
A New Strategy for Europe and New Economic Opportunities for Greece and the East European Countries

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Abstract

In this work I propose myself to analyse the implications of the new EU 2020 strategy considering Greece and the East European countries, in a globalized and interdependent world which is being emphasized a lot more by the crisis.

I present the main motive factors of the EU 2020 strategy, enabling the development based on knowledge as a value generating factor, the development of competences within a society favourable for inclusion and the creation of a competitive economy, a connected and more ecological one. I emphasize the approach of changing the objectives into reality and the use of instruments within a new approach, thus to outrun the economic and financial crisis. I identify, at the level of Greece and East European countries, the instruments of economic politics. Also, the necessity of putting a good use, at maximum, on the unique market, the integration in the EU in a global context, the rumination of political priorities in public budgets and the setting-up of a clear rule to make the new strategy more effective, is distinguished.

Keywords: strategy, globalization, competitiveness, financial crisis, economic politics, knowledge.

Jel classification: M10, E60, G01

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1. Introduction

The present economic and financial crisis, the worst in the last decades, strongly affected Europe whose economy shrank greatly. The unemployment rate is expected to reach two-digit level in 2020, a level that was not reached for ten years.

As we said, the worst economic and financial crisis, in the last decades, strongly affected Europe, and its economy has contracted a lot. Because the collective action designed to save the creation and give back through public intervention, the fall of the economy could be avoided. However, the crisis has affected the ability of resistance and therefore the EU countries should make further efforts and work together to find an adequate solution to get out of the crisis and to develop the new generation of public policy, given the completely different context. (Working Paper, 2009)

The rescue should mark the transition to a new social market economy, a sustainable economy, smarter and greener, in which our prosperity is the result of innovation and of a better use of resources and whose main component is knowledge. Due to these motor factors, new sources of sustainable growth and creating jobs should be exploited to offset the high level of unemployment that our society could confront with in the coming years.

The financial and economic crisis had a significant impact on public finances, business, jobs and families. At all levels, the decision makers in public policy will have to find ways of triggering economic dynamism, while the margin of maneuver in what concerns the budget is limited. According as the recorded deficit in the public sector will be again under control, public expenditure will be such organized that the targets for 2020 are met.

The EU Strategy 2020 is designed as a successor of the current Lisbon Strategy, which was an EU reform strategy over the past decade and helped the EU to face the recent crisis. The EU strategy is based on its accomplishments, such as the partnership for growth and jobs, but it also brings new features to meet new challenges. This strategy is based, too, on the benefits of the existing coordination within the European Economic Recovery Plan in response to the crisis. (Barroso, J., M., 2010)

2. The main priorities of the European Union for 2020

To have a social market economy smarter and greener, Europe should promote the key priorities, agreed, and strive to implement them over several years. No Member State can face alone these challenges; on the other hand, nor the EU policies represent the sum of 27 national policies. Working together to achieve a common objective, the total can exceed the amount of components. This program is open to all Member States, regardless of size, age in the EU or the degree of development: the enlarged Union includes different levels of development and therefore different needs. However, the EU 2020 vision is relevant for all the EU

Member States and can be adapted depending on the different starting points and the national character to promote the growth for all.

It is considered that the main motor factors of the EU 2020 Strategy should be classified on themes, depending on the following priorities:

1. The growth based on knowledge as a value generating factor supposes that social cohesion and opportunities will be consolidated in a world where innovation makes a difference both in what concerns products and processes, capitalizing the whole potential of education, research and digital economy.

2. The development of competences within some societies favorable for the inclusion is realized in getting new competences which can encourage creativity and innovation, the development of the entrepreneurial spirit and the change of a job with another one; the elements will be essential in a world which will offer a lot of jobs in the change of a great capacity of adapting.

3. The creation of a greener, connected and competitive economy supposes that EU should be more efficacious from the competition point of view and increases its productivity by lowering the consume of resources and regenerative energy in a world where the price of energy and resources is high, and the competition in these domains is also growing. This thing will stimulate the growth and will contribute to accomplish the objectives concerning the environment, bringing benefits to the economic sectors, from the traditional manufacturing to the new high-tech enterprises. Structures' modernization and interconnection, lowering the administrative burden and accelerating the market uptake of innovations are elements which will contribute, equally, to reach this goal.

These priorities will guide the development of the EU policies both within the Union and beyond. The promotion of the international cooperation and of multilateral governance, including the existence of some efficient financial and international commercial systems, efficacious and fair and based on well-established rules, will be part of the 2020 Strategy.

