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Divergences in the European Union

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ABSTRACT

The economic differences between the regions of the European Union are a continuous concern for both politics and economic research. Starting with 1990, the European economy, embedded in turn in the economic events that occur at global level, is entering a new era of convergence, where GDP per capita in emerging and developing countries as a whole started to outperform those of the advanced economies, from which we could draw the real convergence nature of the events. In the EU, since the EMU establishment and the implementation of the single monetary policy, nominal convergence has been and continues to be far more prominent than real convergence. This paper aims to carry out an analysis of divergences and convergences in the European Union based on research on the various theories available in the literature and on the current situations of European countries.

1. Introduction

The high division between rich and poor countries, which has characterized Europe since the industrial revolution, is now steadily falling. A key question that economic analysts ask themselves is whether this new convergence is likely to lead to a new economic approach and a restructuring of the European economy perception in the next decade. Along with the comedown in the disparity in the EU countries economies, the inequality of income distribution throughout the region increases, respectively it is also assumed the increase of the unemployment rate in the euro area if the problem of the income distribution is not solved. Developing or emerging countries that have proceeded to a higher standard of living are facing the distribution of population incomes, being unable to maintain pace with rapid economic growth, which also leads to migration in the mass of population in the more developed countries of the EU. (Derviș K, 2012)

The states that have adopted the euro following 2002, including those having non-euro currency, performed much better between 2002 and 2014 than the rest of the EU member states, which adopted the euro before 2002, making reference to the Euro 12 (France, Holland, Austria, Ireland, Germany, Greece, Italy, Luxembourg, Portugal, Spain, Belgium, Finland). A little real convergence has occurred among the economies in the EU area since the adoption of the euro, the expectations being that along with the adoption of the single currency, the euro will to take over its role as a catalyzer in economies. In fact, there is no clear relationship between the adoption of the single currency and the relative growth of GDP per capita before 2002, and then between 2002 and 2014. In fact, there are differences at economic level in the countries that have adopted the euro currency. In the euro area, there is evidence that GDP per capita of low-income economies is close to that of high-income economies, since the establishment of the Economic and Monetary Union. Worthy of note is a real convergence performance of the newly acceded EMU countries, in contrast to the countries of Southern Europe whose economic expectations have not been fulfilled.

The differences in the EU have enlarged since the economic crises through which this union underwent. Following the crisis period, the economy regulation and recovery was a more difficult factor to obtain, especially in the most newly entered countries in the EU in 2004, 2007 and 2013, which do not belong to the euro area. The disparities among states exacerbated in 2011, and in 2018 they became even more obvious, nevertheless the European Union institutions acted promptly with a view to taking certain measures and decisions in order to balance the economy and to continue the European road in order to reach convergence in all the Member States. The most important decisions were made in solidarity during 2015 and began to become operational in 2017.

2. Literature Review

The notion of convergence covers a multitude of theoretical aspects, but on principle, the convergence within a group of countries merely implies that countries below the average standard of living

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grow economically faster and those above the average standard of living grow slower. From the traders perspective, convergence is used to describe the evolution of prices in a future contract. The concept of convergence includes two aspects: the aspect of real convergence and nominal convergence.

The nominal convergence directs to the fulfillment of the criteria of the Treaty of Maastrich at a gradual pace, with a view to achieving progressively the third stage of the Economic and Monetary Union. This stage comprises a certain degree of macroeconomic stability for the EU countries and is a mandatory criterion to be fulfilled and includes: introduction of the euro currency, implementation of monetary policy systems, exchange rate stability. (Albu L.L. 2019)

The initial convergence criteria, based on the Maastrich Treaty, were positioned by the real economic requirements of a successful monetary union. These criteria include a degree of accomplising the following aspects: inflationary convergence, nominal interest rates and fiscal criteria.

Real convergence approaches the level of development of the EU countries both economically and socially, and the achievement of this evolution is not a mandatory criterion. Real convergence is based more on the correct distribution of incomes.

There are conflicting opinions as concerns the fulfilment of the objectives of these two types of convergence. Some say that they cannot be achieved simultaneously and that their reaching must be prioritised. Some of the experts argue that the objectives of real convergence should be achieved first and then nominal convergence; in opposition, there are adherents of the idea of prioritising the nominal objectives then the real ones. The main reason consists in choosing the fastest way of developping a monetary union.

