



**Lifelong Learning in the European Union: whither the Lisbon Strategy?**

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## **Introduction**

The mood of the Spring Summit of European Union leaders held in Brussels on 22-23 March 2005 was heavily influenced by the somewhat depressing presence of European public opinion, increasingly alienated from key events of the European integration process. The prospect of a 'No' vote in the forthcoming French referendum on the draft EU Constitution had even pushed fears of a UK 'No' to the backstage.

The Spring Summit each year had been reserved in principle to review the progress in implementing the ambitious Lisbon Agenda which had been launched with a fanfare of trumpets in 2000. Normally sidelined by the pressure of international crises and global issues, Jean Claude Juncker, Prime Minister of Luxembourg, had decided that this time the two linked questions of the Lisbon Strategy and the future of the Stability and Growth Pact would receive the undivided attention of European leaders.

Mr. Juncker knew that only if he succeeded in achieving a political breakthrough on these two related issues would he have a hope of also fixing the framework of the EU's Financial Perspectives, the budget of the Union, for the period 2007-2013, during his Presidency of the Council. Together with the watering down of the Services Directive, under huge pressure from French President Jacques Chirac especially, the deliberations in the Brussels Summit showed the complexity of political negotiations at the EU level, with 25 Member States now involved, and the overall reluctance to embrace the proposals of Commission President José-Manuel Barroso to refocus the Lisbon Agenda too close to the ideological centre right.

## **Origins of the Lisbon Agenda**

The European Summit in Lisbon of March 2000 was both the end and the beginning of a process in the development of the EU. The White Paper which then-Commission President Jacques Delors issued in 1993 on Growth, Competitiveness, and Jobs was the launching point for the structural reform agenda which was needed to turn around the massive unemployment crisis which had been undermining the very fabric of European society. A new collective sense of urgency was needed at the highest level to drive an across-the-board agenda of systemic change and help create the conditions for a more competitive and cohesive Europe on the global stage.

President Delors had the courage, conviction and vision to take the lead on these issues. His White Paper sought to put in place a combination of policies for the structural reform of the labour market and stability-oriented macroeconomic

policies designed to stimulate economic growth. All Member States seemed to accept at that time that a root and branch re-examination of European employment systems and in the interplay of taxation, welfare, training, regulatory, and other sectoral policies, and also of collective bargaining agreements, negotiated between employers and unions was needed.

Armed with charts to illustrate the demographic challenges that lay ahead, Jacques Delors challenged the European Council to get its act together and commit itself to introducing the radical reforms required both within individual Member States and at European level. Within the Commission, through sheer graft and his personal leadership and drive, President Delors had obliged the different Directorates-General to collaborate actively in building the White Paper and in setting out a long-term, inter-sectoral vision of the problems and possible solutions. I was privileged to be a member of the core team he set up to coordinate this process within the Commission.

Policy makers as well as historians could usefully revisit the Delors White Paper and trace from it the steps which led, through the series of subsequent European Summits, to the Lisbon meeting of the European political leaders in the European Council in 2000. The first crucial follow-up to the White Paper came in the Luxembourg Summit held in 1997, under the chairmanship of Prime Minister Jean-Claude Juncker, currently (in 2005) again President of the European Council and responsible for the mid-term review of the Lisbon Strategy. At it, the so-called Luxembourg Process was launched to coordinate, for the first time at European level, the development of an employment strategy for the European Union.

Successive European Summits agreed to take action on five key structural issues: developing job-intensive growth, reduction of non-wage labour costs, introduction of more active labour market measures, targeting help for those worst hit by unemployment, notably of course the long-term unemployed, and, last but not least, investment in human resources.

It is not difficult to see why the fight against unemployment was so important. There were still millions of people unemployed on the register across the Union (15 Member States at that time), probably close to 25 million in real terms. Even these statistics did not reveal the enormous sense of insecurity felt by many of those still employed, even qualified people, with regular announcements of job rollbacks, sometimes on a massive scale.

