Available online at http://www.journalijdr.com

IJDR

International Journal of DEVELOPMENT RESEARCH

ISSN: 2230-9926

International Journal of Development Research
Vol. 06, Issue, 06, pp. 8190-8195, June, 2016

Full Length Review Article

A BRIEF ASSESSMENT OF THE EUROPE 2020 STRATEGY

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ARTICLE INFO

Article History:
Received 19th March, 2016
Received in revised form
24th April, 2016
Accepted 02nd May, 2016
Published online 30th June, 2016

Key Words:
Europe 2020, Strategy.

ABSTRACT

When the Lisbon strategy was formulated in 2000, the US appeared for the EU (then EU-15) as the shining example of a competitive mature economy. Its employment rate became the target for the EU for the year 2010 and the ambition for the EU was to overtake the title "the most competitive knowledge economy in the world'' from the US.

INTRODUCTION

When the Lisbon strategy was formulated in 2000, the US appeared for the EU (then EU-15) as the shining example of a competitive mature economy. Its employment rate became the target for the EU for the year 2010 and the ambition for the EU was to overtake the title "the most competitive knowledge economy in the world'' from the US. Nowadays, the US no longer appears to constitute the best example to follow and it is clear that the emerging markets have become the key growth pole of the world economy. The main goal of the EU must now be reduced from becoming the most competitive economy to ensuring that it does not fall back given its deteriorating demographics and the weakness of its financial markets.This was the idea why the Europe 2020 strategy was launchedin March 2010 by the European Commission. The aim is to achieve "smart, sustainable and inclusive" growth. The engines driving this growth are knowledge and innovation, a greener and more efficient use of resources and a higher employment combined with social and territorial cohesion. [1] All in all the Europe 2020 strategy aims to achieve a target for R&D expenditure of 3% of GDP (but also acknowledges the need to develop an indicator that would better reflect innovation intensity), to increase the employment rate of the population aged 20-64 from the current 69% to 75% (through a greater involvement of women, older workers and better integration of migrant workers), to lower the dropout rate to 10% from the current 15% and increase the share of the population aged 30-34 having completed tertiary education from 31% to 40%, to cut the number of Europeans who are at risk of poverty or exclusion by 20 million citizens and to reduce greenhouse gas emissions by at least 20% compared with 1990 levels or by 30% if the conditions are right, raising the share of renewable energy sources in our final energy consumption to 20% and moving towards a 20% increase in energy efficiency.[2] Given that the share of R&D in GDP has practically remained constant at slightly below 2% of GDP over the last decade and one does not see many concrete measures being taken that could lead to a jump in R&D spending it is difficult to see how the target for R&D spending could be achieved. Similarly, given that the employment rate has moved by only about 2.5 percentage points over the last few years and would have to increase by more than 6 percentage points over the next decade it is really difficult to see how the employment target can be reached. It is similarly hard to judge the extent to which the current employment rate has been affected by the recession and how much it would

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[1] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 2)

[2] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world?(page 3)

