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# **Economic Outlook: EU, Germany, France**

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Olá  
Bonjour  
Guten Tag

# 1. Introduction

## Europe: A complex system in a complicated world

- × Europe is a very old and a very new geo-political entity
- × Half the way to economic, social, and political integration
- × The challenge of globalization
- × France and Germany as core countries of European strategy
- × France and Germany as contrasted case studies

# como você está?

comment ça va?

wie geht's?

hoe gaat het?

come stai?

jak się masz?

πώς είσαι

hvordan går det?

hogy vagy?

kuinka voit?

kaip tu?

...

conas atá tú? (how are you?)

com estás? (¿cómo estás?)

It is not only a question of languages: cultures, values, institutions, etc.  
There are important differences in socio-economic aspects like demographic parameters or wealth and revenues.

In terms of **economic integration**:

Free trade:, free circulation of people: OK  
But for the rest....

Example: **monetary union (€)**

- 19 countries have adopted € (**Eurozone**)
- 9 countries out of Eurozone but with various situations:
  - UK does not want
  - DK is more or less considering possible entry
  - S, PL, CZ, etc. are planned to join
  - some small countries from ex-Yougoslavia use € without official agreement

NB: Switzerland is not even member of EU

## Even within the Eurozone, the economic regulation is far from perfect

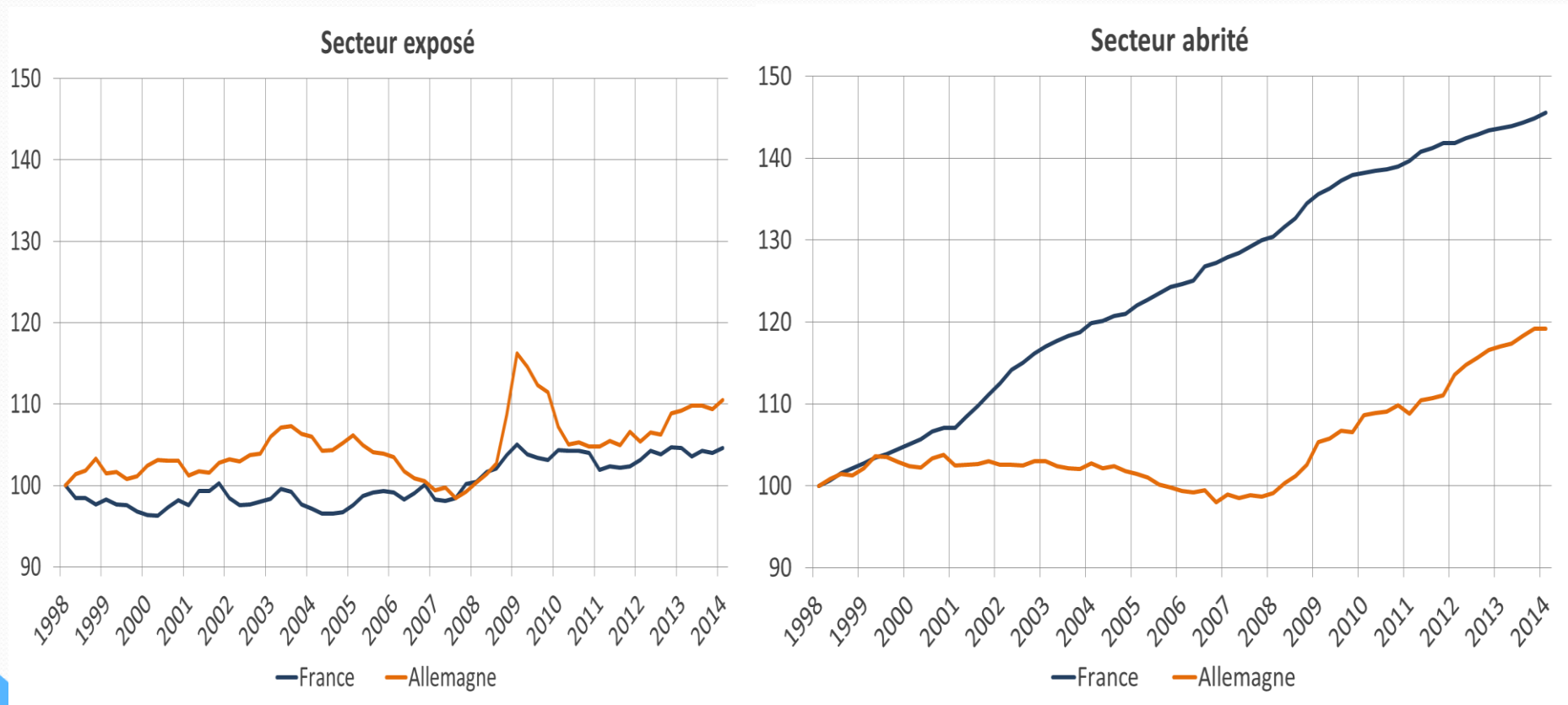
Common money and therefore common monetary policy (European Central Bank) but no real common economic and fiscal policy: 19 national budgets, 19 taxation systems, 19 regulatory systems (minimum wage, labour standards and working time, retirement age,...)

