



Competitiveness  
and Solidarity  
in the EU

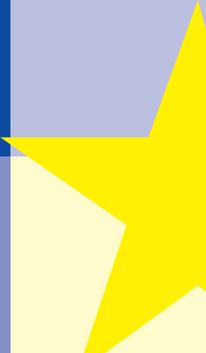
*Two Sides of the  
Knowledge Economy*

NADA TRUNK ŠIRCA

ŠPELA MAJCEN MARUŠIČ



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## Competitiveness and Solidarity in the EU



# **Competitiveness and Solidarity in the EU**

Two Sides of the Knowledge Economy

EU Higher Education, Research,  
Employment and Social Policies –  
Invisible Steps towards EU Integration

Nada Trunk Širca  
Špela Majcen Marušič

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Invisible Steps towards EU Integration*

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# Abbreviations

COSME	Programme for Competitiveness of Enterprises and SMEs
ECJ	Court of Justice of the European Union
ECSC	European Coal and Steel Community
ECTS	European Credit Transfer and Accumulation System
EEA	European Economic Area
EEC	European Economic Community
EFFLA	European Forum on Forward Looking Activities
EFSD	European Fund for Strategic Investment
EHEA	European Higher Education Area
EI	Education International
EIB	European Investment Bank
EIF	European Investment Fund
EIP	European Innovation Partnership
EIT	European Institute of Technology
ENQA	European Association for Quality Assurance in Higher Education
EPSO	European Personnel Selection Office
EPSR	European Pillar of Social Rights
EQAR	European Quality Assurance Register for Higher Education
ERA	European Research Area
ERC	European Research Council
ERDF	European Regional Development Fund
ESF	European Social Fund
ESC	Standards and Guidelines for Quality Assurance in European Higher Education Area
ESIF	European Structural and Investment Funds
ESU	European Students' Union
ET 2020	Strategic Framework for European Policy Cooperation in Education and Training
EU	European Union
EUA	European University Association
EURASHE	European Association of Institutions in Higher Education
EURES	European Employment Service
FEAD	Fund for European Aid for the Most Deprived
FNAPS	Future National Activities Planners
FP	Framework Programme
ISCED	International Standard Classification of Education

## 8 Abbreviations

JRC	Joint Research Centre
JU	Joint Undertakings
KIC	Knowledge and Innovation Community
MEP	Members of the European Parliament
MPF	Multiannual Financial Framework
MFF	Multiannual Financial Framework
NEET	Young People Not in Employment, Education or Training
OECD	Organisation for Economic Cooperation and Development
OLP	Ordinary Legislative Procedure
OMC	Open Method of Coordination
R&D	Research and Development
R&I	Research and Innovation
SME	Small and Medium Sized Enterprises
TEU	Treaty on the European Union
TFEU	Treaty on the Functioning of the European Union
UNESCO	United Nations United Nations Educational, Scientific and Cultural Organization
USA	United States of America
VET	Vocational Education and Training

# Chapter One

## The Continent of Knowledge

### 1.1 An Ambitious Europe

Often referred to, especially by our American friends, as the ‘Old continent,’ Europe has a particular relationship with knowledge. From the Ancient Greek philosophers, to enlightened thinkers and today’s researchers, politicians and visionaries, Europeans have sought knowledge and relied on facts to understand the world. And so even today, we look at how we are doing and what we wish to achieve, and then work together on a set of goals and targets for the future. At the end of the day, the European Union (EU) is all about cooperation and negotiation. Member States negotiate budgets, argue over contents of controversial policies and standards, but in the end, all stand together to work towards a stronger Europe. Because, even if they do not always agree on what ‘Europe’ is supposed to mean or be, they know that all benefit from cooperating. Economically, politically, culturally.

This monograph looks at some policies of the European Union that usually do not make real headlines. While we read a lot about the common foreign and security policy, defence cooperation, competition and antitrust rules of the EU, we are usually also aware of cooperation about consolidating energy needs with environmental goals or figuring out how to help a Member State out of an economic problem. Rarely, however, does a headline attracts our attention when it comes to praising achievements of European researchers, congratulating students for ‘surviving’ a year in another Member State or discussing what kind of a common European labour market we would wish for. These policies might not be obvious to a casual follower of European affairs, but nevertheless constitute an important cornerstone in building an ever-closer Union.