Growing public concern certainly contributed to the drafting of the Amsterdam Treaty (1997) which for the first time committed the Member States to ‘the development of a skilled, trained and adaptable workforce and labour markets responsive to economic change.’ The priority thus accorded by the EU to education and training was primarily the result of the scale and persistence of Europe’s unemployment problems and the remarkable consequences of the changes taking place in the world of work. The Luxembourg Summit called job

creation and the fight against unemployment ‘the principal economic, social and political objective of the European Union.’

Acting swiftly to follow up the Amsterdam Treaty and the Luxembourg Summit, the EU developed an employment strategy, which recognised that Europe’s employment problem was structural and that structural labour market reform had to be extended to all areas of employment and social policy. This was the context in which the idea of lifelong learning re-emerged strongly for the first time since the early 1970s when the Commission had first advocated a system of ‘éducation permanente,’ based on a report prepared for it by Bertrand Schwartz and Henri Janne, two passionate prophets before their time.

### **Human Resources: top of the agenda**

During the 1990s, a much stronger conviction emerged and took root within economic and social policy that education and training were the keys to the lifelong chances of every citizen. That, too, was why the EU put such a high premium on the need to raise the skill levels in each and every region of Europe so that these could better sustain their own economic development, attract new industries, and arrest the flow of qualified manpower from the very regions which desperately needed to retain their own talented, highly qualified people. This, too, was one of the main ambitions behind the EU’s Structural Policies – and the formulation of the EU’s Structural Funds, most notably the European Regional Development Funds (ERDF) and the European Social Fund (ESF) as set out in the Commission’s Agenda 2000 (its policy and budget proposals for 2000-2006).

The nations of Europe, with all their political and cultural diversity, have long recognised that their future was dependent on people’s skills, ingenuity, inventiveness and creativity. Industrialisation and the growth of education went hand-in-hand. Yet grave doubts about Europe’s comparative, competitive edge existed. Were Europeans doing as well as Americans in translating new knowledge into economically competitive products and processes? Were Europeans matching the capacity of the Japanese to adjust skills to new concepts of production organisation? Were Europeans developing and using their potential human capital to the extent that they could and should?

There was no doubt that if Europe is to maintain its high social standards, it has to compete on the basis of a knowledge-based economy where advanced technologies and a highly-qualified and adaptable labour force, in all sectors of the economy, provides the counterweight to competition from low-wage economies with low levels of social protection. Modern economic theory underpinned this argument by asserting that long-term growth potential is explained by so-called ‘intangible capital,’ the blend of knowledge, skills, and the innovative capacity to produce new goods and services with the highest quality standards. It was here that Europe could find its comparative advantage, it was argued in the day.

A clear consensus had developed throughout the European Union, as indeed in other parts of the world, that people are the most vital resource of advanced economies. Without investment in people, the natural endowments of nations, their financial power and fixed capital would become dwindling resources. But, acquiring new skills and knowledge would not be enough. Europeans needed to improve the capacity to organise and innovate, today expressed in the complex networks of information and alliances through which nations and firms compete. Building an active learning society was the only way forward if we were to master the challenges and opportunities of the Information Society.

For most people work would remain the principal means of self-fulfilment, although the quality of work was in the process of transforming itself. The new industrial revolution of the 1990s of computers, information and global markets was showing itself to be much more fast-moving, less controllable and potentially more revolutionary than the Victorian upheaval. Technology brought a wider range of options – telework, computerised offices, multi-media networking, etc. – and will increase the value attached to the human aspects of work from here to the future.

The consequence of all this has been a blurring of borderlines between working life, leisure time and family activity, particularly because more flexible working time meets the new modes of organising highly capitalised production as well as the growing social aspirations for both women and men to reconcile work and family life. The Delors White Paper had argued that this new connection between the quality of work and the quality of life would lead to a vast demand for services and new sources of job creation in labour-intensive services for families, from sport, travel and leisure to childcare and services for the aged.

