

EU 2020 VISION – TOWARDS A NEW DEVELOPMENT STRATEGY FOR THE EU

A FIRST S&D GROUP CONTRIBUTION TO THE DEBATE ON THE EU'S NEXT 10 YEAR STRATEGY

The EU has to tackle historic difficulties and to create new opportunities for all

The global economic and social crisis has dramatically exposed the fragility of inadequately regulated markets. It has brought mounting unemployment and deepening inequality and poverty. It has put solidarity and social justice within our societies and amongst Member States at risk. It imposes on decision-makers a historic responsibility, but also an unprecedented opportunity to achieve transformational change in our economies, leading the way for truly sustainable and socially long-term development.

One lesson from this experience is that we cannot afford to separate economic strategy from a wider vision of society. That approach has led to a society reshaped in the interests of the economy - increasingly unequal, insecure and, as we now know, fragile. And yet it has delivered less, not more growth than in previous decades. For the next decade, let's start with a clear vision of what kind of society we want and design the policy framework to serve that vision.

Europe's strategy for the next decade should focus not only on rates of growth and employment, but also on how growth can help build a better, fairer society, a more sustainable economy and a more secure prosperity for all, less vulnerable to financial sector greed and excess.

At the heart of that vision must be sustainability. The profound dangers of climate change - among multiple environmental challenges - are calling into question today's wasteful and unsustainable production, distribution and consumption patterns. A new, sustainable model of development is needed.

How should Europe look in 10 years' time?

We need a strategy that sets out clearly what we aim to achieve. By rolling many separate objectives into a single highly complex objective ("*become by 2010 the most competitive & dynamic knowledge-driven economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion*"), the Lisbon strategy may have lost focus, transparency and balance.

For most Europeans, the priorities for the next decade would surely include:

1. a new deal for sustainability
2. High quality full employment with decent work and social inclusion for women and men
3. Fight against poverty, inequality and insecurity
4. a high-productivity knowledge economy
5. social and territorial cohesion

We call for these to be the core objectives of the EU 2020 strategy.

One strategy, not three

The combination of strong, integrated and coherent economic, social and environmental policies is the way forward. The first challenge for the forthcoming review is therefore to propose an effective integration of the 3 overlapping strategies which Europe is currently supposed to follow: the Lisbon Strategy, the Sustainable Development Strategy and the Stability & Growth Pact, while retaining the essential elements of the Lisbon strategy: growth, employment, social inclusion and sustainability. Europe needs one strategy, not three.

In its first stages, the new strategy will have to complete the task of ensuring a full recovery from the economic crisis by means of a sustained, re-inforced and coordinated European response. Over the course of the decade, the bigger challenge will be to give birth to a new, sustainable European economic and social model, directed towards the five compelling economic, social and environmental objectives set out above. These changes will not happen by accident. Achieving them - in the face of an ageing society, and public budgets heavily burdened by the financial sector meltdown - must be the central focus of the EU 2020 strategy.

We hereby spell out key elements of such a strategy. We will propose an updated paper including more specific and detailed proposals in different priority policy areas on the basis of the Commission's forthcoming proposals on the new strategy early 2010.

1. NEW VISION - NEW GOALS



A New Deal for sustainability

- ***10 million new jobs***
- ***sustainable production, distribution and consumption patterns***
- ***more reductions in greenhouse gas emissions***

Europe's response to climate change and economic crisis must be to build sustainable modes of production, distribution and consumption to provide the basis for a new sustainable prosperity - green growth based on new green jobs. **The S&D Group calls for a New Deal based on the following three interrelated goals:**

