



New
Direction

the foundation for european reform

AN ANALYSIS OF ECONOMIC SECURITY IN THE EU MEMBER STATES

JOANNA ANTCAK, KRZYSZTOF KAMIŃSKI

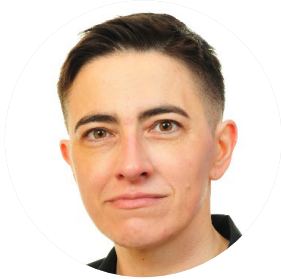


New Direction



Established by Margaret Thatcher,
New Direction is Europe's leading free market
political foundation & publisher with offices in
Brussels, London, Rome & Warsaw.

AUTHORS



Joanna Antczak

Joanna Antczak holds a PhD degree in economic sciences. She is an assistant professor at the War Studies University in Warsaw, Poland as well as she works as a lecturer at the Vistula Academy of Finance and Business.

Her research and publications pertain to accounting, controlling and financial analysis and bankruptcy risk assessing. She is also interested in economic and defense security of the state, with particular regard to cybersecurity.



Krzysztof Kamiński

Krzysztof Kamiński graduated from the University of Warsaw (Internal Security) and completed the course in The Institute of World Politics in Washington, DC. He gained his professional experience in energy sector. Currently he serves as President of the Board of the Warsaw Institute. His areas of interest are geopolitics, energy security and public affairs.

TABLE OF CONTENTS

1	INTRODUCTION	6
2	CHARACTERISTICS OF THE EU MEMBER STATES	8
3	ANALYSIS OF COMPETITIVENESS FACTORS	21
4	ANALYSIS OF ECONOMIC INDICATORS	28
5	SUMMARY AND RECOMMENDATIONS	44

INTRODUCTION

Security is one of the basic social necessities that can be found among others in Maslow's famous hierarchy of needs. It applies to individual actors, including consumers, household representatives, and collective entities, among which companies, countries or various integration groups can be distinguished. Given that the state is referred to as a particular political institution, or a specialized entity, security emerges as one of the most important determinants that ensure proper functioning of the state and that of the entire socioeconomic system, including other economic actors.

Economic security is directly linked to what is known as "security" yet this term focuses chiefly on economic foundations of the state. As evidenced by a varied approach adopted by scholars, this issue emerges as vital to assess the safe functioning of the state. To define economic security of the state contemporary authors tend to apply distinct categories, among

which wealth (represented by Ramesh Thakur), ability to resist influence attempts from others (Vincent Cable), threats (Eric Marshall Green, Andrzej Lubbe, Stanislaw Michalowski, Eliza Frejtag-Mika), threats and opportunities (James Sperling, Emil Kirchner, Patrick De Souza) and the state's ability to function in an appropriate manner (Christopher Dent, Krzysztof Książkowski)¹. According to Sheila Ronis, "economic security is a major element of national security [...]". No matter how we look at national security, there can be no question of the need to include the economic viability of our nation. Without capital, there is no business; without business, there is no profit; without profit, there are no jobs. And without jobs, there are no taxes, and there is no military capability."²

The United Nations, which strives to safeguard the political interests of many countries, has provided an overview of certain phenomena connected to economic security, the list of which is presented below.



- 1 Zawadzki J., Ziętański J. (2017), *Bezpieczeństwo ekonomiczne – casus państw regionu Morza Bałtyckiego w latach 2005 – 2015* [Economic security – the case of the Baltic Sea countries in 2005–2015], Warsaw, p. 7.
- 2 Ronis S. R. (2011), Preface, [in:] *Economic security. Neglected dimension of national security?* ed. Ronis S. R., Washington, p. 8.

Figure 1. Economic security phenomena as indicated by the United Nations

Source: author's own study based on: Walkiewicz, W. (ed.) (2015), *Wielowymiarowość bezpieczeństwa wewnętrznego i zewnętrznego* [Multidimensional aspects of internal and external security], Białystok, p. 14.

“Country-related economic security primarily concerns that of public finances. States can take financial risks only if they accept a certain legal order and fundamental moral norms, enabling citizens to perform their tasks in mutual trust and to feel comfortable in a secure atmosphere, which is inevitably related to the monetary security.”³

The following publication will take into account the economic security in the EU Member States. A short description of the EU countries was made first, followed by their results in international ranks, including IMD World Competitiveness Ranking, Global Competitiveness Index, Index of Economic Freedom, and Doing Business Report. The next part of the paper analyzes the economic

indicators of the EU Member States. The analysis was carried out on the basis of economic determinants, including Gross Domestic Product (GDP), annual GDP growth rate, GDP per capita, national debt (as % of GDP), inflation, HICP, unemployment and the Gini coefficient. The study was based on such research methods as the analysis of reports and of statistical data.

The analysis points to the need to conduct further research on both structure and dynamics of economic indicators that coincides with UK's withdrawal from the European Union. The report has a practical character and serves as a reference for discussion on economic security in EU countries.

3 Röpke W. (1994), *Die Lehre von der Wirtschaft*, Bern - Stuttgart - Vienna, p. 73

Figure 1. European Union



CHARACTERISTICS OF THE EU MEMBER STATES

The European Union was founded on November 1, 1993 under the Maastricht Treaty signed on February 7, 1992. The idea standing behind the European Union dates back to 1951 when Belgium, France, the Netherlands, Luxembourg, Germany, and Italy started economic cooperation.

At present, the European Union is a group of 28 Member States. On June 23, 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. On March 29, 2017, British Prime Minister officially notified the European Council of the UK's intention to withdraw from the European Union and launched the withdrawal process under Article 50 of the Treaty on European Union. For the time being, the United Kingdom remains a full member of the EU and rights and obligations continue to fully apply in and to the UK.

Table 1 presents a brief description of the EU Member States (following the chronological order). Such countries as Denmark, United Kingdom, Sweden, Poland, the Czech Republic, Hungary, Bulgaria, Romania, and Croatia are EU members but have not adopted the euro as their currency. The Schengen Area includes all European Union countries with the exception of Ireland, United Kingdom, Cyprus, Bulgaria, Romania, and Croatia.

The following EU Member States are part of the North Atlantic Treaty Organization (NATO): Belgium, Denmark, France, the Netherlands, Luxembourg, Portugal, Great Britain, Italy, Greece, Germany, Spain, the Czech Republic, Poland, Hungary, Bulgaria, Estonia, Lithuania, Latvia, Romania, Slovakia Slovenia, and Croatia.

By terms of area, France is the largest country while Malta is the smallest. The most populous member state is Germany while Malta is the least. The EU covers a total of 4,463,600,000 square kilometres. Of all EU Member States, thirteen are parliamentary republics where the Prime Minister serves as the head of government and the President is the head of state.

Chart 1 provides an overview of living standards across the European Union, defined as GDP per capita in PPS⁴.

Considering the standards of living in the analyzed countries, measured as GDP per capita expressed in PPS, the highest results was recorded by Luxembourg (266) while the lowest by Bulgaria (47). It should be noted that Ireland was ranked second (134).

Figures 2–4 present characteristic features of economies of the EU Member States in 2016.

⁴ Measurement of prices of many goods and services in each country in relation to average income, using a common, contractual currency, referred to as “purchasing power standard” (PPS).

Table 1. Characteristics of EU countries

Country	Capital city	Currency	Schengen area	Total area (in thousands of square kilometres)	Population	Political system
EU accession date: January 1, 1958						
Belgium	Brussels	Euro	Yes	30.5	11,258,434	federal monarchy
France	Paris	Euro	Yes	632.8	66,415,161	semi-presidential republic
Netherlands	Amsterdam	Euro	Yes	41.5	16,900,726	parliamentary constitutional monarchy
Luxembourg	Luxembourg	Euro	Yes	2.6	562,958	parliamentary constitutional monarchy
Germany	Berlin	Euro	Yes	357.3	81,197,537	federal parliamentary republic
EU accession date: January 1, 1973						
Denmark	Copenhagen	Danish krone (DKK)	Yes	42.9	5,659,715	constitutional monarchy
Ireland	Dublin	Euro	No	69.8	4,628,949	parliamentary republic
United Kingdom	London	pound sterling (GBP)	No	248.5	64,875,165	parliamentary democracy and constitutional monarchy
EU accession date: January 1, 1981						
Greece	Athens	Euro	Yes	132.0	10,858,018	parliamentary republic
EU accession date: January 1, 1986						
Spain	Madrid	Euro	Yes	506.0	46,449,565	parliamentary democracy and constitutional monarchy
Portugal	Lisbon	Euro	Yes	92.2	10,374,822	semi-presidential republic
EU accession date: January 1, 1995						
Austria	Vienna	Euro	Yes	83.9	8,576,261	federal parliamentary republic
Finland	Helsinki	Euro	Yes	338.4	5,471,753	parliamentary democracy
Sweden	Stockholm	Swedish krona (SEK)	Yes	438.6	9,747,355	constitutional parliamentary monarchy
EU accession date: May 1, 2004						
Cyprus	Nicosia	Euro	No	9.3	847,008	presidential republic
Czech Republic	Prague	Czech koruna (CZK)	Yes	78.9	10,538,275	parliamentary republic
Estonia	Tallinn	Euro	Yes	45.2	1,313,271	parliamentary republic
Lithuania	Vilnius	Euro	Yes	65.3	2,921,262	parliamentary republic
Latvia	Riga	Euro	Yes	64.6	1,986,096	parliamentary republic
Malta	Valletta	Euro	Yes	0.3	429,344	parliamentary republic
Poland	Warsaw	Polish zloty (PLN)	Yes	312.7	38,005,614	parliamentary republic
Slovakia	Bratislava	Euro	Yes	49.0	5,421,349	democratic parliamentary republic
Slovenia	Ljubljana	Euro	Yes	20.3	2,062,874	democratic parliamentary republic
Hungary	Budapest	Hungarian forint (HUF)	Yes	93	9,855,571	parliamentary republic
EU accession date: January 1, 2007						
Bulgaria	Sofia	Bulgarian lev (BGN)	No	111.0	7,202,198	parliamentary republic
Romania	Bucharest	Romanian leu (RON)	No	238.4	19,870,647	semi-presidential republic
EU accession date: July 1, 2013						
Croatia	Zagreb	Croatian kuna (HRK)	No	56.5	4,225,316	parliamentary republic

Source: author's own study based on https://europa.eu/european-union/index_pl.

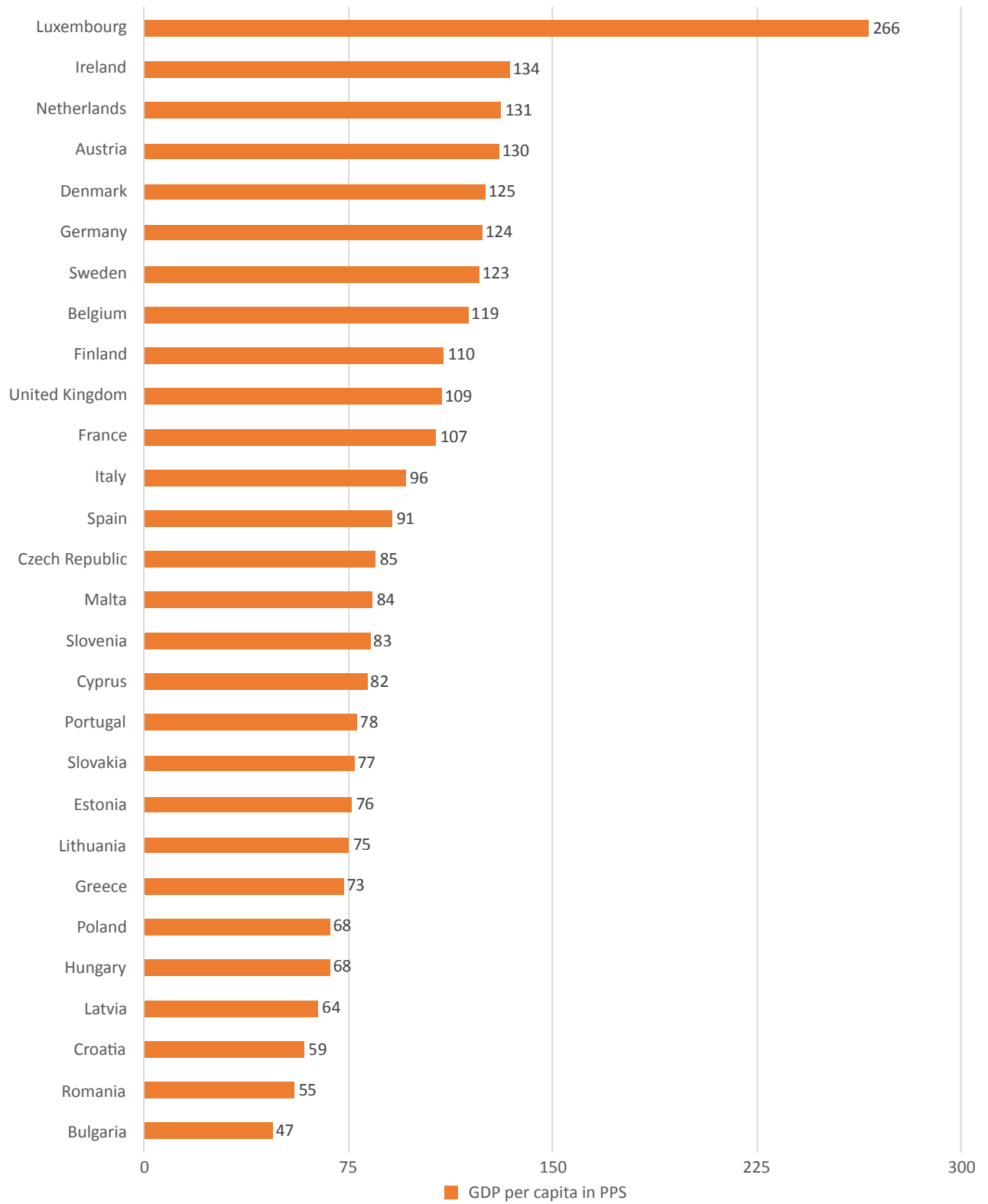
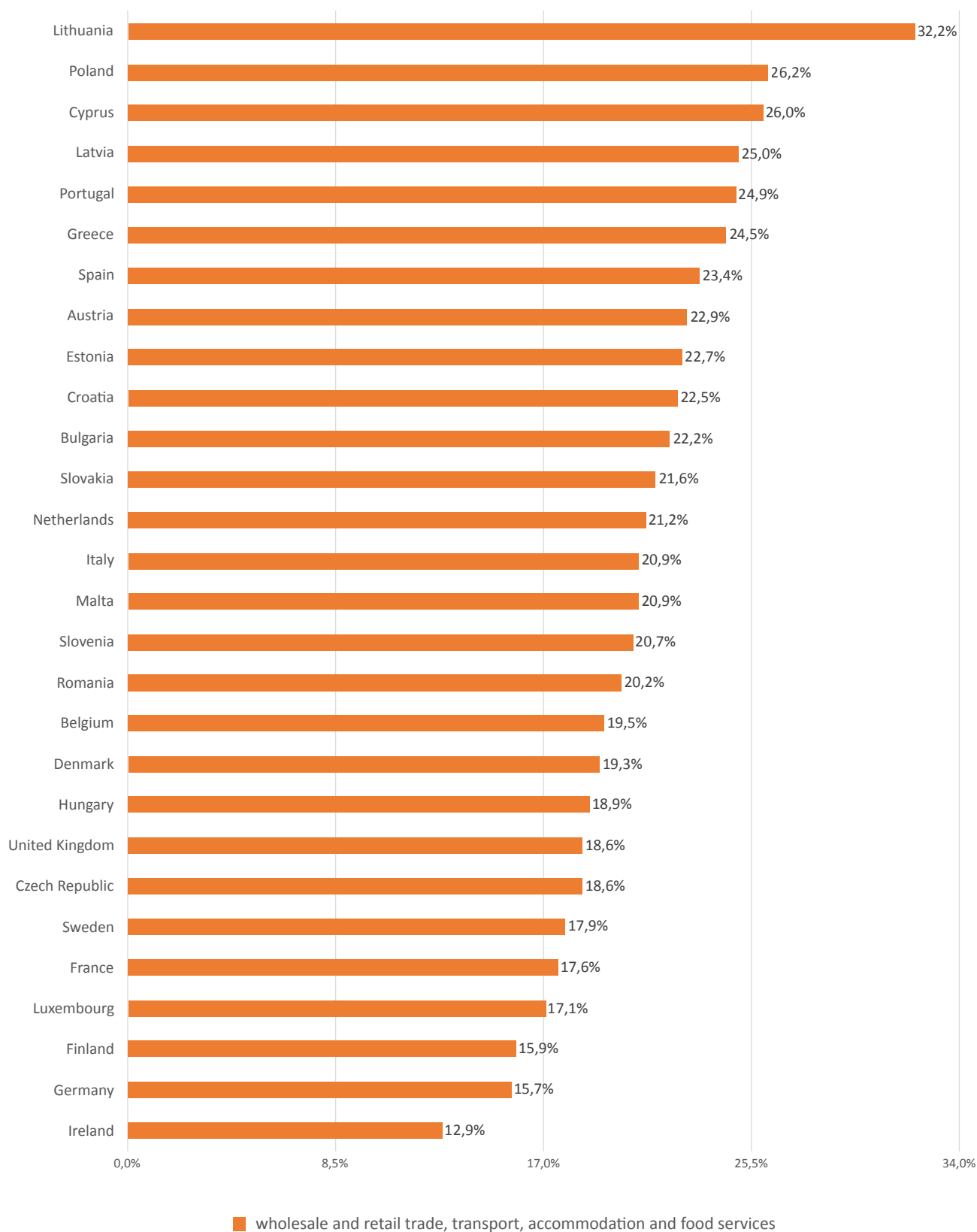
Chart 1. GDP per capita in PPSSource: author's own study based on https://europa.eu/european-union/index_pl.

