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### НЕСТАБИЛЬНОСТЬ ОБМЕННОГО КУРСА: ЭМПИРИЧЕСКОЕ ИССЛЕДОВАНИЕ ГОСУДАРСТВА КУВЕЙТ

*Как страна, которая экспортирует нефть, Кувейт страдает от известной проблемы, которая называется "проклятие ресурсов", учитывая высокую зависимость от поступлений от нефти для экономического роста и развития. Традиционно исследования небольших открытых экономик, таких как Кувейт, сосредоточены на версии моделей роста Solow /Harrod/ Domar, которые являются преимущественно закрытыми моделями, сосредоточенными на вопросах экзогенного роста, таких как коэффициент экономии и остатки Солоу. Для открытой экономики без серьезных проблем накопления капитала, таких как Кувейт, интересно решить проблемы волатильности обменного курса из ключевых основ открытой экономики, таких как рост ВВП, открытость торговли, внутренние иностранные инвестиции и проблемы обменного курса.*

*Целью этого исследования является эмпирическое изучение влияния валового внутреннего продукта, открытости торговли и прямых иностранных инвестиций на нестабильность валютного курса Кувейта. Для лучшей оценки различных видов отношений использовано несколько передовых статистических инструментов. Результаты показывают, что все факторы являются значительными при определении волатильности обменного курса.*

*Ключевые слова: курс обмена, волатильность, ВВП, открытость торговли.*

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### THE INFLUENCE OF ORDOLIBERALISM IN EUROPE

*From the "sick man" of Europe, as it was called after the Second World War, Germany managed to become the greatest power on the continent. This was due to hard austerity policies that perfectly suited a hard working and rigorous population. In this article I want to analyze if ordoliberalism, the German form of social liberalism that led to the country's economic miracle in the 1950s, can be the saving solution for a continent in crisis. For a more complete analysis, I studied the subject from an economical, historical, political and social perspective. Following an extensive review of existing literature I have highlighted the doctrinal confrontation between ordoliberalism and keynesianism, brought back in the spotlight by the European sovereign debt crisis.*

*The German economic elite embrace ordoliberal values, characterized by responsibility and strict monetary rules. In response to the Eurozone crisis, they tried to spread the ordoliberal ideology across Europe. Focused on the supply side of the economy, the followers of ordoliberalism strongly opposed the expansionary fiscal and monetary policy. The power held in Europe allowed Germany to impose its own vision, centered on austerity and price stability. If ordoliberalism worked very well in Germany after the Second World War, not the same happened in the case of the Eurozone's economy. The rigor and lack of flexibility of German ordoliberalism have only further deepened the crisis and the economic problems of vulnerable countries.*

*Keywords: ordoliberalism; keynesianism; Eurozone; crisis.*

**Introduction. The history of ordoliberalism.** The theoretical foundations of ordoliberalism were set in the 1930s and 1940s by the Freiburg School and other thinkers whose intellectual influence went beyond German space. The most representative founders are Walter Eucken, Franz Böhm, Alfred Müller-Armack, Wilhelm Röpke and Ludwig Erhard. They outlined a conservative-liberal program as a response to the political and economic turmoil generated by the Weimar Republic and the Great Recession. In order to ensure the good functioning of the liberal market economy, the ordoliberals promoted a strong role for the state with respect to the market. As markets are not a "natural" phenomenon that works by itself, they need to be sustained and supported by the state. Markets work efficiently only if there is competition, but because competition is not spontaneous, the state must ensure it through norms and regulation. The two directions that ordoliberals focused on, were: dissolving economic power groups and regulating the economy without influencing the economic process.

Ordoliberalism opposed pure laissez-faire but not liberal values. The aim of their efforts was to achieve an economic and social reform program designed to "reconcile the immense advantages of the free market economy with the claims of social justice, stability, dispersal of power, fairness and the conditions of life and work which are proper to Man" [1, p. 45]. In other words, the freedom of individuals is carried out in a stricter legislative framework, but more concerned about social issues. Laws must be clear, non-interchangeable, impartial, and the state must ensure their compliance.

Ordoliberalism also opposed total interventionism characterized by economic planning, nationalization, and property erosion. The challenge was to find a middle path, that is, the state's optimal level of intervention, without the risk of too much intervention opening the way to collectivism or too little intervention to prove ineffective. Wilhelm Röpke divides state interventions into "compatible and incompatible... those that are in harmony with an economic structure based on the market, and those which are not". [2, p. 160] In his opinion, market-compatible interventions are those that do not intervene in the price formation mechanism, all the others will entail the need for new regulations and, in the end, the market will be taken over by the state.