3. The perspective of the new priorities for Greece and the other East-European Countries

As said before, it is considered that the main motor factors of the EU 2020 Strategy should be classified on themes, depending on the following priorities:

The growth based on knowledge as a value generating factor supposes that social cohesion and opportunities will be consolidated in a world where innovation makes a difference both in what concerns products and processes, capitalizing the whole potential of education, research and digital economy.

Knowledge is the engine for sustainable growth. In a world confronted with quick changes, the features which make a difference are: education and research, innovation and creativity.

“The EU 2020” Strategy is an indication that “Europe has some of the best universities in the world, but we should aim to have many more and turn them into a

genuine engine of knowledge and growth. In this respect, not only investment but also reforms and, where appropriate, consolidation, closer cooperation, including the business, and an open attitude to change, will be required.” (Working paper, 2009)

Also, in the EU vision for 2020, the creating of an efficient European research area, effective and equipped with necessary resources is expressed. The EU should intensify its research efforts in pooling resources, developing the main research facilities across the EU and raising the quality of research at global standards. The attractiveness and performance of Europe as a research area also depend on creating an internal market and attractive career prospects for researchers. The way forward requires a research partnership between the EU and the Member States to maximize the synergies with other policy areas, particularly with innovation and education.

EU should offer more attractive framework conditions for innovation and creativity, including the incentives for developing knowledge-based organizations and should help universities and research institutions to raise capital by selling their ideas and innovations.

It is then outlined the importance of the three poles of knowledge, namely: education, research and innovation, and from this perspective, universities play a crucial role of engine of the new paradigm, based on knowledge. A European society of knowledge involves focusing on universities as centers of innovation irradiation. (Daianu, D., 2010)

The development of competences within some societies favorable for the inclusion is realized in getting new competences which can encourage creativity and innovation, the development of the entrepreneurial spirit and the change of a job with another one; the elements will be essential in a world which will offer a lot of jobs in the change of a great capacity of adapting.

In the economic context after the crisis, a lot of the lost jobs will not be recreated.

Transforming Europe into a more intelligent, more competitive and greener economy, new jobs will be encouraged and will be a response to the high unemployment rates. However, during the transition, working hard will be essential to prevent people leaving the system and their exclusion, as well as to ensure social cohesion. In fact, new models characterized by multiple inputs and outputs on market during the lifetime appear, which replace the traditional cycle (education, work and retirement), thus giving people more opportunities. This requires a framework for organizing and supporting these transitions, which are based possibly on some of the measures adopted during the crisis (e.g. reduced working time combined with training).

New jobs, which require new skills, will be created. The transition between jobs and between training and jobs will have to be managed. In this respect, flexicurity will be fully developed. The challenge is finding the best way to improve on the one hand, the flexibility of labor markets, both in terms of work organization and labor relations and, on the other hand, the safety offered by the lifelong learning and an adequate social protection.

Lifelong learning must be more accessible, and universities should be more open to atypical students.

Skills are a key element for economic growth and productivity growth in Europe as well as for creating jobs. Lifelong learning is a key element for ensuring the good transition between jobs and occupations, and to avoid long-term unemployment that leads to the loss of human capital. Digital economy also offers new opportunities for distance learning in the perspective of lifelong learning and for the communication forms that produce changes in labor, reduce the distances and make the work at distance a real possibility in an increasing number of jobs.

The creation of a greener, connected and competitive economy supposes that EU should be more efficacious from the competition point of view and increases its productivity by lowering the consume of resources and regenerative energy in a world where the price of energy and resources is high, and the competition in these domains is also growing.

This thing will stimulate the growth and will contribute to accomplish the objectives concerning the environment, bringing benefits to the economic sectors, from the traditional manufacturing to the new high-tech enterprises. Structures' modernization and interconnection, lowering the administrative burden and accelerating the market uptake of innovations are elements which will contribute, equally, to reach this goal.

Europe must remain competitive in the future in the context of relatively higher energy prices, the constraints on carbon emissions and a much greater competition in terms of resources. The more efficient use of resources, including energy and, as well as the application of new technologies, more ecological, will stimulate the growth, will create new jobs and services and will help the EU both in maintaining a strong manufacturing base and a solid service sector and in achieving environmental and climate changes.

