



# Europe's 2020 strategy: big business as usual

## A comment on the EU's new strategy

Sometimes no news is not good news – and this is certainly the case as far as Europe 2020 - the European Union's proposal for a new overarching strategy is concerned. Most of it copies the Lisbon Strategy, adopted in March 2000, and if you think the past decade was an unpleasant experience with neoliberal policies, fasten your seat belts, there is much more to come. The Commission appears to have once again listened carefully to the demands of big business and come up with a proposal designed to meet their needs.

This is obvious from the way in which the strategy was developed – from the launch of the public consultation in November 2009 to the beginning of March 2010, when the final proposal was published – and indeed from the content of the proposal itself which neatly matches the demands made by big business.

Europe 2020 adds a few new elements to the Lisbon Strategy, but the basic message remains the same: “big business as usual”. And the biggest of the biggest in particular have every reason to be satisfied. While framing its paper, the Commission started out from a position close to that of the European Roundtable of Industrialists (ERT), an EU-based lobby group which has been a major player whenever EU strategy has been on the table for discussion. Perhaps not surprisingly, the end result is strikingly close to ERT's own 2025 Vision<sup>1</sup>.

## The Lisbon Strategy

The Lisbon Strategy, which provides the core foundations for Europe 2020, was adopted by the European Council in March 2000. On the face of it, it was a mixed bag of proposals, but had a strong emphasis on a neoliberal economic strategy, placing the liberalisation of public services, “completion” of the Single Market, reform of pension systems, flexible labour markets, and the Stability Pact as its corner stones. But it also included a number of policies and proposals on education, social policies and employment that appealed to a broader cross-section of society. In the end, most of these were placed on the backburner.

From the beginning, the Lisbon Strategy's key slogan was making the European Union “the most competitive and knowledge based economy in the world” by 2010. Consequently, “international competitiveness” evolved into a sword with which social rights, environmental legislation and consumers' rights could be attacked. While the European Union's ‘neoliberal policies’ were not new – there are strong drivers in this direction in the Treaty itself – the EU took significant steps as a

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<sup>1</sup> The Commissions “Europe 2020” proposal can be seen at <http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

The ERT's “2025 Vision” can be seen at <http://www.ert.be/DOC/09117.pdf>

consequence of Lisbon. Market forces have been brought into new areas (ie. as a result of the Services Directive); all sorts of regulation have been removed or relaxed under the 'Better Regulation' agenda; important decisions in the environmental field and on food safety have been moved from open political debate to obscure committees; social rights have come under attack in an unprecedented way, and public services have been steadily undermined through forced commercialisation.

This was incidentally exactly what the ERT wanted. The Roundtable had played a significant role before the adoption of the Lisbon Strategy. Its recommendations in the end formed the basis of the Lisbon Strategy. A vision that, as Baron Janssen, the then chief executive of the chemical giant Solvay and a member of ERT, said, is about "reducing the power of the state and of the public sector in general through privatisation and deregulation" and "transferring many of the nation-states' powers to a more modern and internationally minded structure at European level"<sup>2</sup>.

### **Success or failure**

The Lisbon strategy gained some popular legitimacy, aiming to improve access to education, bring down unemployment, and improve access to public services. But none of these targets were integral to the key tools – liberalisation of services, strong budgetary discipline, deregulation – and none of these targets have as yet been reached. Instead they are transferred to the new strategy, Europe 2020.

Significantly, not even the key Lisbon targets – growth and increased competitiveness – have been achieved in any significant measure. The Commission blames this failure on the financial crisis and on insufficient implementation. From this, it concludes that we need more of the same.

That conclusion can certainly be questioned.

First, the crisis was not a natural disaster that came only from outside forces, and it was not a new one either. The Lisbon Strategy was born in the midst of a worldwide financial crisis that hit many countries very hard. Nevertheless, the Commission – to put it bluntly – put financial corporations at the steering wheel to create an integrated single financial market, and consequently little meaningful regulation was adopted.

Secondly, there was never a strong correlation between the means and the supposed ends. You don't get a social Europe and a well educated Europe from cuts in social spending, free trade in services, privatisation and strict budgetary policies.

### **A deaf ear**

Given this background, there was considerable interest in the Lisbon Strategy's successor. However, to influence the process, you seem to have to speak the same language as the Commission and its corporate allies.

The first step towards replacing the Lisbon Strategy was taken by the Commission in November 2009 when it circulated a consultation document which included most of what would be the proposal for "Europe 2020".

