

Parasal Aktarım Mekanizması Euro Borç Krizi İçin İşliyor Mu? / Does Monetary Transmission Mechanism work for Euro Debt Crisis?

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ABSTRACT

Monetary transmission mechanism is the mechanism which shows in what ways and what extent interaction between the real economy- monetary policy, impacts aggregate demand and production. Monetary policy influence the real market and the inflation rate by changing interest rates, and the monetary volume. In either case, this target is carried out by using different channels. In this study to test the existence of the European debt crisis by the monetary transmission mechanism, 22 members of European Union country by using annual (2002-2014) data set were included into study. The European Union countries included in our study are; Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and United Kingdom. In the study variables which shows four main channel of the monetary transmission mechanism are identified; To measure interest rate channel; Maastricht criterion bond yields (mcby) To measure the asset prices channel; Share price indices To measure the exchange rate channel; Real effective exchange rate 3 year % change To measure the credit channel; Private credit flow in % of GDP variables are used. We use panel unit root tests to analyze whether the variables in the model are stationary or not. The paper tries to answer if there is a cointegration between european union countries. In order to testing co-integration between the european union countries Pedroni (Engle-Granger based), Kao (Engle-Granger based) Cointegration Tests are applied. Also for the countries included in the study, panel causality tests developed by Holtz-Eakin and Newey and Rosen are applied.

KEYWORDS Monetary Transmission Mechanism; Panel Data Analysis; Euro Debt Crisis

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