



# A not very common single currency

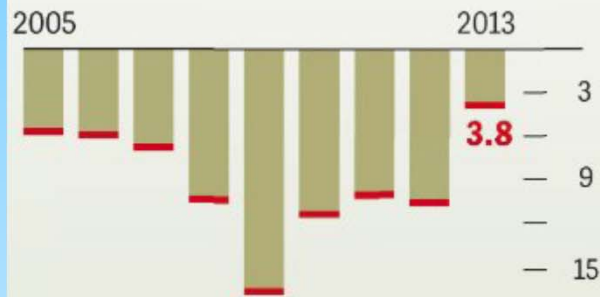
## Greece



### GREECE

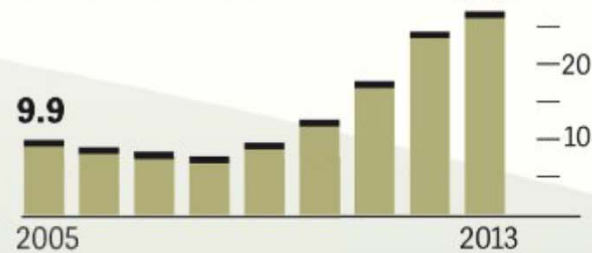
#### BUDGET DEFICIT

as a percentage of GDP



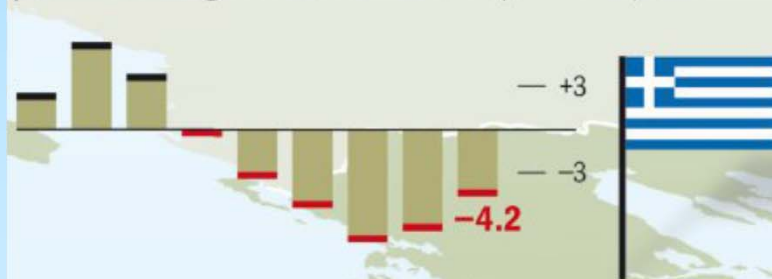
#### UNEMPLOYMENT

as a percentage



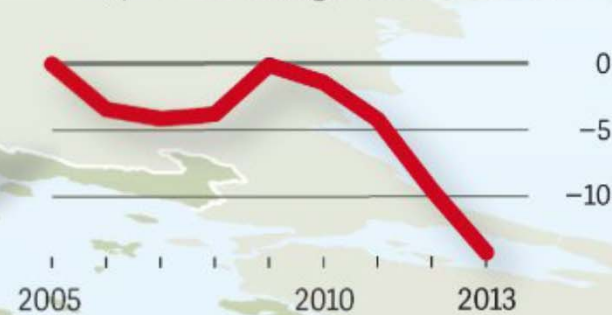
#### ECONOMIC GROWTH

percent change in GDP relative to previous year



#### UNIT LABOR COSTS

real, percent change relative to 2005

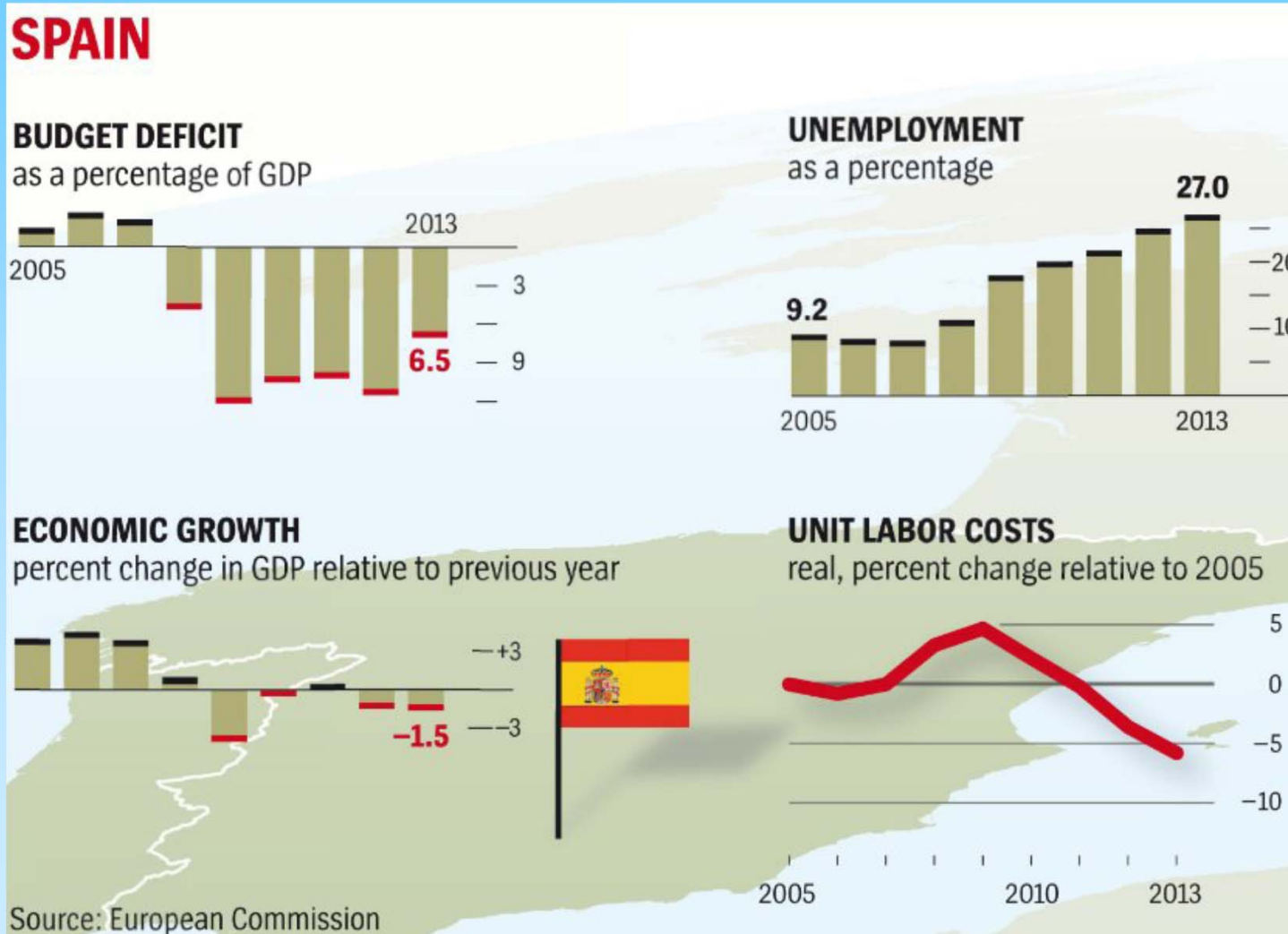


Source: European Commission



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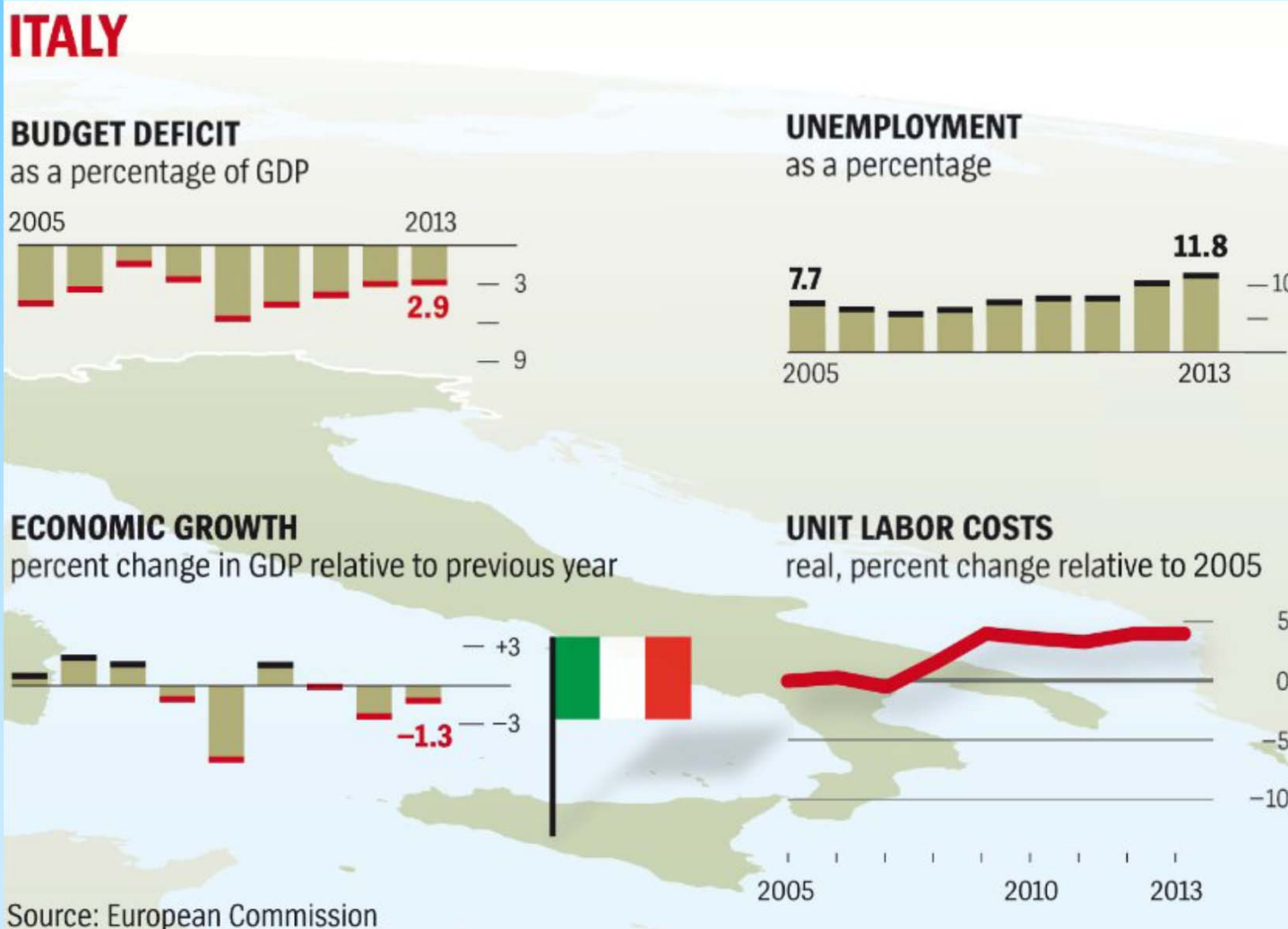
