Good morning. I am going to lay out the scope of the topic. We are given three questions to analyze here. Is the scope of the Lisbon strategy optimal? Are the education indicators realistic? Are the policies promoted consistent? The answer is yes... but.

I am going to present to you a methodology we created to capture human capital to make it comparable between different sectors of education and countries. The main message is that within Europe, the numbers tell us that we will have an innovation gap of 20% to 30% too little human capital by 2020. In other words, we will need one third as many people in the workforce as the current labor force or we need every head in the labor force to have one third more qualification than today, if Europe wants to keep good growth rates in regards to global growth rates.

There is a diversity of approaches towards human capital. There are many best practices in many European countries. We don’t need to look over European borders. We can learn from each other without looking at other cultures or systems of values.

The leading countries in terms of our analysis show that it is compatible with European notion of solidarity. It is central in promoting human capital. The countries which put the emphasis on solidaric spreading of human capital do much better than those which value financial capital.

An issue that has got more attention in the past years but not enough: Europe’s hope is not the young but the old, that is everybody over 40. More than 50% of human capital accumulates during learning on the job and informal adult learning. Moreover, at this stage of your learning, the payback period from learning is faster. We can still give our children more schools but the payback period reaches 30 to 40 years for the younger age groups. This doesn’t solve our problems for 2020. To increase economic growth, we need to focus on increasing the current labor force’s skills, more precisely people between 30 and 40. And finally, it is not worth forgetting: growth comes from investing and not cost cutting. It is also true for human capital.
Let's look at the data. We measured five different human capitals: what do parents instill in their children, what do they provide to their children - in Belgium, it is evaluated to 30 000 euros. This is an average for every Belgian citizen. It includes the 50 year olds that have been educated by their parents 40 years ago; then, we look at how much money goes in schooling and university on average for every Belgian citizen; we added an estimation of the amount of money the adults spend in their education when they are adults for their own informal education; and finally, the cost of learning during the job. In Belgium, the total human capital is evaluated at 150 000 euros per citizen employed in the labor force. There is a middling group of countries with France and Austria which have the same human capital. Denmark and Sweden are higher. Italy and Portugal are lower.

The next question: how much of human capital are you using in your economy? Over the last 20 years, we have improved human capital utilization from 50 to 60%. 100% would mean that everybody, even the six year old and the 80 year old, is included in the economy. It is impossible to reach because a lot of people don't work and should not work. The more human capital you employ, the richer the country is supposed to be.

Utilization expansion is a success across the EU. However, if we maintain the retirement practices, lots of the human capital currently working will not be replaced. The utilization of the human capital will fall again if we don't change retirement policies. We did this country by country: the Netherlands and Spain have had poor human capital utilization in the 80's but through policy and mentality change, have managed to increase utilization. We ranked the countries through in terms of their achievement to utilize human capital. Sub ranking went in the overall ranking of how countries did in human capital utilization.

The impact of demography: demography is a drastic problem for some European states, like Italy, Germany or Spain. As of 2005, there were one million thirty year old Italians. In 2030, there will still be a million Italians, only a few less. In 2005, there were 500 000 five years old Italians. It will still be the case in 25 years. We are not going to have more than that. Yes, we can strengthen immigration. But will Italian society be able to integrate them? Will you accept to have the social burden that every other 30 year old Italian is not Italian? It is difficult to imagine. And do people want to go to Italy?

If they are not enough people in the work force, how do you pay the pensions? It doesn't matter how you organize the pension system, publicly or privately. The money is just not there! You have to prevent the deficit... The only way out is to keep Italians working, and not just raising retirement age from 58 to 60. If you look at the data, there is not another solution than to work until you're 70 or 75 at least. It is the same prospect for Germany and Spain. If those countries can't raise their labour force up to the 70's, their pension problem is not solvable.

A fourth factor: how productive is human capital in terms of economic output? For cultural, geographical and historical reasons, we can't compare levels of productivity between European countries. But it is important to look at the trend. Sweden has maintained human capital productivity levels whereas the Netherlands have not. For every additional euro invested, you get less and less economic output. If you face a long term trend of declining human capital productivity, you are fighting an uphill battle. The Netherlands should try to reverse the productivity trend of human capital employed. It has a big enough labor force.

How do we translate this into innovation gap? Innovation and growth are based on broad based investment in education. The EU is recommendable to create an European Institute of Technology as a signal for this. But we need broad based investment for people who don't have enough skills today. The introduction of new technologies must be mastered by everybody. The workers must be able to generate added value from it. We don't need to be worried about students who have had access to
university and high qualification. They will be able to compete on the global market. We need to worry about the Europeans who don't have the global skills. We can't give up on them. In Eastern Germany, we resigned to the fact that a whole generation didn't have skills. We can't do that on the European level. We will have to find measures for people sitting on the periphery of society.

It brings me back to the three questions. Is the scope optimal, realistic and consistent? Yes, but... the scope must be larger and more focused on the people on the periphery of society. Are they realistic? They need to be more aggressive and more linked to economic output. Consistent? Probably, but they are so many frameworks and indicators. Can you make such a thing consistent? If you want to have a political message out of a policy, you need to nail the message down to a media consumable indicator. Whether the European Union is a good level to create politics is a completely different question. I hope this introduction lays the ground work for the discussion we will be having.

Philippe Mills, directeur général adjoint du Centre d'analyse stratégique

Merci de tenter de mettre en place un indicateur « capital humain ». C'est quelque chose de très difficile à créer, mais de stimulant, comme nous avons pu le constater dans notre dernière « note de veille ».

Nous allons maintenant voir comment la Commission européenne procède afin de présenter des objectifs encore plus volontaristes... et plus resserrés pour avoir des échos politiques.

Discutants

David-Pascal Dion, administrateur de la Commission européenne, direction générale "Éducation et culture"

A la Commission, une équipe est spécialisée sur les indicateurs composites. Elle travaille actuellement sur l'indicateur et la méthodologie de Peer Ederer. L'analyse de ce dernier me semble pertinente. Il vaut mieux, toutefois, attendre les conclusions des spécialistes pour savoir si son approche est robuste.

La stratégie de Lisbonne a été élaborée dans le contexte de l'année 2000, une période de prospérité, où la bulle internet n'avait pas encore explosé, d'où un certain optimisme. A l'époque, des objectifs paraissaient réalisistes, alors que, de nos jours, ils le paraissent beaucoup moins...

« L'éducation et la formation constituent un troisième pilier dans la stratégie de Lisbonne », s'est-il dit à l'ouverture de cette séance. C'est une très bonne nouvelle ! Lors du Conseil, en effet, il a été précisé que l'éducation et la formation apportent une contribution spécifique en termes de qualification, de capital humain. Notre spécificité réside dans le fait que nous jouons sur deux tableaux, l'économique et le social, voire l'individuel. Nous ne sommes pas à 30 % pour le social et 70 % pour l'économique ; nous sommes à 50 %–50 %.