Chart 2. Wholesale and retail trade, transport, accommodation and food services of EU Member States, 2016.



Source: author's own study based on https://europa.eu/european-union/index_pl.

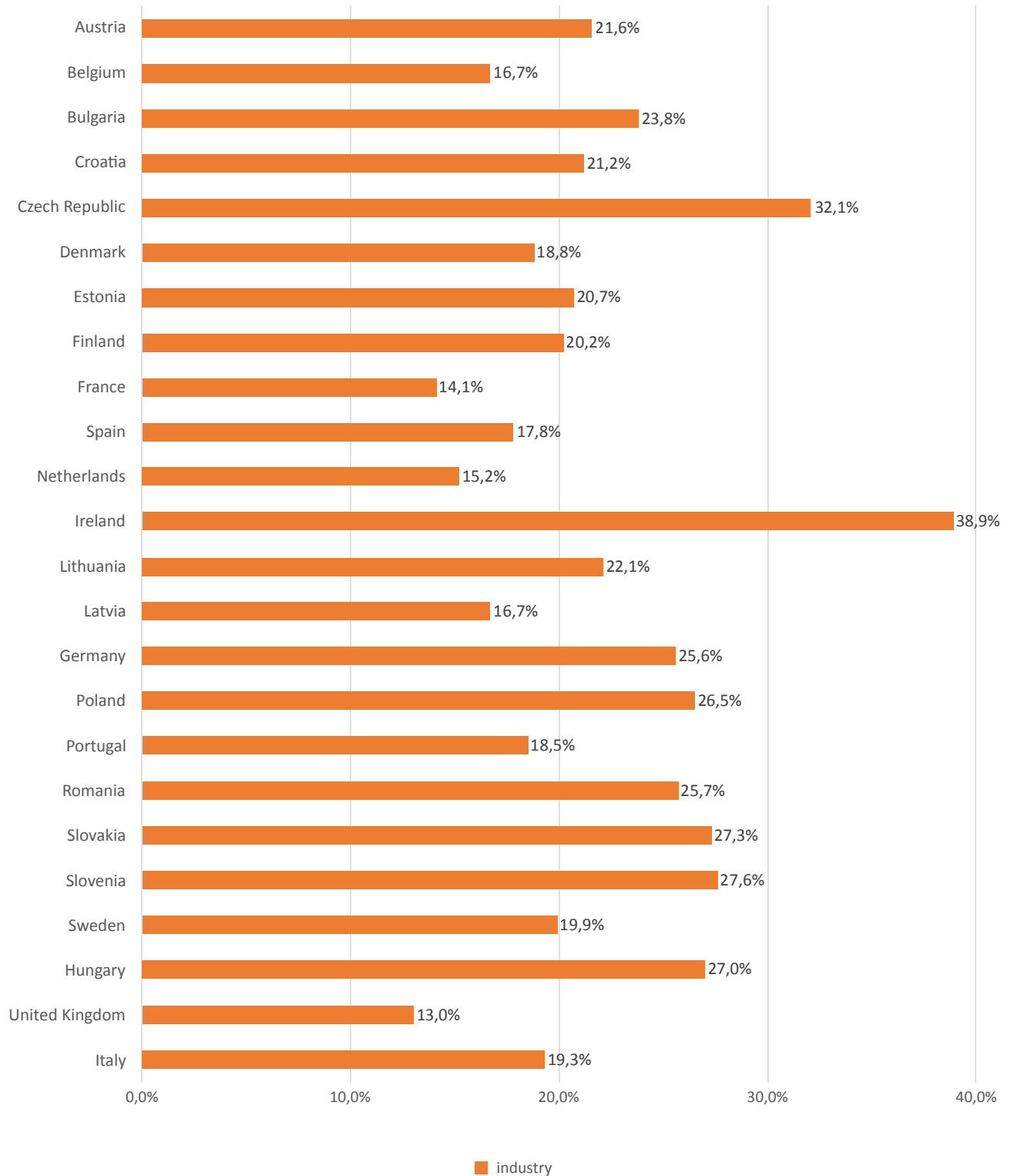
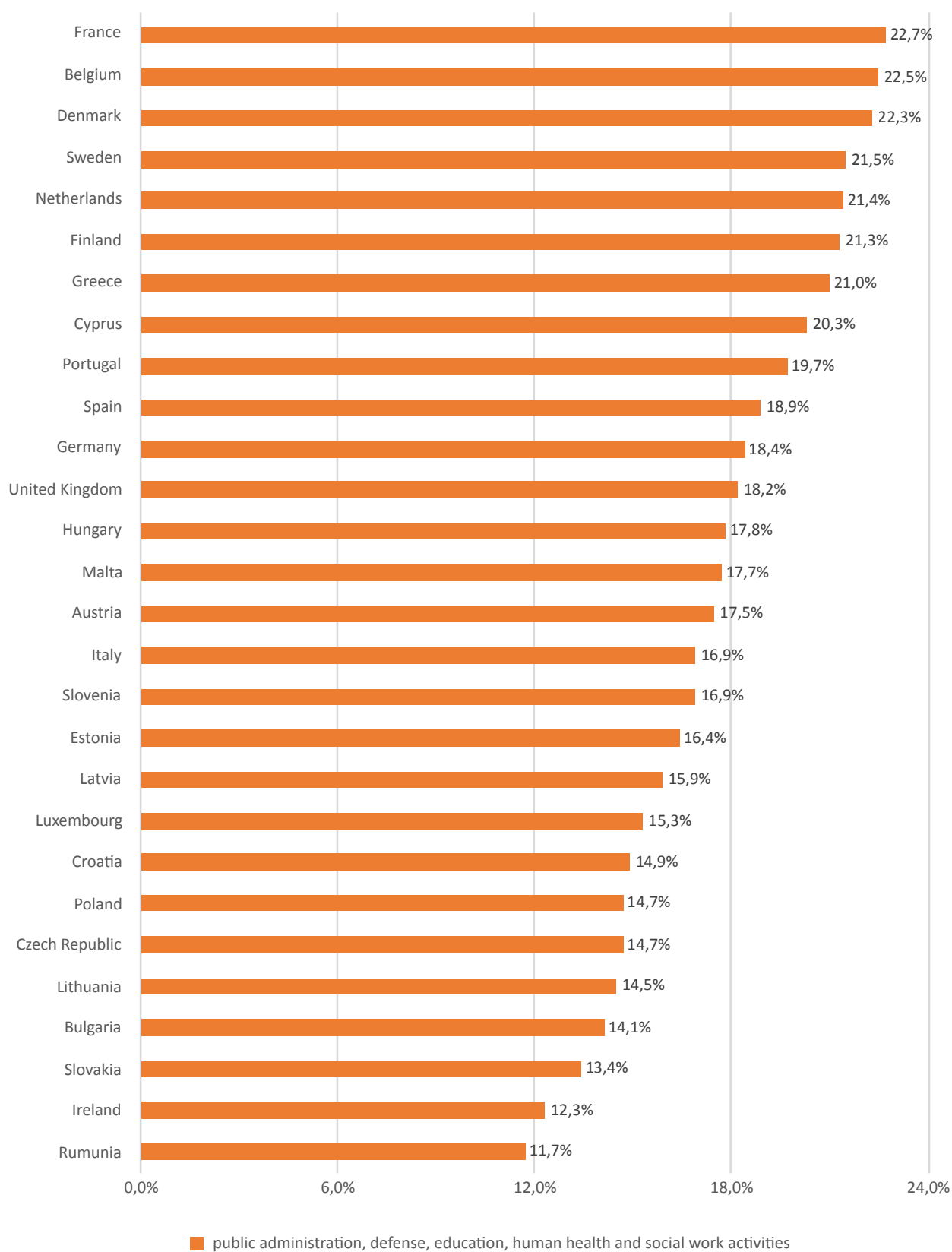
Chart 3. Industry of EU Member States, 2016.Source: author's own study based on https://europa.eu/european-union/index_pl.

Chart 4. Public administration, defense, education, human health and social work activities of EU Member States, 2016.



Source: author's own study based on https://europa.eu/european-union/index_pl.

Top economy sectors in the EU Member States in 2016:

- wholesale and retail trade, transport, accommodation and food services in the twelve following countries: Austria (22.9%), Croatia (22.5%), Cyprus (26%), Estonia (22.7%), Greece (24.5%), Spain (23.4%), Lithuania (32.2%), Latvia (25%), Malta (20.9%), Portugal (24.9%), Italy (20.9%), the United Kingdom (18.6%);
- industry in the nine following countries: Bulgaria (23.8%), the Czech Republic (32.1%), Ireland (38.9%), Germany (25.6%), Poland (26.5%), Romania (25.7%), Slovakia (27.3%), Slovenia (27.6%), Hungary (27.0%);
- public administration, defense, education, human health and social work activities in the six following countries: Belgium (22.5%), Denmark (22.3%), Finland (21.3%), France (22.7%), the Netherlands (21.4%), Sweden (21.5%);
- financial and insurance activities in Luxembourg (27.2%).

Export figures in EU Member States in 2016⁵:

1. Austria

- EU countries – 71% (30% to Germany, 6% to Italy and 4% to Slovakia);
- United States – 6%;
- Switzerland – 5%;

2. Belgium:

- EU countries - 72% (17% to Germany, 15% to France and 11% to the Netherlands);
- United States – 6%;
- India – 2%
- China - 2%;

3. Bulgaria:

- EU countries – 68% (14% to Germany, 9% to Italy and 9% to Romania);
- Turkey – 8%;
- China - 2%;

4. Croatia:

- EU countries – 66% (14% to Italy, 12% to Slovenia and 12% to Germany);
- Bosnia and Herzegovina – 9%;
- Serbia – 4%;

5. Cyprus:

- EU countries – 45% (12% to Greece and 8% to the United Kingdom);
- Libya – 8%;
- Israel – 6%;

6. Czech Republic

- EU countries – 84% (32% to Germany, 8% to Slovakia, 6% to Poland);
- United States – 2%;
- Russia – 2%;

7. Denmark

- EU countries – 62% (16% to Germany, 12% to Sweden and 6% to the United Kingdom);
- United States – 8%;
- Norway – 6%;

8. Estonia:

- EU countries – 74% (18% to Sweden, 16% to Finland and 9% to Latvia);

5 https://europa.eu/european-union/index_pl

- Russia – 7%;
 - Norway – 4%;
- 9. Finland:**
- EU countries – 59% (13% to Germany, 10% to Sweden and 7% to the Netherlands);
 - United States – 8%;
 - Russia – 6%;
- 10. France:**
- EU countries – 59% (16% to Germany, 8% to Spain and 7% to Italy);
 - United States – 7%;
 - China – 4%;
- 11. Greece:**
- EU countries – 56% (11% to Italy, 8% to Germany and 6% to Cyprus);
 - Turkey – 5%;
 - United States – 4%;
- 12. Spain:**
- EU countries – 67% (15% to France, 11% to Germany and 8% to Italy);
 - United States – 4%;
 - Morocco – 3%;
- 13. Netherlands:**
- EU countries – 76% (24% to Germany, 11% to Belgium and 9% to the United Kingdom);
 - United States – 4%;
 - China – 2%;
- 14. Ireland:**
- EU countries – 51% (13% to the United Kingdom,
- 13% to Belgium and 7% to Germany);
- United States – 26%;
 - Switzerland – 5%;
- 15. Lithuania:**
- EU countries – 61% (10% to Latvia, 9% to Poland and 8% to Germany);
 - Russia – 13%;
 - United States – 5%;
- 16. Luxembourg:**
- EU countries – 83% (23% to Germany, 17% to Belgium 15% to France);
 - Switzerland – 3%;
 - United States – 3%;
- 17. Latvia:**
- EU countries – 70% (17% to Lithuania, 12% to Estonia and 7% to Germany);
 - Russia – 11%;
 - Norway – 2%;
- 18. Malta:**
- EU countries – 39% (14% to Germany, 8% to France);
 - United States – 27%;
 - Singapore – 6%;
 - Japan – 5%;
- 19. Germany:**
- EU countries – 59% (8% to France, 7% to the United Kingdom and 7% to the Netherlands);
 - United States – 9%;
 - China – 6%;

20. Poland:

- EU countries – 80% (27% to Germany, 7% to both the United Kingdom and the Czech Republic);
- Russia – 3%;
- United States – 2%;

21. Portugal:

- EU countries – 75% (26% to Spain, 13% to France and 12% to Germany);
- United States – 5%;
- Angola – 3%;

22. Romania:

- EU countries – 75% (22% to Germany, 12% to Italy and 7% to France);
- Turkey – 3%;
- Russia – 2%;

23. Slovakia:

- EU countries – 85% (22% to Germany, 12% to the Czech Republic, 8% to Poland)
- United States – 2%;
- Russia – 2%;
- China – 2%;

24. Slovenia:

- EU countries – 75% (19% to Germany, 10% to Italy and 7% to Austria);
- Serbia – 4%;
- Bosnia and Herzegovina – 3%;

25. Sweden:

- EU countries – 59% (11% to Germany, 7% to both Denmark and Finland);

- Norway – 10%;
- United States – 7%;

26. Hungary:

- EU countries – 81% (28% to Germany, 5% to Romania, Austria, Italy and Slovakia);
- United States – 3%;
- Turkey – 2%;

27. Italy:

- EU countries - 56% of Italian export volumes (13% to Germany, 11% to France and 5% to both the United Kingdom and Spain);
- United States – 9%;
- Switzerland – 5%;

28. United Kingdom

- EU countries – 47% (11% to Germany and 6% to France, the Netherlands and Ireland);
- United States – 15%;
- Switzerland – 5%;

EU Member States Imports in 2016⁶:

1. Austria

- EU countries – 78% (43% from Germany, 6% from Italy and 4% from the Czech Republic);
- United States – 6%;
- China – 3%;

2. Belgium:

- EU countries – 63% (16% from the Netherlands, 13% from Germany and 9% from France);
- United States – 8%;
- China – 4%;

