EUROPE 2020
A new ACIPE periodic review of the EU's growth strategy
The Athens Centre for International Political Economy (ACIPE) was launched in 2010, and is part of the Institute of International Relations (IDIS) of Panteion University in Greece. The Centre focuses on the study of actors, structures, processes and dynamics that influence the transformation of the global political economy.

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Europe 2020: 
A Review of the EU's Growth Strategy

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Europe 2020: An Untimely Assessment of the European Union’s Growth Agenda

Yorgos Stassinopoulos

As the European integration has been further deepened, the European Commission and the leaderships of the European Union (EU) countries have been pleased to set grandiose politico-economic landmarks. From the “Agenda 2000: For a stronger and wider Union” in 1990s, aimed at the reinforcement of its policies and the accession of new members, to the “Lisbon Strategy” in 2000s, by which nothing less than setting the EU to become the most dynamic and competitive knowledge-based economy in the world, and in the present decade with the “Agenda 2020”, EU is struggling to cut the Gordian knot, that is seeking the proper policies which would strengthen its political and economic power and attain a prominent role in the highly globalized environment of the 21st century, retaining the social cohesion and high-level of its living standards, along with the economic convergence among its member-states. These are highly ambitious targets, since during the last 30 years the European Union economic power declines steadily and other global players (such as China and India) have emerged, threatening its dominant role in the world economy. Chart 1, below, confirms the above described situation, showing that the share of EU economies in the global GDP, measured at purchasing-power parity, has shrunk from 31.12% in 1980 to 24.88% in 2000 and has finally fallen to 19.36% in 2012.

Chart 1: GDP based on PPP share of World total.

Source: I. M. F., World Economic Outlook Database, April 2013.
The above figures raised questions over the ability of the European Union to catch-up with the rapid changes that have taken place after globalisation has prevailed and, of course, brought up serious scepticism about the overall growth strategy that has been set by the first decade of the 21st century, since the present EU’s approach is an extension and update of the Lisbon Strategy agenda which proved to be a rather disappointing experience, despite its detailed and well-organised structure, which composed of hundred of measures, and a sounded financial support. The appeals for a stronger governance framework and stronger political leadership fail to notice, as has been rightly pointed out, that a "closer co-ordination of national economic policies do not automatically resolve the problem of who actually sets the priorities for the eurozone (and the EU as a whole), and how".

We are not engaged here with these major issues. Our goal is far modest and less far-sighted. What we are trying to do here is to present and moderately assess the implementation of the Europe 2020 agenda, refraining from normative instructions and cutting-edge proposals. Our target is to appreciate the challenges the European economies are facing right now and to identify the measures and the policies that have so far been implemented for a different type of growth that is smarter, more sustainable and more inclusive. However, one has to bear in mind that the present situation is far more complicated and uncertain than in the 2000s and the 2007 financial crisis has set certain hurdles towards these goals. The growth strategy that was set forth by the European Council in June 2010 has to overcome not only the high hurdles of the financial and sovereign debt crises in Europe, but the austerity policies as well, that have been inflicted across EU member-states. The macro-economic policy-mix that so-far has been imposed on many European governments by the Stability and Growth Pact and the painful bail-out schemes for the southern European countries have questioned the ability of this policy-mix to fulfil the goals set in the Agenda 2020, but also for the capacity of European governance to come to grips with the major im-


3 See the special issue of the *Greek Political Science Review*, 39 (2012), which analyses the politics and challenges of the eurozone crisis.
balances within the EU. Moreover, the present financial difficulties faced by many European governments, including major economies such as France and Italy, have seriously jeopardized the convergence procedure in the EU and have raised serious doubts about the financial viability of the welfare state and the deterioration of the social indicators in the European continent. The inclusive arm of the agenda has so far been shaken by an increasing unsustainable distribution of income, which “erodes social security [...] and may destroy one of the great social achievements of industrialized countries—their capacity to guarantee a reasonable income to all citizens hit by unfavourable conditions”. The dramatic decline of the private and public investments and of the rate of employment (see chart 2, below), especially among the youth, has unfavourable effects on the development prospects, since a growing part of European societies is pushing out of the labour market, which in turn retains consumption and entrepreneurial prospects in low levels. Meanwhile, the problem of long-term unemployment remained rather unsolved in the context of the European employment strategy, and appears to be not only of concern for the European periphery, but of the core European economies as well, since Germany, Italy, and France were exposed in high long-term unemployment rates in 2011 (45.6%, 51.3% and 41.1% respectively; see figure 1). These high rates cry for new full-employment strategies, since restoring full employment is synonymous with preventing long-term unemployment.

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These preliminary remarks served as the background for the following report prepared by young researchers of the Institute of International Studies (IDIS), an effort towards a responsible and serious dialogue between academia and society which hopes to serve as a forum for the comprehension and de-mystification of the major changes taking place in Europe and elsewhere. The present report aims also to alarm the Greek authorities for the big challenges which are lying ahead and to remind them that our country has to participate more actively in the European procedures, supplying not only problems but occasionally solutions to the grand project of the European
integration. The report follows the priorities and targets set in the Europe 2020 agenda, which is employment, research and development, climate change and energy sustainability, education, poverty and social exclusion, and records the so-far progress in each and every one of these areas. This approach is not only dictated by formal reasons; our aim is also to emphasise the implication of the Agenda that the economic growth is not only confined to fiscal and financial indices but requires the inclusion of societal, environmental and cultural elements and the building of the (formal and informal) institutions that warrant that this path is not only sustainable, but also widely acceptable by the European people.
1. **The European Employment Strategy in the context of Europe 2020 Agenda**

Christos Ninis

1.1 Overall Performance

The European Employment Strategy has a rather long history. It was in the early 1990s that the EU authorities designed and implemented a fresh governance method in the field of employment, as a subsidiary process of the Economic and Monetary Union of convergence, towards higher employment and lower unemployment. It is not a coincidence that this strategy was introduced and materialised in a period of high unemployment rates and budget austerity, such as the present conditions in the EU, and aimed at removing the so-called "structural rigidities" which prevailed in the labour markets across Europe. The slight convergence in employment rate during the 2000s was seriously jeopardised by the recession burst in 2008. In order to reverse this gloomy situation and to broaden the job opportunities and prospects, especially for the young people and women, the EU authorities have incorporated certain policies in the Agenda Europe 2020 which aim at expanding the employment rate at 75% by 2020.

*Chart 1.1: EU-27 Total Employment rate 2000-2012*

Source: Eurostat.

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The results so-far are not very encouraging. In 2012, the percentage of Europeans currently having a job is at 68.5%, i.e. the employment has fallen back to the 2005 rate (Chart 1.1). European economies at the moment perform, on one hand, under the aftereffects of the big recession that global economies experienced due to the 2007 financial crisis while on the other hand, some EU Member States face fiscal problems of significant importance, under the burden of supporting challenged economies. The uncertainty that prevails on the European economies as a whole and the austerity programmes that are on track have had a great impact on the employment sector so far and created serious impediments for the European governments in achieving the goals set in the Europe 2020 Agenda. An overall depiction of the present situation (2012) is presented in Figure 1.1.

Figure 1.1.: Employment rates in EU countries – 2012.

Source: Eurostat.

However, the whole picture as described above is not a homogeneous one. The northern European countries (Sweden, Netherlands, Germany, Denmark and Finland), along with Austria, have shown a remarkable progress towards the targets set in the Agenda Europe 2020, while the southern ones (Greece, Spain, Portugal, and France) are still facing major problems in the employment sector (see Table 1.1).
Table 1.1.: 2012 Employment rates by country.

