Athens Institute for Education and Research
ATINER

ATINER's Conference Paper Series
ECO2012-0328

Fulfilling strengthened Stability and Growth Pact in the EU Countries

Iwona Wojciechowska –Torunska
Assistant Professor
Department of Economics
Lodz Technical University
Poland

Athens Institute for Education and Research
8 Valaoritou Street, Kolonaki, 10671 Athens, Greece
Tel: + 30 210 3634210 Fax: + 30 210 3634209
Email: info@atiner.gr URL: www.atiner.gr
URL Conference Papers Series: www.atiner.gr/papers.htm

Printed in Athens, Greece by the Athens Institute for Education and Research.

ISSN **2241-2891**
21/11/2012

An Introduction to ATINER's Conference Paper Series

ATINER started to publish this conference papers series in 2012. It includes only the papers submitted for publication after they were presented at one of the conferences organized by our Institute every year. The papers published in the series have not been refereed and are published as they were submitted by the author. The series serves two purposes. First, we want to disseminate the information as fast as possible. Second, by doing so, the authors can receive comments useful to revise their papers before they are considered for publication in one of ATINER's books, following our standard procedures of a blind review.

Dr. Gregory T. Papanikos
President
Athens Institute for Education and Research

This paper should be cited as follows:

Wojciechowska –Torunska, I. (2012) **"Fulfilling strengthened Stability and Growth Pact in the EU Countries"** Athens: ATINER'S Conference Paper Series, No: ECO2012-0328.

Fulfilling strengthened Stability and Growth Pact in the EU Countries

Iwona Wojciechowska –Torunska
Assistant Professor
Department of Economics
Lodz Technical University
Poland

Abstract

The article presents the reform of the Stability and Growth Pact and the fulfillment of the reformed SGP rule by EU countries in 2008-2009 and in 2012-2013. After analyzing the statistical data it appeared that the thesis placed in the introduction, 'the EU countries that meet the provisions of the SGP during 2008-2009 economic slowdown should not have a problem in meeting the strengthened SGP rule in 2012-2013' is correct. The SGP's reform can improve EU member state compliance with its budgetary provisions but this applies only to a few EU countries. It is recommended that more EU countries lead the fiscal policy consisting of adjusting the level of expenditure to the level of public revenues. It is of essence that provisions of the revised SGP should be rigorously implemented in order to ensure fiscal sustainability in the near future.

JEL classification: E61, E62, H6
Key words: Stability and Growth Pact, Fiscal policy, Fiscal rules, EMU

Contact Information of Corresponding author:

Introduction

The economic crisis in the euro area has revealed weaknesses in many areas of economic life. One of the weak points the budgetary discipline was. Crises often motivate the efforts of the various operators to improve their financial situation. In 2011 The Stability and Growth Pact (SGP) was again reformed. The SGP's reform in March 2005 was to strengthen the rule of the deficit. The changes in the record of the SGP in November 2011 put on an equal footing completing the deficit and the public debt criterion.

The pact is widely criticized as a significant part of the EU countries did not comply with three percent ceiling on budgetary deficits years following the introduction of euro banknotes and coins. Some economists criticize the pact and call for the liquidation of the law (Enderlein 2004; Gros, Mayer, and Ubide 2004, 2005; Eichengreen and Wyplosz 1998; Posen 2005a, 2005b). The SGP's defenders, meanwhile, emphasize the valuable role the SGP plays in macroeconomic coordination (Artis and Buti 2001; Beetsma 2001; Buti and Giudice 2002; Buti and Pench 2004). Others call for SGP's reform (Fatas (ed.), 2003; Fingland (ed.), 2008; Savage and Verdun 2007;). Regardless of the status of this debate, EU countries are obliged to follow SGP rule, as the pact is EU law and the member states remain committed for the foreseeable future to the basic architecture of EU fiscal policy coordination (Heipertz and Verdun 2005, 2006).