6 https://europa.eu/european-union/index_pl

3. Bulgaria:

- EU countries – 67% (13% from Germany, 8% from Italy and 7% from Romania);
- Russia – 9%;
- Turkey – 6%;

4. Croatia:

- EU countries – 77% (16% from Germany, 12% from Italy and 11% from Slovenia);
- Bosnia and Herzegovina – 3%;
- China – 3%;

5. Cyprus:

- EU countries – 74% (21% from Greece, 17% from Germany and 7% from Italy);
- China – 8%;
- South Korea – 4%;

6. Czech Republic

- EU countries – 79% (31% from Germany, 10% from Poland, 6% from Slovakia);
- China – 7%;
- South Korea – 2%;

7. Denmark:

- EU countries – 71% (21% from Germany, 12% from Sweden and 8% from the Netherlands);
- China – 7%;
- Norway – 6%;

8. Estonia:

- EU countries – 82% (13% from Finland, 11% from Germany and 9% from Lithuania);
- Russia – 6%;

- United States – 3%;

9. Finland:

- EU countries – 73% (17% from Germany, 16% from Sweden and 9% from the Netherlands);
- Russia – 9%;
- China – 4%;

10. France:

- EU countries – 69% (19% from Germany, 11% from Belgium and 8% from the Netherlands);
- United States – 6%;
- China – 5%;

11. Greece:

- EU countries – 55% (11% from Germany, 9% from Italy and 6% from the Netherlands);
- China – 7%;
- Russia – 6%;

12. Spain:

- EU countries – 62% (15% from Germany, 12% from France and 7% from Italy);
- China – 7%;
- United States – 4%;

13. Netherlands:

- EU countries – 47% (15% from Germany, 8% from Belgium and 5% from the United Kingdom);
- China – 14%;
- United States – 8%;

14. Ireland:

- EU countries – 68% (29% from the United Kingdom, 13% from France and 10% from Germany);

- United States – 15%;

- China – 4%;

15. Lithuania:

- EU countries – 70% (12% from Germany, 11% from Poland and 8% from Latvia);

- Russia – 14%;

- China – 3%;

16. Luxembourg:

- EU countries – 77% (29% from Belgium, 24% from Germany and 10% from France);

- United States – 7%;

- China – 6%;

17. Latvia:

- EU countries – 81% (17% from Lithuania, 12% from Germany and 10% from Poland);

- Russia – 7%;

- China – 3%;

18. Malta:

- EU countries – 54% (21% from Italy, 6% from both Germany and the United Kingdom);

- Cayman Islands – 12%;

- Canada – 10%;

19. Germany:

- EU countries – 66% (13% from the Netherlands, 7% from France and 6% from Belgium);

- China – 7%;

- United States – 5%;

20. Poland:

- EU countries – 72% (28% from Germany, 6% from

the Netherlands, 5% from Italy);

- China – 8%;

- Russia – 6%;

21. Portugal:

- EU countries – 78% (33% from Spain, 14% from Germany and 7% from France);

- China – 3%;

- Russia – 2%;

22. Romania:

- EU countries – 77% (21% from Germany, 10% from Italy and 7% from Hungary);

- China – 5%;

- Turkey – 4%;

23. Slovakia:

- EU countries – 80% (20% from Germany, 17% from the Czech Republic and 10% from Austria);

- South Korea – 5%;

- Russia – 4%;

24. Slovenia:

- EU countries – 71% (17% from Germany, 13% from Italy and 10% from Austria);

- China – 5%;

- Turkey – 4%;

25. Sweden:

- EU countries – 71% (19% from Germany, 8% from the Netherlands and 8% from Denmark);

- Norway – 8%;

- China – 6%;

26. Hungary:

- EU countries – 78% (26% from Germany, 6% from Austria, 5% from both Poland and Slovakia);
- China – 6%;
- Russia – 3%;

27. Italy

- EU countries – 61% (16% from Germany, 9% from France and 6% from the Netherlands);
- China – 7%;
- United States – 4%;

28. United Kingdom

- EU countries – 51% (14% from Germany, 7% from the Netherlands and 5% from France);

- United States – 9%;
- China – 9%;

Most imports come from EU countries. Over three-quarters of total imports of goods originated from another EU Member State in Estonia (82%), Latvia (81%) and Slovakia (80%). For extra-EU trade, the main countries of origin of goods imported into the EU were China, the United States and Russia.

Intra-EU trade accounting for over 80% of total exports of goods could be observed in the Czech Republic (84%), Luxembourg (83%), Poland (80%), Slovakia (85%) and Hungary (81%). Most extra-EU exports are destined for the United States and Russia.

ANALYSIS OF COMPETITIVENESS FACTORS

Experts increasingly claim that the best way to assess the country's economic condition is to measure its competitiveness degree, followed by presenting final outcomes in an interdisciplinary manner. Competitiveness should be considered from an "international" perspective.

Z. Stachowiak defined international competitiveness of the national economy as "[...] an ability of various economic actors that operate in a given country to achieve the greatest possible benefits exceeding those attained by their partners to increase distributable income and better satisfy diverse needs of citizens, whose measures are those that co-create competitiveness ranks [...].⁷"

Globally, competitiveness of various national economies may be reflected in ranking lists aimed at depicting how subsequent countries are ranked according to their degree of economic security

while serving as a basis for further research in how economic security develops both throughout time and compared to other countries included in these lists.

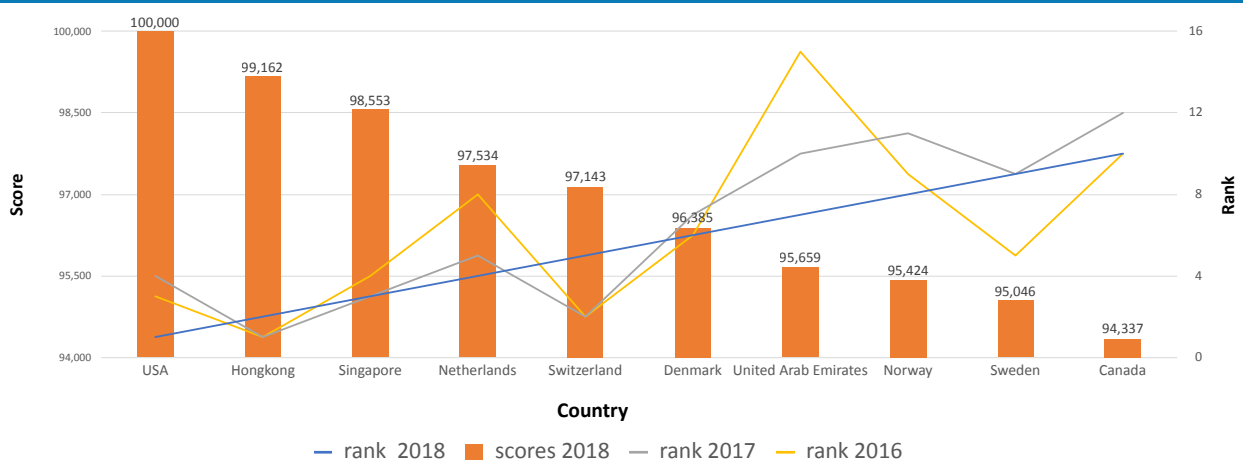
Chart 5 shows the list of top ten states while Table 2 ranks the EU Member States based on the competitiveness ranking that benchmarks the performance of 63 world economies. IMD World Competitiveness Yearbook is published by International Institute for Management Development (IMD), based in Luzern, Switzerland.

The analysis takes into account 329 ranking criteria for such factors as:

1) business evaluation, divided into 82 criteria for:

- national economy,
- international trade,

Chart 5. Top 10 IMD World Digital Competitiveness Ranking



Source: author's own work based on The 2018 IMD World Competitiveness Ranking.

7 Stachowiak Z. (2014), Wyznaczniki, wskaźniki i mierniki bezpieczeństwa ekonomicznego [Determinants, indicators and measures of economic security], [in:] Płaczek J. (ed.), *Ekonomika bezpieczeństwa państwa w zarysie* [An outline of economics of state security], Warsaw, p. 219.

- foreign investments,
 - employment,
 - prices.
- 2) government efficiency, divided into 70 criteria for:
- public finances,
 - fiscal policy,
 - Institutional environment,
 - legal conditions,
 - social environment,
- 3) business efficiency, divided into 67 criteria for:
- productivity and efficiency,
 - labor market,
 - finances,
 - management practices,
 - attitudes and values appreciated by entrepreneurs,
- 4) Infrastructure quality, divided into 110 criteria for:
- basic infrastructure,
 - technological infrastructure,
 - scientific and research infrastructure,
 - health and environment protection,
 - education.

Table 2. IMD World Competitiveness Ranking 2018 for EU Member States, 2016

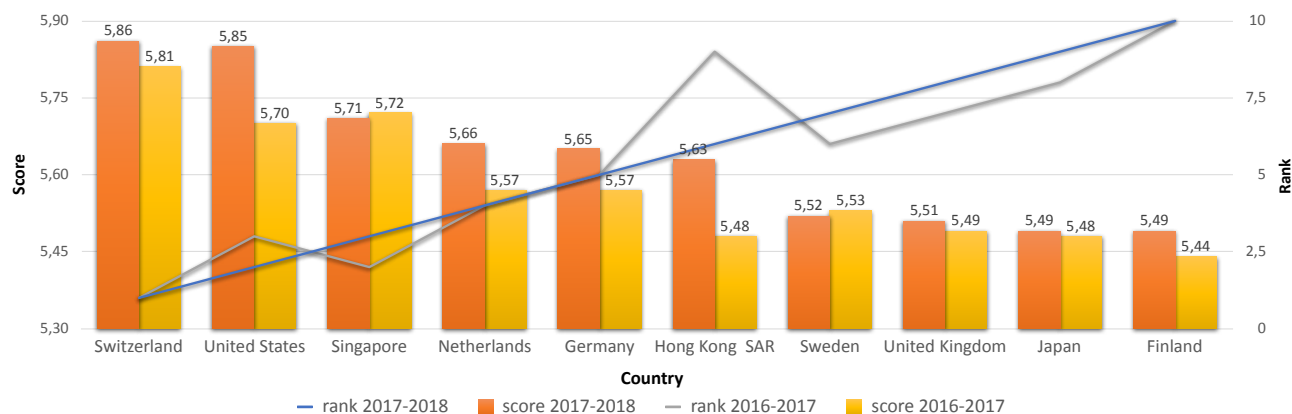
2018	Country	Value (in 2018)	2017	Change YoY	2016	Change YoY
4	Netherlands	97.534	5	+1	8	+3
6	Denmark	96.385	7	+1	6	-1
9	Sweden	95.046	9	-	5	-4
11	Luxembourg	93.135	8	-3	11	+3
12	Ireland	92.145	6	-6	7	1
15	Germany	88.754	13	-2	12	-1
16	Finland	88.420	15	-1	20	+5
18	Austria	87.302	25	+7	24	-1
20	United Kingdom	85.623	19.0	-1	18	-1
26	Belgium	80.843	23	-3	22	-1
28	France	79.955	31	+3	32	+1
29	Czech Republic	79.507	28	-1	27	-1
31	Estonia	78.475	30	-1	31	+1
32	Lithuania	76.889	33	+1	30	-3
33	Portugal	76.219	39	+6	39	-
34	Poland	75.434	38	+4	33	-5
36	Spain	74.954	34	-2	34	-
37	Slovenia	73.346	43	+6	43	-
40	Latvia	72.270	40	-	37	-3
41	Cyprus	72.256	37	-4	-	-
42	Italy	70.604	44	+2	35	-9
47	Hungary	65.981	52	+5	46	-6
48	Bulgaria	65.679	49	+1	50	-1
49	Romania	64.924	50	+1	49	-1
55	Slovakia	60.037	51	-4	40	-11
57	Greece	57.375	57	-	56	-1
61	Croatia	55.344	59	-2	58	-1

<https://www.imd.org/wcc/world-competitiveness-center-rankings/world-competitiveness-ranking-2018/>
<https://www.imd.org/wcc/world-competitiveness-center-rankings/world-digital-competitiveness-rankings-2017/>

Table 3. The Global Competitiveness Index for EU Member States, 2017–2018

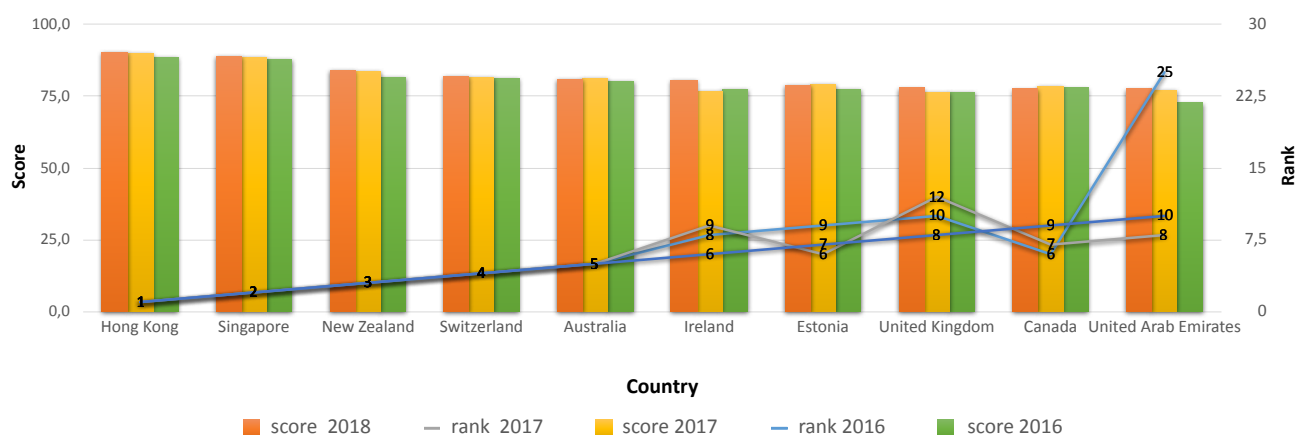
Country	2017-18	score	2016-17	Score
Netherlands	4	5.66	4	5.57
Germany	5	5.65	5	5.57
Sweden	7	5.52	6	5.53
United Kingdom	8	5.51	7	5.49
Finland	10	5.49	10	5.44
Denmark	12	5.39	12	5.35
Austria	18	5.25	19.0	5.22
Luxembourg	19.0	5.23	20	5.20
Belgium	20	5.23	17	5.25
France	22	5.18	21	5.20
Ireland	24	5.16	23	5.18
Estonia	29	4.85	30	4.78
Czech Republic	31	4.77	31	4.72
Spain	34	4.70	32	4.68
Malta	37	4.65	40	4.52
Poland	39	4.59	36	4.56
Lithuania	41	4.58	35	4.60
Portugal	42	4.57	46	4.48
Italy	43	4.54	44	4.50
Slovenia	48	4.48	56	4.39
Bulgaria	49	4.46	50	4.44
Latvia	54	4.40	49	4.45
Slovakia	59	4.33	65	4.28
Hungary	60	4.33	69	4.20
Cyprus	64	4.30	83	4.04
Romania	68	4.28	62	4.30
Croatia	74	4.19	74	4.15
Greece	87	4.02	86	4.00

Source: author's own study based on The Global Competitiveness Report 2017-2018 and The Global Competitiveness Report 2016-2017.

Chart 6. Top 10 Countries of The Global Competitiveness Index, 2017–2018

Source: author's own study based on The Global Competitiveness Report 2017-2018 and The Global Competitiveness Report 2016-2017.

Chart 7. Top 10 Index of Economic Freedom, 2016–2018



Source: author's own study based on: The Heritage Foundation, Miller et al. (2018); Miller, Kim (2017); Miller, Kim (2016).

