

This diploma thesis analyses Stability and Growth Pact. It examines, if SGP is the appropriate guard of fiscal discipline of EMU member states.

It explains how SGP works, what the basic elements are and how constituent procedures behave. This thesis investigates favorable and also negative features of Stability and Growth Pact in its former version. It analyses, how have member states respected and met requirements of SGP. In particular, it pays attention to states, which couldn't fulfill these fiscal conditions. Then it devotes to critics of SGP and academic reform proposals on its reform. It cites debate on the level of member states and European Union institutions, their opinions and reform proposals too. On the basis of this discussion it has been created a new alteration of Stability and Growth Pact – it is also described and evaluated in this thesis. However, this reformed version of SGP is more flexible, but it will probably leads to loosening of fiscal rules and here is a risk, that in this form, it will never work well.