The EU’s only constant is change and has been since the establishment of the European Coal and Steel Community<sup>1</sup> (ECSC) in 1952. Today, Europeans have gone from connecting industries, to linking markets and opening up borders. But none of this could have hap-

<sup>1</sup> [https://en.wikipedia.org/wiki/European\\_Coal\\_and\\_Steel\\_Community](https://en.wikipedia.org/wiki/European_Coal_and_Steel_Community)

pened without people. Since the adoption of the Maastricht Treaty<sup>2</sup> in 1993, all nationals of EU Member States are also citizens of the European Union. And these citizens are the driving force behind integration. Elected politicians and representatives have tied our markets together and agreed on a common currency, but every day, it is the citizens that engage in the exchange of knowledge, ideas, experiences and cultures all around the EU, thereby creating and reinforcing the *de facto* solidarity that Robert Schuman spoke of almost 70 years ago. And all this is possible thanks to some of the EU's less visible, or sometimes invisible, policies.

The purpose of this monograph is to introduce those invisible policies, starting with the European education and higher education policy, followed by interactions between EU research, innovation and entrepreneurship initiatives, and finally looking at how labour markets in the EU work and which skills are especially beneficial to young Europeans at the end of this decade. While introducing the basic concepts and ideas on the above-mentioned topics, this monograph contains links to websites, where the reader can find additional information and further navigate the web as per personal interest. In this regard, this monograph serves as a baseline for further research on each of the topics and helps readers to quickly access a set of additional information by directing them to continuously updated websites, of which most are official websites of European institutions and other reliable sources. In the time of fake news, having access to sources that we can trust, is an important advantage.

We hope that the hands-on approach used in this monograph will sparkle additional interest and curiosity of the reader for the soft policies of the European Union that do not necessarily resonate with the mainstream media, but are even more so important when it comes to underpinning, creation and strengthening of our common European identities.

## 1.2 Never Ending Strategies with the Eye on 2020

One of Europe's founding fathers, Robert Schuman, said in his famous 9th of May speech,<sup>3</sup> that Europe will be 'built through concrete

<sup>2</sup> [https://europa.eu/european-union/sites/europa.eu/files/docs/body/treaty\\_on\\_european\\_union\\_en.pdf](https://europa.eu/european-union/sites/europa.eu/files/docs/body/treaty_on_european_union_en.pdf)

<sup>3</sup> [https://www.youtube.com/watch?v=pzhpA7\\_-10A](https://www.youtube.com/watch?v=pzhpA7_-10A)

achievements which first create a de facto solidarity.’ Throughout its evolution, the EU remained true to this idea and is slowly but surely connecting citizens and creating the solidarity that seemed utopic back in the 1950s. EU officials might have taken Mr. Schuman’s advice quite literally, and libraries of EU institutions<sup>4</sup> consist of pages of strategic documents covering five, seven, fifteen or even twenty-five years in the future, focussing on concrete steps that the Union can take to strengthen itself, empower its citizens, connect the continent and achieve a stronger voice at the global arena.

One of the most important strategic documents of the European Union was the Lisbon Strategy,<sup>5</sup> devised and signed at the turn of the millennium. This document set goals that the European Union wished to achieve in a decade. By the year 2010, many goals were not achieved, so a new document, the Europe 2020 Strategy,<sup>6</sup> was drafted, with the goal to boost growth and jobs in the European Union. It includes five headline targets for employment, research, energy and environment, schooling and poverty.

The Europe 2020 Headline targets are:

1. To raise the employment rate of the population aged 20–64 to at least 75%.
2. To achieve the target of investing 3% of GDP in research and development (R&D).
3. To reduce greenhouse gas emissions by at least 20% compared to 1990 levels or by 30% if the conditions are right, increase the share of renewable energy in final energy consumption to 20%, and achieve a 20% increase in energy efficiency.
4. To reduce the share of early school leavers to 10% and increase the share of the population aged 30–34 having completed tertiary to at least 40%.
5. To reduce the number of Europeans living below national poverty lines by 25%.