## Spain





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## Italy





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## Portugal



### PORTUGAL

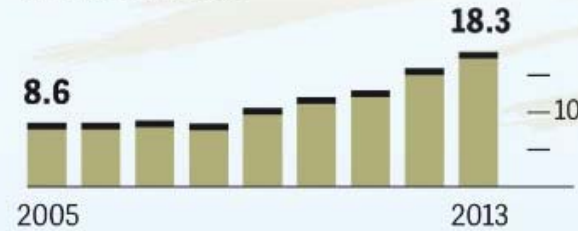
#### BUDGET DEFICIT

as a percentage of GDP



#### UNEMPLOYMENT

as a percentage



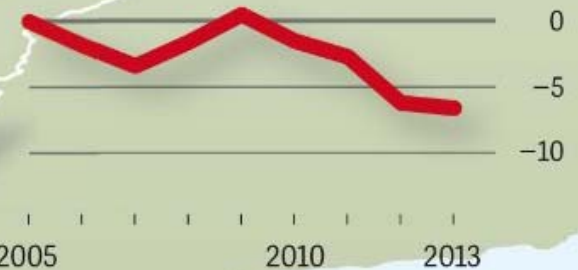
#### ECONOMIC GROWTH

percent change in GDP relative to previous year



#### UNIT LABOR COSTS

real, percent change relative to 2005



Source: European Commission



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- ULCs were diverging in most EU Member States
- In the case of Spain, in October 2008, the proposal of an internal devaluation could be decomposed into two:
  - A) *Unit labour costs devaluation*: by reducing wages and social security contributions, and fostering productivity
  - Further, since as there was room for manoeuvre in terms of VAT and social security contributions
  - B) *A fiscal devaluation*: by increasing VAT, which does affect export prices, and reducing corporate taxes
- In Spring 2009, Krugman proposed a *wage devaluation*, and in March 2014 the EU Commission and some Spanish economists have proposed a *fiscal devaluation*