Big issue: economic regulation in the Eurozone

- Coherence between national equilibria and global equilibrium
- Prices and salaries have no common regulatory institution
- No macroeconomic common regulation, just some global rules more or less respected
- One important specific aspect: discrepancies in the degree of internationalization of economic sectors; see particularly *tradable sector vs non-tradable sector*

# France-Germany, 1998-2014

## Labour cost: tradable vs untradable sectors



Sources: Le Moigne et Ragot (2015),  
présentation Jean Pisani-Ferry (France Stratégie), Strasbourg, 20/01/2016

# 2. Some important indicators

European Economic Forecast Autumn 2015

<b>Forecasts for EU</b>	2014	<b>2015</b>	2016
GDP growth (% , yoy)	1,4	<b>1,9</b>	2,0
Inflation (% , yoy)	0,6	<b>0,0</b>	1,1
Unemployment (%)	10,2	<b>9,5</b>	9,2
Public budget balance (% of GDP)	-3,0	<b>-2,5</b>	-2,0
Gross public debt (% of GDP)	88,6	<b>87,8</b>	87,1
Current account balance (% of GDP)	1,6	<b>2,2</b>	2,2



# Growth rates in comparison 2015 (and forecasted evolution)

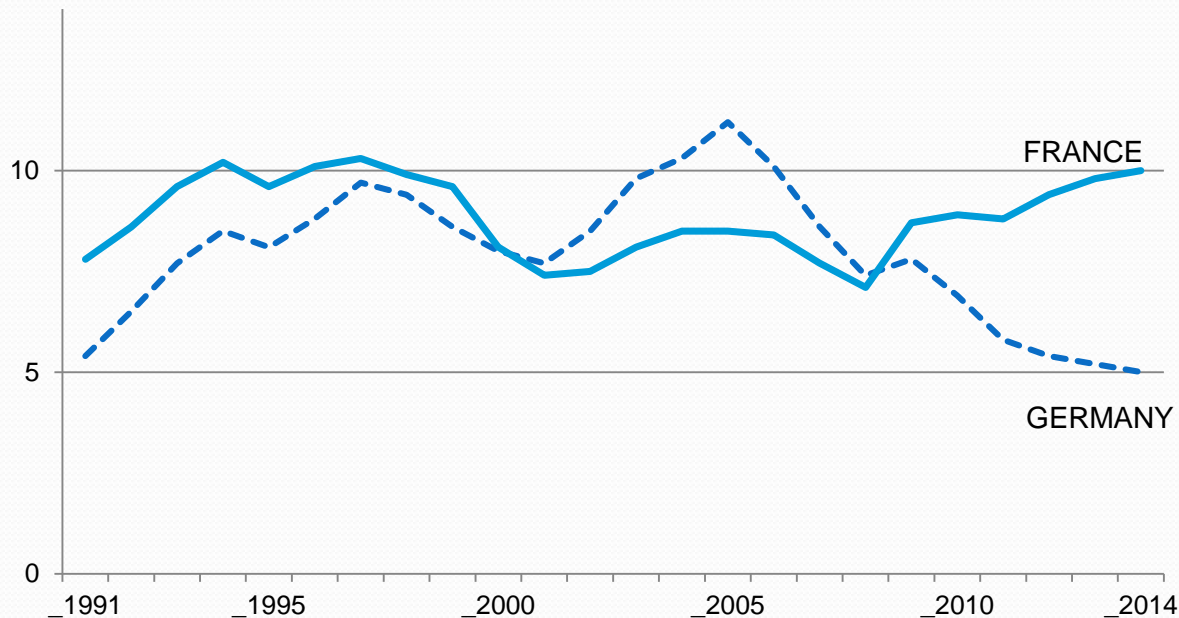
Eurozone	1.5% (+)
Asian emerging countries	6.6% (-)
Africa (S. of Sahara)	3.5% (++)
Middle East and N. Africa	2,5% (+)
USA	2.5% (+)
Latin America	0% (+)

# Unemployment rate

## level in 2015 and evolution 2010-2015

Spain	22	+10%
Italy	12	+46%
France	10	+13%
Netherland	7	+44%
UK	6	-28%
Germany	5	-32%

## Comparison of unemployment rates between France and Germany 1991-2014



Source: Aubry, Héraud, APR, 2015

# Labour cost (€/h)

## 2014

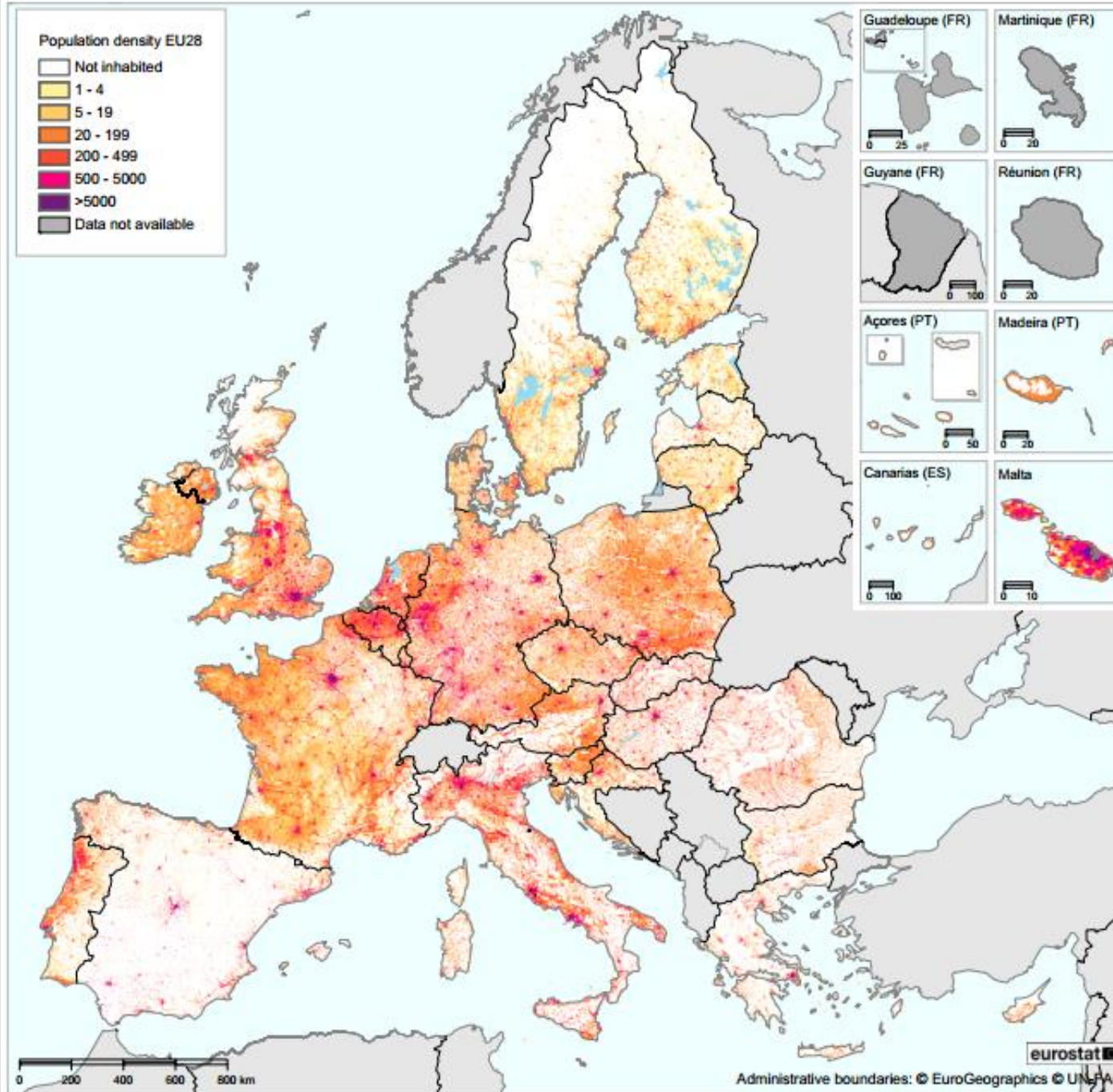
<b>France</b>	<b>34,6</b>
<b>Germany</b>	<b>31,4</b>
Italy	28,3
UK	22,3
Spain	21,3