increase if the EU economy were to recover fully from the impact of the financial market crisis of 2007–09 and the euro debt crisis of 2010–11. Considering that the tertiary graduation rate among the younger cohorts has increased over the last ten years from 22% to about 33% the target for education should be easy to reach. An increase over the next 10 years would bring it to over 43% (way over the target). Reducing the dropout rate to 10% (from 14.1% in 2009) should be attainable, since this rate fell between 2000 and 2009 by 3.5 percentage points. A little higher rate of progress would be needed for that. The target on poverty or exclusion reduction is hard to judge. The official statistics report a rapid reduction in the number of persons at risk of poverty or exclusion (about 10 million) in the last four years. However, this improvement was due almost exclusively to the 10 new member states from Central and Eastern Europe, and in particular to Poland (with a reduction of 6.6 million citizens). [3] The 2020 targets can only be achieved if the older member states really start to actively fight poverty and exclusion, but these rates have actually increased over the last few years in these countries. It is difficult to judge how much of this is due to the recession and how much a recovery in the overall economy would help to achieve the 2020 targets these countries have set from themselves. The national targets that exist for the old member countries yields only about 7.2 million. The existing national targets is thus only about 10.7 million. It is thus quite difficult to see how this target will be reached. The latest official survey of the 2020 process does not even give the sum of the national targets with the official justification that the "result cannot be calculated because of differences in national methodologies". An evaluation of the Europe 2020 process would remain impossible if this were to remain the case. [4] It is notable that in the environment area reaching the target does not seem to pose any problem. The reason for this is that for the two binding targets in this area there are precise mechanisms with either international obligations at the EU level or directives. However, for the only aspect in this domain for which no constraining EU mechanism exist (an increase of energy efficiency of 20%), the sum of the national commitments again falls significantly short of the overall EU target. Maybe the most important goal of the Europe 2020 strategy was to be more transparent and credible by focusing on a small number of quantifiable and precise targets. This rapid survey of the five main targets shows, however, that at least one target cannot be even assessed because of differences in national definitions, and on most others it is doubtful that they will be reached.[5]

The Decline of the EU[6]

A relative setback is apparent in a few important areas. First of all, the share of global GDP of the EU is declining rapidly, while that of other emerging markets is increasing.Another characteristic of this that a decade ago the EU ran a relatively close second to the US in terms of R&D expenditure. Nowadays this is no longer the case, as China is now on course to overtake the EU and by 2020 -on present trends- will spend much more in absolute terms (and about a similar percentage of GDP). Table 1.4 suggests that by 2020 China will spend about 40% more than the EU on R&D if it can maintain its past growth rates. The difference would disappear if the EU were to really achieve its 2020 target of spending 3% of GDP on R&D. [7] The only aspect where the relative decline in the importance of the EU is welcome concerns the environment. The share of the EU in global emissions is indeed rapidly declining. This is only partially due to the efforts of the EU to reduce its own emissions. Still, in reality EU emissions have declined by only about 16% relative to the Kyoto Protocol baseline of 1990. Over the same period the emissions in emerging markets have nonetheless increased by a multiple of this value. In the year of 2000 the EU still accounted for 19% of global emissions; today this value is only 12% and by the year 2020 it will have declined to about 10%. By contrast the share of the emerging Asian nations (non-OECD Asia) will have increased to over 40% of the world's total. This implies that the EU's own direct contribution to solving the global climate change problem is on course to becoming marginal. [8]

Financial markets[9]

The Europe 2020 strategy makes explicit reference to financial markets. However it does not set any specific goals, nor does it contain any concrete measures. Despite that the 2008 global financial crisis and the ongoing debt crisis in the euro area have shown us that financial stability is a precondition for growth. Although, liberalising financial markets had been part of the Lisbon strategy, but the result has been disappointing to say the least: R&D investment has not increased materially as a share of GDP. There has been therefore a huge misallocation of capital within Europe and in particular within the eurozone. Increasing the efficiency of the allocation of investment and capital should have been a priority. Growth, (including growth in employment), will materialise over this decade only if financial stability is re-established in the Eurozone.

Target: Innovation[10]

If we look purely at the numbers there are good and bad news.It isa positive thing that investment in R&D has held up well despite the unprecedented depth of the recession and the fact that finance for R&D must presumably have become more difficult to obtain owing to the financial and banking crises. The dark side is that the EU's investment rate in R&D[11] has been very sluggish for more than a decade.If the EU wants to achieve the EUROPE 2020 target would require a significant departure from the longer-term trend. Since the fiscal policy is likely to remain under pressure for some time it is somewhat clear that public expenditure will not increase significantly.