Table 4. Index of Economic Freedom for EU Member States, 2016–2018

Country	2018			2017			2016		
	World rank	Region rank	Score	World rank	Region rank	Score	World rank	Region rank	Score
Ireland	6	2	80.4	9	3	76.7	8	2	77.3
Estonia	7	3	78.8	6	2	79.1	9	3	77.2
United Kingdom	8	4	78.0	12	4	76.4	10	4	76.4
Denmark	12	6	76.6	18	9	75.1	12	5	75.3
Luxembourg	14	7	76.4	14	6	75.9	19	9	73.9
Sweden	15	8	76.3	19	10	74.9	26	14	72.0
Netherlands	17	10	76.2	15	7	75.8	16	7	74.6
Lithuania	19	11	75.3	16	8	75.8	13	6	75.2
Czech Republic	24	13	74.2	28	16	73.3	21	11	73.2
Germany	25	14	74.2	26	15	73.8	17	8	74.4
Finland	26	15	74.1	24	13	74.0	24	13	72.6
Latvia	28	16	73.6	20	11	74.8	36	17	70.4
Austria	32	17	71.8	30	17	72.3	28	15	71.7
Romania	37	19	69.4	39	20	69.7	61	26	65.6
Poland	45	21	68.5	45	21	68.3	39	18	69.3
Malta	46	22	68.5	50	26	67.7	55	24	66.7
Bulgaria	47	23	68.3	47	23	67.9	60	28	65.9
Cyprus	48	24	67.8	48	24	67.9	42	19	68.7
Belgium	52	25	67.5	49	25	67.8	44	21	68.4
Hungary	55	26	66.7	56	27	65.8	58	26	66.0
Slovakia	59	29	65.3	57	28	65.7	56	25	66.6
Spain	60	30	65.1	69	31	63.6	43	20	68.5
Slovenia	64	31	64.8	97	38	59.2	90	37	60.6
France	71	34	63.9	72	32	63.3	75	32	62.3
Portugal	72	35	63.4	77	33	62.6	64	30	65.1
Italy	79	36	62.5	79	34	62.5	86	36	61.2
Croatia	92	39	61.0	95	37	59.4	103	38	59.1
Greece	115	43	57.3	127	43	55.0	138	41	53.2

Source: author's own study based on: The Heritage Foundation, Miller et al. (2018); Miller, Kim (2017); Miller, Kim (2016).

Table 5. Top 10 Doing Business Report, 2016–2018

Country	2018	Score	2017	Score	2016	Score
New Zealand	1	86.55	1	87.01	2	86.79
Singapore	2	84.57	2	85.05	1	87.34
Denmark	3	84.07	3	84.87	3	84.40
South Korea	4	83.92	5	84.07	4	83.88
Hong Kong, China	5	83.44	4	84.21	5	83.67
USA	6	82.54	8	82.45	7	82.15
United Kingdom	7	82.22	7	82.74	6	82.46
Norway	8	82.16	6	82.82	9	81.61
Georgia	9	82.04	16	80.20	24	77.45
Sweden	10	81.27	9	81.13	8	81.72

Source: A World Bank Group. Flagship Report Doing Business, Reforming to Create Jobs (2018, 2017, 2016).

As depicted in Chart 5 and Table 2, the United States ranked first in the 2018 IMD Competitiveness Ranking, advancing its overall performance by 3 positions, compared to the second rank in 2017. Ranked first in 2016–2017, Hong Kong gained the second position in 2018, awarded with a relatively high score of 99.162 points of 100.000 possible. Switzerland slipped from the second rank to the fifth with the score of 97.143. The Netherlands keeps advancing in the scoreboard (ranked eighth in 2016 and fourth in 2018, with the score of 97.534).

The following Scandinavian countries were classified in the top ten countries:

- Denmark – ranked sixth with the score of 96.385 (compared to the seventh place in 2017 and sixth in 2016);
- Norway – ranked eighth with the score of 95.424 (compared to the eleventh place in 2017 and ninth in 2016);
- Sweden – ranked ninth with the score of 95.046 (compared to the ninth place in 2017 and fifth in 2016).

In 2018, EU Member States worsened their results attained in 2017 when 5 countries secured their positions in the world's top ten in addition the Netherlands, Denmark and Sweden: Luxembourg – ranked eighth (compared to the eleventh position with the score of 93.135 in 2018), Ireland – ranked sixth (compared to the twelfth position with the score of 92.145 in 2018).

EU Member States that advanced by at least six positions in the scoreboard:

- Austria – ranked eighteenth with the score of 87.302 (compared to the twenty-fifth place in 2017);
- Portugal – ranked thirty-third with the score of 76.219 (compared to the thirty-ninth place in 2017);
- Slovenia – ranked thirty-seventh with the score of 73.346 (compared to the forty-third place in 2017).

Chart 6 illustrates World Top 10 Countries while Table 3 shows EU Member States in the Global Competitiveness Index for 137 world economies. National competitiveness is defined as the set of institutions, policies and factors that determine the level of productivity of a country. The Global Competitiveness Index is published by the World Economic Forum.

The index is made up of 110 productivity variables that assess society income levels and potential economic growth based on the following twelve pillars of competitiveness:

- its basic dimension refers to the institutional environment, infrastructure, macroeconomic stability, health and primary education;
- another dimension regards stimulating efficiency with respect to primary and higher education, goods market efficiency, labor market efficiency, technological readiness and market size;
- last but not least, attention is paid to innovative and complex factors that includes business sophistication, innovation, resource-based economy, performance-based economy and innovation-based economy.

Table 6. Doing Business Report for EU Member States, 2016–2018

Country	2018	Score	2017	Score	2016	Score
Denmark	3	84.07	3	84.87	3	84.40
United Kingdom	7	82.22	7	82.74	6	82.46
Sweden	10	81.27	9	81.13	8	81.72
Estonia	12	80.80	12	81.05	16	79.49
Finland	13	80.37	13	80.84	10	81.05
Lithuania	16	79.87	21	78.84	20	78.88
Ireland	17	79.51	18	79.32	17	79.15
Latvia	19.0	79.26	14	80.61	14	80.61
Germany	20	79.00	17	79.87	15	79.87
Austria	22	78.54	19.0	78.92	21	78.38
Poland	27	77.30	24	77.81	25	76.45
Spain	28	77.02	35	75.73	33	74.86
Portugal	29	76.84	25	77.40	23	77.57
Czech Republic	30	76.27	27	76.71	36	73.95
France	31	76.13	29	76.27	27	75.96
Netherlands	32	76.03	28	76.38	28	75.94
Slovenia	37	75.42	30	76.14	29	75.62
Slovakia	39	74.90	33	75.61	29	75.62
Romania	45	72.87	36	74.26	37	73.78
Italy	46	72.70	50	72.25	45	72.07
Hungary	48	72.39	41	73.07	42	72.57
Bulgaria	50	71.91	39	73.51	38	73.72
Croatia	51	71.70	43	72.99	40	72.71
Belgium	52	71.69	42	73.00	43	72.50
Cyprus	53	71.63	45	72.65	47	71.78
Luxembourg	63	69.01	59	68.81	61	68.31
Greece	67	68.02	61	68.67	60	68.38
Malta	84	64.72	76	65.01	80	63.70

Source: A World Bank Group Flagship Report Doing Business, Reforming to Create Jobs (2018, 2017, 2016).

In 2018, The Heritage Foundation published the 24th edition of its Index of Economic Freedom that contained a detailed analysis of economic policies in 186 world countries. The Index covers 12 economic freedoms, both globally and regionally.

Of the 180 economies graded in the 2018 Index, the scores of 102 economies are better, the scores of 75 are worse, and the scores of three are unchanged. The global average economic freedom score of 61.1 (of 100) is the highest ever recorded in the 24-year history of the Index.

The Index's Top Five has remained unchanged since 2016, both globally and regionally, among which the following are listed:

- Hong Kong – ranked first with the score of 90.2;

- Singapore – ranked second with the score of 88.8;
- New Zealand – ranked third with the score of 84.2;
- Switzerland – ranked fourth with the score of 81.7;
- Australia – ranked fifth with the score of 80.9.

The following EU Member States were included in the Index's top ten countries:

- Ireland – ranked sixth with the score of 80.4 (second place in Europe);
- Estonia – ranked seventh with the score of 78.8 (third place in Europe);

- United Kingdom – ranked eighth with the score of 78.0 (fourth place in Europe);

Table 5 shows top ten countries while Table 6 provides a deep insight into performance of EU Member States in an index defining conditions for carrying out small and medium enterprises. The Doing Business Report is a joint publication by the World Bank and the International Finance Corporation (IFC). Doing Business measures 10 criteria measuring areas of the life of a small and medium business, including starting a business, dealing with construction permits, employing, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

The 15th edition of Doing Business was released in 2018. Since the report was first published in 2003, business regulatory environment worldwide has undergone some major changes. Doing Business measures regulations affecting 11 areas of the life of a business in 190 countries.

As indicated in the 2018 report, the world's best countries to run business are relatively diverse yet having some common features. Of the world's top

twenty countries, fourteen are characterized by a relatively high distribution income, as reported by OECD. The Former Yugoslav Republic of Macedonia ranked at eleventh position (middle-income economy) while Georgia came in ninth place, compared to sixteenth in 2017 and twenty-fourth in 2016.

The world's five best countries to run business have remained unchanged since 2016, including such states as New Zealand, Singapore, Denmark, South Korea and Hong Kong (China).

The following EU Member States were classified in the Top 10 of the Doing Business report in 2018:

- Denmark – ranked third with the score of 84.06, thus managed to maintain its position acquired back in 2016;
- United Kingdom – ranked seventh with the score of 82.22 (compared to the seventh place in 2017 and the sixth in 2016);
- Sweden – ranked tenth with the score of 81.27 (compared to the ninth place in 2017 and the eighth in 2016).

ANALYSIS OF ECONOMIC INDICATORS

The analysis was carried out on the basis of international ranks and economic determinants, including Gross Domestic Product (GDP), annual GDP growth rate, GDP per capita, national debt (as % of GDP), inflation, HICP, unemployment and the Gini coefficient. The analysis covers the period from 2013 to 2018.

The European Union applies various indicators included in the provisions of the EU macroprudential policy, referred to as the fiscal compact, or an intergovernmental agreement and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.

„[...] Under the fiscal compact, the governments of individual states commit themselves to prevent from incurring further debts. In addition, it provides for transposing a fiscal regulation into domestic legislation, obliging states to maintain sustainable public finances with particular attention paid to the structural balance. In the event that the structural balance of a country deviates significantly from an objective, a mechanism will be automatically triggered. Under its basic assumptions, countries whose national debt exceeds 60% of GDP shall reduce such a difference at an average rate of one-twentieth per year. If Eurozone countries do not comply with the fiscal compact, the European Court of Justice can impose financial sanctions of up to 0.1% of GDP to ensure compliance with its judgements while these amounts will contribute to the EU budget or the European Stability Mechanism [...].⁸”

Gross Domestic Product (GDP) is one of the basic measures of an economy's output or production in a given country that is used in national balance sheets. GDP defines total value of all the finished goods and services made by the means of domestic and foreign production factors within a country's borders in a specific time period, mainly annually. Economic growth is measured by an increase or decrease in real GDP, fostered by dynamics of such changes. The geographical criterion is unique and conclusive when calculating GDP of a country. Such factors as the capital origin or enterprise ownership are irrelevant⁹.

Table 7 shows processes how the European Union's GDP shaped in the period from 2013–2017.

When comparing GDP of the analyzed countries over the past few years, one can notice that upward trend, as evidenced by cases of Ireland (63%), Malta (48%) and Romania (30%). European Union's GDP rose by 13%, amounting to 15,383,066 million euros in the period from 2013 to 2017. The EU Member States whose GDP growth rate was higher than that of the European Union in the period from 2013 to 2017: Austria (14%), Bulgaria (23%), the Czech Republic (22%), Germany (16%), Estonia (25%), Ireland (63%), Spain (14%), Latvia (18%), Lithuania (21%), Luxembourg (19%), Hungary (22%), Malta (48%), Poland (18%), Romania (30%), Slovenia (19%), and Slovakia (14%).

If to bear in mind results achieved in 2017, only the United Kingdom's national economy experienced a drop by 3% in its GDP rate on a year-to-year basis

8 Stachowiak Z. (2014), Wyznaczniki, wskaźniki i mierniki bezpieczeństwa ekonomicznego [Determinants, indicators and measures of economic security], [in:] Płaczek J. (ed.), *Ekonomika bezpieczeństwa państwa w zarysie* [An outline of economics of state security], Warsaw, p. 221.

9 <https://www.nbpportal.pl/sloownik/pozycje-sloownika/produkt-krajowy-brutto>

(down from 8% in 2016). In 2017, European Union's GDP increased by 3% on a year-to-year basis. The following countries noted an increase of over 3% in their GDP in 2017:

- Austria, Denmark, Germany, Spain, Luxembourg, Finland and Slovakia – by 4%;
- Croatia by 5%;
- Cyprus by 6%;
- Bulgaria and Slovenia by 7%;
- Ireland and Latvia by 8%;
- Czech Republic, Estonia, Lithuania, Hungary and

Malta by 9%;

- Poland and Romania by 10%.

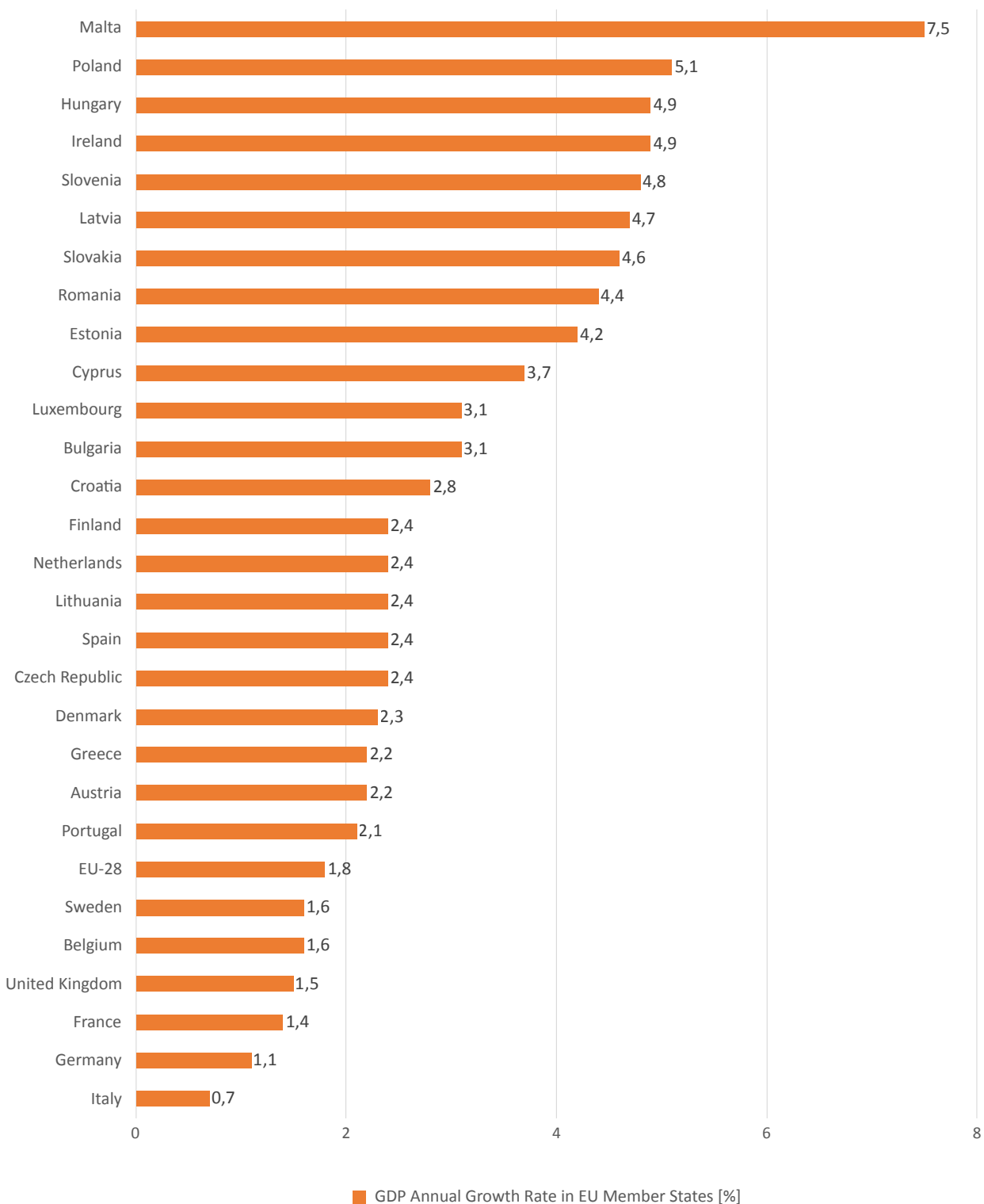
Total share in EU GDP:

- Germany – 21%;
- France – 16%;
- United Kingdom – 15%;
- Italy – 12%;
- Spain – 8%;
- Netherlands – 5%;

Table 7. EU GDP, 2013–2017, based on million of euros

Country	2013	2014	2015	2016	2017
EU-28	13,596,777	14,072,023	14,828,288	14,958,254	15,383,066
Austria	323,910.1	336,136.1	344,258.5	356,137.6	369,899.2
Belgium	392,339.8	400,086.6	411,010.2	424,660.3	439,051.9
Bulgaria	41,858.1	42,824.4	45,288.5	48,128.6	51,663
Czech Republic	157,741.6	156,660	168,473.3	176,370.1	191,721.8
Denmark	258,742.7	265,757	277,017.5	282,997.9	292,806
Germany	2,826,240	2,938,590	3,048,860	3,159,750	3,277,300
Estonia	18,932.3	20,021.2	20,652	21,682.6	23,615.1
Ireland	172,932.4	192,292.8	262,466.2	273,238.2	294,110.1
Greece*	180,654.3	178,656.5	177,258.4	176,487.9	180,217.6
Spain	1,025,693	1,037,820	1,081,165	1,118,743*	1,166,319
France	2,117,189	2,149,765	2,198,432	2,228,568*	2,291,705
Croatia	43,779.2	43,431	44,605.9	46,639.5	48,989.5
Italy	1,604,599	1,621,827	1,652,085	1,689,748	1,724,955
Cyprus	18,140.5	17,610	17,746	18,490.2 *	19,570.9
Latvia	22,898.9	23,618.2	24,320.3	25,037.7	27,033.1
Lithuania	34,959.6	36,688.3	37,433.9	38,849.4	42,190.8
Luxembourg	46,499.6	49,825.5	5,578.9	53,303	55,299.4
Hungary	101,890.5	105,547	110,898.7	113,903.8	124,050.3
Malta	7,645.2	8,505.4	9,643.5	10,343	11,294.9
Netherlands	660,463	671,560	690,008	708,337	737,048
Poland	394,733.8	411,163.2	430,254.5	426,547.5	467,167
Portugal	170,269.3	173,079.1	179,809.1	186,480.5	196,633.5
Romania	143,801.6	150,458	160,297.8	170,393.6	187,516.8
Slovenia	36,239.2	37,603.3	38,863.3	40,357.2	42,999.7
Slovakia	74,169.9	76,087.8	79,138.2	81,226.1	84,850.9
Finland	203,338	205,474	209,604	216,111	223,843
Sweden	436,217.9	433,140.1	449,194.7	463,477.5	475,224.2
United Kingdom	2,073,979	2,287,867	2,611,924	2,403,383	2,337,971
* provisional					
Source: https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tec00001&language=en					

Chart 8. GDP Annual Growth Rate in EU Member States, September 2018



Source: author's own study based on: <https://tradingeconomics.com/country-list/gdp-annual-growth-rate?continent=europe>.

- Belgium, Poland and Sweden – 3%;
 - Denmark – 2%;
 - Czech Republic, Ireland, Greece, Hungary Portugal, Denmark, Slovakia and Finland – 1%;
- other Member States – <1%.
- Chart 8 shows the annual EU GDP growth rate.
- Annual GDP growth rate in the EU Member States:

- The Austrian economy grew by 2.20% year-over-year in the third quarter of 2018. Between 1997 and 2018, the annual GDP growth rate in Austria averaged 1.86%. It reached a high of 5.60% in the first quarter of 2011 while hitting the lowest level of -6.0% in the second quarter of 2009.
- The Belgian economy grew by 1.60% year-over-year in the third quarter of 2018. Between 1981 and 2018, the annual GDP growth rate in Belgium averaged 2.23%. It reached a high of 19.40% in the first quarter of 1995 while hitting the lowest level of -3.80% in the second quarter of 2009.
- The Bulgarian economy grew by 3.10% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Bulgaria averaged 3.02%. It reached a high of 17.20% in the first quarter of 1998 while hitting the lowest level of -14% in the third quarter of 1996.
- The Croatian economy grew by 2.80% year-over-year in the third quarter of 2018. Between 1998 and 2018, the annual GDP growth rate in Croatia averaged 1.88%. It reached a high of 6.60% in the second quarter of 2003 while hitting the lowest level of -8.60% in the first quarter of 2009.
- The Cypriot economy grew by 3.70% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Cyprus averaged 2.39%. It reached a high of 6.60% in the second quarter of 2000 while hitting the lowest level of -6.70% in the second quarter of 2013.
- The Czech economy grew by 2.40% year-over-year in the third quarter of 2018. Between 1997 and 2018, the annual GDP growth rate in the Czech Republic averaged 2.52%. It reached a high of 7.30% in the second quarter of 2006 while hitting the lowest level of -5.60% in the second quarter of 2009.
- The Danish economy grew by 2.30% in the third quarter of 2018, up from the same period in the previous year. Between 1992 and 2018, the annual GDP growth rate in Denmark averaged 1.64%. It reached a high of 6.40% in the fourth quarter of 1994 while hitting the lowest level of -6.20% in the second quarter of 2009.
- The Estonian economy grew by 4.20% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Bulgaria averaged 4.25%. It reached a high of 13.20% in the fourth quarter of 1997 while hitting the lowest level of -19.30%.
- The Finnish economy grew by 2.40% year-over-year in the third quarter of 2018. Between 1976 and 2018, the annual GDP growth rate in Finland averaged 2.18%. It reached a high of 7.60% in the third quarter of 1979 while hitting the lowest level of -9.30% in the first quarter of 2009.
- The French economy grew by 1.40% year-over-year in the third quarter of 2018. Between 1950 and 2018, the annual GDP growth rate in France averaged 3.17%. It reached a high of 12.60% in the second quarter of 1969 while hitting the lowest level of -3.80% in the first quarter of 2009.
- The German economy grew by 1.50% in the third quarter of 2018, up from the same period in the previous year. Between 1971 and 2018, the annual GDP growth rate in Germany averaged 2.02%. It reached a high of 7.20% in the first quarter of 1973 while hitting the lowest level of -6.80% in the first quarter of 2009.
- The Greek economy grew by 2.20% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Greece averaged 0.89%. It reached a high of 6.80% in the fourth quarter of 2003 while hitting the lowest level of -10.20% in the first quarter of 2011.
- The Hungarian economy grew by 4.90% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Hungary averaged 2.45%. It reached a high of 5.60% in the first quarter of 2000 while hitting the lowest level of -7.90% in the second quarter of 2009.
- The Irish economy grew by 4.90% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Ireland averaged 5.88%. It reached a high of 29.30 in the first quarter of 2015 while hitting the lowest level of -10.30% in the fourth quarter of 2008.
- The Estonian economy grew by 0.70% year-over-year in the third quarter of 2018. Between 1961

and 2018, the annual GDP growth rate in Estonia averaged 2.42%. It reached a high of 10.30% in the fourth quarter of 1961 while hitting the lowest level of -7.20% in the first quarter of 2009.

- The Latvian economy grew by 4.70% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Latvia averaged 4.20%. It reached a high of 13.90% in the first quarter of 2007 while hitting the lowest level of -16.20% in the third quarter of 2009.
- The Lithuanian economy grew by 2.40% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Lithuania averaged 4.31%. It reached a high of 12.30% in the third quarter of 2007 while hitting the lowest level of -15.70% in the second quarter of 2009.
- The Luxembourgish economy grew by 3.10% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Luxembourg averaged 3.43%. It reached a high of 12.40% in the first quarter of 2000 while hitting the lowest level of -6.90% in the second quarter of 2009.
- The Maltese economy grew by 7.50% year-over-year in the third quarter of 2018. Between 2001 and 2018, the annual GDP growth rate in Malta averaged 3.70%. It reached a high of 11.20% in the first quarter of 2015 while hitting the lowest level of -3.70% in the second quarter of 2009.
- The Dutch economy grew by 2.40% year-over-year in the third quarter of 2018. Between 1989 and 2018, the annual GDP growth rate in the Netherlands averaged 2.24%. It reached a high of 6.10% in the fourth quarter of 1999 while hitting the lowest level of -4.60% in the second quarter of 2009.
- The Polish economy grew by 5.10% year-over-year in the third quarter of 2018. Between 1995 and 2018, the annual GDP growth rate in Poland averaged 4.18%. It reached a high of 8.10% in the fourth quarter of 1996 while hitting the lowest level of 0.10% in the first quarter of 2013.
- The Portuguese economy grew by 2.10% in the third quarter of 2018, up from the same period in the previous year. Between 1996 and 2018, the annual GDP growth rate in Portugal averaged 1.32%. It reached a high of 5% in the second quarter of 1998 while hitting the lowest level of -4.50% in the fourth quarter of 2012.
- The Romanian economy grew by 4.40% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Romania averaged 3.06%. It reached a high of 10.70% in the second quarter of 2008 while hitting the lowest level of -8.30% in the second quarter of 2009.
- The Slovak economy grew by 4.60% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Slovakia averaged 3.97%. It reached a high of 13.50% in the fourth quarter of 2007 while hitting the lowest level of -6% in the second quarter of 2009.
- The Slovenian economy grew by 4.8% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Slovenia averaged 2.74%. It reached a high of 7.80% in the first quarter of 2007 while hitting the lowest level of -9.80% in the second quarter of 2009.
- The Spanish economy grew by 2.40% year-over-year in the third quarter of 2018. Between 1996 and 2018, the annual GDP growth rate in Spain averaged 2.22%. It reached a high of 5.60% in the first quarter of 2000 while hitting the lowest level of -4.30% in the second quarter of 2009.
- The Swedish economy grew by 1.60% year-over-year in the third quarter of 2018. Between 1994 and 2018, the annual GDP growth rate in Sweden averaged 2.63%. It reached a high of 7.80% in the fourth quarter of 2010 while hitting the lowest level of -6.20% in the first quarter of 2009.
- The British economy grew by 1.5% year-over-year in the third quarter of 2018. Between 1956 and 2018, the annual GDP growth rate in the United Kingdom averaged 2.45%. It reached a high of 9.70% in the first quarter of 1973 while hitting the lowest level of -6.10% in the first quarter of 2009.

Table 8 presents GDP per capita in EU Member States in the period from 2013 to 2017.

GDP per capita in the European Union followed an upward trend, amounting to 30,000 euros in 2017.

Table 8. EU GDP per capita, 2013–2017, based on million of euros

Country	2013	2014	2015	2016	2017
EU-28	26,800	27,700	29,100	29,300	30,000
Belgium	35,300	35,800	36,600	37,600	38,700
Bulgaria	5,800	5,900	6,300	6,800	7,300
Czech Republic	15,000	14,900	16,000	16,700	18,100
Denmark	46,100	47,100	48,000	49,200	50,800
Germany	35,000	36,300	37,300	38,400	39,600
Estonia	14,300	15,200	15,700	16,500	18,000
Ireland	38,900	42,000	55,900	57,500	61,200
Greece*	16,500	16,400	16,400	16,400	16,700
Spain	22,000	22,300	23,300	24,100 *	25,100
France	32,100	32,400	33,000	33,400	34,300
Croatia	10,300	10,200	10,600	11,200	11,800
Italy	26,500	26,700	27,200	27,900	28,500
Cyprus	21,000	20,700	20,900	21,700 *	22,800
Latvia	11,300	11,800	12,300	12,800	13,900
Lithuania	11,800	12,500	12,900	13,500	14,900
Luxembourg	85,300	89,200	90,600	91,300	92,600
Hungary	10,300	10,700	11,300	11,600	12,700
Malta	17,900	19,600	21,700	22,700	24,100
Netherlands	39,300	39,800	40,800	41,600 *	43,000
Austria	38,200	39,000	39,900	40,800	42,100
Poland	10,300	10,700	11,200	11,100	12,200
Portugal	16,300	16,600	17,400	18,100	18,900
Romania	7,200	7,600	8,100	8,600	9,500
Slovenia	17,600	18,200	18,800	19,500	20,800
Slovakia	13,700	14,000	14,600	15,000	15,600
Finland	37,400	37,600	38,200	39,300	40,600
Sweden	45,400	44,700	45,800	46,700	47,200
United Kingdom	32,400	35,400	40,100	36,600	35,400
* provisional					
Source: https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tec00001&language=en					

Among the countries whose GDP per capita exceeded the European average were: Belgium (38,700 euros), Denmark (50,800 euros), Germany (39,600 euros), Ireland (61,200 euros), France (34,300 euros), the Netherlands (43,000 euros), Austria (42,100 euros), Finland (40,600 euros), Sweden (47,200 euros) and the United Kingdom (35,400 euros).

If to compare GDP per capita over a 5-year period, the following countries experienced growth of over 20 percent: Bulgaria (26%), the Czech Republic (21%), Estonia (26%), Ireland (57%), Latvia (23%), Lithuania (26%), Hungary (23%), Malta (35%), and Romania (32%). When comparing 2017 to the previous year, one can conclude that the United Kingdom recorded a decrease by 3 percent while Romania, Lithuania and Poland registered an increase by 10 percent.

National debt can be expressed in nominal figures or as percent of GDP, the latter of which is used to assess the credibility of the state at the international level. National debt reduction is therefore often related to the lowered national debt-to-GDP ratio.

When analyzing the national debt-to-GDP ratio in the EU Member States, one can notice that the following countries experienced a drop, or registered a positive tendency in the period from 2013 to 2018: Cyprus (13%), the Czech Republic (28%), Denmark (19%), Germany (18%), Hungary (7%), Ireland (45%), Italy (1%), Malta (29%), the Netherlands (24%), Poland (12%), Portugal (2%), Romania (11%), Slovakia (7%), Sweden (2%) and the United Kingdom (5%). Latvia recorded the highest increase of 25% in the space of six years.

Table 9. National debt (as % of GDP) of EU countries, 2013–2020

Country	2013	2014	2015	2016	2017	2020*
Austria	74.2	86.8	86.2	83.6	78.4	70.2
Belgium	99.8	105.6	106.3	106.0	103.1	98.5
Bulgaria	17.6	26.9	26.9	24.8	22.1	20.0
Croatia	59.8	80.9	87.7	80.6	78.0	75.4
Cyprus	112.0	107.1	108.7	107.0	97.5	90.0
Czech Republic	47.9	41.6	40.9	36.8	34.6	29.6
Denmark	45.2	42.6	45.6	37.9	36.4	35.4
Estonia	11.3	9.7	10.1	9.4	9.0	7.6
Finland	57.0	59.6	62.4	63.0	61.4	54.2
France	93.9	95.1	96.8	96.6	97.0	98.0
Germany	78.1	73.1	71.0	67.9	63.9	60.1
Greece	173.8	177.2	178.4	181.0	178.6	172.0
Hungary	79.2	76.9	75.5	76.0	73.6	69.5
Ireland	122.8	109.5	78.7	72.8	68.0	58.0
Italy	132.5	132.1	132.6	132.0	131.8	124.0
Latvia	32.1	37.8	34.8	40.5	40.1	36.0
Lithuania	39.3	37.7	42.5	40.1	39.7	37.5
Luxembourg	22.9	24.6	21.8	20.8	23.0	19.0
Malta	71.7	68.1	64.0	56.2	50.8	54.7
Netherlands	74.9	68.3	67.6	61.8	56.7	48.0
Poland	57.5	48.8	51.3	54.2	50.6	45.1
Portugal	128.8	130.2	128.8	130.0	125.7	115.0
Romania	39.3	40.4	39.4	37.4	35.0	35.0
Slovakia	54.9	54.0	52.6	51.8	50.9	48.2
Slovenia	73.0	82.9	83.3	78.6	73.6	71.0
Spain	93.9	97.7	99.0	99.0	98.3	89.4
Sweden	41.4	41.5	44.1	42.1	40.6	36.0
United Kingdom	90.1	89.5	89.3	82.6	85.3	82.5
*forecast						

Source: author's own study based on <https://en.tradingeconomics.com>.

