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**The Chances of Success of the Europe 2020
Strategy –
An Analysis against the Background of the
Lisbon Strategy**

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Europa-Kolleg Hamburg Institute for European Integration

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The Chances of Success of the Europe 2020 Strategy – An Analysis against the Background of the Lisbon Strategy

*Lena Höpker**

Abstract

The present thesis tries to find an answer to the question whether the European Union's new growth strategy, the Europe 2020 strategy, can be successful. The analysis is undertaken against the background of the Lisbon strategy, the Europe 2020 strategy's predecessor, which ended in 2010. The thesis stresses that the Lisbon strategy was a failure, mainly due to its governance framework, which primarily relied on soft law and voluntary cooperation between the Member States. Furthermore the thesis claims that the Europe 2020 strategy, despite strengthened surveillance as compared to the Lisbon strategy, is rather a revised version of the Lisbon strategy than a new strategy. The thesis, in its analysis of the chances of success of the Europe 2020 strategy, also takes into account the financial crisis, which, due to its far-reaching dimension, strongly influences the strategy in several ways. In consideration of those aspects the main finding of the thesis is that the Europe 2020 strategy is unlikely to deliver on its objectives.

key words: Lisbon Strategy 2013, Europe 2020 Strategy, Open Method of Coordination, growth and employment in the EU

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Lena Höpker

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III. Table of abbreviations

BEPG	= Broad Economic Policy Guideline
CAP	= Common Agricultural Policy
CFP	= Common Fisheries Policy
e	= estimated
EIB	= European Investment Bank
EIF	= European Investment Fund
EP	= European Parliament
EU	= European Union
FSAP	= Financial Services Action Plan
HLG	= High Level Group
ICT	= Information and communication technology
IT	= Information Technology
MFF	= Multiannual financial framework
NAP	= National Action Programme
NRP	= National Reform Programme
OMC	= Open Method of Coordination
RCAP	= Risk Capital Action Plan
R&D	= Research and Development
US	= United States
SGP	= Stability and Growth Pact
SME	= Small and medium-sized enterprises
TFEU	= Treaty on the Functioning of the European Union

1. Introduction

In the year 2010 the European Union (EU) initiated a new strategy called Europe 2020. The goal of this strategy is to become a smart, sustainable and inclusive economy by 2020. The Europe 2020 strategy is the successor of the Lisbon strategy, which was launched in 2000 with the ambitious goal for the European Union to become “the most competitive and dynamic knowledge-based economy in the world”¹ by 2010. Due to several reasons, which will be pointed out in the course of the thesis, it is questionable whether this goal was achieved.

Because of the disputable outcome of the Lisbon strategy and in view of the current economic situation, it is especially crucial that the new strategy of the European Union is successful and can deliver a new impetus for economic stabilisation and growth in Europe.

The intention of this master thesis is therefore to analyse with regard to the in 2010 terminated Lisbon strategy whether the Europe 2020 strategy can be successful in turning the European Union into a smart, sustainable and inclusive economy by 2020.

In doing so the thesis will first of all present the Lisbon strategy. For this purpose the strategy's objectives and instruments, especially the Open Method of Coordination (OMC), which was an important cornerstone of the Lisbon strategy, will be introduced. Also the Lisbon strategy's re-launch, which offered important insights in the strategy's progress, will be explained. Subsequently the attainment of the set objectives will be critically analysed. If the result of this analysis should be that the Lisbon strategy did not achieve its objectives, the reasons for this failure will be pointed out. Afterwards the thesis will introduce the Europe 2020 strategy and point out briefly its main objectives and instruments. In the following part the Lisbon strategy and the Europe 2020 strategy will be compared. In doing so the thesis will highlight the main differences and similarities of the two strategies and point out whether the initiators learned from the failure of the Lisbon strategy. Subsequently, due to its global dimension and far-reaching consequences, the thesis will analyse the impact of the current financial crisis on the strategy. Against this background the chances of success of the Europe 2020 strategy will be examined. Finally the conclusion will point out the main findings of the thesis.

¹ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 5.

2. The Lisbon Strategy

The Lisbon Strategy was introduced at the Lisbon European Council on 23 and 24 March 2000. Its overall strategic goal was for the EU “to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”² by 2010.