Unlike nominal convergence, real convergence has several aspects. The first real convergence is the one that is mentioned in the broad sense, where the economies of the countries have similarities in long-term performance, or, in other words, their economic cycles are synchronized. The second aspect is the convergence in the narrow sense, where there is a decrease in the disproportions existing in the progress and level of the income of various countries of the union. (Zait A. 2006) Real convergence has more varieties, being more types of real convergence:

- The real beta convergence implies faster growth of poor economies compared to rich economies, reaching the balance of macroeconomic variables. For evaluating and validating this type of convergence, it should be evaluated the income per capita in the union. It also follows the speed of growth and development.
- The real sigma convergence presumes that the differences between the estimated per capita income in the union disappear in the shortest possible time. Sigma convergence occurs only and only if beta convergence accomplishment occurs. The progress is widely due to the development rate of poor countries compared to the development rate of rich countries. Sigma convergence is also known as dispersion.
- The real gamma convergence is based on a coefficient that measures the beta convergence with the purpose to observe the income distribution in the EU countries.

Divergence. Divergence is an act opposed to convergence and is the stagnation or underdevelopment of emerging countries in relation to the developed countries by adopting a single monetary policy. The word originates from Latin, which means, by translation "separation", "the action of separation".

Particular importance must be given to applying a monetary policy in a single monetary area, while insisting on fiscal policies. Promoting macro-financial cycles ensures stability so that member countries not be subjected to a boom-bust cycle type. This type of boom-bust cycle is able to create disparities and divergences if they are very frequent. The occurrence of a large number of divergences could complicate the situation in the euro area and would put obstacles in the way of carrying out the single monetary policy activity. (Bjorksten N., Syrjanen M, 1999)

At regional level, the differences in the economic evolution of the euro area are difficult to explain. Over the last years, the focus has been on the divergence of business cycles in the euro area, the euro area peripheries and the influences from outside the euro area. The evolution of divergences is still rather unclear since the structures at the business level change rapidly and are quite ample. According to a report by the Central Bank of Finland, the divergences in the EU are caused by an alarming knowledge gap as concerns the evolution of aggregate levels. BCF recommends the intervention of governments as mechanisms for automatic adjustment of the labor market and production. This should also concern the European Central Bank, since the monetary policy measures adopted do not seem to work in balancing labor, production and monetary markets in the EU. It is much more difficult to control divergences at European level since each EU country is facing divergence within its own country. Unlike the convergence acts, the divergence is not sufficiently monitored. What would be the benefits of monitoring the internal divergences occurred in EU countries by a monetary union? There are two important reasons why this should happen:

1. The presence of internal divergent trends can complicate decision-making. In order to prescribe an adequate combination of political measures, there should be taken weighted averages that underlie political decisions, usefully complemented by statistics.

2. The EMU can get into crisis if a Member State starts a political debate on leaving the EU, for example the United Kingdom, and then appearing also other Member States expressing this wish, such as Italy, because of coming into a financial conflict with the EU and then Greece was about to leave the EU in 2015.

Divergences in the EU intensified after the union went through two economic crises: in 2008-2009 and in 2011. These crises created negative financial effects over time, worsening especially in 2010, where it has been shown so far there were problems in the design of the Economic and Monetary Union. After the great recessions, the euro area was affected by debts out of which it did not grew well completely. (Andor L., 2014)

3. The EURO Area

When the global economic crisis worsened in the fall of 2008, the EU governments agreed to coordinate measures to stimulate the economy, including through a temporary increase in the national budget deficits. This became known as the "European Economic Recovery Package". This fiscal incentive was partially on the side, allowing the decrease of tax revenues and the increase of social expenses, in the conditions of budget deficit growing. This incentive helped to increase GDP and curtail unemployment in 2010. But, after the great recession in 2008-2009, the United States succeeded in recovering the economy, bringing up jobs, the EU entered a second recession in 2011. The main reason for this disconnection was that the EMU was not prepared to cope with a sovereign debt crisis of smaller Member States. The EMU had no creditor, no collective framework for resolving bad debts and no mechanism for managing aggregate demand. An example of such a divergence is the case of Greece, when the European Union avoided speculation concerning the solvency of the Greek state so that, in 2010, Greece would reach a loan from the Union of euro 110 billion.