Focused on the supply side of the economy, ordoliberals believed that output and employment are determined mainly by supply factors. They strongly opposed the expansionary fiscal and monetary policy in case of crisis, believing that the state's role is to maintain price stability. The fear of Germans over rising prices is justified by the hyperinflation experienced in 1929–1933. In 1914 the dollar was worth 4.20 marks but it reached 4.2 trillion marks in 1923 [3]. This hyperinflation almost destroyed Germany's economy and some say it created the right conditions for the rise of Adolf Hitler

For ordoliberals a good state is a strong state. The primary role of the state is to correct the imperfections of the economy from a social and moral perspective through a set of laws designed to ensure the order of the free market. Its responsibility is to create a framework of rules which provide the order that markets need to function freely and efficiently.

German ordoliberalism laid the foundations of a social market economy that was successfully implemented in West Germany after the Second World War, contributing to the economic and social recovery of the country in a spectacular way. When most developed countries in Europe have turned to Keynesian measures, Economy Minister Ludwig Erhard has chosen a different path that of ordoliberalism, meant "to lay down the order and the rules of the game" [4, p. 102]. He wanted to create a human economic order in which German citizens overcome the difficulties and problems they face, and society is reborn. After a war in which it was defeated, with a centralized economy focused mostly on weapons production, inflation in Germany reached alarming levels. In this context, Ludwig Erhard chose to combine freedom and free market competition with a strong state involved in ensuring social justice.

The cooperation of trade unions with the German state throughout the period of reforming the economy has contributed decisively to the efficiency of these reforms. The ordoliberal measures taken in 1948–1949 resulted in a decrease in the cost of living and the increase of wages in the background of increasing labor productivity. The increase of the industrial production index and the gross domestic product were a real proof that the social market economy proved to be a success.

Until 1960, Germany experienced a steady economic boom characterized by steadily rising production, falling unemployment, increasing consumption, surplus trade balance, stable prices, rising real wages, population growth, etc. The revival of the German economy after the Second World War and the scale of economic growth were considered a miracle. A kneeling country found the power to recover and to become one of the greatest economic powers in just a few years. The "German miracle" was due both to reforms specific to the social market economy and to the discipline and rigor of the German labor force.

#### The Keynesian alternative

John M. Keynes was an eminent economist of the 20<sup>th</sup> century, whose ideas marked decisively the modern economic theory. His efforts to mitigate the adverse effects of economic recessions gave birth to a unique and personal doctrine that has been applied in many countries, many years after his death – Keynesianism. Similar to ordoliberalism, it opposed the economic theory of the Classical School and, in particular, the concept of "laissez-faire". Keynes was convinced that individual and collective interests are often in opposition. The unswerving desire of people to get rich, together with a system in which the state does not intervene enough in the economy, generates social discrepancies.

Keynes did not share the liberal view of the self-regulating market and limited intervention of the state in the economy. On the contrary, he considered that in case of economic depression "the first step has to be taken on the initiative of public authority; and it probably has to be on a large scale and organized with determination" [5]. His belief was that the market alone is not capable to overcome moments of crisis, so the state must intervene when the economy has troubles putting it back on the line. Keynes position was halfway between the "laissez-faire" principle and the planned economy of a totalitarian state. Its measures target an energetic state involved in the economy both during war and in peacetime, when the economy is facing difficulties.

In the interwar period, when unemployment in Europe and America reached record levels, Keynes sought the most effective ways to increase employment. The English economist wanted to find a "third way" through which to secure public good in a society controlled in a balanced

manner by the state. He believed that "the ideal size for the unit of control and organization lies somewhere between the individual and the modern State" [6, p. 4]. If ordoliberalism was focused on the supply side of the economy, Keynesian theory believed that public power intervention should contribute to the development of aggregate demand. The demand growth will generate output expansion, economic growth and employment.

