

Abstract

The EU's lagging economic growth and global competitiveness require the promotion of technological innovation, the key determinant of long term economic growth. On the other hand, increasing disparities among EU member states require the promotion of convergence as they may threaten the EU's economic feasibility and political viability. Cohesion policy has adopted the dual role for the promotion of EU global competitiveness and EU economic cohesion; concepts incompatible by nature. The objectives of Europe 2020, specifically the promotion of technological innovation through investment in R&D, are assessed in terms of their compatibility with the objectives of Cohesion policy, specifically the reduction of disparities within the EU. An analysis of convergence in the EU determines that both beta convergence and sigma convergence are taking place, although large disparities in GDP per capita persist. An empirical analysis of the relative effects on GDP per capita of investment in R&D and investment in human capital determines that investment in human capital plays a significant role. Thus, key policy focus areas that meet the objectives of both Europe 2020 and Cohesion policy include investment in human capital as well as purposive diffusion of technology within the EU and the distribution of the benefits, economic and otherwise, of technological innovation enabled by the Single Market.

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