<table>
<thead>
<tr>
<th>Country</th>
<th>Current Employment Rate</th>
<th>Target</th>
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<tr>
<td>Sweden</td>
<td>79.4%</td>
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<td>Netherlands</td>
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<td>Germany</td>
<td>76.7%</td>
<td>77.0%</td>
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<td>Austria</td>
<td>75.6%</td>
<td>80.0%</td>
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<tr>
<td>Denmark</td>
<td>75.4%</td>
<td>80.0%</td>
</tr>
<tr>
<td>Finland</td>
<td>74.0%</td>
<td>73.0%</td>
</tr>
<tr>
<td>Greece</td>
<td>55.3%</td>
<td>70.0%</td>
</tr>
<tr>
<td>Spain</td>
<td>59.3%</td>
<td>74.0%</td>
</tr>
<tr>
<td>Portugal</td>
<td>66.5%</td>
<td>75.0%</td>
</tr>
<tr>
<td>France</td>
<td>69.3%</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

Source: Eurostat.

Taking into consideration the given indicators two facts come up. Firstly, the whole Europe 2020 project on the employment sector appears until now not to be very successful. An overall failure for the states to comply with the targets that have been set is obvious. Secondly, the big divergence in the results between the South and the North rather indicates that the overall policies that have been set are not equally efficient across Europe. The interpretation of these discrepancies is not an easy task and explanations focus on existing real and nominal rigidities in the EU countries that cannot always offer a profound appreciation of the institutional labour market settings which have prevailed over time. The supply-side strategies were not always successful and the flexibility implemented in many European countries, along with the relaxation of redundancy regulations, has made a large segment of the new jobs extraordinarily vulnerable to conjunctural swings. The historical records and the institutional set-

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tings have played a major role for the adjustment of national labour markets to the challenges created by the globalisation process, while the overall growth and macro-economic performance have played a vital role for the sustenance of high employment rates in the northern European countries, compared to the rather poor results achieved by the Mediterranean countries. It is a truism that the northern countries, which in general perform better, belong to a different model of capitalism than the southern ones. The continental model of capitalism, unlike the Mediterranean one, favours the northern countries in implementing faster and in a more efficient way the required reforms because of their historical origins and social structures. Countries that belong to the Scandinavian model of capitalism seem to perform great as well. However, this truism has an interesting implication: globalization is not a process of homogenization and employment policies only have a chance of survival if they conform not to general principles of labour market liberalization but respect and take into account the complex processes of interaction between domestic processes and factors and international factors and processes.

1.2. Impact of the current crisis on the implementation of the project

The 2008 financial crisis has had a negative impact on the European economies, mainly in the banking sector. The financial crisis was followed soon after by a sovereign debt crisis in the southern European countries and in Ireland, which in turn has had a severe effect on employment rates, since the contraction of demand in these countries has negatively affected production across the EU.

In 2008, the employment rate was 70.3%, while in 2009 it dropped to 69%. The employment rate for 2010 and 2011 stopped at 68.6% while in 2012 at 68.5%. The adverse economic climate and the recession made employment rates drop down.

The countries that were mostly affected by the fiscal crisis are Greece and Spain. Greece's employment rate before the crisis was at 64%, and one year after the crisis it was formed at 59,9%; the picture in Spain is similar, since the employment rate further lowered, from 62.5% in 2010 to 61.6% in 2011, and 59.3% in 2012.11 In order to

11 All the data and indicators used here are those of Eurostat.
deal with these dismal figures, the European Commission encourages labour mobility within Europe, which, it is believed, would help the EMU function better and absorb asymmetric shocks between depressed and well-off regions of the Union. In addition, the Social Investment package, which the European Commission put forward on the 20th February 2013, urges the EU Member States, within existing budgetary constraints, to shift their focus towards investing in human capital and social cohesion in order to support the development of social investment policies, sharing of best practices, capacity-building, and testing of social innovations, with the aim to scale-up the most successful.

The results so far are not very encouraging, at least for the European periphery plagued with high unemployment rates, discrimination against non-EU immigrants and social dumping phenomena that seriously jeopardise a genuine European labour market. These trends are more obvious in the European periphery where the record of strong social institutions is not marked.

1.3 Greece and European Employment Strategy

Greece's fiscal and macroeconomic troubles are serious impediments towards a feasible and sustainable employment policy. During the last two years Greece has seen its unemployment rates go sky high in almost every sector and age group. Employment in the age group 20-64 for 2011 was at 59.9% while in 2012 it was at 55.3% which is even worse than that of 1992. Young people have been affected severely as well.

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12 European Commission, Social Agenda, 08/2013.
13 European Commission, Social Agenda, 05/2013.
14 In 1992 employment rate in Greece was at 58.7%.
In order to tackle these major problems Greece is currently under a national reform programme in the labour market. The top priorities of this programme are the reduction of the labour cost and the facilitation of employment access, control over undeclared work, introduction of more flexible forms of employment, collective bargaining flexibility, along with the revision in private employment services, by simplifying and revising the existent legal framework governing the establishment and administrative costs of private employment services. Through these policies the Greek authorities are trying to prevent the escalation of unemployment rather than to create new jobs, since the macroeconomic situation has not yet stabilised and the confidence rates among entrepreneurs are still very low. However, the employment policies that have been adopted are considered to be a long-run strategy which will bring the much needed labour market flexibility and facilitate employment access for those currently not holding a working position.

Although that policy has given some positive results until now according to the Greek government's opinion, it is obvious that there still remains a lot to be done. A new and more intelligent strategy should be adopted which will indirectly boost the labour market, while new productive activities should emerge in order to sustain the

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16 Hellenic National Reform Programme 2012-2015, p. 29
local labour force and strengthen the weak social links among different social strata. That could be achieved by putting emphasis not only on deregulation and labour market flexibility, but also on social justice and consensus on the distribution of income along with setting mechanisms on wages and prices, compatible with sound fiscal and monetary policies.

1.4 Some tentative conclusions

It is evident from the data that the European Union’s Member States today perform under the following circumstances:\textsuperscript{17}

1. Under the burden of a constantly worsening employment situation and
2. Under their efforts to completely transform their labour markets

Given the fact that recession in Europe is deep and the fiscal problems some Member States face affect the other Members of the Union as well, while they have taken the initiative of supporting them, the fulfilment of the targets becomes less feasible. Major challenges the European Union has to deal with are the reduction of long-term unemployment and high youth unemployment\textsuperscript{18} rates. Moreover, the European Union has to modernise employment legislation, bridge the gap between wages and productivity and reduce tax burden on employment. The implementation of active labour market policies, promotion of larger working lives by rising the effective retirement age and implementing active ageing strategies and creation of specific policies towards new working fields, such as eco-industry, are considered to be of significant importance.

\textsuperscript{17} According to the Joint Employment Report
\textsuperscript{18} Citizens’ summary, EU Commission proposes Youth Employment Package
2. Progress towards the EU and national R&D intensity targets

Artemis Pantazatou & Margarita Eliopoulou

Although Europe is one of the most educated societies, it still notes a significant shortfall in the research field.\(^\text{19}\) Within the Lisbon Treaty the development of research and development (R&D) was decided in general, without specifying any particular clear direction. One of the four goals of the Lisbon Strategy’s revision\(^\text{20}\) was the establishment of investment knowledge and innovation.\(^\text{21}\)

There has been progress in R&D intensity in 24 Member States, and in a majority of Member States R&D intensity grew at a faster pace in 2006–2009 than in 2000–2006. Despite this progress, in 2009 most Member States remained far from the national 2010 targets they set for themselves in 2005. The overall EU aggregate R&D intensity is largely determined by the four largest Member States.

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\(^{19}\) EU countries spend 1.9% of GDP, while the U.S., Japan and South Korea are reaching or approaching the 3% performed in the industrial sector. Specifically, the United States research is about 2.6% and Japan’s 3.4% as the Treaty of Europe 2020 refers.

\(^{20}\) On April 2005 the Lisbon Strategy was revised. The Commission conducted a survey of Accomplished Goals, which was rather negative. The research and investment have been inadequate, suggesting the need to encourage new knowledge, innovation and especially investment in research and development. The Commission in its announcement in April that year states that Europe should strengthen “the three poles of knowledge: education, research and innovation”.