- **Transforming our economies from polluting economies to eco-efficient economies.** In December 2008, the EU agreed a groundbreaking package of laws to deliver by 2020 a 20% reduction in greenhouse gas emissions, 20% increase in energy consumption supplied from renewable energy sources, and 20% reduction in energy consumption thanks to energy efficiency. As a centrepiece of its EU 2020 strategy, the Commission must spell out how this achievement will be complemented with a new generation of policies and laws to ensure a profound change in production, distribution and consumption towards true sustainability, without endangering prosperity and jobs – quite the contrary.
- **Encouraging smart green jobs as a source of growth.** In meeting our climate and energy goals for 2020, the EU will create new green jobs in areas such as renewable energies, transport, and energy efficiency. The Commission's strategy paper should spell out the financial support and incentives for related research, innovation, education and training, that will be needed to seize this opportunity and unleash new sources of global competitiveness for the EU.
- **Green economy for all.** Everyone should benefit from and have the chance to contribute to a low-carbon and sustainable economy. The New Deal we call for should combine a radical shift in industrial production, distribution and consumption patterns, as well as in agricultural modes of production, with ambitious social transitional policies to help all citizens to participate in such a change in their work and daily life. The Commission's strategy document must set out a long-term transitional strategy based on substantial investment, solidarity and strengthened social dialogue.

Key issues for the Strategy:

- **Closely monitor the implementation of climate change legislation**, in particular the Emissions Trading Scheme and effort sharing, to meet our current commitment and targets
- **Push future EU climate change legislation towards further reductions in greenhouse gas emissions**
- **Allocate at least 50% of the stimulus in EU recovery plans to the New Deal for sustainability**

- **Invest in research for less polluting transport:** green car programmes, intelligent transport systems and traffic management
- **Develop a coordinated strategy to create 10 million new jobs for women and men (including at least 3 million new green jobs)**
- **Develop a sustainable coordinated energy policy based on European solidarity.** The new provisions of the Lisbon Treaty will help develop this new policy aiming to economise on energy, developing the renewable sources of energy, and reduce our energy dependence.
- **Develop a sustainable industrial policy:** the EU must revitalise its industrial capacity, promote innovation to increasingly develop ecological modes of production and develop comprehensive programmes to support SMEs. This European industrial policy should will need a comprehensive strategy regarding state aids.
- **Develop policies to help the transition to the Green economy,** especially for the re-skilling of workers in green jobs and the need for temporary compensation for greening European industry in the context of global markets.
- **Renew the EU consumer strategy to empower consumers for sustainable consumption,** including better consumer education on energy efficiency, green products and recycling.



Europe of solidarity:

- **full employment**
- **social inclusion**
- **fight against poverty, inequality and insecurity**

Europe's finance-induced recession is causing high and growing unemployment, especially among young people, growing inequalities between workers and widespread poverty. Without a strong policy response, the European social model will be under threat. The following goals must be key priorities in the EU's 2020 strategy:

- **An entry strategy into the labour market based on inclusiveness: High quality** full employment must be at the heart of our strategy. We continue to believe that full and high quality employment can and must be achieved. EU 2020 should coordinate and galvanise EU-wide measures to achieve decent work, using targets, financial support and if necessary sanctions to ensure that all Member States pay their part, and the existing European Employment Guidelines should be revised accordingly. EU 2020 should also propose an ambitious job policy specifically for young women and men: every young person must be offered a training possibility or a job in short time after leaving education. Equally, the EU needs an effective policy for older workers to remain on the labour market. No one should be left behind. This must also apply to immigrants workers, notably with regard to discrimination against immigrants and their proper integration into the labour market.
- **More rights for workers to improve quality of jobs:** Europe must turn its back on those who argue that the price of full employment is erosion of social standards, economic security and labour rights, that we must sacrifice quality of life to the pursuit of growth. Europe's most successful businesses and national economies are those which have created high-quality workplaces, which treat employees with dignity and partnership. We stand for a Europe of excellence, more jobs *and* more quality in jobs. EU 2020 guidelines must be used to fight precariousness at work, to promote social partnership, to help employees to combine work and family life and to promote life long learning.
- **Long-term strategy against poverty:** Nearly 80 million people in the EU are living in poverty, many of them being women and children. Poverty also affects people, particularly women, in jobs or receiving pensions when the revenue doesn't allow for a decent life. We want to see guidelines on eradicating poverty and homelessness as essential elements in a new EU 2020 strategy. This needs to be combined with a CAP reform, as transformed agricultural policy and food supply must ensure adequate and quality access to food for all.

