

# Final publishable summary report

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## 1. Executive summary

The idea of the EUintegRATIO project was initated in 2010 to show a new perspective on the integration process in Europe taking into account the regional and global settings. Main challenges faced by the European Union to compete successfully in the global market refer to the progress needed in innovation and productivity. Population ageing, shrinking of European labour force, and increasing migration on the one hand, and increasing pressures for social policy reforms and stabilization of public finances on the other hand determine strong needs to refine common policies. Demands for agreed policies aimed at mobilizing the European Union resources to keep its competitiveness have even strengthened by impacts of the world economic and financial crisis.

Therefore, the principal aim of the project was to initiate a debate on the EU integration processes under the global and regional conditions undergoing considerable and rapid changes among a wide range of different stakeholders. Warsaw School of Economics, a leader of the project, in cooperation with Gdańsk University, Management Department of Warsaw University as well as the National Contact Point for Research Programmes of the European Union started this debate by preparatory activities to organize the conference on the EU integration processes. Its scientific programme was finally formulated to reconcile various views on topics to be relevant for the subject. Conference debates focused on following topics: stability of the financial system, reducing regional disparities in the EU, the EU energy security and environment aspects, social reforms under new demography of Europe. Two keynote speeches on 'Towards better integration of Europe - taking full potential of Europe 's intellectual capital', 'The Eurozone perspectives. The prospects for Poland to join the EMU', and 'Europe 2020: integration process in the European Union - main directions of reforms' were delivered by prominent scientists and politicians. The panel on Europe 2020 and the future of economic policy coordination in the EU' attended by prominent politicians and scholars aimed to conclude the conference debates.

Representatives of different institutions and societal groups were invited to share their views and concerns on the selected integration issues. Researchers and students representing international and national institutions and universities, politicians, policy makers, representatives of business and non-governmental organisations, all being active at the international and national levels, participated at the conference "European integration process in the new regional and global settings", organized on the 19-20 October 2011 in Warsaw during the Polish Presidency in the EU.

The conference raised a lot of interest by national and international participants (it was attended by 250 people). Its debates have been reflected by papers submitted to the book 'European integration process in the new regional and global settings' published in January 2012. The book includes not only conference papers but also other subject-relevant contributions, which were not been accepted for presentation during the conference due to organizational reasons.

Both the conference and the book have got a high evaluation by the Ministry of Science and Higher Education as valuable contributions to the Polish Presidency goals.

## 2. Context and objectives of the project

An idea of a new approach to the integration process in the EU under current and predicted social, economic and political conditions to be strongly demanded was an impetus to initiate a project which aimed to debates that issue from different perspectives of a wide representation of different stakeholders. The proper forum for such debates was decided to be an international conference organized in Warsaw. Basic topics to be discussed were: social reforms as well as social cohesion under demographic change, more effective European integration, stability of the financial system after the global financial crisis, reduction of regional development disparities in the EU within the new financial perspective for 2014-2020 as well as selected aspects of the EU energy security. In addition, since the conference was to be organized during the Polish Presidency in the EU its discussions were expected to refer to some presidency priorities (e.g. intellectual capital, innovation processes, regional development)

Warsaw School of Economics, the leader of the project, in cooperation with Gdańsk University, Management Department of Warsaw University as well as the National Contact Point for Research Programmes of the European Union organized the conference "European Integration Process in the New Regional and Global Settings" on 19th-20th October 2011 in Warsaw. The conference organization was also supported by the Ministry of Science and Higher Education. The conference gained the patronage of the European Commission Representation in Poland, the European Parliament, the Ministry of Foreign Affairs, the Ministry of Economy, and the Ministry of Science and Higher Education, the Ministry of Regional Development

The conference program was set up to debate on topics considered to be relevant for managing more effectively integration processes consistently with the UE vision presented by the Europe 2020 Strategy. Therefore, one of the most important subject to be discussed was how to progress in implementation of the Europe 2020 Strategy under new conditions for integration processes defined by developments at the regional and global levels.