### 3. Main socio-economic indicators: The map of Europe (countries and regions)

# Population density

2011

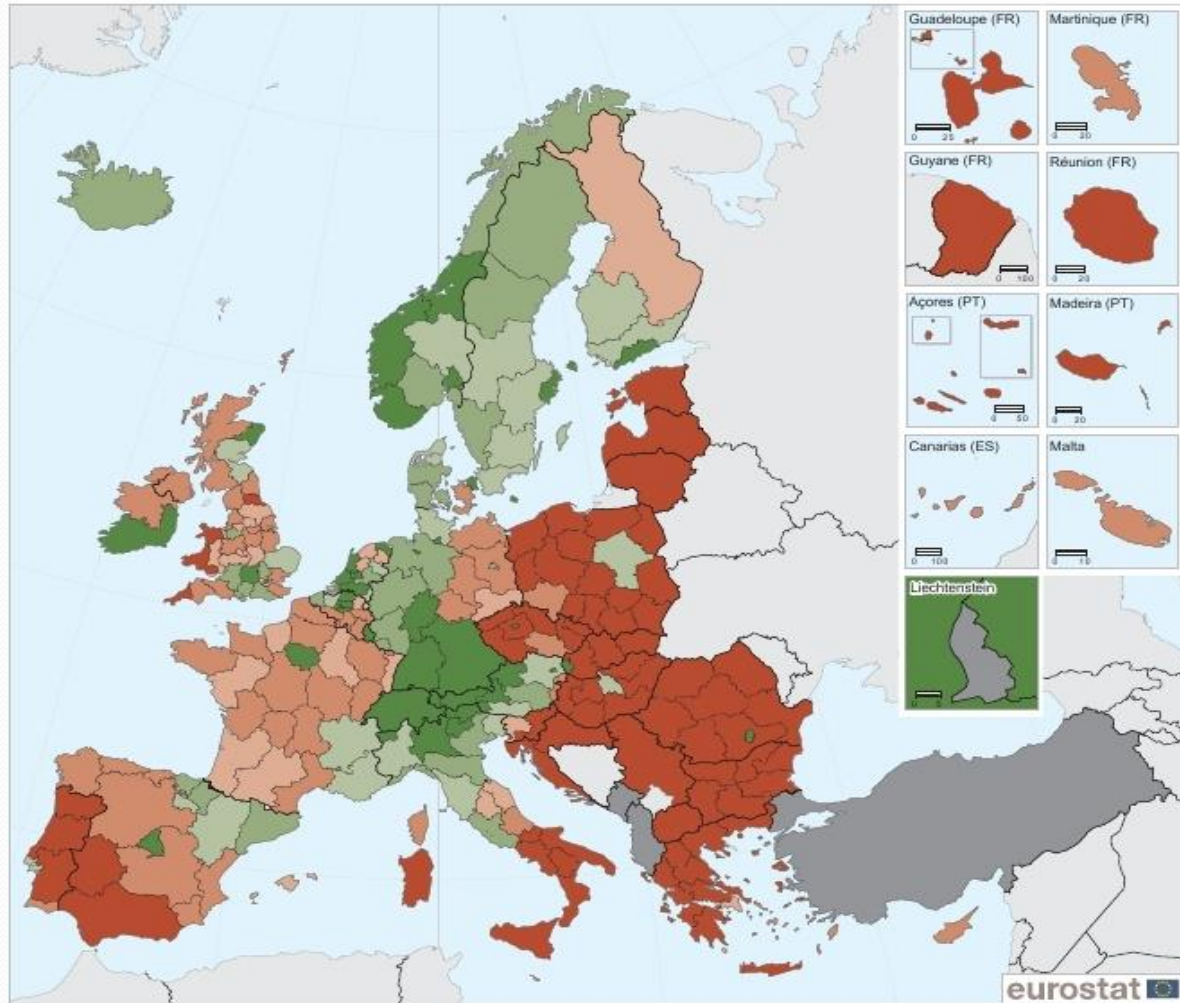
Eurostat



GDP/head

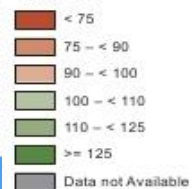
2013

Eurostat



(% of the EU-28 average, EU-28 = 100)

EU-28 = 100



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat  
 Cartography: Eurostat — GISCO, 05/2015