[3] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 5)
[4] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 5)
[5] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world (page 5)
[6] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 7-10)
[7] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 8)
[8] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 9-10)
[9] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 10-11)
[10] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 12-13)
[11] as a share of the overall gdp

Consequently, business expenditure, which in any case constitutes the largest part of R&D spending, has to rise very strongly over the next decade if the EU is to reach the 2020 target. We can draw some conclusions. First of all, that the Europe 2020 innovation benchmark of 3% investment in R&D seems insufficient, as R&D is too centered on the manufacturing sector. The EU should utilise a broader concept of innovation, namely the concept of intangible capital. Secondly, using an index of intangible capital changes the innovation ranking among European economies. Countries such as the UK, the Netherlands and Belgium, which ranked among the average innovators, are now located in the top rankings of innovation. Third, the Mediterranean countries do not invest enough in intangible capital. This will pose a serious threat to the economies of Italy and Spain in the coming decades. Fourth, after accounting for intangible capital as gross fixed capital formation, the investment rates of European economies increase significantly. Overall business investment is much higher in those countries that are already richer. [12] It seems that the existing national accounting framework is not capable of measuring the transformation of traditional manufacturing economies to service- and knowledge-based economies.

Target: Employment

Another important goal of the Europe 2020 strategy is to increase the employment rate of the population aged 20-64 from 69% to 75% by the year 2020. The threshold of 70% was reached in 2008 for the EU-28. But the recession, owing to the financial crisis[13] in mid-September 2008, brought the employment rate down to 68.6% in 2010. The fall in employment was very widespread, but was obviously the strongest in countries like Spain and Ireland, due to the bursting of their extraordinary housing bubbles. [14] Given the depth of the recession, the fall in the employment rate was actually moderate, even smaller than in the US. There has been much discussion about the extent to which this is due to the 'shock absorbers' in the social security systems of the EU member countries. However it is a fact that employment fell by less than GDP also implies that one should not expect too much of a rebound in employment even if the European economies were to recover fully from the recession.[15]

There are several things that should be mentioned. First of all, a skills upgrade in the EU seems key to fostering higher employment rates. Labour market reforms might be successful, as in the case of Germany, but in an aggregated analysis they do not seem to have had a significant impact in terms of increasing employment on average for the EU-28. Second, the employment increase achieved from 2001 to 2010 seems to have been driven to a large extent by a skills upgrade of women in the labour force from below upper- secondary to upper-secondary education. The fact that the difference in employment rates for women between those with below upper-secondary and upper- secondary education is particularly large, suggests that Europe's main employment potential appears to be in the (so far underemployed) female labour force of the two large Mediterranean economies Spain and Italy.[16] These economies and Europe would profit greatly if they were to achieve a substantial skills upgrade of the women in their labour forces. Finally, before the big recession, the US employment rate was higher than that of the EU because the US had already largely achieved the 2020 targets on education.[17]

Target: Education

Education seems an essential part, not only for innovation but also for the employment rate, here in particular a skills upgrade of women in the workforce with lower educational qualifications. The idea is that technology is biased in favour of skilled workers and against the less skilled ones in as much as it complements the former and substitutes the latter. Technological progress tends to increase the demand for skilled labour and decrease the demand for less-skilled tasks. This is called "skill-biased technological change"[18]. And it is even truer for young educated persons who absorb new technologies easier and more quickly. [19] Therefore, the Europe 2020 strategy has rightly put the topic of education in a very highlighted place. Extensive studies has proven that education is vital for economic growth.The Europe 2020 strategy has envisaged a tertiary graduation rate of 40% among the population aged 30-34 in the EU-28.[20] On current trends the target should be within reach by the year 2020. Since the EU-28 has managed to increase its graduation rate from 2000 to 2010 by 11.2%, it should manage to increase it further by 6.4% in the same ten-year period from 2011 to 2020.[21]

All in all, the first thing to be mentioned is that the Mediterranean countries -notably Italy- have to invest more in improving their tertiary graduation rates. The second thing is that Germany and Austria have to become aware of the fact that the dual system might have to be substituted with a more scientifically-led system for knowledge creation, best embedded within the framework of today's tertiary education. To be able to achieve this large increase of tertiary training, the German and Austrian governments should radically increase their spending on the university systems to enable them to maintain the future wealth of their economies. Without a fast and radical reformation of their university systems, both nations will suffer significant losses in welfare in the upcoming decades.[22] Third, the ERA[23] has to be made into a reality. Without a functioning ERA, the bulk of excellent universities throughout Europe will never be able to create the same synergy effect as has been done in the US.