The conference was structured around thematic panels, keynote speeches and a panel discussion. Invited speakers represented international and national research communities, politicians, policy makers at the international and national levels, non-governmental organisations. Main goal of that wide range of speakers was to engage stakeholders from academia, business, civil society and politics from Europe and beyond to brainstorm and bring

about recommendations on the subject. One of the objectives was to raise the awareness about integration by building communication channels amongst specialists and policy makers as well as presenting the issue to the general public. Another goal related strictly to the Polish Presidency was to assure continuation in the political agenda of the Trio.

Thematic sessions were organized by experts from the project partners' institutions. They invited prominent scientists, policy makers, business people and politicians to present papers on the following subjects:

- social reforms for the sustainable and inclusive growth in the EU under demographic change;
- stability of the financial system after the global financial crisis;
- the European Union energy security;
- reducing regional development disparities in the EU and a New Financial Perspective for the years 2014-2020.

Prominent scientists and politicians delivered keynote speeches on the following topics: 'Towards better integration of Europe - taking full potential of Europe 's intellectual capital', 'The Eurozone perspectives. The prospects for Poland to join the EMU', and 'Europe 2020: integration process in the European Union – main directions of reforms'. Finally, the panel debate was devoted to the future of economic policy coordination in the EU taking into account the Europe 2020 Strategy and recent attempts to strengthen macroeconomic policy coordination.

### 3. Main results of the project

The integration processes in the EU were approached during the conference from a broad perspective generated by views of a wide range of stakeholders. That multifaceted picture of grand challenges to be dealt with and opinions how to manage them was shown also by the contributions to the book published in January 2012. The book contents is attached in the Annex.

The conference presentations and discussions as well as papers published in the book allow for some recapitulation of the debate on the integration processed in the EU. That summary presented below make it possible to define main priorities to enhance policy coordination in the EU.

Despite a number of serious problems currently experienced in Europe there was no doubt that to make the EU progressing along the Europe 2020 Strategy path we should explore and examine how the formidable arsenal of intellectual capital the EU should used within the context of growing competition, increasing economic and social inequalities along with regional disparities, demographic change, and energy and environment pressures. The conference debates showed clearly that this will require, first and foremost, some fine tuning of our knowledge, as country specific conditions are becoming increasingly important when dealing with the competitiveness issues of the EU which is suffering very deeply from the financial crisis.

The Eurozone shows symptoms of fiscal crisis. Fortunately, the currency crisis is still absent. The last changes of USD-Euro exchange rates may undermine opinions on the stability of the latter. This fact, however, does not negatively affect the reserves kept in Euro. The real problem of the Eurozone is the debt of PIGS states (Portugal, Italy, Greece and Spain). Some reasons of the debt are common for all those countries, others are country-specific. One could elicit inadequate fiscal policy, relatively low labour efficiency, low competitiveness of the PIGS countries as well as political issues which enabled them to access to the Eurozone without having met the requested conditions (Greece). In order to maintain the financial stability at the regional level or at the whole global economy, it is crucial to maintain stability at the level of each country. Local supervisory bodies are able to control efficiently local/regional performance following prudential standards in the financial sector formulated at the international level which need to be conceived as universal minimal

requirements. At the same moment, the Eurozone is not really in danger of collapse, nor shall any country decide to leave it, regardless whether it is being theoretically possible. There are two reasons for that view. Firstly, political and economic costs of such a decision would be too high. Secondly, as long as the key countries (France and Germany) are directly interested in the Eurozone survival, it is not under threat of collapse. Nevertheless, reforms both in the Eurozone and in the EU are urgently needed, both for the sake of its economic effectiveness and for its better functioning. There are some suggestions that the EU should follow the path of Federation or a Confederation. Meeting the Maastricht criteria seems just not enough for future effectiveness of the Euro and of the European Union as the whole.

The impact of the crisis will be experienced for many years. Today an unequal distribution of income and wealth in Europe together with ratings published by rating agencies generate large interest rate differences between indebted and 'wealthy' countries. In debtor countries the results are negative capital account balances. The compulsion to generate a current account surplus is used to justify austerity measures, *i.e.* cuts in wages and social spending. People affected by these policies do not accept such an explanation and protest loudly, with street riots. As long as the current account generates no or only small surpluses this can only be resolved through inflows of new capital. But instead of pumping money into the economy the only way out is to work out a sound recovery program which will identify country-specific conditions and its strengths, with intellectual capital properly taken into account.