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<sup>2</sup> See Corporate Europe Observatory; "ERT Moves to Next Phase in Europe's Double Revolution", <http://archive.corporateeurope.org/observer7/ert.html>  
And Corporate Europe Observatory; "From Lisbon to Stockholm", <http://archive.corporateeurope.org/observer9/stockholm.html>

But the consultation had several flaws. First, responses had to be delivered to the Commission within a few weeks, which was a very short time, considering that what was at stake. Secondly, the Commission was caught red-handed manipulating the responses.

When the Commission published its overview of the responses, it proudly boasted that a number of former critics had been persuaded by the Commission's ideas for a new strategy. The Commission reported that "stakeholders with a social vocation broadly support the Commission's proposed priorities".

This unleashed a small avalanche of protests from organisations working on social issues. They denounced the Commission's summary as outright manipulation, stressing that their message had been "lost in translation" and their fundamental criticism of the Lisbon Strategy and the Commission's proposals was grossly misrepresented<sup>3</sup>.

### **Losing patience**

Indeed, some of the key players in Brussels seems to be losing patience, if not interest, in this exercise with the Commission. The European Trade Union Confederation (ETUC) responded only briefly when the Commission launched its final proposal, with the Secretary General John Monks saying: "The 2020 exercise so far is flawed and disappointing. There is a desperate need for the EU and the rest of the world to digest what caused the crisis and how we can avoid a repeat." To him, the real issues were sadly missing:

"How to deal with rising unemployment, especially among the young; how to tackle all the incentives in current tax systems and capital markets which encourage speculation and short-termism at the expense of long-term commitment to the real economy; and how to find new ways of raising public funds, especially using Financial Transaction Taxes and Eurobonds... Without these issues being properly addressed, the Europe 2020 exercise will continue to be badly flawed. The Commission cannot expect to go back to business (and the Lisbon strategy) as usual," he said.

### **Alternatives**

This feeling was shared widely by almost everyone outside the business sector in the EU. Over the years discontent with the Lisbon Strategy had been growing. Trade unions, NGOs and other civic movements have all put forward different proposals, which while not perhaps constituting a new vision of society, certainly mark a counterproposal to the Lisbon Strategy and its successor.

These alternative proposals include:

- Focus should be shifted away from deregulation to regulation in favour of sustainability and social rights.
- Strong regulation on carbon emissions should replace the weak mechanisms in place at the moment.
- Resources to education and health should be increased, and no further liberalisation should take place.
- Research should not be commercialised, and universities should not be laboratories for business.
- Better governance should be obtained by more involvement from elected parliaments and from the citizens in general.

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<sup>3</sup> See for instance; "NGO's defy Commission on EU 2020 Agenda", Euractiv, 5. February,

<http://www.euractiv.com/en/priorities/ngos-defy-commission-eu-2020-agenda>

A collection of protests from Social Platform, MHE, EAPN and COSACE can be found at the Social Platform website:

<http://www.socialplatform.org/News.asp?news=23719>

But this humble agenda is far removed from the wishes of corporations and the Commission.

### **Enter the captains of industry**

The Commission's proposal resembles in effect a shopping list drawn up by Europe's major corporations. Proof of this can be distilled by comparing the contribution of a group to whom no deadline of the Commission applies; the European Roundtable of Industrialists (ERT) (see appendix for a longer version than below).

The ERT brings together 50 top chief executives from major European transnational corporations and has a strong tradition of influencing EU policies. It's rarely involved in the day-to-day knocking-on-the-door lobbying in Brussels, emerging only when the big long term strategies are up for discussion.

It published its own proposal for a "2025 Vision" on the 3<sup>rd</sup> February 2010, long after other groups had commented on the Commission's consultation.. A month later, the Commission released Europe 2020, which bore a strong resemblance to ERT's paper on all of the key points. This could mean that the Commission cut and pasted its text from ERT's document or that the ERT adopted some of the Commission's ideas. Whichever, the point is that the Commission and ERT have a common political mindset and, indeed, "vision".

As with the Lisbon Strategy, some of the buzz words have been carefully chosen to make it sound like a progressive manifesto. And no doubt, the Commission has had the help of one or two language wizards to get the right tone. While much of the rhetoric on "the social dimension" has vanished, the words "green" and "sustainable" are repeated over and over again. The old Lisbon phrase "knowledge based" has been replaced with the more appealing "smart". Better Regulation is redubbed "Smart Regulation". As one NGO puts it: "a teaspoon of 'green' and a touch of 'smart'". But in the medium and long term none of this will be convincing. The proposal is simply too skewed towards the interests of big business.

### **Same mindset, same vision**

Take for example their visions for the single market. This is probably ERT's highest priority and in its vision, it calls, once again, for it to be "completed" to "cover all goods, services, capital, people and knowledge."