Without investment in people and the underpinning infrastructures needed – of which education, training and research in a broad sense are a central part – the economic returns would be slow to come. And without European progress on this front, some of the economic opportunities generated by the Single European Market would be irretrievably lost. That is why the European Structural Funds, complementing the substantial R&D programme of the EU, have been of such great significance.

Today, Europe's economic imperative is not only to catch up with the US. It must also compete with the emerging economic giants of China and India. The latter is establishing itself as an IT powerhouse and an outsourcing destination; the former has the largest reserves of labour in the world, and is gradually opening its vast internal markets to global trade. Now, as Asian countries ascend further up their own value chain, Europe is forced to do likewise, raising domestic issues relating to 're-skilling' and facilitating the shift to new areas of European comparative advantage. Nonetheless, that comparative advantage is based on multiple factors, including location and infrastructure, as well as skills and labour costs. The Central and Eastern European accession countries have a significant advantage

with respect to many of these factors and have a strong role to play in re-establishing Europe's position.

For Europe, as for Japan and other countries with limited physical resources, competition to succeed in the development of human capital is the key to economic success. Because of its colonial and commercial past, Europe had been a supplier of human capital to the world. It is in danger of losing its comparative advantage, if it fails to modernise its education and training institutions effectively. This is particularly true, given the demographic perspective which Delors hammered home to the European Council back in 1993. Equally, without investment in constructive integration policies for migrants and their families, their know-how and qualifications would not be utilised to fill the European skills gap and existing labour shortages.

By the year 2020, it was forecast that the total population of the European Union (with its then 15 Member States) would remain at a constant level and the active population and the young generation would decrease by 18 million. On the other hand the retired population would increase by no less than 18 million people, representing an increase of 35% from 52 to 70 million people. The implications were clear for all to see: the challenge was to adapt public policies with public support for the reforms needed, some of which would be controversial by their very nature, especially regarding the future of pensions.

The success of the European economic and social model to date has been based on the availability of labour and on high levels of productivity growth. Demographic changes challenge these foundations. One of the key elements of demographic change is migration. Eurostat assumes moderate immigration into the EU of 600,000 people per annum until 2050, of which 450,000 people per annum will be of working age. The benefits of migration to help manage demographic challenges and skills shortages have long been apparent. As the European Commission has stated, *'maintaining the working-age population and even more so maintaining old-age dependency ratio, would require massive increases in immigration until 2030'* above the current trend and projections of flows. This applies to shortages of both highly skilled workers (for example IT professionals, doctors), and low skilled workers.

A well managed immigration policy is therefore critical to reinvigorating the EU's economic growth. However, it also creates the considerable challenge to Member States to strengthen their social inclusion policies so that the integration of migrants and their families is seen as an essential part of public policy.

## **The Lisbon Strategy: a stuttering start**

The Lisbon Strategy, as progressively formulated over the period 2000 to 2004, set the objective of making the EU the world's most competitive, innovative, socially cohesive and environmentally sustainable economy by 2010. The mid-term review in 2005 therefore provided the opportunity for the European leaders to take stock, fine tune or radically modify the Strategy at the half-way point towards 2010.

Pressures on the European leaders to get their act together were considerable from all sides. It was widely acknowledged that for some time the Strategy suffered from fatigue and several crucial weaknesses had left it with very limited results. The process had foundered because of a combination of economic pressures, institutional inertia, and perhaps more fundamentally because of a failure to capture the imagination and backing of the wider European public. The social partners, both employers and trade unions, and civil society organisations all voiced their criticism, while at the same time reaffirming that the basic aims of the Lisbon Strategy remained valid and crucial for Europe.

The Lisbon Agenda had been formulated on the basis of what were at the time positive economic prospects for the EU. That context has changed dramatically since 2000, and as the mid-term review revealed, a new set of dynamics needs to be taken into account:

- Uncertain economic prospects in Europe and globally.
- An EU of 25 in 2004 with the expectation of significantly increased diversity in performance and cohesion across the Union.
- Changes in global dynamics, including a stronger performance by the Asian economies.
- The prospect of a new Constitutional Treaty for Europe with inadequate provisions, in particular, for strengthening economic governance of the Union in the next phase of its development.