[12] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 30-31)

[13] lehmann brothers

[14] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 32-33)

[15] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 33)

[16] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 43)

[17] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 43)

[18] acemoglu (1998

[19] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 44)

[20] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 44)

[21] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 45)

[22] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 55)

[23] european research area (http://ec.europa.eu/ research/ era/ index_en.htm)

Without a functioning ERA, Europe as a whole will suffer significant welfare losses in the future. Fourth, European universities have to become excellent.[24] Fifth, China still seems to play a minor role when it comes to the quality of its universities. But as China – unlike many other countries (notably in Latin America and Africa) – has understood the key role of education, it can be presumed that it will not take long for it to achieve a higher quality. If China succeeds in attaining excellence in its university system, it will be possible for the country to shift from the mastery it has achieved in incremental innovation towards radical innovation.[25]

Target: Social Cohesion

The Europe2020 indicator of social cohesion – the population at risk of poverty or exclusion improved somewhat in 2009. This is surprising given that the EU has experienced an unprecedented recession and a sharp increase in unemployment, but there were a steady improvement in the 2020 indicator for social cohesion. The official statistics imply that over 10 million citizens have been lifted out of poverty or exclusion between 2005 and 2009. This improvement is due to the rapid decline of persons in poverty or exclusion within the ten transition countries, in particular within Poland (6.6 million people less in poverty or exclusion). One reason must surely be that Poland was little affected by the financial and economic crisis (it kept growing in 2009, compared to massive drops in GDP in the large EU-15 economies of Germany, France, Italy, UK and Spain).[26] According to the individual country goals depicted in the progress report on Europe 2020 for the sum of the 10 transition countries, the overall goal of the transition countries is a further reduction of approximately 3.5 million of its citizens who face either poverty or exclusion. The remaining improvement of 16.6 million citizens (to reach the target of 20 million) would then have to be achieved within the old member countries (plus Malta and Cyprus). The official target for this group is only a reduction in poverty of approximately 7.2 million. However, between 2005 and 2009, this group has recorded slightly increasing poverty and exclusion. Even this target might thus be difficult to reach. In addition the sum of all the identifiable national targets amounts to only 10.7 million, little more than one-half of the target for the entire EU. It thus seems very difficult to reach the overall 2020 target.[27] We have to keep in mind, that the last few years might not be typical because of the unprecedented recession in 2008-09. It remains to be seen to what extent a sustained recovery will on its own lead to a significant improvement. Unfortunately, it is not possible to check how much past recessions have affected the number of persons at risk of poverty or exclusion because this indicator is not available for most countries prior to 2005.[28]

The overall target of 20 million could be reached by that remainder would have to come from the older member states which would require a strong recovery and unprecedented success in the fight against poverty or exclusion.[29] However, social cohesion had a prominent place in the original Lisbon strategy in 2000, it lost some importance in the revised strategy. In the Europe 2020, social cohesion has been further diminished to an index consisting of three indicators. Social and political cohesion are among the prerequisites for European economies. Another aspect that is missing in the 'inclusive' part of the Europe 2020 strategy is inequality, of which the poverty rate is but one element. It is well documented in fact that income inequality started to increase in the US by the end of the 1970s. Europe was not immune to the affliction: wage differentials widened in Europe as well, although on a different scale and at varying times in the individual countries. A study shows that in developed countries income inequality has increased since the mid-1980s and even more significantly since 2000 in Germany, Italy and Finland. Europe 2020 relies on education and its automatic positive effect on employment to solve the inequality puzzle.[30] Moreover, it seems that government efficiency plays an important role in tackling the risk of poverty or exclusion. In this instance, one has to stress that government efficiency is not only crucial for combating poverty and exclusion but also for effectively implementing investment in innovation and human capital. Finally, the categorization of EU-28 countries in the aftermath of the financial crisis according to the two criteria of efficiency and equity clarifies that the coordinated countries, along with Nordic countries, have succeeded in combining efficiency with equity. This finding underscores the assertion that coordinated countries seem to be better equipped for the challenges of globalization than originally expected.[31]