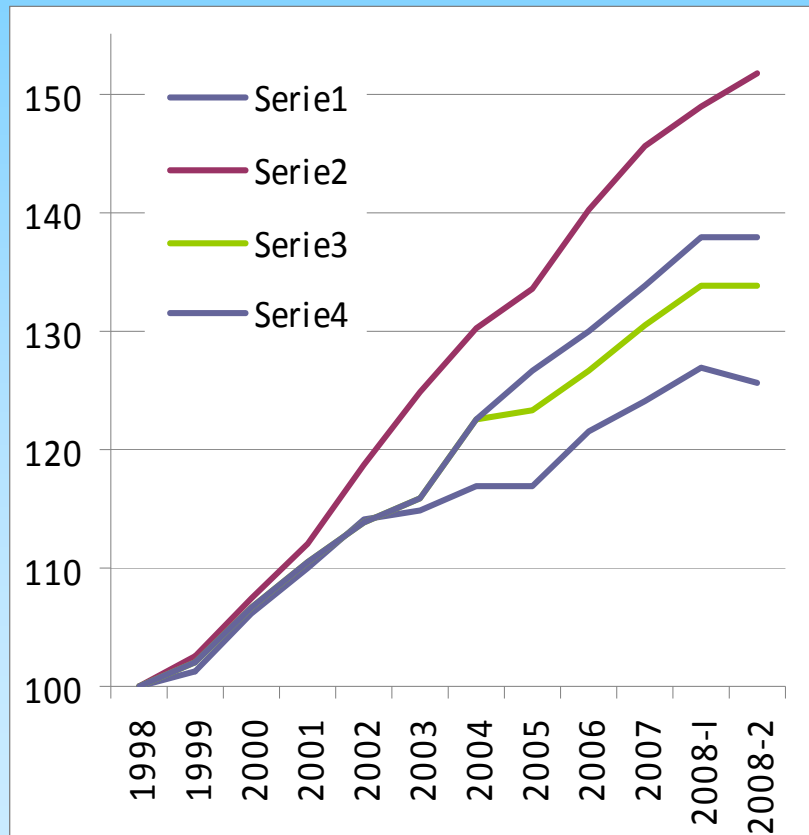


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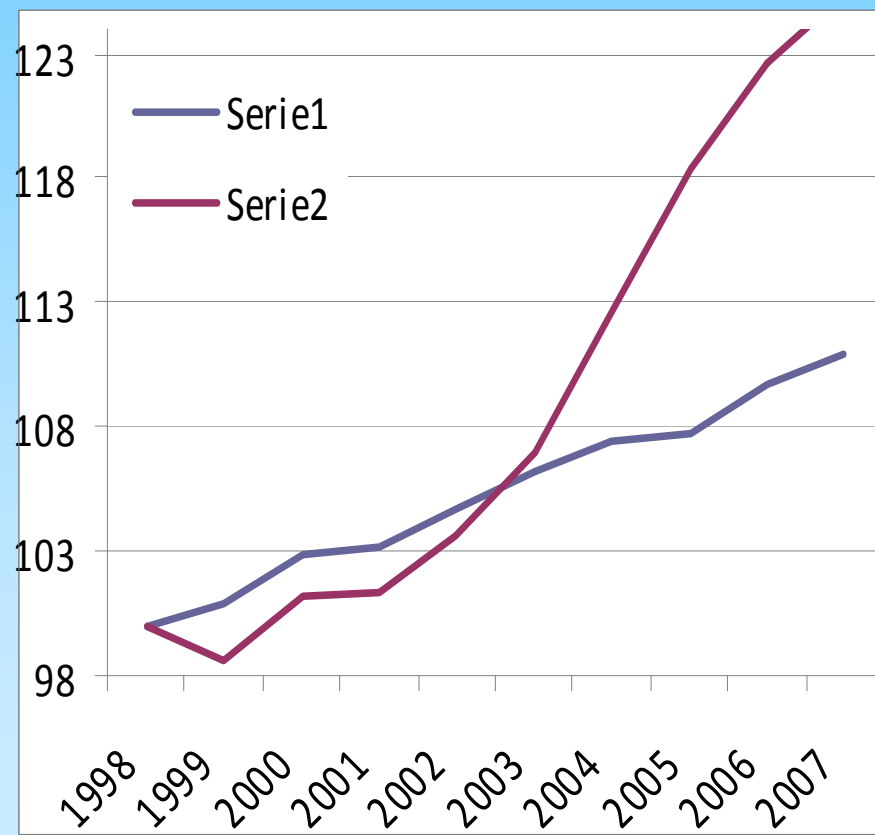
## Labour costs in Germany, France, Spain and Eurozone (1998-2007)



