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General Government Debt and Budget Deficit as Threats to Economic Security of the European Union Countries

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Abstract

The aim of the article is to present budget deficit and government debt in the European Union member states, with particular consideration of the countries that belong to the PIIGS group. This paper has focused on the scale of these phenomena, on their reasons and on some attempts made to improve the unfavourable situation. In the main thesis presented in the article, it is stated that budget deficit and general government debt come as significant threats to economic security of the European Union (EU) countries. The research methods that have been applied in the study involve descriptive analysis and statistical data analysis.

Key words: government debt, budget deficit, economic security, PIIGS

1 Introduction

One of the most important pillars for the functioning of the state is providing broadly understood security to its citizens. It refers to military, political and economic aspects. At present, these three aspects are closely related to each other.

Economic security of a state is generally defined as providing conditions favourable for harmonious development, which allows citizens to live in sustainable welfare. Considering the macro-economic approach, economic security refers to stability in employment, a low level of unemployment and predictable prospects for economic development characterised by financial liquidity. Considering the micro-economic approach, it refers to solvency of households and companies. In both cases, it refers to the possibility of balancing liabilities in relation to the needs in the average period of time (Żukrowska, 2013).

Providing economic security has become one of the main objectives of internal and foreign policies of states. At present, competition among particular countries can be observed. Hence, a classical concept of dividing the world into blocks has lost its significance. It has been replaced by the competition that takes place among the particular groups of interests. As a result, some new fields of conflicts have emerged and their geography redrawn. There are three pillars of economic security, namely, food security, resource security and financial security (Perczyński, 1990). This article is focused on the third pillar.

The financial crisis of 2008–2009 commenced with fall of more than a century-old financial giant, Lehman Brothers, which was an investment bank. Lehman's closure was triggered by collapse of the mortgage credit markets in the United States. The crisis had ripple effects across the world and serious consequences were felt in many European countries. The countries that suffered from the crisis in particular were those belonging to the PIIGS[1] group. Considering Poland, the consequences of the crisis were relatively less perceptible.

2 The scale of general government debt and budget deficit

According to the data provided by the Eurostat for the end of 2017, the government debt of all 28 European Union member states exceeded the level of €12.5 trillion. The largest debtors were respectively: Italy (€2.26 trillion), France (€2.25 trillion), Germany (€2.09 trillion), Great Britain (€2.01 trillion) and Spain (€1.14 trillion), the large countries with strong significant economies. In the years 2007–2017 the debt of all the EU countries was increased (Table 1).

Table 1. General government gross debt (in billion euros)

Country	2007	2010	2014	2015	2016	2017
All countries (28)	74718.9	10045.4	12140.6	12494.5	12402.0	12550.7
Belgium	299.9	363.9	426.6	433.9	447.2	454.0
Bulgaria	5.3	5.8	11.5	11.8	13.9	13.2
Czech Republic	40.0	60.1	65.6	67.9	64.9	68.5
Denmark	63.7	103.5	116.8	107.4	104.7	104.1
Germany	1599.8	2088.7	2188.7	2157.9	2140.0	2092.7
Estonia	0.5	0.9	2.1	2.0	1.9	2.1
Ireland	47.1	144.2	203.3	201.1	200.6	201.3
Greece	239.9	330.5	319.7	311.6	315.0	317.4
Spain	383.8	649.2	1040.8	1073.2	1107.2	1144.4
France	1252.0	1631.7	2038.4	2097.6	2150.9	2257.7

1 The name is an acronym of the initial letters in the names of the countries which suffered most in relation to the problems discussed above (P for Portugal, I for Ireland, I for Italy, G for Greece and S for Spain).

