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How Do Crisis Affect Economic Policy?

Authors : Eva Kotlánová

Abstract : After recession that began in 2007 in the United States and subsequently spilled over the Europe we could expect recovery of economic growth. According to the last estimation of economic progress of European countries, this recovery is not strong enough. Among others, it will depend on economic policy, where and in which way, the economic indicators will proceed. Economic theories postulate that the economic subjects prefer stably, continual economic policy without repeated and strong fluctuations. This policy is perceived as support of economic growth. Mostly in crises period, when the government must cope with consequences of recession, the economic policy becomes unpredictable for many subjects and economic policy uncertainty grows, which have negative influence on economic growth. The aim of this paper is to use panel regression to prove or disprove this hypothesis on the example of five largest European economies in the period 2008–2012.

Keywords : economic crises in Europe, economic policy, uncertainty, panel analysis regression
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