LC in industry: Germany (blue); Spain (red); France (green); EZ (purple)



Relative ULC in industry: Spain-EMU (blue) Spain-Germany (red)

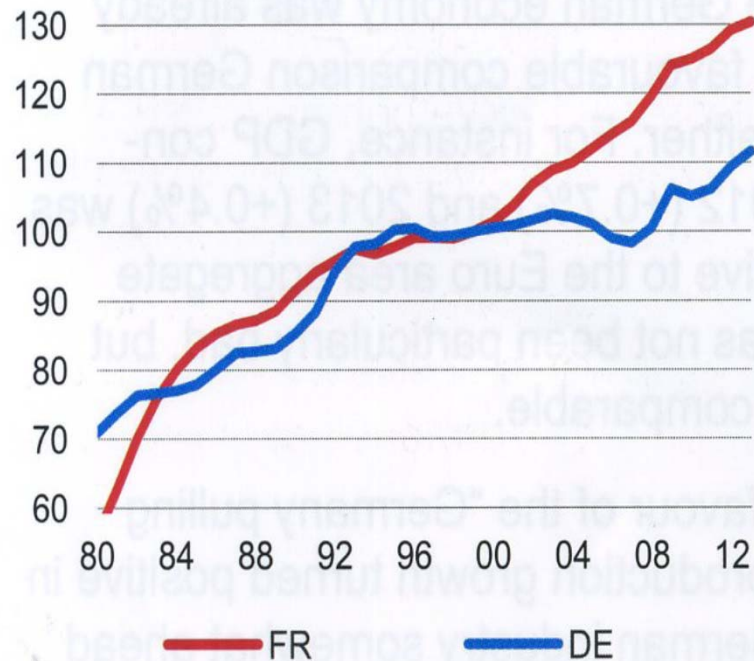




## A not very common single currency Labour costs in Germany and France (1980-2012)

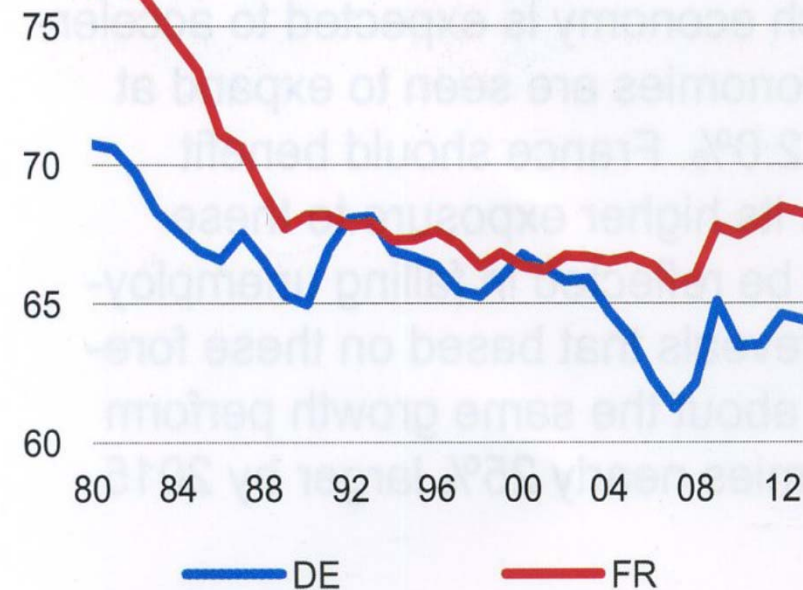


Total economy, 1999=100



Source: AMECO

Adjusted wage share, % of GDP at current factor costs



Source: AMECO