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2014

Online at https://mpra.ub.uni-muenchen.de/55029/
MPRA Paper No. 55029, posted 03 Apr 2014 11:01 UTC

The Mediterranean countries of European Union and their progress from 1980 to 2012.

A comparative analysis

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Abstract

The main purpose of this paper is the comparative analysis of the Mediterranean Countries of European Union on economic and developmental level throughout the duration of their existence within the Union as well as during the recent year duration of the great economic crisis. In the first part of the paper is a reference to the reasons for setting up this Union, the reasons for inclusion of each country as well as the rules and conditions set by the respective institutions of the European Union. In the next part, there is a historical overview of the European Union studying the Treaties (in chronological order), the enlargement of the Union, the adoption of the common currency and the great crisis of 2008 and its effects. In the third part of the paper, it is developed a comparative case study of the six (6) Mediterranean countries (Cyprus, Greece, Italy, France, Spain, and Portugal) on various economic and development indicators. Finally, the fourth part draws conclusions about whether the expectations created by the establishment of the EU achieved over time.

Keywords: *European Union, European Mediterranean Countries, economic indicators, economic progress, economic crisis*

Jel codes: G00, G01, H61, H62

1. Introduction

Influenced by the United States of America, the powerful states – countries of the European continent decided to create the corresponding "United States of Europe" after the World War II in order to ensure peace and economic growth and development at a European level. But in order to be able to coexist in these states and then to integrate new members to the European level Union should from the outset define some rules that will invariably be respected by all state – members. These state – members, therefore, ought to be able to certify the stability as regards institutions guaranteeing democracy, the human right ensuring as well as respect for and protection of minorities (European Commission; Fritz, 2001). Some basic requirements for integration of the state – members in accordance with the European Commission are the free movement of goods, capital, labor as well as public procurement to ensure transparency, equal treatment and free competition. A

structural change has been provided for the statistical services of the countries as well in order to be able to provide official unbiased statistics characterized by credibility and transparency and above all with respect to personal data. According to Heinemann (2000) a necessary element for the integration of a country into the European Union is the unanimous decision of the European Council as well as an absolute majority of the European Parliament.

But, why is intended an enlargement at a European level and what are the benefits of such a partnership? Fritz (2001) has identified the reasons both to economic and political terms. The enlargement of the EU is a project with global political dimension and a step toward to lasting peace in Europe. Apart from the political dimension, there is also an economic one and is based primarily on the potential for improving living conditions and living standards in the new-entered countries and also better conduct trade across Europe, which was improved through the customs union and the elimination of tariffs (Heinemann, 2000). This has resulted in the upgrading of countries, both internally by minimizing the unequal distribution of income and externally by improving relations with the other EU countries taking equal treatment. With the decision to join a country the EU and quite possibly the economic and monetary union (EMU) it has put some requirements which are primarily economic such as the annual deficit of the country should not exceed 3% of GDP. According to Antzoulatos (2011), with the entry of a country in EMU and the adoption of the common currency (Euro) in 1999 the autonomous monetary policy of each member stops to exist. Having, therefore, a common monetary policy which is set by the European Central Bank (ECB) is forcing each state – member to comply with and operate under specific rules. The fact that the ECB was created modeled on the German Bundesbank makes it an absolutely independent, credible and reliable authority. The ECB therefore operates under the inflationary policy, which means that avoids to cut money (unless it is an emergency) in order to keep inflation in low level and not to devalue its currency, Euro (Antzoulatos, 2011).

In order to be able to survive, the EU should, among other things, be characterized by economic success. According to Konig and Ohr (2011) the economic success of state – members of the EU affected by the economic size of each member. On a theoretical level, the relationship is bivariate and is between the size of population and the economic growth. Based on their econometric analysis (Konig; Ohr, 2011) there are other factors such as the duration of membership in the EU, the level of economic development and the financing of the European Funds. As small is characterized a country which is not able to influence the terms of international trade and as a big one the exact opposite. While a distinction can be made based on the size of the population or the geographical area occupied by the country (Konig; Ohr, 2011). According to Jalan (1982) a state determined and classified as big or small after adding some indicators (population, geographical expanse, GDP). While Ward (1975) points out that small countries have a small number of population and therefore a limited number of workforce. At this point also come to agree Armstrong and Read (1998) underlining that specialization in high-intensity labor is harder in countries with a small number of population. The last 20 years, after the dissolution of the Soviet Union, the continent has witnessed a significant increase as the number of included countries became more than double (from 12 to 27 members) and many small countries joined the European Union in the great enlargement (Konig; Ohr, 2011). So, Aguayo and Guisan (2004) conclude that there is a level of interdependence between two variables. Firstly, the population moves to employment and secondly, employment increases with production and population. There are many like Brig (1981) and Freeman (2001) who indicate that employment and population variables are interdependent variables in many countries

as people move from one area to another to find jobs. This becomes even easier in European Union because of the free movement of labor (European Commission)

It was highlighted earlier that the European Union is influenced by the United States, but in comparison with the U.S, the EU is at a disadvantaged position as regards the mobility of the workforce, due to the multicultural and multilingual diversity, in not so that easy (Aguayo; Guisan, 2004). At another point in which the EU is lagging compared to U.S is in employment and real wages (Guisan; Aguayo, 2007). The difference in employment rates reduced to the fact that the two compounds using different policies. The European Union aims to keep the rate of inflation low while the U.S aims to keep the rate of unemployment low. Therefore, to enable the EU, to compete in this sector the U.S., should develop economic policies to increase support to human capital, promotion of education and research and development (R&D) in order to achieve higher levels of wages and employment (Guisan; Aguayo, 2007). From their study results that the main variable to achieve higher employment rates and higher real wages is per capita GDP, so the economic policies should be directed to the increase of per capita GDP and production increase. With the main purpose of analyzing the results of industrial and commercial policy of the EU in relation with the economic growth, real wages and employment rates in some of the EU countries in the period 2000-2010 Guisan (2011) concludes that the industrial policy of the European Union should be more effective to improve the development and the quality of life in EU, which is a key objective of the European Union (European Commission), and to avoid financial crisis. For the period 2000-2010 the EU policies have not shown enough support to industrial development and in accordance with the policy of opening to massive imports from low cost countries that are not usually subject to taxes and legal fees have caused industrial decline and economic problems in many countries of the European Union (Guisan, 2011). Correspondingly, Cowling (2011) notes that the industry of the EU should be gained a main role if Europe wants to remain a global economic leader.

One of the fundamental goals of the European Community is the greater equality across Europe in both productivity and income. Therefore, various measures have been taken in order to achieve this goal (Cappelen et. al. 2003). For this reason, one of the key negotiations taking place before the accession of a country in the European Union is at what percentage will participate by providing and earning financial support from the respective funds of the EU, in order to transfer funds from most powerful countries on the weakest thus helping them to grow and move on a higher economic level (European Commission). The financial resources that are available to these development funds have been increased significantly (Molle, 1980; Molle; Cappellin, 1998). The results show that the economic consequences of the financial support is much stronger in developed environments (Cappelen et.al., 2003). Observed a more even regional income per capita in relation to the Second World War, however, this convergence seems to have slowed or has stopped after 1980 (Fagerberg; Verspagen, 1996; Cappelen et.al., 1999). This applies particularly to countries that were already members in the decade of 1970. The Southern countries that joined the EU during 1980 show a convergence trend. Mainly Spain and Portugal show greater benefit from their integration into the European Union (Cappelen et.al., 2003). According to Neven and Gouyette (1995) and Fagerberg and Verspagen (1996) most recent evidence come to challenge these perceptions by showing that the trend towards convergence to a halt in the early 1980's. Thus, the structural funds of the EU had a major reform in 1980. The goal was to make the funds more effective to reduce the gap between developed and less developed regions and to strengthen the economic and social cohesion of the European Community (Cappelen et.al., 2003)

The European Union itself has difficulties in managing the crisis than other developed parts of the world. Also, in the part of Europe that euro is the common currency is doubtful whether it would survive the crisis without losing any member (Bartha, 2013). In order to have sustainable development, there should be created and implemented a strategic policy. Although in the past, this has worked successfully in the European Union, there is a need to revise certain policies and practices for the future (Ziolkowska; Ziolkowski, 2010). The definition of sustainable development was first formulated in the report "Our Common Future" by the World Commission on Environment and Development (Brundtland Commission) conveyed the idea of a policy that "seeks to meet the needs and expectations of the present generations without compromising the ability to meet those of the future generations" (United Nations, 1987). The EU strategy for sustainable development, includes investments in human, social and environmental capital as well as technological innovations because they are the prerequisite for the long-term competitiveness and economic prosperity, social cohesion, employment quality and effective environmental protection (Ziolkowska; Ziolkowski, 2010)

2. Historical Overview

The European Union is not a fact of the recent years. The story begins immediately after the end of World War II and after the war events in Europe. The period 1945-1959 is characterized as "Peaceful Europe" and is the beginning of cooperation between European countries (European Commission). In 1951 the first Treaty known as the "Coal and Steel Treaty" was signed in Paris between France, Germany and the Benelux countries (Belgium, Netherlands, Luxembourg) and its main purpose was to eliminate barriers of buying coal and steel products (Mousis, 2011). In the same year the six founding state – members established the European Economic Community. These sic countries are Italy, France, Germany, Belgium, Luxembourg and the Netherlands (European Commission. Just six years later, in 1957, signed the Rome Treaty establishing the European Atomic Energy Community, known as Euratom and sought to create a common market in nuclear materials and the elimination of nuclear legislation (Mousis, 2011). The next decade was characterized by economic growth and development. The first enlargement of the European Community was in 1973 by which three new members joined the European Community (Denmark, Ireland and the United Kingdom) (Mousis, 2011)