Croatia	16.6	25.9	37.1	37.2	38.2	38.1
Italy	1605.9	1851.5	2137.3	2172.6	2218.5	2263.5
Cyprus	9.3	10.7	18.8	18.9	19.4	18.8
Latvia	1.9	8.4	9.6	8.8	10.1	10.8
Lithuania	4.6	10.1	14.8	15.9	15.5	16.6
Luxembourg	2.8	7.9	11.2	11.3	11.0	12.7
Hungary	66.0	78.4	77.7	80.4	84.4	90.5
Malta	3.5	4.5	5.4	5.6	5.7	5.6
Netherlands	262.0	374.7	450.5	440.5	434.2	419.8
Austria	183.8	243.8	278.9	290.7	295.2	289.7
Poland	145.9	193.2	202.1	215.7	228.2	240.8
Portugal	120.6	173.1	226.0	231.6	240.9	242.8
Romania	14.7	37.4	58.7	59.7	63.1	64.7
Slovenia	8.0	13.9	30.2	32.1	31.7	31.8
Slovakia	17.0	27.8	40.7	41.3	42.1	43.2
Finland	63.4	88.1	123.7	133.1	135.9	137.3
Sweden	136.0	150.3	189.6	199.9	194.6	189.9
United Kingdom	877.4	1387.5	2060.3	2269.8	2022.2	2013.1

Source: Eurostat. https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=teina225&language=en (29th Nov. 2018)

However, the amount of the government debt does not denote the actual burden put on public finances. A far better rate to define such burden is its relation to the GDP. During the Maastricht summit, when the Treaty on the European Union was signed on 7 February 1992, the fundamental requirements were defined for countries aspiring to join the Economic and Monetary Union, which are now referred to as the convergence criteria. In one of these criteria, it is assumed that the reference value for the government debt-to-GDP ratio in market prices is 60%.

Table 2. General government debt in % GDP

Country	2007	2010	2014	2015	2016	2017
All countries (28)	57.5	78.4	86.7	85.4	83.2	81.6

Belgium	87.0	99.7	106.5	105.8	105.7	103.4
Bulgaria	16.3	15.3	27.0	26.0	29.0	25.6
Czech Republic	27.8	38.2	42.2	40.3	36.8	34.7
Denmark	27.3	38.2	44.8	40.4	37.7	36.1
Germany	63.7	81.0	74.9	72.2	68.1	63.9
Estonia	3.7	6.6	10.3	10.1	9.4	8.7
Ireland	23.9	61.7	105.2	78.6	72.8	68.4
Greece	103.1	146.2	179.7	177.4	180.8	176.1
Spain	35.5	60.1	100.4	99.8	99.0	98.1
France	64.3	81.6	95.3	96.2	96.5	98.5
Croatia	37.7	58.3	86.6	86.7	82.9	77.5
Italy	99.8	115.4	131.9	132.3	132.0	131.2
Cyprus	53.5	55.8	107.1	107.5	107.1	96.1
Latvia	8.4	47.4	40.7	36.3	40.6	40.0
Lithuania	15.9	36.2	40.5	42.7	40.1	39.4
Luxembourg	7.8	19.9	22.7	22.1	20.8	23.0
Hungary	65.6	80.5	75.7	74.7	73.9	73.3
Malta	62.4	67.6	67.0	64.0	57.6	50.9
Netherlands	42.7	59.3	67.9	65.1	61.8	57.0
Austria	65.1	82.8	84.4	85.5	83.6	78.3
Poland	44.2	53.1	50.2	51.1	54.1	50.6
Portugal	68.4	96.2	130.6	129.0	130.1	124.8
Romania	12.7	29.9	39.4	37.0	37.6	35.1
Slovenia	22.8	38.4	80.9	83.1	78.5	74.1
Slovakia	30.1	41.2	53.6	52.5	51.8	50.9
Finland	34.0	47.1	60.2	63.6	63.1	61.3
Sweden	39.0	38.3	45.2	43.9	42.2	40.8
United Kingdom	42.0	76.0	88.1	89.1	88.3	87.4

Source: Eurostat. https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=teina225&language=en (29th Nov. 2018)

During the last year of the crisis (2007), nine EU countries did not meet the above-mentioned criterion. In 2010, there were 10 cases in which the government debt-to-GDP ratio exceeded the level of 60%. During the last analysed year, the half of the EU member states exceeded the limits stated in the Treaty of Maastricht. The worst situation could be observed in Greece where the government debt-to-GDP ratio exceeded the level of 176%. The next positions were taken respectively by Italy (over 131 %), Portugal (almost 125%), Belgium (103%), France and Spain (98% in each country). At the end of 2017, the average government debt-to-GDP ratio of all the EU countries was 81.6% (see Table 2).

