Multidimensional Impact Analysis of Public Policies on the European Economy: Taking EU Member States as an Example

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Abstract. Since modern times, with the close trade relations between European countries, they have begun the process of integration in order to strengthen economic cooperation and political unity. In the process of integration, problems such as economic inequality, political differences, and external interference continue to emerge. In the process of solving these problems, public policy plays a crucial role. The European Union promotes cooperation and coordination among member states by formulating and implementing a series of public policies, and promotes the deep development of European integration. This enables European countries to smoothly navigate through various crises. This article mainly discusses the impact of European public policies on the Eurozone economy, including problems in the European economic governance system, exploration and analysis of fiscal integration implementation, policies proposed in response to the rigidity of the Italian labor market, the impact of EU data privacy and financial market regulation policies, and future prospects.

Keywords: public policy, fiscal integration, rigid labor market.

1. Introduction

The current situation of fiscal policy and monetary policy is that monetary policy within the Eurozone is exercised uniformly by the European Central Bank, while fiscal policy is implemented separately by member countries, resulting in an asymmetric combination of monetary policy and fiscal policy. There is a problem of separation between monetary policy and fiscal policy in the European economic governance system. Promoting fiscal integration and enhancing the convergence of interests among member countries is one of the key ways to solve the current problem. The specific measures of fiscal integration within the Eurozone, including strengthening economic policy cooperation, promoting tax and social welfare reforms, are considered to provide impetus for the economic development of EU countries, enhance their ability to respond to economic crises, and combat global risks.

Italy's labor market policy aims to address the rigidity of the labor market by increasing flexibility and reducing employment protection. However, these measures have not directly addressed long-standing structural issues such as low wages and high insecurity in work. Insufficient public administrative capacity and uneven resource allocation also constrain the effective implementation of policies. In addition, although public investment is of great significance in promoting employment and economic growth, the efficiency and targeting of fund utilization still need to be improved. These factors collectively limit the effectiveness of Italian labor market policies in addressing wage stagnation and enhancing labor market security.

At the same time, the EU's policy changes in data privacy and financial market regulation have had a profound impact on the global economy. The implementation of GDPR has strengthened personal data protection, raised the data compliance threshold for enterprises, and increased the cost and complexity of global digital trade. This has to some extent restricted market access for non-EU enterprises and sparked discussions on data flow liberalization. In terms of financial market regulation, the indirect impact of GDPR has prompted financial institutions to strengthen the compliance of data processing activities and improve their internal control systems.

In the context of globalization, policy makers in Italy and the European Union need to pay more attention to the actual effectiveness and social impact of policies, strengthen policy coordination and cooperation. Through continuous reform and innovation, these countries are expected to achieve more stable and sustainable economic growth, making positive contributions to the prosperity and development of the global economy.

In summary, Italy's labor market policies and the EU's data privacy and financial market regulatory policies play a crucial role in addressing current challenges and promoting economic development. However, these policies also face many challenges and limiting factors. Looking ahead, it is necessary to continuously optimize and adjust policies, strengthen international cooperation and communication, in order to achieve more stable and sustainable economic growth.

The text mainly outlines the current status of public policies in the European region, the impact of Italian labor market policies, EU data privacy and financial market regulatory policies, and future prospects. These contents cover the effectiveness of policy implementation, challenges faced, and future development trends.

Overall, there are still many problems with the European public policy system. In the context of global integration, the European Union has made many policy updates, and has taken active measures to address the asymmetric combination of fiscal and monetary policies, as well as the rigidity of the Italian labor market. This article will analyze the problems and current situation faced at that time, hoping to provide some reference and guidance for research on this issue.

2. Overview of Public Policy and European Economic Background

As a series of actions and decisions taken by the government to achieve public interests, the formulation and implementation of public policies are often influenced by specific economic backgrounds. In Europe, a diverse and highly integrated region, the formation of public policy is closely related to the European economic background.

2.1. Basic conditions and development trends of the European economy

The European economic background is complex and variable, covering multiple levels. Firstly, the degree of economic integration in Europe is relatively high. As one of the world's largest economies, the EU's internal market, monetary union, and common policy system provide broad cooperation opportunities for member states. However, the integration process has also brought many challenges, such as differences in economic development levels among member countries and coordination of fiscal policies.

Secondly, the European economy has faced multiple challenges in recent years. Affected by factors such as global economic slowdown and the rise of trade protectionism, the growth rate of the European economy has slowed down. At the same time, Europe is also facing structural problems such as aging population and high unemployment rates, which pose higher requirements for the formulation of public policies.

In this context, public policies of European countries exhibit some common characteristics. Firstly, in response to economic slowdown and structural issues, governments around the world have generally strengthened the coordination and coordination of fiscal policies, promoting economic growth through measures such as jointly addressing economic crises and promoting structural reforms. In addition, in order to alleviate social contradictions and imbalances, countries have also strengthened the improvement of social security systems and improved the level and quality of public services.