Climate and energy targets

The 2020 strategy has designated three goals in the area of climate change and energy[32]:

- GHG emissions: a reduction of 20% by 2020 compared with 1990 as outlined by the EU's revised Emissions Trading Scheme (ETS) Directive 2009/29/EC (-21% compared with 2005) and an "effort- sharing decision" for non-ETS sectors (-10% compared with 2005). Emissions, including those from international aviation, were estimated to be 16% below the 1990 levels in 2009
- Renewables: an increase in the share of renewable energy in gross final energy consumption to 20% by 2020 (in 2008 this share was at 10.3%
- Energy efficiency: a reduction of primary energy consumption by 20% by the year 2020 compared with projections.

[24] The best german university ranks 43rd among the top 200 and 15 out of the 20 best universities are located in the us.
[25] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 55)
[26] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 56)
[27] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 56-57)
[28] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 57)
[29] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 58)
[30] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 58)
[31] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 59)
[32] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 70)

Concerning the second goal, achieving a share of 20% for renewables seems within reach given that renewables already have a share of over 10%. The third goal, however (which is in any case not binding), is unlikely to be met. The projections in 2007 showed that a reduction of energy consumption of 368 mtoe[33] would be needed to attain this goal[34]. But the sum of the 'pledges' of member states towards this goal amounts to only 207 mtoe, less than 60% of what would be needed. This has been officially acknowledged: "With The current policies, only half of the 20% energy efficiency target would be met by 2020".[35][36] The current 2020 climate goals do not require a big effort by the EU, which is reflected in the low carbon price in the ETS. It would make sense to complement the internal carbon pricing with pricing at the border. But under the current unambitious targets, it does not make sense for the EU to incur the political cost of imposing a carbon import tax when it would be so low.[37] So, the EU has to choose between two options: 1) Confirm the unambitious current 2020 goals. In this case it cannot really claim 'moral leadership' and the impact on global warming will be negligible. 2) Increase the level of ambition to minus 30% (compared with the 1990 baseline). This would imply a higher internal carbon price, restore moral leadership and also provide the justification for pricing carbon at the border. Altogether, this would translate into a significant carbon price for imports from high carbon-intensity countries, such as China, India and Russia, and could have a significant effect on the carbon intensity of production outside the EU.[38]

Summary

The Europe 2020 strategy has been developed as the successor to the Lisbon strategy as a long-term approach to dealing with structural weaknesses in Europe's economy[39]. The Europe 2020 strategy is different from the Lisbon strategy, because it concentrates on five key specific targets. These five targets are supposed to be representative of the overall goal of smart, sustainable and inclusive growth. The vision of the EU as a social market economy is broader, however, and is outlined in the three priorities and the flagship initiatives[40]. To achieve the Europe 2020 strategy, the Council has proposed a set of ten guidelines, which meant to steer the member states in implementing policies to achieve the targets[41]. Although, the Europe2020 strategy was initiated after the crisis, it was not designed as a response to it. The debt crisis in the euro area that followed the global economic and financial crisis exposed the need for reinforced European economic governance, in particular in the economic and monetary union[42]. This is an essential condition for building an appropriate environment in which the Europe2020 strategy could work. To reach this new objective, new initiatives were set up to better react to current challenges.[43] These initiatives are mainly represented by the economic governance package presented by the Commission, of which the European semester[44] is a core part along with the introduction of the Euro-plus Pact[45].

