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ЕВРОПЕЙСКАТА КРЕДИТНА СИСТЕМА ЗА ПРОФЕСИОНАЛНОТО ОБРАЗОВАНИЕ И ОБУЧЕНИЕ (ЕСВЕТ) КАТО ИНСТРУМЕНТ ЗА ОСИГУРЯВАНЕ НА ЗАЕТОСТ В ЕВС

THE ECVET SYSTEM AS AN INSTRUMENT FOR EMPLOYMENT SECURITY IN THE EMU

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Abstract: The introduction of the ECVET (European Credit System for Vocational Education and Training) is the logical continuation of the Bologna Decree of 1999, according to which, amongst other things, the harmonization of the European education systems – and consequently the mobility of European job seekers - is to be promoted.

On the basis of the European economic integration process, in particular via the introduction of the Economic and Monetary Union (EMU) and the currently unfavourable situation of the labour market, we elucidate the need for action with regard to the implementation of the ECVET. The focus of our observations is thereby on the necessity of the mobility of the production factor “labour”. In conclusion, first potential solutions for dealing with the problems of implementation are given.

Keywords: European Economic Integration; European Monetary Union; Employment; Mobility of Labour, Vocational Education

The introduction of the ECVET (European Credit System for Vocational Education and Training) is the logical continuation of the Bologna Decree of 1999, according to which, amongst other things, the harmonization of the European education systems – and consequently the mobility of European job seekers - is to be promoted.

The successful implementation of the ECTS (European Credit Transfer and Accumulation System) in the university sector and the great number of students who are spending part of their studies abroad¹ (often the “semester abroad”: an

integral component of Bachelor’s degree programmes) resulted in the Directorate General for Education and Culture of the European Commission examining the possibility of introducing the ECVET within the framework of European vocational education systems (Commission of the European Communities, 2006). In 2006 – with the support of the Leonardo da Vinci programme - around 84,500 apprentices took part in transnational vocational

Migrationsbericht, 2006, p. 59ff). 3469 students were from Poland alone, 3404 from France and 2598 from Spain (Migrationsbericht des Bundesamtes für Migration und Flüchtlinge, Migrationsbericht, 2006, p. 250); the total number of Polish students in the winter semester 2006 was 11,651 (Migrationsbericht des Bundesamtes für Migration und Flüchtlinge, Migrationsbericht, 2006, p. 58). Migrationsbericht des Bundesamtes für Migration und Flüchtlinge, Migrationsbericht, 2006, p. 58).

¹ In the winter semester 2006/2007, in the Federal Republic of Germany alone, a total of 246,369 international students were enrolled (Migrationsbericht des Bundesamtes für Migration und Flüchtlinge, Migrationsbericht, 2006, p. 55). The number of new students in 2006 was 53,554 (Migrationsbericht des Bundesamtes für Migration und Flüchtlinge,

education and training measures¹ (ECVET Reflector, 2007:4). Between 2000 and 2006, the Leonardo da Vinci programme supported a total of 371,000 people in transnational mobility measures (approx. 74% of them were apprentices; the people involved were mainly from the service sector, whilst 12% were working in the trade sector). Overall, the manufacturing sector is underrepresented, whilst the education sector is notably overrepresented; WSF: XVIf, p. 14)². By 2013, an annual number of at least 150,000 individuals are to gain access to the Leonardo Programme during their vocational education/training (<http://www.euractiv.com/de/mobilitaet>).³

However, if we compare these figures with the previously mentioned figures for international students currently residing in Germany alone, we can, overall, indeed speak of a “marginal phenomenon” (ECVET Reflector, 2007:4).

The emergent need for action will be elucidated here on the basis of the European economic integration process, in particular with regard to the introduction of the Economic and Monetary Union (EMU) and the current problematic situation on the job market.

1. The Introduction of the EMU under Consideration of the Theory of Optimum Currency Areas

1.1 On the Emergence of the Theory of Optimum Currency Areas

¹ In comparison, only 20,000 persons are participating in national or bilateral mobility programmes, see ECVET Reflector, 2007:4.

² In a survey, 87% of the persons interviewed claimed to be very satisfied with this measure – see WSF Study, XVIf.

³ From a historical perspective, European mobility is not unknown: the transferring of knowledge and experience by the travelling journeymen of the Middle Ages. However, nowadays, it must be noted that the number of young craftsmen who “take to the road” has declined to an almost negligible level. The exchange programmes initiated in the wake of World War II were of a more peace-nurturing nature; the practical training itself playing a more background role.

In the run-up to the introduction of the EMU, the costs and benefits involved were discussed in detail (Paape, 2000: 141ff). Apart from a concrete list of advantages and disadvantages, the focus was also on the issue of whether the EMU would actually be a so-called optimum currency area. The Theory of Optimum Currency Areas was, after first and initially barely heeded approaches by Mundell (1961) and Kenen (1969), expanded in the last few decades, and attempts were made to obtain criteria for determining and defining optimum currency areas.

It was considered necessary that the key economic objectives (economic growth, price level stability, high level of employment and international trade balance) were to be simultaneously met (Harrop, 1992:175).