Most commentators seem to agree that, if anything, these changes reinforced the critical importance of Lisbon's key elements – a stable macro-economic framework, policies for the information society, stronger investment in research and development and human capital, more competitive markets leading to higher productivity and innovation, and a modernised social model that combats the effects of social exclusion.

Above all, there is a need for more connected thinking and policies that address multiple economic and social issues together – in particular policies that promote knowledge and learning alongside social opportunity and labour market flexibility.

The Lisbon Process could also be improved in some ways. Key reforms could be better targeted and prioritised. Benchmarking and the Open Method of

Coordination have not produced the expected degree of learning and exchange of best practices across the EU economies. This may be because key pressure points – such as public and media scrutiny of progress towards Lisbon – have not functioned as well as expected; or it may reflect a lack of transferability owing to poor adaptation of best practice to the different economic and social models across Europe. Although Europe’s economic and social models are slowly beginning to converge, the Member States are still characterised by differences in their values and approaches, and each views Lisbon’s attempts to balance knowledge-based growth, social cohesion and environmental stability differently.

### **Ownership of the Lisbon Process**

The Heads of State had agreed at the original Lisbon Summit to take ownership of the project and to review progress annually against a benchmark of key indicators developed specifically for this purpose. However, too often, experience has shown that the Spring Council is taken over by other issues.

Moreover, there has been a marked lack of information regarding the Lisbon commitments within Member States, and the goals and priorities of the Strategy have not been adopted by the lower echelons of governments, regional governments, civil society, or the public. Although Europeans are undoubtedly sympathetic to Lisbon’s overall objectives, they have not been engaged in the process and the press is correspondingly disinterested – apart from a few days around the Spring Summit when the spotlight can be put especially on the negative aspects. The lack of public debate means that there is no bottom-up pressure for the achievement of Lisbon’s goals. This can be contrasted with the internal market process and public and press interest leading up to the 1992 target date.

The Lisbon Agenda’s overall objective is clear, but the process for achieving it has become less so with the accumulation of additional goals agreed at the Summits since 2000. The strength of the Lisbon Agenda – its aim of linking knowledge-based growth to social cohesion and environmental sustainability, by way of adopting best practice from the different Member States – lacks clarity. In reality, the Agenda has become overloaded with targets and overlapping processing which has made coordination and delivery difficult to achieve.

The project continues to be owned and managed from the top down. Therefore, the serious lack of information surrounding the Lisbon Agenda will continue to put a serious brake on the momentum of the process, and weaken the legitimacy of that ownership. Key stakeholders have not been sufficiently involved in the Lisbon Process, particularly at the early stages of policy formation, and at European, national and regional levels.



## **Results of the 2005 Mid-term Review**

The March 2005 Summit undoubtedly sought to get the Lisbon Strategy back on track. For the first time, there is at least an explicit commitment by the European Council to engage all stakeholders actively in attaining its objectives, with national Parliaments, regional and local bodies, social partners and civil society all to be involved. Most important of all, despite the heavy warnings sounded more than a year previously, the Summit was at last obliged to recognise that the entire process could only be given any real significance if Member States took accepted the ownership of the policy commitments entered into together and took serious steps to ensure their delivery in practice.

The question remains, however: will the double pressure of greater transparency and a more direct link between EU targets and national follow-up and delivery really ensure better, more visible results? Will the urgent need for faster growth in Europe and for the guaranteed sustainability of a European model of society provide the carrot and the stick needed to make a powerful breakthrough?

The Summit conclusions include a whole section on the new arrangements for governance of the Process, which will be taken forward over the period 2005-8. On the basis of a set of 'integrated guidelines,' to be adopted by the Council, embracing both economic and employment policies, each Member State will be expected to draw up 'national reform programmes.' These national programmes will then be subject to consultation with the range of stakeholders within Member States and to closer overall coordination with the designation of a 'Lisbon National Coordinator.' This will in turn be complemented by the presentation of a 'Community Lisbon Programme' drawing together all the threads of policies which need to be applied at EU level.