Since the economy can't correct the lack of demand itself, the state needs to intervene through government policies. A first step of state control should take place in the currency and credit sectors, where individuals risk generating inequality and imbalances through their behavior. Another direction of control refers to the population savings and investments, with the state having the role of determining whether economies are materialized in productive investments or not. Keynes sees this issue as of utmost importance to the economy and "should not be left entirely to the chances of private judgment and private profits". [6, p. 4]

Keynes's confidence in the ability of the private sector to contract massive loans and make effective investments is rather small. The efficient, innovative, active entrepreneur of Jean-Baptiste Say is characterized by Keynes as insecure, fearful and cautious. Thus, extensive spending programs meant to generate price increases will best be carried out by public or semi-public institutions in areas such as construction, public utilities and transport. Keynes encourages the state to start a series of public investments as "engaging in public works of a number of people will have a much greater effect on aggregate employment when severe unemployment exists" [7, p. 190]. The fiscal policy has the role of encouraging the aggregate demand as well, as Keynes proposes that the poor population to be less taxed as it is the social cloth that consumes the most.

The Keynesian doctrine was not shunned by criticism. Government spending towards unemployment-affected sectors has been seen by liberal economists as an inefficient allocation of resources. Friedrich Hayek warns that when the government spending stream stops or moves, unemployment will rise again. Keynes's measures are beneficial in the short term, several months in periods of deep economic depression, after which the market should be left free. Concerned with the analysis of macroeconomic aggregates, Keynes did not focus enough on the activity of the economic agents on the market. Moreover, he did not take into account the time factor, respectively an insufficient offer for a certain period. He rejected the Classical School theory that in the long run the economy will be balanced on the basis of market forces, as "in the long run we are all dead" [8, p. 80].

On the short term, Keynes' theory proved to be beneficial to the economies that have adopted it, but its long-term measures have had negative effects. Keynes's expansionist monetary and fiscal policies, coupled with an unprecedented rise in oil prices, contributed to the emergence of the inflationary phenomenon of the 1970s in the US and other industrialized countries. Moreover, countries that have adopted this doctrine have faced increased tax and public debt. The countries entered a period of stagnation that overshadowed the effectiveness of the Keynesian model.

#### The Euro crisis between ordoliberalism and keynesianism

The 2007–2008 financial crisis has revealed the fundamental problems in the design of the single currency area. Greece, Ireland, Portugal, Spain, Italy, Cyprus have had very high interest rates on government debts, threatening to default. Trying to find a solution to these problems, European leaders divided into two camps,

calling on two opposite models: the keynesian model and the ordoliberal model. The keynesian model, supported, among other countries, by France, encouraged a more interventionist governance, with the aim of demand-driven growth. The ordoliberal model supported especially by Germany, encouraged compliance with price stability, an institutional system based on strict rules, and supply side economics. Thus, the management of the European debt crisis brought back to the forefront the ideological confrontation between ordoliberalism and keynesianism.

#### German ordoliberalism

Ordoliberalism is at the heart of the German social market economy but it is no longer an important academic current. It was not very present in public discourses in recent years but after the European debt crisis its voice has been heard again, as the German elites have called for its lessons. Because of its strength in Europe, Germany has tried to impose this mentality in other European countries, through austerity and debt limitation policies enforced by strict rules. Germany, "today's engine of growth and anchor of stability in Europe", as its finance minister calls it, is the fourth world economy, and the biggest in Europe. It alone represents 21% of the European Union's GDP and it is the first in Europe in terms of population, current account and supplier of external credit [9]. It is the founder of the European Union and Euro Zone and the country that had the most important say in the context of the European sovereign debt crisis.

Ordoliberal theory has contributed greatly to the creation and development of the European Union. The European Monetary Union (EMU) was strongly influenced by ordoliberal concerns about sound money. Likewise, the strict rules that are part of the Maastricht Treaty are rooted in the ordoliberal doctrine. During the present crisis, the German Government required the provisions of the treaty to be respected and tried to impose its vision centered on austerity and price stability, to the rest of Europe.

Not all Germans are ordoliberals, but important people in leadership positions share these values. The members of the German Council of Economic Experts, are a relevant example from this perspective. Its members are known as the "wise men" and it is an independent body that has been advising German government on economic issues since 1963. It still plays an important role in government decision-making. Four of the five economists have ordoliberal visions and strongly endorse the compliance of the Maastricht stipulations and especially the no-bail-out clause, which "strengthens market discipline by ensuring that private lenders – not the other member countries – bear the consequences of unsustainable fiscal policies" [10]. Shifting the risk from national level to the shared central bank balance sheet only generates moral hazard problems. Thus, European Central Bank (ECB) should focus on maintaining price stability and not act as crisis manager putting its independence at risk.