At the same time, European countries also focus on promoting sustainable development through policies in areas such as technological innovation and environmental protection. For example, in order to address climate change and environmental issues, many European countries have formulated strict environmental policies and emission standards to encourage the development of green economy. In addition, Europe is actively promoting the development of the digital economy, promoting the upgrading and transformation of industrial structure through policy support and technological innovation.

2.2. Existing Problems in the European Economic Governance System

The governance system of the European economy does indeed have a series of deficiencies, mainly manifested in the serious separation of monetary policy and fiscal policy, crisis confrontation, and the rigidity of the labor market.

The separation of monetary policy and fiscal policy is a core issue. The unified monetary policy of the Eurozone is the responsibility of the European Central Bank (ECB), while fiscal policy is decided by member countries themselves, which leads to difficulties in policy coordination. For example, the ECB is strictly limited by the Stability and Growth Pact when carrying out its stabilization function, which limits the effectiveness of monetary policy in the face of insufficient domestic demand growth. In addition, due to the independence of fiscal policies, member countries often lack sufficient flexibility and coordination in dealing with debt and deficit issues [1]

The crisis opposition and lack of governance system are also important issues in European economic governance. The European debt crisis has exposed the shortcomings of the eurozone in crisis prevention and management mechanisms. Although the EU has taken a series of reform measures, such as strengthening fiscal discipline and promoting fiscal integration, these efforts are difficult to fundamentally address institutional deficiencies in the short term. In addition, the governance structure and process of the European Union have failed to break through the limitations of the treaty framework, leading to the dilemma of "irreparable rationality".

The shortcomings of the European economic governance system are mainly reflected in the separation of monetary policy and fiscal policy, crisis opposition, lack of governance system, and the rigidity of the labor market. The existence of these issues seriously affects the economic stability and development of the eurozone, and requires in-depth institutional reform and policy adjustments to solve them.

The rigidity of the labor market is also a long-standing problem. Some European countries are facing high unemployment and low employment rates, largely due to the rigid labor market and lack of necessary flexibility to adapt to economic changes. This rigidity not only affects economic growth, but also exacerbates social inequality and political instability.

3. Current Status and Solutions of Fiscal and Monetary Policies

3.1. Current Status of European Fiscal and Monetary Policy

After the establishment of the eurozone, the European Central Bank (ECB) exercises monetary policy uniformly, while fiscal policy is implemented separately by member countries. This design leads to an asymmetric combination between monetary policy and fiscal policy, where a unified monetary policy coexists with a decentralized fiscal policy. This separation is mainly due to differences in fiscal autonomy among member countries and different understandings and pursuits of fiscal discipline. Due to the lack of effective coordination mechanisms, there is a certain degree of conflict between monetary policy and fiscal policy. For example, monetary policy aims to maintain price stability and promote economic growth, while fiscal policy focuses more on addressing specific social and economic issues through government spending and tax adjustments. This difference is particularly evident in the face of economic crises or the need for large-scale fiscal stimulus, such as the significant increase in the yield difference between Italy and Germany's sovereign bonds during the European debt crisis [2].

3.2. Solutions Proposed in the Face of the Separation of Fiscal and Monetary Policies in Europe

3.2.1. Promoting fiscal integration

Gradually advancing fiscal integration within the Eurozone is one of the key ways to address current issues. This can be achieved through measures such as establishing a supranational centralized regulatory body, reforming the Stability and Growth Pact, and establishing a common fiscal budget system. In addition, introducing transfer payment mechanisms is also an effective means to promote fiscal integration.

3.2.2. Enhancing the convergence of interests among member states

In order to ensure effective coordination of monetary and fiscal policies, it is necessary to enhance the convergence of interests among member states within the eurozone. This includes strengthening economic policy cooperation, promoting tax system and social welfare reform, etc. Through these measures, coordination and coordination of fiscal policies among member countries can be promoted, thereby improving the macroeconomic policy effectiveness of the entire eurozone.

3.3. Specific Measures and Progress of Fiscal Integration Within the Eurozone

The specific measures and progress of fiscal integration within the Eurozone can be analyzed from multiple perspectives. Firstly, from a historical perspective, the fiscal integration of the eurozone began after the outbreak of the Greek debt crisis in 2009. This event marked the beginning of the European sovereign debt crisis and also led to an increase in demand for fiscal integration. In this context, the EU has adopted a series of legal measures, including "six pieces of legislation" and "fiscal contracts", to strengthen economic governance, strengthen fiscal discipline, and increase punishment mechanisms.