In its reformulation, the Summit has placed the 'main emphasis on knowledge, innovation and optimization of human capital.' It then links all three of these areas by affirming that 'it is important to develop research, education, and all forms of innovation insofar as they make it possible to turn knowledge into an added value and create more and better jobs.' Insofar as the area of research is concerned, the policy is clear. An overall objective of 3% investment is maintained, including the use of tax incentives for this purpose, and the idea of creating a European Research Council is floated, alongside the Commission's proposal to set up a European Technology Institute. Regional centres and European networks should be developed to promote innovation and a new mechanism set up to finance innovative SMEs.

In comparison, the Summit conclusions on education and training are somewhat disappointing, though the text is not short on words. This is paradoxical given the Summit's claims that 'human capital is Europe's most important asset.' The concept of lifelong learning, fine in principle, continues to be used in this as in

previous texts, as if there is a clear European framework for its effective delivery in all Member States. There is inadequate focus on the weakest building blocks in the present systems, which require radical reform, with the exception of the call to reduce the number of early school dropouts and no indication given of the policy and financial levers and instruments which need to be mobilised within Member States and their implications for national budgets.

Much will depend on the Commission's next set of action proposals and the reception they will receive in the Council, and in the European Parliament. It would be more productive for the Commission and the EU to select a limited number of priorities and to tackle them with vigilance. A set of urgent priorities are outlined below:

#### *Early Childhood Education*

Member States must provide for comprehensive, high quality early childhood education as an urgent priority, to be coordinated with extensive childcare facilities and to increase opportunities for parents to engage in their own further education. This necessarily involves the need to generate new forms of public-private partnership and it requires the strong support and commitment of employers and trade unions along with guidelines to promote good practice by local authorities and local communities. The policy commitment to early childhood provisions could be seen as a litmus test of the seriousness with which Member States approach the goal of making a reality of lifelong learning – from cradle to grave. Some Member States are already making this type of a commitment and their experience could serve as a valuable stimulus to others. The substantial investment made in this field by the UK could, for example, be exploited during the forthcoming UK Presidency of the Council of Ministers (July-December 2005).

#### *Quality and Standards of Vocational Training*

On vocational training the message is clear: if Europe fails to put in place a massive training effort, the two-speed labour market which exists in Europe will become even more entrenched. It is in our common interest, therefore, to accord the highest priority to raising the quality and standards of training throughout the EU.

If we wish to have a well-qualified workforce, we have got to tackle the question of the status of vocational training with determination. The problem, as ever, is to break the link between quality and exclusiveness. Finding ways to define, and then project into the public consciousness different kinds of quality, appropriate to a scientific and technological society, is still one of the major challenges we face in the 21st Century. To get it right, structures may be as important as good marketing. A successful system must include:

- Clear possibilities for the individual to progress from vocational and technical studies into higher education;
- Continuity between initial and adult training, through credit transfer and accumulation;
- Greater parity of treatment between students in vocational and technical courses and those in general education ones. (Technical fields need more and broader general education foundations, while academically trained personnel are increasingly expected to have general life skills traditionally associated with the world of technical and practical activities).

The aim must be to ensure that there are opportunities for all to progress, to higher levels. Dead ends, in the sense of courses which, even though they may provide a qualification, do not offer the possibility of going on to a further and higher level later must be eliminated. From vocational courses there must be bridges for those who wish to go further and have the patience and perseverance to do so and move into technical education or to the academic track. Equally, there must be opportunities to go to higher levels in each track, with due credit being given for prior learning, whether gained in school, college or the workplace.

Throughout Europe more girls and young women must be encouraged to take up high-value occupations, which require longer and higher levels of training. Women still remain far too concentrated in a limited number of sectors and professions and every effort is therefore needed to desegregate the labour market. The countries which succeed in effectively implementing a policy of equal opportunities will have an important advantage in coping with the skill shortages which already characterise the labour market.