Among the EU Member States whose national debt exceeded 60% of GDP in 2018 are Finland (61.4%), Germany (63.9%), Ireland (68%), Slovenia (73.6%), Hungary (73.6%), Austria (78.4%), Croatia (80.6%), the United Kingdom (85.3%), France (97.0%), Cyprus (97.5%), Spain (98.3%), Belgium (103.1%), Portugal (125.7%), Italy (131.8%) and Greece (178.7%).

The lowest national debt-to-GDP ratio was recorded in Estonia (9% in 2018).

The two-year forecast as compared to 2018 prompts that an increase is bound to occur in France (by 1%) and Malta (8%) while the ratio is expected to remain unchanged in Romania. A decrease in the ratio is likely to take place in the following countries: Austria (10%), Bulgaria (10%), the Czech Republic (14%), Estonia (16%), Finland (12%), Ireland (15%), Latvia (10%),

Luxembourg (17%), the Netherlands (15%), Poland (11%) and Sweden (11%).

Theoretically, economically less developed countries should be characterized by a higher level of the national debt-to-GDP ratio than their more advanced peers, which results from financial constraints and economic needs. Nonetheless, the analysis of the national debt-to-GDP ratio in the EU Member States prompts higher share of the national debt in GDP of those countries that are referred to as more economically developed. Such a state of matters may indicate a positive impact of national debt on their level of economic advancement, or it might exert a favorable influence of economic growth on the size of the national debt. As shown by what occurred in other countries, including these referred to as highly developed and the developing ones, an elevated

national debt-to-GDP ratio may induce increased investment risk, foreign capital outflow and currency depreciation. Naturally, this may negatively affect the place of the country's economic development¹⁰.

In 2017, Austria recorded a national debt equivalent to 78.40% of the country's Gross Domestic Product. Austria's national debt in relation to gross domestic product averaged 64.0% in the period from 1988 to 2017. It reached a high of 84.6% in 2015 while hitting the lowest level of 56.1% in 1990.

In 2017, Belgium recorded a national debt equivalent to 103.1% of the country's GDP. Belgium's national debt in relation to gross domestic product averaged 109.5% in the period from 1980 to 2017. It reached a high of 133.1% in 1993 while hitting the lowest level of 74.1% in 1980.

In 2017, Bulgaria recorded a national debt equivalent to 22.1% of the country's GDP. Bulgaria's national debt in relation to gross domestic product averaged 27.3% in the period from 1999 to 2017. It reached a high of 77.6% in 1999 while hitting the lowest level of 13.2% in 2010.

In 2017, Croatia recorded a national debt equivalent to 78% of the country's Gross Domestic Product. Croatia's national debt in relation to gross domestic product averaged 55.2% in the period from 2000 to 2017. It reached a high of 84.0% in 2014 while hitting the lowest level of 35.5% in 2000.

In 2017, Cyprus recorded a national debt equivalent to 97.5% of the country's Gross Domestic Product. Cyprus's national debt in relation to gross domestic product averaged 65.5% in the period from 1995 to 2017. It reached a high of 107.5% in 2014 while hitting the lowest level of 44.7% in 2008.

In 2017, the Czech Republic recorded a national debt equivalent to 34.6% of the country's Gross Domestic Product. The Czech national debt in relation to gross domestic product averaged 28.5% in the period from 1995 to 2017. It reached a high of 44.9% in 2001 while hitting the lowest level of 11.6% in 1996.

In 2017, Denmark recorded a national debt equivalent to 36.4% of the country's Gross Domestic Product.

Denmark's national debt in relation to gross domestic product averaged 42.4% in the period from 1999 to 2017. It reached a high of 58.1% in 1999 while hitting the lowest level of 27.3% in 2007.

In 2017, Estonia recorded a national debt equivalent to 9% of the country's Gross Domestic Product. Estonia's national debt in relation to gross domestic product averaged 6.8% in the period from 1995 to 2017. It reached a high of 10.7% in 2014 while hitting the lowest level of 3.7% in 2007.

In 2017, Finland recorded a national debt equivalent to 61.4% of the country's Gross Domestic Product. Finland's national debt in relation to gross domestic product averaged 34.4% in the period from 1975 to 2017. It reached a high of 63.5% in 2015 while hitting the lowest level of 6.1% in 1976.

In 2017, France recorded a national debt equivalent to 97% of the country's Gross Domestic Product. France's national debt in relation to gross domestic product averaged 57.2% in the period from 1980 to 2017. It reached a high of 97.0% in 2017 while hitting the lowest level of 20.7% in 1980.

In 2017, Germany recorded a national debt equivalent to 63.9% of the country's Gross Domestic Product. Germany's national debt in relation to gross domestic product averaged 66.2% in the period from 1995 to 2017. It reached a high of 81.0% in 2010 while hitting the lowest level of 54.7% in 1995.

In 2017, Greece recorded a national debt equivalent to 178.6% of the country's Gross Domestic Product. Greece's national debt in relation to gross domestic product averaged 99.5% in the period from 1980 to 2017. It reached a high of 180.8% in 2016 while hitting the lowest level of 22.6% in 1980.

In 2017, Hungary recorded a national debt equal to 73.6% of GDP. Hungary's national debt in relation to gross domestic product averaged 68.5% in the period from 1995 to 2017. It reached a high of 84.3% in 1996 while hitting the lowest level of 51.7% in 2001.

In 2017, Ireland recorded a national debt equivalent to 68% of the country's Gross Domestic Product.

10 Misztal P., Dług publiczny i wzrost gospodarczy w krajach członkowskich Unii Europejskiej [National debt and economic growth in EU Member States], HYPERLINK "<https://pbn.nauka.gov.pl/polindex-webapp/browse/journal/journal-cd684280-e565-4f19-b07d-57aaf0e8335f>" Zeszyty Naukowe Polityki Europejskiej, Finanse i Marketing [Research Bulletin European Policies, Finances and Marketing], 5 (54) 2011, p. 107.

Ireland's national debt in relation to gross domestic product averaged 72.8% in the period from 1980 to 2017. It reached a high of 119.6% in 2012 while hitting the lowest level of 23.6% in 2006.

In 2017, Italy recorded a national debt equivalent to 131.8% of the country's Gross Domestic Product. Italy's national debt in relation to gross domestic product averaged 110.9% in the period from 1988 to 2017. It reached a high of 132.0% in 2016 while hitting the lowest level of 90.5% in 1988.

In 2017, Latvia recorded a national debt equivalent to 40.1% of the country's GDP. Latvia's national debt in relation to gross domestic product averaged 23.5% in the period from 1995 to 2017. It reached a high of 47.4% in 2010 while hitting the lowest level of 8.4% in 2007.

In 2017, Lithuania recorded a national debt equivalent to 39.7% of the country's Gross Domestic Product. Lithuania's national debt in relation to gross domestic product averaged 25.9% in the period from 1995 to 2017. It reached a high of 42.6% in 2015 while hitting the lowest level of 11.5% in 1995.

In 2017, Luxembourg recorded a national debt equivalent to 23.0% of the country's Gross Domestic Product. Luxembourg's national debt in relation to gross domestic product averaged 13.1% in the period from 1995 to 2017. It reached a high of 23.7% in 2013 while hitting the lowest level of 6.5% in 2000.

In 2017, Malta recorded a national debt equivalent to 50.8% of the country's Gross Domestic Product. Malta's national debt in relation to gross domestic product averaged 60.6% in the period from 1995 to 2017. It reached a high of 72.0% in 2004 while hitting the lowest level of 34.4% in 1995.

In 2017, the Netherlands recorded a national debt equivalent to 56.7% of the country's Gross Domestic Product. The Netherlands's national debt in relation to gross domestic product averaged 58.0% in the period from 1995 to 2017. It reached a high of 73.5% in 1995 while hitting the lowest level of 42.7% in 2007.

In 2017, Poland recorded a national debt equivalent to 50.6% of the country's Gross Domestic Product. Poland's national debt in relation to gross domestic product averaged 46.6% in the period from 1995 to

2017. It reached a high of 55.7% in 2013 while hitting the lowest level of 36.5% in 2000.

In 2017, Portugal recorded a national debt equivalent to 125.7% of the country's Gross Domestic Product. Portugal's national debt in relation to gross domestic product averaged 77.8% in the period from 1990 to 2017. It reached a high of 130.6% in 2014 while hitting the lowest level of 50.3% in 2000.

In 2017, Romania recorded a national debt equivalent to 35% of the country's Gross Domestic Product. Romania's national debt in relation to gross domestic product averaged 23.9% in the period from 1995 to 2017. It reached a high of 39.1% in 2014 while hitting the lowest level of 6.6% in 1995.

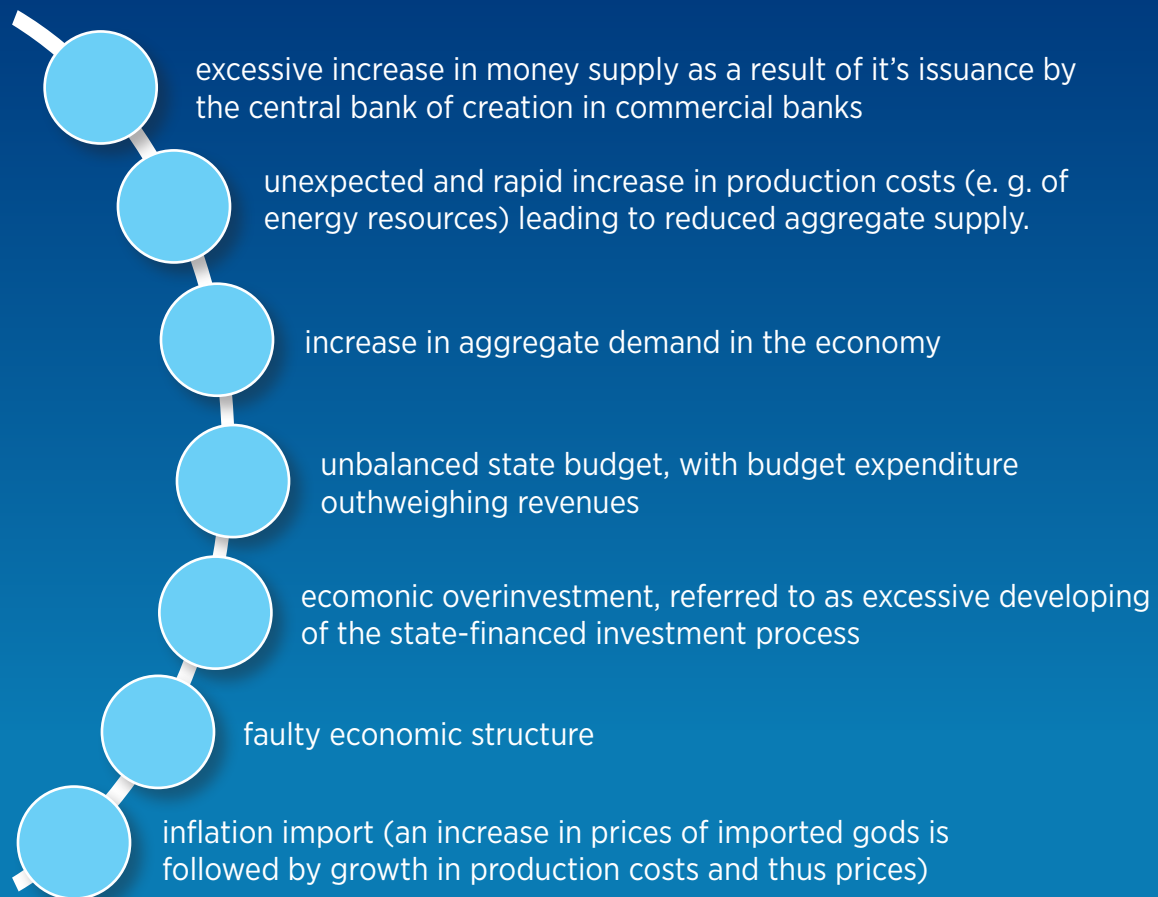
In 2017, Slovakia recorded a national debt equivalent to 50.9% of the country's Gross Domestic Product. Slovakia's national debt in relation to gross domestic product averaged 41.3% in the period from 1995 to 2017. It reached a high of 54.7% in 2013 while hitting the lowest level of 21.7% in 1995.

In 2017, Slovenia recorded a national debt equivalent to 73.6% of the country's Gross Domestic Product. Slovenia's national debt in relation to gross domestic product averaged 39.0% in the period from 1995 to 2017. It reached a high of 82.6% in 2015 while hitting the lowest level of 18.3% in 1995.

In 2017, Spain recorded a national debt equivalent to 98.3% of the country's Gross Domestic Product. Spain's national debt in relation to gross domestic product averaged 54.5% in the period from 1980 to 2017. It reached a high of 100.4% in 2014 while hitting the lowest level of 16.6% in 1980.

In 2017, Sweden recorded a national debt equivalent to 40.6% of the country's Gross Domestic Product. Sweden's national debt in relation to gross domestic product averaged 49.8% in the period from 1994 to 2017. It reached a high of 72.4% in 1994 while hitting the lowest level of 37.5% in 2008.

In 2017, the United Kingdom recorded a national debt equivalent to 85.3% of the country's Gross Domestic Product. The United Kingdom's national debt in relation to gross domestic product averaged 43.2% in the period from 1975 to 2017. It reached a high of 85.3% in 2017 while hitting the lowest level of 21.7% in 1991.

Figure 3. Reasons for inflation

Source: author's own study based on <https://www.nbportal.pl/slownik/pozycje-slownika/inflacja>.

Inflation is defined as the rate at which the general price level of goods and services rise, which results in a decrease in the purchasing power of a nation's currency. "The annual inflation rate is a percentage growth in average level of the general price level of goods and services that takes place over one year."¹¹ Deflation is the opposite of inflation. Main reasons for inflation are presented in Figure 3.

According to data contained in Table 10, the EU countries were characterized by a clear peak in inflation in 2017. In 2018, the highest inflation level was recorded by Estonia (3.4%) and Romania (3.3%). Among the countries with the score below 1% are Portugal, Ireland, Greece, Denmark and Croatia. If to take into account forecasts for the period from 2019 to 2020, one can come to a conclusion that the majority of EU Member States expect inflation rate to either increase or to remain at the same level.

Harmonized Index of Consumer Prices (HICP) has been applied by the European Union and the European Central Bank. The index uses the term of "harmonized" as all EU Member States employ the same methodology. The European Central Bank strives to keep the annual inflation rates measured by HICP below, but close to 2%, over the medium term. The index is also used while assessing whether a given country meets prerequisites for adopting the euro as a legal tender¹².

In the period from 2017 to 2018, the HICP level over 2% were recorded by the following countries:

- Belgium – 2.2% in 2017, 2.3% in 2018;
- Bulgaria – 2.6% in 2018;
- Estonia – 3.6% in 2017, 3.4% in 2018;

11 Begg D., Fisher S., Dornbush R, Makroekonomia [Macroeconomics], Warsaw 1996, p. 18.

12 Zawadzki J., Ziętarecki J. (2017), Bezpieczeństwo ekonomiczne – casus państw regionu Morza Bałtyckiego w latach 2005 – 2015 [Economic security – the case of the Baltic Sea countries in 2005–2015], Warsaw, p. 146.