Can the SGP's reform improve EU member state compliance with its budgetary provisions? The reformed SGP will be completed in the period of low economic growth and thus in conditions similar that took place during the financial crisis. It seems appropriate to formulate a thesis '*the countries that meet the provisions of the SGP during 2008-2009 economic slowdown should not have a problem in meeting the strengthened rules of the SGP in the years 2012-2013'.* This article presents the fulfillment of the provisions of the SGP (reformed in 2005 and in 2011) in the EU countries in 2008-2009 and in 2012-2013[1].

The paper consists of theoretical and empirical part. Part one covers the main changes in the regulations of the EU in 2005 and 2011 relating to the SGP. The second part analyzes the financial situation of the EU countries taking into account the provisions of the SGP in 2005 and in 2011. It has been done on the basis of currently available statistics of the European Commission.

1. The reform of the SGP

The pact complements and clarifies the provisions of the Treaty of Maastricht on the conduct of fiscal policy in the euro area. The main principle of SGP rule is the obligation of Member States to conduct fiscal policy, which aims to achieve and maintain a budget balance close to balance or characterized by surplus in the medium term, to enable member countries comply with the reference value (3%) even during bad economic times . Report on improving the application of the SGP, was approved by the Ecofin Council

[1] Having regard to the forecasts for the years 2012-2013.

on 20 March 2005 and presented to the European Council on 22-23 March 2005[1]. Changes in the SGP are contained in the documents of the European Council of 20 April 2005 are amendments to the European Council Regulation No 1466/97 and amendments to the European Council the Regulation No 1467/97. Some notable changes included in the above regulations are related to:

- clarify the medium-term objective (MTO), i.e. "the balance close to balance or in surplus". Allowed the structural deficit of 1% of GDP to structural balance for countries with low debt and high economic growth potential and the structural surplus for countries with high debt and low growth potential[2],
- increase pressure on the government debt and financial credibility of the given country. The higher the public debt in the country the greater its efforts in reducing the debt at a rapid pace,
- deadlines to correct excessive deficits. The Ecofin Council proposes to correct deficits one year after the identification of the reference value is exceeded and the second year after it happens (requires an annual minimum fiscal effort is a reduction of at least 0.5% of GDP structural deficit).

In November of 2011 was adopted legislative package to strengthen economic governance, which make up the so-called six-pack. Accepted legislative acts also apply to the provisions constituting the Stability and Growth Pact - in both the preventive part and corrective one. In addition, new laws introduce a new procedure for excessive macroeconomic imbalances. New solutions have entered into force on 13 December 2011.

The package of legislation to strengthen the economic governance in the EU and the euro area consists of 6 acts (Council Directive , 2011; Regulation of the European Parliament and Council Regulation, No 1173-77/2011). Introduced an additional criterion for assessing progress towards the EU countries of their MTO: **analysis of the growth path of public expenditure, which are adjusted for discretionary operation on the revenue side.**

The main purpose of the additional requirement in the evaluation process is to ensure that **the extraordinary budget revenues (resulting from the cyclical economic recovery) were allocated to debt reduction.** In the corrective part of the SGP, the most important changes is a greater emphasis on the formation of public debt. **Debt criterion will be treated equally with the**

[1] Council of the European Union, *Improving the implementation of the Stability and Growth Pact,* Report from Council (ECOFIN) to European Council, 22-23 March 2005,No7423/05, Brussels 2005, p.1.

[2] Structural deficit, which includes the impact of the current economic situation on the income and expenditure. In good times, the deficit falls - as rapidly rising incomes. During the recession, the deficit increases - because falling revenue and rising expenditure on example unemployment benefits. It is a deficit that is achieved then if you want to be assessed fiscal policy of the government, the bill eliminates the deficit changes that result from changes in economic conditions. In the economic literature, instead of the concept of structural deficit is also used concepts of deficit corrected for cyclical variations (cyclically adjusted budget - at a glance CAB) and the deficit at full employment (Orlowski 2004).

deficit criterion. In the case of countries where the debt exceeds 60% of GDP, even if respect the deficit criterion (3% of GDP) will be possible to cover a country the excessive deficit procedure (EDP).