In recent years and throughout the EU, more and more attention has been focused on a school's collaboration with its economic partners – with the so-called world of industry. The principle of education-industry partnership in some form is almost universally accepted. The degree to which these partnerships are developed will surely be one of the main determinants of which education and training systems are going to endure in the coming years. Member States need to provide a strong impetus and incentives to embed such a partnership principle within their educational system.

The European Council's recent decision, at its March 2005 Summit (Communication 7619/05) to develop a Youth Pact as an integral part of the Lisbon Strategy is to be welcomed. A twelve-point framework has been agreed on which both Member States and the EU are invited to design future lines of action. In practice, it is again a mixed bag of policy indications which go well beyond youth policy as such. Many of these overlap with the provisions of the current Leonardo Programme (which still incorporates elements of the successful PETRA programme targeting young people) and ESF provisions. Nevertheless, the commitment given by the European Council can and should be exploited by the Commission to draw together policies and actions focusing on the transition of

young people from school to working life and their entrepreneurial education more coherently.

### *Higher Education and Industry Collaboration*

Thirdly, greater efforts must be made to enhance the linkage between higher education, R&D and innovation. A further strong impetus needs to be given to joint ventures at the local and regional levels which engage universities and higher education institutions in partnerships with the private and public sector (industry broadly defined) to act as an engine for entrepreneurial projects for the effective transfer of research through high level training and for the diffusion of innovation through networks of small and medium sized companies.

The research contributions of universities must be urgently linked to economic regeneration programmes, as it will be through investing in high skills that a wider, positive effect on the overall system can be secured. Graduate placement in firms, two-way exchanges of staff from universities and firms, countries with local industry and services, the targeting of SMEs with expertise to apply the latest research and development findings and results of innovation are all key points in the dynamic strategy that is required.

For such a development on a sufficiently large scale, we will need to introduce new incentives, especially in the newer Member States. Trans-frontier cooperation through twinned projects could provide extra value in demonstrating the economic and cultural significance of such an approach. The EU has had a distinguished record in this field through its flagship initiative, the COMETT Programme, launched in the 1980s as a companion programme to the ERASMUS scheme. COMETT attracted massive support from industry and the social partners. Sadly, for bureaucratic reasons of rationalisation, COMETT was first merged, then lost within the Leonardo Programme. The specificity of its objectives mobilising university–industry partnerships (UITPs) – was eliminated, and the powerful challenge posed to universities to generate lasting relations with industry and commerce lost its place in the European policy agenda. The time is now ripe for the Commission to re-invent the COMETT scheme within the dynamics of the revitalised Lisbon Strategy.

### *Continuing Training of the Workforce*

The emphasis has moved to instilling enthusiasm for learning throughout life and creating a workforce of skilled learners which is both capable of adapting to change and willing to do so. A fourth priority must therefore focus on the transformation of training opportunities for access to and participation by the workforce.

Even though many large firms have set up company-wide training plans, some setting aside as much as 10% of their payroll for education the bulk of the workforce working in SMEs is somewhat isolated from such training provision

without public intervention and partnership. It is extremely difficult, however, to gain a thorough picture of the situation in any Member State. The introduction of 'benchmarking' at the European level in this field in particular could help put a sharper spotlight on the situation.

On the assumption that the state continues to intervene on behalf of the most vulnerable groups as part of their active labour market policies, more tax incentives for both enterprises and individuals could be provided so that the rebuilding of human capital becomes a common feature of policy making throughout the European Union.

In the past, the Commission has proposed that consideration be given to welfare state reforms which encourage the use of training in coordination with income benefits, particularly in the field of unemployment compensation. In the longer run, social security systems could be developed to provide individuals with drawing rights to training which could be used over their lifetime according to need. In this way, social protection would serve as a 'trampoline' to help project people into work and activity. This could help transform the passive unemployment insurance schemes into more active, more strategic, re-employment systems, linked to more positive and imaginative tax and welfare relationships.