Within the next decade, the enlargement continued and in 1981 Greece the next member of the European Community and in 1986 the ten countries became twelve with the accession of Spain and Portugal (Mousis, 2011). This decade was marked by the collapse of the Soviet Union and the fall of the Berlin Wall, two events that have brought significant change at European level and beyond. With the collapse of the Soviet Union many small countries wanted to join the European Community. The next decade starts with the Treaty of Maastricht in 1992 and was intended to divide the effort of integration into two parts. So, two interrelates treaties were signed: the Treaty of European Union (TEU) and the treaty establishing the European Community (TEC). In 1995, three new members joined the European Union (Austria, Finland and Sweden) (Mousis, 2011). Just two years later, in 1997, the Treaty of Amsterdam was signed by bringing huge changes because it was the first time the issues of immigration asylum and employment were referred. Within the same decade, the common currency adopted by some state – members and granting their monetary policy at the European Central Bank that operates in accordance with the principles of the German Bundesbank

(Antzoulatos, 2011; Mousis, 2011). Among the countries that first adopted the euro was Spain, Portugal, France and Italy (European Union)

From 2000 onwards starts a new era for the European Union as it is the period which marks the greatest enlargement as the fifteen (15) members became twenty-eight (28). More and more countries adopt the common currency and the two latest EU treaties took place, THE Treaty of Nice (2001) and the Treaty of Lisbon (2007). The purpose of the Treaty of Nice is to prepare the ground for the ten new members of the European Union and the Treaty of Lisbon has kept all the important elements of the European Union setting aside the secondary (Mousis, 2011). Just a year later, starts the global financial crisis of 2008 due to the "red" mortgage loans of America at which Europe was greatly exposed. Some state – members have faced and continue to face this crisis not only in economic terms and the whole European Unions is pursuing various policies to address this crisis. Finally, for the first time, members of the European Union resort to lender of last resort, the International Monetary Fund (IMF).

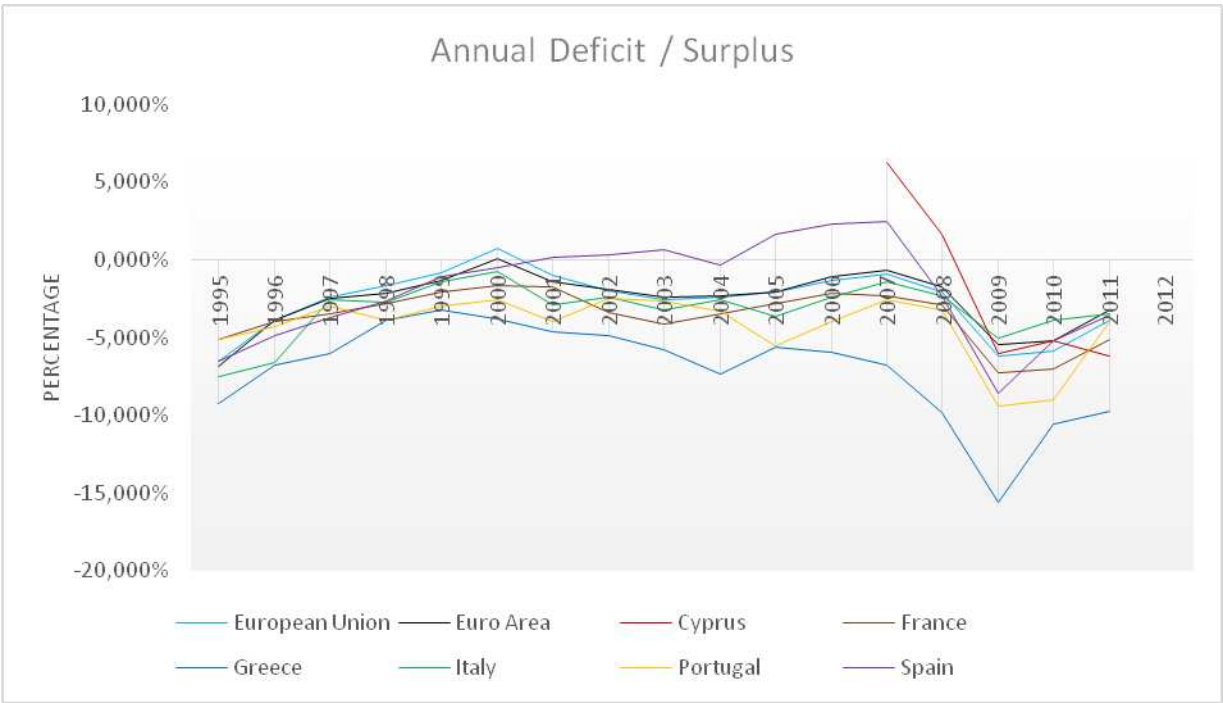
3. Case Study

In the third part of this paper is developed a case study which introduces and studies the progress of the six (6) countries of the Southern Europe and particularly of the Mediterranean Area because these particular countries have faced - and still face – strongly the economic crisis of 2008. Although Ireland has also strongly faced the crisis of 2008, is excluded from the study as the main difference between Ireland and other countries is that its crisis started from the banks (private sector) and transferred to the state (public sector) while in Mediterranean countries we have the exact opposite, as the state moved the crisis on individuals. So, the case study is broken down in three subsections where nine economic indicators are presented with the existence of tables and graphs. Also, the progress of these indicators is presented in three different phases of the European Union. The first phase is the accession of a country in the European Union, as second phase is defined the adoption of the common currency (euro) and as the third and last phase is defined the period of economic crisis, from 2008 till 2012. If we would try to categorize these six countries into big and small countries, respectively according to Konig and Ohr (2011), Jalan (1982), Ward (1975) and Armstrong and Read (1998), then for all those reasons the "big" three countries are Italy, Spain and France while Greece, Cyprus and Portugal are among the "small" ones.

3.1 Comparison of GDP, Government Debt and Deficit

As it has already mentioned, one of the fundamental conditions of membership of a country in the European Monetary Union (EMU) is that its annual deficit of the country should not exceed 3% of GDP. Thus, countries that want to adopt the common currency and join the monetary union should obey

Figure 1: Annual Deficit / Surplus as a percentage of GDP [1]

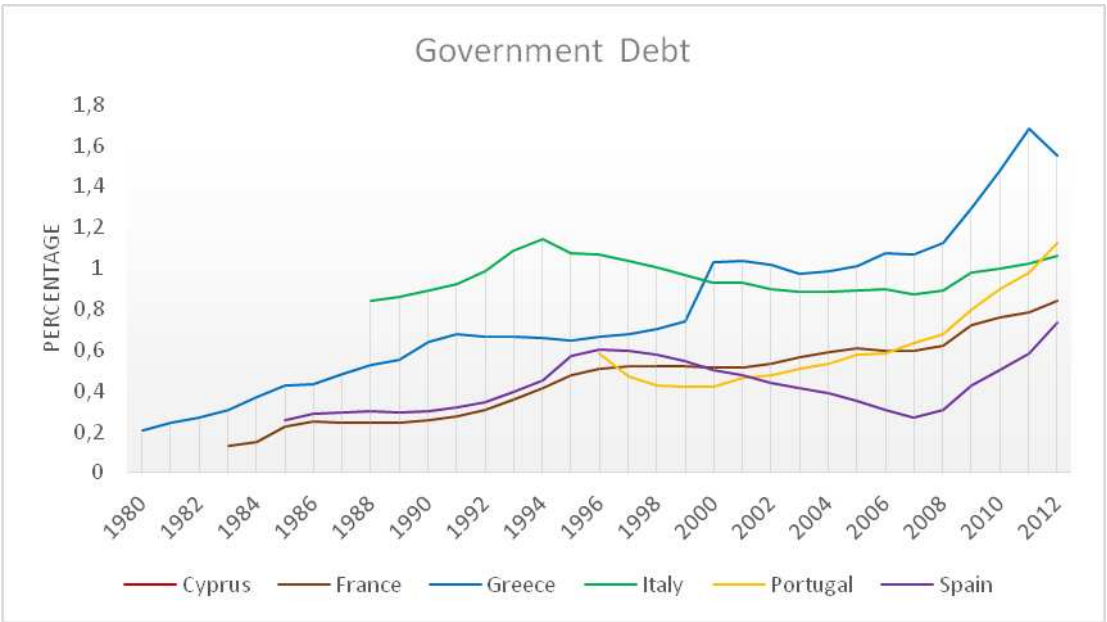


Therefore, it is observed (Figure 1) that all the countries during their existence in the Union trying to keep deficit near the limitations set by the regulation with some slight variations. Important also to mention is that some countries achieve to have also surplus during their existence in the Union such as Spain from 2001 until 2007 (just before the crisis), Cyprus for a two-year period (2007-2008) while European Union and Eurozone appear to have surplus in 2000. From 2007 and throughout the duration of the economic crisis there is large deviation of 3%, with Greece mentioning the biggest deviation in 2009 which reaches 15.572%

Since the debt of a country is defined as the accumulated deficits we expect to see a corresponding path at the government debt of these countries. It is known that countries, in order to facilitate the annual deficits, borrow either from the inside or from the outside increasing in this way both the debt and the future obligations to others.

[1] The statistical data for the creation of the figure were earned from the statistical data base of the World Bank http://databank.worldbank.org/data/views/reports/tableview.aspx# and the figure was created through excel software. All the tables are attached in Appendix.

