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Competitiveness imbalances, Eurozone “core”-“periphery” divide, and the euro difficult future

Competitiveness imbalances among countries and regions tend to be wide and persistent. As a result, the spatial distribution of high value-added activities is not uniform and collides with the tendency towards an equalization of the workers' education levels and aspirations that is underway worldwide.

Within the Eurozone, this is determining a sharp divide between those areas predominantly located in Northern and Central Europe displaying relatively high per-capita income and low unemployment and those low-competitive areas of South Europe with high structural unemployment hitting particularly the young cohorts. Such divide creates growing tensions among member countries and fuels hostility towards European Union institutions. In this essay, the author illustrates why this divide is structural, cannot be tackled by macroeconomic policies and can undermine the existence of the euro.