Table 3. Budget deficit in % GDP

Country	2007	2010	2014	2015	2016	2017
All countries (28)	-0.9	-6.4	-3.0	-2.4	-1.7	-1.0
Belgium	0.1	-4.0	-3.1	-2.5	-2.5	1.1
Bulgaria	1.1	-3.1	-5.5	-1.7	0.0	1.5
Czech Republic	-0.7	-4.4	-1.9	-0.6	0.7	1.5
Denmark	5.0	-2.7	1.5	-1.7	-0.6	1.1
Germany	0.2	-4.2	0.3	0.7	0.8	1.0
Estonia	2.7	0.2	0.7	0.1	-0.3	-0.4
Ireland	0.3	-32.1	-3.7	-1.9	-0.7	-0.2
Greece	-6.7	-11.2	-3.6	-5.7	0.5	0.8
Spain	2.0	-9.4	-6.0	-5.1	-4.5	-3.1
France	-2.5	-6.8	-4.0	-3.5	-3.4	-2.7
Croatia	-2.4	-6.2	-5.4	-3.3	-0.9	0.9
Italy	-1.5	-4.2	-3.0	-2.6	-2.5	-2.4
Cyprus	3.2	-4.7	-8.8	-1.1	0.5	1.8
Latvia	-0.7	-8.5	-1.6	-1.3	0.0	-0.6
Lithuania	-0.8	-6.9	-0.7	-0.2	0.3	0.5
Luxembourg	4.2	-0.7	1.5	1.6	1.6	1.4

Hungary	-5.1	-4.5	-2.1	-1.6	-1.9	-2.2
Malta	-2.3	-3.2	-2.1	-1.4	1.1	3.5
Netherlands	0.2	-5.0	-2.3	-1.9	0.4	1.2
Austria	-1.4	-4.5	-2.7	-1.0	-1.6	-0.8
Poland	-1.9	-7.3	-3.4	-2.6	-2.5	1.4
Portugal	-3.0	-11.2	-7.2	-4.4	-2.0	-3.0
Romania	-2.8	-6.9	-0.8	-0.8	-3.0	-2.9
Slovenia	-0.1	-5.6	-5.0	-2.7	-1.9	0.1
Slovakia	-1.9	-7.5	-2.7	-2.7	-2.2	-0.8
Finland	5.1	-2.6	-3.2	-2.8	-1.7	-0.7
Sweden	3.3	-0.1	-1.6	0.2	1.1	1.6
United Kingdom	-2.9	-9.6	-4.7	-4.3	-2.9	-1.8

Source: Eurostat. https://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=teina200 (2018.11.29)

The main reason for incurring debts arises from the burden of budget deficit. It should be emphasized that budget deficit has recently become a permanent phenomenon observed in the countries of the European Union. The Maastricht Treaty states that the budget deficit-to-GDP ratio cannot exceed 3%. During the analysed period, such criteria were met only by Estonia, Luxembourg and Sweden. In 2007, before the global crisis reached Europe, 23 countries met the criterion stated in the Maastricht Treaty. In 2010, at the peak of the crisis, there were only five such countries (Denmark, Estonia, Luxembourg, Finland and Sweden). During the last analysed year, there were 26 countries which met the above-mentioned criterion. The excessive budget deficit was reported only by Spain and Malta, and the average budget deficit in the EU countries was 1% of the GDP. The specific data are presented in Table 3.

3 The crisis of public finance in Portugal

Caused by the burst of the speculative bubble in the real estate market in 2007, the collapse of the mortgage credit market in the United States initiated the global economic crisis, which is now referred to as the greatest recession since the Great Crisis of 1929–1933. Due to the global economic crisis in the countries of the PIIGS group in the years 2008–2010, a serious recession could be observed. It was particularly discernible in 2009, when the growth rate in all five countries was negative.

However, the problem should be viewed from a wider perspective. The adoption of the euro allowed the PIIGS group to increase the level of debt and consumption. The subsequent credit boom contributed to the increase in consumption and wages. Due to that fact, the competitiveness of the PIIGS export fell down. At the same time, the increased bureaucracy and other structural restrictions discouraged interested parties from investing in advance technology sectors, even though wages in the discussed countries were still lower than the average wages in the European Union. A significant deficit in the current accounts along with the budget deficit resulted in a huge debt incurred by the PIIGS at European banks. The discussed group of the countries largely applied the mechanism of financial leverage and because of that, it could easily become a source of financial problems for the creditors. What was worse was the spectacular growth of the euro value in the years 2008–2009 contributed to the loss of their competitiveness, and it increased the risk of their insolvency (Roubini & Mihm, 2011).