Europeans must break out of the rigid education-work-retirement sequence and recognise that second and third careers, with opportunities to re-orient oneself and to retrain, will become more frequent, especially as rotation or career-break schemes are introduced. Leading European employers have begun to recognise the need to invest substantially in all phases of lifelong-learning to ensure business success. Some have taken steps to enhance the quality of childhood learning, some have entered into partnerships with higher education to help prepare graduates for a lifetime of workplace learning, and some are encouraging staff to engage in non-vocational as well as vocational learning to stimulate the emergence of a 'learning culture' in their organisations.

The key to all this is not to plan or manage lifelong education and training systems from above. What is needed is a coherent set of opportunities for individuals to be flexibly available over their lifetime, with incentives and rewards to promote dynamic learning behaviour.

This is not only a demographic necessity – with fewer young entrants entering the labour market –, it is widely recognised as a vital factor in the economic strategy of the firms concerned to achieve and maintain a competitive edge: better performance and higher productivity as payoff from investment in training. As the European Round Table of Industrialists put it in one of its first reports: 'Lifelong learning is a prime requirement for a full and happy life. Nowhere is this more important than at work... To remain effective, each person has to learn and re-learn throughout his or her working life.'

With companies in some countries spending more together on training than their governments spend on their university and higher education sector, it is essential to map out new ways of turning the growing rhetoric about the importance of lifelong learning into an operational reality. However, this will require a much stronger and explicit partnership between the public and private sectors.

Public policy at both Member State and European level has the responsibility to set a clear framework so that the various actors involved – individuals, families, employers, unions and educational institutions and indeed civil society – play their role in the total edifice. This is the only way the overwhelming financial problems can be solved, because public budgets alone will not be able to meet the training bill. The social partners – employers and trade unions working together – need to find new ways together of making much better progress in this direction than has been achieved to date in the framework of the social dialogue at European level.

Information and counselling systems also need to be improved so that individuals can choose rationally. Europeans need to make further rapid progress on the transferability of qualifications, credits and work experience. This is something the Americans do well, but with their kind of ‘supermarket’ approach. Japanese firms take on much of the responsibility, but it appears that they may limit the freedom of the individual to move.

In Europe, success will only come if we make a significant breakthrough through ‘a new deal’ engaging public/private cooperation, involving a wide-ranging set of actors, including firms and education, training, and research institutions – but with some recognised rules of the game. It is in this context that the EU needs to put in place a European Retraining Pact as one of the essential building blocks of the European strategy of lifelong learning, a Pact based on a strong commitment to equal access for women and men.

#### *The Leverage Role of the European Budget*

The EU’s financial perspectives proposed by the Commission for the next phase – 2007/2013 – are currently under the spotlight in the Council and the European Parliament. The Commission has certainly been courageous in proposing a substantial share of the European Budget for education and youth programmes. The question which has to be asked is whether these proposals will induce systemic change in practice and help build the reforms most needed as priorities within a European lifelong learning strategy?

I have some hesitations about these proposals as they stand, as they appear to be more attached to quantitative improvements in scaling up mobility and exchange than in serving as instruments of policy to incite Member States to introduce education and training reforms on a sustainable basis.

Furthermore, there appears to be no explicit articulation made between the education component of the EU budget and the role to be played by the EU

Structural Funds. This is more necessary than ever in view of the large changes needed in the new Member States.

Historically, both the European Social Fund (ESF) and the European Regional Fund (ERF) have made a significant contribution to the reform of vocational and higher (third level) education. The Irish example is striking. For almost 15 years, around 37% of the total EU Structural Funds allocated to Ireland were spent on investment in human resources. It served as one of the ‘four claws’ of the Celtic Tiger, and its impressive economic success story, along with inward investment, the pact between the social partners, and the clever linkage and of European and domestic policy making.