The Commission in turn vows to strive for a "stronger, deeper, extended single market". Both would like to see EU accession candidates and countries under the Neighbourhood Policy covered by the rules of the Single Market. Considering the strong debate in 2005 on the Services Directive and its potential detrimental effect on public services and social rights, this could spell new confrontations with for example trade unions.

On the issue of the labour market, both stress the need for further flexibility, and for a migration policy that makes it easier for qualified labour to enter the EU – as opposed to other groups of immigrants.

On social services the ERT wants to reform "social security systems to strike a better balance between social cohesion and financial sustainability, for example by placing greater emphasis on patients' responsibility for healthcare costs." Both parties agree to investigate what the Commission calls the "adequacy and sustainability of social protection and pension systems, and identify ways to ensure better access to health care systems."

On public services, both encourage widespread use of Private Public Partnerships (PPPs), joint ventures between the public sector and private companies to deliver public services. At the moment this approach is the preferred option for those who seek to privatise public services.

On education and research, there is full agreement between the Commission and the ERT, that the way forward is to “close the gap between science and the market” (Commission), and to build “stronger links between the public and private sectors in education with the support of the business community”. Both even promote the idea of reframing school curricula to fit a business agenda.

Both the Commission and the ERT emphatically support the continuation of the “Better Regulation” agenda, which is basically about more lax regulation. This agenda was recently the subject of a scandal when documents emerged showing how the tobacco industry managed to use “Better Regulation” to avoid stricter measures being applied to their industry<sup>4</sup>.

On climate change there is a basic common ideology at play in the two papers: both prioritise “technological fixes”, as opposed to strong regulation of polluting industries. Both advocate more growth and argue that this can be done without failing on climate change. A highly questionable claim.

The trade agenda also shows similarities, even at the detailed level. Both adhere to strong free trade policies, through the WTO or through bilateral negotiations with emerging economies.

On the budget, both put emphasis on redirecting financial means from the whole range of EU financial instruments to support the Europe 2020 strategy, including the Common Agricultural Policy. Whether they intend to redirect the substantial funds from the corporations of the agro-industry remains to be seen.

### **More power to the EU**

Last but not least, the Europe 2020 strategy includes an innovative approach on governance. The ERT has continuously lamented the EU institutions’ lack of powers to implement their main strategy. But it is in fact the Commission who comes up with a remedy.

The Lisbon Strategy relied on loose, voluntary policy coordination between the Member States, called the Open Method of Coordination<sup>5</sup>: Both the ERT and the Commission were agreed that this has not been effective enough and the Commission has proposed adding stronger enforcement measures to the strategy. In the context of the Stability Pact, negotiations take place on how to bring national economies in line with the targets on deficit and debt. This is backed by articles in the Treaty that can lead to sanctions of a state. Into this, the Commission proposes to mix in a debate on issues like the national budgets – including taxation and prioritisation of financial means.

This adds force to the 2020 strategy, making “the composition and quality of government expenditure matters” an issue that is dealt with at the EU. By doing this the Commission and the Council will be able to pressure the Member States to prioritise “growth-enhancing items’ such as education and skills, R&D and innovation and investment in networks, e.g. high-speed internet, energy and transport interconnections – i.e. the key thematic areas of the Europe 2020 strategy.” Simultaneously tax systems should be made more “growth-friendly” in the words of the Commission.

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<sup>4</sup> PLoS; “Working the System”—British American Tobacco’s Influence on the European Union Treaty and Its Implications for Policy”, 2010, <http://www.plosmedicine.org/article/info%3Adoi%2F10.1371%2Fjournal.pmed.1000202>

<sup>5</sup> [http://en.wikipedia.org/wiki/Open\\_Method\\_of\\_Coordination](http://en.wikipedia.org/wiki/Open_Method_of_Coordination)].

## **Big business as usual**

All in all, the proposal for the new EU strategy fits big business' demands perfectly. The Commission's 2020 strategy does not differ from ERT's 2025 Vision on any significant points. There is still some way to go before the 2020 Strategy finds its final form, but there have been no signs so far that the Council is of a different opinion on the key points.

The issue of increased powers might be an exception, but here things seem to be moving fast. The crisis has created an opportunity for the Commission to launch far reaching proposals for a new more centralised form of decision making, and the underlying intention can only be welcomed in the board room of big corporations. By doing this the Commission will have more powers to push through its big business friendly neoliberal reform agenda.

Both the process and the result of the discussion on the 2020 Strategy should be a wake up call for a wide range of civil society organisations – trade unions, environmental organisations and civic movements of all sorts – to get closer together to counteract the arrogant power play. And it will take much more than responses to the Commission's consultations. The job ahead is to take this debate and this fight truly to the citizens of Europe.