In order to restore economic stability, the Council proposed that countries that have experienced government debt crises to adopt structural reforms and budget cuts. Lower government expenditure and, to some extent, higher taxes will contribute decisively to budget consolidation. Debtor countries have to put their own economy back on their feet without waiting for creditor countries, like Germany, to finance them permanently. In line with the Council's advice, the solutions proposed by Angela Merkel in solving the Euro Zone crisis had the purpose of not touching Germany's interests.

According to the ordoliberal doctrine, the Council encouraged responsibility, control and the punishment of those who do not obey the rules. If a permanently

uncooperative member state threatens the existence of the euro, it should be withdrawn from the currency union as an utterly last resort. [11, p. 2]. However, a country's withdrawal from the Euro Zone could create a dangerous precedent. This action could be followed by other exits that eventually might lead to the division of the Euro Zone. The fate of the Euro influences the fate of the European Union, so the domino effect will be all the more devastating. As this repercussions threatened to affect the US economy and financial markets, Obama administration has been actively involved in preventing Greece from being ejected from the single currency area. Even though on February 2015, the former head of the US central bank, Alan Greenspan saw Greece exit from the euro as inevitable, this has been avoided to this day.

Jens Weidmann president of the Deutsche Bundesbank, and Chairman of the Board of the Bank for International Settlements is also ordoliberal. Just like the four "wise men", he asked for the compliance with article 105 of the Maastricht Treaty who states that "the primary objective of the ECB shall be to maintain price stability" [12, p. 29]. He believed that expansionary monetary policy will only harm the productivity of an economy, including the banking sector's profitability. Stating that "you don't give your credit card to someone, if you can't control their spending" [13], doubted the success of the euro bonds to solve the crisis. Weidmann demanded for a clear boundary between monetary and fiscal policy and government bond purchases will only blur this boundary.

In order to avoid moral hazard he quotes Walter Eucken, "those who benefit from it must also carry the loss" [14, p. 3]. Everyone have to bear the consequences of their actions, otherwise excessive risks will be taken. In order for the market economy to work effectively, there must be clear rules, respected by all.

And yet Germany is not the most relevant example in terms of respecting Euro Zone's stability rules. In the context of the Euro Zone debt crisis, most economists have focused their attention on the countries that registered current account deficits, but neglected the countries with current account surplus, such as Germany. Since 2011, Germany has had a current account surplus of 6% of its GDP [15], higher than the maximum limit set in the Macroeconomic Imbalance Procedure (MIP). For several years the European Commission has recommended Germany to reduce its current account surplus by supporting its domestic demand and investment, without any effect. Given its size and level of development, Germany has a special responsibility to rebalance the European Union's economy. Apart from affecting Europe's economy, Germany is also putting its economy at risk. Because it relies so much on exports, it can become very vulnerable to global shocks, as domestic buyers would not be able to offset declining demand.

Ordoliberal beliefs are embraced by another distinguished personality in Germany, namely Wolfgang Schäuble, the current finance minister. He is perceived as one of the most powerful promoters of ordoliberal values in Europe. He also believes that the cause of the Euro crisis lies in the fiscal indiscipline, so more fiscal rules and brakes on national debt are the best solutions in case of crisis. Countries that receive financial support need to apply structural reforms, reforms meant to put them back on track towards long-term growth and secure sustainable prosperity for all [16]. The efficiency of these programs in Spain, Portugal and Ireland reinforced the beliefs of the German minister, who praised them for their efforts to reform labour markets and social security systems,

modernize their administrative structures, legal and tax systems, and consolidate their budgets.

Many other important names in Germany share ordoliberal views, so ordoliberalism has become a "basic value" among German decision makers. In 2016, at the celebration of Walter Eucken's (1891–1950) 125<sup>th</sup> birthday, one of the founders of ordoliberalism, Angela Merkel emphasized that principles of "the Freiburg school" remain relevant" [17]. German leaders believed that the supply side theory and an independent central bank, were the solution to the European sovereign debt crisis and tried to spread the ordoliberal ideology across the entire continent.