The condition of public finance in Portugal had been deteriorating since the mid-1970s, when nationalisation of various enterprises was implemented. Loss-making state enterprises were subsidised from the state budget, which eventually resulted in a high deficit and an increase in government debt. In the mid-1980s, Portugal was able to slightly improve the condition of its public finance, but at the beginning of the next decade the situation got worse again due to the worsening of economic conditions. Despite the fact that the budget criteria were met (in 1997 the budget deficit fell below the level of 3% of the GDP, and after a year, the government debt reached the level of 60% of the GDP), after joining the Eurozone, Portugal was facing problems related to respecting fiscal discipline. Since the very beginning, Portugal did not respect the budget criterion, and it was permanently in the excessive deficit limits. Moreover, over the last decades, Portugal recorded low GDP growth rate, which reached 1.5% in the years 2000–2008, which should be considered as a highly unfavourable result compared to other countries trying to catch up with the developed countries. In 2009 the above-mentioned rate reached 2.5% and a year later GDP grew at 1.4% (Górniewicz, 2012).

The long-term economic slowdown in Portugal was mainly caused by the following factors:

- Slowing rate of the productivity gains (in the years 1990–1995, the average productivity gains rate was 2.6%, in the years 1995–2000, it dropped down to 2% and in the years 2001–2006, it was only 0.8%);
- Decrease in the employment rate
- Decrease in the investment rate
- Weak consumption demand
- Withdrawal of international corporations
- Specialisation in traditional sectors of industry
- Decrease in the competitive advantage as a result of low production efficiency, an increase in the real effective exchange rate and the technological gap (Mucha-Leszko & Kąkol, 2011).

At the beginning of April 2011, Portugal could not stand growing economic problems and its dismissed Prime Minister, Jose Socrates, asked the European Union for financial aid. The government was not able to refinance its debt on the market. The yield of ten-year and five-year government bonds reached respectively 9.7% and 8.6%. Experts estimated that the financial aid of approximately €70–90 billion was needed. Eventually, Portugal was offered €78 billion of financial aid (Górniewicz, 2012).

For the loan granted to Portugal in 2011, the country was obliged to privatise €5 billion worth of the state sector. In 2012, a part of the Portuguese power infrastructure was sold (approximately €600 million) and 21% of the shares of Energias de Portugal (the national power supplier) worth €2.7 billion. The power infrastructure was bought by the representatives of China and Oman and the shares of Energias de Portugal were bought by a Chinese company, Three Gorges. At the end of 2012 Aeroportos de Portugal (the company managing airports) was sold to a French construction corporation, Vinci, which paid over €3 billion for the acquisition. In this way, the Portuguese government privatised more of its state assets than expected by its creditors. Further privatisation was highly probable. The former Portuguese colony, Angola, was interested in the Portuguese TAP airlines, a part of the post service, railway partnerships, Galp, energy holding and public television. Due to its sale of oil, Portugal had some high financial surplus, and it intended to invest that money (Górniewicz, 2016).

4 Growing problems of Italy

Taking the third position in the Eurozone with regard to its GDP, Italian economy has been growing at a much slower rate than it has been predicted over the last few years. Italy has not been competitive enough, considering its defective labour law and the fact that economy has been based on small enterprises, which were not able to compete in the global market. Inefficient operation of the financial sector has been also observable. At present, Italy has incurred the highest government debt not only among the countries of the PIIGS group but also among the countries of the whole European Union. Generally, the situation in Italy in comparison to Portugal, Ireland, Greece and Spain during the last crisis was relatively positive.

Numerous reforms have been carried out in Italy in order to improve the condition of its public finance. The reforms have involved wage freezing in the state administration, higher taxes, improvement in efficient tax collection and cutting budgetary expenditures (Górniewicz, 2012).

However, experts have recently warned that the government debt in Italy may get out of control. Such a negative situation has been exacerbated by political crisis in the country. The election in March brought the Euro-sceptical parties into power, and this fact has already been reflected in the global stock exchanges (*The Economist*, 2018). The yield of Italian bonds has largely improved. Their prices significantly affect the repayment of debts. Economists indicate high similarity of the situation in Italy to the situation that prevailed in Greece several years ago. However, considering the amount of the debt and the scale of the economy, the problems in Italy would be much more serious for the Eurozone. It could even collapse as a result.