2. Fulfilling the SGP rule 2005 in the EU countries in 2008-2009.

The financial crisis in its first phase, from July 2007 to July 2008 has expanded primarily United States(NBP ,2009). In the second phase from August 2008 to October 2008, the crisis spread beyond the U.S.. In the third phase of the crisis from November 2008 to December 2008 were observed significantly lower cost of money. The fourth phase of the crisis began in January 2009. In order to verify the arguments put forward in the introduction, the analysis of the fiscal situation in the EU countries in 2008- 2009 and 2012-2013 was performed. The years 2012-2013 will be included in the next section.

The analysis is to compare the fiscal position of EU countries during the 2008-2009 economic slowdown for the 2012-2013 downturn. It includes:

- EU countries with a budget surplus and close to equilibrium,
- EU countries where structural balances ranged from -1% of GDP structural deficit (CAB) for the structural surplus,
- EU countries, which have been met / not met the criterion of public sector debt to 60% of GDP (European Commission, 2011).

The analysis includes the year 2008 as the beginning of the financial crisis. Table 1 lists the countries that generate budget surpluses, or were close to a balanced budget in the first year of the crisis.

Table 1. Balance of public finances (column1 and 2) and the structural balance-CAB (column 4) and (5) in the 12 EU countries in 2007-2008.

	2007 (1)	2008 (2)	Change 2007/2008 (3)	2007 (CAB) (4)	2008 (CAB) (5)	Change (CAB) 2007/2008 (6)
Ireland	**0,1**	-6,3	-6,4	-1,4	-7,2	-5,8
Estonia	**2,4**	-3,4	-5,8	-1,5	-4,5	-3,0
1. Cyprus	**3,5**	**0,9**	**-2,4**	**2,6**	**-0,4**	-3.0
2. Luxembourg	**3,7**	**3,0**	**-0,7**	**1,4**	**1,7**	+ 0,3!
Netherlands	0,2	0,5	+0,3!	-0,1	-0,5	-0,4
Slovenia	**0,0**	-1,9	-1,9	-1,6	-2,9	-1,3
3. Finland	**5,3**	**4,3**	**-1,0**	**2,9**	**2,5**	**-0,4**
Bulgaria	1,2	1,7	+0,5!!	-0,3	-0,2	-0,1
4. Denmark	**4,8**	**3,2**	**-1,5**	**2,7**	**2,8**	+ 0,1!
Spain	**1,9**	-4,5	-6,4	1,0	-4,6	- 5,6
Germany	**0,2**	-0,1	-0,3	-0.8	-1,1	-0,3
5. Sweden	**3,6**	**2,2**	**-1,4**	**1,5**	**1,7**	**+0,2** !!

	2007 **(1)**	2008 (2)	Change 2007/2008 (3)	2007 (CAB) (4)	2008 (CAB) (5)	Change (CAB) 2007/2008 (6)
Ireland	**0,1**	-6,3	-6,4	-1,4	-7,2	-5,8
Estonia	**2,4**	-3,4	-5,8	-1,5	-4,5	-3,0
1. Cyprus	**3,5**	**0,9**	**-2,4**	**2,6**	**-0,4**	-3.0
2. Luxembourg	**3,7**	**3,0**	**-0,7**	**1,4**	**1,7**	+ 0,3!
Netherlands	0,2	0,5	+0,3!	-0,1	-0,5	-0,4
Slovenia	**0,0**	-1,9	-1,9	-1,6	-2,9	-1,3
3. Finland	**5,3**	**4,3**	**-1,0**	**2,9**	**2,5**	**-0,4**
Bulgaria	1,2	1,7	+0,5!!	-0,3	-0,2	-0,1
4. Denmark	**4,8**	**3,2**	**-1,5**	**2,7**	**2,8**	+ 0,1!
Spain	**1,9**	-4,5	-6,4	1,0	-4,6	- 5,6
Germany	**0,2**	-0,1	-0,3	-0.8	-1,1	-0,3
5. Sweden	**3,6**	**2,2**	**-1,4**	**1,5**	**1,7**	**+0,2** !!

