

# **(Post?) Crisis Economic Recovery: Regional Co-operation and Human Well-being in the EU**

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**Part I. EU Social Agenda: GDP and beyond**

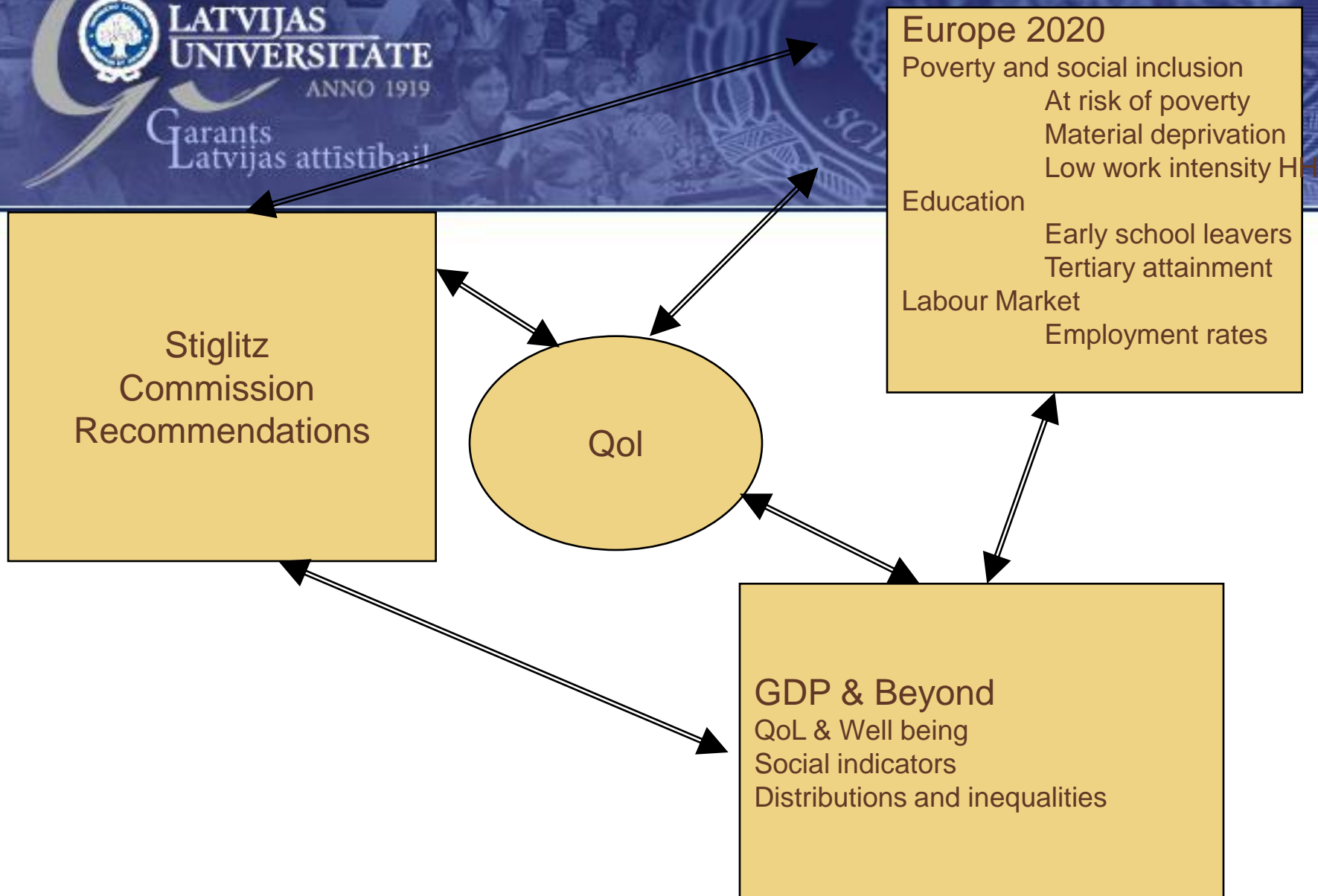
**Part II. Economic Recession 2010 and EC  
current position**

**Part III. Baltic Sea Region as an  
example of macro-regionalisation  
in the EU**

- 1. Rhineland Model/Continental**
- 2. Anglo-Saxon**
- 3. Nordic model**
- 4. Mediterranean model**



# **Part I. EU Social Agenda: GDP and beyond**



# The EU 2020 strategy - what is it about?

- Successor of the current Lisbon strategy (EU 2010)
- EU in 2020. What should be done?
  - An economy based on *smart, sustainable (green) and inclusive* growth
  - ⇒ **smart** = economy based on **knowledge** and **innovation**
  - ⇒ **sustainable** = promoting a **resource efficient, green and competitive** economy
  - ⇒ **inclusive** = fostering **high employment & social cohesion**

# The EU 2020 strategy - common targets for 2020

**75%** of the population aged 20-64 should be employed

**3%** of EU's GDP should be invested in R&D

**The '20/20/20'** climate / energy targets should be met

**The share of early school leavers** should be under **10%** and at least **40%** of the younger generation should have a tertiary degree

**20 M** less people should be at risk of poverty and social exclusion

# The EU 2020 strategy: key initiatives

The European Commission suggests **7 flagship initiatives**:

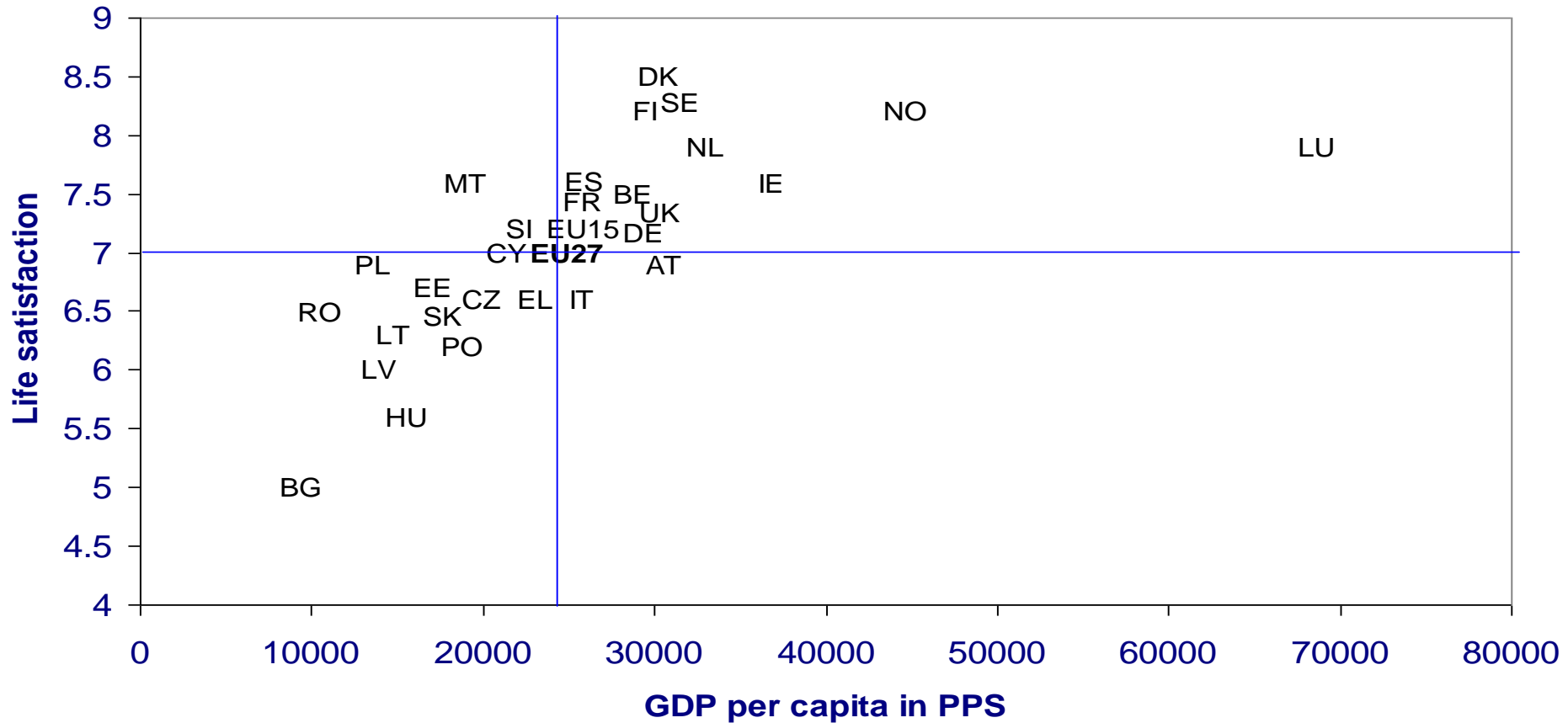
1. Innovation Union
2. Youth on the move
3. A digital agenda for Europe
4. Resource efficient Europe
5. An industrial policy for the globalisation era
6. An agenda for new skills and jobs
7. European platform against poverty (!)

