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# THE DEBATE OVER EUROPE AND THE LISBON STRATEGY FOR GROWTH AND JOBS

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A larger debate over Europe should be developed in the next months in the run up to a special European Council to take place in October 2005. This is an initiative launched by the last European Council in June 2005 in order to reply to a general malaise, with its most evident expressions in the stalemates about the Constitutional Treaty and the Community budget. The current British Presidency proposed that a special focus of this debate should be put on the European social model.

At the same time, the governments of the twenty-five Member States commit themselves to launch national reform programmes for a stronger implementation of the Lisbon strategy for growth and jobs, after its mid-term review concluded in the first semester of 2005.

There are many possible connections between one process and the other. The debate about Europe can provide a more general background for these national programmes, whereas these ones should translate choices into concrete actions involving, not only the governments, but the other political institutions and the civil society. Moreover, the Lisbon strategy, after its mid-term review, already provides a quite up-dated and sophisticated answer to the sustainability of the European social model.

Europe for what? The traditional discourses focusing on the need to ensuring peace within borders are no longer working, namely for the younger generations who take this for granted. We need a more forward-looking approach to the European citizens aspirations by focusing on:

- sustaining their living conditions in a global economy;
- making Europe a stronger player in improving global governance;
- creating a more democratic and effective political system.



If these are the priorities, then we need to combine:

- an agenda of structural reforms with the coordination of the macroeconomic policies in the Euro-zone;
- trade policy with innovation policy and with employment policies to redeploy to new areas of growth and jobs creation;
- focused international initiatives with clear and strong views about multilateralism;
- sound enlargement with sound democratic deepening.

## **1. Overview of the Lisbon strategy after its mid-term review**

The Lisbon strategy launched by the European Council of March 2000 was precisely the elaboration of a European comprehensive strategy for the economic and social development in face of the new challenges: globalisation, ageing, faster technological change. Its central idea is to recognize that, in order to sustain the European social model, we need to renew it well as to renew its economic basis by focusing on knowledge and innovation. This should be the main purpose of an agenda for structural reforms (Rodrigues, 2002).

Over the last five years, this strategy was translated into an agenda of common objectives and concrete measures, using not only the traditional instruments, such as directives and the community programmes but also a new open of coordination, which had already been tested in the employment policy and which then extended to many other ones: the policies for the information society, research, enterprise, innovation, education, social protection and social inclusion (Rodrigues, 2003).

The general outcome in 2004 was clearly very unequal across policy areas and countries. A progress seem quite evident in the connections to Internet, the networks for excellence in research, the one-stop shops for small business, the integration of financial markets, the modernisation of the employment services or in some social inclusion plans. But some important bottlenecks are evident in fostering innovation, adopting a Community patent, opening the services market, developing lifelong learning or reforming social protection. Besides



that, some Northern countries display better performances than some Southern ones, whereas some smaller countries seem to perform better than most of the big ones. This is, of course, a very rough assessment.

In the meantime, the implementation gap was worsened by a communication gap, due to the absence of a communication policy able to connect some existent progress on the ground with this European agenda. In face of these shortcomings, the mid-term review in 2004-05, under the Luxembourg Presidency, came up with some answers to the main problems which had been identified (Kok, 2004, Sapir 2004):

- blurred strategic objectives;
- inflation of priorities and measures;
- lack of implementation, coordination and participation mechanisms;
- lack of financial incentives.

### ***1.1. Clarifying the strategic objectives***

The first problem to address was about the very relevance of the strategy. Taking into account the new challenges, is the Lisbon strategy still relevant?

The world landscape is changing. The emergence of new competitive players coupled with more evident ageing trends should fully be taken into account by the Lisbon strategy, but its approach remains valid and becomes even more urgent - this was the position adopted by the Spring European Council under the Luxembourg Presidency. "Europe must renew the basis of its competitiveness, increase its growth potential and its productivity and strengthen social cohesion, placing the main emphasis on knowledge, innovation and the optimisation of the human capital" (Council 7619/05, § 5). Stepping up the transition to a knowledge-intensive society remains the central direction. The need to improve the synergies between the three dimensions of the strategy - economic, social and environmental - is also underlined in the more general context of the sustainable development principles (Council 7619/05).