Key issues for the Strategy:

- **Enforce the social acquis:** the European social acquis could deliver much more to employees - if it were fully implemented by member states. Improve coordination at EU level through a permanent platform for cross-border cooperation among government agencies, together with trade unions. Enforce EU employment legislation and fight against abusive employment practices, especially regarding legislation on new forms of contracts and work.
- **Legislate to strengthen workers' rights, improve working conditions and promote equal treatment through an enhanced framework of individual rights:** this should include a revision of the posting of workers directive and new or revised directives on minimum income schemes, working time, abusive individual dismissals, information and consultation, union recognition, cross-border collective agreements, equal treatment of atypical workers, equal pay, and labour inspection.
- **Legislate on Corporate Social Responsibility:** social policies must not relieve employers of their social responsibility. Businesses should act in socially responsible manner by improving the quality of jobs and assuming their responsibility in the economic downturn. Companies should also be accountable for the welfare of their workers in subcontracting companies.
- **Establish ambitious quantitative European and national targets on poverty eradication,** including an end to homelessness by 2015 and ensuring mainstreaming in all anti-poverty EU policies.
- **Develop a coordinated strategy on housing in Europe** supported by EU legislation change in order to allow EU funds to be used for that policy. EU Housing policy should contribute to help all people to improve energy efficiency of their home, hence ensuring our targets for eco-efficient economies.
- **Develop an efficient framework for lifelong learning** for helping European citizens to acquire new skills, knowledge and qualifications.
- **Tackle youth unemployment through structural employment policies for young women and men:** offer every young person training or a job opportunity as well as protect young women and men against abusive employment practices by creating a statute for interns.
- **Legislate on gender equality.** The pay gap between men and women remains large. Discrimination of women, therefore has to be acted against and gender segregation on the labour market has to be eradicated. Women's participation and women's career opportunities should be promoted. The reconciliation of work and private life is crucial. In that respect legislation on paternity leave is important. The full participation of women in the labour market would also make a significant contribution to economic growth.
- **Invest in family care services** and infrastructures.



Social and territorial cohesion

- **A "transparent", "simplified" and "smart" cohesion policy**
- **Universal access to public services**

The economic, social and territorial cohesion is an important European responsibility, as strengthened by the Lisbon Treaty. Globalisation, consecutive enlargements and recently the economic crisis are challenging EU cohesion. The new EU 2020 strategy will be decisive: either we strengthen our policies to maintain social and territorial cohesion, or we let global challenges and the actual economic downturn endanger our cohesion policies and undermine a cornerstone of the European project. Our choice is clear: if we want to overcome the multilevel problems facing our societies, we need to reinforce, even more than in the past, our efforts for European cohesion. To that end, EU 2020 priorities should include the following:

- **A "solidarity" driven EU level cohesion objective:** the European character of cohesion policy with its multiple opportunities for all stakeholders at regional, national and European level must be preserved against any attempt at re-nationalisation
- **A transparent, simplified and smart cohesion policy:** Regional policy should continue to pursue its economic, social and territorial objectives without being overloaded with other goals. The

goals must be those of solidarity, cohesion and sustainability. The methods must be transparent, accountable, effective, innovative and adapted to actual and future needs. Past experiences must be used to select the ideas which have been proven to work and discard those which have not.

- **Ensure universal access to public services:** public services are key elements in ensuring equitable prosperity in Europe. In the economic crisis context, their role is decisive. We consider that developing a long-term strategy to ensure universal access to public services in the EU and to uphold social services of general interest as a condition for growth, prosperity and solidarity in the next decade.
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Key issues for the Strategy:

- **a solidarity pact** between all EU Members, based on an understanding of the interconnection of global, European, national and regional challenges and the need for a comprehensive collective response valuing and a balanced development.
- **a legislative framework for public services** to put an end to legal uncertainties deriving from European law. The Lisbon treaty has created a solid basis for such instruments.
- **a review of the Common Agriculture Policy by 2013** must produce an environmentally and economically sustainable policy, which can contribute also to territorial cohesion.
- **a new strategy for public procurement** to fully take into account social and environmental challenges in our public policies
- **free and equitable access to ITC and broadband** through more coordination between member states and more investment in that area.
- **a sustainable financing of the Trans-European Networks** in the field of Transport (*TEN-Ts*) and energy
- **simpler, application procedures and better implementation of regional policy projects with greater flexibility in the sound management of social and cohesion funds**



