suffered from the explosion of the residential building bubble and the consequent severe financial and real crises, Portugal, Italy, and above all Greece, suffered from the weakness in the current account of the balance of payments and the high external debt, as well as the high public debt/ GDP ratio.

Tab. 4. *Economic indicators in selected EU countries.*

Countries	*Public deficit/GDP (%)*			*Public Debt/GDP (%)*			*Annual average rate of change of real GDP (%)*		
	2007	*2011*	*2012*	*2007*	*2011*	*2012*	*2007-2010*	*2011*	*2012*
Greece	-6.5	-9.5	-9.0	107.4	170.3	156.9	-2.7	-7.1	-6.4
Ireland	0.1	-13.1	-8.2	24.9	104.1	117.4	-3.2	2.2	0.1
Portugal	-3.1	-4.4	-6.4	68.4	108.2	124.1	-0.3	-1.3	-3.2
Spain	1.9	-9.4	-10.6	36.3	70.5	86.0	-1.1	0.1	-1.6
Italy	-1.6	-3.8	-3.0	103.3	120.7	127.0	-1.7	0.6	-2.6

Sources: OECD (2013 b) for real GDP; Eurostat (2013) for the other indicators.

The worst consequences of the great depression in this group of countries concerned the employment conditions. As table 5 shows, from 2007 to 2012 the unemployment rate doubled or tripled, the youth unemployment rate skyrocketed up to 33-55% of the labour force of 15 -24 years, the employment/population rate decreased of over ten percentage points in all countries with the exception of Portugal, where it fell of six points. This very negative trend in employment is largely due to the severe fall in real investment occurred in all the five countries as a consequence of the six vicious circles described in paragraph 3.

The main remedies to this disastrous employment situation may consist in four points:

a) *a drastic reduction of social contributions* paid both by the firms and the employees, financed by a Tobin tax, a carbon tax, part of a wealth tax;

b) robust *incentives for real extensive investment* (with creation of new employment, and in particular not precarious youth employment), partly financed by EU programs. On the mid-term this will lead to higher productivity and higher tax revenues and to less unemployment compensations; or, in the case of Italy, less expenditures for CIG.

c) A strong rise in the investment in knowledge, and in particular in R.&D activities. It is not casual that the five vulnerable countries spent in