\(^{21}\) “Europe needs to act”, and this phrase refers to the Europe’s 2020 Strategy, which focuses on research and development of the private sector within the Region.
Investment in R&D is highly concentrated in some parts of the European Union. Half of the total EU–27 R&D expenditure is located in approximately two regions, i.e. one fifth of the regions in the EU. Conversely, half of all the regions contribute to only 6% of the total EU R&D expenditure.

Over the last years the European Union has made progress in order to meet the R&D intensity target. The EU 3% target and further national targets have mobilised increasing resources for R&D. The national 2020 R&D targets, set up by Member States in 2010, are ambitious but achievable and would bring the EU R&D intensity to 2.7–2.8% of GDP in 2020, close to 3% in 2020.

There are considerable structural differences in R&D funding between Europe and its main competitors. Policymakers in Europe have tried to overcome some of these barriers that are thought to have hampered European research efforts, for example, by addressing geographical, institutional, disciplinary and sectoral boundaries.

In order to empower European research efforts a European Research Area (ERA) has been created, a unified research area open to the world based on the internal market, in which researchers, scientific knowledge and technology circulate freely. Through ERA, the Union and its Member States will strengthen their scientific and technological bases, their competitiveness and their capacity to collectively address grand challenges.

The free circulation of researchers, knowledge and technology across the ERA is being introduced as the ‘fifth freedom’. Smart, sustainable and inclusive growth is going to be the result of attractive conditions for carrying out research and investing in R&D intensive sectors; Europe-wide scientific competition, along with cooperation and coordination. The 2020 vision for the ERA is part of the wider picture of Europe’s 2020 strategy for.

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22 [http://ec.europa.eu/research/era/index_en.htm](http://ec.europa.eu/research/era/index_en.htm)
23 The European Research Area (ERA) contains 7 key points according to the European Commission, which are: Resources and facilities optimized at European level, Coherent use of public instruments and resources, Dynamic private investment, A common system for improving the scientific and technical policies, More adequate human resources and greater mobility, A dynamic European landscape, open and attractive to researchers and investment, Shared values
Member States should introduce or enhance competitive funding through calls for proposals and institutional assessments as the main modes of allocating public funds to research and innovation. Legislative reforms may be introduced, if necessary, in order to ensure that all public bodies responsible for allocating research funds apply the core principles of international peer review. The structural change in institutions so as to raise their research quality to international levels of excellence will be a challenge.

Open national-level competition is crucial to deriving maximum value from public money invested in research. The Commission supports mutual learning and the exchange of good practice between Member States on the removal of national legal and other barriers to ERA. Moreover, through the Smart Specialisation Platform it will support Member States and regions in using Structural Funds to develop research capacity and smart specialisation strategies, including support to joint research programmes, in line with the Cohesion Policy objectives.

Joint Programming is aiming to enable transnational research and innovation by exploiting synergies between national and international programmes and aligning different sources of national funds at EU level. Differences between national funding rules and selection processes are the main reasons for the low level of alignment.

Research organisations are expected to agree on common funding principles - eligible costs, reporting requirements, etc. to make national research programmes compatible, interoperable (cross-border) and simpler for researchers and try to use synchronised calls, where possible, with single joint international peer review evaluation of proposals as a basis for funding decisions.

The IU includes a commitment to complete or launch construction by 2015 of 60% of the ESFRI roadmap priority RIs of pan-European interest. This requires investment beyond the means of individual countries - pooling of regional, national and European Union funds is thus necessary, particularly for ERIC RIs, including distributed facilities requiring the participation of as many countries as possible with world class national and regional capacity. Many new European RIs also benefit from international partners or are the European branches of worldwide networks. It is crucial to ensure

25 Until the Treaty of Lisbon public expenditure scoring was 80% at a national level. This implies that research loses effectiveness when these research efforts do not form a coherent effort.
cost control and management of global projects. The group of twenty major economies (G20) is addressing these issues with the active participation of the Commission.

Member States need to confirm financial commitments for the construction and operation of ESFRI, global, national and regional RIs of pan-European interest, particularly when developing national roadmaps and the next Structural Fund programmes and remove legal and other barriers to cross-border access to RIs.

Another fundamental aim is to work with ESFRI to set priorities for implementing the Roadmap and to provide advice and guidance to Member States on overcoming legal, financial or technical obstacles to implementation and define with ESFRI, e-IRG and other stakeholders common evaluation principles, impact-assessment criteria and monitoring tools which can be applied in regional, national and European programmes to help combine funds from different sources.

In November 2011 the European Commission presented Horizon 2020, an €80,000 million programme for investment in research and innovation, implementing the innovation union. Horizon 2020 focuses on turning scientific breakthroughs into innovative goods and services that have the potential to provide business opportunities and change people’s lives for the better. Running from 2014 to 2020 this programme is part of the EU’s drive to create new growth and jobs in Europe. Horizon 2020 is the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe’s global competitiveness. Running from 2014 to 2020 with an €80 billion budget, the EU’s new programme for research and innovation is part of the drive to create new growth and jobs in Europe.

Horizon 2020 provides major simplification through a single set of rules. It will combine all research and innovation funding currently provided through the Framework Programmes for Research and Technical Development, the innovation related activities of the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT).

The proposed support for research and innovation under Horizon 2020 will strengthen the EU’s position in science with a dedicated budget of €24,598 million. This will provide a boost to top-level research in Europe, including an increase in funding of 77% for the very successful European Research Council (ERC). Furthermore, it will strengthen industrial leadership in innovation €17,938 million. This includes major
investment in key technologies, greater access to capital and support for SMEs and it will also provide € 31,748 million to help address major concerns shared by all Europeans such as climate change, developing sustainable transport and mobility, making renewable energy more affordable, ensuring food safety and security, or coping with the challenge of an ageing population.

Horizon 2020 will tackle societal challenges by helping bridge the gap between research and the market by, for example, helping innovative enterprises develop their technological breakthroughs into viable products with real commercial potential. This market-driven approach will include creating partnerships with the private sector and Member States bringing together the resources needed.

Horizon 2020 will be complemented by further measures to complete and further develop the European Research Area by 2014. These measures will aim at breaking down barriers to create a genuine single market for knowledge, research and innovation.

On the one hand, the scientific and technological development contributes to economic growth and improves employment, competiveness, as well as many other social problems. On the other hand, if research and innovation are individual efforts, maximum efficiency can’t be achieved.

After the outbreak of the crisis, the EU is going through a transitional period. In 2008–2009, R&D expenditure was more resilient to the financial crisis than the overall economic activity. As mentioned by the European Commission this fact reversed part of the economic and social progress but at the same time revealed some of the most important deficits in infrastructure. During this period, the EU has to accomplish the established policy guidelines, working as a unit and overcoming the problems.

Altogether, the data shows that governments in the EU have considered R&D as a priority in times of crisis. However, the result of the economic crisis might be a further widening of the gap between Member States with high R&D intensities and some Member States with lower R&D intensities, the latter having more difficulty in avoiding cuts in R&D spending.

Due to a more rapid drop in GDP than in R&D expenditure, the net effect of the crisis has seen an increase in EU’s R&D intensity from 1.85 % of GDP in 2007 to 1.92 % in 2008 and 2.01 % in 2009. In 2009, nominal R&D budgets grew or were maintained in 17 Member States. In terms of execution, nominal R&D expenditure in the public sector grew by 1.8 % in the EU in 2009.
Even before the time of the crisis there were many areas that seemed to be in delay within the EU compared to other regions. The European Commission states that the average growth is significantly less than the principal economic partners, with the productivity gap widening in recent decades. This problem seems be rooted mainly in the structural basis, with lower levels of investment in research, development, innovation, inefficient use of information and communication technologies, restrictions on market accessibility and less favourable environment for businesses.

