

European Union and the Issue of Competitiveness

Europe in International Economy

2018

Strengths of Europe

- Europeans have greater amounts of **leisure time** (Vs. **US**, **CH**);
- Higher level of **earnings equality** - more people with **health insurance**, infant mortality rates are lower, **poverty rates** are **lower**, rates of **violent crime** are lower;
 - Number of prisoners is only 128/100k vs. 716 in US (2013, 22% of world total); homicide (per 100k) 2,7 vs. 5,9;
- Rigidities have not stood in the way of rapid **export growth**;
 - European **exporters** dominate in **quality** HVA, H-T; premium goods; **precision manufactures**;
- Moving into **H-T** and **premium** goods is potential source of **insulation** from high **competition** of **EM**:
- Europe has not been subject to the kind of great **financial scandals**;

Employment (%)

	1970	1980	1990	2003	2014
EU 15 (2014: EU28)					
Overall employment	59	60	62	64	65
Employment male	80	78	74	73	70
Employment female	39	43	49	56	60
Employment 15–24	51	45	45	40	33
Employment 25–54	65	70	73	77	76
Employment 55–64	47	44	39	42	52
US					
Overall employment	64	67	72	71	67
Employment male	83	80	81	77	78
Employment female	46	55	64	66	62
Employment 15–24	53	59	60	54	48
Employment 25–54	70	74	80	79	84
Employment 55–64	60	54	54	60	61

EU: SWE 75% (AUT, UK, DEN, NETH, GER) vs. GRE 49% (SPA, ITA, CRO)

Worked hours per head (hours/year)

	1950	1973	1998
UK	871	753	682
France	905	728	580
Germany	974	811	670
Italy	800	669	637
US	756	704	791

	2000	2008	2014	2016
UK	1700	1659		1676
France	1535	1507		1472
Germany	1452	1418		1363
Italy	1851	1807		1730
US	1834	1789		1783
Greece	2108	2106		2035
Japan	1821	1771		1713
China		2316	2100	
Korea			2124	
CZ	1896	1790		1770

Output per head and hour of work (%)

	1913	1929	1938	1950	1973	2003	2014
Product per WORKER as a % of US level							
France	66	68	73	55	79	73	-
Germany	69	59	82	41	72	64	-
Italy	48	45	54	37	64	66	-
UK	93	80	102	73	72	72	-
EU15 (aver.)	57	55	66	47	65	72	-
Product per HOUR as a % of US level							
France	56	-	-	46	74	102	96
Germany	59	-	-	32	79	98	94
Italy	42	-	-	35	78	85	75
UK	84	-	-	63	60	81	76
EU15 (aver.)	61	-	-	44	71	-	-
Japan	-	-	-	-	-	65	63

Lisbon Agenda

- Lisbon European Council **2000**: new **strategic goal** till **2010** – to become the **most competitive** and dynamic **knowledge-based** economy in the world capable of **sustainable** economic **growth** with **more and better jobs** and greater **social cohesion**;
- Strategy **aimed to**:
 - transition to a knowledge-based economy by better **policies** for the **information society** and **R&D**;
 - **structural reform** for **competitiveness** and innovation and by completing the **internal market**;
 - **modernize** the European **social model**, investing in **people** and **combating social exclusion**;
- **All-embracing** - result of **bargaining process** + **disagreement** how economic performance should be improved;
- **Open method of coordination**:
 - **Council** agreeing **guidelines** that contains **targets** and **recommendations** which are adopted at the discretion of **member states** (**intergovernmental** process);
 - policy operates **via reports** – containing the policy, objectives and **progress**;
 - „enforcement“ is **by recommendation**, peer pressure and **benchmarking**;
 - **no penalties** – government implement policies in line with their **own priorities**;

- EU continued to **lag behind** – also in **amount of inputs** used: slower population growth and **rigid labor markets** (*late from school, less hours, early retirement + higher benefits and less part-time jobs*);
- Lisbon is about everything and thus nothing (**Kok's Report 2004**);
 - commitments are **rhetorical** (agreed at the height of the Dotcom boom);
 - states are committed only to **parts of agenda**;
- **Mid-term review** (2005): **Barroso's** Commission's plans – three **priorities** for the policy concentrating on **growth** and **jobs** (**Revised Lisbon Agenda**) :
 - **more attractive** place to **invest and work** – completing the **Single Market** and **business-friendly** regulation;
 - **knowledge and innovation** for growth: raising **expenditure on R&D to 3%** of GDP;
 - creating **more and better jobs** – increase employment by making the labor force more **adaptable** through raising the level of **education and skills**;
- **Concerns** that slimmer agenda downgraded the **environmental** and **social aspects** of agenda;

Strategy Europe 2020

- **Global crisis** destroyed progress reached in last years (20 years of attempts for **fiscal consolidation** – in 2009 average fiscal deficit 7% and public debt 70%) + there have to be careful **management of exit** fiscal **stimulus's**;
- **Goals:**
 - **intelligent growth** → economy based on knowledge and innovations;
 - **sustainable growth** → support for more **competitive** and **ecological** economy less **energy** intensive;
 - growth supporting **social inclusion**;
- **Targets - 2020:**
 - **Higher employment** for 20-64 year old (from 69% to 75%);
 - **Increase investment** into **RD** up to 3% GDP EU (US 2,9% vs. EU 1,7%);
 - In **energetic policy** reach the goal **20-20-20** (less greenhouse gases, more renewable, more energy efficiency);
 - Share of **tertiary educated** from 31% to 40%;
 - 25% less people living in poverty (from 20 mil.);