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Bd de l'Empereur, 13
B - 1000 Bruxelles

**PES declaration on the
Mid-term review of the Lisbon strategy**
Adopted by the PES Leaders, Stockholm, 24th February 2005

Developing Europe by creating more and better jobs

Europe must live up to its ambitions

Five years after its launch, the European Union's strategy to become the most competitive and dynamic knowledge-based economy in the world by 2010, capable of sustainable economic growth with more and better jobs and greater social cohesion, is reaching its mid-term.

This strategy was born out of a vision shared and promoted by European social democracy, based on the conviction that action must be taken simultaneously in several areas. Economic reform, social policy and environmental considerations can be mutually reinforcing and synergetic, promoting job creation and sustainable growth, with competitiveness being a major challenge in its own right.

It was also based on the conviction that each country can do something in isolation, but that, together, all EU member countries can do much more. Moreover, the conclusions of the Lisbon European Council stipulated that, in the implementation of the Lisbon Strategy, "a fully decentralised approach will be applied in line with the principle of subsidiarity."

Achieving this ambitious objective is not a luxury, but a vital necessity for Europe's long-term prosperity, for the quality of life of all its citizens and residents, and the future role of the EU in the world. If Europe fails to live up to its ambitions, addressing challenges such as globalisation, the ageing of our populations or environmental degradation will become extremely difficult.

Five years after the launch of the Lisbon strategy the picture of what has been achieved is mixed. On the one hand, more than seven million jobs have been created, of which more than two thirds have gone to women, although this falls well short of the target rate of participation of women in the labour market. Important steps have been taken towards a true internal market for electricity, gas, telecom, risk capital and financial services. The share of renewable energy is growing, the number of people taking part in life long learning is rising and some member states have started to improve their childcare systems. However in these areas, there are still huge improvements to be made. On the other hand it is clear that the pace of reforms is much too slow. If progress is not speeded up many of the targets for 2010 will not be attained, and the Union will fail to respond to the challenges facing it.

We agree that, in order to be successful, the Lisbon strategy should be more focused in order to be more efficient, but the balance between the three pillars of the strategy - economic, social and environmental development - must be upheld in all actions and at all levels. In this respect, the association of local and regional authorities to its implementation is fundamental. Competitiveness, modern social security and environmental responsibility must go hand in hand. It is about doing things simultaneously.

To achieve our political objectives, the governance of our policies must also be efficient. At present, economic coordination between the European and national levels is beset by a multiplicity of plans and reports. Each year, Member States must produce stability and convergence reports, employment reports, structural reform reports, social inclusion reports, and more - every year, more than 300 reports, drowning any clear political message. A simpler and more coherent procedure is needed, to draw all the threads together and to create a single focus for public and parliamentary scrutiny. Europe needs a much more effective dialogue and coordination between economic policies.

We cannot reach our objectives without simultaneously aiming at stronger growth, coordinating our investments, and conducting a modern reform process of our education systems and labour markets. Ambitious and proactive macroeconomic policies should be pursued as a fundamental addition to private business innovation and entrepreneurship. Proposals should be made on how to link the Lisbon Strategy with macro-economic instruments at our disposal, the Broad Economic Policy Guidelines and the Pact for Stability and Growth.

Furthermore, we must remember that progressive social policies have created some of the most prosperous, competitive and harmonious societies in several European countries. In these countries, active labour market and social policies, along with investment in research and development, work as effective instruments for growth and prosperity. Competitiveness and social welfare are not contradictions but preconditions for sustainable prosperity. We oppose those who assert that in order to promote growth Europe must sacrifice welfare for its citizens and environmental considerations.

We strongly recommend a focused effort on ensuring that the share of people at work among those in working age is increased, essentially through the involvement of women in the workforce. The integration of ethnic minorities should also contribute towards this objective. Active labour market policies should therefore be pursued to achieve the Lisbon Strategy goals. The strategy is not only about creating more jobs but also about ensuring better jobs and higher productivity through the combination of flexibility with security. A strong priority must also be given to knowledge-related policies in research and development, innovation, and education and training.