**The EU 2020 aims will be linked to nation states' target lines**



# Eurostat data

Life satisfaction and GDP per capita (PPS), 2007

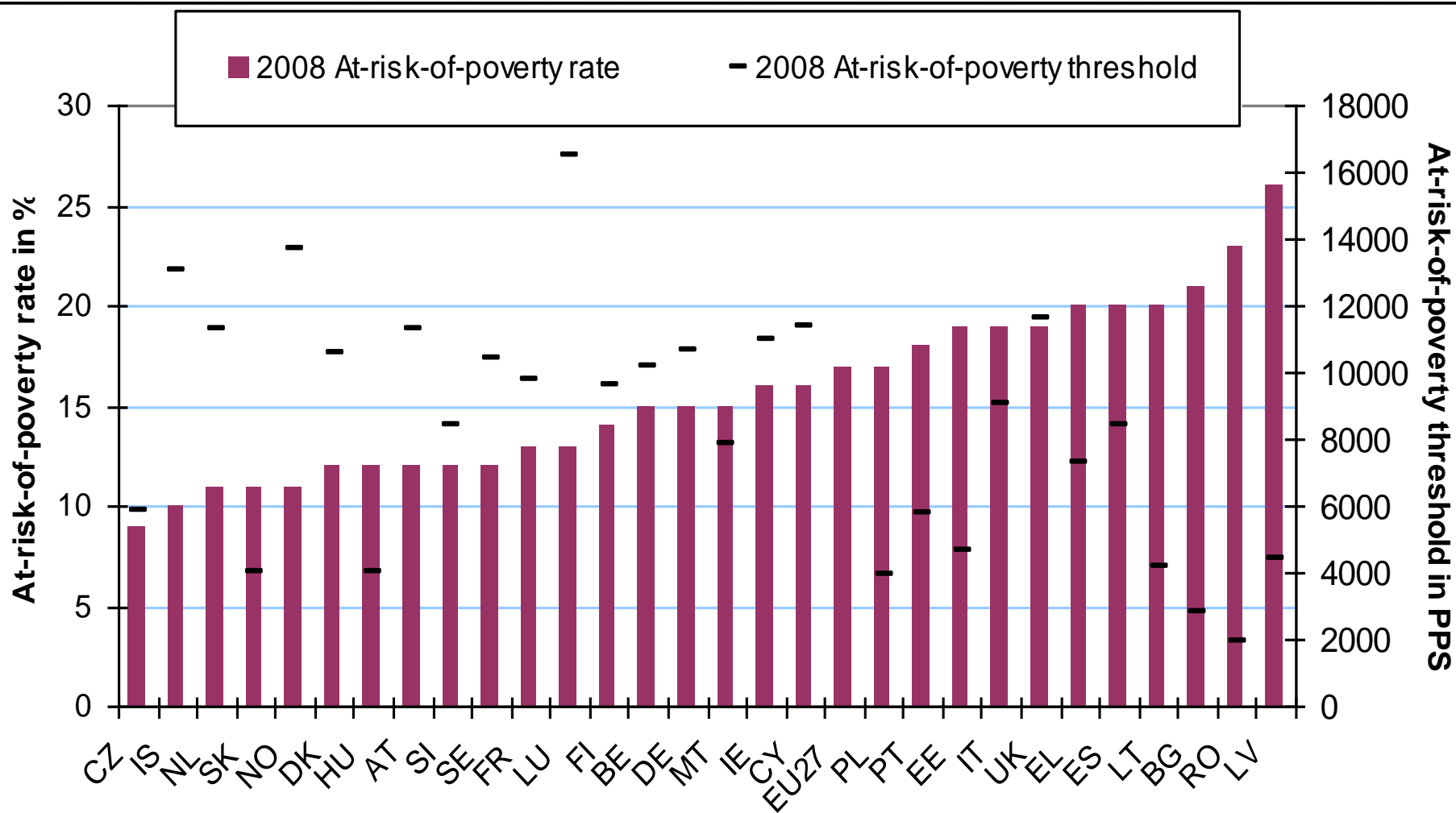


# Quality of Life – What Should be Measured?

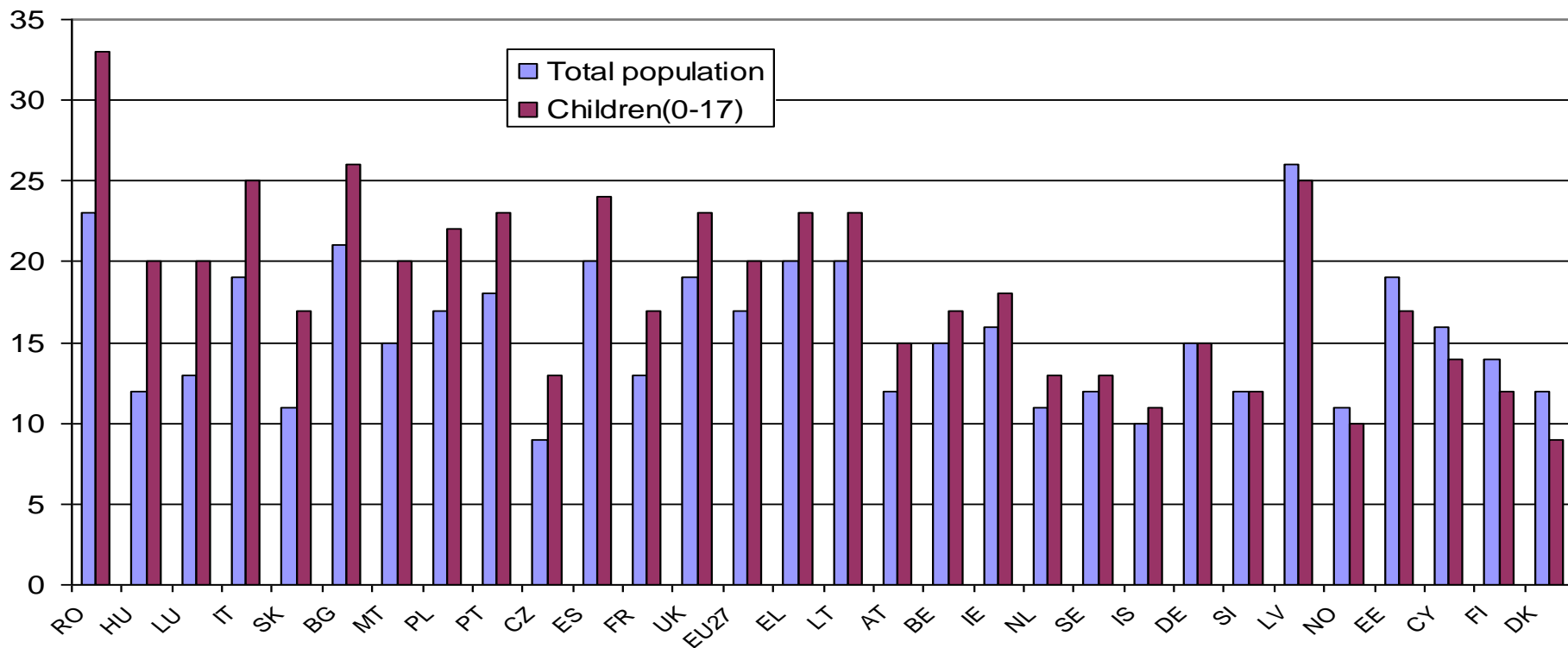
(suggested by Stiglitz Commission and Eurostat)

- 1. Material living standards (income, consumption and wealth)**
- 2. Health**
- 3. Education**
- 4. Personal activities (paid work, free work, commuting, leisure, housing)**
- 5. Political freedom and governance**
- 6. Social relations**
- 7. Environmental conditions**
- 8. Personal insecurity**
- 9. Economic insecurity**

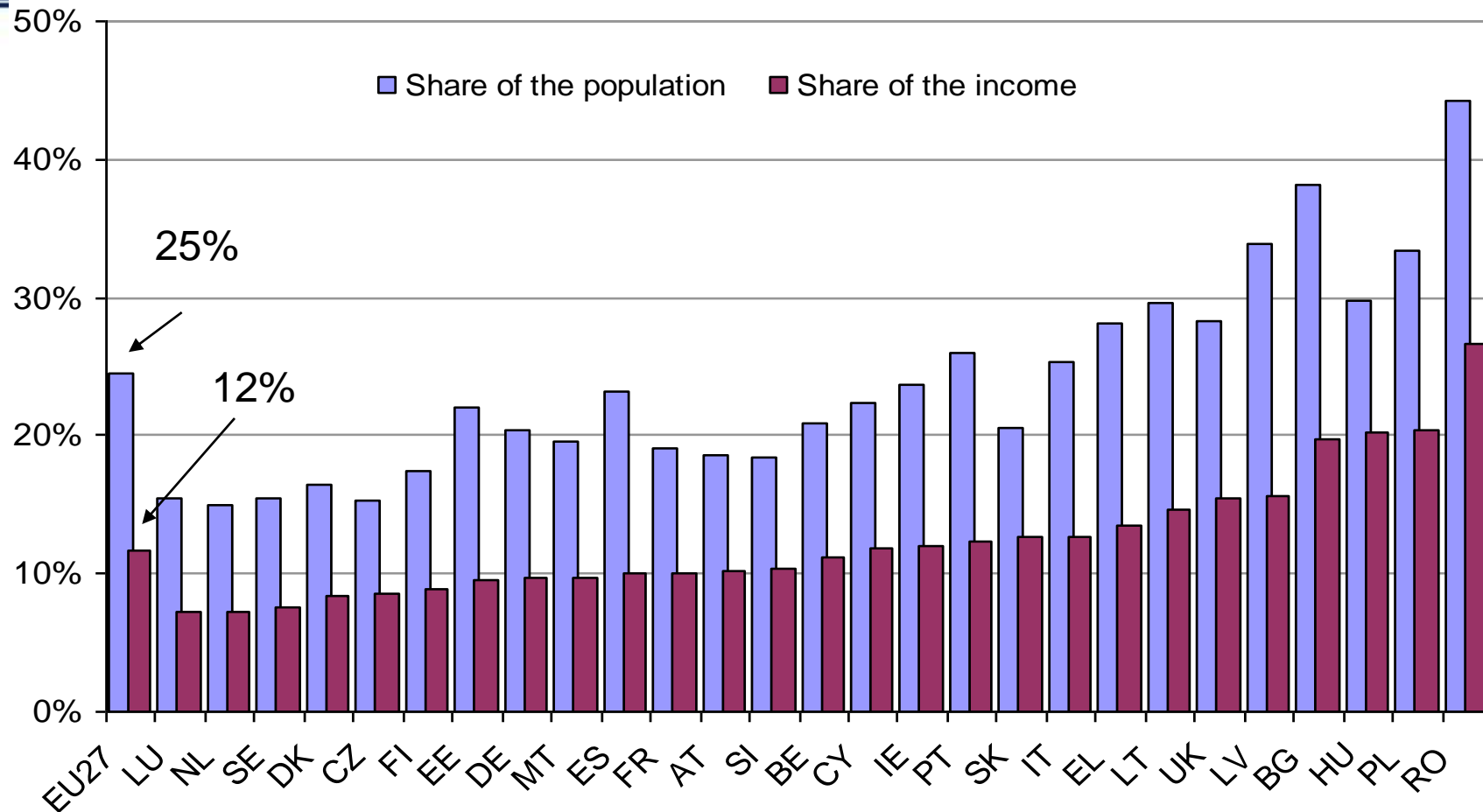
# At risk of poverty in % of the population (Eurostat data)