Among the EU Member States, the highest R&D intensities in 2010 were recorded in Finland (3.87 %), Sweden (3.39 %) and Denmark (3.06 %). There were eight Member States that reported R&D expenditure accounting for less than 1 % of their GDP in 2010; Greece also had a ratio of less than 1 %, although its latest available data is for 2007. The Member States with the lowest R&D intensity were generally in southern and eastern Europe.

The differences in the relative importance of R&D expenditure between countries are often explained by referring to levels of expenditure within the business enterprise sector. The 'innovation gap' among several European regions is being confronted through rational management and resource allocation of the Structural Funds, in order to ensure that all participating regions receive the corresponding part.

Table 2.1: R&D Expenditure (as % of GDP)

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<td>2.83857</td>
<td>2.89662</td>
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</tbody>
</table>

Source: The World Bank
An evaluation of the data for the EU Member States also confirms that these countries with relatively high shares of business enterprise expenditure on R&D – namely, Finland, Sweden, Denmark, Austria and Germany – also reported relatively high levels of total GERD. Apart from Germany, these countries also tended to feature near the top-end of the ranking of expenditure by the higher education sector, where the Netherlands also had a relatively high share of R&D expenditure. Government R&D expenditure relative to GDP was highest in Germany, Slovenia, France and Finland.
An analysis of R&D expenditure by source of funds shows that more than half (54.1%) of the total expenditure in 2009 within the EU-27 was funded by business enterprises, while just over one third (34.9%) was funded by the government, and a further 8.4% from abroad (foreign funds). Business-funded R&D accounted for 78.2% of total R&D expenditure in Japan and 67.3% in the United States (both 2008).

Chart 2.1: EU27 - US comparison

A country has a performance lead over the EU27 if the relative score for the indicator is above 0 and a performance gap with the EU27 if the relative score is below 0 (or the EU27 has a performance lead if the relative score for the indicator is below 0 and a performance gap if the relative score is above 0). Relative annual growth as compared to that of the EU27 over a 5-year period.

Source: Innovation Union Scoreboard 2013 (European Commission)
Some countries have already made structural changes and have made R&D a priority into their strategic plans, but few are the countries that have placed their priority in confronting with social challenges; key examples of such effort is Germany with its high-technology, Spain with the new strategic plan and finally Slovakia with the provision of state representation of the knowledge-based economy by establishing two parts to study political measures for research and innovative development.

Taking into account the risk of widening the gap within the European region and the delay in cooperation that was noted so far, the EU launched the European Innovation Partnership, which will mobilize their organizations operating in a "cycle of innovation" to be fast developed and having a more immediate response to social challenges. Finally, the European Commission seeks to promote competitiveness through the European Innovation Partnership by improving the business environment that will put the foundation for growth and new entries into new more friendly markets but with new circumstances. Yet, the result will be an increase of productivity through more investment.

The targets set in Europe 2020 do not have a fixed rate of R&D, but rather some common goals, which require some time. In the interim, however, we already have some results which therefore should promote with shorter movements public and private investment in research and innovation development, while improving the institutional framework and making the business environment more business-friendly by reducing bureaucracy and other taxes, and putting stringent environmental measures preventing future issues that will arise with new technologies, and at the same time making it environmentally friendly.

R&D does not require just a little effort of collaboration, but rather a deep-rooted and long pan-European network of co-operations, with an inner discipline to promote lifelong learning and higher education levels, in order to develop research and innovation actors.
3. Progress towards environmental sustainability and climate policy objectives

Esli Jahja

Whilst the Lisbon Treaty forebore from addressing itself to the issue of a consistent environmental, energy and climate policy from its drafting, with the period 2000-2005 distinctive of its unprioritized strategy development despite the implementation of the Cardiff Process, the strategy pursued in light of Europe 2020 has been ambitious in further assimilating environmental and energy policy in EU market regulation, albeit ultimately listless.\textsuperscript{27} The ‘structural lack of sustainable planning in strategy formulation’\textsuperscript{28} became a significant question which the Lisbon Treaty barely tackled and as a result proven ineffectual—a question addressed by the Integrated Guidelines 2008-2010 but whose inclusion in the 2020 Strategy for Growth has been rather stagnant upon implementation in virtue of the relative detachment in the policy planning between the Cardiff Process and the Stockholm Programme, among other reasons.\textsuperscript{29}

Political disinclination, often the absence of a cooperative context throughout the implementation of the policy objectives in some Member States and the disassociation from further integration, irresponsible business conduct for the decarbonisation of the economy, a shortage in market-based instruments towards green production patterns in combination with the present public debt crisis largely overshadowing the necessity for investment securities on innovative technologies building on environmental sustainability constitute substantial impediments towards green growth.\textsuperscript{30} Arguably,


\textsuperscript{29} Ibid: 5-6. The Stockholm Programme (May 2010) details EU priorities in the area of justice, freedom and security for the period 2010-2014 following the Tampere and Hague Programmes, sustainable and environmentally friendly economic growth.

\textsuperscript{30} Other impediments involve, for instance, the substantial costs for monitoring and enforcing GHG emissions, information asymmetries and split incentives, or market incompleteness. Read, OECD, In-
green growth policy does involve high political risks owing to the general economic restructuring that need be formed for long-term growth rather than emphasis on short-term job creation.\textsuperscript{31}

The first Europe 2020 binding environmental policy target relates to a 20% reduction in greenhouse gas (GHG) emissions by 2020 for sectors covered in the EU Emissions Trading System (ETS), relative to the base year 1990, and reduction of emissions not covered in the EU ETS by 9% relative to 2005.\textsuperscript{32} A relative disassociation of GDP growth from GHG emissions is observed (Figure 1), illustrating the antithetical relationship between the former’s firmly rising trend to the latter’s gradual contraction since 1990: GDP increased 46% in the EU-27 whereas emissions declined by 15% for the period 1990-2010—with the exception of a 2.4% increase in emissions from 2009 to 2010 attributed to the economic recession, whence energy intensity grew despite previous decreases.

Figure 1: Energy and GDP indicators, Index (1990 = 100).

Source: Eurostat, IEA.


\textsuperscript{32} In sectors such as transport (with the exception of aviation), buildings, agriculture and waste. These targets—which differ from each country—are incorporated into the Effort Sharing Decision (ESD) that composes the climate and energy package. The targets for the period 2013-2020 in annual emission allocation were formally adopted in March 2013. See document C(2013) 1708 and the ‘Annual Report on Progress Towards Achieving the Kyoto Objectives’, (COM (2012) 626), European Commission.

\textsuperscript{33} Energy intensity is calculated as the ratio of GHG emissions produced to GDP. The energy dependence rate is defined as net imports (imports minus exports) divided by gross consumption.
Energy intensity, particularly in the light of the incremental patterns in gross inland energy consumption and subsequent costs, constitutes a central question in the scope of energy efficiency schemes and in the reduction of energy imports expenditure and ultimately energy dependency, which has remarkably increased nine percentage points since 1990 (at 54% in 2011).  

Figure 2: GHG Gas Emissions in the EU, 2010, compared to 1990.

Source: Eurostat.