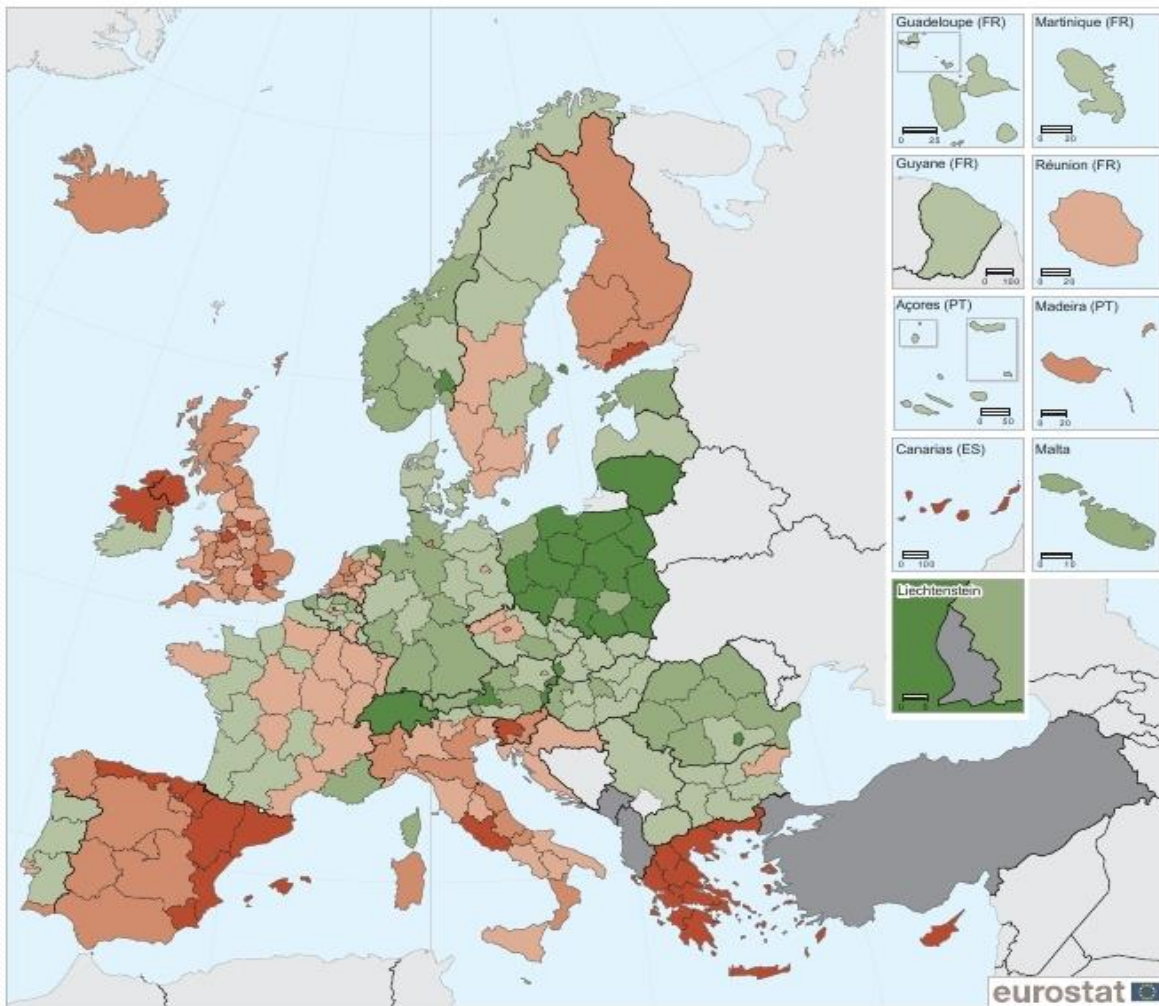
Change of gross domestic product (GDP) per inhabitant, in purchasing power standard (PPS), by NUTS level 2 region, 2008–13 (\*)

(percentage points difference between 2013 and 2008; in relation to the EU-28 average)

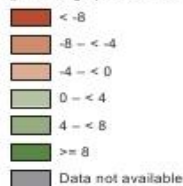
# Evolution GDP/head

## 2008-2013

### Eurostat



(percentage points difference between 2013 and 2008; in relation to the EU-28 average)