Figure 2: Accumulated Government Debt as percentage of GDP [2]

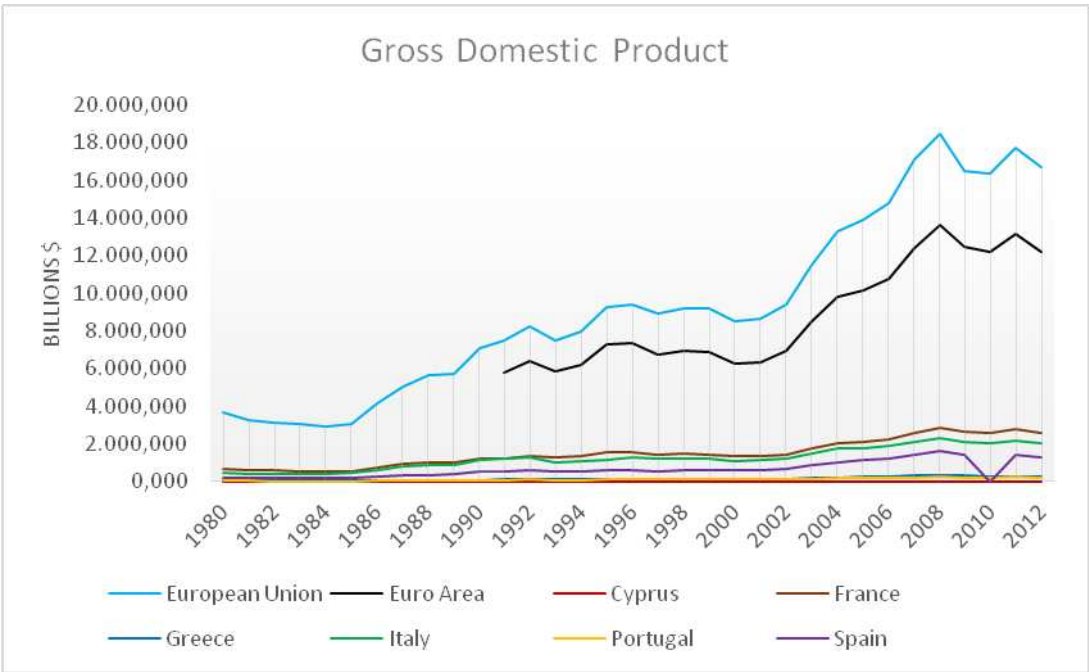


Therefore, it is observed (Figure 2) that the debt of each country increased periodically as the country advances constantly deficits on an annual base. The fact that for a few years Spain appears to mention surplus is also evident in the graphical display of the debt, as there is a downward trend with the minimum value recorded in 2007. The highest debt as a percentage of its GDP is appeared in Greece which in 2011 reaches 168.020% having already recorder the highest deficit two years ago (in 2009 as mentioned above). According to the definition of sustainable development discussed at the beginning of the paper and delivered for the first time in the report "Our Common Future" (United Nations, 1987) should meet the needs and aspirations of the present generations without compromising the ability to meet those of the future generations. According to the financial information and in particular the debt and how it is configured, the next generation is already overcrowded as there is already overdraw. Even more difficult is predicted to be the situation that has not developed production sectors so as to become competitive and to be able to claim market share in the future.

There have already been associated both the deficit ant the debt of each country as a percentage of GDP without illustrated the progress of this. The nest figure (Figure 3) shows the progress of GDP over time at a country level and at a European level.

[2] The statistical data for the creation of the figure were earned from the statistical data base of the International Monetary Fund (IMF) http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/weorept.aspx?sy=1980&ey=2012&scsm=1&ssd=1&sort=country&ds=.&br=1&c=136%2C423%2C182%2C132%2C174%2C184&s=GGXWDN_NGDP&grp=0&a=&pr1.x=86&pr1.y=3 and the figure was created through excel software. All the tables are attached in Appendix

Figure 3: Gross Domestic Product (Billion $)[3]



According to data from International Monetary Fund, it is observed that GDP of each country has a great deviation from the Aggregate GDP of the European Union and Eurozone. We conclude that none of the six countries does have a large chunk of the Aggregate GDP in the Union. So, it may Italy, France and Spain consider to be the "big" countries but their GDP compared with the Aggregate GDP of the EU observe that neither they hold a large percentage of the total. What Cocozza, Colabella and Spadafora (2011) emphasize is that the reduction in the availability of foreign capital, imposed rapid adjustment of domestic demand, together with the collapse of exports led to significant reductions in production which has a direct impact in GDP.

As mentioned above, these six countries are examined in three different period. To make that study possible, the corresponding averages of the economic indicators have been calculated and with the help of sign conventions attempt to determine the improvement / deterioration in the indicator with the potential impact this may have on the economy and society.

[3] The statistical data for the creation of the figure were earned from the statistical data base of the International Monetary Fund (IMF) http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/download.aspx and the figure was created through excel software. All the tables are attached in Appendix.

Table 1: Quote of the average of GDP, Government Debt and Annual Deficit / Surplus in three periods

Country	Indicator	European Union		Euro Area			Economic Crisis 2008		
		Period	Indicator	Period	Indicator	Sign[4]	Period	Indicator	Sign
Cyprus	GDP	2004-2007	18,192	2008-2012	23,968	+	2008-2012[5]	23,968	+
	Govern. Debt		n/a[6]		n/a			n/a	
	Deficit / Surplus		6,232%		-3,95%	-		-3,95%	-
France	GDP	1980-1998	1040,708	1999-2007	1824,821	+	2008-2012	2688,023	+
	Govern. Debt		32,057%		55,895%	+		74,595%	+
	Deficit / Surplus		-3,851%		-2,633%	-		-5,56%	+
Greece	GDP	1981-2000	91,295	2001-2007	230,261	+	2008-2012	299,834	+
	Govern. Debt		56,963%		102,289%	+		142,381%	+
	Deficit / Surplus		-5,479%		-5,843%	+		-11,439%	+
Italy	GDP	1980-1998	862,376	1999-2007	1524,57	+	2008-2012	2140,878	+
	Govern. Debt		99,122%		90,558%	-		101,641%	+
	Deficit / Surplus		-4,832%		-2,308%	-		-3,658%	+
Portugal	GDP	1986-1998	87,624	1999-2007	163,504	+	2008-2012	233,505	+
	Govern. Debt		49,322%		51,350%	+		89,390%	+
	Deficit / Surplus		-4,047%		-3,323%	-		-6,393%	+
Spain	GDP	1986-1998	495,155	1999-2007	915,975	+	2008-2012	1459,598	+
	Govern. Debt		41,007%		40,977%	-		51,099%	+
	Deficit / Surplus		-4,447%		0,637%	-		-4,912%	+
European Union	GDP	1980-1998	6.036,491	1999-2007	11.803,753	+	2008-2012	17.127,903	+
	Govern. Debt		n/a		n/a			n/a	
	Deficit / Surplus		-3,586%		-1,358%	-		-4,489%	+
Euro Area	GDP		n/a	1999-2007	8.666,448		2008-2012	12.701,219	+
	Govern. Debt		n/a		n/a			n/a	
	Deficit / Surplus		n/a		-1,451%			-3,890%	+

[4] The sign indicates whether there is an increase or decrease in each index. In some cases the (+) increase may mean improvement (e.g GDP) and in other cases may mean deterioration (e.g Government Debt)

[5] The statistical data of Cyprus for the period if integration in the Eurozone and the period of economic crisis are exactly the same because Cyprus adopted Euro in 2008

[6] The n/a mark specifies that no data is available on that period

By trying to understand in the integration of each country in the EU and the adoption of the common currency may helped each country separately, we observe that all countries are mentioning an increase of the GDP – firstly a greater increase and then at a slower pace – and even in the period of economic crisis. Also, we can notice that an effort is being made by countries to reduce their deficit and converge to 3% set by EU and also marking surplus (in some cases) as mentioned above, but during the economic crisis (2008-2012) deficits deviate again with worsening the financial / economic position of each country and have an impact on government debt. The government debt in its turn derailed during the crisis and makes the attempt of extricate the country from each position more difficult.

3.2 Comparison of Unemployment Rate, Inflation Rate and Level of Lending Cost (Interest rate)

With the integration of each country in the EU it is given automatically the ability to be treated as equivalent member and to receive the privileges that this Union may offer. One of these privileges is the ability of borrowing at very low interest rates such as Germany. Thus, countries that borrowed too expensive in the past, now they have the ability to borrow quite cheaply and utilize these funds for growth by investing both in human and technological capital as proposed by Ziolkowska and Ziolkowski (2010)). It is known from the macroeconomic formula of Keynes that the GDP is dependent variable, which depends on consumption (C), investment (I), Government spending (G) and net exports (NX)

$$GDP = C + I + G + NX$$

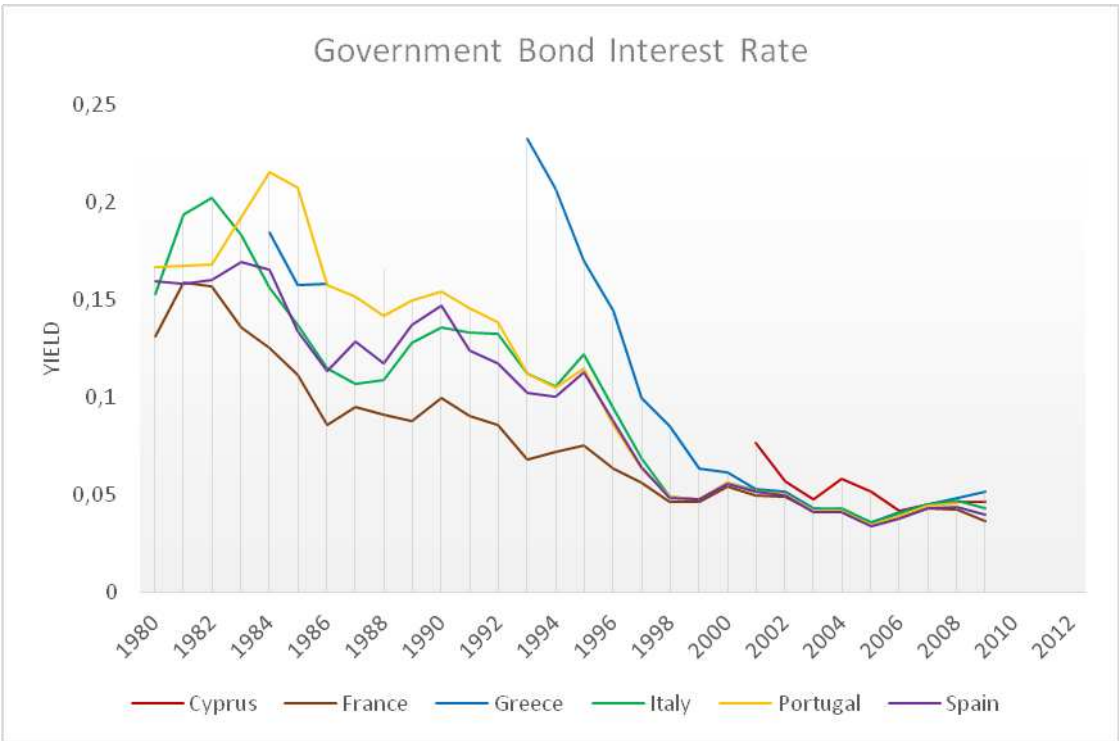
By expanding the formula:

$$GDP = \bar{C} + c * (Y - t * Y) + \bar{I} - h * r + G + TR + INT + Ex - Im$$

GDP defines Gross Domestic Product, $\bar{C}$ defines the autonomous consumption, c defines the marginal propensity to consumption, Y defines the income, t defines the tax rate, $\bar{I}$ defines the autonomous investment, h defines the elasticity of investment to the change of interest rate, r defines the interest rate, G defines the government spending on goods and services, TR defines the transfer payments, INT defines the interest of the government debt, Ex defines the exports and Im defines the imports.