It is of keen interest to note the variance among the Member States in the 2020 projected performance, notwithstanding the EU’s overachievement of the overall target by 0.9%; only ten Member States are expected to actualize their target commitment with existing measures (Bulgaria, Estonia, Lithuania, Latvia and Slovakia had the largest gap from the EU target in 2010, see Figure 2), ten others will only fulfil their objectives with the implementation of additionally planned measures and policies, while the remaining seven will not realize their targets either way (Figure 3)—with Greece, Belgium, Malta, Ireland and Luxembourg entertaining the greatest distance from their targets, for which reason they may employ ESD flexibility mechanisms in the form of international credits from the Kyoto Protocol’s Clean Development Mechanism (e.g. Certified Emission Reductions) and Joint Implementation, regulated at 3% of their

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34 Estonia (12%), Romania (21%), the Czech Republic (29%), the Netherlands (30%), Poland (34%), the UK (36%), and Denmark (-9%) were the least dependent on energy imports in 2011, whereas the most dependent were Malta (101%), Luxembourg (97%), Cyprus (93%) and Ireland (89%). The five greatest energy consumers were Germany (-7.7% relative to 2008), France (-4.6%), the UK (-9.4%), Italy (-4.8%) and Spain (-9.4%). See: http://europa.eu/rapid/press-release_STAT-13-23_en.htm.
2005 non-traded sector emissions, or in borrowing emission budgets at a maximum value of 5% from other countries’ surpluses.\footnote{http://unfccc.int/kyoto_protocol/mechanisms/items/1673.php. The three Kyoto flexibility mechanisms are the Clean Development Mechanism (CDM)—which allows developing countries to earn tradable certified emission reduction (CER) credits that may be sold to industrialized countries to cover part of their targets, the Joint Implementation (JI)—which allows countries to transfer emission reduction units (ERUs) to cover part of their reduction targets, and Emissions Trading—which allows countries possessing more than the allowed ‘assigned amount units’ in GHG emissions to sell their excesses to those above target, primarily in the so-called carbon market. These address the issue of cost-effectiveness in addition to providing incentives for developing countries.}

Figure 3: Projected gap to 2020 projections in the non-ETS sectors - Overdelivery and shortfall.\footnote{Negative and positive values denote overdelivery and shortfall of the 2020 targets, accordingly; in percentage of base year emissions (2005).}
Another issue relates to the absence of uniformity between domestic (internal) and international (external) legislative framework, with the adoption in December 1997—and ratification in 2002—of the Kyoto Protocol by the then EU-15 under which it has resolved to reduce GHG emissions by 8% for the period 2008-2012, and whilst projected emissions indicate an overachievement of the target, it propels EU climate policy towards a parallel course with few irregularities—the collective target of individually established emission limitations under the Kyoto Protocol for the EU-15, Bulgaria, Czech Republic, Estonia, Latvia, Liechtenstein, Lithuania, Monaco, Romania, Slovakia, and Slovenia follows at 8%, at 6% for Hungary and Poland, with Cyprus and Malta short of any target and the EU-27 lacking a collective limitation target.

The second 2020 target essays a 20% overall increase of renewable energy sources in final energy consumption and a 10% increase in transport, as means in shrinking GHG emissions and with a view to moderate dependency on fossil fuel imports, following the EC’s ‘Renewable Energy Roadmap—Renewable Energies in the 21st Century: Building a More Sustainable Future’ introduced in January 2007. Malta, Luxembourg,

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37 Decision 2002/358/EC.
Belgium, the Czech Republic, Cyprus and Hungary have the lowest possible targets, whereas the most ambitious targets are found in Norway (67.5%), Sweden (49%), Latvia (40%) and Finland (38%) (cf. Figure 4).

Figure 4: Share of renewable energy in gross final energy consumption

Source: Eurostat.

The high shares in renewable energy among the Nordic countries have already been determined for the 2011/2012 interim target, supported through investment support programmes and from direct subsidies in the form of feed-in tariffs (Finland and Denmark) and tradable green certificates (Sweden and Norway). To this point, Denmark introduced the Energy Agreement of March 2012 to finance renewable energy production via a new tax on electricity consumption to compensate the decrease in revenues from tax on fossil fuels following their reduced consumption. All of them

40 Sweden and Denmark have volunteered to sell their respective surpluses (accounting units) to other countries via the support mechanism of statistical transfer. The Nordic countries are likely to make use of cooperation mechanisms in the future, having initiated a research programme—‘Nordic Testing Ground”—exploring the utility of such an initiative. Helge Sigurd Naess-Schmidt, et al., Efficient Strategy to Support Renewable Energy: Integration in Overall Climate and Energy Security Policies, 545 (Copenhagen: Nordic Council of Ministers, 2013): 19, 23, 60-61.

41 Projected results for 2020 indicate a 50% electricity consumption from wind power and a 35% share of renewable energy sources in final energy consumption. The programme is highly ambitious as it aims to provide renewables for the entire energy supply (electricity, heating, industry, transport) by 2050, in
have decoupled GDP growth from energy use (emissions to air),\(^{42}\) while the command and control policy instituted since the 1970s (see, for example, individual emission permits for the industrial sector founded on environmental assessments) have proven rather cost-effective.\(^{43}\) A Norden study suggests that a synergy of ‘economic instruments’ with policy-making addressing industrial restructuring towards new economic activities following new technological innovations thereafter stimulated through environmental taxes, education, R&D and ‘red tape’ abolition of all industrial regulations that impede growth, would prove a healthy foundation for other countries in supporting a green growth agenda.\(^{44}\)

All Member States are likely to fulfil their commitments, however supplementary measures need be set in motion for some to implement the EU Renewable Energy Directive, inclusive of Malta, the Netherlands—fourth to last in renewable energy share owing to the political decision of unprioritized financing of wind energy and biogas with decreased energy investments\(^{45}\)—and the UK, whose ‘renewable energy policy has been characterised by opportunism, cost-limiting caps and continuous adjustments resulting from a lack of clarity of goals’.\(^{46}\)

The growth rate in industrial energy consumption has been stable since 2008 (see Figure 5), as in transport, however a small reduction of total final energy consumption declined by nearly 6% in 2011; the share of renewables in fuel consumption of transport has increased from 0.4% in 2008 to 3.8% in 2011.

\(^{42}\) Such policies have been included in the political agendas since the 1970s. Greenhouse gas emissions, however, continue to increase through their imports in virtue of high income and consumption per capita levels. John Magne Skjelvik, Annegrete Bruvoll and Karin Ibenholt, *Greening the Economy: Nordic Experiences and Challenges*, 532 (Copenhagen: Nordic Council of Ministers, 2011): 10.

\(^{43}\) Ibid: 49, 99.

\(^{44}\) Ibid. This should be complemented by realizing imperfections in labour and venture capital markets.


Figure 5 Final energy consumption by sector (2008-2011), Share of renewable energy.

Source: Eurostat.

The third non-binding target applies to a 20% energy efficiency increase, relative to absolute primary energy savings of 368 Mtoe and an overall energy consumption of 1474 Mtoe against the projection of 1842 Mtoe in 2010, purposed towards reviving industrial competitiveness, job creation, business efficiency and GDP growth; at present, however, the EU-27 projected savings amount to 206.9 Mtoe for 2020.47

Table 1: 2020 targets in energy efficiency (million tonnes of oil equivalent).

<table>
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<tr>
<th>AT</th>
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<td>0,7</td>
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<td>1,6</td>
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An important stumbling block lies partly on the political reluctance and unwillingness for commitment observed in the Czech Republic, the Netherlands, Slovenia and the UK, who were required to establish formerly absent indicative national targets by April 2013. The results are not uniform: Slovenia set the value of 10.809 GWh in energy savings by 2020, the Netherlands set a 1.5% in energy savings per year, the Czech Republic has not yet reported anything while the UK has set its indicative target based on final energy consumption—having first applied an ‘accounting trick’ which allows the calculation of energy savings from four years prior to the Energy Efficiency Directive’s 2014-2020 period with a view to reduce its obligations by 60% in is annual savings levels. On 18 April 2013 the EC published a report on the financial support to be offered for energy efficiency projects in buildings, following the EED’s requirement of Member States to establish a long-term strategy in investment promotion for the ‘renovation of the national building stock’ by April 2014. The progress in energy savings, however, towards achieving the target of a low-carbon economy and as a cost-effective means of reducing GHG emissions appears wanting, considering also that ‘though the 20% energy savings target has politically been agreed upon, it is not explicit in any legally binding EU decision. Thus, in a sense it is still to be regarded as a policy ‘ambition’ that has not been fully translated into concrete policies.’ Current projections indicate that the energy savings target will founder by a significant gap. Finally, in relation to Greece, its poor performance as derived from the tables and figures previously illustrated, indicates that the economic crisis has eclipsed the climate issue now set aside as a lesser priority, despite such incompatibility with the recovery effort in the country. It is up to the authorities to develop environmental policies that will not passively accommodate themselves to the EU policy guidelines through typicality alone but ones confronting real domestic challenges.