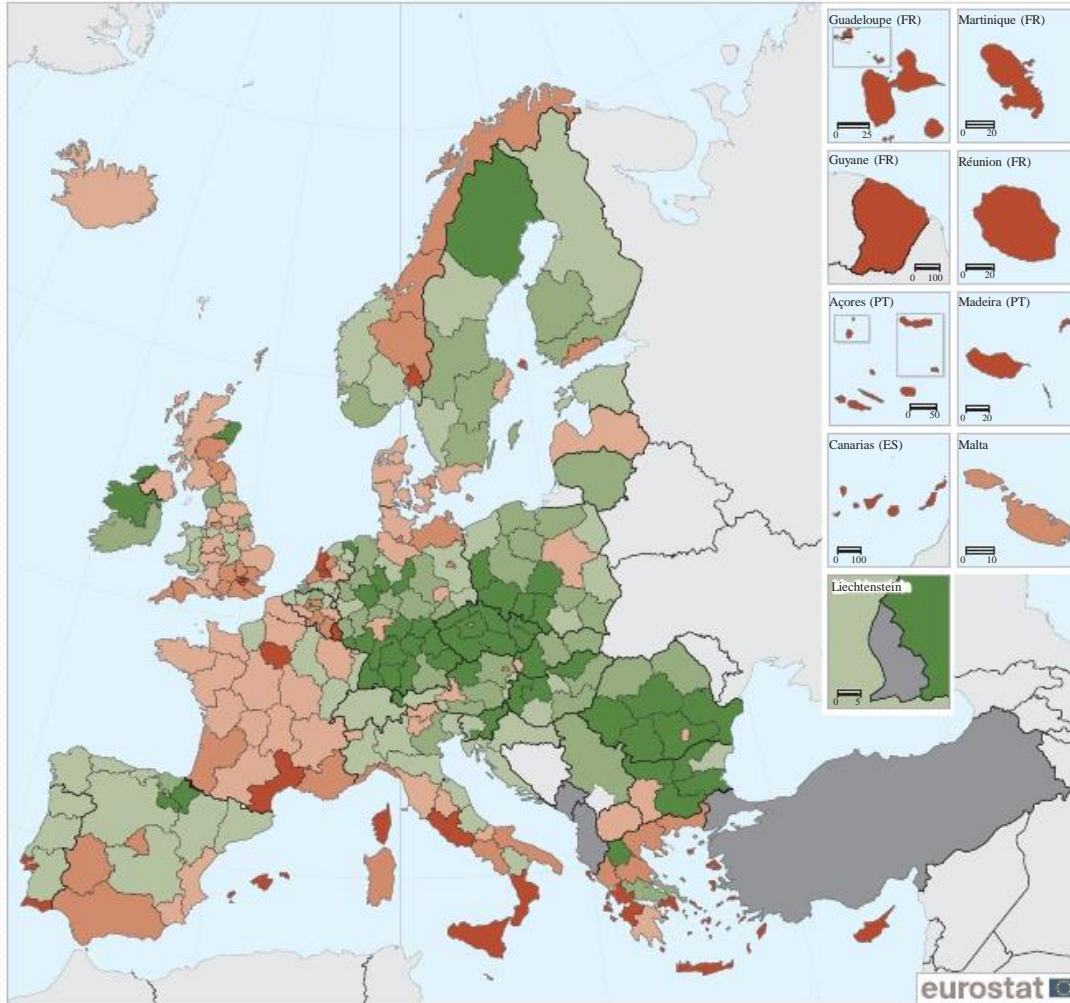
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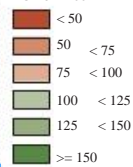
Share of industry (NACE Sections B E) in total gross value added, by NUTS level 2 region, 2012 (1)  
 (% of the EU-28 average, EU-28 = 100)

%  
 Industry  
 In  
 GDP  
 2012  
 Eurostat



(% of the EU-28 average, EU-28 = 100)

EU-28 = 100



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 Cartography: Eurostat GISCO, 05/2015



(1) Switzerland: only available at national level.

