European Stability Mechanism in managing the crisis in the Eurozone: A comparison of labour market indicators in bail-out economies

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Résumé

This paper focuses on the key features of European integration and financial stability in the Eurozone after the economic crisis. It evaluates the mechanisms introduced in the Eurozone for the management of the economic crisis and protection of the euro economies. It scrutinises the establishment of the European Stability Mechanism (ESM), which constituted a permanent intergovernmental institution in managing the Eurozone crisis and safeguarding financial stability in the euro area as a whole. It discusses how the ESM was designed to provide financial assistance to Euro Area countries with severe financial problems – its lending toolkit included loans within a macroeconomic adjustment programme, primary market purchases, secondary market purchases, precautionary credit line, loans for indirect bank recapitalisation, and direct recapitalisation of institutions. The paper offers a comparative analysis of ESM activities in bail-out economies, namely Greece, Cyprus, Portugal, Ireland and Spain. It compares the amounts of financial assistance, contents of financial agreements, conditions to loans, disbursements and repayment, and conditionalities included in the agreements. Based on these parameters, it examines the post-programme surveillance reports and country-specific data on labour market structures. It presents a comparative analysis of labour market indicators such as unemployment, flexibilisation, deregulation and competitiveness in the pre- and post-programme periods. The paper inquires a correlation between the scope of bail-out agreements and labour market reforms in Greece, Cyprus, Portugal, Ireland and Spain within the framework of the Eurozone crisis and the ESM.

Mots-Clés: bailout, economic crisis, European Stability Mechanism, Eurozone, labour market

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