

The Current Problems of the Eurozone and the Future Transformation of the European Union

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Abstract

Purpose of the article The paper deals with the problems of contemporary management of the European Union, with focus on economic development of countries, associated in the European Economic and Monetary Union, using common currency.

Methodology/methods The methodology used represents a combination of qualitative and quantitative analysis. Qualitative part of the research will be represented by economic theory findings; we are going to analyze whether basic theoretical rules and principles are met in the process of European Union management. Before all, it is important whether they are abode by the European Union authorities and the governments of individual European states in their fiscal policies and the European Central Bank in its monetary policy. Quantitative component (segment, sector) will be based on economic data that will be taken from databases Trading economics, Eurostat, European Central Bank a DebtClocks.eu.

Scientific aim The goal is to evaluate the ways of fiscal management of the European Union and monetary regulation, carried out by the European Central Bank, with focus on their efficiency and achievements.

Findings The main problem of the Eurozone is based in its heterogeneity. And therefore common currency is in crisis. The reason is that single currency policy resulted in distinctive deepening of difference between the countries in the southern wing and the core EU countries, so that the survival of the Eurozone depends solely on „crisis” measures, made by ECB; these include non-standard loans, fiscal transfers and „political solidarity” of the European states.

Conclusions Due to unusual number of crisis factors, there are many reasons that might initiate serious economic, social, political, ethnical, religious or other shocks. It is evidenced by the agreement about so called multi-speed Europe, concluded in March 2017 by the representatives of France, Germany, Spain and Italy. This project is rather risky and might result in the end of existence of national states and the end of democracy.

Keywords: European Union, eurozone, fiscal and monetary regulation, central banks, common currency, national states

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