The Europe2020 strategy is a broad growth strategy designed to identify medium and long-term priorities.The completion of these objectives, should help EU member states improve employment, productivity and social cohesion. This goal is independent of whether a specific member country is in the euro area or participates in the Euro-plus Pact. The recession of 2008-09 and the ongoing eurozone debt crisis have created an environment in which the achievement of these objectives are much more difficult as it was. As a response, member states and the European institutions have decided to reinforce economic governance in the euro area in order to achieve greater economic coordination.[46] Despite the Europe 2020 strategy not being part of the new emerging European[47] governance architecture, it is strictly related to it. The fundamental question is whether greater economic coordination, at many different levels and in a number of different frameworks, can deliver the conditions for the Europe 2020 strategy to work.[48]

The final assessment of the Europe 2020 strategy by experts is ambivalent. On the one hand, the strategy emphasises education as a key policy parameter. Education seems to play a significant role in promoting innovation, increasing employment and reducing poverty by cutting the rate of early school leavers. But the Europe 2020 strategy has its weaknesses[49]. In the realm of education, the strategy focuses exclusively on quantitative indicators. It should also take into account qualitative indicators like university rankings, which would reveal the weaknesses of most European economies in comparison with the US. Furthermore, its definition of innovation, which focuses solely on R&D, seems inadequate, the new concept of intangible capital should be used instead. The strategy's attention appears to concentrate too narrowly on poverty or exclusion to encompass the full domain of social cohesion, not even including the measure of income inequality. Moreover, it seems the aggregate EU-28 indicator masks deep divergences between old and new member states.[50] The debt crisis in the euro area has revealed deep north–south differences within the EU. For a start, investment in education has to be strengthened in particular within the Mediterranean countries, in terms of both quantity and quality. For example, Spain and Italy must reduce their school dropout rates, and Italy in particular has to increase its tertiary graduation rate. The foregoing especially applies to women in the labour force in these two countries, whose skill levels have

[33]Million tonnes of energy equivalent
[34]European commission, 2011g
[35]European commission, 2011f
[36] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 71)
[37] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 75)
[38] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 76)
[39]Bongardt & torres, 2010
[40]European commission, 2010a
[41]European commission, 2010b
[42]Emu
[43] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 84)
[44]European commission, 2011e
[45]European council, 2011
[46] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 84)
[47] Or Euro area
[48] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 83)
[49] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 85)
[50] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 85)

to be upgraded. Mediterranean countries should also invest more in intangible capital (and thus in innovation) to strengthen their long-term competitiveness. All of this is necessary not only to allow the EU to reach its own 2020 targets, but also to allow these countries to overcome the current crisis.[51] Yet all this might only be possible if the public institutions in these countries are improved. Investments in education and innovation in the Mediterranean countries will increase only once the social capital[52] and institutions in these countries have been enhanced. The levels of government effectiveness and systemic trust for the transition countries, remain low.[53][54] A sufficient level of government effectiveness throughout the EU-28 is a critical condition for making the EU as a whole more competitive.

About the EU financing in the 2020 strategy,is clear that an implication would be that the structural funds should be used to build social capital and effective institutions rather than airports and highways. Investment in education is of course useful, but investment in other 'intangible capital', such as firm-specific training, design and IT innovation might be even more important. At the last, on the 'green front', the recession and the slow recovery have made it rather easy to attain the first headline goal, namely a reduction of GHG emissions by 20%. The conditions seem ripe to move to a more ambitious target, namely a reduction of 30% and to complement the internal pricing of carbon through the European Emissions Trading System with an external dimension, namely a carbon import tax.[55][56]

[51] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 84)
[52]roth (2009a)
[53]Roth (2009b)
[54] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 85)

[55] Daniel gros and felix roth: the europe 2020 strategy - can it maintain the eu's competitiveness in the world? (page 85)
[56]http://ec.europa.eu/europe2020/europe-2020-in-your-country/index_hu.htm

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