European union member economies

Abstract

The European Union’s resilience is going through tests, and if the union is going to survive, it will have to develop a resolution to the eurozone crisis that is sustainable both politically and economically. It will need to create long-term organizations that minimize the threat of future economic crises. Hard Keynesianism would not solve all of the EU’s economic and political problems. However, it would navigate the union away from the disaster toward which it is now suffering (Mcardle, 2011).

The European Union is the second-largest economy in the world in nominal terms and according to purchasing power parity (PPP). The European Union’s Gross Domestic Product was representing 22. 8% of the global GDP (nominal) in 2016 according to the International Monetary Fund (“ Economy of the European Union – Wikipedia,” n. d.).

Approximately 68 percent of the EU members use the Euro, and the Euro is the second largest currency in the world behind the U. S. dollar. The eurozone’s official currency is the euro (“ Economy of the European Union – Wikipedia,” n. d.).

The European Union economy, as a whole, consists of an internal market of mixed economies based on the free market system and advanced social models. However, the European Union has a division of incomes more equal than the world average (“ Economy of the European Union – Wikipedia,” n. d.).

Is there a link between the U. S. and EU economies?

The size and organized nature of the transatlantic economic relationship are unparalleled in the world, with the EU and U. S. combined accounting for approximately 30 percent of global trade in merchandise, about 40 percent of world trade in service industries, and well over half of foreign direct investment. In 2012, 90 percent of the U. S. states exported more to Europe than to China (“ EU-US Trade and Investment – EUintheUS. org,” n. d.).

Investment is the real driver of the intercontinental relationship, supplying jobs and growth to both sides of the Atlantic Ocean. Regardless of recent economic challenges, the United States consistently directs half of its total foreign direct investment annually to the European Union, and the European Union’s foreign direct investment in the U. S. continually accounts for nearly two-thirds of America’s total incoming investment. Approximately 15 million jobs are linked to the intercontinental economy (“ EU-US Trade and Investment – EUintheUS. org,” n. d.).

How have the EU members alleviated the current economic problems?

After the September 2008 events policies to ease the impact of the crisis on the economy came to the fore as vital – not least also to minimize social hardship associated with job, income and wealth loss. These problems included a massive fiscal stimulus of a comparable order as in the United States, supplemented with labor and product market support targeted on hard-hit industries and workers.

What is your economic outlook for the EU nations?

The European economic recovery is anticipated to continue for the next few years, and the economies of the EU members are expected to continue growing throughout 2018. The recovery has proven its durability by keeping the momentum after facing global challenges (The European Commission, n. d.).

Real GDP in the Euro and employment continue to grow, and unemployment continues to decline, although it remains above the suggested amounts. Private consumption is still the source of power behind the recovery. Investment growth continues but has stabilized. Inflation in the euro has recently increased as the recent decline in energy prices has improved and are now showing an increase (The European Commission, n. d.).

References

Mcardle, M. (2011, April 26). Can Keynesian Economics Save the Euro? – The Atlantic. Retrieved fromhttps://www. theatlantic. com/business/archive/2011/04/can-keynesian-economics-save-the-euro/ 237870/

EU-US Trade and Investment – EUintheUS. org. (n. d.). Retrieved from http://www. euintheus. org/what-we-do/trade-and-investment/

The economy of the European Union – Wikipedia. (n. d.). Retrieved March 17, 2017, fromhttps://en. wikipedia. org/wiki/Economy_of_the_European_Union

The European Commission. (n. d.). Winter 2017 Economic Forecast | European Commission. Retrieved from https://ec. europa. eu/info/business-

economy-euro/economic-performance-and-forecasts/economic-forecasts/
winter-2017-economic-forecast_en#all-eu-member-states-economies-set-to-grow-in-2016-2017-and-2018