We conclude that there is a negative relation between investment and interest rate. Therefore, if the interest rates decrease, the total investment will increase and this will increase the GDP. Also, the increase in investment will be able to create new job positions and reduce the unemployment rate significantly.

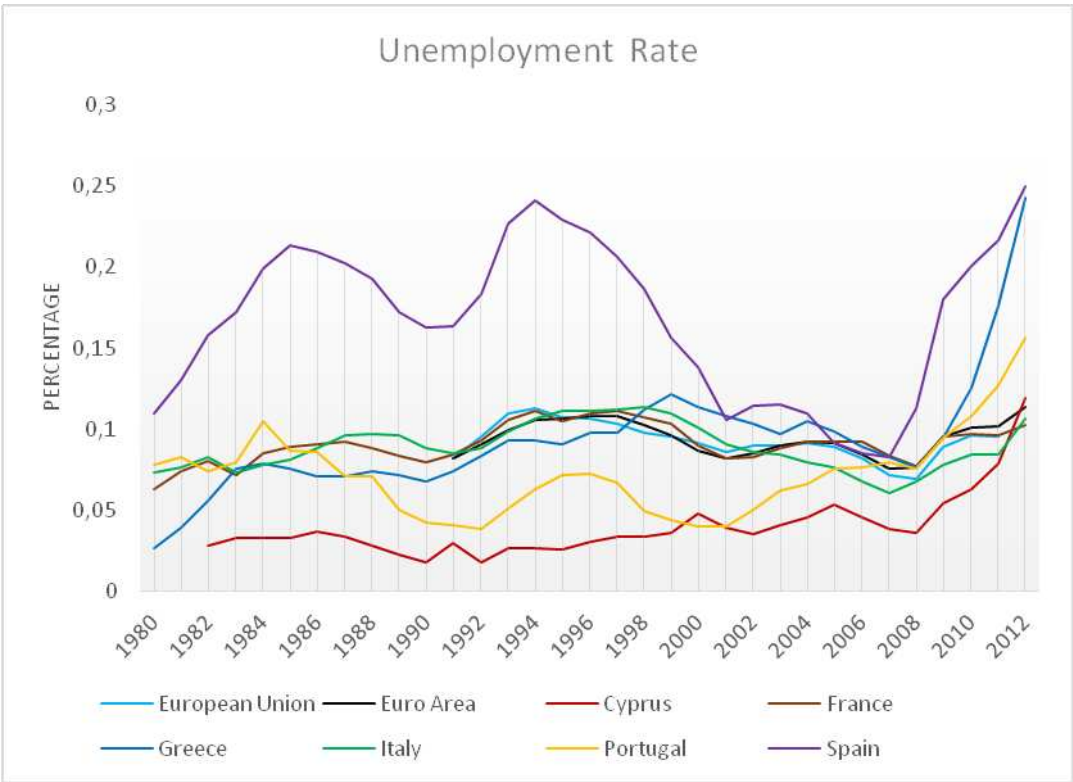
Figure 2: Government Bond Interest Rate[7]



Through figure (Figure 4) the "privilege" of cheap borrowing becomes more obvious as we can see the fall of interest rates. More specifically, Greece and Portugal had the highest interest rates – 21.5025% for Portugal in 1984 and 23.2725% for Greece in 1993 – reached a level of borrowing at the rate of 3.4375% for Portugal in 2005 and 3.5850% for Greece in 2005, many times lower than the initial. If these funds were used properly and had been invested in production, then the GDP of each country and their exports would have risen considerably and would have given them the opportunity to reclaim in the future an increasing share of the European market and constitute a higher proportion in total GDP, and at the same time reduce the high level of unemployment rate.

[7] The statistical data for the creation of the figure were earned from the statistical data base of the Econstats http://www.econstats.com/ifs/NorGSc_OAC21_M.htm and the figure was created through excel software. All the tables are attached in Appendix

Figure 3: Unemployment Rate as percentage of the total workforce[8]

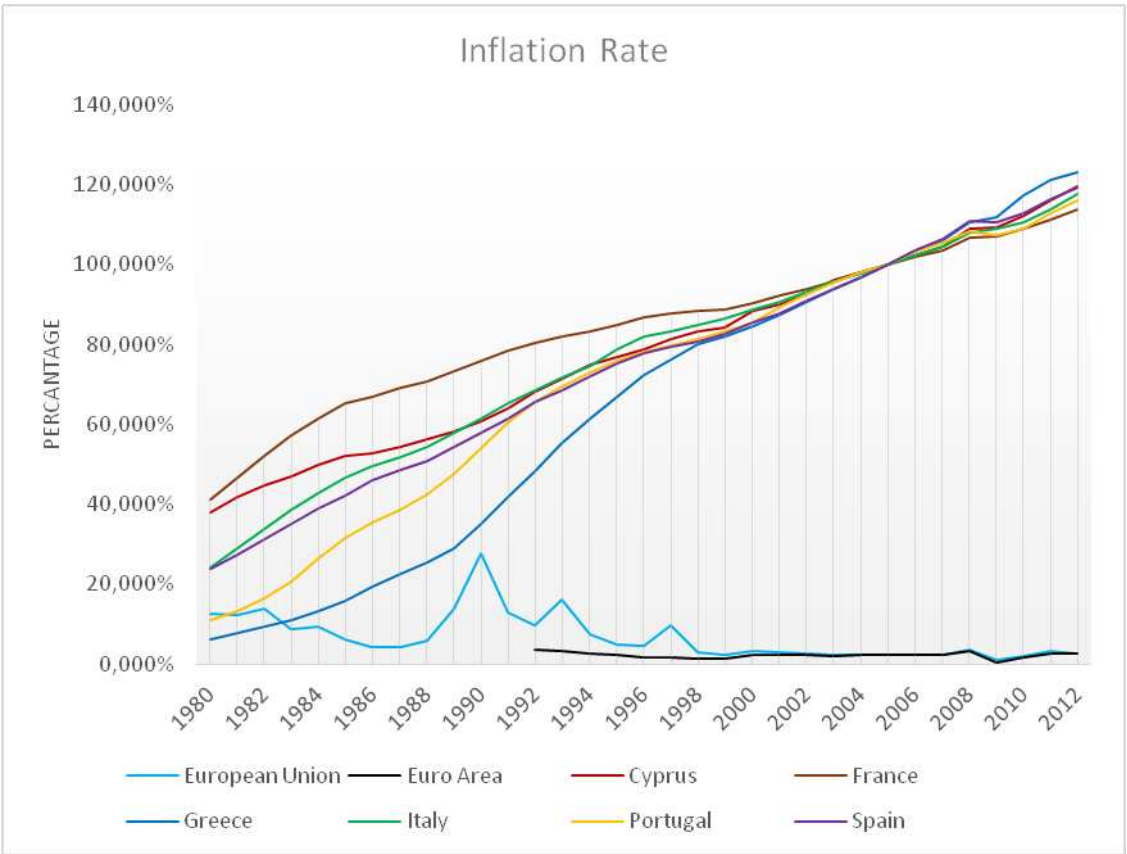


Given that ECB operates under the standards of the German Central Bank Bundesbank it seems logical to follow the same inflationary policy. More specifically, it aims to maintain a constant (relatively) levels of inflation, and not giving much importance to variances on the unemployment rate. Germany is still having engraved the inflationary consequences of the World War II, is trying to manage inflation considering the major implications of these memories. By the same logic, and the ECB leaves the unemployment rate to fluctuate and the variances are apparent in Figure 5 as we can see, that the unemployment rates have remained stable over time. There is a reduction from all six countries till before the beginning of the economic crisis in 2008 but this did not last for a long as from 2007 onwards rates begin to rise again.

The Phillips curve illustrates the short-term inverse relation between the level of unemployment and inflation in an economy. According to the Phillips curve, we know that unemployment and inflation are inversely proportional amounts. If fighting inflation and unemployment were key objectives of economic policy as established after World War II, the Phillips curve showed that the achievement of a case is against the other. With the increase of the one, comes the reduction of the other. Our aim is to see whether this has been achieved in this case.

[8] The statistical data for the creation of the figure were earned from the statistical data base of the International Monetary Fund (IMF) http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/download.aspx (the statistical data about the European Union were earned from the statistical data base of World Bank http://databank.worldbank.org/data/views/reports/tableview.aspx#) and the figure was created through excel software. All the table are attached in Appendix.