Still, it was considered that the strategy should be re-focused on growth and employment, with some implications for the definition of the political priorities, as we will see below.

### *1.2. Defining the political priorities*

The major political priorities of the Lisbon strategy for growth and jobs, after the mid-term review concluded in July are three:

- Knowledge and innovation - engines of sustainable growth;
- Making Europe a more attractive place to invest and to work;
- More and better jobs.

These three political priorities were specified into a short list of 24 guidelines using the Treaty-based instruments called “broad economic policy guidelines” and the “employment guidelines”. Moreover, an additional strand was included dealing with the macro-economic policies, under the label “Macroeconomic policies for growth and jobs” (see next Table and Council 10667/05 and 10205/05).

# **LISBON STRATEGY**

## **THE INTEGRATED GUIDELINES FOR GROWTH AND JOBS**

### **Macroeconomic policies for growth and jobs**

1. To secure economic stability for sustainable growth;
2. To safeguard economic and fiscal sustainability as a basis for increased employment;
3. To promote a growth-and employment-orientated and efficient allocation of resources;
4. To ensure that wage developments contribute to macroeconomic stability and growth;
5. To promote greater coherence between macroeconomic, structural and employment policies;
6. To contribute to a dynamic and well-functioning EMU.

### **Knowledge and innovation -engines of sustainable growth**

7. To increase and improve investment in R&D, in particular by private business;
8. To facilitate all forms of innovation;
9. To facilitate the spread and effective use of ICT and build a fully inclusive information society;
10. To strengthen the competitive advantages of its industrial base;
11. To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth.

### **Making Europe a more attractive place to invest and work**

12. To extend and deepen the Internal Market;
13. To ensure open and competitive markets inside and outside Europe and to reap the benefits of globalisation;
14. To create a more competitive business environment and encourage private initiative through better regulation;
15. To promote a more entrepreneurial culture and create a supportive environment for SMEs;
16. To expand and improve European infrastructure and complete priority cross-border projects;

### **More and better jobs**

17. To implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion;
18. To promote a lifecycle approach to work;
19. To ensure inclusive labour markets, enhance work attractiveness and make work pay for job-seekers, including disadvantaged people, and the inactive;
20. To improve matching of labour market needs;
21. To promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners;
22. To ensure employment-friendly labour cost developments and wage-setting mechanisms
23. To expand and improve investment in human capital;
24. To adapt education and training systems in response to new competence



Hence, for the first time, the EU is equipped with an integrated package of guidelines for its economic and social policies, using Treaty-based instruments. Behind this major political development a quite long maturing process had taken place and the need to enhance implementation was the final argument to be used.

### ***1.3. Fostering the implementation***

The aim of defining coordinated guidelines for economic and social policies in the EU comes from the nineties, with the preparation of the Economic and Monetary Union. During the Lisbon European Council in 2000, the political conditions were still not ripe to achieve the adoption of an economic and social strategy using more compulsory instruments such as Treaty-based guidelines. Hence, a new method was defined, called “open method of coordination”, based on (Council SN 100/00 and Presidency 9088/00):

- identifying common objectives or guidelines;
- translating them into the national policies, adapting to national specificities;
- organising a monitoring process based on common indicators, identifying best practices and peer review.

The development of this method in eleven policy fields since 2000, in spite of some shortcomings (such as bureaucratisation, simplistic benchmarking, etc.), had been quite instrumental in building the necessary consensus about the strategic challenges and the key reforms to be implemented. In 2005, the arguments regarding the implementation and the coordination gap were already enough to ensure a transformation of some of the most important of these “soft” guidelines into “harder” ones, by building on them in order to formulate Treaty-based guidelines (Council, 10667/05 and 10205/05).

