessment of the economic policies implemented in the EU. These policies are evaluated through both neoclassical and post-Keynesian theoretical lenses. These two economic frameworks are presented at length in the first chapter, highlighting how the EU's structure is set up to reflect the beliefs of neoclassical economists. The second chapter presents the impact of the crises on macroeconomic indicators for EU member states. It shows the complexity and severity of the different shocks and their aftermath, as well as their uneven impacts on different countries. Through a principal component analysis, the third chapter reduces the dimension of the macroeconomic data and allows for a closer examination of the specific characteristics that influence the depth and length of a shock's impact on individual countries. Higher vulnerabilities for countries with IMF programs in the aftermath of the financial crisis, as well as those that joined the EU more recently, become apparent through this analysis. The impact of austerity measures implemented in the aftermath of the financial crisis is explored in the fourth chapter, which highlights the pattern of optimistic assumptions made by neoclassical economists regarding the outcome of these measures. A comparison of the expected and actual impact of those measures is possible by building a dataset that compiles all IMF projections since 2010. Results show that fiscal consolidation measures did not result in the expected reductions in debt ratios. The last chapter employs a vector autoregressive model to analyze the evolving relationships between the different components of inflation. The thesis emphasizes the need to implement economic policies that reflect the realities faced by EU member states and can enable them to successfully navigate the crisis period, as well as pursue sustainable development goals.

Keywords: neoclassical theory, post-Keynesian theory, global financial crisis, Covid-19 pandemic, fiscal policies, austerity, monetary policies