2.1. Why was the Lisbon strategy created?

The underlying rationale of EU-wide strategies like the Lisbon strategy is the existence of interdependencies. Interdependencies are the main reason why undertaking reforms in a coordinated way is more favourable than undertaking them independently.³ Because of them the EU-wide coordination of national reforms may lead to positive spillover effects⁴, which are beneficial not only for the country undertaking the reform, but for the EU as a whole. The Lisbon strategy was supposed to deliver an overall framework for this coordination.

More precisely it was created because the European leaders decided that Europe needed economic and social reforms in order to achieve sustained success in times of globalisation. They felt that the European economy needed thorough modernisation in order to compete with the United States (US) and emerging countries such as Brazil, India and China.

Although the EU’s macro-economic outlook and economic conditions by the end of the last century were positive (amongst other things the inflation rate decreased steadily, public deficits were reduced and interest rates converged)⁵, there was evidence for the European economy being not as dynamic as some of its major competitors. Indicators in favour of this were for example GDP growth rates and the employment rates. The EU’s GDP growth rates for example have since 1996 consistently been lower than the US (cf. fig. 1). While the GDP growth rate in the US was about 4.8 % in 1999 it was on average only about 4.2 % in the EU 15 member states (cf. fig. 1). If one excludes Ireland and Luxembourg from the calculation, the EU growth rate would only have been at 3.4 %.⁶

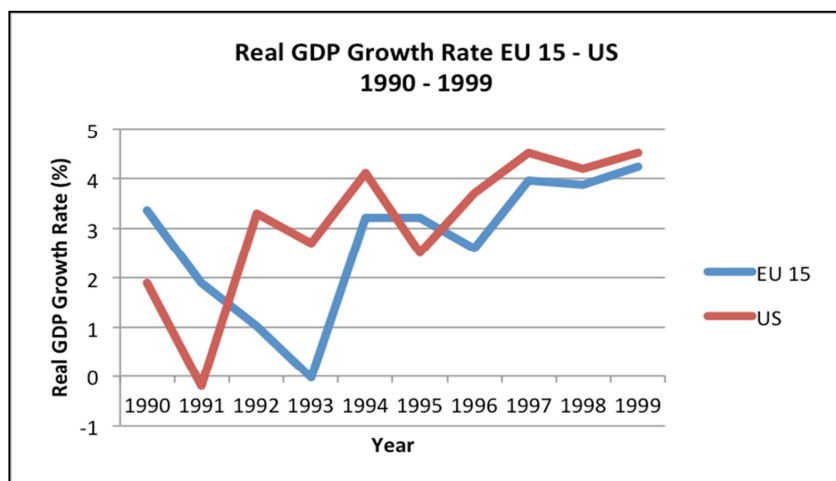
² European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 5.

³ Rosenbaum, E., “Lisbon, Europe 2020, and the Case for Soft Coordination in EU Policymaking”, in: *Intereconomics*, vol. 45, no. 5, 2010, p. 287.

⁴ *Ibid.*, p. 288

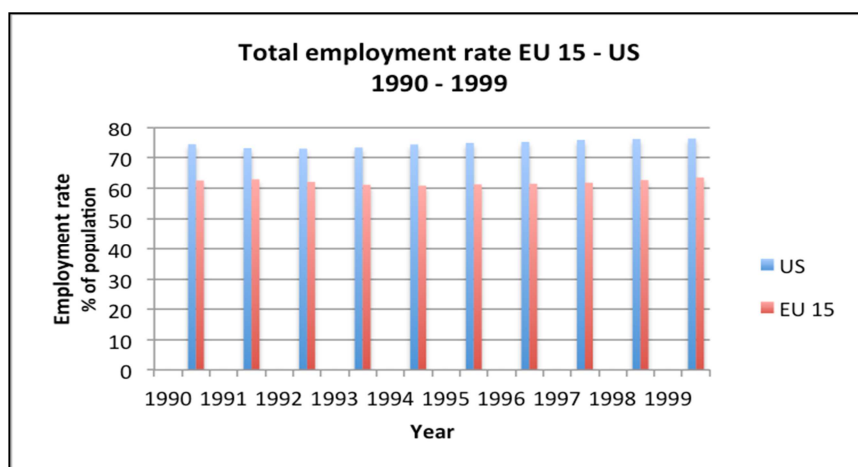
⁵ European Commission, Contribution of the European Commission to the special European Council in Lisbon, 23 -24 March 2000, p. 5.

⁶ Ireland and Luxembourg had extraordinary growth rates of 10.4 % respectively 8,4 % in 1999.