Hence, the open method of coordination did play a role in building a European dimension, organising a learning process and promoting some convergence with respect by the national differences. Does this mean that this method is now over? This is not at all the case (see Council 7619/05 § 39 d/ and Commission, SEC 28.04.2005). It can pursue its role, when this is needed which means that the policy making process

can work at two levels, one more formal and precise than the other, ensuring the necessary political re-focusing in the implementation.

A second important development regarding the instruments for implementation concerns the national reform programmes for the next three years, to be prepared by all the Member States in the autumn 2005 (Commission, SEC 28.04.2005). These programmes should be forward-looking political documents setting out a comprehensive strategy to implement the integrated guidelines and adapting them to the national situation. Besides presenting the political priorities and measures, these programmes are also expected to point out the roles of the different stakeholders as well as the budgetary resources to be mobilized, including the structural funds with a link to the stability and convergence programmes. The preparation, implementation and monitoring of the national programmes should involve the main political institutions as well as the civil society and, when appropriate, a national coordinator should be appointed. An annual follow-up report is also supposed to be provided by all Member States, leading to a general report to be presented by the European Commission to each Spring European Council.

A last important piece to foster the implementation is the recently adopted Community Lisbon Programme, putting together, for the first time, all the regulatory actions, financing actions and policy developments to be launched at European level regarding the Lisbon strategy for growth and jobs, and organising them by the three main priorities already mentioned (Commission, COM (2005) 330). Some of its key actions are underlined:

- the support of knowledge and innovation in Europe;
- the reform of the State aid policy;
- the better regulation for business operation;
- the completion of the internal market for services;
- the completion of an ambitious agreement in the Doha Round;
- the removal of obstacles to physical, labour and academic mobility;
- the development of a common approach to economic migration;



- the support to manage the social consequences of economic restructuring.

As well as the national programmes for growth and jobs will require a stronger coordination within the governments, this Community Lisbon Programme will require the same from the European Commission and also from the Council of Ministers in its relevant formations: Ecofin, Employment and Social Affairs, Competitiveness, Education and Environment. Regarding the European Parliament, an internal coordination procedure is already under way between different EP commissions and the same should be considered by the national parliaments, as some of their commissions can be concerned.

#### ***1.4. Developing financial incentives***

Different reforms of financial instruments are underway in order to put them more in line with the political priorities of the Lisbon strategy for growth and jobs:

- the Community framework for the State aids is being reviewed in order to turn them into a more horizontal approach, focusing R&D, innovation and human capital;
- the European Investment Bank and the European Investment Fund are also deploying new instruments in support of the strategy for growth and jobs, and were asked to put a special focus on the needs of the innovative SMEs in Europe;
- the Community Programmes can also play an important role, notably if they are also able to become a catalysts of the national programmes for growth and jobs. Three very relevant cases are the 7<sup>th</sup> Framework Programme for Research and Technological Development, the Community Programme for Competitiveness and Innovation and the Community Programme for Lifelong Learning;
- the Community Strategic Guidelines for the Cohesion policy, which were recently proposed by the European Commission are now strongly in line with the integrated guidelines for the Lisbon strategy, covering their three main strands: making Europe and its regions more attractive places to invest and to



work; knowledge and innovation for growth; and more and better jobs (Commission, SEC (2005) 0299).

The scope of these two last instruments depends, of course, on the size of the financial resources to be given in the next Financial Perspectives (2007-2013) to two central objectives: investing in the Lisbon priorities and keeping regional cohesion.

Beyond all this, a reform was introduced in the Stability and Growth Pact which can have very relevant implications for the Lisbon strategy (Council 7619/05). According to this reform, macroeconomic stability remains a central concern, the limits for the public deficit and the public debt remain 3% and 60% as ratio of the GDP and pro-cyclical fiscal policies should be avoided. Nevertheless, a new emphasis is put on fostering economic growth and on the sustainability of the public debt in order to cope with the demographic trends. Against this background, the Lisbon goals, such as reforming social protection systems and redirecting public expenditure to key investments for growth potential (in R&D, innovation, human capital) are among the relevant factors to be taken into account when assessing the public deficits (either below or above 3%) or when defining the adjustment trajectories, in case of the excessive deficit procedure.