1.2 On the Determining of Optimum Currency Areas

The possible criteria for defining optimum currency areas can be systemized via their allocation to a microeconomic or a macroeconomic category. This differentiation refers to the type of phenomenon which initially –it is claimed– interferes with the existing economic (domestic and international) balance of the observed countries. International trade disturbances which can impact on an economy may be of microeconomic or macroeconomic nature. Microeconomic disturbances are when consumer preferences change and demand is directed towards increased amounts or lower amounts of individual import goods, or if productivity increases in individual sectors of the economy raise the competitiveness of the producers of these goods on world markets, thus placing producers from other countries under increased competitive pressure. We speak of “macroeconomic international trade disturbances” if cyclical movements abroad influence or determine the aggregate domestic demand and thus the domestic economic cycle. Further, differences in the macroeconomic price

development between different economies may lead to disturbances in international macroeconomic trade. Of the many approaches for defining optimum currency areas – here we cite only the demand of member states of a currency union for product diversification in order to ward off asymmetrical (demand) shocks in the sense of a microeconomic perspective (Kenen, 1969, Matthes, 1991: 78, Harrop, 1992: 176), the demand for harmonizing rates of inflation¹ (Revelas, 1980:51ff; Matthes, 1991:80ff; Schmidt, Straubhaar, 1995:434) and the standardization or harmonization of monetary and economic policy for warding off disturbances in international trade, such as can result for example from the international price and business cycles (Haberler 1970).

The mobility of the production factor “labour” – such as Mundell (1961) demands as a criterion for defining an optimum monetary area – will be examined more closely in the following. We wish to demonstrate that in particular the mobility of workers would be a central equalizing instrument should an asymmetric (demand) shock occur in the EMU.

2. The Criterion of Factor Mobility

Mundell (who received the Nobel Prize in Economics in 1999) considers two separate currency areas when analyzing optimum currency areas – USA and Canada – which both consist of two homogenous crossborder regions – the East with its focus on the automobile industry – and the West with its focus on the timber industry (Mundell, 1961). Mundell’s considerations can fundamentally be transposed to the European economic area. The basis is primarily an asymmetric microeconomic disturbance in such a form that a preferential shift leads to a shift or an

¹ A rate of inflation which is continuously above that of the trade partners, will, at fixed rates of exchange, lower the competitiveness of domestic production and consequently result in a continuously growing deficit of the trade balance.

increase in demand for the West region’s product (increased demand along the line of “stylish living with new furniture” – whilst at the same time there is a drop in demand for the East region’s product (lower demand for cars on account of rising fuel costs). Thus, the initial basic economic balance is disturbed.

The consequence of this preferential shift or a shift in demand would be a decrease in the real income in the Eastern regions. With downwards rigidity of wages and prices – which can tendentially be taken as given for the European economies – there would be a drop in production and subsequent underemployment. In the West, on the other hand, there would be increased employment and a corresponding rise in wages, potentially with price increases. The West would note an activation of its trade balance, whereas the Eastern region’s balance would reveal liability tendencies (Revelas, 1980:22). If both countries (in Mundell’s case USA and Canada - analogously for European states, as mentioned above) – form a uniform currency area with national monetary policy, economic policy is then faced with the following dilemma: Either steps will be taken to counteract the fall in employment in the East region by measures which mobilize the overall demand – whereby however, the inflationary development in the West region and in the overall economy would be aggravated, or the inflatory tendencies in the West region will be tackled by an attempt to stabilize the price level, which would, in the end, reduce further the employment opportunities in the East region owing to the restrictive monetary policy followed in the West.

It would be a different case were the exchange rate between a currency area “East region” and a currency area “West region” a flexible one. The interplay between supply and demand on the currency market- at least in basic economic theory – leads to an equalizing of the regional balances of payment. The currency in the West region would be revalued in

relation to the currency of the East region because the increased demand for the products of the West region would go hand in hand with an increased demand for its currency, whilst the opposite would hold for the development of the rate of exchange for the East region's currency. The revaluation of the West region's currency would curb demand/inflation whilst the devaluation of the East region's currency would improve export opportunities and thus compensate for the drop in demand, and lead to employment stabilization. The flexibility of the exchange rate and the splitting up of a country into 2 currency areas, each with its own currency, is only necessary in this model if other adjustment mechanisms are not available. A significant mechanism of this kind is, according to Mundell, the mobility of the factor "labour" between the two regions.

The reaction of supply to the shift in demand for goods becomes evident in a corresponding shift of factor demand. If the factor "labour" is highly mobile, a shift in demand between the East region and the West region (in Europe) will result in a movement of job seekers from the East into the West, whereby a new balance can be attained. The redundant manpower in the East can be used (qualification requirements are not taken into consideration here) to cope with the expansion of production in the West. In this manner, unemployment is reduced and the employment problems in the East are alleviated, whilst in the West, the inflow of manpower results in an expansion of capacities and thus the fulfilling of the increased demand for goods with or without slight price increases, or a curb on inflationary tendencies is facilitated even if the exchange rate relations between the regions are fixed. Without doubt, the potential mobility of the factor "labour" – in particular where a wage differential is given – is a function of spatial distance on account of the very different social and cultural factors.