Figure 1: Real GDP growth rate: EU 15 - US (1990 - 1999)

Source: OECD, available at: <http://dx.doi.org/10.1787/272530778260> (May 2012); own calculation and illustration.

Also the employment rates show that there was a huge gap (cf. fig. 2). The employment rate in the US was about 74 % compared to on average only 62.5 % in the EU 15 member states (cf. fig. 2).

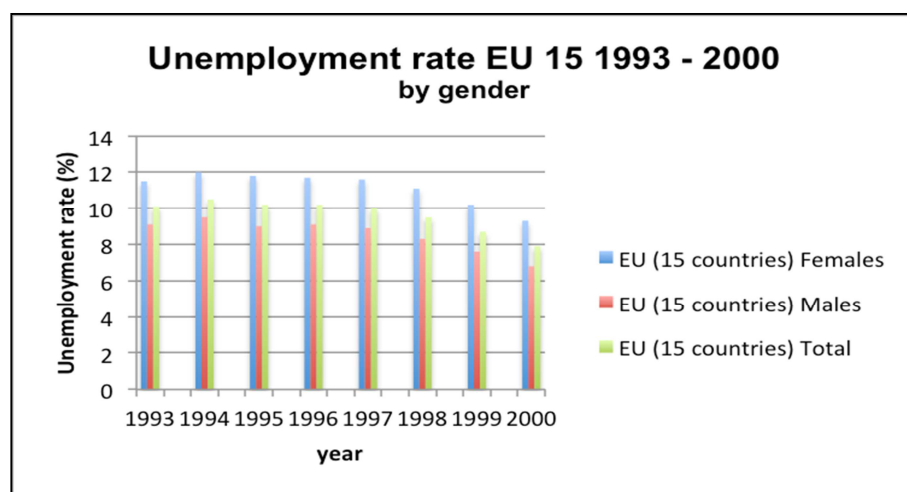
Figure 2: Employment rates EU 15 and US (1990 - 1999)

Source: OECD, available at: http://stats.oecd.org/Index.aspx?DataSetCode=LFS_SEXAGE_I_R#, (May 2012); own illustration.

By means of the Lisbon strategy the EU thus wanted to catch up with its global competitors and pave the way for a successful future of the EU and its citizens.

Before finally adopting the strategy, the European leaders identified several fields of action that needed to be modernized in order to close the gap and use the existing potential for job creation and higher employment rates.

According to the Commission the EU's employment deficit had several features. First of all there was a gender gap (cf. fig. 3). The unemployment rate among females was constantly higher than the male unemployment rate (cf. fig. 3).

Figure 3 Unemployment rate EU 15 1993 - 2000 by gender

Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsieb050&plugin=1>,
(April 2012); own calculation and illustration.

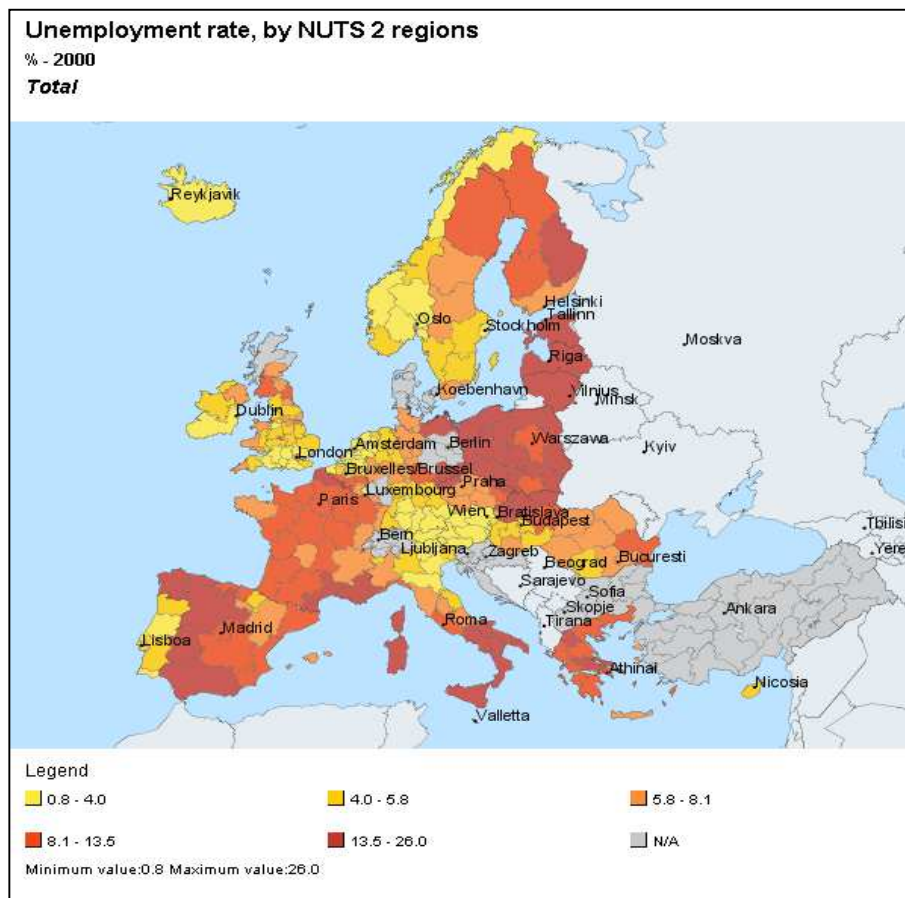
Another feature was the age gap. In 1999 only 36 % among the people with an age between 55-65 years were working compared to 57 % in the US.⁷