Against the new background provided by the mid-term review of the Lisbon Strategy, let us now focus on one of the most complex issues of the general debate over Europe.

## **2. For a sustainable European social model**

The reform of the European social model is one of the most complex issues to be focused on the general debate over Europe. This model is the outcome of a long and complex historical process trying to combine social justice with high economic performance. This means that the social dimension should be shaped with the purpose of social justice, but also with the purpose of contributing to growth and competitiveness. Conversely, growth and competitiveness are crucial to support the social dimension and should also be shaped to support it.

This also means that there are different choices in both economic and social policies which evolve over time and must be permanently under discussion, political debate and social dialogue. This is the European tradition, highly valued inside and outside Europe as an important achievement to ensure prosperity and quality of life.

This tradition was translated into quite different national models and the most renowned typologies distinguish the Scandinavian, the Anglo-Saxon, the Continental and the South-European types (Esping-Andersen in Rodrigues, 2002 and Sakellariopoulos and Berghman, 2004). Nevertheless, in spite of these differences, some key components were put together in order to build this European social model:

- increasing general access to education and training;
- regulated labour contracts;
- general access to social protection and health care;
- active policies for social inclusion;
- social dialogue procedures;
- predominance of public funding via taxes or social contributions, with a redistribution effect.

These components have been shaped in each historic period, depending on the existent institutional frameworks and actors and on their replies to the strategic challenges of their time.

### ***2.1. Reforming the European social model to face new challenges***

Nowadays, it is clear that the European social model is facing new strategic challenges, which seem to be:

- globalisation and the new competitive pressures;
- the transition to a knowledge-intensive economy;
- the ageing trends;
- the new family models;
- the very process of the European integration, in its new stage.

The sustainability of the European social model depends on renewing its economic basis as well as on reforming its main components, in order to



cope with these key strategic challenges. Against this background, we will identify some of the main priorities for these structural reforms.

### **2.1.1. Education and Training**

The access to new skills will become crucial to get new and better jobs. The education and training systems should be reformed in order to better cope with the challenges of:

- globalisation and the transition to a knowledge economy, by a more dynamic identification of the skills needs and by the generalisation of the lifelong learning opportunities in schools, training centres, companies, public administrations and households, which should be underpinned by an universal pre-schooling education and the reduction early-school leavers. New and more flexible ways to validate competences (such as the Europass) can also play an important role;
- ageing trends, by spreading new methods to assess, enhance and use the elderly workers competences;
- new family models, by providing equal opportunities to career choices and more flexible access to lifelong learning over the life-course;
- European integration, by adopting a common framework for key-competences and facilitating the recognition of qualifications and the labour mobility.

### **2.1.2. Social Protection**

Social protection systems seems to need structural reforms to cope with:

- the transition to a knowledge economy, by a more personalised approach in the active labour market policies, by creating learning accounts with drawing rights and by providing more flexibility of personal choices in using the range of social benefits;
- globalisation and new competitive pressures, by giving stronger priority to more effective active labour market policies; by a



careful monitoring of the benefits in order to make work pay and to attract more people into the labour market, reducing unemployment and strengthening the financial basis of the social protection systems. A careful monitoring should also be made about the non-wage labour costs as well as the search of complementary (public and private) financial resources;

- ageing trends, by promoting active ageing, reducing early retirement, providing incentives to remain active, introducing more flexibility in the retirement age. Balancing the financial effort to be provided by different generations may also require a careful reconsideration of the balance between the three pillars of the social protection system;
- new family models, by spreading family care services and facilitating working time flexibility as important ways to reconcile work and family life;
- European integration, with a common legal framework required by the single market concerning minimum standards and portability, to be complemented with the open coordination of the reforms of the social protection systems.

### **2.1.3. Social inclusion**

The social inclusion policies should also be updated in order to cope with the challenges of:

- the transition to a knowledge economy, by putting more focus on developing new social and professional capabilities, beyond the simple income guarantee;
- globalisation, by better targeting the social inclusion programmes and by strengthening the management of the industrial restructuring;
- ageing, by promoting active ageing and by designing target measures for elderly poor people;
- new family models, by developing family care services and by designing target measures for single parents;
- European integration, by an open coordination of the social inclusion policies complemented with European programmes for social inclusion.