Ensuring functioning markets for goods, services and employment is a premise for success. The greening of the economy is not only the creating of new industries. Equally, it is important to accelerate the modernization of the existing industries in Europe, many of which will be restructured as a result of the crisis. Achieving these goals is essential for the EU to compete in a world in which all the countries seek solutions to these challenges.

Because of a significant contribution to the growth and job creation, as well as to innovation development, a new approach is needed regarding **the industrial policy** to support industry by placing a greater emphasis on sustainability, innovation and human skills necessary for the EU industry to remain competitive on the world markets.

Stable and predictable contextual conditions should support the industry in addressing the future challenges of competition. In the period following the crisis, companies from many sectors will need to solve the problem of structural excess capacities, and the EU will have to facilitate restructuring in a socially acceptable manner, while maintaining fair competition. This assumes the existence of an

integrated industrial policy which promotes competitive market mechanisms and develops new sources of sustainable growth with an emphasis on innovation, on eco-innovation, on technologies and skills with a new potential.

This transformation will also provide an opportunity to improve the regulatory environment, to increase the territorial cohesion and promote better conditions for developing the entrepreneurship, for promoting the SMEs development and support them to grow and internationalize.

4. Comparative analysis between Greece and Romania from the perspective of the economic indicators

In the present environment, very hostile and complex, both Romania and Greece have to face new challenges arising from the economic crisis to overcome the critical moments and to find optimal solutions, so that we will see a much needed economic recovery to save the national economies.

A comparative analysis of the main economic indicators specific for the Greece and Romania's economy, but watching the European Union goals, are presented in the following table:

Table 1 – economic indicators

Indicator	Romania				Greece				EU27		
	2005	2006	2007	2010 Target	2005	2006	2007	2010 Target	2006	2007	2010 EU target
GDPper capita	35,3	38,7	40,5	63,0	95,3	96,5	97,1	65,0	100	100	70,0
Labor productivity Per person employed	36,2	39,9	42,0		102,5	103,3	104,4		100	100	
Employment Rate- total	57,6	58,8	58,8		60,1	61,0	61,4		64,5	65,4	
Women	51,5	53,0	52,8		46,1	47,4	47,9		57,3	58,3	
Men	63,7	64,6	64,8		74,2	74,6	74,9		71,7	72,5	
Employment Rate of older workers total	39,4	41,7	41,4		41,6	42,3	42,4		43,5	44,7	
women	33,1	34,5	33,6		25,8	26,6	26,9		34,9	36,0	
Men	46,7	50,0	50,3	58,8	59,2	59,1	52,7	53,9			
Gross domestic expenditure on R&D	0,41	0,45	0,54	1,8	0,58	0,57e	0,57e	1,5	1,84e	1,83e	3,0
Youth education Attainment Level total	76,0	77,2	77,4		84,1	81,0	82,1		77,9	78,1	
women	76,8	77,8	77,7		88,5	86,6	87,0		80,8	80,8	
men	75,2	76,6	77,1		79,7	75,5	77,5		75,0	75,5	
Comparative Price levels	54,3	57	64,7		88,4	89,1	88,6		100	100	

Business investment	19,2	20,5	24,7		18,7	19,5	19,5		18,2	18,7	
long-term unemployment rate total	4	4,2	3,2		5,1	4,8	4,1		3,7	3,1	
Total greenhouse gas emissions	54,6	56,3	-		125,1	124,4	-			92,3	

5. Conclusions

EU 2020 Strategy first assumes a successful exit from the crisis, promoting a comprehensive strategy designed to secure balanced and sustainable growth and sound fiscal policies. The recession and financial constraints have had a greater impact on those countries which were already affected by major imbalances or policy weaknesses at the onset of the crisis.

“The Europe 2020 Strategy bid is concerned with what we must do today and tomorrow to replace the EU economy on track. The crisis has exposed fundamental problems and unsustainable trends which can no longer be ignored. Europe has a deficit of growth which puts our future in danger. We need to decisively resolve the vulnerability and fructify our many advantages. We need to build a new economic model based on knowledge, on an economy with low carbon and high labor employment. This battle requires a mobilization of all the stakeholders in Europe”. (Barroso, J., M., 2010)

First of all, Greece and Romania, but also other EU countries should learn from the experience of the global financial and economic crisis. Our economies are inextricably linked. No Member State can effectively approach global challenges through an isolated action. We are stronger when we work together, and the success of getting out of the crisis depends, therefore, on a close coordination of the economic policy. The failure to achieve this thing could lead to a “lost decade” of relative decline, to a permanent damage of growth and high levels of structural unemployment.

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