5 The situation in Ireland

Since the end of the 1980s, Ireland had been developing at the fastest rate among all the European Union countries. At the beginning of the 21st century, economic development of Ireland was based mainly on the construction sector. For Irish people, it was the time of the greatest prosperity. They did not have to agree to the slow increase in their wages in order to maintain their international competitiveness, and due to jobs which could be performed by unskilled workers in the construction industry, the unemployment rate was approximately at the level of 4%. At the beginning of the financial crisis, it seemed that Ireland would come away unscathed from the situation. The country did not have any budget deficit and the government debt was at the level of almost 25% of the GDP.

The main reason for the fast growth of the government debt was a collapse in the demand for real estate (a decrease in prices by 50% approximately). The government in Dublin started making efforts to save the banking sector, which was burdened with hapless credits for developers, from bankruptcy. As much as 4% of GDP was dedicated to providing capital injections to financial institutions, and it was immediately reflected in the condition of public finance. It coincided with a collapse of budgeted revenues, which was highly dependent on taxes imposed on the newly constructed houses and capital gains. An increase in the unemployment rate up to 12.5% (in December 2009) contributed to a fiscal disaster, which decreased tax revenues and, at the same time, increased social benefit expenditure. After many years of surplus, in 2008, Ireland reported over 7% of budget deficit. A year later, it was even bigger, and it reached 12.5% approximately (Górniewicz, 2012).

The situation in Ireland became so complicated that at the end of 2010, the country received a loan from the European Union and the IMF amounting to €85 billion (Rapkiewicz, 2010). The Prime Minister of Ireland, Brian Cowen, presented a four-year savings plan, which assumed reduction in the state expenditure by €10 billion and an increase of tax revenues by €5 billion. Due to such activities, the budgetary deficit of Ireland was supposed to decrease by 11%.

Compared to other states of the PIIGS group, the financial situation in Ireland improved significantly (Górniewicz, 2016). Among the EU states that had suffered from the crisis, Ireland was the first country to abandon the EU support programme in 2013. Due to international financial and economic aid, Ireland was able to avoid insolvency.

6 The crisis of public finance in Greece

From 2004 to 2009. the New Democracy Party was in power in Greece. At that time, national finance was completely destroyed and corruption was at its peak, having reached an enormous scale. The Prime Minister of Greece, Antonis Samaras, left Greece with a budgetary deficit four times higher than the prescribed Brussels standard. In 2009–2010 winter, financial problems in Greece started to grow rapidly. Referred to as creative accounting[2], numerous cases of fraud and statistical manipulation were revealed. An American investment bank, Goldman Sachs, was largely involved in such operations in Greece. It started to handle the Greek debt at the beginning of the 21st century, and it camouflaged that debt in two ways. First, it applied cross-currency swaps. Second, it anticipated future revenues (e.g., the bank advised the Greeks to assume future revenues gained on airports and ports as real revenues in order to decrease the debt by 0.5% of GDP). Goldman Sachs was then

2 For the first time the term was used after the great financial affairs in the USA were revealed in 2002. It referred to the cases of concealing loss and presenting the financial results in positive light in order to attract investors and to maintain a positive image. Over some time, creative accounting refers to any cases in which financial operations are reported in an unlawful way and inconsistent with the actual situation.

accused by the American Securities and Exchange Commission (SEC) of fraud and unethical practice. According to American press, Greece paid the bank $300 million for the counselling services it had provided (Górniewicz, 2012).

In early May of 2010, the heads of the Eurozone states and the International Monetary Fund gathered at a summit in Brussels and eventually approved the aid package for Greece to the tune of €110 billion, to 2012. The price for such financial support with the participation of the IMF was a set of drastic budgetary reforms imposed on Greece. The plan assumed reduction of the budgetary deficit from 13.6% of the GDP in 2009 to 2.6% in 2014. The reduction of budgetary expenditure included, among others: 30% reduction in Christmas bonuses, 12% reduction in benefits granted to former employees of the public sector and all pensions controlled by the government, 5% reduction in public investment and cuts made to education programmes. Budgetary revenues increased: the VAT was increased from 19% to 21%, and excise duties on fuels, cigarettes, alcohol and luxury goods were also raised (such as cars worth more than €17,000, boats, helicopters, precious stones and metals) (Górniewicz, 2016) .