#### **2.1.4. Labour regulations**

The labour regulations and the human resources management should also evolve to meet the challenges of:

- the knowledge economy, by developing learning organisations in the work place, promoting learning careers and “learning first contracts” for young people, organising learning accounts and improving the working time flexibility for training;
- globalisation, by creating more internal labour flexibility (concerning work organisation, working time and wage setting), by combining new forms of external flexibility with security and by strengthening the management of industrial restructuring. The active promotion of better labour standards at international level can also play a crucial role;
- ageing, by encouraging new forms of work organisation, working time management and better working conditions;
- new family models, by facilitating working time flexibility, parental leave and career breaks;
- European integration, by the regular update of the European directives, by removing the obstacles to the mobility of workers at European level and by defining a European frame for economic migration.

#### **2.1.5. Social dialogue**

Finally, social dialogue should itself evolve to cope with the same challenges of:

- the transition to a knowledge economy by negotiating learning agreements at company, sector and national level;
- globalisation, by negotiating innovation agreements and the social management of the industrial restructurings at company, sector and national levels;
- ageing, by negotiating about the conditions for active ageing in the collective agreements;
- new family models, by systematically introducing equal opportunities in the collective agreements;
- the European integration, by upgrading the social dialogue concerning the European strategy for growth and jobs.



The changes which are mentioned above are the outcome of an intensive experimentation, debate and negotiation which is already underway in Europe. Most of these changes are already pointed out by the integrated guidelines of the Lisbon strategy for growth and jobs after a very rich discussion which took place at European level, involving all the European institutions and committing Prime Ministers and ministers of very different areas. These changes will be subject to a larger discussion in all Member States during the preparation of their national reform programmes for growth and jobs.

#### **2.1.6. A re-interpretation of the basic values**

This larger discussion in the Member States should take into account this more general background of the European social model and the new strategic challenges it is facing nowadays. Moreover, its underlying basic values seem also to be under re-interpretation, notably when:

- it is said that security should be for change, and not against change;
- providing security, the focus is put not only in income guarantee but also in enabling and building capabilities;
- the concern with social justice is putting more emphasis in equal opportunities, even they should be combined with basic solidarity with the weakest members of society;
- the individual responsibility is also highlighted by this concept of equal opportunities, also leading to more freedom of choice over the life course;
- the principles of sustainable development are taken into consideration in the re-conceptualisation of social justice; hence the contributions and benefits regarding social protection should be balanced across generations.

Let us now focus two concrete areas of reform with many implications for the renewal of the European social model: lifelong learning and innovation.