These Headline targets are in turn broken down into seven Flagship initiatives, concrete steps and actions that the EU Members

<sup>4</sup> [https://europa.eu/european-union/about-eu/institutions-bodies\\_en](https://europa.eu/european-union/about-eu/institutions-bodies_en)

<sup>5</sup> [https://en.wikipedia.org/wiki/Lisbon\\_Strategy](https://en.wikipedia.org/wiki/Lisbon_Strategy)

<sup>6</sup> <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

States agreed upon to achieve the 2020 targets. The Flagship initiatives got extensive coverage since their establishment and many of the below titles will probably sound familiar to the reader.

1. *Innovation Union*.<sup>7</sup> To improve conditions and access to finance for research and innovation. This is expected to strengthen the innovation chain and boost levels of investment throughout the Union.
2. *Youth on the Move*.<sup>8</sup> To enhance the performance of education systems and to reinforce the international attractiveness of Europe's higher education.
3. *A Digital Agenda for Europe*.<sup>9</sup> To speed up the roll-out of high-speed internet. This is expected to benefit greatly households as well as and firms.
4. *Resource Efficient Europe*.<sup>10</sup> To help decouple economic growth from the use of resources. This should be done by decarbonising the economy, increasing the use of renewable sources, modernising the transport sector and promoting efficient energy use.
5. *An Industrial Policy for the Globalisation Era*.<sup>11</sup> To improve the business environment, especially for small and medium sized enterprises (SMEs), and to support the development of a strong and sustainable industrial base able to compete globally.
6. *An Agenda for New Skills and Jobs*.<sup>12</sup> To facilitate labour mobility and the development of skills throughout the lifecycle. This should be done with a view to increasing labour participation and better matching labour supply and demand.
7. *European Platform Against Poverty*.<sup>13</sup> To ensure social and territorial cohesion. This is expected to lead to widely shared benefits of growth and jobs, and enable people experiencing poverty and

<sup>7</sup> [https://ec.europa.eu/info/research-and-innovation/strategy/goals-research-and-innovation-policy/innovation-union\\_en](https://ec.europa.eu/info/research-and-innovation/strategy/goals-research-and-innovation-policy/innovation-union_en)

<sup>8</sup> <https://www.youth-move.org/>

<sup>9</sup> <https://www.europarl.europa.eu/factsheets/en/sheet/64/digital-agenda-for-europe>

<sup>10</sup> [https://ec.europa.eu/environment/resource\\_efficiency/about/roadmap/index\\_en.htm](https://ec.europa.eu/environment/resource_efficiency/about/roadmap/index_en.htm)

<sup>11</sup> [https://ec.europa.eu/growth/industry/policy/renaissance\\_en](https://ec.europa.eu/growth/industry/policy/renaissance_en)

<sup>12</sup> <https://ec.europa.eu/social/main.jsp?catId=1223>

<sup>13</sup> <https://ec.europa.eu/social/home.jsp?langId=en>

Strategies of the European Union are in principle aligned with the EU's Multiannual Financial Frameworks (MFF), which are agreed upon for periods of seven years. MFFs are not EU's budgets, rather strategic documents, foreseeing key areas and spending ceilings for policies of the European Union ([https://ec.europa.eu/info/strategy/eu-budget/how-it-works/long-term-planning\\_en](https://ec.europa.eu/info/strategy/eu-budget/how-it-works/long-term-planning_en))

social exclusion to live in dignity and take an active part in the society.

It is worth noting in this context, that the Horizon 2020 framework programme for research and innovation<sup>14</sup> (see Section 3.3), worth over 80 billion euro for the years 2014–2020, is one of the implementing tools of the Europe 2020 strategy.

All these targets seem nice and exciting, but you might be asking yourself how we can make sure that they are attainable and attained. How does a Union of roughly half a billion citizens, and 27 Member States<sup>15</sup> ensure that all parties follow through with their promises?