Recovery and transformation

- **financial stability**
- **macro-economic balance**
- **an innovative, high-productivity, knowledge economy**

The economic crisis has shown the need for far-reaching reform both to stimulate recovery and to pave the way for long-term economic growth. This is especially true of financial markets. Our development strategy should aim for full European recovery as rapidly as possible followed by sustainable and sustained growth up to 2020. It should manage the transition from urgent crisis management to long-term sustainable economic recovery, based on the following priorities:

- **Ensure European recovery:** Europe's development strategy should first of all provide a coherent and effective response to the economic and financial crisis, which will be the first test of its credibility. EU 2020 must therefore give new life, new ambition and a much greater European coherence to the EU recovery plan mobilising and coordinating all national and European instruments for recovery with adequate funding. It must make clear that the central short-term objective is a recovery in employment, including investment in training and education.
- **Build a stronger and more resilient post-crisis economy:** the crisis should be the opportunity to build a stronger strategy for sustainable growth based on social justice and eco-efficiency. The EU should make sure that the distribution of wealth is made more just instead of unjust as a result of the crisis. The crisis has clearly pointed out the inadequacy of deregulation policies conducted in the past years. A new European economy should be at the service of social and environmental objectives and prepared to tackle the demographic challenge in a sense of justice between generations. Investing in people, innovation, social cohesion and environment as it is clearly stated in the Lisbon Treaty must become a reality.
- **More financial stability:** A malfunctioning financial sector must never again be allowed to jeopardize years of economic and social progress, wreck economies, destroy families and impose

massive burdens on Europe's taxpayers. The new strategy should ensure that by 2020, the EU has in place a regulatory and supervisory framework which guards against new financial failures and restores the financial sector to its historic purpose of providing finance to the real economy.

Key issues for the Strategy

- **Reinforce macro-economic governance** through a revision of the Broad Economic Policy Guidelines making demand-side policy a priority
- **Renew the Single Market strategy** to deliver more concrete results for citizens, notably by a more consumers-orientated approach to regulation.
- **Investment in the knowledge society** by more effective research and innovation, global research networks and life-long learning
- **A 2nd financial services action plan** aiming to contribute to sustainable growth and more consumer protection by strong objectives concerning corporate governance and consumer debt reduction.
- **Coordinate the fight against tax havens and tax dumping** (setting a common tax base and move towards harmonisation of VAT rates) - with a consistent European approach to green tax measures, to boost the transition to a green economy and **create an EU-wide financial transactions tax**

2. IF WE WILL THE ENDS, WE MUST WILL THE MEANS

The EU's 2020 strategy can be credible only if it is adequately funded. One of the Lisbon Strategy's failures has been the gap between its declared ambitions and the resources made available. The EU budget, even if its size will remain modest compared to national budgets, can play a key role in terms of solidarity and leverage effects. . This is why we consider that the credibility of EU 2020 depends critically on the following:

- **An ambitious Mid-term review of the current Multiannual Financial Framework (MFF), 2007-2013, the current MFF has shown its shortfalls** (lack of financing for key EU programmes such as Galileo or the European economic recovery plan). Adequate financing of the new EU competences under the Lisbon Treaty as well as some urgent political priorities such as energy and climate change are not sufficiently addressed by the current MFF. We propose to restore the amount requested by the EP for expenditures under the heading "Competitiveness Growth and Employment" when the current MFF was negotiated (in 2005/6), which was drastically reduced by the Council.
- **A new financial framework post-2013: the EU future budget must focus on key policy priorities as should be part of a new EU 2020 strategy. Money should be well used both in qualitative and quantitative terms.** We should aim at increasing the level of EU expenditures to the agreed ceiling of 1.24% of gross national income and to introduce a new system of resources for the EU budget.
- **A long-term strategy for investment:** investments - public and private - are the crucial agent of the ambitious agenda set out above for 2020. To meet the goals of the EU 2020 strategy, one indispensable component will be a European investment strategy based on the following elements:
 - o More leverage and coordination between European and national budgetary efforts
 - o Stronger role of the European Investment Bank and the European Bank for Reconstruction and Development to support investments in infrastructure, green technologies, innovation and SMEs, provided that the EIB and the ERBD policies are consistent with the policy of the EU and their actions democratically accountable to the EP.
 - o An appropriate European framework for Public-Private partnerships
 - o An appropriate implementation of the Stability and Growth Pact: the situation of national public finances and of public investments need to be seen in the light of the achievement of the EU development strategy for 2020.
 - o New financing instruments such as Eurobonds to finance projects of common interest. This Eurobonds would be an instrument to convert current national bonds into Eurobonds through the creation of a European mechanism which could organise such system. We

should also develop new financing system for EU budget, including a financial transaction tax and green taxes.

3. TOWARDS NEW GOVERNANCE FOR MORE TRANSPARENCY, DEMOCRACY AND EFFICIENCY

The Lisbon Strategy has been hampered by low levels of democratic and political ownership at national and local levels. EU 2020 must put this right. We call for a new governance system, based on:

More political ownership through

- **Better co-ordination and cooperation** between the different political institutions concerned with a successful implementation of an EU 2020 strategy. Linking the new strategy to the mandate of the new European Commission and the European Parliament is necessary.
- **A reinforced role for the European Parliament** which could be better involved with a new process more compatible with the parliamentary calendar. This may include a yearly debate within Parliament on Europe's development strategy, which could be articulated with national parliaments for mutual benefit, beyond current practice. An inter-institutional agreement on the EU 2020 strategy process would be the best way to set down and formalise a democratic and effective way forward, which should include a commitment of the Council not to agree on changes to the strategy in coming years without having formally consulted Parliament.
- **More active involvement of national parliaments** during the formulation of national policy programmes and budgets, and subsequent scrutiny in implementation, has already been suggested as a way forward and could be reinforced.
- **A stronger ownership by each formation of the Council** regarding its responsibilities of implementation.
- **More involvement of regional and local governments, the social partners and other social actors need** to support the objectives of the strategy and to contribute to their fulfilment.

More transparency for more efficiency

To improve political ownership, more transparency must be developed into the way of implementing the strategy. To that end, we call for a new approach in monitoring the strategy based on new tools more in line with new targets.

Then, **GDP is not the only indicator to monitor the overall efficiency of the strategy.** A new set of indicators should be developed to measure prosperity, well-being and quality of life in the EU and member states, as we set them as our key targets for 2020. Based on this new approach, we ask the Commission to develop a new scoreboard of measurable indicators integrating the notion of 'quality of growth' for citizens, including the social and environmental dimensions of a new strategy.

4- EU vision to shape globalisation

Europe represents the biggest economic power, an integrated market of more than 500 million consumers, an unequalled trading power and a strong currency. All these elements should be regarded as a basis for developing the external dimension of our EU 2020 strategy whose central task must be to turn globalisation from a source of downward pressure on environmental and social standards to a global instrument for their advancement. This will demand:

- **A broader and more comprehensive approach in the Union's external action**, bringing together the Common Foreign and Security Policy, trade and cooperation policies. The new provision of Lisbon Treaty concerning coordination of the EU external policy (new post of high representative for Foreign policy and the European diplomatic service) will help to contribute to this new comprehensive strategy.
- **European Development policies fully integrated within our EU 2020 strategy.**

- **A common European strategy in all international institutions and fora (IMF,WTO,G20, ILO...)** to shape better rules for global economy and financial markets.
- **A regulatory dialogue with all major partners** to promote high standards in industrial, environmental and social fields, especially to promote decent work, sustainable development, intellectual property rights, labour and social standards.
- **Promotion of Corporate Social Responsibility and social standards** for EU companies doing business in third countries, notably developing countries, and social requirements to be included in agreements with these countries