## Identifying reforms for the European social model

Main strategic challenges  Main components of the European Social Model	Transition to a dynamic knowledge intensive economy	Globalisation and new competitive pressures	Ageing	New family models	European integration
1. Access to Education and Training	<ul style="list-style-type: none"> <li>Anticipating skills needs</li> <li>Generating access to lifelong learning in schools, companies and households</li> <li>Personal competences portfolio (Europass)</li> <li>Universal pre-school education</li> <li>Reduce school leavers</li> </ul>	<ul style="list-style-type: none"> <li>Anticipating skills needs</li> <li>Generating access to lifelong learning in schools, companies and households</li> </ul>	<ul style="list-style-type: none"> <li>New methods of assessing and using competences</li> </ul>	<ul style="list-style-type: none"> <li>Flexible access to lifelong learning</li> <li>Equal opportunities for career choice</li> </ul>	<ul style="list-style-type: none"> <li>European framework for lifelong learning opportunities</li> </ul>
2. Social Protection for all	<ul style="list-style-type: none"> <li>Activating social protection</li> <li>Priority to active labour market policies</li> <li>Drawing rights for lifelong learning</li> </ul>	<ul style="list-style-type: none"> <li>Controlling non-wage labour costs</li> <li>Mobilizing new kind of financial resources</li> </ul>	<ul style="list-style-type: none"> <li>Active ageing</li> <li>Incentives to work</li> <li>Reducing early retirements</li> <li>Delay/flexibility in retirement age</li> <li>3 pillars and inter generations balance</li> </ul>	<ul style="list-style-type: none"> <li>Reconciling work with family life by working time flexibility and family care</li> </ul>	<ul style="list-style-type: none"> <li>Coordinated reforms of social protection systems</li> <li>European directives on social protection</li> </ul>
3. Social inclusion	<ul style="list-style-type: none"> <li>More flexibility of choices in the life course</li> <li>Developing capabilities beyond income benefits</li> </ul>	<ul style="list-style-type: none"> <li>To make work pay to increase the employment rates</li> <li>Managing restructuring process</li> <li>Targeted programme for social inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Active ageing</li> <li>Larger measures for elderly poor people</li> </ul>	<ul style="list-style-type: none"> <li>Target measures for single parents</li> <li>Family care services</li> </ul>	<ul style="list-style-type: none"> <li>European coordination for social inclusion</li> <li>European programmes for social inclusion</li> <li>European fund for social costs of restructuring</li> </ul>
4. Labour regulations	<ul style="list-style-type: none"> <li>Learning organisations</li> <li>Learning careers</li> <li>Training leave</li> <li>Learning accounts</li> </ul>	<ul style="list-style-type: none"> <li>More internal labour flexibility (work organisation, working time, wage)</li> <li>New forms of external flexibility with security</li> <li>Managing restructuring</li> </ul>	<ul style="list-style-type: none"> <li>New forms of work organisation</li> <li>New working conditions</li> </ul>	<ul style="list-style-type: none"> <li>Working time flexibility</li> <li>Parental leave</li> <li>Career break</li> </ul>	<ul style="list-style-type: none"> <li>European directives on working conditions</li> <li>Removing obstacles for mobility of workers at European level</li> <li>European frame for economic migration</li> </ul>
5. Social dialogue	<ul style="list-style-type: none"> <li>Learning agreements</li> </ul>	<ul style="list-style-type: none"> <li>Innovation agreements</li> <li>Social plans in restructuring</li> </ul>	<ul style="list-style-type: none"> <li>Active ageing in collective agreements</li> </ul>	<ul style="list-style-type: none"> <li>Equal opportunities in collective agreements</li> </ul>	<ul style="list-style-type: none"> <li>European social dialogue on the strategy for growth and jobs</li> </ul>

## *2.2. Sharing responsibilities to develop lifelong learning*

The commitment to prepare national strategies for lifelong learning is already made in the framework of the national programmes for growth and jobs. The recent overview at European level led to the identification of some possible common objectives which are summed up in the guideline 23 of the integrated guidelines for growth and jobs. More specifically, this strategy should aim at:

- a/ defining the goals for lifelong learning in terms of not only educational levels but also new jobs profiles and competences;
- b/ developing a new infrastructure for lifelong learning;
- c/ creating a diversified supply of learning opportunities able to provide more customised solutions:
  - to develop the new instruments of e-learning and to explore the potential of the digital TV
  - to turn schools and training centres into open learning centres
  - to encourage companies to adopt learning organisations
  - to shape the appropriate learning modes for each target group
  - to spread new learning solutions for the low skilled workers
- d/ fostering the various demands for learning and to create a demand-led system:
  - to improve the framework conditions for lifelong learning
  - to develop a dynamic guidance system over the life course
  - to renew the validation and recognition system
  - to create compensations for the investment in learning
- e/ spreading new financial arrangements in order to share the costs of lifelong learning between the various stakeholders and encourage the initiative of companies and individuals;
- f/ improving governance for lifelong learning.