Specifically, in terms of policy measures, the EU has implemented multiple agreements, including the Maastricht Treaty and the Stability and Development Pact, aimed at coordinating the fiscal policies of member states to prevent spillover effects and externalities of fiscal policies and maintain price stability within the region. In addition, in order to address the challenges in fiscal policy coordination, the European Union has also attempted to establish an integrated fiscal policy coordination system that integrates pre -, during -, and post events, in order to address the rigidity, procyclicality, and soft constraints of current coordination rules.

However, despite these efforts, fiscal integration in the eurozone still faces many challenges. For example, there are differences among member countries in the selection of fiscal coordination goals, which affects the effective coordination of fiscal strategies. In addition, the inconsistency of interests between large and small countries is also an important issue. Small countries often passively accept the results of negotiations between large countries, which reduces the benefits obtained by both parties in cooperative games.

Looking ahead to the future, strengthening fiscal integration construction is seen as a driving force for the economic development of EU countries, enhancing their ability to respond to economic crises and counter global risks [3].

4. Analysis of European Labor Market Policies - Taking Italy as an Example

4.1. The Analysis of European Labour-market

How do social policy differences within the EU affect free labor mobility and a unified labor market? The differences in social policies within the EU have had a significant impact on the free movement of labor and a unified labor market. Firstly, the differences in social and labor market policies among different countries have led to inequality and stratification in the labor market. For example, some countries have different social security expenditures and goals compared to other EU member states, which affects the integration of the labor market and the socio-economic integration of immigrants.

In addition, social policy differences within the EU are also reflected in the acceptance and support of immigrants. Research has shown that the level of welfare expenditures and labor market regulations at the national level have a negative impact on the labor market performance of immigrants, while policies that promote their access to social security contribute to their career success [4]. This difference leads to unequal opportunities in the labor market between different countries and among different groups within the same country.

Although the EU's policy of free labor mobility aims to promote labor mobility among member states, the different strategies and measures adopted by each country in implementing these policies further exacerbate the differentiation and stratification of the labor market. For example, some countries may be more inclined to address short-term imbalances in the labor market through temporary or cyclical labor mobility, while others may focus more on the integration of long-term settlement and immigration.

In addition, the Europeanization process of the EU's social policy and labor market policy also shows a certain trend of differentiation. Although the overall social expenditure of EU member states has tended to be consistent since 1995, there are still differences in the selection of specific policy tools among countries. This differentiation not only affects the degree of integration of the labor market, but also affects the socio-economic integration of immigrants.

In summary, the differences in social policies within the EU have had a complex impact on the free movement of labor and a unified labor market. These differences include both differences between countries and differences between different groups within the same country.

4.2. Analysis of Italian Labor Market Policies

The policies proposed by Italy to address the issue of labor market rigidity mainly focus on enhancing the flexibility and structural reform of the labor market. These policies aim to increase the potential for economic and career growth by reducing employment protection, increasing non-standard forms of employment, and strengthening proactive labor market policies (ALMPs).

Italy implemented the Fornero reform in 2012, aimed at reducing the duality of unemployment and the labor market by lowering the protection against permanent employee layoffs. In addition, the Italian government passed further labor market reforms in 2015, introducing a new form of open contract with gradually increasing economic protection against unfair dismissal. These measures indicate that the Italian government is attempting to increase the flexibility of the labor market by reducing employment security.

However, the effectiveness of these policies has been questioned. For example, despite these reforms, there is still a strong segmentation in Italy's labor market, particularly the significant impact of non-standard forms of employment on individual career paths and long-term social inequality. In addition, although Italy's National Recovery and Resilience Program (NRRP) promises to "transform Italy's labor market," it actually largely continues the previous trajectory of liberalization and has not taken any readjustment interventions to address labor market insecurity or wage stagnation.

In addition, Italy's structural reforms have also included a series of measures, such as privatization, labor laws, good school programs, Industry 4.0 programs, and bank assistance laws, aimed at promoting economic growth and improving employment. These reform measures have to some extent promoted the improvement of Italy's economic situation, but still face problems such as slow economic growth and weak employment performance.

The policies proposed by Italy to address the issue of labor market rigidity mainly include enhancing the flexibility of the labor market, reducing employment protection, increasing non-standard forms of employment, and implementing a series of structural reform measures. However, the effectiveness of these policies is controversial and they have encountered some challenges during implementation, such as the ongoing segmentation of the labor market and the exacerbation of social inequality

The main objective of the Italian National Recovery and Resilience Program (NRRP) is to utilize funds provided by the European Union to rebuild and enhance the resilience of the Italian economy in response to the socio-economic consequences of the COVID-19 pandemic. This plan includes large-scale public investment and reform measures aimed at promoting economic growth, increasing employment rates, and improving public services and infrastructure [5].