Some countries are involved in reform processes. These are not easy to drive forward, but they should be supported at European level, because the stronger competitiveness and growth they will generate in the future in those countries will benefit the whole of Europe. In this respect, stronger, sustainable economic growth through better economic policy coordination and dialogue at EU level would create a more favourable environment to necessary reforms at national levels.

Following the enlargement of the European Union, we must also promote solidarity between the old and new member states of the EU. We should ensure that the Lisbon Strategy lessens rather than widens inequalities and disparities in the achievement of its objectives.

The mid-term review of the Lisbon strategy, to be agreed by the European Council in March 2005, is an important political opportunity to re-vitalise the strategy and speed up its implementation in a balanced way. However, changing or diluting the targets and timetable would send the wrong signals about the Union's determination to modernise. *The annual Spring European Council must continue to provide political guidance on Europe's economic and social strategies, while at the same time developing a culture of dialogue and cooperation among policy-makers at European, national and regional levels, and with social partners and civil society.*

Europe must aim high.

Developing Europe

At the 2005 Spring European Council, the Lisbon strategy should be turned into a concrete and focused five-year action programme on "*Developing Europe*" with a precise indication of decisions and steps to be taken at EU and at national levels, following the model of the Single Market 1992 programme.

(i) **Three-pillar approach:** The EU must live up to the challenging task it has set itself of creating a dynamic economic climate, reforming its welfare systems while providing social security for citizens, promoting gender equality, promote technological progress, including new environmental technologies, and an efficient use of energy and other natural resources in a way that strengthens sustainable growth and creates more jobs. The priority of the strategy and its implementation is to generate more economic growth and create more and better jobs along with social and environmental progress.

(ii) **Financing:** *the financial resources to implement the Lisbon agenda, both through the Community budget and through national budgets, must be secured.* At Community level, it is important that the next financial perspectives reflect the priorities set out in the Lisbon strategy. At national level, in respecting the Pact for Stability and Growth, governments must ensure that public expenditure is channelled into the Lisbon strategy, for instance to improve national education and lifelong learning policies, to increase public investment into research or to apply gender budgeting.

(iii) **Focus:** *the Lisbon agenda should be focused on a limited set of leading targets from the existing range.* It's about increasing productivity and creating more and better jobs, based on sustainability. This set of targets would form the spearhead of the Lisbon strategy, and at the same time reflect the existing approach of favouring synergies of an operational nature between the economic, social and environmental dimensions. This much more focused approach would facilitate the political monitoring of the strategy and its communication towards the media and the general public, a pressing need. For instance, leading targets could include investing in research and development, lifelong learning, childcare provision, energy efficiency and labour participation. The Lisbon target of the employment rate for women of 60% must be met to deliver social justice for women and to reach the level of productivity needed to meet the growth and competitiveness targets of Lisbon.

(iv) **Open Method of Coordination:** The slow pace of implementation in recent years shows that the method is not sufficiently effective and must be renewed. The mid-term review should hence lead to a modification of the method followed so far:

- ✓ Member states to develop national action plans, including stronger involvement of national parliaments, regional and local authorities, and stakeholders. This should ensure that policy recommendations are far more tailored to the specific situation of member states;
- ✓ Conducting an effective information campaign across the EU in order to inform citizens about the Lisbon agenda and its impact on their everyday life;
- ✓ Strengthening the strategic role of the Spring European Council in the conduct and implementation of the Lisbon agenda. These meetings should provide more scope for strategic and forward-looking discussions and should rely on indicative scoreboards by target and member state, more emphasis on measuring progress, and improving the consistency and synergy of available policy instruments in each field.

Last, but not least, the success of the Developing Europe action programme will require a new articulation and coherence between a reformed Stability and Growth Pact, the Broad Economic Policy Guidelines, the Financial Perspectives and the Developing Europe Goals.