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48 Amounting to 129.2 Mtoe on a net calorific basis, a 18% reduction (28.5 MTOE) from the UK’s 2007 business as usual project projection for 2020. Annual 2013 Report.

49 This arrangement was founded on the allowance of exemptions in the Directive’s Article 7, much to the exasperation particularly of Germany, Austria and Finland. Euractiv, Three EU states condemn UK’s energy savings ‘accounting trick’, (10 June 2013). Available at: http://www.euractiv.com/climate-environment/eu-states-condemn-uk-energy-savi-news-516788.


52 Ibid, 4.
4. The strategic framework for education and training

Christiana Aposkiti & Calliope Ioannidou

The empirical literature reaches mixed conclusions regarding the effect of unemployment levels on the tendency to pursue education. Handa and Skolnik find a ‘very weak’ effect of youth unemployment on enrolment in university education in Ontario, Canada, while Card and Lemieux, using data from the US and Canada, find a positive effect of weak local labour market conditions on educational enrolment for 16–24 year-olds. In a more recent study, shows that higher regional youth unemployment positively affects enrolment in post-compulsory education in England, which is in accordance with the conclusions reached by Rice for England and Wales, a decade earlier. For Spain, Fernandez and Shioji find that regional unemployment of non-graduates positively affects university enrolment rates – at least in the short term – whereas the longer-term effect may be negative due to the wealth effect.

An informal look at EU cross-country data on unemployment/employment and enrolment data for the period 2007–9 does not suggest that there is any correlation between youth unemployment and tertiary education enrolment. The increase in the overall tertiary enrolment rate for the EU-27 has been less than 1%, which is less than the trend for the period 2000–9. Most Mediterranean countries have seen little progress in the way of increased tertiary enrolment, Greece being an exception. On the other hand, Lithuania has seen a 3% increase in the enrolment rate against the backdrop of a 21% increase in youth unemployment.

Some Member States objected to setting headline targets on education participation, on the basis that this is not an EU issue, but one of a national competence. Ad-

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ditionally, some critics have voiced concerns about how realistic it is to set education targets, given the tight financial constraints that many EU governments are facing due to the current financial and economic crisis.\(^{59}\)

There is a major policy contradiction between the goals of the Europe 2020 strategy and the imposition of austerity measures. In most countries education and training budgets seem either to have been cut or, to some extent, reduced (Croatia 9%, Czech 5%, Estonia, Hungary 10%, Latvia, Lithuania, Romania, Serbia 25%, Slovakia). In Spain cuts in pre-school and primary education are planned, while in Latvia funding for education and science was reduced by half in 2009 and no plans for restoring it have been put forward in 2010 and 2011. Capital spending cuts in the UK have been particularly focused on education construction, which will have impacts in the longer term.\(^{60}\)

Cuts in salaries also pose another issue: between 3% and 25% at all levels, teachers have been laid-off because of the crisis; schools, in particular small public schools in rural areas, were closed, merged, or reorganized (Latvia, Lithuania, Romania and Russia). In some countries the size of the class has been expanded (Lithuania, Estonia). Additionally, there has been an increase in hiring unqualified teachers, a rise in tuition fees etc.\(^{61}\)

**Europe 2020 targets**

In 2010, the European Commission proposed the Europe 2020 strategy for the advancement of the EU economy. The above mentioned Agenda, aims at smart, sustainable, inclusive growth with greater coordination of national and European policy. The initiatives proposed in this process are underway, but the recent financial crisis has already affected their progress for most European countries. The five EU benchmarks in the strategic framework for Education and Training for 2020 are:

1. Reducing school drop-out leavers below 10%,
2. The share of 30-34 year olds with tertiary educational attainment should be at least 40%,
3. At least 95% of children between 4 years old and the age for starting compulsory primary education should participate in early childhood education,
4. The share of low-achieving 15-years olds in reading, mathematics and science should be less than 15%,
5. An average of at least 15 % of adults should participate in lifelong learning.  

It’s a fact that, as time passes by, the EU countries will try to achieve better goals and to fulfil their targets. The 2020 benchmarks may seem a bit hard to achieve but, with a good effort made by the 27, nothing is impossible. On the 3rd March 2010, the Commission announced the launch of “Europe 2020”, the successor of “Lisbon Strategy”. For the first time, two of the main targets are related to education: reducing school drop-out rates below 10% and at least 40% of 30-34–year-olds completing third level education.

**Top vs. Low performances**

In the EU-27 the share of early school leavers (population 18-24) declined from 17.6% in 2000 to 14.1% in 2010. The best performers are Slovakia, the Czech Republic and Poland. On the other hand, low-achieving rates were found in Malta and Portugal. In addition, the tertiary attainment of 30-34 years old increased from 22.4% in 2000 to 33.6% in 2010 and therefore by 11 percentage points. The best performers in this target are Ireland, Denmark and Luxembourg. However, there are countries which have not reached the initiative: Malta, Romania.

Summarizing the above points, it is clear that the vast majority of the EU countries has made great progress either on the elimination of the school drop-out rates or the tertiary attainment throughout the decade 2000-2010. There are only six countries

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65 Ibid.
with significant shares except for Malta, Portugal and Romania, which had lower than usual effective performances.

**Chart 4.1: Early leavers from education and training by highest educational level completed, 2009 (%)**

![Chart](chart.png)


The above chart provides further information about the performances countries had in 2009. Specifically, the research determines the percentage of 18-24 youth people who have completed lower upper secondary education and are neither in education nor in training. The countries with the best shares are: Sweden, Austria, Finland, Lithuania, Slovakia, the Czech Republic, Slovenia, Poland. In contrast to those with the highest averages, Malta again had low targets, not to mention Portugal and Spain which were far from achieving the goal of 10%.

Huge differences still exist in 2010; in Malta the share of early school leavers is 36% while in the Czech Republic the share is 5%. Austria reached the goal in 2010, and the Netherlands, Finland, Hungary, Denmark, Belgium, Germany and France will probably reach the goal soon. But Malta, Portugal, Spain and Italy are far from the target.

In relation to tertiary education attainment in 2008, the countries that approached the initiative of 40% (and in some cases over 40%) are: Ireland, Denmark, Luxembourg, Finland and Sweden. Nevertheless, the figures in some countries are not very encouraging and their performance remains at low standards: Portugal, Malta, Italy, Romania, the Czech Republic, and Slovakia. Countries such as Germany, Romania, Italy, the Czech Republic, Slovakia, Malta, Portugal and Austria still have a long way.

The likely failure of France and Ireland in meeting their national targets lies largely due to how ambitious the targets are. The same goes for Portugal, given its
starting point and the fact that it is spending below the EU average (in terms of per cent of GDP) on its education system. This is also true of Austria, although spending on education is higher there. The target for Spain may be reachable if public spending reaches the EU average. Currently, Spain is committing significantly less resources as a percentage of GDP to the education sector than the EU average.\textsuperscript{66}

**Figure 4.2: Tertiary educational attainment of 30–34 year-olds in 2010, Europe 2020: Targets, and projections (%)**

![Tertiary educational attainment graph]


Is there any difference between southern and northern countries in the EU?