In terms of implementation measures, NRRP involves investments in key sectors such as education, health, energy, and transportation. In addition, the government has introduced support measures for small and medium-sized enterprises, such as tax reductions and subsidies, to stimulate private sector growth and innovation. However, despite these efforts, NRRP seems to have failed to achieve significant results in addressing issues of labor market security or wage stagnation.

Regarding the issue of security in the labor market, although NRRP indirectly affects the labor market by increasing employment opportunities and improving working conditions, these measures have not directly addressed long-standing structural issues such as low wages and high insecurity in work. In addition, due to insufficient public administration capacity and uneven resource allocation, investments in some key areas may not be effectively converted into employment opportunities.

As for the issue of wage stagnation, although the NRRP emphasizes the importance of public investment, these investments mainly focus on infrastructure and technological upgrades, rather than directly increasing worker wages. In addition, due to the lack of effective regulatory and enforcement mechanisms, the efficiency of fund utilization may be affected, thereby affecting the final economic results [6].

In summary, although Italy's NRRP has a broad positive impact in theory, its effectiveness in addressing labor market security and labor stagnation is limited in practical operation due to various internal and external challenges such as insufficient administrative capacity, uneven resource allocation, and lack of targeted policy support.

5. The Latest Policy Changes in Data Privacy and Financial Market Regulation in the Eu's Foreign Economic Relations and Their Impact on the Global Economy

The latest policy changes in data privacy and financial market regulation in the European Union are mainly reflected in the implementation of the General Data Protection Regulations (GDPR). GDPR officially came into effect on May 25, 2018, with the aim of strengthening and unifying personal data protection rules within the EU and between non-EU countries. This regulation not only strengthens the rights of individual data subjects, such as access rights, correction rights, and deletion rights, but also imposes stricter responsibilities on data controllers and processors, especially in setting stricter conditions for cross-border data transmission [7].

The implementation of GDPR has had a significant impact on the global economy. Firstly, it has raised the data compliance threshold for global companies entering the EU market, especially for non-EU companies. These companies need to adjust their data processing processes to comply with GDPR requirements, otherwise they may face fines of up to 20 million euros or 4% of global annual revenue, whichever is higher. Secondly, the extraterritorial effect of GDPR means that even if a company is located outside the EU, as long as the data it processes involves EU residents, it must comply with GDPR regulations. This has led some companies to choose to exit the EU market or localize their data centers, thereby increasing the cost and complexity of global digital trade.

In addition, GDPR is also seen as a new type of trade barrier, as it restricts market access for non-EU enterprises by raising market access thresholds and increasing compliance costs. This impact has sparked discussions on data flow liberalization on a global scale, especially in international trade negotiations where data flow has become a core issue.

In terms of financial market regulation, although GDPR directly focuses on personal data protection, it indirectly affects the financial services industry, especially those fintech companies that rely on large amounts of personal data for operations. Financial institutions need to ensure that their data processing activities comply with GDPR regulations, which may require them to redesign their products and services, as well as improve their internal control systems [8].

In summary, the EU's GDPR and its impact on financial market regulation are reshaping the global data governance landscape and have far-reaching impacts on the global economy.

6. Conclusion

In the current context of globalization, both Italy's labor market policies and the EU's data privacy and financial market regulatory policies are presenting a complex and ever-changing trend. Italy's labor market policy aims to address the problem of rigidity by increasing flexibility, reducing employment protection, and implementing structural reforms to increase employment rates and promote economic growth. However, these policies seem to have limited effectiveness in addressing issues of labor market security or wage stagnation, highlighting the challenges faced in policy formulation and implementation.

At the same time, the EU's GDPR policy has had a significant impact on the global economy while strengthening personal data protection. It raises the data compliance threshold for enterprises, increases the cost and complexity of global digital trade, and is to some extent seen as a new type of trade barrier. This policy change not only affects the operation mode and market competition pattern of enterprises, but also puts forward higher requirements for the protection of personal data rights.

The prospects for sustainable economic development in Europe largely depend on its ability to effectively address current challenges, including labor market rigidity, wage stagnation, data privacy protection, and financial market regulation. By strengthening policy coordination, promoting structural reforms, achieving a high degree of fiscal integration, improving administrative efficiency, and strengthening international cooperation, Europe is expected to achieve more stable and sustainable economic growth.

In summary, facing the complex challenges of globalization, both Italy and the European Union need to continuously adjust and optimize their policies to adapt to the changing economic environment and social needs. Only through continuous reform and innovation can sustainable economic development and common social progress be achieved.

Looking ahead to the future, both Italy and the European Union need to continuously adjust and optimize their policies. For Italy, greater emphasis should be placed on the targeting and effectiveness of labor market policies, strengthening public administration capabilities, optimizing resource allocation, and promoting structural reforms in the labor market. For the EU, it should balance the relationship between data privacy protection and economic development, promote data flow liberalization, and actively seek cooperation and win-win outcomes in international trade negotiations.

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