Within a few years after the admission of less developed countries economic to the Union and the conversion of the national currency into euro, it was observed an increase in GDP per capita between 2002 and 2014. The rapid or sudden transition can guarantee real convergence in the short term. An important loss for the EU could be the fact that a country can consider that the lack of its own national monetary instrument can be disadvantageous for it, the current political measures being unsustainable. Therefore, some EU member countries, including Romania, are not ready to change the national currency and enter the euro area. A study carried out by the Center for Economic Research in the Mediterranean area based in Barcelona, showed that there is no equal tendency in all areas of the EU to reach a real convergence (CREMed). The differences are given by the rate of GDP growth per capita. These differences create divergences and disparities within the EU, where one area is developing more and the other less, some countries even reaching to debts towards the EU institutions.

The divergences in the EU involve many actors, including the member countries and institutions within the union, which have the purpose of regulating and recovering the economies. Both in the theoretical approach of the convergence and in the one of divergence we have found two important pillars: the Economic and Monetary Union (EMU) and the European Central Bank (ECB).

The EMU was an advanced step towards the full integration of all European countries. On January 1, 1999 the EMU is achieved, 11 European countries having a common currency - euro - and a common monetary policy managed by the ECB. The EMU role has implications in almost all areas of economic activity and decision making. Many economist researchers from around the world at that time were interested in the impact of adopting the single Euro and how it would evolve in the future. European governments and companies were interested in the theoretical analysis of the impact of the euro. (Ooghe H., Heylen F., Vennet R.V., Vermaut J, 2000) The reality between 1999 and 2000 did not provide an overview of the effects of implementing a single currency, hence we could deduce the ECB's role in managing the single monetary policy. The reality of then offers and the present events at bottom the cycles through which the single currency economies of the euro are going. From Euro11 in 1999 to Euro12 in 2002 and Euro19 in 2018 we can witness a real convergence taking also into account other EU countries (Great Britain and Denmark that have decided to keep their national currency - this can be achieved by leading negotiations with the rest of the members of the European Commission and through the decision of the European Central Bank. The remaining 7 countries for accession to the euro area have not yet met the convergence criteria from Maastrich in order to be able to adopt the EURO.

Convergence in the EU has made a strong presence until 2008. From 2008 the image has changed, and in the EU divergences begin to emerge. Nevertheless, the European Commission is in the process of re-establishing a stronger Monetary Union, with particular emphasis on the Eurogroup and on strengthening the ECB's role.

The big divergence of 2008, which struck in a second wave in 2011, left a stamp on the EU, being affected especially the euro area. Economies started to recover slowly following 2011, but there have been occurred various changes in the EU banking systems, especially in Italy. Starting with October 2014, the EU has got back in organizing EMU consolidation summits, in this manner the three presidents of the European Commission, the European Central Bank and the Eurogroup met in Brussels to discuss the governance of the

Monetary Union in the future. At this meeting, the economic situation and employment in the euro area were discussed (Dombrovskis V., Moscovici P, 2014). This summit was one of the times when the ECB mentioned the divergent situation in the EU, and then in 2015, these divergences will aggravate in the case of Greece, the 2016 Brexit, the banking problems in Italy and the economic problems in Portugal in 2017.

A study conducted by the IMF shows that the business cycle of euro area states is much more balanced than that of the non-euro area. Germany is the country that has managed to strengthen its balance in business, being the country that has recovered most quickly after the Great Recession.

The crisis of 2011 was a stimulus for the creation of the European Stability Mechanism and it is assumed that euro area states should benefit from MES aid in the future. Even though the ESM was founded earlier, it became operational only in 2016.