#### Keynesian reaction

Followers of Keynesian theory criticized the rigorosity and inflexibility of Germany's position during the Euro crisis and the ordoliberal principles on which they relied. The ideological confrontation between ordoliberalism and keynesianism can be found within the German Council of Economic Experts, where the only representative of keynesianism is Peter Bofinger. He criticizes the rigidity with which Germany focuses on balanced fiscal budgets, price stability and structural reforms and neglects aggregate demand. A follower of the demand side theory, he promotes the importance of aggregate demand in the short-term determination of output and employment. He rejects the validity of Walter Eucken's ideas, which he considers to be too limited compared to Keynes, Hayek or Schumpeter, and finds it hard to accept that his philosophy still shapes the German paradigm of macroeconomics [18].

However, the preference of Germans officials for the ordoliberal values, namely supply-side theory, can be also explained from the point of view of national interest. Exports were and still are Germany's main engine of economic growth. In the monetary union, member countries can't increase the competitiveness of exports by devaluing the currency, so they resort to alternative methods aimed at stimulating supply. Embracing supply-side theory, the German leaders planned to help companies achieve success on the globalized market, as they are the source of innovation and employment. These measures, in conjunction with a low wage policy, helped Germany register the highest current account surplus in the world at the end of 2016. While Germany claims that this surplus is a sign of economic virtue that reflects competitiveness, others believe that it has caused the deficits in other countries.

Most of the German leaders believed that the cause of the Euro debt crisis lied in the fiscal indiscipline and the lack of supervision. Thus, they rejected aid measures materialized in expansionary macroeconomic policies and insisted on fiscal austerity. The lack of sympathy regarding the case of Greece can be justified by the Greek government's actions to forge registers to cover the true size of the budget deficit. Why didn't Germany let the Greeks economy go bankrupt? Because it was not in Germany's interest. Many German banks held a large part of Greece's debt in 2009. This interconnection can generate a systemic risk, as the Greek government's inability to pay may lead to a banking crisis in Germany, and implicitly big problems for the government that will help these banks. So, despite opposition from some states, Germany managed to impose its own vision centered on austerity and price stability.

The austerity measures proposed by Germany were supported by the three major international forums: the European Central Bank, the European Commission and the International Monetary Fund also known as the Troika. These three institutions have dictated the terms of Greece's

economic and fiscal policy during the European debt crisis. As they imposed very hard austerity measures meant to correct macroeconomic imbalances, they seriously affected the democratic process and generated violent demonstrations. In order to receive emergency loans, the Greek government had to cut salaries, government spending and pensions, raise taxes etc. The effects were not the ones expected, as they led to mass unemployment, the collapse of the banking system, a real GDP decrease and an external debt increase to 175 percent of GDP. In spite of the enormous financial support the Greek economy has received, in 2015 it looked worse than ever.

Thomas Piketty, together with other four famous economists, wrote the same year, an open letter to Chancellor Angela Merkel and the Troika asking them "to restructure and reduce Greek debt" [19], in order to prevent a possible exit of Greece from Euro Zone. An eventual exit of Greece would have affected the whole area of the single currency with global repercussions. In the call made to the German Chancellor, they asked for sympathy, mentioning the debt reduction that Germany benefited after the Second World War. In 1953, at the London conference, German creditors, including Greece, agreed to erase 55% of Germany's sovereign debt worth 32.3 billion German marks. Without this measure, Germany would not have been able to rebuild its economy so fast.

Another economist who revolted against the austerity measures was Paul Krugman who brought up a Keynes quote "the boom, not the slump, is the right time for austerity". Austerity measures in already depressed economies depresses the economy further, so he demands these measures to be stopped until a strong recovery is well under way [20]. He believes that a quantitative easing program could be a solution, but only if it is large and aggressive in order to impress the markets.

His view and the view of many other Keynesian economists was shared by the USA, UK and Japan who have embarked on monetary stimulus after the 2007–2008 financial crisis. After reducing the short-term interest rates close to zero they tried to use another method to pump more money into the economy. During the quantitative easing programme, the central banks purchased large-scale assets which lowered the interest rates and increased the money supply. Even if the effect of these measures is difficult to quantify accurately, the level of employment increased and the countries experienced a higher rate of GDP growth.

Though later than other countries, Europe also appealed to Keynesian measures. Starting in 2012, when the Euro crisis reached the highest level, ECB President, Mario Draghi made a statement that sent a strong signal to investors: "within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough". This statement was soon backed up by policy actions. The ECB reacted through three instruments: a series of targeted long-term refinancing operations (TLTROs), a negative interest rate policy, and an asset purchase program that included both private and public sector securities. Much later than other countries, in January 2015, the ECB called for a quantitative easing program in amount of \$ 1.2 trillion. Under this program, BCE bought public and private bonds and managed to stimulate investment and consumption. With the help of these unconventional monetary policy tools, Europe managed to stimulate the Euro Zone's economy and prevent it from tumbling into a deflationary spiral.