Figure 4: Inflation Rate (%)[9]

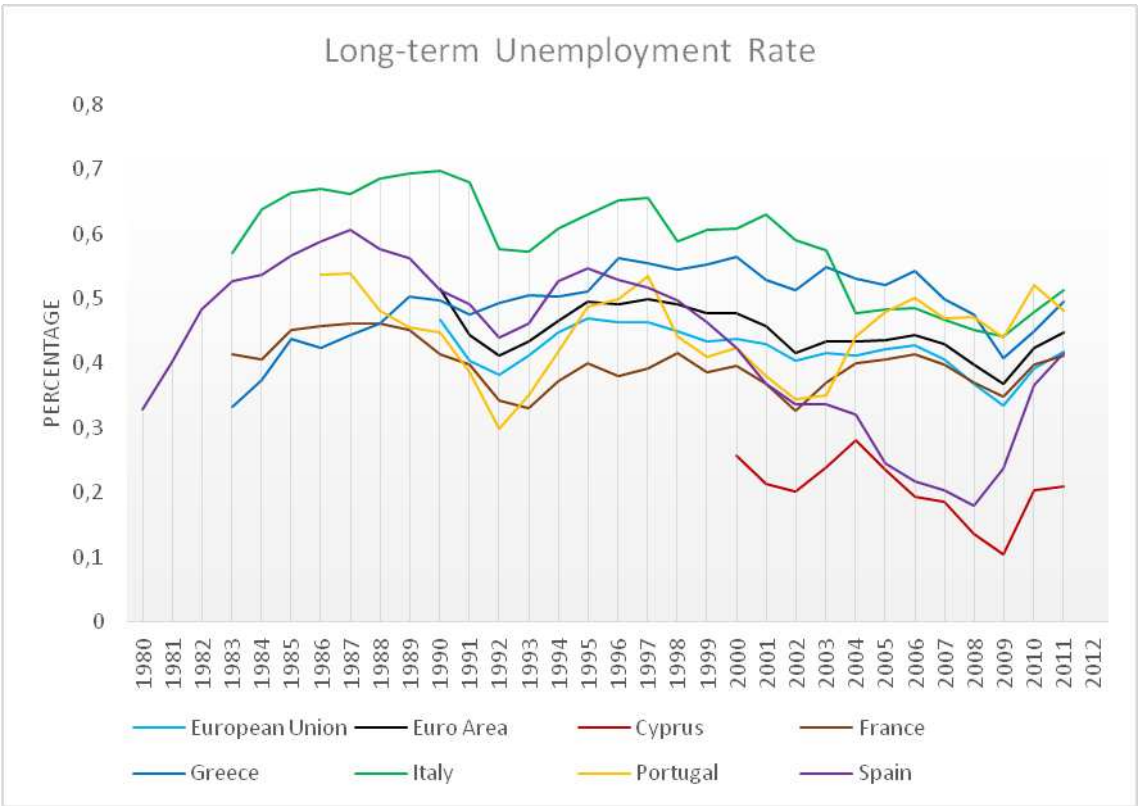


What is evident from the figure (Figure 6) is that the inflationary policy of the ECB, at least for the Southern countries that are analyzed – has failed. By trying to keep inflation in low level, it left unemployment to fluctuate, but the result is not the expected one. There is a fairly significant increase over time in inflation at all the six Mediterranean countries. The inflation in the Euro Area but also across the European Union dropped considerably from their initials and achieved to remain consistently low. Unfortunately, this is not what happened with the six Southern European Union countries where the gap between them and the European Union is chaotic. There is, therefore, the phenomenon of stagflation where there are high levels of both the unemployment rate and inflation – two inversely proportional amounts. This may be due to the fact that the funds borrowed by these countries were not exploited in such a way – through investments in production – to support the industrial development, but spent on consumption influencing prices and therefore inflation without having an impact on employment and on the reduction of the unemployment rate.

Quite alarming is the fact that the proportion of long-term unemployment rate is equally high throughout the under examination period of these countries. Of course, there is a significant reduction in recent years during the economic crisis period, but this is not due to increased employment in the country but in labor migration to other countries.

[9] The statistical data for the creation of the figure were earned from the statistical data base of International Monetary Fund (IMF) http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/download.aspx and the figure was created through excel software. All the tables are attached in Appendix

Figure 5: Long-term Unemployment Rate as a percentage of the total Unemployment Rate[10]



Although the EU has designed welfare, social cohesion and qualitative employment (Ziolkowska; Ziolkowski, 2010), this is one of the reasons for funding of new state – member, it seems that this was not something that succeeded perfectly in this case

In table 2 (Table 2) below, it is observed that despite the adoption of the common currency indicators seem to converge to the target, which means that countries can borrow at low interest rates and the unemployment rates fall, with the beginning of the economic crisis in 2008 the scenery completely changes and inflation follows an upward trend which goes higher than the initial levels. Only at European level and at Eurozone level inflation remain low creating a gap of about 129.445% (compared with recording higher inflation on average with the Eurozone recording lower inflation on average)

[10] The statistical data for the creation of the figure were earned from the statistical data base of the World Bank http://databank.worldbank.org/data/views/reports/tableview.aspx# and the figure was created through excel software. All the tables are attached in Appendix

Table 1: Quote of the average of Government Bond Interest Rate, Unemployment Rate, Long-term Unemployment Rate and Inflation Rate in three periods

Country	Indicator	European Union			Euro Area		Economic Crisis 2008		
		Period	Indicator	Period	Indicator	Sign	Period	Indicator	Sign
Cyprus	Government Bond Interest Rate	2004-2007	4,8921%	2008-2012	4,60%	-	2008-2012	4,60%	-
	Unemployment Rate		4,596%		7,027%	+		7,027%	+
	Long-term Unempl. Rate		22,35%		16,32%	+		16,32%	+
	Inflation		101,168%		113,153%	+		13,153%	+
France	Government Bond Interest Rate	1980-1998	9,6494%	1999-2007	4,3934%	-	2008-2012	3,9421%	-
	Unemployment Rate		9,097%		8,989%	-		9,38%	+
	Long-term Unempl. Rate		40,92%		38,51%	-		38,17%	-
	Inflation		71,099%		96,079%	+		109,518%	+
Greece	Government Bond Interest Rate	1981-2000	14,3947%	2001-2007	4,4434%	-	2008-2012	4,9884%	+
	Unemployment Rate		8,300%		9,761%	+		14,307%	+
	Long-term Unempl. Rate		48,57%		52,64%	+		45,72%	-
	Inflation		42,839%		96,849%	+		116,754%	+
Italy	Government Bond Interest Rate	1980-1998	12,8091%	1999-2007	4,5692%	-	2008-2012	4,4968%	-
	Unemployment Rate		9,28%		8,419%	-		8,422%	+
	Long-term Unempl. Rate		64,01%		54,69%	-		47,12%	-
	Inflation		57,839%		95,42%	+		111,715%	+
Portugal	Government Bond Interest Rate	1986-1998	12,0504%	1999-2007	4,515%	-	2008-2012	4,5225%	+
	Unemployment Rate		5,978%		5,966%	-		11,25%	+
	Long-term Unempl. Rate		45,18%		42,21%	-		47,83%	+
	Inflation		61,673%		94,704%	+		110,25%	+
Spain	Government Bond Interest Rate	1986-1998	10,7535%	1999-2007	4,4483%	-	2008-2012	4,172%	-
	Unemployment Rate		19,9591%		11,104%	-		19,205%	+
	Long-term Unempl. Rate		52,71%		32,39%	-		29,95%	-
	Inflation		64,441%		94,183%	+		113,996%	+

European Union	Government Bond Interest Rate	1980-1998	n/a	1999-2007	n/a		2008-2012	n/a	
	Unemployment Rate		10,20%		8,751%	-		8,756%	+
	Long-term Unempl. Rate		43,99%		42,10%	-		37,76%	-
	Inflation		9,85%		2,49%	-		2,471%	-
Euro Area	Government Bond Interest Rate		n/a	1999-2007	n/a		2008-2012	n/a	
	Unemployment Rate		n/a		8,723%			9,779%	+
	Long-term Unempl. Rate		n/a		44,50%			40,97%	-
	Inflation		n/a		2,098%			2,085%	-

3.3 Comparison of GDP and equal distribution of income

According to Heinemann (2000), and Cappelen et.al (2003) Europe seeks greater equality in both production and income and primarily focuses on improving living conditions and living standards in new-entered countries. For this reason, EU tries through support packages to upgrade these countries both internally by minimizing the unequal distribution of income and externally by improving its relations with the other European countries.

In order to study the equal distribution of income in a country we primarily use the Gini Coefficient. The relation which governs the coefficient is the following:

$$equal\ distribution\ of\ income = 0 < gini\ coefficient < 1 = unequal\ distribution\ of\ income$$

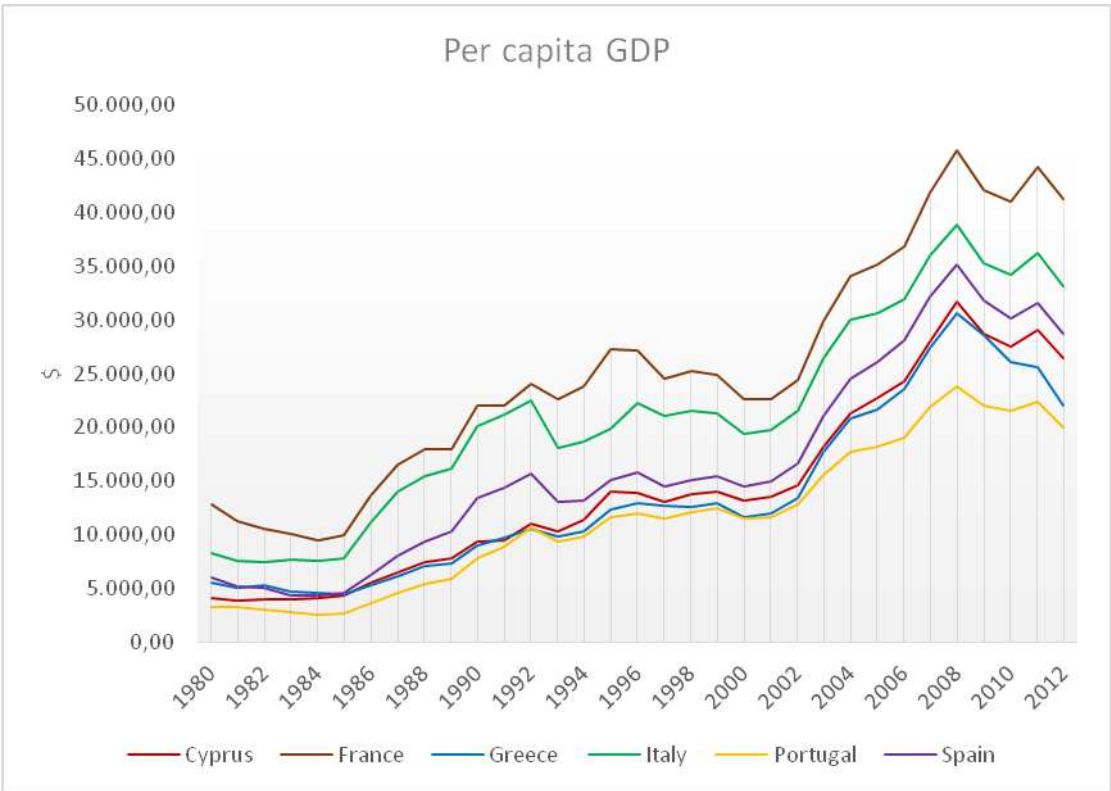
That means that the coefficient ranges between 0 and 1. With the absolute equal distribution of income at 0 and the absolute unequal distribution of income at 1. It can also be expressed as a percentage:

$$equal\ distribution\ of\ income = 0\% < gini\ coefficient < 100\% = unequal\ distribution\ of\ income$$