Furthermore, starting with 2016, the Council of the European Union adopts the definitive decision to create a banking union that will properly evaluate the activity of significant credit institutions, existing also a supervisory system. The purpose of these measures is to reduce divergences within the EU, strengthen the EMU and broaden the euro area in the remaining 7 Member States, except Denmark. (Council of the European Union, 2016)

Although the EU has started to take steps to reduce divergences and disparities within the union, in 2016 during the UK referendum, it was decided to exit the EU. In 2016, the term "Brexit" also appeared, which is nothing more than joining the words "British/Britain" and "exit". When the British Government invoked Article 50 of the Treaty on European Union, which involves the withdrawal of a Member State from the EU, the European Council proposed a two-year negotiation period and the signing of a joint agreement, but did not take into account the effects that may occur after leaving the country of the union.

Apart from the fact that the companies will come to harm, the effects already being felt since the informal leaving of Great Britain from the EU, both importers and exporters will be affected, not just inside the Union. Otherwise, it is assumed that Great Britain could become a second Switzerland: a non-member that has treaties of trade facilitation with the EU. (Troitino D.R., Kerikmae T., 2018) Great Britain is deemed to be the first country to convene Article 50 of the Treaty on European Union, having only around 40 years of membership in the Union.

Nevertheless, the differences are not limited to Brexit alone. The IMF study on the synchronization of business economies has shown that the euro area economies are at present the most balanced compared to the non-euro area countries within the Union. However, in the area of Southern and South-Eastern Europe there are disparities from the area of Northern, Central and Western Europe, referring here to Euro 19. Portugal, Spain, Greece and Italy are the countries most affected by the economic differences from the rest of the countries in the euro area 19, a determinant being the banking policies in these regions. Starting with 2017, the ECB and the Eurogroup have observed disturbances in banking systems not only in the euro area 19 but also in the countries of the other Member States. Also, this year, the EU and the ECB came up with the proposal to integrate Greece, Spain, Portugal, Cyprus, Slovenia, Romania and the Czech Republic in the MES program for granting funds up to maximum 500 billion euros in order to stabilize the economy. Even though currently Italy is not being included in the program, compared to the years before the crisis, in Italy at this time the labor productivity is in a lower growth confronted with previous years - of 0.06%, however, a positive sign both from Italy and from Greece is the decrease in the inflation rate below 5% which was maintained from 1990 to 2008. (Eichengreen B., 2019)

4. Regional Divergences and Disparities in the EU

Disparities in the European Union began to appear as early as 1980, well before entering the euro. The EMU creation in 1999 was expected to become a powerful catalyst on a large scale for continuing the economic integration and convergence in Europe. (Gali J., Lopez-Salido D., Estrada A., *2012) Looking historically at the economic evolution of the countries before and after the accession to the EU, including the EMU, we could conclude that the internal economic evolution of the EU countries differs from a region to another. The inflation rates have converted among the Member States as a result of inflation reduction in the South European economies, such as Greece and Italy.

Northern Italy and Southern Italy

Analyzing the economic situation of Italy before 2008 at global level, Italy, along with Portugal were number 1 concerning the trade of goods, until the ascension of China. If Germany benefited from the China's trade shock in terms of exports, Italy and Portugal were disadvantaged by the overlapping in production levels. In Italy, investments have become inefficient as well as the spread of European funds to new development branches such as the IT. The banking system has not been strengthened, hence the banking crisis that occurred in Italy between 2014 and 2016, with small effects being felt currently. If the other countries in the euro area managed to recover from global economic changes, Italy fell far behind due to the inflexibility of the production, labor market and non-performing bank loans. Even though Italy seems to be a much more developed country than the countries of Eastern Europe, the regional divergences reported globally represent real obstacles in the country evolution. Germany succeeded after 2008 to reorganize its internal systems and to recover its economy, through a slight flexibility of inflation rate, unemployment rate and PFP. (Eichengreen B., 2019)

It is not an unknown fact the difference of economic evolution between North Italy, and the South area of this country. The economic differences between these two regions have always been high since the beginning of the formation of the Italian state in the Middle Ages. Following Italy's accession to the eurozone, inflation rate fluctuations have fallen off from 6% to less than 1% since 1999.

The particular development of regional disparities in Italy and the inequality between North and South is correlated with the structural change that has occurred throughout the industrial development of the state. This process of inequality began in the North with the rapid growth of production, Southern Italy was only partially interested in industrialization, and it remained relatively behind economically.