#### Conclusions

As Barak Obama stated, the European Union is "one of greatest political and economic achievements of modern

times" [21]. One of its goals was that together, the states develop and raise their standard of living. The free movement of goods, services, people and money and the introduction of the single currency in 1999 were important steps in the process of European integration. The single currency was meant to limit the rate of inflation, to stimulate trade and create one of the world's strongest currencies. However, in the absence of adequate institutional and policy arrangements, the same currency rocked the entire European edifice. The 2007–2008 financial crisis revealed the vulnerability of the European Monetary Union, when a number of countries which accumulated massive deficits and public debt triggered a sovereign debt crisis. European countries with flexible exchange rates have managed the debt crisis better than those in the Euro Zone. The loss of national monetary policies and exchange rate flexibility left the member countries vulnerable to the crisis.

The lack of a fiscal and banking union, capable of offering a coherent solution to the crisis, have threatened the integrity of the single currency. Whether the problems came from the public or private sector, all debts were later transferred to governments. In the spirit of unity that characterizes the European area, the countries have sought solutions to the unprecedented crisis the continent has faced. The solutions found to the European sovereign debt crisis divided the continent into two sides: the followers of ordoliberalism and the followers of keynesianism.

Most of the German decision-makers positioned in the ordoliberal side, demanded the ECB's compliance with the Maastricht treaty, and the application of hard austerity measures to the countries requesting financial aid. Because of its lack of flexibility, Germany has opposed taking in a much-needed European rescue plan in the first years of the crisis and is considered responsible for ECB's lack of reaction. In 2011, when the Euro crisis emerged, the ECB raised the interest rate to 2.25 instead of diminishing it [22]. Other major central banks (from the USA and Japan to UK) started comprehensive quantitative easing programs rather early in comparison to ECB [23] whose inactivity is considered responsible for the prolongation of the crisis.

If ordoliberalism worked very well in Germany after the Second World War, not the same happened in the case of the Euro Zone's economy. European Union leaders realized they couldn't develop some general economic principles inspired from Germany's historical experience, in order to bring Europe out of the crisis. The fiscal austerity measures imposed in the countries where demand was collapsing have further deepened the economic problems of vulnerable countries, and the best example is Greece. The ordoliberal measures promoted by Germany did nothing but prove Keynes right all over again.

Even though the German government demanded the Maastricht treaty to be strictly respected, European Central Bank's interventions saved Euro Zone ...for now. So far, efforts have been worthwhile as a possible exit of a country would affect all member countries and the repercussions will spread across the world. The Eurozone will be much stronger when all its members will be fiscally and politically integrated, until then it is vulnerable to many other crises.

During the Euro crisis a rift between the German macroeconomic policy, based on ordoliberal values, and the policies of other major economies was created. The decisions taken in the last years have strongly tightened relations between Germany and the peripheral countries of Europe affected by the crisis. Each blow that Europe

receives, divides the member countries instead of uniting them. The immigration crisis, UK's vote to leave the EU, the popularity of extreme right-wing parties, coupled with the tensions of the Euro crisis that are still present, have shaken the foundations of the European integration project.

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### ВПЛИВ ОРДОЛІБЕРАЛІЗМУ В ЄВРОПІ

Из "хворой людини" Європи, як це було названо після Другої світової війни, Німеччина встигла стати найбільшою державою на континенті. Це було пов'язано з жорсткою політикою жорсткої економії, яка ідеально підходить для працьовитого й суворого населення. Автор аналізує, чи може ордолибералізм, німецька форма соціального лібералізму, яка привела до економічного дива країни в 1950-х роках, бути економічним рішенням для континенту в умовах кризи. Для більш повного аналізу вивчено предмет в економічному, історичному, політичному та соціальному аспекті. Після широкого огляду існуючої літератури звернено увагу на доктринальну конфронтацію між ордолибералізмом і кейнсіанством, що знов привернула увагу до європейської кризи суверенного боргу.