The Europe 2020 targets are translated into national targets and each EU Member State is continuously reporting and checking its own progress along the way. The goals remain common but are met through a mix of national and EU-wide actions. Many times, initiatives are merged to mutually reinforce each other. In this view, educational improvements will support employability and reduce poverty, research and innovation coupled with more efficient energy use might benefit competitiveness and jobs creation, and investment in cleaner technologies both combats climate change and creates new businesses and job opportunities.

Member States report on the progress on achieving the Europe 2020 targets in annual reports.<sup>16</sup> It is the job of the EU statistics office (Eurostat)<sup>17</sup> to then publish comprehensive progress reports<sup>18</sup>

<sup>14</sup> <https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020>

<sup>15</sup> This monograph is being written during the official process of exit negotiations between the United Kingdom and the European Union.

<sup>16</sup> <https://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy/publications>

<sup>17</sup> <https://ec.europa.eu/eurostat>

<sup>18</sup> <https://ec.europa.eu/eurostat/documents/3217494/7566774/KS-EZ-16-001-EN-N.pdf/aco4885c-cfff-4f9c-9f30-c9337ba929aa>

for all targets. In 2014–2015, the European Commission performed a mid-term review of the Europe 2020 Strategy and found that it is still seen as an appropriate framework to promote jobs and growth, including by the active citizens who participated in a public consultation. Following this review, the Commission decided to continue working along the Europe 2020 Strategy. The monitoring and implementing process was baptized the European Semester.<sup>19</sup>

Some of the above presented targets are already being redesigned and ambitiously announced. For example, in October 2014, the energy-environment targets were upgraded with new, more ambitious ones to be achieved by 2030. These contain goals of cutting at least 40% in greenhouse gas emissions (from 1990 levels), achieving at least 27% share for renewable energy in Europe's energy mix and improving our energy efficiency by at least 27%.<sup>20</sup> The EU institutions have also looked even further into the future and devised an Energy Roadmap 2050<sup>21</sup> as well as a strategic document for achieving a climate-neutral economy by the year 2050.<sup>22</sup>

But then, some other targets represent a bigger challenge for the EU Member States, such as the social exclusion target or the research spending target. This monograph will present in more detail the following Europe 2020 Strategy Headline Flagship initiatives: Innovation Union (see Section 3.2), Youth on the Move (see Section 4.1), Agenda for new Skills and Jobs (see Section 4.3) and European platform against poverty (see Section 4.8). They will be presented in the context of relevant sections on education, higher education, research, labour market, and social affairs. This should help the reader to better understand where Flagship initiatives fit in terms of policies and how exactly they are expected to contribute to achieving the ambitious 2020 targets.

### 1.3 The Knowledge Triangle as a Prerequisite

The European Union likes to pride itself as a major trading partner and one of world's biggest economies, that is in fact a very successful

<sup>19</sup> [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester_en)

<sup>20</sup> [https://ec.europa.eu/clima/policies/strategies/2030\\_en](https://ec.europa.eu/clima/policies/strategies/2030_en)

<sup>21</sup> <https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/2050-energy-strategy>

<sup>22</sup> [https://ec.europa.eu/clima/policies/strategies/2050\\_en](https://ec.europa.eu/clima/policies/strategies/2050_en)

one. Combining its 27 Member States' markets into a Single European Market, acting at the global arena as one, does indeed add up to an impressive global trading block. Also internally, EU's economy is quite enviable. With its GDP at 15.3 trillion Euros in 2017, it surpassed the GDP of the United States of America (USA). Further information on the EU economy and global trade can be found here.<sup>23</sup>

However, with ever more connected global markets and ever tougher competition on these markets of the 21st century, Europe has to continuously look for new and innovative strategies to keep the lead. This means keeping our own economy successful and growing, while also competing with other big global markets such as the USA and China. And Europe does not want to do so at the expense of its citizens, rather by investing in them and empowering them to help create a better tomorrow for everybody.