However, the core element of the Europe 2020 Strategy is the Innovation Europe ensuring Europe's competitiveness and growth for the coming decade. World-beating science is essential to the Innovation Europe. Productivity improvements are necessary to become more innovative and to explore our lead in high-growth markets. To make it possible that Europe remains a place where great inventions are made and find their way to the market we need to act, to act fast. Moreover, according to the latest Innovation Union score, the EU's level of performance is significantly below that of the US and Japan. Despite recent efforts, there has been no major progress to reduce this gap since 1980s. Over the last fifteen years the EU share of world R&D expenditure has decreased by one fifth. This gap is widening. At the same time, emerging economies like India and China are catching up. Therefore, we have to create an environment that is more open to innovation and thus better positioned in terms of global competition to attract investors, entrepreneurs and top talents to research and innovation.

The sustainable and inclusive growth means reconciling economic, social and environmental goals and diminishing socio-economic inequalities. In addition, these activities have to be performed smartly to increase the UE competitiveness in more complex and demanding business environment, subjected to financial economic shocks. These ambitious goals seem even more demanding when one accounts for population change in Europe. Profiting from long-term increases in life expectancy European live longer and longer and more people survive until old ages. Population ageing, resulted from continuous mortality decline, is easily predicted and obvious consequence of population reproduction developments generated by development processes. However, its intensity is higher than expected mostly due to fertility drop. And moreover, the low fertility levels approached by a remarkable number of Member States already in the 1990s produce declines in the workingage population to be experienced along with acceleration of ageing. These developments have far-reaching consequences for many domains of economy and society, which should be adjusted to the new demographic regime in Europe. Clearly, demographic change cannot be ignored when discussing about future growth prospects of the EU. In fact, relevant EU policy documents refer to demographic change in Europe and key policy responses which include demographic renewal, migration, better economic performance, more efficient use of labour force as well as stable and sustainable public finance. Within these policies those regarding pension systems play a crucial role.

Pension systems have been built under the completely different demographic regime, which has produce age structures with favourable proportions of the elderly and the working-age population, crucial for the relationship between retirement income contributors and receivers. That time has been gone. We cannot profit from the demographic dividend any more. Attempts to cope with threats generated by increasing numbers of pensioners which are not counterbalanced by rising numbers of contributors have been undertaken by several European countries in the two last decades. Implemented independently, they have changed pension systems in Member States. Gradually, it has being become clear that these country-specific efforts need to be coordinated at the EU level. Moreover, both population projections and impacts of the financial and economic crisis on the labour market and public finance make facilitating pension reforms and their harmonization even more urgent issue.

Main dilemmas and prospects of pension reforms in the EU cover, among others, general evaluation of already implemented pension reforms in the EU countries, lessons drawn from

that experience, an interplay between pension reforms and labour market policies as well as main barriers in increasing records of working life. Sustainability and adequacy of retirement income, main goals of reforms, are not properly approached when referring to adequacy of benefits only and neglecting adequacy of contributions. It results in undervaluation of the role and interest of the working people. By including adequacy of contributions to pension reforms goal one can highlight how important is work record and longer stay in the labour market. Increasing retirement age is a widely used measure to improve contributions which however is not easily accepted by people while it is clear that further extensions are needed. Another issue related to pension systems reforms is accountability. System liabilities should be transparent which would help to make expectations about future pension levels more realistic. Similarly, a clear distinction of income redistribution and income allocation via pension systems would contribute to better understanding of regulations of the system and a role of public and private partners in the system.

Another important area, intended as leading development and investment policy for closing the Member States' competitiveness gap, is the cohesion policy for the EU and its Member States. The cohesion policy faces new challenges. The incoming financial perspective brings new settlements. The policy, aimed to reduce regional disparities, needs re-thinking. Regional policy must be in line with the Europe 2020 Strategy. The priorities of Europe 2020, *i.e.* smart, sustainable and inclusive growth, should be incorporated into the new cohesion policy.