	2007 **(1)**	2008 (2)	Change 2007/2008 (3)	2007 (CAB) (4)	2008 (CAB) (5)	Change (CAB) 2007/2008 (6)
Ireland	**0,1**	-6,3	-6,4	-1,4	-7,2	-5,8
Estonia	**2,4**	-3,4	-5,8	-1,5	-4,5	-3,0
1. Cyprus	**3,5**	**0,9**	**-2,4**	**2,6**	**-0,4**	-3.0
2. Luxembourg	**3,7**	**3,0**	**-0,7**	**1,4**	**1,7**	+ 0,3!
Netherlands	0,2	0,5	+0,3!	-0,1	-0,5	-0,4
Slovenia	**0,0**	-1,9	-1,9	-1,6	-2,9	-1,3
3. Finland	**5,3**	**4,3**	**-1,0**	**2,9**	**2,5**	**-0,4**
Bulgaria	1,2	1,7	+0,5!!	-0,3	-0,2	-0,1
4. Denmark	**4,8**	**3,2**	**-1,5**	**2,7**	**2,8**	+ 0,1!
Spain	**1,9**	-4,5	-6,4	1,0	-4,6	- 5,6
Germany	**0,2**	-0,1	-0,3	-0.8	-1,1	-0,3
5. Sweden	**3,6**	**2,2**	**-1,4**	**1,5**	**1,7**	**+0,2** !!

Conclusions from Table 1 are as follows: in 2007, twelve EU countries were characterized by a surplus in public finances or the budget balance (the year before the crisis). The improvement in structural balance occurred in three countries (Luxembourg, Denmark and Sweden), but not an 0.5 percentage point of GDP. The greatest efforts in improving the balance of the whole public sector were in Bulgaria (0.5 p.p) and the Netherlands (0.3 p.p.). The greatest degree of improvement in the structural balance showed Luxembourg (0.3 p.p.), followed by Sweden (0.2 p.p.) then Denmark (0.1 p.p.). In the first year of crisis, only Luxembourg has shown a reduction in public spending. Fiscal policy in Denmark and Sweden was based on the growth of public spending (European Commission, 2011). Table 2 presents the countries that showed a budget surplus in the second year of the crisis.

Table 2. Balance in public finances and structural balance in 2009 in the EU countries, which showed a surplus budget in 2008 (in% of GDP)

	Balance of public finances	Structural balance (CAB)
Estonia	-2,0	1,1
Luxembourg	-0,9	1,2
Finland	-2,5	0,6
Denmark	-2,7	0,7
Sweden	-0,7	2,5

In the second year of crisis, only five countries has a structural surplus. These same countries continued to keep the deficit criterion of the whole public sector in the second year of the financial crisis (3% of GDP). In Finland, was reduction of the structural surplus to the greatest extent but the country has still maintained a budget surplus (table 2), even though public spending grew by 6.1 p.p. GDP and incomes fell by 0.5 p.p. GDP (European Commission, 2011). Table 3 shows the public debt in countries where there have been budget surpluses in 2007-2009.

Table 3. The public debt in countries where there have been budget surpluses in 2007-2009

	2007	2008	2009	Change 2007-2008	Change 2008-2009
Estonia	3,7	4,5	7,2	-0,8	-2,7
Luxembourg	6,7	6,7	13,7	0	-7,0
Finland	35,2	33.9	43,3	+1,4	-7,4
Denmark	27,5	34,5	41,8	-7,0	-7,3
Sweden	40,2	38,8	42,7	-1,4	-3,8

EU countries that maintained fiscal surpluses in the financial crisis characterized by the low ratio of public debt. Finland was the only country reduced its debt in the first year of the crisis by 1.4 pp of GDP. Other countries have increased their debt by 2.7 percentage points of GDP to 7.4 pp of GDP.