Given that the Gini coefficient measures the equal / unequal distribution of income it is necessary for the study not only to mentions but also to illustrate the per capita GDP. The figure below (Figure 8) and in association with Figure 3 (see page 9) which illustrates the GDP we can see both the progress of the economy and how the economy is distributed to the population (at equal distribution of income) thus, with the help of Gini coefficient we could actually see the deviation the distribution may present.

It is worth to be noticed that both the GDP and the per capita GDP are expressed in dollars ($) and that is because there should be a common reference currency throughout the years. So, since euro came into force from 1999 onwards – and not at all the countries at the same time – and before that there were the respective national currencies, there should be a common invariant base – currency, that is why dollar ($) was chosen.

Figure 6: Per capita GDP ($)[11]



It is evident from the figure (Figure 8) that there is an increase in the per capita GDP over time and it follows a common path for all the six countries. As we can see in table 3 on the next page, there is a downward trend in the Gini coefficient from the first to the second period and an upward trend during the period of economic crisis. From the direction were excluded two countries. The first one is Greece which continues its downward trend in the Gini coefficient, while the second country, Portugal, follows the exactly opposite route which initially during the second phase shows an increase and then a decrease in the third phase. The decrease in the coefficient means the improvement of the existing situation and a more equal distribution as it goes closer to 0, which is the main goal. The fact that there is an increase in the coefficient during the third period is directly connected with the increase of unemployment rate. Despite the variances, the six countries continue to move in ranges really close to those of the European Union and Euro Area.

[11] The statistical data for the creation of the figure were earned from the statistical data base of the International Monetary Fund (IMF) http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/download.aspx and the figure was created through excel software. All the tables are attached in Appendix.

Table 2: Quote of the average of GDP, per capita GDP and Gini Coefficient in three periods

Country	Indicator	European Union		Euro Area			Economic Crisis 2008		
		Period	Indicator	Period	Indicator	Sign	Period	Indicator	Sign
Cyprus	GDP	2004-2007	18,192	2008-2012	23,968	+	2008-2012	23,968	+
	GDP/cap		241111,72		28650,950	+		28650,950	+
	Gini Coef[12]		29,10%		29,80%	+		29,80%	+
France	GDP	1980-1998	1040,708	1999-2007	1824,821	+	2008-2012	2688,023	+
	GDP/cap		18372,07		30241,220	+		42828,61	+
	Gini Coef		28,80%		27,50%	-		30,20%	+
Greece	GDP	1981-2000	91,295	2001-2007	230,261	+	2008-2012	299,834	+
	GDP/cap		8757,07		19526,580	+		26597,8	+
	Gini Coef		34,30%		33,80%	-		33,40%	-
Italy	GDP	1980-1998	862,376	1999-2007	1524,527	+	2008-2012	2140,878	+
	GDP/cap		15201,74		26304,100	+		35520,4	+
	Gini Coef		31,80%		31,20%	-		31,50%	+
Portugal	GDP	1986-1998	87,624	1999-2007	163,504	+	2008-2012	233,505	+
	GDP/cap		8730,39		15649,59	+		21967,71	+
	Gini Coef		36,50%		37,10%	+		34,70%	-
Spain	GDP	1986-1998	495,155	1999-2007	95,975	+	2008-2012	1459,598	+
	GDP/cap		12645,46		21501,27	+		31441,37	
	Gini Coef		34,30%		31,90%	-		33,80%	+
European Union	GDP	1980-1998	6.036,491	1999-2007	11.803,753	+	2008-2012	17.127,903	+
	GDP/cap		n/a		n/a			n/a	
	Gini Coef		29,80%		29,80%			30,70%	+
Euro Area	GDP		n/a	1999-2007	8.666,448		2008-2012	12.701,219	+
	GDP/cap		n/a		n/a			n/a	
	Gini Coef		n/a		29,50%			30,30%	+

4. Conclusions

After a reference to the basic principles of the European Union and the European Monetary Union there was made a reference to the "rules" and the Union's objectives. What followed was the historical overview in order to show the path followed by the European Union since the end of the World War II and the "Coal and Steel Treaty" until 2012 after major enlargements and the economic and not only crisis of 2008 that European Union faces. Apart from economic, this crisis proved to be also political and with a social impact on institutions. In the third part of the paper, nine different

[12] The statistical data for Gini Coefficient were earned from the statistical data base of Eurostat. All the tables are attached in Appendix.

economic indicators were presented and a comparative analysis is made in three different periods depending on historical facts. Divided into three subsections, this paper demonstrates that the inclusion of a country in the European Union and the Monetary Union may help the country to develop and upgrade the living standards of course with the help of the country itself. With the proper utilization of support packages, a country can get access and work actively in international trade and claim an increasing share of the international market. If the funds are not used properly in order to strengthen and develop the country's industrial activity, as happened with the Southern countries, but used to cover government expenditure rather than actual investment, when the turn of this country, to take the role of the sponsor with the inclusion of younger member in the Union, will come (such as after the collapse of the Soviet Union in 1989 and the great enlargements the last decade), then the country will face great economic problems and a possible economic crisis like the one in 2008 which may collapse a country both economically and socially. Such a crisis was the one of 2008 which affects the European Union till today, leading countries on the South to high level Government debt, annual deficits, unemployment, inflation and bringing the counties confronted with the phenomenon of stagflation.

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Government Bond Yield																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
France	0,131275	0,15845	0,156492	0,135867	0,124892	11,1233%	8,5442%	9,4783%	9,0842%	8,7967%	9,9325%	9,0367%	0,085875	0,06775	7,2158%	7,5350%	6,3108%
Greece	n/a	n/a	n/a	n/a	0,1846	15,7700%	15,7817%	n/a	16,5617%	n/a	n/a	n/a	n/a	0,232725	20,6992%	16,9592%	14,4333%
Italy	0,152525	0,193575	0,20215	0,182992	0,155992	13,7125%	11,4683%	10,6417%	10,8958%	12,7858%	13,5358%	13,2825%	0,132675	0,111867	10,5200%	12,2050%	9,4008%
Portugal	0,166825	0,16705	0,167917	0,192225	0,215025	20,7483%	15,7558%	15,1175%	14,1475%	14,9433%	15,4025%	14,5367%	0,138317	0,111808	10,4792%	11,4650%	8,5592%
Spain	0,159608	0,158117	0,159875	0,169092	0,165225	13,3675%	11,3542%	12,8133%	11,7442%	13,7025%	14,6775%	12,3608%	11,6933%	10,2117%	9,9958%	11,2700%	8,7367%
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
Cyprus	n/a	n/a	n/a	n/a	0,07625	0,056967	0,047433	0,057975	0,051617	0,041342	4,4750%	4,6000%	4,6000%	n/a	n/a	n/a	
France	5,5817%	4,6400%	4,6083%	5,3942%	0,049392	0,0486	0,0413	0,040983	0,0341	0,037967	4,3042%	4,2342%	3,6500%	n/a	n/a	n/a	
Greece	9,9192%	8,4825%	6,2975%	6,1000%	0,053033	0,051225	0,042675	0,042558	0,03585	0,0407	4,5000%	4,8025%	5,1742%	n/a	n/a	n/a	
Italy	6,8625%	4,8842%	4,7275%	5,5758%	0,051892	0,050358	0,042475	0,042583	0,03555	0,040467	4,4873%	4,6802%	4,3133%	n/a	n/a	n/a	
Portugal	6,3583%	4,8775%	4,7775%	5,5950%	0,051575	0,050067	0,041783	0,041433	0,034375	0,03915	4,4242%	4,5225%	n/a	n/a	n/a	n/a	
Spain	6,4017%	4,8333%	4,7275%	5,5258%	0,051167	0,049583	0,041242	0,041025	0,033875	0,03785	4,3075%	4,3658%	3,9792%	n/a	n/a	n/a	

Gini Coefficient																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
European Union	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31,0%	30,0%
Euro Area	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
France	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29,0%	29,0%
Greece	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35,0%	34,0%
Italy	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33,0%	32,0%
Portugal	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	37,0%	36,0%
Spain	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	34,0%	34,0%
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
European Union	29,0%	29,0%	29,0%	29,0%	29,0%		30,0%	30,0%	30,6%	30,3%	30,6%	30,9%	30,5%	30,5%	30,8%	30,6%	
Euro Area	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29,3%	29,2%	30,0%	30,3%	30,2%	30,2%	30,5%	30,4%	
Cyprus	29,0%	n/a	n/a	n/a	n/a	n/a	27,0%	n/a	28,7%	28,8%	29,8%	29,0%	29,5%	30,1%	29,2%	31,0%	
France	29,0%	28,0%	29,0%	28,0%	27,0%	27,0%	27,0%	28,2%	27,7%	27,3%	26,6%	29,8%	29,9%	29,8%	30,8%	30,5%	
Greece	35,0%	35,0%	34,0%	33,0%	33,0%	n/a	34,7%	33,0%	33,2%	34,3%	34,3%	33,4%	33,1%	32,9%	33,5%	34,3%	
Italy	31,0%	31,0%	30,0%	29,0%	29,0%	n/a	n/a	33,2%	32,8%	32,1%	32,2%	31,0%	31,5%	31,2%	31,9%	31,9%	
Portugal	36,0%	37,0%	36,0%	36,0%	37,0%	n/a	n/a	37,8%	38,1%	37,7%	36,8%	35,8%	35,4%	33,7%	34,2%	34,5%	
Spain	35,0%	34,0%	33,0%	32,0%	33,0%	31,0%	31,0%	31,0%	32,2%	31,9%	31,9%	31,9%	33,0%	34,4%	34,5%	35,0%	