While regional convergence took place both in the North and in the South, the divergences between North and South have persisted. Italy represents an important case study for the analysis of the uneven economic evolution in regions in correlation with the national development and industrialization.

Everything above Rome is considered "Northern Italy". It is the industrial engine that produces over 90% of Italian exports and is the richest area in the two regions. Northern Italy is bordered by countries such as France, Switzerland and Austria, which have strongly influenced its culture and economy and have access to the market of these countries. Products made in the North of Italy are easily exported to the given countries, including the UK.

The south of Italy is more traditional being surrounded by water-only borders. Many consider the southern area of Italy to be similar to Spain or Greece, two countries that also have the Mediterranean border. Southern Italy has been one of the richest regions in Europe until 200 years ago. At the present time, Southern Italy is one of the least developed regions in the European Union, regardless of how many billions of euros are offered as support for triggering its economy. The south of Italy is among the areas with the least businesses. Many South Italians prefer to be hired in the public area than to run a business. The service economy in Southern Italy has turned into bureaucratic jobs in an attempt to revitalize the local economy. Up to this time, it is estimated that in South Italy 1/3 of the active population is unemployed, 1/3 work in private companies and 1/3 in state or state-owned enterprises. (Favaretto A., 2019)

In order to be able to make a comparison among the regions, in the following table we will show the GDP differences between the regions of Italy, specifically between the North and the South of Italy for a 5 year period.

Table 1. Evolution of GDP Differences between Northern Italy and Southern Italy (millions of euros)

Region	Year				
	2013	2014	2015	2016	2017
North	924,505	1,235,085	1,253,359	1,274,716	1,297,779
South	374,385	369,514	368,468	377,434	382,741

Source: Eurostat, *GDP data per regions in EU per current market*, available at http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10r_2gdp&lang=en,

From the data in Table 1, which shows quite obviously the differences between the GDP of Southern Italy and that of Northern Italy, it follows that the policies applied in these regions and the way of carrying out the economic activity create an imbalance for the entire Italian state. It is sufficiently clear that in this country the government not only focuses on the specialization of a branch but also on the development of an actual region, as we have argued above, Northern Italy representing 90% of the economy of the entire state. Returning to the data from the table we see that in 2013 there is a GDP decrease in the South of the country, while the North of Italy records an economic growth. Only in 2015 Southern Italy managed to recover and exceed its GDP since 2012. The relative growth rate of GDP in Southern Italy is + 1.41% in 2016 compared to 2015 and + 0.81% in 2015 compared to 2012. By comparison, the North of Italy registered an increase of + 1.80% in 2016 in relation to 2015 and of + 37.88% in 2015 compared to 2012. But the figures and data do not stop here. A report drawn up by the OECD (Organization for Economic Co-operation and Development) in 2018 "Regions and Cities at a Glance", OECD Publishings, Paris, 2019 presented the following conclusions for Italy:

1. Italy is the EU country with the most disparities among the OCDE member countries as concerns unemployement rate and ranks the second regarding security.

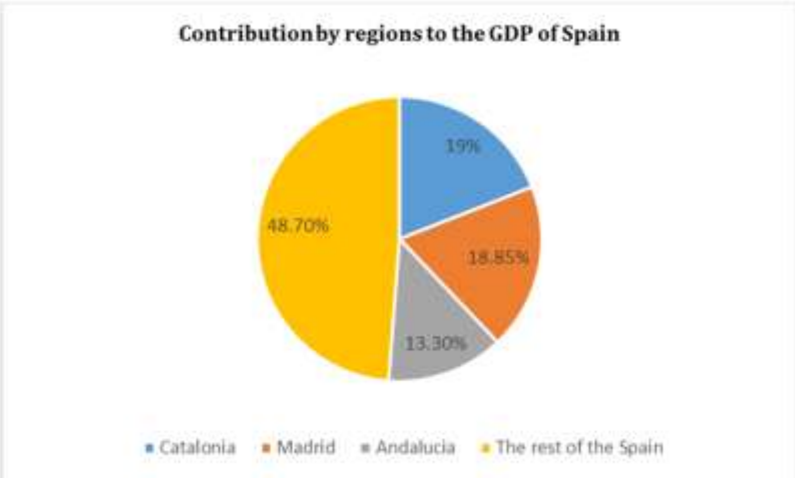
2. The 13 metropolitan areas account for 35% of the population and contributes by 40% to the GDB, below the OCDE average rate.