Table 4. Fulfilling SGP rule (reform in 2005) – MTO deficit-1% of GDP, the budget balance or surplus CAB

	2008	2009	Zmiana 2008-2009
1. Cyprus	-0,4	-6,0	-5,6
2. Luxembourg	1,7	1,2	-0,5
3. the Netherlands	-0,5	-3,9	-3,4
4. Finland	2,5	0,6	-1,9
5. Bulgaria	-0,2	-3,2	-3,0
6. Denmark	2,8	0,7	-2,1
Estonia	-4,5	1,1	+5,6
7. Sweden	1,7	2,5	+0,8

Seven of the eight EU countries fulfilled the rule SGP (reform of 2005) in 2008.The following year, this rule met five EU countries (tab.4).

Table 5. Fulfilling the debt criterion of 60% of GDP in EU countries that fit the SGP rule in 2008-2009.

	2008	2009	Change 2008-2009
Estonia	4,5	7,2	-2,7
Cyprus	48,9	58,5	- 9,6
Luxembourg	13,7	14,8	-1,1
The Netherlands	58,5	60,8	-2,3
Slovenia	21,9	35,3	-13,4
Slovakia	27,8	35,5	-7,7
Finland	33,9	43,3	-9,4
Bulgaria	13,7	14,6	-0,9
Czech	28,7	34,4	-5,7
Denmark	34,5	41.8	-7,3
Sweden	38,8	42,7	-4,9

In 11 EU countries, government debt did not exceed the reference value of 60% of GDP, which represents 40.7% of all EU countries. Consequently the majority of EU countries did not yet meet the deficit and debt criteria. EU countries that maintained fiscal surpluses in the financial crisis characterized by the low ratio of public debt. Countries that met the SGP rule during the crisis years (reform of 2005), also fulfilled the criterion of public debt (tab.5).

3. Fulfilling the SGP rule 2011

The reformed Stability and Growth Pact came into force on December 13, 2011. EU countries will be obliged in 2012 to use a stronger record SGP, which puts equally the criterion of deficit and public debt. On the basis of forecasts can be determined which countries are most likely to maintain the reference value in the near future. Table 6 shows the countries that can fulfill the SGP rule strengthened in the years 2012-2013.

Table 6. Fulfilling rules of the SGP in the years 2012-2013 in countries that comply with the SGP rule of 2005 during the crisis

	2012 CAB (1)	2013 CAB (2)	Change 2011-2012 (3)	2012 PD (4)	2013 PD (5)	Change 2011-2012 (6)
1. Cyprus	-4,1	-4,2	-0,1	68,4	70,9	-2,5
2.Luxembourg	0,0	-0,2	-0,2	20,2	20,3	-0,1
3.the Netherlands	-1,8	-1,4	+0,4	64,9	66,0	-1,1
4.Finlandia	0,3	0,1	-0,2	51,8	53,5	-1,7
5. Bulgaria	-0,7	-0,7	0,0	18,3	18,6	-0,3
6. Denmark	-3,2	-1,4	+1,8	44,6	44,8	-0,2
Estonia	-1,7	-1,1	-0,6	6,0	6,1	-0,1
7. Sweden	0,9	1,0	+0,1	34,6	32,2	+2,4

Note: structural deficit-1% of GDP- CAB (column 1 and 2); public debt - 60% of GDP- PD (column 4 and 5).