Table 10. Inflation rate in EU countries, 2013–2020 (December)

Country	2013	2014	2015	2016	2017	2018	2019*	2020*
Austria	2.1	1.5	0.8	1.0	2.2	1.9	2.1	2.0
Belgium	1.2	0.5	0.6	1.8	2.7	2.3	2.5	2.7
Bulgaria	0.4	-1.6	-1.1	-1.3	3.0	2.7	2.3	2.1
Croatia	2.2	-0.2	-0.5	-1.1	1.3	0.8	2.5	2.0
Cyprus	0.4	-0.3	-1.5	-1.2	2.7	1.7	2.5	2.5
Czech Republic	1.4	0.4	0.3	0.7	2.5	2.0	2.0	2.0
Denmark	0.8	0.6	0.5	0.3	0.8	0.8	2.2	2.1
Estonia	3.5	0.5	0.1	0.8	3.4	3.4	2.2	2.9
Finland	2.2	1.2	-0.2	0.4	1.3	1.2	1.8	2.0
France	1.0	0.6	0.1	0.3	1.9	1.6	1.7	2.0
Germany	1.6	0.8	0.1	0.4	2.3	1.7	1.9	2.4
Greece	-0.9	-1.4	-1.1	0.0	1.0	0.6	1.4	1.7
Hungary	1.7	-0.3	-0.1	0.4	3.1	2.7	3.1	3.3
Ireland	0.5	0.3	0.0	-0.2	0.6	0.6	1.5	2.1
Italy	1.3	0.2	0.1	-0.1	1.6	1.1	2.0	2.3
Latvia	0.0	0.7	0.2	0.1	3.0	2.6	2.4	2.2
Lithuania	1.2	0.2	-0.7	0.7	2.5	1.9	2.5	2.4
Luxembourg	1.7	0.7	0.1	0.1	2.3	1.9	1.9	1.8
Malta	1.0	0.8	1.2	0.9	1.4	1.2	2.2	2.4
Netherlands	2.6	0.3	0.2	0.1	2.0	2.0	1.8	2.3
Poland	0.9	0.0	-0.9	-0.6	1.3	1.1	2.8	2.7
Portugal	0.4	-0.2	0.5	0.6	0.9	0.7	1.9	1.9
Romania	4.0	1.1	-0.6	-1.6	3.4	3.3	2.8	3.1
Slovakia	1.5	-0.1	-0.3	-0.5	1.9	2.1	2.1	2.0
Slovenia	1.6	0.2	-0.5	-0.1	2.0	1.4	2.2	2.5
Spain	1.5	-0.2	-0.5	-0.2	1.7	1.2	2.0	2.2
Sweden	0.0	-0.2	0.7	1.1	2.0	2.0	2.0	2.0
United Kingdom	2.6	1.5	0.1	0.6	2.3	2.1	2.0	2.1
*forecast								

Source: author's own study based on <https://en.tradingeconomics.com>

- France – 2.1% in 2017;
- Latvia – 2.9% in 2017, 2.6% in 2018.;
- Lithuania – 3.7% in 2017, 2.5% in 2018.;
- Luxembourg – 2.1% in 2017, 2.0% in 2018;
- Hungary - 2.4% in 2017, 2.9% in 2018;
- Austria – 2.2% in 2017, 2.1% in 2018;
- Romania – 4.1% in 2018;
- Slovakia – 2.5% in 2018;
- Sweden – 2.1% in 2018;
- Great Britain – 2.7% in 2017, 2.5% in 2018.

“Unemployed persons are individuals who are without a job and actively seeking to work. The unemployment rate is the ratio of the workforce without a job¹³.” Growing unemployment rate is related to a number of potential repercussions, including rising costs of state assistance (also those of social welfare) as well as negative social, psychological and moral consequences, including tensions and social conflicts¹⁴.

Table 12 presents the unemployment rate in EU countries (as for December).

13 Begg D., Fisher S., Dornbush R, Makroekonomia [Macroeconomics], Warsaw 1996, p. 18.

14 Zawadzki J., Ziętański J. (2017), Bezpieczeństwo ekonomiczne – casus państw regionu Morza Bałtyckiego w latach 2005 – 2015 [Economic security – the case of the Baltic Sea countries in 2005–2015], Warsaw, p. 187.

Table 11. HICP inflation in the EU Member States, 2013–2018, (in %)

Countries	2013	2014	2015	2016	2017	2018
Belgium	1.2	0.5	0.6	1.8	2.2	2.3
Bulgaria	0.4	-1.6	-1.1	-1.3	1.2	2.6
Czech Republic	1.4	0.4	0.3	0.7	2.4	2.0
Denmark	0.5	0.4	0.2	0.0	1.1	0.7
Germany	1.6	0.8	0.1	0.4	1.7	1.9
Estonia	3.3	0.5	0.1	0.8	3.6	3.4
Ireland	0.5	0.3	0.0	-0.2	0.3	0.7
Greece	-0.9	-1.4	-1.1	0.0	1.1	0.8
Spain	1.5	-0.2	-0.6	-0.4	2.0	1.7
France	1.0	0.6	0.1	0.3	1.2	2.1
Croatia	2.4	0.2	-0.3	-0.6	1.3	1.6
Italy	1.2	0.2	0.1	-0.1	1.3	1.3
Cyprus	0.4	-0.3	-1.5	-1.2	0.7	0.8
Latvia	0.0	0.7	0.2	0.1	2.9	2.6
Lithuania	1.2	0.3	-0.7	0.7	3.7	2.5
Luxembourg	1.7	0.7	0.1	0.1	2.1	2.0
Hungary	1.7	0.0	0.1	0.5	2.4	2.9
Malta	1.0	0.8	1.2	0.9	1.2	1.7
Netherlands	2.6	0.3	0.2	0.1	1.3	1.6
Austria	2.1	1.5	0.8	1.0	2.2	2.1
Poland	0.8	0.1	-0.7	-0.2	1.6	1.2
Portugal	0.5	-0.2	0.5	0.6	1.6	1.2
Romania	3.2	1.4	-0.4	-1.1	1.1	4.1
Slovenia	1.9	0.4	-0.8	-0.2	1.6	1.9
Slovakia	1.5	-0.1	-0.3	-0.5	1.4	2.5
Finland	2.2	1.2	-0.2	0.4	0.8	1.2
Sweden	0.5	0.2	0.7	1.1	1.9	2.1
United Kingdom	2.6	1.5	0.0	0.7	2.7	2.5

Source: author's own study based on <http://appsso.eurostat.ec.europa.eu>.

Compared with a year ago, the unemployment rate fell in all EU Member States in December 2018. In 2020, a drop in the unemployment rate is forecast in Spain, Slovenia, Portugal, Lithuania and Hungary.

In December 2018, the highest unemployment rates of more than 9%, were recorded by Greece (18.6%), Spain (14.5%), Italy (10.5%), Croatia (9.6%), Cyprus (9.2%) and France (9.1%).

Compared to a year before, the unemployment rate in Austria fell from 9.4% to 8.7% in December 2018. The number of unemployed persons fell by 23,000, to 355,637. The number of unemployed women dropped by 5,710, to 130,106 while the number of unemployed men fell by 17,300, to 215,531. The unemployment rate in Austria averaged 4.96% in the period from 1960 to 2018. It hit all time high (10.90%) in January 2016

while achieving the lowest level of 0.80% in 1974. It is expected to be 7.7% in 2020.

Compared to a year before, the unemployment rate in Belgium fell from 6.2% to 5.6% in December 2018. The unemployment rate in Belgium averaged 8.3% in the period from 1983 to 2018. It hit all time high (11%) in October 1983 while achieving its lowest level of 5.50% in September 2018. It is expected to be 6.5% in 2020.

Compared to a year before, the unemployment rate in Bulgaria fell from 7.07% to 6.1% in December 2018. The unemployment rate in Bulgaria averaged 11.56% in the period from 1991 to 2018. It hit all time high (19.27%) in February 2001 while achieving its lowest level of 4.68% in 1991. It is expected to be 6.5% in 2020.

Compared to a year before, the unemployment rate in Croatia fell from 12.2% to 9.6% in December 2018. The

Table 12 Unemployment rate in EU countries, 2013–2020

Country	2013	2014	2015	2016	2017	2018	2019*	2020*
Austria	4.8	5.0	5.7	6.1	9.4	8.7	7.6	7.7
Belgium	8.6	8.5	8.8	7.3	6.2	5.6	6.0	6.5
Bulgaria	13.1	11.6	9.8	8.0	7.1	6.1	6.8	6.5
Croatia	17.2	16.7	16.1	13.5	12.2	9.6	7.8	8.3
Cyprus	15.7	15.6	15.6	11.7	10.1	9.2	7.5	6.5
Czech Republic	7.0	6.2	5.2	4.0	3.8	3.1	2.5	2.6
Denmark	7.1	6.6	6.3	6.1	4.1	3.9	4.5	4.9
Estonia	8.5	7.7	5.9	6.9	5.3	5.2	5.8	5.5
Finland	8.1	8.6	9.6	9.0	8.4	5.4	7.3	7.1
France	10.5	9.9	10.6	10.0	9.1	9.1	7.7	7.2
Germany	5.3	5.0	4.6	4.3	3.6	3.2	3.8	4.0
Greece	27.6	26.3	24.9	23.9	20.8	18.6	15.9	15.1
Hungary	10.5	7.8	7.0	5.2	3.8	3.6	3.5	2.4
Ireland	13.6	11.6	9.5	8.1	6.2	5.3	5.1	5.5
Italy	12.2	12.5	12.1	11.5	10.9	10.5	9.4	8.8
Latvia	10.9	10.0	9.8	9.9	8.1	7.0	7.9	8.2
Lithuania	12.1	11.3	9.5	9.2	8.7	8.3	7.7	7.2
Luxembourg	5.7	6.1	5.9	5.9	5.8	5.0	5.1	5.0
Malta	6.5	5.9	5.4	5.3	3.7	3.7	4.4	4.5
Netherlands	6.7	6.9	6.1	6.2	4.4	3.6	4.8	5.1
Poland	10.4	9.2	7.4	6.2	6.6	5.8	5.0	5.1
Portugal	16.9	14.2	12.1	11.2	8.1	6.7	6.5	6.0
Romania	7.4	7.0	6.9	6.4	4.6	4.0	5.1	5.4
Slovakia	14.0	13.3	11.3	10.0	5.9	5.0	4.5	4.6
Slovenia	10.6	9.5	9.3	8.7	9.0	7.9	7.1	6.5
Spain	26.7	24.7	21.9	19.4	16.5	14.5	14.5	13.2
Sweden	8.0	8.0	7.4	7.1	6.0	6.0	5.5	6.5
United Kingdom	7.5	6.3	5.5	4.8	4.4	4.1	3.7	3.8

* forecast

Source: author's own study based on <https://en.tradingeconomics.com>

number of unemployed persons fell by 38,440, to 148,919. The unemployment rate in Croatia averaged 17.3% in the period from 1996 to 2018. It hit all time high (23.6%) in January 2002 while achieving its lowest level of 8.40% in September 2018. It is expected to be 8.3% in 2020.

Compared to a year before, the unemployment rate in Cyprus fell to 9.2% in December 2018. The unemployment rate in Cyprus was at the level of 7.88% in the period from 2000 to 2018. It hit all time high (16.7%) in September 2013 while achieving its lowest level of 3.0% in March 2002. It is expected to be 6.5% in 2020.

Compared to a year before, the unemployment rate in the Czech Republic fell to 3.1% in December 2018, hitting record low in December since 1996. The number of unemployed persons fell by 49,090, to 231,530. The unemployment rate in the Czech

Republic was at the level of 5.48% in the period from 1990 to 2018. It hit all time high (9.69%) in January 2004 while achieving its lowest level of 0.09% in February 1990. It is expected to be 2.6% in 2020.

Compared to a year before, the unemployment rate in Denmark fell to 3.9% in December 2018, hitting record low since February 2009. The number of unemployed persons fell by 619,000, to 105,500. The unemployment rate in Denmark was at the level of 4.74% in the period from 2007 to 2018. It hit all time high (6.2%) in August 2010 while achieving its lowest level of 2.4% in May 2008. It is expected to be 4.9% in 2020.

Compared to a year before, the unemployment rate in Estonia remained practically unchanged in December 2018. The unemployment rate in Estonia was at the

level of 8.29% in the period from 1989 to 2018. It hit all time high (19.52%) in the first quarter of 2010 while achieving its lowest level of 0.5% in the second quarter of 1989. It is expected to be 5.5% in 2020.

Compared to a year before, the unemployment rate in Finland fell from 8.4% to 5.4% in December 2018, hitting record low since July 2018. The number of unemployed persons fell by 81,000, to 146,000 while the number of employed persons rose by 84,000, up to 2.55 million. Compared to a year before, youth unemployment, or the number of jobless people aged 15–24, fell from 15.5% to 9.3% in 2018. The unemployment rate in Finland averaged 6.39% in the period from 1959 to 2018. It hit all time high (19.90%) in May 1994 while achieving its lowest level of 0.7% in September 1961. It is expected to be 7.1% in 2020.

Compared to a year before, the unemployment rate in France was at the similar level of 9.1% in the last quarter of 2018. The unemployment rate in France averaged 9.27% in the period from 1996 to 2018. It hit all time high (10.7%) in the first quarter of 1997 while achieving its lowest level of 7.2% in the first quarter of 2008. It is expected to be 7.2% in 2020.

Compared to a year before, the unemployment rate in Germany fell from 3.6% to 3.2% in December 2018. The unemployment rate in Germany was at the level of 5.58% in the period from 1949 to 2018. It hit all time high in April 1950 while achieving its lowest level of 0.40% in March 1966. It is expected to be 4.0% in 2020.

Compared to a year before, the unemployment rate in Greece fell from 20.8% to 18.6% in December 2018. The unemployment rate in Greece averaged 16.20% in the period from 1998 to 2018. It hit all time high (27.9%) in July 2013 while achieving its lowest level of 7.30% in May 2008. It is expected to be 15.1% in 2020.

Compared to a year before, the unemployment rate in Hungary fell from 3.8% to 3.6% in December 2018. The number of unemployed persons decreased by 9,000, to 169,000 while the number of employed persons grew by 44,000, to 4,494,000. The unemployment rate in Hungary was at the level of 7.40% in the period from 1999 to 2018. It hit all time high (11.8%) in March 2010 while achieving its lowest level of 3.60% in June 2018. It is expected to be 2.4% in 2020.

Compared to a year before, the unemployment rate in

Ireland fell from 6.2% to 5.3% in December 2018. The unemployment rate in Ireland averaged 10.83% in the period from 1983 to 2018. It hit all time high (17.3%) in December 1985 while achieving its lowest level of 3.90% in November 2000. It is expected to be 5.5% in 2020.

Compared to a year before, the unemployment rate in Italy fell from 10.9% to 10.5% in December 2018. The number of unemployed persons dropped by 0.9% while the employment rate remained unchanged. The unemployment rate in Italy averaged 9.46% in the period from 1983 to 2018. It hit all time high (13.10%) in November 2014 while achieving its lowest level of 5.80% in April 2007. It is expected to be 8.8% in 2020.

Compared to a year before, the unemployment rate in Latvia fell from 8.10% to 7.0% in December 2018, hitting record low for the three-month period. The unemployment rate in Latvia was at the level of 11.45% in the period from 2002 to 2018. It hit all time high in the first quarter of 2010 while achieving its lowest level of 5.30% in the fourth quarter of 2007. It is expected to be 8.2% in 2020.

The unemployment rate in Lithuania fell from 8.7% in December 2017 to 8.3% in September, which was the highest among all the Baltic States (compared to 5.2% in Estonia and 7.0% in Latvia). The unemployment rate in Lithuania averaged 8.46% in the period from 1995 to 2018. It hit all time high (15.30%) in July 2010 while achieving its lowest level of 2.70% in June 2007. It is expected to be 7.2% in 2020.