For a long time now, Europeans have believed that economic success is based on our ability to innovate, create new market viable solutions that in turn fuel our businesses and markets. In his recent speech, the European Commissioner for Education, Culture, Youth and Sport, Tibor Navracsics, stated that 'our talented researchers, innovators and entrepreneurs [...] are the people who can re-launch the economic growth that Europe so urgently needs.'

What the Commissioner was referring to, was the knowledge triangle. This concept combines education, research and businesses as cornerstones for a successful and durable economic growth. The European Union believes that by successfully combining the three corners of the knowledge triangle, a real creation of a knowledge-based society can be achieved. This is a society that creates, shares and uses knowledge to improve its wealth and the well-being of its people. It is even more so important for post-industrial societies, where jobs no longer depend on manufacturing but on gaining and applying knowledge. It is all about developing and using new technologies or improving old technologies, researching and providing new innovative services, continuously looking to find solutions to everyday challenges of citizens.

The concept of the knowledge triangle (Figure 1.1) is reflected in the goals of the Lisbon Strategy and the Europe 2020 Strategy (see Section 1.2). Furthermore, this concept is at the origin of the creation of the European Institute of Technology (EIT) (see Section 3.5).

<sup>23</sup> [https://europa.eu/european-union/about-eu/figures/economy\\_en](https://europa.eu/european-union/about-eu/figures/economy_en)