Only four of the eight EU countries which have fulfilled the SGP rule in 2005 met the criterion of the structural deficit in 2012-2013, this represents only 14.8% of all EU countries. They are Luxembourg, Finland, Bulgaria, Sweden. Estonia will be very close to fulfilling the criterion of the structural deficit. This will be due to the increase of public revenues by 0.6 p.p. GDP (Eurostat 2012). Exceeds the limit value of only 0.1 pp GDP. Fiscal policy in Luxembourg and Finland will be based on increasing government revenue by 0.4 p.p. GDP, which offset the increase in public expenditure. A positive fiscal situation in Bulgaria and Sweden will be credited cut spending by 0.3 p.p. GDP(Eurostat 2012). Countries that will meet the structural deficit the criterion of also meets the criteria debt. The three countries will reduce their structural deficits. The greatest extent Denmark will do it (an improvement of 1.8 p.p. GDP). Sweden and Finland are the countries that will generate a structural surplus. Sweden is the only country to increase its structural surplus and at the same time reduce the government debt by up to 2.4 p.p. GDP. This will be due to a reduction in public spending(Eurostat 2012).

Results & discussion

The analysis of the financial situation of the EU countries during the crisis of 2008-2009 was found that only four countries met SGP rule of 2005, in the first and second year of the crisis at a time. These were Luxembourg, Finland, Denmark and Sweden. In 11 EU countries, government debt did not exceed the reference level of 60% which represents 40.7% of all EU countries.

Countries that have met the reformed SGP rule of 2005 during the crisis years (2008-2009) also fulfilled the criterion of public debt.

Based on projections was found that countries that will meet the criterion of the structural deficit will meet the criterion of public debt in 2012-2013. They are Luxembourg, Finland, Bulgaria, Sweden. The structural deficit, which is included in the SGP rule 2005 and SGP rule of 2011 allows the assessment of fiscal policy of the government, because the account eliminates the deficit of these changes, which are the result of changes in economic cycles. This deficit includes the impact of current economic policy on income and expenditure budget (Orłowski, 2004). Countries that have carried out a disciplined fiscal policy (at the same time filled the deficit and debt criteria) in 2008-2009 will fill the strengthened SGP rule in 2011.

These same countries have limited their public expenditure, and if there was an accident increased public spending was compensated by the increase in public revenues. Among the countries that met SGP rule of 2005 in 2008-2009, only Denmark does not comply with enhanced SGP 2011. This is an example of a country which has the smallest improvement in the structural balance in times of crisis. This was due to an increase in public spending by as much as 6.2 p.p. GDP, while growth of public revenues amounted to only 0.4 p.p. GDP. In turn, Bulgaria, which did not meet the rules of the SGP 2005. comply with the rule of the SGP 2011., because it is a country that has made the greatest improvement of the budget balance (Table 1) due to the reduction of public spending (by 1.5 p.p. GDP). The argument raised in the introduction '*the countries that meet the provisions of the SGP during 2008-2009 economic slowdown should not have a problem in meeting the strengthened rules of the SGP in the years 2012-2013'* can be verified positively.

Countries that have reduced the structural deficit, met the SGP rule 2005, as they have adjusted the level of expenditure to the level of public revenues. In the first year of the crisis the SGP rule 2005, completed the seven EU countries. In the second year of crisis, only five countries met the provision of SGP . In the years 2012-2013 the strengthened SGP rule 2011 will comply only four EU countries. The SGP's reform can improve EU member state compliance with its budgetary provisions but this applies only to a few EU countries. Those who used budgetary discipline at the time of growth and decline in GDP, regardless of business cycles. It is recommended that in future years more EU countries lead the fiscal policy consisting of adjusting the level of expenditure to the level of public revenues[1].

References

Artis, M. and M. Buti. (2001) 'Setting Medium-Term Fiscal Targets in EMU', in A. Brunila, M. Buti, and D. Franco eds.), , The Stability and Growth Pact, New York: Palgrave.

[1] Most EU countries is covered by the excessive deficit procedure (Eurostat 2012)

Beetsma, R. (2001) 'Does the EMU Need a Stability Pact?' in A. Brunila, M. Buti, and D. Franco (eds.) The Stability and Growth Pact, New York: Palgrave.