3. 4 regions in Italy have an unemployement rate for young people higher that 50%, three times more than the OCDE average rate of 15%.

The Situation of Spain

Spain is considered one of the EU countries with a very strong history of disparities, always being in the middle of disputes arising between its regional units, including the economic evolution difference between North, Center and South. It is broken down into 17 Autonomous Communities, each having its own policy, however all of them respond and are subject to the central government of Madrid. Of all the EU countries, Spain is the country with the longest crisis period, since 2008 until 2014. Spain comes under the same category of EU countries with high public debt, among which are Portugal and Romania. The first analyzes of regional disparities in Spain, date from the beginning of the 19th century, as in the past there were not avilable analysis bases in Spain. While in the past there were differences only between the border regions with France and the internal ones, over time, the coastal regions began to exploit their economic potential thanks to the opportunities offered by the sea. Moreover, the cyclical crises in Spain, known as the "infernal triangle of the Spanish Bermudas", as the Spanish analyst Juan Pablo Mateo calls them, have led to the migration of workers from the South and Center towards the North of the region. To a large extent, to the GDP of Spain over 60% has contributed the services sector, varying between 65% and 67% from 2007 to 2017. An obvious narrowing was seen in the industrial sector from 26.47% in 2007 to 21.61% in 2017, the first wave of decrease being recorded in the second year of global economic crisis in 2009, and the agricultural sector remained steady over the years between 2% and 3% from 2007 until 2017. (Mateo J.P.,2017)

Figure 1. Contribution by regions to the GDP of Spain



Source: INE, *Espana en Cifras*, Indice, Vol. 9, nr. 17, 2018, pag 28.

The rest of the Spain

It can be noted the degree of development of Catalonia, being followed by Madrid, Andalucia and Valencia. Catalonia, Valencia and Andalucia were the areas most affected by the crisis from 2009 to 2014. Notwithstanding, the GDP growth rate following the crisis of 2009-2014 registered in Catalonia a faster growth than in the rest of Spain. Regardless of the situation, Catalonia has maintained its position of being the Autonomous Community with the largest GDP in Spain.

The external factors that have contributed to the worsening of the conflict are the benefits of globalization and European integration as incentives for succession: free trade and international governance mean that states no longer have to be large in order to exploit large-scale economies (e.g. Monaco). The political and economic risks of independence are lower in a supranational area such as the EU. A model of independence for Catalonia took place in 2012, when the Scottish National Party negotiated with London a mandatory referendum for Scotland's independence, marking a plausible and respectable precedent for the process of independence in Europe. Adjustments related to the crisis in the euro area - together with the promotion by the EU of both austerity and central control of public spending, have propelled populist messages of fiscal revolt in Catalonia. Among the internal factors that include the emergence of the Catalan conflict is the deep crisis of 2008 - 2014, where there is a large increase in the unemployment rate, being affected the welfare of the middle class. The civil society is mobilized and fed by the polarization of the Catalan nationalist elite, fallen in a radicalist competitiveness with the central elite.

East Germany and West Germany

Germany is one of the most developed countries of the European Union and one of the most powerful economies in the world, third by GDP. It remains the most influential EU member state both from the political and economic point of view. Freedom of business and freedom of investments remain generally strong in Germany, with long-term competitiveness and entrepreneurial growth being supported by openness to world trade, well-protected property rights and a strong regulatory environment. Germany has a mixed type of economy - social market economy, a model of economy that was responsible for the recovery of Germany's economy after the reunification of the two Germans, G.F.R and G.D.R. (Mureșan S.S., 2014)