## Children at risk of poverty



## Share of the population and share of the income, 2008, % (Eurostat data)





## **Part II. Economic Recession 2010 and EC current position**

# Recession 2010

## **Main reasons for the recession:**

1. Global Financial crisis is still strong-major uncertainties on a global level
2. World trade decline
3. Budget deficits in many countries in the EU and world wide
4. Corrections of the real estate market in many countries

# Recession 2010

Revival particularly in Germany,” but risks remain elevated with a "multi-speed" recovery accentuated by problems with national finances in Ireland and elsewhere.



# EC President Barroso's message

- President EC Barroso: *"Europe must show it is more than 27 different national solutions. We either swim together, or sink separately"*
- “Five-plus-five” - an ambitious post-2013” EU budget that will be able to fund policy priorities.
- ‘State of the Union’- address by President Barroso to the European Parliament. (September 2010)

- 1. Economic governance and financial services regulation-** implementation of the necessary adjustments to the "code of conduct" of the Stability and Growth Pact
- 2. Single Market Act**
- 3. Smart regulation-** a strong horizontal and soundly based approach to policy making
- 4. Making the EU a safer place**



## **Part II. Regional dimension and macro-regionalisation in the EU**

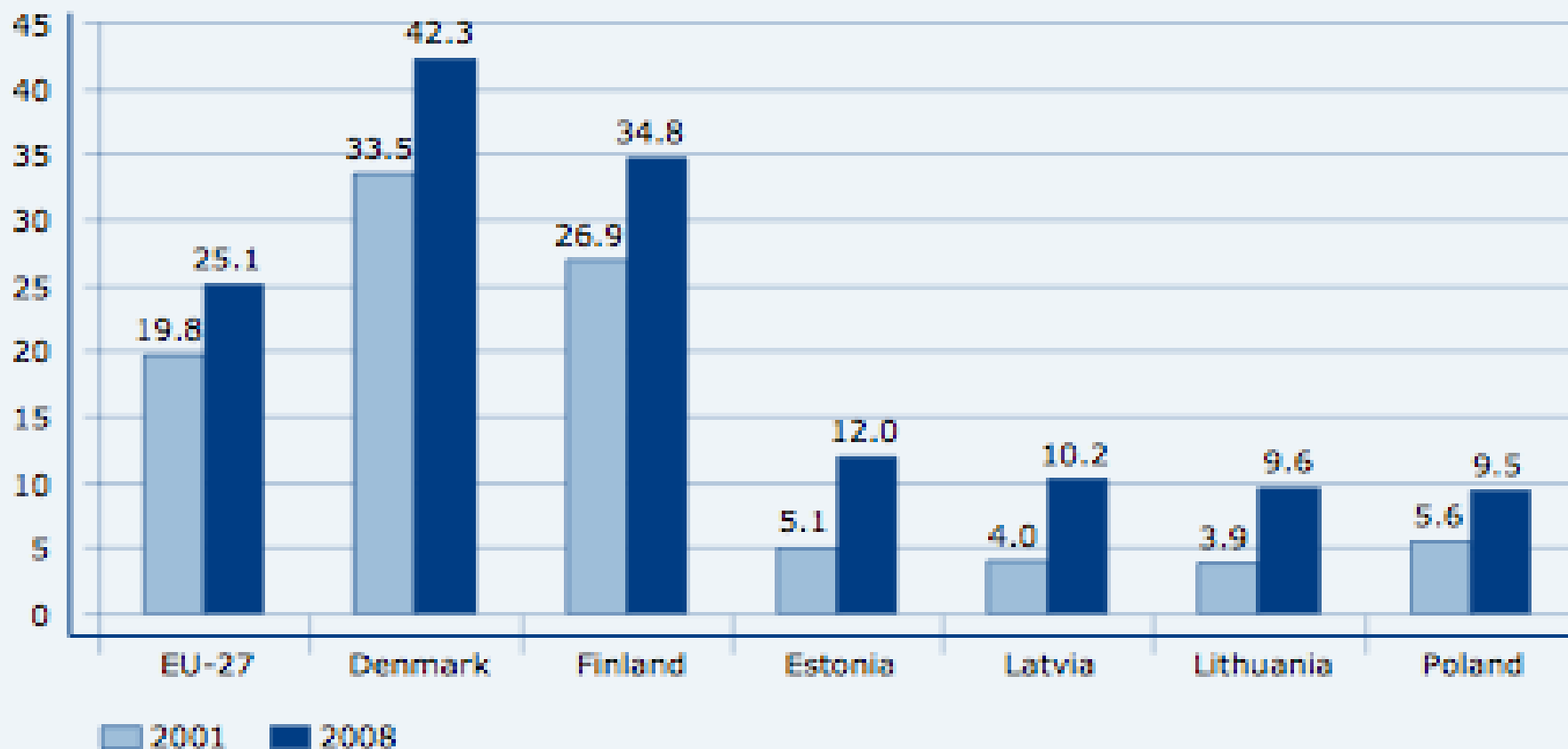
- 1. The top of Europe is recovering having regional lessons from the global crisis.**
- 2. EU Strategy for the Baltic Sea Region- a pilot project for macro-regionalisation in the EU**