Firstly, it is crucial to change the mindset of regional authorities: they should look for smart specialization based on real entrepreneurial potential of their regions. It is not only the IT or biotechnology that may create comparative advantage. To find the niche in a region, however, it is necessary to think about resources that lay at the heart of it. New global settings open possibilities, but there must be regional strategy that sets out the priorities.

Secondly, the new cohesion policy should create the added value. The money invested in regional policy must create the effect of snowball. To make it happen it is crucial to set the priorities in line with the Europe 2020 strategy. Deeper integration will make the efforts more cohesive. New cohesion policy must focus on: industrial restructuring, innovation, quality of labour, institutions (government).

Finally, to make the new financial perspective effective, it is needed to build the critical mass through the projects. European funding is not the only part of regional policy; national co-funding must be safeguarded, too. The new financial perspective should be

focused around growth in innovative sense (smart specialization). New goals should be consistent with the Europe 2020 Strategy, because this strategy sets out long-term goals, the achievement of which will get the EU back on the path of growth.

The road to increase the EU competitiveness should be connected with a full liberalization of the EU energy markets, which has still a long way to go. Many years after the process has been started, the energy sector in Europe is still highly concentrated, cross-border trade in energy is limited and prices differ substantially from one country to another. The EU is seeking to establish a single open market for energy, giving companies easier access to gas and electricity distribution networks in hope that increased competition will drive prices for its citizens down. However, we still do not witness a full integration. European energy markets are poorly integrated not only because of the technical difficulties specific for energy markets but also because of the weak political support for the process of integration.

Another important aspect of the future EU Energy Policy is renewable energy. The EU Renewables Directive is a unique creation which addresses two of the biggest challenges of our time – the energy security and the climate change. EU Member States expect to reach 20 per cent of gross final renewable energy consumption by 2020. If we convince the whole world to participate in the process of reducing emissions, we could go up to 30 per cent.

Coordinated policies should focus on outcomes, not incomes. This is not only related to competitiveness but to the economic policy in general. A good example are structural funds and the EU cohesion policy. It is clear that a financial support, with a special emphasis upon the Structural Funds, is a pre-condition for growth and development. But this is not an end in itself. Results should be measured against improvements in the standard of living. In this context it is crucial to remember that a smart growth is the key to successful competition. Better addressing the priorities which will go along with the Europe 2020 Strategy will result in more effective usage of the financing.

It is also important to review growth strategies vis-à-vis their impact on the environment. Concern about environment and a growth can and indeed must go well together. There are many economic opportunities that promote green growth. We should tap into them and create a conductive policy framework that will allow for structural transformation of our economies based on the energy security policy.

Finally, we need to better define the targets we pursue. Rather than being limited just to put up growth rates, they should also include real improvements in people's lives. This is not only an ambitious goal but something truly worth to be considered while advancing competitiveness issues and proposals.

The Europe 2020 Strategy as well as other policy initiatives like the Innovation Union, the future Common Strategic Framework for Research and Innovation, Joint Programming, an EU-wide patent, the Structural Funds have their own roles to play, but they should be managed in a cohesive way. The structure of the programs through concentration of the resources shall create the effect of synergy. But we have to remember that the process of building modern European economy must be based on the commitment of all Member States which could be achieved only if their current socio-economic conditions and development aspirations will be taken into account. Each Member State has specific resources and unique experiences - its own intellectual capital, which may become a source of future economic growth, well-being of the European societies and sustainable development of Europe. But taking full advantage of intellectual capital requires also an active participation of EU institutions and other players, including research communities. With their capacity for developing, adapting and transferring ideas, knowledge and technology the universities and other research and innovation players are essential for the process of shaping and strengthening the European Research Area and putting Europe back on the road to economic progress and innovation leadership.

# 4. The potential impact and the main dissemination activities and the exploitation of results

The conference brought together important stakeholders from academia, business, national and regional governments, the European Commission and European institutions, as well as highly reputed international experts in the field. This event offered a platform for discussions on the integration processes in the EU between scientists and policy makers, including governments' representatives, as well as other important stakeholders: non-governmental organizations, representatives of business (employers and employers associations), local authorities, different social groups (students, pupils and teachers), etc.

