

PHILIPS CURVE IN CENTRAL AND EASTERN EUROPE COUNTRIES

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Abstract

The Philips curve is an important component of macroeconomics, that provides a structural equation. This equation determines the rate of inflation as a function of the rate of unemployment. This curve represents a basic constraint on policy, because it determines the set of sustainable inflation–unemployment outcomes. In this paper we propose to analyze the evolution of Philips curve in European countries. The evolution of inflation and unemployment in Europe brings out three features: a reduction in inflationary expectations, a large fall in the structural unemployment rate, that determine a flatter Philips Curve.

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