Compared to a year before, the unemployment rate in Luxembourg fell from 5.8% to 5.2% in December 2018, hitting record low since January 2009. The number of unemployed persons fell by 329, to 14,174. The number of employees increased by 1,361, to 456,164. The unemployment rate in Luxembourg was at the level of 3.74% in the period from 1982 to 2018. It hit all time high (7.2%) in May 2014 while achieving its lowest level of 1.4% in March 1991. It is expected to be 5.0% in 2020.

Compared to a year before, the unemployment rate in Malta was at the similar level in December 2018. The unemployment rate in Malta averaged 6.27% in the period from 2001 to 2018. It hit all time high (8.24%) in the third quarter of 2003 while achieving its lowest level of 3.70% in the fourth quarter of 2017. It is expected to be 4.5% in 2020.

Table 13. Gini Index for EU Member States, 2013–2017

Country	2013	2014	2015	2016	2017
Belgium	34.0	34.5	34.6	34.2	33.6
Bulgaria	38.1	38.0	40.1	40.3	43.4
Czech Republic	28.8	29.6	29.4	29.2	28.2
Denmark	37.6	38.2	37.2	36.9	36.7
Germany	36.2	37.1	36.3	35.9	35.0
Estonia	36.3	39.2	38.1	36.2	35.2
Ireland	46.5	45.4	42.8	41.9	41.6
Greece	37.0	37.0	36.5	36.8	36.0
Spain	38.8	39.9	39.4	39.1	38.1
France	35.8	35.1	35.3	35.3	35.7
Croatia	37.3	36.5	36.8	34.3	34.1
Italy	35.2	34.8	34.8	35.6	34.9
Cyprus	35.5	37.5	37.2	36.5	34.7
Latvia	38.3	38.5	37.9	37.0	37.0
Lithuania	40.2	39.4	42.1	41.0	41.3
Luxembourg	38.1	35.5	34.7	36.8	36.4
Hungary	35.4	35.4	34.3	34.2	33.9
Malta	32.6	32.4	32.7	32.7	32.0
Netherlands	31.4	32.3	32.8	32.7	32.6
Austria	33.3	33.9	33.6	33.6	33.8
Poland	33.9	34.0	33.8	32.9	33.6
Portugal	38.4	38.7	37.8	37.5	36.9
Romania	37.9	38.2	40.4	38.1	36.5
Slovenia	30.6	31.0	30.3	30.1	29.3
Slovakia	28.3	30.0	27.3	27.7	26.2
Finland	33.6	34.1	33.9	34.6	34.3
Sweden	35.0	36.3	35.8	36.4	36.7
United Kingdom	39.8	40.2	40.9	39.7	40.9

Source: http://appsso.eurostat.ec.europa.eu/nui/show.do?lang=en&dataset=ilc_dii2c

Compared to a year before, the unemployment rate in the Netherlands fell from 4.4% to 3.6% in December 2018. The number of unemployed persons increased by 3,000, to 329,000. The unemployment rate in the Netherlands averaged 5.36% in the period from 2003 to 2018. It hit all time high (7.9%) in February 2014 while achieving its lowest level of 3.5% in November 2018. It is expected to be 5.1% in 2020.

Compared to a year before, the unemployment rate in Poland fell from 6.6% to 5.8% in December 2018. The registered number of unemployed persons dropped by 110,400, to 971,300. Of all Visegrad Group countries, the unemployment rate for Poland was the highest, compared to 3.1% in the Czech Republic, 3.6% in Hungary and 5.0% in Slovakia. The unemployment rate in Poland averaged 12.85% in the period from 1990 to 2018. It hit all time high (20.7%) in February 2003 while achieving its lowest level of 0.3% in

January 1990. It is expected to be 5.1% in 2020.

Compared to December 2017, the unemployment rate in Portugal fell from 8.1% to 6.7% in November 2018. The number of unemployed persons amounted to 352,700. The unemployment rate for Portugal averaged 7.81% in the period from 1983 to 2018. It hit all time high (17.5%) in the first quarter of 2013 while achieving its lowest level of 3.70% in the second quarter of 2000. It is expected to be 6.0% in 2020.

The unemployment rate in Romania dropped to a record low of 3.9% in November 2018, compared to 4.6% in December 2017. The number of unemployed persons fell by 12,200, to 358,000. The unemployment rate in Romania averaged 6.50% in the period from 2004 to 2018. It hit all time high (8.9%) in January 2004 while achieving its lowest level of 3.9% in September 2018. It is expected to be 5.4% in 2020.

The unemployment rate in Slovakia dropped to 5% in December 2018, compared to 5.1% a month before and 5.9% a year before, hitting record low since March 1994. The unemployment rate in Slovakia averaged 12.57% in the period from 1994 to 2018. It hit all time high (19.79%) in January 2001 while achieving its lowest level of 5% in December 2018. It is expected to be 4.6% in 2020.

Compared to a year before, the unemployment rate in Slovenia fell from 8.7% to 7.9% in November 2018. The number of unemployed persons fell by 6,316 compared to a year before while the employment rate grew by 26,944, to 887,953. The unemployment rate in Slovenia averaged 11.56% in the period from 1991 to 2018. It hit all time high (15.5%) in October 1993 while achieving its lowest level of 6.3% in September 2018. It is expected to be 6.5% in 2020.

Compared to a year before, the unemployment rate in Spain dropped from 16.55% to 14.55% in the third quarter of 2018, which was the lowest level since the last quarter of 2008. The unemployment rate in Spain averaged 16.54% in the period from 1976 to 2018. It hit all time high (26.94%) in the first quarter of 2013 while achieving its lowest level of 4.41% in the third quarter of 1976. It is expected to be 13.2% in 2020.

In December 2018, the unemployment rate in Sweden was 6%, thus at the same level as a year before. The number

of unemployed persons rose by 6,000, to 327,000 with a simultaneous increase in employment by 94,000, to 5,099,000. Unemployment among the female labor was 6.0%, compared to 6.1% among the male workforce. The unemployment rate in Sweden averaged 5.95% in the period from 1980 to 2018. It hit all time high (10.5%) in June 1997 while achieving its lowest level of 1.3% in July 1989. It is expected to be 6.5% in 2020.

Compared to a year before, the unemployment rate in the United Kingdom fell from 4.4% to 4.1% in 2018. The unemployment rate in the United Kingdom averaged 7.01% in the period from 1971 to 2018. It hit all time high (12.0%) in February 1984 while achieving the lowest level of 3.4% in November 1973. It is expected to be 3.8% in 2020.

The Gini coefficient is used to measure income inequality. It measures the degree of income distribution among people or households. The coefficient ranges from 0 to 100 (%) with 0% representing perfect equality and 100% representing perfect inequality.

In 2017, among the countries with the highest Gini coefficient were Bulgaria (43.4%), Ireland (41.6%), Lithuania (41.3%) and the United Kingdom (40.9%). Among the EU Member States, the lowest Gini coefficient was recorded in Slovakia (26.2%) and the Czech Republic (28.2%).

SUMMARY AND RECOMMENDATIONS

Economic security is defined as an ability of the economic system of a country or a group of states to implement development factors and international economic interdependencies that ensure uninhibited progress of the system. Among the main risks for the economic security of the state are imperfection, or defectiveness, of its present economic system, protectionism, asymmetry in payment balances or fluctuating exchange rates.

The economic security of the state takes into account an even development and maintaining the balance between individual economic indicators, among which unemployment, inflation and national debt can be respectively distinguished. Given that individual world economies are subject to ever-increasing globalization processes while depending on their cooperation within regional organizations and structures, the economic security remains under the major influence of both the situation worldwide and that of their key trade partners. To this are added price levels of raw materials, with particular regard to energy, so oil and gas, which can either stimulate or impede further economic growth. Dropping prices in global markets may be conducive for growth in importing countries while causing a slowdown in exporting states.

The most solid economic foundations are those of Germany, Belgium, the Netherlands, Luxembourg, France, the United Kingdom, and the Scandinavian countries. New European countries are characterized by the highest growth rate yet there still have a long way to go in achieving the same GDP rates per capita as Old European states.

The analysis of economic indicators for individual countries leads to the following conclusions:

- The GDP per capita in the European Union followed an upward trend, amounting to 30,000 euros in 2017. Among the countries whose GDP per capita exceeded the European average were: Belgium (38,700 euros), Denmark (50,800 euros), Germany (39,600 euros), Ireland (61,200 euros), France (34,300 euros), the Netherlands (43,000 euros), Austria (42,100 euros), Finland (40,600 euros), Sweden (47,200 euros) and the United Kingdom (35,400 euros). Among the countries that experienced the largest growth in GDP in the space of five years were Ireland (57%), Malta (35%) and Romania (32%). When analyzing the national debt-to-GDP ratio in the EU Member States, one can notice that negative or positive trends were registered in the period from 2013 to 2018 in the following: Cyprus (13%), the Czech Republic (28%), Denmark (19%), Germany (18%), Hungary (7%), Ireland (45%), Italy (1%), Malta (29%), the Netherlands (24%), Poland (12%), Portugal (2%), Romania (11%), Slovakia (7%), Sweden (2%) and the United Kingdom (5%). Latvia recorded the highest increase amounting to 25 percent in the space of six years.
- Among the EU Member States whose national debt exceeded 60% of GDP in 2018 are Finland (61.4%), Germany (63.9%), Ireland (68%), Slovenia (73.6%), Hungary (73.6%), Austria (78.4%), Croatia (80.6%), the United Kingdom (85.3%), France (97.0%), Cyprus (97.5%), Spain (98.3%), Belgium (103.1%), Portugal (125.7%), Italy (131.8%) and Greece (178.7%). The lowest national debt-to-GDP ratio was recorded in Estonia (9% in 2018).

- In 2017, EU Member States were characterized by a clear peak in the HICP and inflation¹⁵. In 2018, the highest inflation and HICP levels were recorded by Estonia (inflation and HICP: 3.4%) and Romania (inflation: 3.3%, HICP: 4.1%). The lowest inflation level was registered in Ireland and Greece (0.6%) while the HICP in Ireland in Denmark (0.7%). If to take into account forecasts for the period from 2019 to 2020, one can come to a conclusion that the majority of EU Member States expect inflation rate to either increase or to remain at the same level.
- Compared with a year ago, the unemployment rate fell in all EU Member States in December 2018. In December 2018, the highest unemployment rates of more than 9%, were recorded by Greece (18.6%), Spain (14.5%), Italy (10.5%), Croatia (9.6%), Cyprus (9.2%) and France (9.1%).

The EU Member States are ranked among world's top ten of the following rankings:

- IMD World Competitiveness Ranking: Netherlands (ranked fourth), Denmark (ranked sixth), Sweden (ranked ninth);
- The Global Competitiveness Index: the Netherlands (ranked fourth), Germany (ranked fifth), Sweden (ranked seventh), the United Kingdom (ranked eighth), Finland (ranked tenth);

- Index of Economic Freedom: Ireland (ranked sixth), Estonia (ranked seventh), the United Kingdom (ranked eighth);
- Doing Business Report: Denmark (ranked third), the United Kingdom (ranked seventh), Sweden (ranked tenth).

The analysis above showed further research areas in the field of economic security in the globalization era:

- analysis of economic indicators in relation to data collected before the financial crisis of 2008;
- innovativeness, with particular attention paid to indicating how much a given economy is able to invent and produce and how much it can purchase while paying an innovative dividend to those who are tasked with these inventions;
- ability to adapt to emerging global trends, including the reduction of free trade, with the European Union being the largest beneficiary of the system that has been safeguarded by the World Trade Organization;
- analysis of extra-EU expenditures for investments ensuring routes for transportation and export of goods and services. Without these investments and strengthening the EU's role in transport routes, Europe will either be marginalized or dependent on those constructed by other entities.

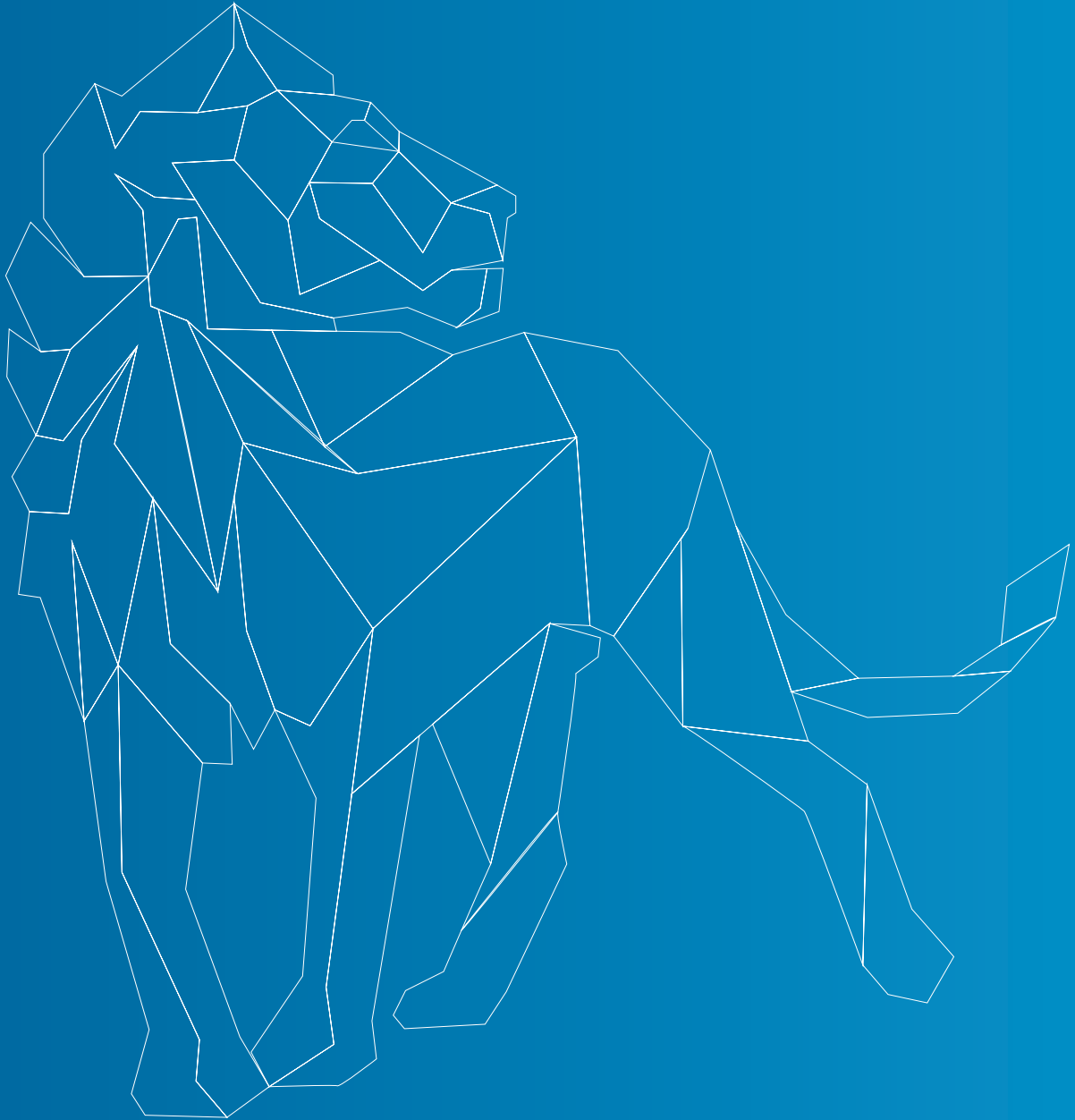
15 Harmonized Index of Consumer Prices



A series of 23 horizontal lines for writing, spaced evenly down the page.



A series of horizontal lines for writing, consisting of 20 evenly spaced lines that span the width of the page.



www.europeanreform.org
Follow us @europeanreform