Gross Domestic Product (Current Prices, Billions $)																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
Cyprus	2,127	2,061	2,132	2,134	2,250	2,400	3,049	3,657	4,218	4,505	5,518	5,695	6,825	6,525	7,358	9,135	9,230
France	691,262	608,565	577,677	552,930	523,313	547,830	759,863	918,824	1.003,154	1.007,959	1.247,353	1.249,641	1.375,833	1.298,396	1.370,627	1.573,077	1.573,127
Greece	53,641	49,501	51,655	46,703	45,483	45,133	53,103	61,785	71,951	74,565	92,195	99,422	109,557	102,609	109,825	131,818	139,312
Italy	470,040	426,260	421,268	437,165	431,921	446,033	631,723	792,881	878,449	913,628	1.140,235	1.204,452	1.278,096	1.027,753	1.060,058	1.132,362	1.266,701
Portugal	32,116	31,987	30,215	27,841	25,560	26,820	37,298	46,672	54,599	58,904	78,241	88,548	106,488	93,704	98,188	116,399	121,179
Spain	224,368	198,921	192,168	168,068	167,607	176,590	244,343	309,571	363,707	401,163	520,415	560,480	612,669	514,658	516,426	596,941	622,299
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
Cyprus	8,788	9,433	9,655	9,197	9,606	10,475	13,176	15,659	16,920	18,421	21,769	25,250	23,473	23,096	25,016	23,005	
France	1.423,125	1.470,901	1.458,342	1.330,224	1.339,453	1.457,171	1.795,644	2.058,380	2.140,266	2.257,802	2.586,104	2.845,111	2.626,486	2.569,822	2.784,761	2.613,936	
Greece	136,071	136,771	140,839	127,605	131,144	147,910	194,991	230,342	240,493	261,956	305,871	343,200	321,849	294,771	290,153	249,199	
Italy	1.199,956	1.226,171	1.209,766	1.107,248	1.124,668	1.229,515	1.517,402	1.737,800	1.789,378	1.874,722	2.130,241	2.318,162	2.116,627	2.059,190	2.196,334	2.014,078	
Portugal	115,854	123,035	126,590	117,644	120,435	132,754	162,242	185,641	192,181	201,978	232,075	253,110	234,727	229,366	237,875	212,446	
Spain	573,052	601,285	618,341	582,048	609,379	688,725	885,531	1.045,984	1.132,763	1.237,501	1.443,500	1.600,913	1.458,111	1.38,427	1.455,867	1.323,500	

Gross Domestic Product Per Capita (Current Prices,$)																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
Cyprus	4.140,32	3.960,96	4.052,11	4.003,48	4.164,04	4.390,66	5.512,95	6.541,58	7.466,26	7.858,91	9.428,03	9.476,93	11.064,83	10.322,07	11.398,57	14.011,84	13.922,15
France	12.865,15	11.263,75	10.631,76	10.117,65	9.533,01	9.932,14	13.713,16	16.501,33	17.924,31	17.912,96	22.046,99	21.984,99	24.090,71	22.632,31	23.810,08	27.238,24	27.152,86
Greece	5.562,70	5.088,52	5.273,56	4.742,40	4.597,49	4.543,24	5.325,20	6.174,13	7.163,58	7.387,05	9.073,88	9.702,81	10.585,18	9.807,41	10.387,83	12.352,02	12.949,18
Italy	8.335,75	7.547,19	7.452,89	7.728,81	7.635,82	7.882,06	11.161,62	14.009,86	15.517,72	16.127,82	20.111,95	21.226,03	22.512,31	18.087,21	18.648,74	19.920	22.282,90
Portugal	3.282,36	3.252,85	3.052,61	2.796,81	2.558,40	2.673,63	3.713,00	4.644,16	5.438,16	5.873,52	7.815,76	8.868,07	10.670,24	9.380,55	9.813,67	11.602,51	12.048,14
Spain	6.001,25	5.270,57	5.064,54	4.408,70	4.379,14	4.597,63	6.343,30	8.017,91	9.400,09	10.347,54	13.400,01	14.393,43	15.681,87	13.132,27	13.142	15.155,44	15.762,76
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
Cyprus	13.056,25	13.829,80	13.996,55	13.185,64	13.615,20	14.676,35	18.226,81	21.360,22	22.742,03	24.305,65	28.039,01	31.685,54	28.657,35	27.501,53	29.021,34	26.388,99	
France	24.487,66	25.230,31	24.930,36	22.600,49	22.600,48	24.413,99	29.876,70	34.019,75	35.107,47	36.772,17	41.849,57	45.789,29	42.046,84	40.943,40	44.140,20	41.223,31	
Greece	12.664,05	12.654,18	12.966,90	11.702,85	11.997,21	13.484,68	17.716,15	20.863,05	21.699,72	23.546,25	27.379,01	30.605,23	28.582,40	26.074,16	25.654,78	22.072,45	
Italy	21.096,53	21.547,92	21.257,87	19.451,50	19.744,64	21.572,80	26.471,98	30.019,91	30.607,34	31.909,23	36.025,61	38.882,76	35.250,64	34.126,26	36.227,33	33.115,01	
Portugal	11.480,82	12.146,45	12.445,05	11.504,58	11.700,72	12.803,71	15.538,76	17.676,71	18.217,25	19.082,78	21.876,73	23.827,95	22.076,37	21.562,45	22.334,04	20.037,74	
Spain	14.477,11	15.137,33	15.486,74	14.455,74	14.964,58	16.670,51	21.081,77	24.500,85	26.101,60	28.081,47	32.168,13	35.112,83	31.746,74	30.113,76	31.563,40	28.670,09	

Unemployment Rate (% of total labour force)																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
European Union	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,209%	9,516%	10,990%	11,304%	10,745%	10,693%
Euro Area	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,210%	9,110%	9,958%	10,617%	10,650%	10,800%
Cyprus	n/a	n/a	2,800%	3,300%	3,300%	3,300%	3,700%	3,400%	2,800%	2,300%	1,800%	3,000%	1,825%	2,700%	2,700%	2,600%	3,100%
France	6,349%	7,438%	8,069%	7,150%	8,525%	8,958%	9,092%	9,267%	8,833%	8,358%	8,008%	8,433%	9,333%	10,567%	11,100%	10,525%	10,950%
Greece	2,663%	3,916%	5,594%	7,603%	7,877%	7,555%	7,140%	7,122%	7,423%	7,217%	6,795%	7,425%	8,368%	9,339%	9,299%	9,071%	9,804%
Italy	7,370%	7,649%	8,288%	7,375%	7,842%	8,167%	8,867%	9,625%	9,683%	9,667%	8,875%	8,533%	8,808%	9,833%	10,633%	11,150%	11,150%
Portugal	7,824%	8,290%	7,457%	7,945%	10,503%	8,674%	8,603%	7,126%	7,069%	5,059%	4,225%	4,138%	3,860%	5,127%	6,340%	7,200%	7,251%
Spain	11,011%	13,000%	15,770%	17,215%	19,937%	21,305%	20,907%	20,223%	19,238%	17,240%	16,238%	16,313%	18,353%	22,640%	24,118%	22,900%	22,080%
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
European Union	10,350%	9,791%	9,536%	9,184%	8,634%	9,015%	8,992%	9,141%	8,911%	8,196%	7,149%	6,930%	8,914%	9,598%	9,583%	n/a	
Euro Area	10,800%	10,300%	9,600%	8,700%	8,200%	8,500%	9,000%	9,270%	9,180%	8,460%	7,600%	7,630%	9,592%	10,125%	10,175%	11,375%	
Cyprus	3,400%	3,400%	3,600%	4,800%	3,908%	3,525%	4,133%	4,608%	5,342%	4,542%	3,892%	3,633%	5,433%	6,275%	7,900%	11,892%	
France	11,142%	10,750%	10,375%	9,008%	8,175%	8,308%	8,875%	9,275%	9,275%	9,233%	8,375%	7,775%	9,517%	9,733%	9,617%	10,258%	
Greece	9,767%	11,200%	12,125%	11,350%	10,784%	10,314%	9,714%	10,494%	9,853%	8,891%	8,276%	7,654%	9,461%	12,531%	17,653%	24,238%	
Italy	11,242%	11,333%	10,942%	10,100%	9,100%	8,608%	8,450%	7,992%	7,683%	6,792%	6,108%	6,775%	7,808%	8,425%	8,425%	10,675%	
Portugal	6,741%	4,972%	4,390%	4,002%	4,058%	5,062%	6,269%	6,651%	7,616%	7,657%	7,985%	7,592%	9,469%	10,797%	12,739%	15,653%	
Spain	20,610%	18,605%	15,640%	13,850%	10,550%	11,475%	11,500%	10,975%	9,150%	8,525%	8,275%	11,300%	18,000%	20,075%	21,650%	25,000%	

