

Abstract

Financial crisis exposed the bad state of European public finance. Budget deficits are so domesticated in Europe, that it is hard nowadays to encounter a budget surplus, or at least a balanced budget. Greece once again entered the history, but this time Greeks have absolutely nothing to be proud of. Financial crisis has reintroduced phenomenon known only from war periods – heavily indebted rich countries. European Union never imagined such situation could occur and threaten the existence of the Eurozone, so there was no plan B prepared.

In the thesis we would like to analyze the process of finding the plan B. Hundreds of billions euro were spent on bailouts of heavily indebted Eurozone Members. Using case studies of the most affected Eurozone economies we want to decide if the Euro was the cause of the European debt crisis. In the last part we will discuss institutional changes of the EU designed to strengthen economic stability of the Eurozone.