**Figure 4.2: Population with Less than Upper Secondary Education and Employment Rate, 2008**

![Population with Less than Upper Secondary Education and Employment Rate graph]


The above figure maps the population share in the 25 to 64 age group with less than upper secondary education and the global employment rate in the 20 to 64 age group. We can see the deficit of southern welfare states – compared to other EU-15 welfare states, with regard to education and employment. More than one in three Spaniards in the 25 to 34 year old age group have no more than lower secondary education, while in Germany this applies to less than one in six young people. This educational disequilibrium within the Eurozone is not a temporary phenomenon and, as it has pointed out, may be destabilising for the long-term future of the Eurozone.\(^6\)

**Greece**

The two main targets, connected either with the elimination of early school drop-out rates or the enhancement of tertiary education attainment, are getting better throughout 2006-2011. According to the annual growth survey analysis (2012), it is mentioned that the majority of EU countries and especially Greece, have to reform their educational systems. The previously mentioned change will be beneficial for the systems in order to ameliorate their quality and effectiveness. Moreover, the youth would be able to supply themselves with the necessary requirements facing the labour market. There are three basic essentials for Greece to improve on the educational system: long-term progress, breakthrough innovations and sustainable growth. However, the recent financial crisis is getting worse and has already had a serious impact on the progress of the educational training and attainment. The following tables depict the differences between the years 2006-2011 either on tertiary attainment or the early school leavers. It is also necessary to be mentioned that there are some disparities between male and female targets.

Table 4.1: Greece: Early school leaving 2006-2011

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<tr>
<th></th>
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<th>2008</th>
<th>2009</th>
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<th>2011</th>
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<td><strong>Sum</strong></td>
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<td>117.958</td>
<td>116.110</td>
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<td>102.916</td>
<td>95.775</td>
</tr>
<tr>
<td>%</td>
<td>15.5%</td>
<td>14.6%</td>
<td>14.8%</td>
<td>14.5%</td>
<td>13.7%</td>
<td>13.1%</td>
</tr>
<tr>
<td><strong>Males</strong></td>
<td>86.552</td>
<td>75.782</td>
<td>73.960</td>
<td>70.580</td>
<td>62.594</td>
<td>58.654</td>
</tr>
<tr>
<td>%</td>
<td>20.2%</td>
<td>18.6%</td>
<td>18.5%</td>
<td>18.3%</td>
<td>16.5%</td>
<td>16.1%</td>
</tr>
<tr>
<td><strong>Females</strong></td>
<td>45.445</td>
<td>42.692</td>
<td>42.150</td>
<td>40.289</td>
<td>40.322</td>
<td>37.121</td>
</tr>
<tr>
<td>%</td>
<td>10.8%</td>
<td>10.8%</td>
<td>10.9%</td>
<td>10.6%</td>
<td>10.8%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

Source: Greek Statistics.

This table shows that the average in early school dropout rates of males varies from 20.2% in 2006 to 16.1% in 2011. On the contrary, the percentage for females ranges from 10.8% in 2006 to 10.1% in 2011. The truth is that females have a better performance in educational attainment than males.

Table 4.2: Greece: Tertiary attainment by age group 30-34

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
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<th>2008</th>
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<tr>
<td><strong>Sum</strong></td>
<td>219.822</td>
<td>216.912</td>
<td>213.515</td>
<td>216.987</td>
<td>232.973</td>
<td>234.026</td>
</tr>
<tr>
<td>%</td>
<td>26.7%</td>
<td>26.2%</td>
<td>25.6%</td>
<td>24.5%</td>
<td>26.4%</td>
<td>28.0%</td>
</tr>
<tr>
<td><strong>Males</strong></td>
<td>103.543</td>
<td>103.967</td>
<td>98.774</td>
<td>98.455</td>
<td>108.440</td>
<td>107.727</td>
</tr>
<tr>
<td>%</td>
<td>25.8%</td>
<td>25.0%</td>
<td>23.4%</td>
<td>24.0%</td>
<td>25.7%</td>
<td>26.2%</td>
</tr>
<tr>
<td><strong>Females</strong></td>
<td>116.280</td>
<td>113.045</td>
<td>114.741</td>
<td>118.532</td>
<td>124.533</td>
<td>126.299</td>
</tr>
<tr>
<td>%</td>
<td>18.3%</td>
<td>17.3%</td>
<td>17.0%</td>
<td>15.1%</td>
<td>13.4%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

Source: Greek Statistics.

Table 4.2 makes a brief mention about the performances either on males or females in tertiary education attainment. In this case, males have a share of 26.2 % in 2010, unlike females, who have made a significant progress from 28.3% in 2006 to 31.7% in 2011. It is clear again that women figures are much better than those of men.
A brief conclusion

The above analysis aims at presenting the so-far attainment in education and training, which is one of the five benchmarks of the strategic framework for European cooperation. These indicators are crucial for the accomplishment of the growth strategy set by the EU and related to the accumulated human and social capital, which are regarded as a sine qua non for "the developmental capacity of social organizations and synergy relations, and depend on qualitative features of welfare systems established across European countries". The achievement of these objectives requires a more effective organisation of the European educational system and a well-defined and adequately funded social policy. The prevailed austerity policy has rather had a reversed effect on the indicators of education and training. On the other hand, there is a lot to be done in the institutional and organisational structures of the national educational systems and, as has been rightly pointed out, "an alternative focus on qualitative achievement could reap enormous gains in long-run economic performance over the century".

The European economic crisis has been four years in the making, and its social consequences have major effects on the so-called continental European social model. The various difficulties, in terms of social changes, brought about by the crisis, have raised great concerns about the EU target for lifting at least 20 million people out of poverty or social exclusion by 2020. The Social Inclusion Process is not only of economic importance; it has also major social and political effects, especially in the five EU countries worst hit by the economic crisis, since an increase in unemployment and poverty figures generates social and racist intolerance and favours political extremism and xenophobia among European populations.

Following the target of the Lisbon Strategy to create more and better jobs, the EU will try to become an inclusive economy by reducing poverty. Despite the intuitive notion that employment matters for poverty reduction, there is an interaction between growth, changes in both the number and the quality of jobs, and poverty reduction. Growth in one sector of the economy will not automatically translate into benefits for the poor: much will depend on the profile of growth (its employment- or productivity-intensity), the sectoral location of the poor, and the extent of mobility across sectors.70

This part of the report aims at addressing some key aspects of the Europe 2020 Strategy, related to the target of poverty and social exclusion. An analysis of the relevant National Reform Programmes (NRPs) was carried out by every Member State and the European Commission. Based on these country reports, aspects of respective NRPs are examined in this part of the report, with reference to the current level of fulfilment. Country specific issues are used throughout for illustration, while a number of overarching themes have also been identified and highlighted. Furthermore where an issue is highlighted for one country this does not mean that it is not relevant to other countries also. Final recommendations as presented are informed by the analysis of the individual country reports and the identification of these themes.

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The above table depicts the people at risk of poverty or social exclusion between the years 2004-2012, and compares the percentages of people at risk of poverty and social exclusion among the 27 EU Member States from 2004 until 2011. The above data can be categorised in four groups. The first group contains the East European countries: Bulgaria, Romania, Latvia, and Lithuania have the highest numbers ranging from 38.1% to 61.3%. On the contrary, Estonia, Slovenia, Slovakia, countries related in terms of geopolitics to the previous group, are in a much better position and close to the EU average (23.4%-25.6%). The second group refers to the Northern and Central European countries: Germany, France, UK, Belgium, Netherlands, Luxembourg, Austria, Switzerland, Sweden, Denmark, Norway, Finland and Czech Republic are below the EU average. The third group is about the Southern European countries: Italy,
Spain, Portugal, Malta ranging from 19.1% to 27.5%, numbers which bring them close to the EU average. In the fourth group, Greece, Hungary and Ireland have percentages slightly above the EU average, a fact that makes them a special group.

At this point, some individual country rates should be mentioned and highlighted. For example, Denmark remained fairly stabled until 2008, but since then its numbers started to rise. Poland experienced a rapid drop from 45.3% to 27.2%. Lithuania followed a decline until 2008, but since then has faced an increase up to 33.4%. Greece had a constantly dropping route until 2010 and a substantial rise afterwards.