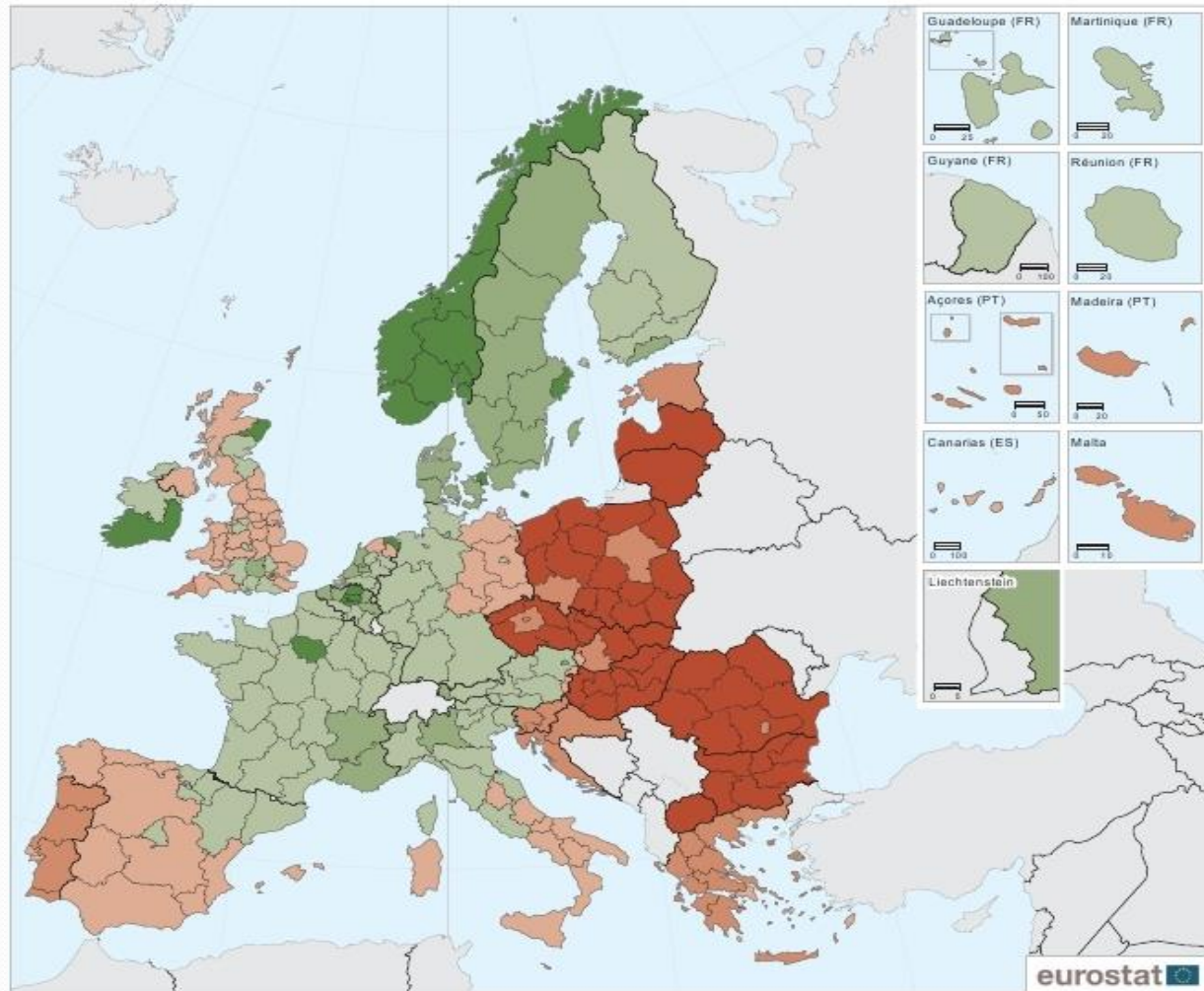
Source: Eurostat (online data codes: nama\_10r\_3gva and nama\_10\_a10)

# Productivity (GDP per employed)

2013

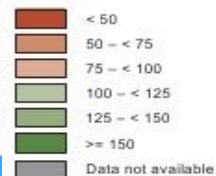
Eurostat

Gross value added per person employed, by NUTS level 2 region, 2013 (\*)  
(% of the EU-28 average, EU-28 = 100)



(% of the EU-28 average, EU-28 = 100)

EU-28 = 100



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Cartography: Eurostat — GISCO, 05/2015



(\*) Germany: only available for NUTS level 1 regions. Croatia, Hungary, Finland and Norway: 2012. Portugal: 2011.  
Source: Eurostat (online data codes: nama\_10r\_3gva, nama\_10r\_3empers, nama\_10\_a10 and nama\_10\_a10\_e)



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# Thank you for your attention

## Obrigado

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