# *Population and Area of BSR Countries*

	Area (km <sup>2</sup> )	Population (mln)	Population density	Urban population, (% of total)
<b>Estonia</b>	<b>45.2</b>	<b>1.4</b>	<b>32</b>	<b>68.2</b>
<b>Latvia</b>	<b>64.6</b>	<b>2.3</b>	<b>38</b>	<b>68.9</b>
<b>Lithuania</b>	<b>65.3</b>	<b>3.6</b>	<b>54</b>	<b>68.3</b>
Denmark	43.1	5.3	123	85.0
Finland	338.1	5.2	17	60.1
Norway	323.8	4.4	14	73.6
Sweden	450	8.9	22	83.9

# GDP per capita, EUR thousand

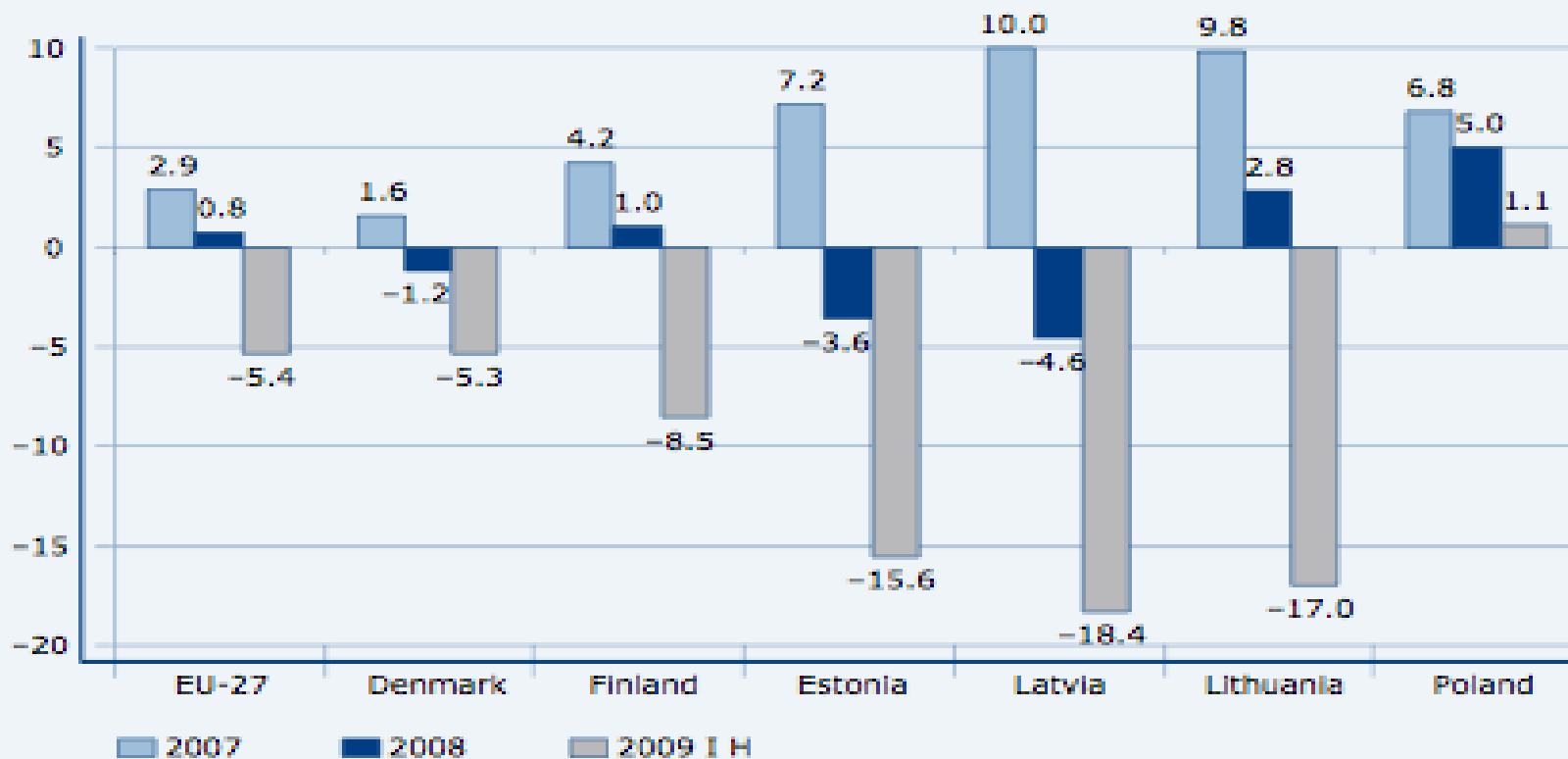
GDP per capita, EUR thousand



# Economic crisis

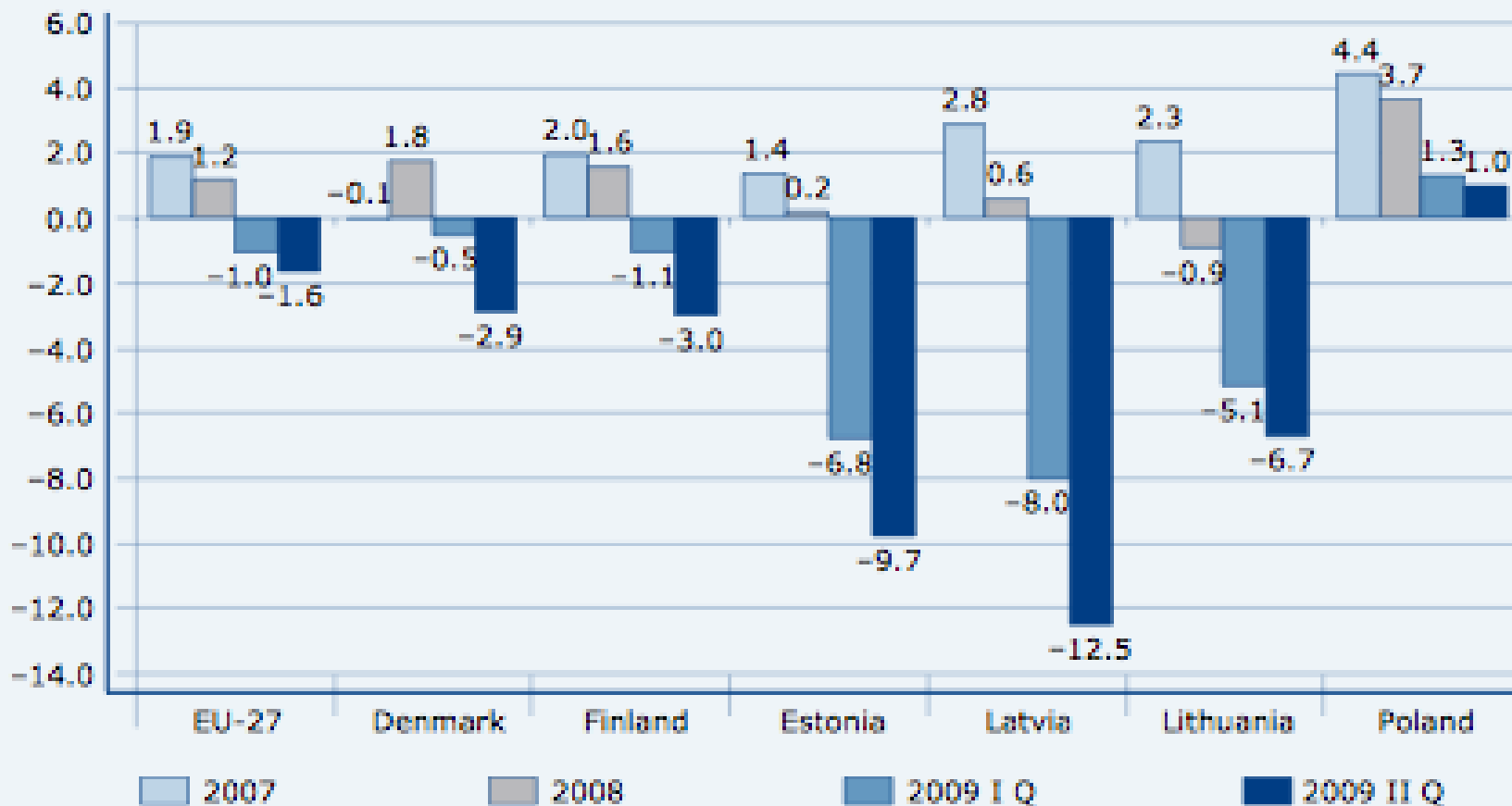
## Real GDP annual change, %

Real GDP annual change, %



# Employment annual change, %

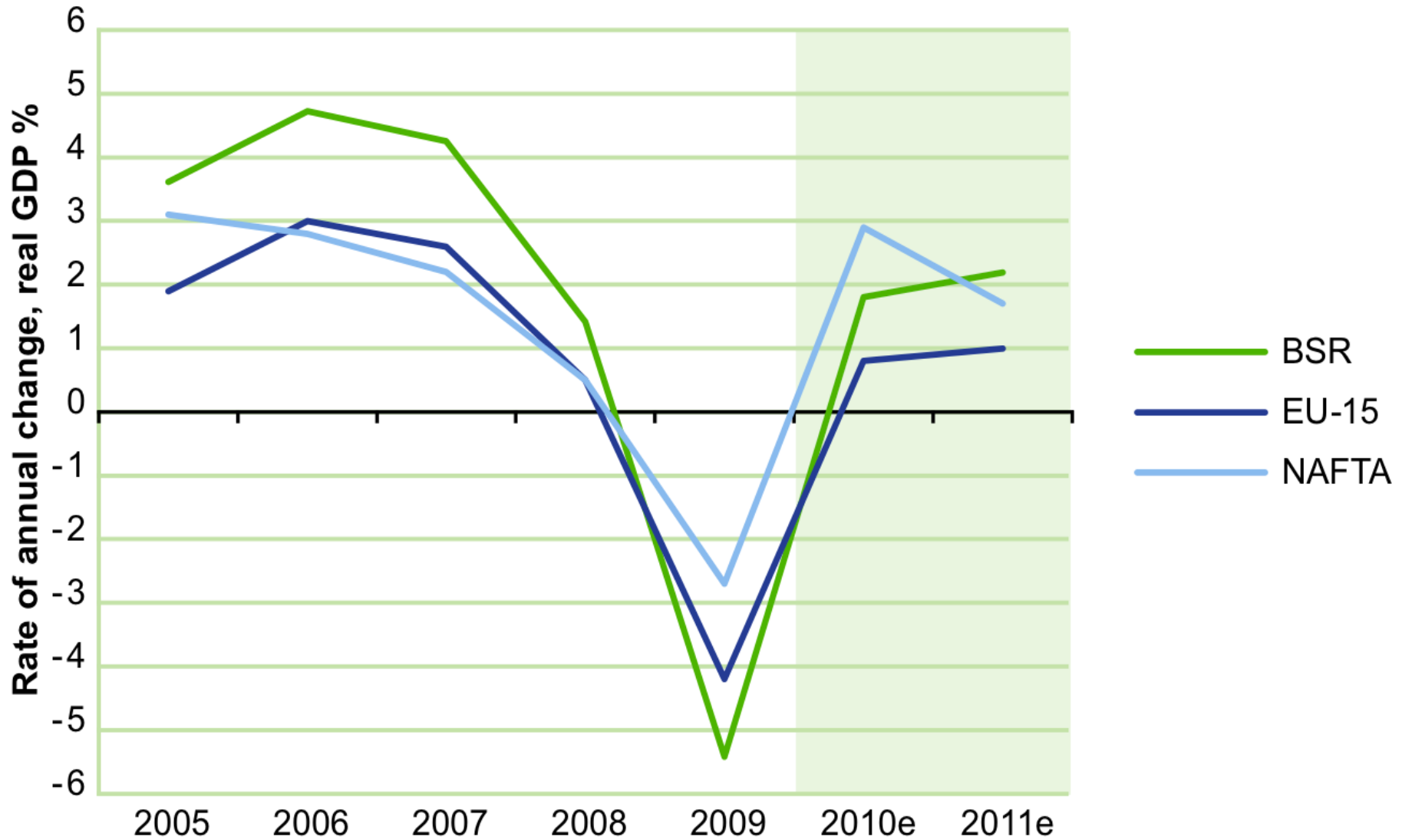
Employment, annual change, %





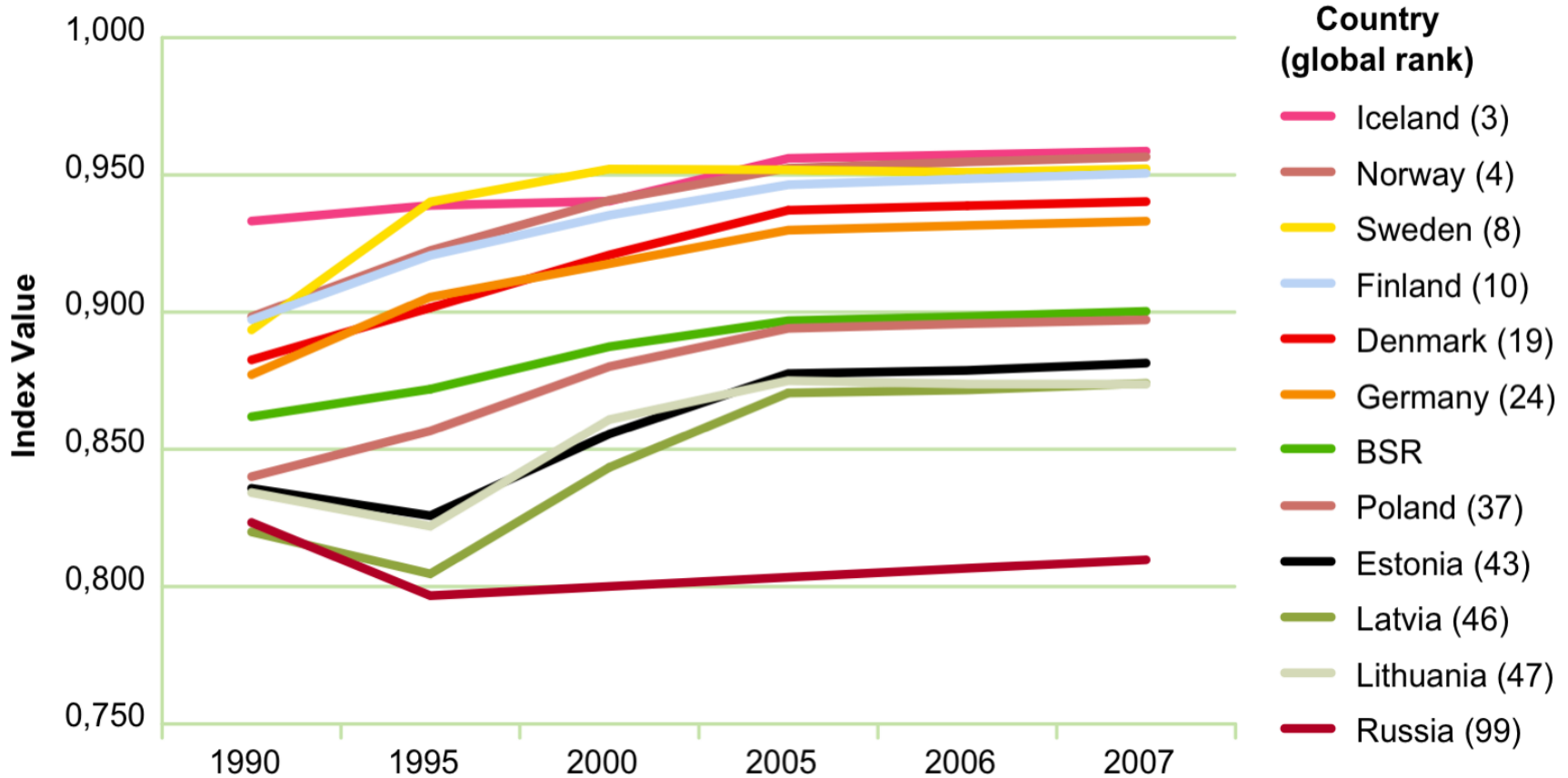
# Economic Growth

## Selected Regions



# Human Development Index 2009

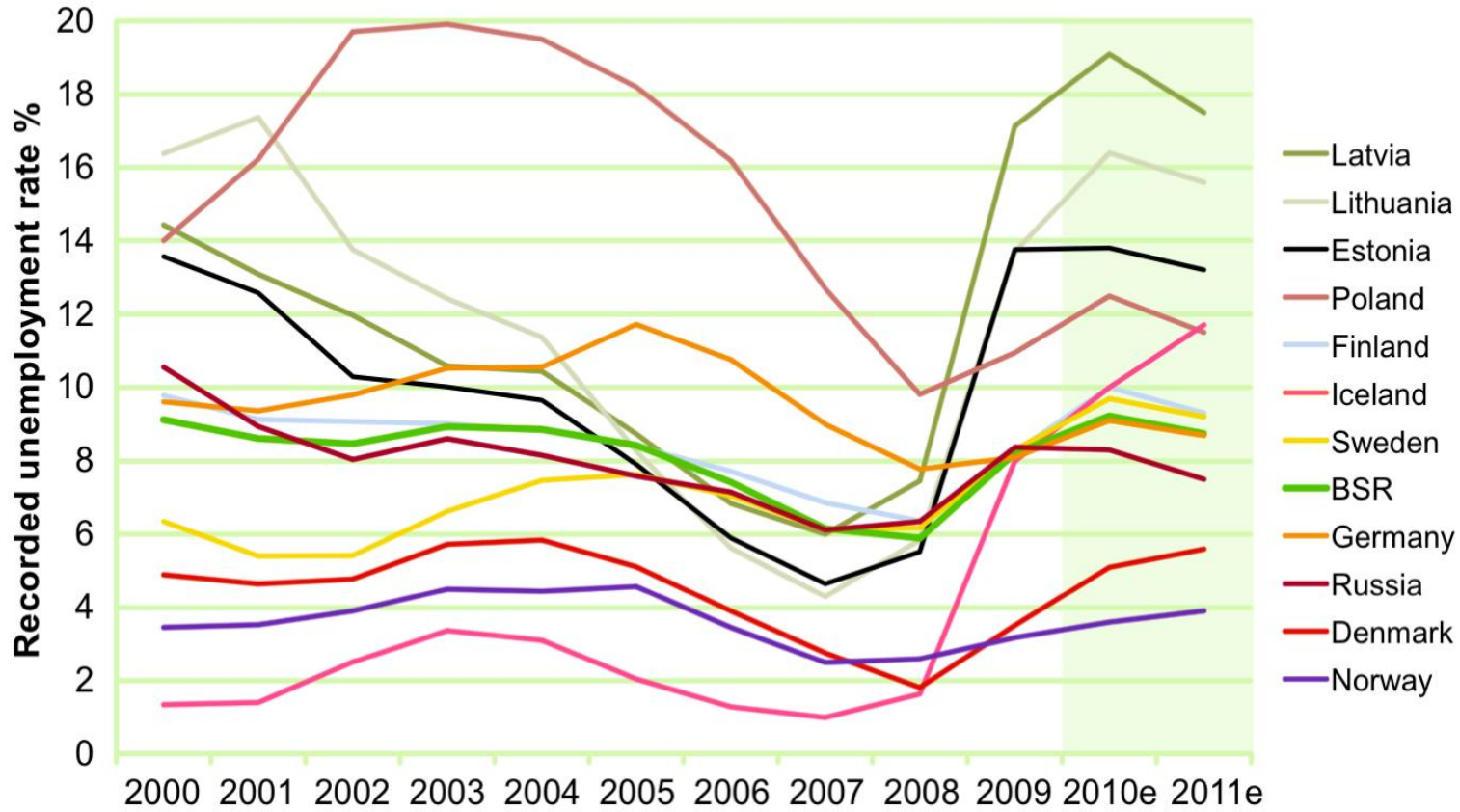
