



## Promoting Investment and Innovation



*In the increasingly competitive global economy, technological innovation has become an increasingly important source not just of new products and services for consumers, but of new businesses and industries. New technologies disrupt existing industries and may displace jobs. Ultimately, highly skilled workforces that are given the tools and opportunities to be more productive drive greater wealth, better job opportunities and more competitive economies. Modern infrastructure, strong educational systems and business environments that support investment, research and development can help spur innovation.*

### But what is...?

#### **Technological change**

describes the process of invention, innovation, and diffusion. New technologies often lead to the creation of new industries, but can sometimes threaten existing jobs as well.

**Productivity** measures output produced per unit of input (e.g. number of hours worked). Productivity is one of the principle determinants of a country's standard of living.

#### **Research and Development**

Basic research is often carried out at universities while product development takes place at firms.

**Europe 2020** is the EU's growth and jobs strategy through 2020. It aims to foster smart, sustainable and inclusive growth.

**The Juncker Commission's Investment Plan** aims to promote new investments that create jobs and growth.

- ① How can new technology, e.g. information and communication technology (ICT), help to boost growth and productivity? What roles do investment and entrepreneurship play?
- ② How do productivity gains lead to more wealth and increased standards of living? Why is innovation important?  
Is your chosen country adapting to changing technology? Have existing industries been hurt by technological change? What public policies exist that support research and development?
- ③ What is the difference between the level of productivity and the rate of productivity growth? How does your chosen country measure against other countries in terms of both of these?
- ④ Does your chosen country have high quality infrastructure in the areas of transportation, energy and communications? What have they done to promote investment in these areas? What role has the European Union played in regard to infrastructure funding?
- ⑤ What role does the quality of education and skills training in your chosen country play in helping it to better adapt to technological change? Does the educational system teach the kind of skills that the labor market requires?
- ⑥ What kind of a business environment does your country have? How does it promote entrepreneurship or protect existing sectors? Is R&D tax deductible? Does your country have a venture capital industry? Where can new startups raise capital?
- ⑦ What role does the Europe 2020 strategy play in increasing productivity and making better use of technology? What does your chosen country plan to do under Europe 2020? What are the relevant EU headline targets and how close is your country to meeting them?

