

EU Crisis: Economic Collapse

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We consider economic crisis as one of the main problems which effect whole population on some particular part of geographic area. There are many factors that significantly took place in triggering the crisis, however, the main reason was the combination of unequal distribution of wealth and income and stock market intensified speculation which rampant during the monitored period. In this research, we discuss the emergence of the crisis, causes and its influence in the period from 2007 until today. Further, our main objective will not be only European Union, it will be the countries most affected by the crisis: Greece, Ireland, Portugal, Spain and Italy. These counties are frequently referred as PIGS. We will use statistical data, graphs etc. to show what the world's economy went through. This information is taken from recognized sources for tracking economic variables. With analyzes of this information, it is going to be easier to understand what is happening in the EU economy, countries most affected by the crisis and in the most developed countries resilient to the crisis. When it comes to Bosnia and Herzegovina, we have identified the following causes of the financial crisis: political instability, lack of legal state, poor economic performance, high levels of poverty, etc. Both, inflation rate and GDP at current prices in Bosnia and Herzegovina for the

period 2006 - 2016 was the subject of our analysis. Furthermore, we discuss the European crisis and overcoming present financial crisis in the EU, with special emphasis put on Germany's role in finding future economic stability and prosperity. The role of The European Financial Stability Facility (EFSF) is thoroughly discussed and analyzed and the role of the organization that would continue EFSF activities after 2013, the European Stability Mechanism. At the end, we came to conclusion that this is a particular example how the banking crisis evolved into finance crisis, which is followed by currency crisis and at the end it takes characteristics of debt crisis.

Keywords: EU Crisis, Economic Collapse, EFSF, Bosnia and Herzegovina