## Non-GDP Elements



Source: UNDP (2009), author's calculations

# Unemployment

## Baltic Sea Region Countries

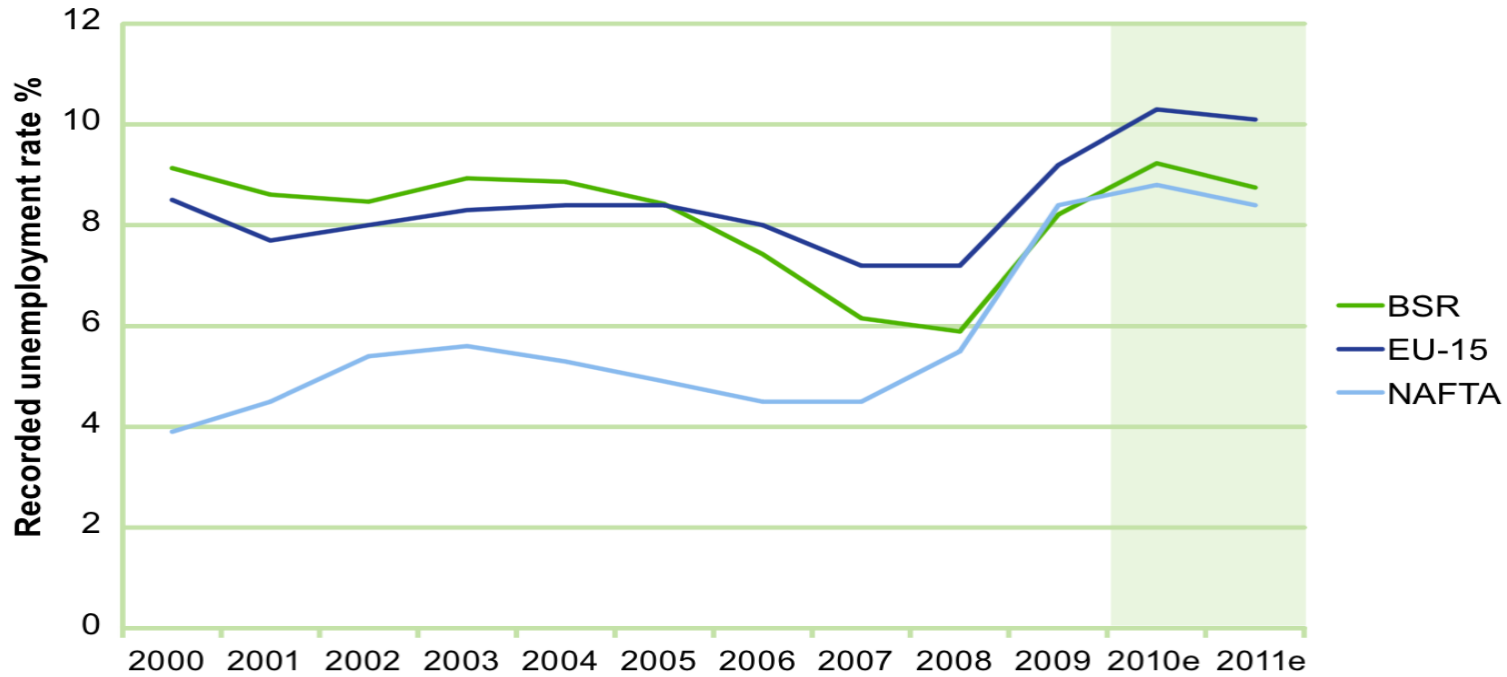


Source: EIU (2010)

State of the Region -Report 2010

# Unemployment

## Selected Regions



Source: EIU (2010)

State of the Region -Report 2010

1. Collaboration across the Baltic Sea Region is higher than in the other European regions and is in line with the EU macro-regional strategy.
2. In the Baltic Sea Region, the economic situation is hard but improving.
3. In the crisis situation the human dimension must not be forgotten.

What is needed to:

1. Rethink the appropriate approach towards competitiveness upgrading.
2. Rebuild the institutional framework for collaboration.
3. Reset manpower mobility trends to minimise out-migration from parts of the region.