Buti, M. and G. Giudice. (2002) 'Maastricht's Fiscal Rules at Ten: An Assessment, Journal of Common Market Studies 40(5): 823-848.

Buti, M. and L. Pench. (2004) 'Why Do Large Countries Flout the Stability Pact? And What Can Be Done About It?', Journal of Common Market Studies 42(5): 1025-1032.

Council Directive (2011) (2011/85/UE) of 8 November 2011.

Council Regulation (EC) (2005a) No 1466/97 of 20 April 2005.

Council Regulation (EC) (2005b) No 1467/97 of 20 April 2005.

Council Regulation (EU)(2011) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97.

Eichengreen, B. and C. Wyplosz. (1998) 'The Stability Pact: More than a Minor Nuisance?', *Economic Policy* 26: 67-113.

Enderlein, H. (2004) 'Break It, Don't Fix It!', *Journal of Common Market Studies* 42(5): 1039-1046.

European Commission, (2011), 'European economic forecast-autumn', European Economy No 6, Statistical Annex[online]. Brussels. 2011-[access: January 4,2012]. Available on the Internet: http://ec.europa.eu/economy_finance/publications/european_economy/2011/pdf/ee-2011-6_en.pdf .ISBN 978-92-79-19317-0

Eurostat, (2012), *News release, euro indicators* nr 62/2012

Fatas A., von Hagen J., Hallett A.H., Strauch R.R. and A. Sibert.(2003), *Stability and Growth in Europe: Towards a Better Pact* , Centre for Economic Policy Research, London 2

Fingland L., Bailey S.(2008), The EU's Stability and Growth Pact: Its Credibility and Sustainability, *Public Money & Management* 28(4)

Gros, D., T. Mayer, and A. Ubide. (2004), The nine lives of the Stability Pact, Centre for European Policy Studies, Brussels

Gros, D., T. Mayer, and A. Ubide. (2005) 'The Maastricht Dog that Lost Its Bark', *The International Economy* 19(1): 12-15.

Heipertz, M. and A. Verdun. (2005) 'The Stability and Growth Pact – Theorizing a Case in European Integration', *Journal of Common Market Studies* 43(5) (December) 985-1008.

National Bank of Poland.(2009), *Raport na temat pełnego uczestnictwa Rzeczpospolitej Polskiej w trzecim etapie UGW* [online], [Access: December 12, 2011]. Available on the Internet: http:/www.nbp.pl/publikacje/o_euro/re.pl

Orłowski W. M.(2004), Optimal Path to Euro, Wydawnictwo Naukowe Scholar, Warsaw 2004.

Posen, A. (2005a) 'Why the Pact Has No Impact', The International Economy34 19(1): 8-11.

Posen, A. (2005b) 'Can Rubinomics Work in the Eurozone?', in A. Posen (ed.), The Euro at Five: Ready for a Global Role? Washington, D.C.: Institute for International Economics.

Report from Council (ECOFIN) to European Council No7423/05. (2005), Improving the implementation of the Stability and Growth Pact [online]. Brussels., March 2005 [access: January20,2012].access on Internet: http://www.eu2005/actualites/ documents_travail/2005/03/21stab/index.hlml

Regulation of the European Parliament and Council Regulation (EU) No 1173/2011 of 16 November 2011

Regulation of the European Parliament and Council Regulation (EU) No 1174/2011 of 16 November 2011, 2011/85/UE

Regulation of the European Parliament and Council Regulation (EU) No 1175/2011 of 16 November 2011 amending Council Regulation (EC) No 1466/97

Regulation of the European Parliament and Council Regulation (EU) No 1176/2011 of 16 November 2011

Savage J.D. and A. Verdun.(2007), Reforming Europe's Stability and Growth Pact: Lessons from the American experience in macrobudgeting, *Review of International Political Economy*.14(5), pp 842-867