However, there is still a chasm between West and East Germany, even after more than 28 years following the reunification of the territories. The western part of the country experienced the type of market economy, while the eastern part remained influenced by communism until 1989. On aggregate, Germany's economy has changed a lot compared to the previous century. The division of Germany between the four winning poles has resulted in effects that are still felt today. With deep historical roots, West Germany and East Germany have experienced different development ways. West Germany experienced the "West German economic miracle", a notion given by "The Times" journal in 1950. This economic miracle is simply the implementation of the Marshall Plan, along with the reforms implemented by the new German government elected in 1948, especially through Monetary Reform. Both the plan and the reform have stopped the aggressive inflation after the end of the war. East Germany had a centrally planned economy similar to that of the Soviet Union and other member states of the socialist bloc. After the unification of the two areas, Germany became a Federal Republic made up of 16 states. (OECD, 2018) The economic reconstruction of East Germany after unification, however, proves to be longer than originally planned. In 2018, East Germany managed to grow economically and reach the West.

Tabl e2. GDP compared between East and West Germany (millions of euros)

	East Germany	West Germany
2008	380,911	2 180,829
2009	372,207	2 088,073
2010	388,922	2 191,138
2011	404,671	2 298,449
2012	412,965	2 345,295
2013	424,551	2 401,689
2014	442,238	2 490,232
2015	459,712	2 583,938
2016	475,674	2 668,376
2017	492,868	2 770,482

Source: CEIC, *Germany GDP: West Germany excluding Berlin and East Germany including Berlin*, available at https://www.ceicdata.com/en/germany/esa-2010-gdp-by-region/gdp-west-germany-excl-berlin

For the German people, the unification of the West and the East was the most important historical achievement during Helmut Kohl's era. The impact of the reunification of Germany on the federal evolution of the country had negative connotations at the start, as it had to digest the monetary union and to pay the grants in both areas. The first difficulty encountered was that the German Federal Republic had to act alone, without the support of its European partners. Then, together with the increase of purchasing power in the East, the former East became a new market for Western products. (Mureșan Ș.S., 2014)

5. Conclusions

In conclusion, the divergences in the EU are not superficial problems that appeared in the 21st century, after the creation and formation of the EU institutions as a whole, but have historical roots with a much more remote economic perspective.

The European Union has enough information in its own archive with the annual report of each member country, so it might be aware that at this time the expansion of barriers is not an emergency. The EU must stop widening its borders and propose regulations in order to help the already existing states reach convergence according to the Maastricht Treaty criteria. Afterwards, each country pursues its own interest but it cannot neglect the fact that its interest depends very much on the context, the events around it.

As an example, Great Britain opted to leave the EU, even though it was in a flourishing stage, following the eurozone crisis. The Netherlands could be the country to follow the example of Great Britain even though it is not mentioning this intention now. Great Britain has never made clear its intention to leave the EU, even if it persisted in government debates, everyone in media sources, including European parliamentarians, ignored possible signs that it could lose a Member State that is important from the economic point of view. The term "nexit" (Netherlands Exits) has already started circulating in the newspapers, especially as a result of the EU-Ukraine situation, when the EU voted to ratify the Association Act of Ukraine with the EU, and the Netherlands campaign was anti-association, because in his statements, the Dutch prime minister emphasized that this could increase Russia's influence in the EU area, both economically and politically. The electors also said they oppose not only to the treaty, but also to the broader elaboration of European policies concerning other issues that the EU is facing at that time. Nevertheless, even if the crises were not settled, measures were taken for this purpose. Especially for the immigrant crisis where the EU has signed an agreement with Turkey and Greece.

The 7 remaining countries to adopt the euro, must be prepared not only by ticking a "to-do" list, but to solve internal problems. This is also the case of Romania which is experiencing economic instability at the moment, the inflation rate increases once the wages have been raised, respectively the needs and the income for the consumer went bigger, which enables them to pay more for the products, respectively the costs of the economic agents went up, as a result the costs with the factors of production also increased.

The European institutions should stop building or developing new policies if they have not yet resolved the old ones. Observing internal problems and answering them in due time or at least preventing them will play an important role in stopping the aggravation of divergences within the union and will provide an advantage in expanding the European customs union. This is practiced by private institutions, therefore it can be also achieved within the public institutions. It is important to know the economic evolution history of each state apart, because the regional disparities differ or resemble each other from one state to another. The European Union, knowing the evolution of each individual state, will be able to see which practices have had positive results and which have not, so as to settle the current divergences and crises.

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