The message from this experience should be clear to the countries of Central and Eastern Europe, now the new Member States, which will enjoy the status of Objective 1 Regions and receive significant EU funding between 2007 and 2013 so as to build their economic capacity and growth. They have the opportunity to take a long-term view and to involve difficult stakeholders in their domestic/European strategy.

#### *Stability and Growth Pact*

This, too, is why in looking to the future it will be essential for the EU to build a much stronger, direct relationship between the revamped Growth and Stability Pact, the use of the EU Structural Funds and other mainline EU budgets (Research and Education) and the domestic policies and budget orientations adopted by Member State governments each year. The recasting of the Pact at the recent Brussels Summit (2005) has highlighted the search for a balance in budgetary discipline between the claims of growth, employment and social cohesion. In future, it was finally agreed that governments will be allowed more flexibility than in the past to argue that ‘special factors’ exist to excuse a temporary deviation, in particular the short-term costs of dealing with the demographic/pensions challenges, increased investment towards research and development and lifelong learning and even unprecedented burdens such as that of German unification.

What is new in this perspective is the stronger political commitment made at the European Council by all 25 governments to comment collectively on the national budget plans before they are put before national Parliaments. This should in turn improve the capacity of Member States to judge, and be judged, whether their planned expenditure is consistent with their Lisbon commitments as well as with the terms of the Pact. This will be equally important in reviewing expenditures on education and training.

## **Conclusion**

The commitment of all 25 Member States of the enlarged Union to develop a strategy of lifelong learning is the result of a process of educational cooperation which effectively started almost thirty years ago in 1976 in what was then the EEC, consisting of only nine Member States. This political commitment will require all Member States to invest in and to reform their educational and training systems with even greater determination if they are to turn the ambitions rhetoric of the Lisbon Agenda into operational reality.

The catalytic role of the Union, and of the Commission especially, is of paramount importance in this perspective. Imaginative and sustained leadership will be required to build a successful strategy of lifelong learning with the introduction of the necessary policy and financial incentives, both at Member State and European levels.

These challenges are not new. What is needed is a quantum leap in the ambition of the European Union to ensure that the necessary follow-up is given to the practical achievement of this objective. This calls for stronger partnerships between the world of education and the public and private sectors and an important role for the EU in pointing to better policies and practices which can broker such partnership arrangements on a sustainable basis.

Will Member States engage the education/training sectors and their local and regional authorities in a creative way in plotting the policy changes needed within the new national reform programmes? Will this be visible and well engineered?

Member States have often had great difficulty in constructing coherent education and training systems, largely because of the separate ministerial structures and processes governing education and vocational training. Through its integration of education and training policies, within a single Directorate General reporting to one Commissioner, the Commission has been able to present proposals of added value, since the boundaries between education and training are increasingly blurred and an individual's life chances are not helped by compartmentalized institutional divisions. The ESF – the single most important European financial instrument for training – however continues to be under the responsibility of the Employment Commissioner. Is it not time for this to change or at least for the Education Commissioner to be given co-responsibility? Will the Commission at least take steps internally to ensure that the two Commissioners for Education and Employment Policy, with their two distinct portfolios and separate Directorate Generals, present a unified set of proposals for lifelong learning and demonstrate the complementarity in use of the ESF and the Education Budget?

This uneasy separation of responsibilities is not helped by the structures of the European Parliament which, even if it has constantly supported the educational



initiatives proposed by the Commission, has not yet seen the need to review its separate education and training committee structures so as to enable the Parliament as a whole to focus much more sharply on promoting lifelong learning policies.

Will the European Parliament give the time and energy needed to engage national and indeed regional Parliaments in discussion of the policy levers needed for modernization and reform? Can it avoid the constant fragmentation of its positioning on its lifelong learning strategy by reforming its internal committee structures?

The year 2008 will come soon enough!! The next substantive review by European political leaders will demonstrate how effectively Member States and the Commission have been in putting the Lisbon Strategy on the right track. There is no time to lose. The stakes are very high for all of us.

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