Німецька економічна еліта охоплює ордолиберальні цінності, що характеризуються відповідальністю та жорсткими грошовими правилами. У відповідь на кризу єврозони еліта намагалася поширювати ордолиберальну ідеологію по всій Європі. Орієнтовані на пропозицію економіки, прихильники ордолибералізму рішуче виступили проти експансіоністської фіскальної та монетарної політики. Влада, яка прийшла в Європі, дозволила Німеччині нав'язати власне бачення, зосереджене на жорсткості та цінновій стабільності. Якщо ордолибералізм добре працював у Німеччині після Другої світової війни, то не так було в економіці єврозони. Суворість і нестача гнучкості нідерландського лібералізму ще більше поглибили кризу та економічні проблеми вразливих країн.

Ключові слова: ордолибералізм; кейнсіанство; Єврозона; криза.

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### ВЛИЯНИЕ ОРДОЛИБЕРАЛИЗМА В ЕВРОПЕ

Из "больного человека" Европы, как это было названо после Второй мировой войны, Германия успела стать крупнейшим государством на континенте. Это было связано с жесткой политикой жесткой экономики, которая идеально подходит для трудолюбивого и строгого населения. Автор анализирует, может ли ордолиберализм, немецкая форма социального либерализма, которая привела к экономическому чуду страны в 1950-х годах, быть экономичным решением для континента в условиях кризиса. Для более полного анализа изучен предмет с экономической, исторической, политической и социальной точки зрения. После широкого обзора существующей литературы обращено внимание на доктринальную конфронтацию между ордолиберализмом и кейнсианством, которая вновь привлекла внимание к европейскому кризису суверенного долга.

Немецкая экономическая элита охватывает ордолиберальные ценности, характеризующиеся ответственностью и жесткими денежными правилами. В ответ на кризис еврозоны элита пыталась распространять ордолиберальную идеологию по всей Европе. Ориентированные на предложение экономики, сторонники ордолиберализма решительно выступили против экспансионистской фискальной и монетарной политики. Власть, пришедшая в Европе, позволила Германии навязать свое видение, сосредоточенное на жесткости и ценовой стабильности. Если ордолиберализм хорошо работал в Германии после Второй мировой войны, то не так было в экономике еврозоны. Строгость и недостаточность гибкости нидерландского либерализма еще больше углубили кризис и экономические проблемы уязвимых стран.

Ключевые слова: ордолиберализм; кейнсианство; Еврозона; кризис.

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## IMPROVING YOUTHS' SOCIAL SITUATION IN THE EUROPEAN UNION

The European Union's social policies of the last years aimed at improving the social conditions of youths across Europe. The goal of this paper is to comparatively analyse the characteristics of youths and their social conditions in the EU-27, during 2006-2016, using the following indicators associated to the young population: youth education and training, employment and unemployment rates, health, social inclusion, culture and creativity, participation and youth in the digital world. The paper also reviews the impact and efficiency of the EU's social policies in the current economic background, trying to catch the improvements in young people's social conditions. For this purpose, there were used Employment and Social Conditions Indicators and "Europe 2020" Strategy Indicators.

Our analysis reveals that over time the youths' aspirations and needs have changed along with their social conditions. The EU is obviously making progress in improving the social policies addressed to young people, but there are still visible differences between the member states and new, innovative approaches are required to respond to youths' needs in the fast-changing economic and political context of Europe.

Key words: youth, social policy, social conditions, EU-27.

**Introduction.** Nowadays, the European Commission and the Government of each member state of the EU are getting more and more involved in the economy. They are also focusing on improving the social conditions and the educational level of young people in the EU, but also on tackling unemployment.

Among the EU's biggest concerns are the high youth unemployment rate and the differences between member states regarding this rate. For example, between Germany, which has the lowest youth unemployment rate, at 7% and Greece or Spain, the countries with the highest unemployment rate, approximately 50%, there is a difference of 40 percentage points [6].

The government's implication, through each national social policy and low, including unemployment benefits and

support programmes, changed the behaviour of people during time, from people that were scared to reject a job during the Industrialisation period to people that are searching and accepting a job based on their motivation, minimum wage, health insurance or other benefits.

Although this is the tendency, the fast-changing economic and political context of Europe, along with the changes in different branches of industry, forced young people to work part-time, or to be underpaid, or even to accept jobs that do not match their educational background or professional experience. The social policy of each state gave young people more options and integrated them to the labour market.

The fast-changing economic and political context of Europe influences young people's decisions, especially