Within this conference different kinds of activities were proposed. Among them, plenary sessions dealt with political and strategic issues and thematic sessions were devoted for more in-depth discussions on the most emerging issues.

Putting on the table topics inherently consistent with the Europe 2020 Strategy, the debate disseminated knowledge about the new EU strategy and policies needed to enhance policy coordination in the Union. Since the conference contributions referred to the selected EU FP funded research projects, integration of lessons drawn from projects funded under the Socioeconomic Sciences and Humanities theme of the FP as well as promotion of the outcomes of the European Research Area were also produced.

The broad PR campaign brought to the different social groups the information on the most current and important issues in the EU. The website, articles and interviews in newspapers made this information available for a wide audience. The minutes and reports related to the conference were also available on the project website.

Young people were broadly involved in the conference organization as well as to the supporting events such as the European Day in Gdansk. This made them understand the importance of the European integration process from the EU perspective as well as from the micro perspective i.e. for their individual prospects. The project therefore provided a valuable resource for young people including careers advice.

Targeting such a diversified audience by the Presidency conference organised in Poland, the project team fostered also the collaboration on the new perspective of the integration process in the European Union between the Polish and other research communities. Special attention

was paid to young academics and students who were involved in the process of organizing the conference at the different stages.

The implementation of the project contributed also to:

- the elaboration of analytical and policy documents in the form of the publication for policy-makers on the new perspective on the integration process; this will improve knowledge base in the given policy area as well as contribute to establishing concrete policy recommendations;
- preparation of the indications for the directions of the further development of the research area related to the EU integration process;
- dissemination of the results of the conference and information through the reports, working papers and the publication, among others within the established and existing networks such as the European Community Studies Association (ECSA) and the FP National Contact Points;
- improving information exchange and networking in the field of the European integration with special attention to young people (academics, students and secondary school pupils),
- encouraging new research themes in the future.

At present, the participation of a part of countries in common European research in the Socio-economic Sciences and Humanities (SSH) could be improved. Partially, this is due to the limited potential of institutions in these countries, but another reason is the lack of awareness about participation possibilities and ways to participate, as well as the limited confidentiality of experienced partners to the potential of newcomers. This conference created an opportunity to present the increased capabilities of the New Member States, particularly in view of investments in research potential in these countries in recent years with a significant share of the EU structural funds.

The results of the discussions which took place during the conference were worked out at the meeting of the TWGs just after the conference. The discussions added new values to the conference presentations and contributed to writing the papers for the publication. The authors indicated some invaluable remarks via the integration process in the nearest future.

According to the authors of the publication, nowadays, more than ever, the EU Member States are asked to show mutual trust in their relationships within the European Union. However, at this moment they do not have a clear unified vision of the European Union. This fact can seriously weaken their willingness to undertake a joint responsibility for the EU future

development. The financial and economic crisis influences the Member States differently – some countries have suffered badly from its impacts while in other countries these effects were less painful. Reforms undertaken by national governments respond to situations specific from one country to another, but still they need to be situated in the framework of agreed policies. A strict cooperation between the national and the EU institutions is indispensable. This is the only right way to overcome the consequences of the crisis. The EU leaders set up recently several projects aimed at strengthening the EU economy like the Europe 2020 Strategy, the Single Market Act, and the Stability and Growth Pact.

#### Annex

### 1. The conference book



## 1. Conference programme



October 19\*, 2011 IV. Plenary session 1520-1711 I. Opening Plenary Session: 10<sup>90</sup>-11<sup>91</sup> EU financial integration dilemmas and regional development – moderated by Edwin Bendyk, Collegium Civitas . Professor Barbara Sudrycka. Minoter of Science and Higher Education of Poland. 15<sup>18</sup>-16<sup>31</sup> - Keynote speech: The Eurocone perspectives. The prospects for Poland to join the EMU, Professor Manck Sidka, President of the National Bank of Poland Professor Ewe Letoscek, Werney School of Economics, the Project Coordinato + Professor Elitieta Eawecke-Wyttokowska, Deputy Rector, Warsaw School of Economics · Androef Servecko, Pt.O., Director of the National Contact Point for Research Programmes 16"-17" Fanel debate of the European Union · Role of regulating and monitoring the financial system in strengthening the financial stability. of the CD, Stateleise Stute Ph.D., President of the Financial Supervision Commission of Poland