In addition to the gender and age gap the sectorial employment was not balanced as well. Compared to the US (54.5 %) there was a very low level of employment in the European services sector (39.7 %).⁸

Furthermore regional imbalances within the EU marked the employment deficit. EU unemployment was concentrated in Germany, France, Italy and Spain with the highest rates in the south, outlying regions and declining industrial areas (cf. fig. 4).

⁷ Cf. annex 1: Employment rates – EU-US 1999 by age group.

⁸ Cf. annex 2: Employment by sector – EU-US 1997 by sector.

Figure 4 Regional unemployment rates Europe 2000

Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/mapToolClosed.do?tab=map&init=1&plugin=1&language=en&pcode=tps00010&toolbox=types#>, (April 2012).

In addition to the above-mentioned issues long-term structural unemployment was a pestering problem. In 1999 about 45 % of the people out of work were unemployed for more than 12 months.⁹ This was partly due to a skill gap, which was according to the Commission another feature of the EU's employment deficit. The gap was especially perceptible in the IT-sector, which was an essential part of the knowledge economy.¹⁰

Along with the employment deficit the social development within the EU was another challenge. The European leaders feared that, because of the high unemployment and an ageing population, the European welfare and pension systems were no longer sustainable.¹¹

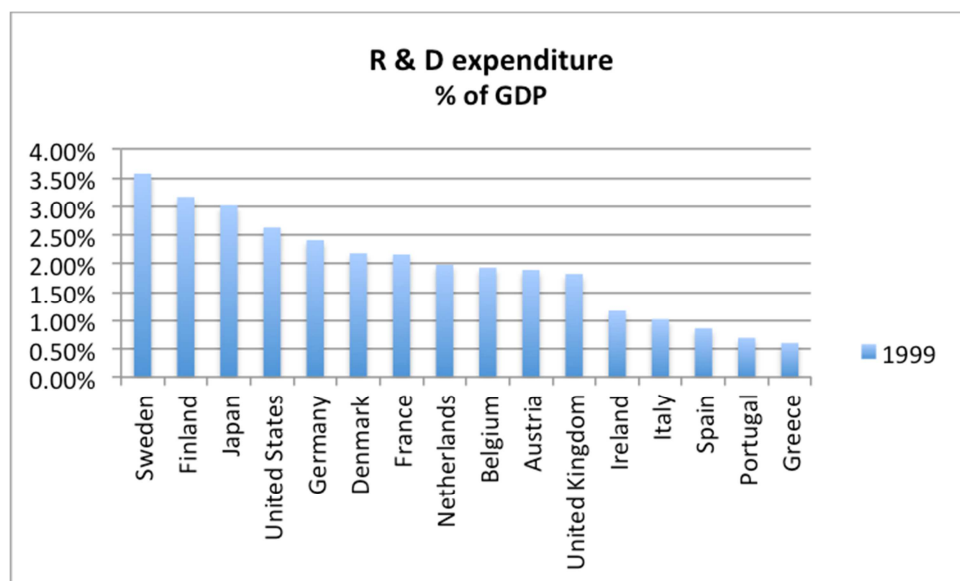
Furthermore the Commission stated that too many markets within the EU were still fragmented and that the European economy was due to that fact not dynamic enough. Attention was especially drawn to impediments in European capital markets and the poor R&D performance.¹²

⁹ Cf. annex 3: Total & Long-term unemployment EU 15 - 1999.