During the subsequent months, despite the reforms and the Brussels aid package, the situation in Greece was still worsening. On 12 February 2012, the members of the Greek Parliament approved a savings programme in exchange for another aid package. It included, among others, a decrease in minimal wages by 20% (from the level of €751 to €600 per month), reduction in salary supplements, pensions and unemployment allowances. After several months of preparation, on 21 February 2012, the Finance Ministers of the Eurozone countries agreed to grant the second aid package to Greece at €130 billion. Additionally, private creditors (mostly banks) were to reduce the value of the Greek bonds by 53.5%. Due to all those operations, Greece should be able to decrease its government debt to 121% of the GDP in 2020 (Górniewicz, 2014).

Table 4. Greek creditors

Specification	Debt in EUR billion
EUROZONE	193.8
Germany	56.6
France	42.4
Italy	37.3
Spain	24.8
Netherlands	11.9
Belgium	7.2
Austria	5.8

Finland	3.7
Slovakia	1.5
Portugal	1.1
International Monetary Fund	32.3
European Central Bank	20
Greek banks	10.9
Bank of Greece	4.3
external banks	2.4

Source: Author's own study based on the data provided by Euronews www.euronews.com (5th June 2018)

In August 2015, the Finance Ministers of the Eurozone countries accepted the third aid programme for Greece. The new tranche of credits of €86 billion was available in three years. The programme ended on 20 August 2018. The total value of those three programmes was €260 billion. The granted loans were mainly used for the settlement of current liabilities. The main creditors of Greece were the Eurozone countries, including, first of all, Germany and France (the specific data are provided in Table 4). Therefore, these countries made their efforts, at all costs, to avoid insolvency declared by Greece because it would have meant enormous financial problems in the whole of Eurozone. Having used the aid programmes, these countries tried to save their own banks rather than save Greece itself. Hence, the "old" debt has been replaced with new liabilities, and the problem of their repayment has been postponed for later.

7 The situation in Spain

Until the financial crisis, Spain was considered to be a country of dynamic development. Its favourable economic conditions had been caused by a boom in the real estate market, which had positively affected not only developers but also construction companies and banks that were involved in financing such investments (Sadecki, 2010). The collapse came in October 2008 when the sale of mortgage credits fell by 44%. Moreover, high unemployment (especially in the construction sector) restricted tax revenues and, at the same time, it increased government expenditure on allowances, which soon became a serious problem on the country's budget.

Similar to other countries in the PIIGS group, Spain implemented a number of reforms in public finance, such as an increase in the retirement age, an additional wealth tax for people who earn the most and cuts in budgetary expenditure. An additional financial problem in Spain referred to indebted private banks (Górniewicz, 2012).

Spain received financial aid from the European Union and the International Monetary Fund as the fourth country in the PIIGS group. However, this time the aid was dedicated to banks and not to the public sector. The maximal amount of the financial support was €100 billion (International Monetary Fund, 2012).

Conclusions

Budget deficit and government debt come as serious threats to economic security of the EU member states, especially to the countries of the PIIGS group. At the end of 2017, the total debt of all the EU countries exceeded €12.5 trillion; since 2007 it has increased by €5 trillion approximately.

The countries of the PIIGS group have recently implemented numerous reforms in order to improve the condition of their public finance and especially to decrease their debts. Such reforms have included, among others, reduction of employment and wages in the public sector, reduction in pensions, an increase in the retirement age, a decrease in expenditure on social welfare and an increase in taxes. However, the reforms have not brought about the expected results and government debts have been still growing. The aid granted by the European Union has actually saved not only debtors but creditors as well (mainly Germany and France). It has only postponed a declaration of insolvency.

Obviously, the crisis of public finance has not ended yet. Its escalation can be soon expected. It is possible to think that in fear of losing the stability of the international financial system, creditors will probably be ready to make further concessions in order to maintain purely theoretical solvency of the countries belonging to the PIIGS group and to avoid their own problems.

Compared to the countries of the PIIGS group, the debt situation of Poland is relatively optimistic. At the end of 2017, the government debt in Poland reached € 240 billion approximately, which was 50.6% of its GDP. At present, Poland does not have problems with timely debt repayment.

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