3. The Introduction of the ECVET as an Instrument for Increasing the Factor Mobility

When considering the EU as an "optimum currency area" the factor "labour" should be considered in a more detailed manner. Firstly, it should be said that currently only 1.5% of EU citizens live and work in a member state other than the one in which they grew up (<http://www.euractiv.com/de/mobilitaet>). At management level, after university education, one can certainly speak of a basic willingness to participate in the necessary factor mobility. Similarly, in the last few decades, low-qualified workers have been displaying a tendency towards increased factor mobility. For example, in the building sector. The majority of the labour force with – or during the course of – a vocational qualification can, however, be viewed as having lower mobility. This difference with comparison to the high labour mobility in the USA is explained amongst other things by the language barriers in the EU and the lack of reciprocal recognition of vocational qualifications.

With the introduction of the ECVET, this mobility will definitely be facilitated. Basically, the introduction of the ECVET is, then, a key step towards securing employment in Europe. When observing the current discussion of the introduction of the ECVET, it should be stated that it has been hailed by employers and employee organizations, and concrete suggestions for implementation have been actively put forward. The positive attitude of the "German Economy", represented amongst other things by the Confederation of German Employers' Association (BDA), is emphasized in the report by the Kuratorium der deutschen Wirtschaft für Berufsbildung: Berufliche Bildung für Europa, Europäischer Qualifikationsrahmen (EQF) und Leistungspunktesystem (ECVET), Bonn, March 2005.

The unions for their part also positively regard the ECVET system for promoting European worker mobility (IGM:

<http://www.igmetall-wap.de/publicdownload/ECVET.pdf>, see also Heidemann, 2004). Both sides are, of course, aware of the problems involved with its implementation.¹ To clarify these issues, the EU Commission commissioned the consulting company PricewaterhouseCoopers to conduct the study “Move it”, which looks at the overcoming of obstacles to the mobility of apprentices and other young people in vocational training (status June 2007). It is not clear in this study however – similar to all the other currently available studies and concepts – how the language barriers should be tackled². A central result of a European Commission study entitled “The Europeans and their Languages” (2005/2006) clearly shows that English continues to be the most widely spoken foreign language. 38% of EU citizens say that they have sufficient skills to hold a conversation in English. A further 13% say that English is their native language. Thus, 51% have the corresponding spoken English skills. This is followed by German (a total of 32%), French (26%), Italian (16%), Spanish (15%) and Polish (10%) (European Commission, 2006: 4ff). These figures are reflected in the figures of those countries which are implementing Leonardo da Vinci measures. The UK leads with 23.6% in front of Germany with 12.3%, Spain with 10.6%, Italy with 5.6% and France with only 4.5% (WSF, 2007:24). The consequences of this stocktaking of language skills will be examined in the final section.

¹ The importance of the ECVET system was discussed on the occasion of the *Berufskollegtag* (Vocational College Day) 2007 under the heading “New Demands on Vocational Education in North Rhine Westphalia (particularly in Forum 4, Gewerkschaft für Erziehung und Wissenschaft, Berufskollegtag, Essen, 2007).

² When we observe the current participation in transnational further training, it is evident that there are substantial differences according to the sector involved, e.g. persons in the travel industry or wholesale/export trade are overproportionately represented (EU: Move it, p. 31). Here, it can be assumed that – owing to the nature of the vocation – the language barriers are lower.

4. Conclusions

We have demonstrated in this article that the implementation of the ECVET may be viewed as a consistent continuation of the university ECTS concept. The mobility of the production factor “labour” is a key instrument for ensuring employment stability and thus stability for national economies in the EMU. The introduction of the ECVET can only successfully play its role however if corresponding additional measures are introduced in parallel. These would include the promotion of foreign language learning in vocational training courses in order to facilitate vocational mobility. In the business and commercial sectors, the mobility of finished trainees will in future still only be a viable option in times of job insecurity if the ability to work in the language of another country is given. Whether this will in future – analogously to the development of the ECTS at university level – mean an increased drive to impart English skills – is questionable. The relevant states and firms are not in a position to quickly impart the necessary English language skills in the commercial and trade vocations below university level. A sort of “hybrid” strategy would seem a feasible approach, i.e. long-term intensification of English skills with a simultaneous option of a flexible choice of a further foreign language. This view would tie in with a statement by the EU Commission: “The importance of multilingualism to the Commission was underlined by the appointment of a commissioner, Leonard Orban, to manage the portfolio for the very first time at the beginning of 2007 (<http://www.euractiv.com/en/culture/language-use-eu/article-137663>),

Thus, the increased demands regarding foreign language acquisition will also make a comprehensive restructuring of the curricula of the vocational careers necessary, since the overall quota of training hours is limited. Subject-related contents will be vying with the enhancing of

foreign language competencies. How the individual European countries will manage | this conflict of goals remains to be seen.

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