¹⁰ European Commission, Contribution of the European Commission to the special European Council in Lisbon, 23 -24 March 2000, p. 8.

¹¹ European Commission, Contribution of the European Commission to the special European Council in Lisbon, 23 -24 March 2000, p. 11.

¹² Ibid.

Figure 5: R&D expenditure 1999

Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tsc00001>, (April 2012); own illustration.

In 1999 all EU 15 member states except of Sweden and Finland had a lower R&D expenditure rate than Japan and the United States (cf. fig. 5). Finally the Commission saw an urgent need for action regarding the European telecommunication infrastructure, particularly in the field of Internet access and penetration.¹³ In 1998 the Internet penetration in the EU 15 member states averaged only about 11 % and the estimated percentage for 2000 was about 24¹⁴. Although this was already an increase, it was compared to the United States with an estimated average penetration of about 51 %¹⁵ very low.

Facing the above-mentioned challenges, the European leaders met in Lisbon on 23 and 24 March 2000 to agree on several instruments and objectives that became known as the Lisbon strategy.

2.2. Instruments and objectives of the Lisbon strategy

As already mentioned above, the overarching goal of the Lisbon strategy was to make the European Union “the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”¹⁶. In order to reach this ambitious goal the strategy was initially based on two main pillars.

¹³ European Commission, Contribution of the European Commission to the special European Council in Lisbon, 23 -24 March 2000, p. 12.

¹⁴ Cf. annex 4: Internet penetration EU 15 – 1998 & 2000.

¹⁵ European Commission, Contribution of the European Commission to the special European Council in Lisbon, 23 -24 March 2000, p. 12.

¹⁶ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 5.

The first pillar consisted in preparing the transition to a knowledge-based economy and society, which was to be accomplished by improving the policies for the information society and R&D, as well as by accelerating the process of structural reform for competitiveness and innovation and by completing the internal market.¹⁷ The second pillar had as its main objective the modernisation of the European social model. In addition to that, the second pillar aimed at investing in people and combating social exclusion.¹⁸ The economic and social policy strands of the first and the second pillar were supported by a sound macro-economic policy mix, which aimed at sustaining a healthy economic outlook and a favourable growth prospects.¹⁹ A third, environmental pillar was added to the Lisbon strategy at the Göteborg European Council meeting on 15 and 16 June 2001 so as to ensure that the economic and social dimensions of the Lisbon strategy were pursued in a sustainable way.²⁰ Economic, social and environmental policies should be dealt with in a mutually reinforcing way in order to initialise technological innovation and investment, generating growth and employment back then and at the same time guaranteeing good quality of life for future generations.²¹

According to these pillars more specified goals were set up that were to be implemented with the help of existing processes and the new Open Method of Coordination.

2.2.1. Implementation methods

Because of the many different policy fields that the Lisbon Strategy covered and the consequently different legal competences, the Lisbon strategy was to be implemented with a combination of existing processes and instruments, like regulations and directives, which are legally enforceable, and the newly introduced Open Method of Coordination, which relies on political will and does not entail legal obligations. In this process the European Council was designated to take over a guiding and coordinating role in order to ensure overall coherence and effective monitoring of progress.²² It accordingly decided to meet annually every spring, so as to report on the implementation, highlight weaknesses and give new political impetus.²³

2.2.1.1. Existing processes

The Lisbon European Council concluded that no new processes were needed in order to implement the Lisbon strategy.²⁴

The existing processes, namely the Broad Economic Policy Guidelines (BEPGs) and the Luxembourg, Cardiff and Cologne processes were regarded as offering the adequate instruments to implement the Lisbon strategy, subject to the condition that they were simplified and better coordinated.²⁵

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ European Council, Göteborg European Council 15.06. – 16.06.2001: Presidency Conclusions, June 2001, para II.

²¹ Ibid.

²² European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 36.

²³ Ibid. para. 7.

²⁴ Ibid. para 35.

²⁵ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 35.