\* Need for radical transformation and tentralial pacts to implement the EU strategy on the regions! Opening Speech moderated by Andrzej Siemaszko, Ph.D., Director of the National Contact Point. for Research Programmes of the European Union level, Plankku Plankkula, Nember of the Committee of the Regions . final remarks, Seroslaw Pietras, Director General, Council of the European Union . Marion Dewar, Member of Cabinet of the BU Commissioner for Research, Innovation and Science, the European Commission
- Nichel Boni, Minister, Member of the Council of Ministers of Poland October 20th, 2011 II. Keynote Address: 11 th -12th L Parallel Sessions: 10<sup>00</sup>-12<sup>00</sup> Towards better integration of Europe – taking full potential of Europe's intellectual capital – moderaled by Enyutoff Guida, Director, Department of Strebagy, Ministry of Sciences and Higher Education of Foliand 1. The European Union security - energy policy aspects - moderated by Professor Krzysztof Żmijewski. Warsaw University of Technology Lef Edvinsson, Professor of Knowledge Economics, Land University & Polytechnic University, Hong Rong . Pirio Statte, Professor of Knowledge and Intelledual Capital. Hinland Pulture Research Centre, University of Turku Towards truly common energy market in Europe – investment need- in inhastructure and new technologies, Piliosa Momot, Programme Planager EU policies, Oriectorine General for Europe, the European Commission Towards a new Energy Shatogy for Europe 2011–2020, Coffee Breaks 12"-12" Prest conference: 12<sup>40</sup>-12<sup>41</sup> Professor Lens Kolanska-Bobinska, Plember of the European Perlament • Brengy 2020 – a strategy for competitive, sustainable and secure energy in Europe, III. Parallel Sessions: 12"-14" Governi De Sunti, Director, Institute for Energy, Directorate-General Joint Research Centre, · Renevable energy, Dritte Thomsen, Hember of the European Parliament 1. Social reforms for the sestainable and inclusive growth in the EU under Reducing regional development disparities in the EU: a new financial perspective 2014–2020 – moderated by Professor Andrea; Stepniak, University of Gdariak + Enowlegde for growth from regional perspective Comments by Professor Edward Palmer, Uppsala University Professor Dominique Forey, Director of College of Hanagement, Federal Polytechnic, Dastanne \* Extending working life: employers' behaviour is, social policy, Professor Robert M. Lindley, + Competitiveness and cohesion: main challenges for regional policy, . Social policy for sustainable and inclusive growth, Avine Cristina D'Addig, Ph.D., Social Policy. Division, Directorate for Employment, Labour and Social Affairs, OECD Professor William Holle, Department of Economics, Erasmus University, Rottectors Regions in the new financial perspective 2014–2020, Professor Danuta Hübser, Member of European Parliament, Chairwanan of the Committee of Regional Development, former EU Commissioner for Regional Policy 2. Towards stability of the financial system after the global financial crisis moderated by Professor Alojoy Nowek, University of Warsew
 Public frames consolidation for long term growth, Remorsive region as a case study,
 Professor Krystyna Carellineska-Rueckel, University of Citalish Professor Deriksa Roselli, Warserv School of Boonomics

- Perspectives of the Europone: Contolidation, Collapse or Muddling Through?,
Professor Lifebio Costa, Central European University (CEU) II. Brief summary of the sessions by the rapportours: 12th-12th . The emerging matrix-production architecture in Europe - have we drawn any lessons Press conferences 12\*-13\*\* Rooms 780 from the crisis in Greece, Professor Avea Visvis, DEREE - The American College of Greece Piscel statistics in the Eurozone, Professor And Getoff, Bacter-Wuerbernberg Cooperative State University Lunch 12"-14" Eurochy 54"-15"

2











# Invitation to the dinner

# Zaproszenie na kolację









3



