

Europe 2020 lacks the sense of urgency

Presentation by Jaime Mayor Oreja, Vice-Chairman of the EPP Group, at Karlovy Vary (Meeting of the EPP Group Bureau, 6-7 May 2010), based on previous discussions within a EPP Party Seminar (April 2010)

Europe 2020 lacks focus.

Economic growth is now the key for recovery.

Economic growth is now the key for the preservation of any of all the different social models in Europe.

Economic growth is now the key for a political Europe meeting the actual demands of the European peoples.

1) Economic growth is the key to recovery

Europe 2020 lacks the sense of urgency. Europe is facing the worst economic crisis since the 1930s. The fate of the Euro is at stake. The crisis has revealed deep imbalances in major nations of the continent. Recovery is slow compared with the US. Many balance sheet problems within the European financial sector have not yet been addressed. There is a substantial risk that the growth within the internal market will remain sluggish for a few years and that the most performing European economies will derive their growth from servicing the global market rather than internal demand. Together with increased productivity gaps between European economies, the diverging profiles (export oriented industrial countries/ service based countries) of European economies may lead to further fragmentation of the Single Market. The recovery in Europe cannot just rely on the global recovery, as global recovery itself will depend on what is going to happen with growth in China : will we have there a general slow-down or just problems in a certain number of sectors ? **Europe 2020 fails to provide a comprehensive, global, European exit strategy.** Nonetheless people expect such a strategy.

2) Economic growth is the key expectation for a political Europe

The European institutions have always derived their political legitimacy from their ability to face the problems of the day and their capacity to propose new solutions:

- common coal and steel policy to face shortages of the 50s in energy, building industry, military industry ;
- common agriculture policy (CAP) and customs union to allow faster growth and manage the risks of overproduction in the 60s ;
- regional policies to face the economic crisis of the 70s and the economic development gaps between old and new members in the 80s ;
- institutional reforms to increase the scope and the performance of European institutions in the field of the environment, security, immigration, social affairs to face new demands in the society in the 1990s and the early 2000s.

- the strongest social demand today is the return to growth and the exit from the financial/budgetary crisis. People wonder what will be their jobs, their revenues, their pensions in the future. **This is the reason why the way towards a political Europe is today more through a credible economic strategy than through any further institutional reform. There will be no such thing as a European social model unless we restore rapidly a substantial growth rate.**

3) **To provide a credible strategy for growth, there is need to reinvent the European core policies**

As an attempt to be a follow-up of the Lisbon Strategy, Europe 2020 lacks to address bluntly the political reasons for its failure - a failure disclosed as soon as the Kinnock Report (2005) :

- the Lisbon Strategy was not "Europeanized" : no community method, no incentives, no sanctions, no institutional communication behind it.
- the Lisbon Strategy has not been appropriated by the people : national action plans were set at administrative level after 2005 but not debated as strategic agendas for reforms with all the national actors concerned (trade unions, NGOs, citizen organizations...). Most of the citizens just ignore that their governments have ever made commitments in the framework of the Lisbon Strategy.
- the Lisbon Strategy did not focus on the public sector, although productivity gains and reform in the public sector are essential for sound budgeting and global competitiveness, not to speak about social justice (civil servants/non-protected workers)

To provide a genuine Growth strategy the Europe 2020 Strategy should be more than a follow-up of the Lisbon strategy, a reinvention of core European policies that need to be revived:

- **Stability Pact** and the EMU: one has to go back to the initial discipline;
- **Single Market Policies** : one of the reason of stagnation and poor resilience being due to the fragmentation of the so-called Single Market ; the temporary suspension of state aid regulation and the renationalization of the implementation of the competition policy may have to be reconsidered in that perspective;
- **Energy policy**: security of supply and stability of prices are core elements of a lasting industrial competitiveness;
- **Cohesion policy**: the present need is more a direct budget solidarity between Member States that long term regional and local programmes;
- **Employment policy**: at present under to many different headings.
- **Re-empowerment of the European level**: member states should be incited to move first on reforms before the Commission intervene.

According to the participants, the EPP Party and the EPP Group should be impatient and put pressure on a sometime dubitative and compromising Commission to improve 2020 Strategy. The success of such a comprehensive economic strategy will largely depends from the lasting support it will receive from conservatives and liberals against the vagueness of social-democrat demands.

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