The BEPGs are a set of recommendations given yearly by the Council in order to guide the economic policies of the Member States and the EU.²⁶ The Luxembourg process, also known as the European Employment Strategy, focuses on employment. It consists in drawing up annual employment guidelines, national employment action plans and a joint employment report.²⁷ The BEPGs and the Employment guidelines are the central treaty-based instruments for coordination regarding economic and employment issues. They are based on Art. 121 TFEU and respectively Art. 146 TFEU.

While the Cardiff process emphasised the necessity to coordinate structural reforms to foster growth and employment and relied on the exchange of best practices and national action plans²⁸, the Cologne process set up a macroeconomic dialogue where representatives of the Council, the Commission, the social partners and the European Central Bank should interact in a mutually supportive way so as to increase employment and growth while maintaining price stability.²⁹

2.2.1.2. The Open Method of Coordination

In addition to the above-mentioned existing processes the Lisbon strategy introduced a new policy instrument called the Open Method of Coordination. Although it was formally introduced at the Lisbon summit for the first time, its roots date back to the year 1997 when the special European Council of Luxembourg regarding the European Employment strategy was prepared. Because of difficulties in adopting a common target for unemployment reduction and the high political pressure regarding this sensible topic the involved parties had to find an alternative to a common target.³⁰ As a consequence the European Council adopted common qualitative guidelines that were later on applied by the Member States taking account of their national characteristics.³¹

The Lisbon European Council three years later officially introduced the Open Method of Coordination in order to facilitate the implementation of the strategic goals of the Lisbon strategy and “to help Member States to progressively develop their own policies.”³² In addition to this reasoning another cause for the introduction of the OMC could have been the reluctance of the Commission “to initiate controversial new legislation that might provoke a backlash from some of the large member states.”³³ The main reason for the introduction of the OMC though was probably absence of competences of the EU in several important policy areas, e.g. labour markets, taxation and social security.³⁴

²⁶ Craig / De Burca, EU Law, p. 708.

²⁷ Europa, Summaries of EU legislation, The birth of the European Employment Strategy: the Luxembourg process (November 1997).

²⁸ Cardiff European Council, 15.06. – 16.06.1998, Presidency Conclusions, para. 11.

²⁹ European Council, Cologne European Council 3 -4 June 1999: Conclusions of the Presidency, para 5 + 6.

³⁰ Rodrigues, J. in: M. Tèlo “L’evoluzione della governance europea” special issue of “Europa/Europe”, Rome, no 2-3, 2001, p. 99.

³¹ Ibid.

³² European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 37.

³³ Hix / Høyland, The Political System of the European Union, p. 202.

³⁴ Pisany-Ferry, J., CESifo Forum 2/2005, p. 23.

Regarding the elements of the OMC, several specific features were mentioned in the presidency conclusions of the Lisbon summit. First of all guidelines for the Union together with specific timetables that indicated when the respective goals had to be achieved, were developed.³⁵ Secondly, as a means of best practice, quantitative and qualitative indicators and benchmarks, which allowed a comparison with leading countries, were, where possible, established.³⁶ Setting specific targets and adopting measures then translated those European guidelines into national and regional policies, while account was taken of national and regional diversities.³⁷ Finally the progress in achieving the set targets was monitored, evaluated and reviewed periodically as a joint learning process.³⁸ Depending on the respective policy field, the nature of the above-mentioned key elements can vary and encompass a range of sub-elements.³⁹

The Lisbon Summit conclusions stated that the OMC should be applied in the policy areas of information society⁴⁰, research and innovation⁴¹, enterprise policy⁴² and social inclusion⁴³. In addition to the above-mentioned areas the OMC or OMC-like processes have been used since then in the field of economic policy coordination, pensions and health care.⁴⁴

It should be introduced as a decentralised approach that would be applied in line with the principle of subsidiarity, meaning that all relevant stakeholders are actively involved.⁴⁵ Because of its move away from central, top-down governing and prescriptive policies and its flexible and open design, the OMC was seen as a new form of governance.⁴⁶ Another feature of the OMC, which distinguishes it from the usual forms of EU-governance, was the absence of legally enforceable or binding norms.⁴⁷ The differences of this new approach can be well demonstrated by a comparison of the Single Market Programme from 1985 and the Lisbon strategy from 2000.⁴⁸ Objectives, means and instruments of the two strategies differ significantly. Whereas the Single Market Programme had narrow objectives, clear means and effective instruments at the EU level, the Lisbon strategies' objectives are broader, the means are softer and the instruments mainly lie at the national level.⁴⁹

Notwithstanding the positive aspects of the OMC, like the mutual learning process, the consideration of the principle of subsidiarity and of national diversities, the OMC should be

³⁵ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 37.