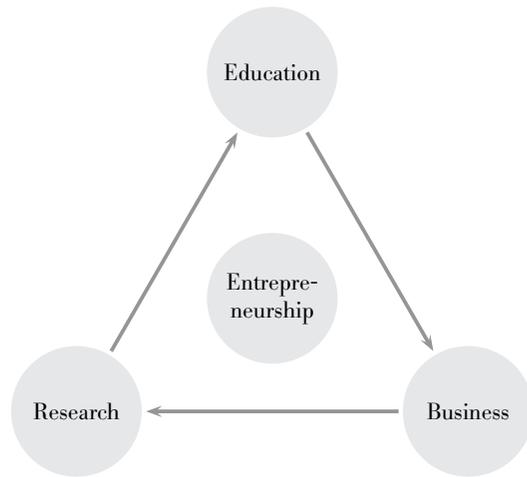


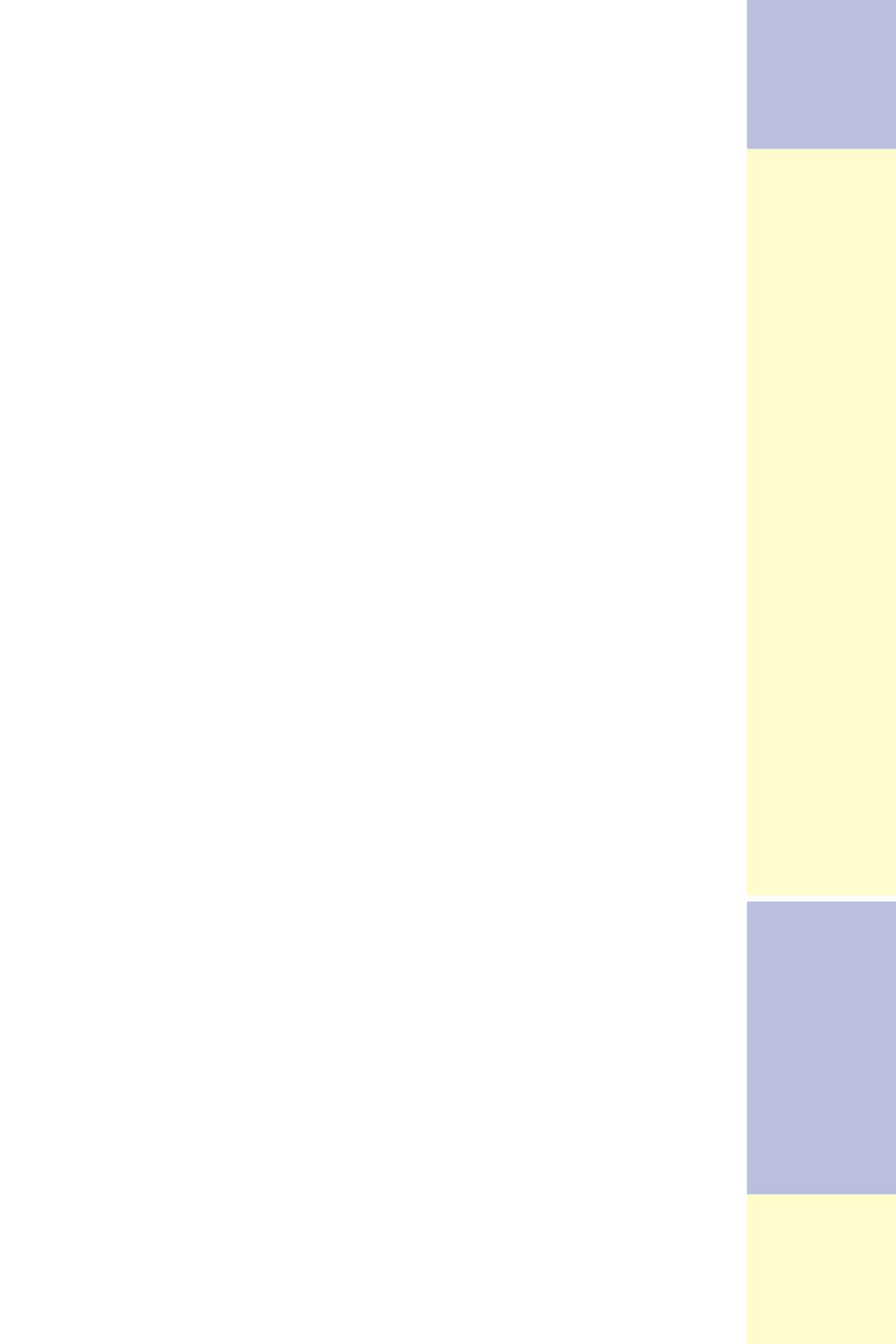
FIGURE 1.1

## The Knowledge Triangle

NOTE Adapted from EIT Learning Concept (<https://eit.europa.eu/our-activities/education/eit-learning-concept>)

While the EU context does provide a good basis for the implementation of cooperation in the framework of the knowledge triangle, offering researchers, educators and businesses an array of platforms for cooperation, this however only constitutes a prerequisite for cooperation, which should result in new inventions, new businesses and wellbeing for all European citizens. It is then up to these citizens to seize the opportunities provided by the EU framework and make the magic happen. In the following sections of this monograph, we look into all three parts of the knowledge triangle and list some practical examples of cooperation at the European level, as well as provide links to where the reader can find an array of opportunities in their field of interest.

Finally, the knowledge triangle brings together those soft and invisible policies that will in the long run importantly help strengthen the European family. Not only by creating new exchanges and generating additional wealth for the European Union. But also, by establishing links among the EU citizens. Relationships that will bring us even closer together, unafraid of our neighbours and ready to seize all opportunities that Europe really offer us. Regardless of where exactly and in which language.



The background of the page is a grid of blue and white squares. Large yellow stars are scattered across the grid, with some overlapping the text area. The stars are of varying sizes and orientations, creating a dynamic and modern aesthetic.

Europe has a particular relationship with knowledge. From Ancient Greek philosophers, to enlightened thinkers and today's researchers, politicians and visionaries, Europeans have sought knowledge and relied on facts to understand the world.

This monograph looks at some policies of the European Union that usually do not make real headlines, such as the achievements of European researchers, news on successful students spending a year in another Member State or achievements of the common European labour market. These policies might not be obvious to a casual follower of European affairs, but nevertheless constitute an important cornerstone in building an ever-closer Union. In fact, it is the citizens that engage in the exchange of knowledge, ideas, experiences and cultures through these less visible policies.

Therefore, this monograph introduces the European education and higher education, research, innovation and entrepreneurship policies and initiatives, and looks at which skills are crucial at the EU labour market of the future. The monograph contains links to websites, where the reader can find additional information and further navigate the web as per personal interest and serves as a baseline for further research on each of the topics.

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