These findings and a recent study confirm that some countries are on track with the targets and some others are off.71 For instance, the government in Sweden has introduced measures to ensure social services and in Romania certain measures have been taken in the area of education to improve its quality. Measures in relation to health services are focused on cost reduction, and the modernisation of these services and the improvement in infrastructure remains to be implemented. Issues in regard to health services being reduced were of particular concern for people in rural areas. Social housing has a reasonable budget; however, issues remain in regard to the efficiency of these programmes. Slovakia indicated an issue in regard to the absence of sufficient financial and legislative support provided to NGO’s who are central in providing services to the more vulnerable. Spain focused on the range of structures related to homeless services indicating that there is a lack of attention given to addressing this issue in the comprehensive manner required. Poland identified that there is work currently underway in relation to facilitating the development of housing for people at risk of poverty. There may be risks attached to other reforms in regard to tenant’s rights, as there will be no obligation to ensure access to council housing in instances where individuals are evicted. Lithuania indicated that services for older people are particularly poorly developed and require attention. Germany considered the services to be of a generally good quality. In Luxembourg housing remains an issue with a limited number of social houses. In France reductions in regard to funding for housing and emergency housing was seen as being of major concern. Access to health services for the more vulnerable groups in society was considered to need immediate attention.

Belgium stated that overall there is still a lot of work required in domains like housing. This is due to a general lack of affordable and adequate housing; groups at risk of poverty and social exclusion tend to be disproportionately affected by this issue however, and this is a focus of the National Reform Programme for Belgium. In UK, reforms to the National Health Service are mainly structural and do not appear to address the needs of the marginalised in society.

Given that the number of people at risk of poverty and social exclusion has increased since 2008 in 13 out of the 23 Member States for which data are available in 2011, the European Commission proposes that additional efforts are needed to ensure the effectiveness of social protection systems in countering the effects of the crisis, to promote social inclusion and to prevent poverty.\textsuperscript{72} The proposals refer to active inclusion strategies that should be developed, encompassing efficient and adequate income support, measures to tackle poverty, including child poverty, as well as broad access to affordable and high-quality services, such as social and health services, childcare, housing and energy supply. The link between social assistance and activation measures should be strengthened through more personalised services ("one-stop shop") and efforts to improve the take-up of measures by vulnerable groups. Once the labour market recovers, it will be important to phase out crisis-related measures, while ensuring that essential safety nets are preserved.

Furthermore, according to the Commission, fairness is essential for the sustainability and effectiveness of reforms. The crisis has already had a lasting impact on the most disadvantaged within our society, with the share of people at risk of poverty increasing in many countries. Member States need to invest in their human capital and in providing their citizens with adequate services. There is also need for greater attention to the distributional impact of reforms to ensure that they produce lasting results for the benefit of all. Several Member States need to pay more attention to combating different forms of poverty – child poverty,\textsuperscript{73} homelessness, in-work poverty and over-


indebtedness of households – and to ensure the effectiveness of the welfare systems that deal with those affected.\textsuperscript{74}

Coming to the case of Greece, the financial crisis and the subsequent fiscal consolidation measures had an impact on the country’s ability to meet the objectives of the 'Europe 2020', in particular those related to employment and poverty. Although the current status is 619.000 at risk of poverty or social exclusion, the aim of the 'Europe 2020' is to decrease it by 450,000 until 2020. The major challenge for Greece is to design a long term strategy for combating poverty and social exclusion, the development of administrative databases, monitoring and evaluation of planned and implemented. In order to achieve the objective of increasing the effectiveness of social policy, efforts are focused on clarifying the responsibilities of ministries, simplifying the structure and reducing the fragmentation of social policy. So far, Greece cannot fulfil the objectives of the Europe 2020 strategy, due to the financial crisis and the austerity program imposed on it. Nonetheless, Greece should, in cooperation with the European Commission, look for ways and financial resources that will be directly and exclusively targeted to addressing the issue. The precondition, however, in order for the Commission to find resources, is the credibility of social policy on the part of the Greek government. Thus, Greece should convince its European partners that these resources will be utilized in a transparent and effective way. Another challenge for Greece is to seek for new tools and policies, and to escape from current insufficient strategies.\textsuperscript{75}

In conclusion, the new European strategy for poverty and social exclusion may be regarded as a long-term feasible way to help European countries dampen the crisis’ effects and achieve social cohesion.\textsuperscript{76} However, the targets, policies and actions require careful thought. They should be in line with existing strategies and policy objectives, and must be realistic. The key to this is to understand the links between them, and to define them on the basis of a thorough analysis of the current situation and future prospects.

\textsuperscript{74} European Commission, Annual Growth Survey 2013.
\textsuperscript{75} Hellenic Republic, Ministry of Finance.
In addition, no target, policy or action plan will be successful without credible political commitment. To achieve this, the EU needs to mobilise all relevant actors and bodies behind the strategy and apply stricter control over the process. As it has been rightly pointed out, "it is a necessary condition for making the process credible and meaningful, both politically and popularly. If the Social Partners are not fully engaged in the process, then it will stand little chance of ultimate success. It is therefore crucial that all aspects of the (national/sub-national and EU) work on social inclusion are as open as possible to the active participation of the different non-governmental actors and bodies involved in the fight against poverty and social exclusion, including social partners, non-governmental and grass roots organisations (at EU, national and sub-national levels), the socially excluded people themselves, and academics". Involving national and regional policy-makers and citizens in the process, requiring Heads of State and Government to commit themselves publicly to the national and European-wide goals, and paying close attention to communicating the new strategy, are some of the ways in which political will and national commitment can be enhanced.

One of the most pressing challenges for the EU is to deal with the Euro crisis and support those countries that have been hit the most. In parallel, the Union needs to set the ground for ensuring long-term growth in all European regions. Through the EU budget, the European Commission intends to tackle these challenges by increasing investments in research and innovation, providing the EU with the necessary infrastructure, but in particular by ensuring the effectiveness of each Euro spent at European level. It is in this context that those changes that are likely to impact most on regional and local authorities have that the proposals of the Commission remain vague, e.g. the implementation of the ‘Partnership contracts’. The reduction of priorities, the concentration of funding and the conditionality, risk that regional policy simply becomes an implementation tool for top down priorities which will be imposed on regional and local authorities.

At the end of this part of the report some recommendations should be done about the issue of poverty and social change be proposed, in particular to cohesion policy. Unfortunately, the framework of the ‘Agenda 2020’ is exclusive in this area. For

instance, the issue of poverty and social exclusion and the policies to address it should be framed in an integrated manner to include economic and social dimensions. More is required than a focus that approaches these issues from an almost exclusively labour market perspective. National Reform Programmes should be framed in a manner which recognises the interdependence of economic development, social development and environmental development. All National Reform Programmes should ensure that all areas of active inclusion are addressed. This is particularly true in this context of strategies aimed at achieving an adequate minimum income and quality services for all. There is a need for more participation in terms of framing and developing the National Reform Programmes. There should be a requirement to include and engage all stakeholders. Coupled with this, Member States should be compelled to ensure sufficient time is given to stakeholders to respond to and input into National Reform Programmes in a real and meaningful manner. There is also a need for Member States to be encouraged to increase public debate in regard to the development of National Reform Programmes. In practice, a more deliberative approach is required where the evidence is addressed by all stakeholders with the power differentials between these stakeholders removed. A more comprehensive approach to monitoring the National Reform Programmes is required. There is a need for the EU to further ensure that adequate impact assessments are implemented to safeguard people who are at risk of poverty and social exclusion from further marginalisation by the implementation of reforms. The EU should address all areas of the National Reform Programmes, giving equal importance to all headline targets. In particular the EU should ensure that poverty and social exclusion are addressed by all Member States appropriately.
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Power and Wealth
Indicators & Trends in the Global Political Economy

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