Long-term Unemployment Rate (% of total Unemployment)																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
European Union	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46,74%	40,37%	38,20%	41,22%	44,72%	46,88%	46,40%
Euro Area	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51,46%	44,27%	41,11%	43,32%	46,60%	49,45%	49,14%
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
France	n/a	n/a	n/a	41,30%	40,50%	45,20%	45,70%	46,10%	46,20%	45,20%	41,40%	39,80%	34,30%	33,10%	37,30%	39,90%	38,00%
Greece	n/a	n/a	n/a	33,20%	37,40%	43,80%	42,40%	44,30%	46,10%	50,30%	49,80%	47,60%	49,30%	50,60%	50,40%	51,10%	56,30%
Italy	n/a	n/a	n/a	57,10%	63,80%	66,30%	67,00%	66,20%	68,60%	69,30%	69,70%	68,00%	57,70%	57,20%	60,80%	62,90%	65,10%
Portugal	n/a	n/a	n/a	n/a	n/a	n/a	53,60%	53,90%	48,20%	45,50%	44,70%	38,60%	29,80%	35,10%	41,80%	48,70%	49,90%
Spain	32,90%	40,10%	48,30%	52,70%	53,60%	56,70%	58,80%	60,70%	57,60%	56,20%	51,30%	49,20%	43,90%	46,10%	52,60%	54,60%	52,80%
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
European Union	46,35%	44,99%	43,38%	43,78%	43,05%	40,35%	41,56%	41,27%	42,19%	42,74%	40,63%	36,75%	33,47%	39,11%	41,71%	n/a	
Euro Area	49,87%	49,15%	47,78%	47,77%	45,82%	41,50%	43,30%	43,39%	43,47%	44,41%	43,03%	39,89%	36,90%	42,41%	44,69%	n/a	
Cyprus	n/a	n/a	n/a	25,70%	21,40%	20,10%	23,90%	28,00%	23,50%	19,30%	18,60%	13,60%	10,40%	20,40%	20,90%	n/a	
France	39,20%	41,60%	38,70%	39,60%	36,80%	32,70%	37,10%	40,00%	40,60%	41,40%	39,70%	37,00%	34,80%	39,80%	41,10%	n/a	
Greece	55,40%	54,50%	55,30%	56,40%	52,80%	51,30%	54,90%	53,10%	52,10%	54,30%	50,00%	47,50%	40,80%	45,00%	49,60%	n/a	
Italy	65,60%	58,90%	60,60%	60,80%	62,90%	59,10%	57,50%	47,70%	48,30%	48,50%	46,80%	45,10%	44,10%	48,00%	51,30%	n/a	
Portugal	53,40%	44,10%	40,90%	42,30%	38,00%	34,40%	35,00%	44,20%	48,00%	50,10%	47,00%	47,20%	43,90%	52,00%	48,20%	n/a	
Spain	51,70%	49,70%	46,30%	42,40%	36,90%	33,70%	33,60%	32,00%	24,50%	21,70%	20,40%	17,90%	23,70%	36,60%	41,60%	n/a	

Cash Surplus/Deficit (% of GDP)																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
European Union	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-6,479%	-3,867%
Euro Area	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-6,840%	-3,900%
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
France	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-5,155%	-3,965%
Greece	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-9,220%	-6,757%
Italy	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-7,509%	-6,571%
Portugal	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-5,109%	-4,254%
Spain	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-6,537%	-4,870%
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
European Union	-2,353%	-1,646%	-0,821%	0,734%	-0,968%	-1,979%	-2,591%	-2,397%	-2,047%	-1,287%	-0,869%	-2,062%	-6,195%	-5,826%	-3,873%	n/a	
Euro Area	-2,513%	-2,159%	-1,308%	0,083%	-1,383%	-1,903%	-2,381%	-2,322%	-2,047%	-1,101%	-0,692%	-1,709%	-5,444%	-5,160%	-3,248%	n/a	
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,232%	1,672%	-6,025%	-5,225%	-6,223%	n/a	
France	-3,441%	-2,843%	-2,032%	-1,618%	-1,732%	-3,396%	-4,132%	-3,468%	-2,790%	-2,183%	-2,343%	-2,851%	-7,249%	-7,022%	-5,144%	n/a	
Greece	-6,005%	-3,913%	-3,214%	-3,764%	-4,625%	-4,877%	-5,802%	-7,351%	-5,589%	-5,929%	-6,730%	-9,853%	-15,572%	-10,579%	-9,752%	n/a	
Italy	-2,540%	-2,706%	-1,403%	-0,781%	-2,919%	-2,375%	-3,205%	-2,593%	-3,655%	-2,425%	-1,418%	-2,287%	-5,000%	-3,849%	-3,498%	n/a	
Portugal	-2,977%	-3,847%	-2,949%	-2,557%	-3,924%	-2,492%	-2,663%	-3,302%	-5,522%	-3,931%	-2,569%	-3,202%	-9,371%	-8,999%	-4,002%	n/a	
Spain	-3,719%	-2,660%	-1,057%	-0,469%	0,159%	0,316%	0,684%	-0,294%	1,612%	2,328%	2,452%	-2,328%	-8,577%	-5,227%	-3,516%	n/a	

Debt (% of GDP)																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
France	n/a	n/a	n/a	13,096%	15,094%	22,663%	25,372%	24,526%	24,606%	24,638%	25,436%	27,866%	30,843%	35,430%	41,220%	47,434%	50,636%
Greece	20,555%	24,425%	26,891%	30,867%	36,863%	42,934%	43,428%	48,300%	52,833%	55,327%	64,218%	67,737%	66,253%	66,519%	66,076%	64,930%	66,571%
Italy	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	83,969%	86,265%	89,158%	92,075%	98,665%	108,369%	113,952%	107,181%	106,643%
Portugal	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	58,208%
Spain	n/a	n/a	n/a	n/a	n/a	25,624%	28,765%	29,368%	30,005%	29,517%	30,325%	31,731%	34,358%	39,415%	45,187%	57,008%	60,106%
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
France	51,840%	52,214%	52,004%	51,431%	51,312%	53,120%	56,748%	58,663%	60,615%	59,612%	59,551%	62,270%	72,040%	76,098%	78,590%	83,975%	
Greece	67,769%	70,208%	74,227%	102,891%	103,415%	101,608%	97,404%	98,600%	100,795%	107,273%	106,931%	112,375%	129,297%	147,366%	168,020%	154,849%	
Italy	103,402%	100,667%	96,898%	93,177%	92,614%	89,508%	88,658%	88,312%	89,191%	89,576%	87,086%	89,347%	97,876%	100,032%	102,590%	106,066%	
Portugal	46,909%	42,850%	41,902%	41,872%	46,271%	47,973%	51,055%	53,109%	57,751%	58,558%	63,658%	67,490%	79,672%	89,569%	97,864%	112,356%	
Spain	59,901%	57,407%	54,552%	50,381%	47,628%	44,036%	41,367%	38,621%	34,850%	30,654%	26,700%	30,801%	42,539%	50,110%	58,564%	73,483%	

Inflation (%)																	
Country/Year	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
European Union	12,634%	12,175%	13,883%	8,724%	9,361%	6,103%	4,080%	4,078%	5,818%	13,929%	27,545%	13,003%	9,786%	16,191%	7,413%	4,993%	4,663%
Euro Area	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,623%	3,256%	2,696%	2,442%	1,627%
Cyprus	37,884%	41,955%	44,654%	46,909%	49,719%	52,223%	52,859%	54,275%	56,138%	58,252%	60,875%	63,943%	68,100%	71,430%	74,758%	76,711%	78,691%
France	41,137%	46,622%	52,206%	57,145%	61,530%	65,118%	66,771%	68,967%	70,830%	73,308%	75,727%	78,302%	80,227%	82,019%	83,383%	84,858%	86,639%
Greece	6,128%	7,621%	9,253%	11,091%	13,133%	15,698%	19,327%	22,489%	25,520%	29,018%	34,923%	41,732%	48,354%	55,294%	61,310%	66,814%	72,298%
Italy	24,241%	28,971%	33,740%	38,699%	42,856%	46,699%	49,417%	51,750%	54,384%	57,780%	61,475%	65,300%	68,567%	71,650%	74,633%	78,658%	81,792%
Portugal	11,032%	13,366%	16,404%	20,522%	26,535%	31,665%	35,359%	38,684%	42,390%	47,736%	54,118%	60,303%	65,647%	69,540%	72,997%	75,894%	78,121%
Spain	23,738%	27,191%	31,111%	34,898%	38,835%	42,258%	45,975%	48,387%	50,728%	54,173%	57,814%	61,245%	65,621%	68,620%	71,857%	75,216%	77,923%
Country/Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	
European Union	9,831%	2,934%	2,256%	3,126%	2,994%	2,505%	2,191%	2,323%	2,297%	2,328%	2,393%	3,705%	0,894%	2,001%	3,112%	2,642%	
Euro Area	1,685%	1,210%	1,176%	2,194%	2,428%	2,254%	2,131%	2,181%	2,178%	2,203%	2,141%	3,292%	0,295%	1,624%	2,716%	2,496%	
Cyprus	81,300%	83,203%	84,149%	88,242%	89,989%	92,500%	96,168%	97,987%	99,987%	102,239%	104,457%	109,038%	109,233%	112,034%	115,938%	119,523%	
France	87,750%	88,337%	88,836%	90,460%	92,073%	93,858%	95,893%	98,134%	99,997%	101,911%	103,553%	106,826%	106,935%	108,789%	111,284%	113,755%	
Greece	76,300%	79,938%	82,040%	84,625%	87,480%	90,655%	93,856%	96,576%	100,000%	103,196%	106,183%	110,593%	111,931%	117,207%	121,110%	122,928%	
Italy	83,342%	84,992%	86,400%	88,625%	90,683%	93,050%	95,667%	97,842%	100,000%	102,217%	104,300%	107,950%	108,775%	110,558%	113,767%	117,525%	
Portugal	79,599%	81,362%	83,126%	85,457%	89,225%	92,507%	95,521%	97,918%	100,000%	103,043%	105,540%	108,338%	107,360%	108,852%	112,723%	115,854%	
Spain	79,385%	80,785%	82,591%	85,468%	87,884%	91,038%	93,863%	96,728%	100,000%	103,563%	106,508%	110,906%	110,642%	112,902%	116,348%	119,182%	