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## **Economic crisis and socio-spatial inequalities in Europe, North and South: A comparative study**

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### **Résumé / Summary**

The 2007-2008 financial crisis that originated in the USA, struck in turn several interconnected economies across the world, revealing the underlying problems of the global capitalist real economy. The subsequent economic crisis – here perceived as the conjunctural manifestation of the tendency of the rate of profit to fall – strongly affected European states, notably the Eurozone member-states, revealing the structural weaknesses of both the common policy framework and the single currency. The uneven geographical development pattern, an inherent characteristic of capitalist development, has prevented the achievement of convergence objectives in the European integration framework. Instead, the establishment of the Eurozone contributed to the perpetuation of a multi-speed Europe. Thus, the main question that emerges is the extent to which the current economic crisis is exacerbating the preexisting disparities and conflicts between the European North and South and contributes to the development of different crisis symptoms. Until now, it seems that both the depth and duration of the crisis differ among the countries, with some of the Southern still in the depths of depression seven years on, having developed a framework of neoliberal austerity measures under the supervision of the European institutions and the International Monetary Fund.

The objective of this paper is to study the manner in which the 2007-2008 financial crisis hit and has since impacted certain European countries, particularly the European South (Greece, Italy, Spain and Portugal) in contrast to two states of the “developed” European core, Germany and France. The study is conducted under the prism of the Uneven Geographical Development theory. Given that all of the countries under study were, and continue to be, member-states of both the European Union and the Eurozone, the paper emphasizes the role of their “European status” on the development and progress of the economic crisis, which for a certain period of time was referred to as the “Euro crisis”. Some of the mechanisms determined, through which unevenness in Eurozone is perpetuated, are: euro’s exchange rate, the common policy framework, the countries’ economic and productive structures related to their position in the international division of labour,

the international trade relations, as well as various other internal and external factors affecting the countries' competitiveness.

The method is based on the systematic examination of main economic and social variables as for example public, private and external debt, current account balance, trade balance, competitiveness, GDP per capita, unemployment – especially long-term unemployment levels, as well as percentages of people at risk of poverty and social exclusion. The data have been extracted from the Eurostat Regional Database. Apart from the detection and comparison at national level of the main trends concerning the above variables, the exacerbation of socio-economic inequalities is also examined, after calculating Gini indicators.

The originality of the paper lies upon the pursuit of the subject through an alternative perspective, that is, not just the spatiality of the contemporary crisis in a static appreciation, but more significantly its approach through the uneven geographical development context. More specifically, the undergone study constitutes not simply a comparative analysis based on facts and figures, but a “global” critical analysis, taking into consideration an array of historical, economic, social and spatial factors. Lastly, the paper aims to explore the subject detecting the crisis's deep roots in capitalist contradictions and the structural weaknesses of both the European and the Eurozone integration projects.

Finally, it appears that despite the convergence targets set as part of the European integrative process, in the period following the establishment of the Eurozone there were indeed diverging tendencies, as well as an aggravation of social and spatial inequalities. The economic crisis has had differentiated effects on the European states, thus deepening even more the disparities. Some main results are the reduction of the GDP per capita, affecting especially Greece, Italy and Portugal, the rapid growth of unemployment rates in Greece as well as in Spain and Portugal, and the rise of the percentages of people who are at risk of poverty and social exclusion. The deepest rift, however, is to be observed between Germany and the Southern countries, since it seems that the latter have incurred most of the costs, while Germany has mostly benefitted from the overall process. Regardless of the particular differences between states, the crisis's dramatic economic and social impact has brought to the fore a discussion regarding not only the role of the EU, but also the viability of the European project as such.

Keywords: economic crisis, North-South divide, European integration, uneven geographical development, socio-spatial inequalities

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