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Avrupa Birliği Borç Krizi / European Sovereign Debt Crisis

Ahmet Beşkaya¹¹Bülent Ecevit University, Turkey

ABSTRACT

With the speculative bubble burst in the US housing market in 2007, the global financial crisis spreading to the all economies in the last quarter of 2008 has inevitably affected the EU countries. On the one hand, stimulus packages and expropriation of the debts of bankrupt banks and financial institutions in the context of measures taken against global crisis have increased burden on budgets. On the other hand, uncompetitive economic structure along with budget deficits caused by decreasing tax incomes as a result of economic recession led to sovereign debt crisis in EU countries since all these developments increased general government debts. The sovereign debt crisis came out in Greece first in 2009 and then shortly turned into Eurozone debt crisis by spreading to Ireland, Italy, Portugal, Spain and Cyprus. The aim of this study is to assess critically European sovereign debt crisis in the context of these countries called GIIPSC. In order to do this, firstly, we summarise the emergence of the European sovereign debt crisis and evaluate pre-crisis and post-crisis main economic indicators of GIIPSC countries. Secondly, we analyse the EU's measures to fight sovereign debt crisis and the effectiveness of these measures implemented so far. Finally, we examine the future alternative scenarios about the EU and Euro currency by taking account of the recent developments in Eurozone.

KEYWORDS Global Crisis; Sovereign Debt Crisis; Eurozone Countries

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