This kind of objectives seems to be consensual, but the implementation gap shows that the real problem lies with sharing responsibilities between the relevant actors. Hence, when it comes:

- the identification of goals for lifelong learning: the public authorities should enhance the forecasting procedures, the companies should improve their human resources



management, the social partners negotiate learning agreements and all these actors develop partnerships for growth, jobs creation and competence building;

- the development of a new infrastructure for lifelong learning: the public authorities should create knowledge resource centres and regulate the telecommunications and TV industries for this purpose; companies and households should equip themselves with the necessary hardware and software; the same should happen with the education institutions, which should also become content providers;
- a more diversified supply of learning opportunities: education institutions should be turned into open learning centres and provide more tailor-made solutions for each target-group, companies should develop learning organisations and social partners negotiate a wide range of solutions;
- to improve the framework conditions for lifelong learning: public authorities should foster the provision of child care services and social partners should negotiate the appropriate flexibility in working time management, including time accounts and training leaves;
- to develop a guidance system: the public authorities and education institutions should provide better guidance services and individuals should be encouraged to define their personal development plan;
- to renew the validation and recognition system: the public authorities should create centres of competence validation, companies should present intellectual capital reports and individuals define their personal portfolio;
- to spread new financial arrangements for sharing the costs: the public authorities should cover the costs of basic education for all, improving the education of young people and support targeted adult people with tax reliefs or direct incentives; companies should fund job-related training; social partners should negotiate the sharing of training costs in the labour contracts or the collective agreements; the education institutions should mobilise resources for new investment plans and the individuals could be encouraged to manage their



learning accounts or special entitlements (drawing rights) for training.

### *2.3. Sharing responsibilities to foster innovation*

For a more effective implementation of the national programmes, this kind of sharing of responsibilities should be specified for the other policy fields. Another critical example for the success of the Lisbon strategy, the sustainability of the European social model and the renewal of the European competitiveness is the innovation policy. Here again, it seems there is a quite high level of consensus concerning some possible common objectives which are summarised in the guideline 8 of the integrated guidelines for growth and jobs. Innovation policy should aim at developing:

- a/ The provision of R&D: creating conditions to foster the private investment in R&D, notably tax incentives and researchers mobility; reducing the cost of patenting and improving the management of intellectual property rights; fostering the interfaces between companies and universities;
- b/ Competence building: spreading skills for innovation at all levels of education; training for innovation management; enhancing the skills base in each sector or cluster;
- c/ Financial innovation: improving access to venture capital for innovative SMEs; reorientation of public investment to R&D and innovation; tax incentives with the same purpose; new priorities for structural funds;
- d/ Provision of consultancy services: developing the support services for innovation, transfer and diffusion;
- e/ Improving quality and paving the way to new products and services: competition policy; dissemination of quality standards; improving the criteria of public procurement; targeting sophisticated markets;
- f/ Changing organizations: national programmes for organizational development in companies; reforming universities management; modernizing public services;
- g/ Incubating activities: developing incubators; supporting high-tech start-ups;
- h/ Networking: promoting clusters and partnerships for innovation; extending access to broadband; developing e-business.

Nevertheless, a clearer identification of responsibilities is needed when it comes:

- the provision of R&D, which depends on the research institutions and on companies, but also on the framework conditions to be created by the public authorities concerning the tax incentives, the research careers and the intellectual property rights;
- the competence building, which depends on the education and training institutions, but also on the companies and their collaboration with these institutions;
- the financial innovation, which depends on the financial institutions but also on the companies initiatives and the regulatory conditions of the financial markets to be created by the public authorities;
- the quality of products and services, depends mainly on companies behaviour but also on the competition policy, the dissemination of quality standards and the criteria for public procurement to be developed by the public authorities;
- changing organisations, regarding companies but also education and research institutions as well as public services;
- networking, which depends on all actors which interact in the national or regional systems of innovation.

Furthermore, the reforms of the European social model already mentioned above are also designed to support this renewal of the European competitiveness focusing on innovation.

In conclusion, the sustainability of the European social model depends on the success of the overall strategy for growth and jobs, which are now the two key words; and this success depends on a new approach to renew the European competitiveness, a full use of the potential of the single and external market as well as on more scope for growth in the macroeconomic management. Finally, this success also depends on well designed reforms of the European social model itself.

The concrete solutions to achieve this particular combination in each Member State can only be found by itself. That is why, the preparation



and implementation of the national reform programmes for growth and jobs opens an opportunity which should not be missed.

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