³⁶ Ibid.

³⁷ Ibid.

³⁸ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 37.

³⁹ Craig / De Burca, EU Law, p.164.

⁴⁰ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 8.

⁴¹ Ibid., para 13.

⁴² Ibid., para 15.

⁴³ Ibid. para 32.

⁴⁴ Craig / De Burca, EU Law, p. 166.

⁴⁵ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 38.

⁴⁶ Craig / De Burca, EU Law, p.166.

⁴⁷ Ibid.

⁴⁸ Sapir et al., An Agenda for a Growing Europe – The Sapir Report, p. 104.

⁴⁹ Sapir et al., An Agenda for a Growing Europe – The Sapir Report, p.105. and cf. annex 5: The Single Market and Lisbon compared.

used as an intermediate instrument in combination with other available methods reaching from integration to harmonisation.⁵⁰

2.2.2. Dimensions of reform

The Lisbon strategy comprised a wide range of different goals and measures. In the following part the most important ones will be briefly introduced so as to gain a good overview of the main goals and measures of the strategy. They are presented accordingly to the sections of the 79 structural indicators, which were developed to measure the strategy's progress.⁵¹ Those sections are the field of economic performance, the field of employment, the field of research, innovation and education, the field of economic reform, the field of social cohesion and finally the field of environment.

The field of economic performance did not comprise specific targets but was nevertheless regarded as important, because a healthy economic background was perceived as the prerequisite for a successful implementation of the Lisbon strategy. Hence the Lisbon approach implied that the Member States should lessen the tax pressure on labour and increase the incentives of tax and benefit systems as regards employment.⁵² Furthermore the Member States' budgets should be kept close to balance in order to ensure long-term sustainability of public finances and public expenditure should be redirected in order to focus on physical and human capital accumulation.⁵³ An average growth rate of 3 % per year was expected in case the Lisbon measures were applied against a sound macro-economic background.⁵⁴ Particularly the Cologne process should contribute towards reaching these goals.⁵⁵

In the policy field of employment the Lisbon strategy asked for an active employment policy within the framework of the Luxembourg process, so as to strengthen employment and consequently reinforce the sustainability of the social protection systems.⁵⁶ The Lisbon Strategy in combination with the employment guidelines of the Luxembourg process mainly aimed at full employment, improving quality and productivity at work and strengthening social cohesion and inclusion.⁵⁷ More precisely the objectives consisted in attracting more people in employment via pension reforms, active-ageing strategies, improving childcare, minimizing gender gaps in pay, making work pay and by reducing the informal economy and undeclared work.⁵⁸ In addition to that the adaptability of companies and workers to technological change and global competition should be improved as well as flexibility and

⁵⁰ Rodrigues, in: M. Tèlo "L'evoluzione della governance europea" special issue of "Europa/Europe", Rome, no 2-3, 2001, pp. 104.

⁵¹ For the complete list of the 79 structural indicators see the Eurostat webpage:
http://epp.eurostat.ec.europa.eu/portal/page/portal/structural_indicators/documents/Structural%20indicators.pdf, (May 2012)

⁵² European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 23.

⁵³ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 23.

⁵⁴ Ibid., para. 6.

⁵⁵ Ibid., para 23.

⁵⁶ Ibid., para. 28.

⁵⁷ Council Decision of 22 July 2003 on guidelines for the employment policies of the Member States (2003/578/EC), p. 17.

⁵⁸ Commission staff working document, in support of the report from the Commission to the Spring European Council, 22-23 March 2005, January 2005, p. 12 f..

security in the labour market via part time and contract employment.⁵⁹ The Lisbon strategy also aimed at improving the mobility of workers by reforming the occupational pension's rights, by introducing a European Health Insurance Card and by ensuring more transparency of qualifications.⁶⁰ Detailed targets were amongst others the increase of the total employment rate to 70 % by 2010 and to increase the number of women in employment to more than 60 % by 2010.⁶¹

As the strategic goal of the Lisbon strategy says, one of the key objectives of the strategy was the transition towards a knowledge-based society. The main elements of this aspect of the strategy were research and innovation, the establishment of an information society and education and training.

In the field of research and innovation the overarching goal was to establish a European Area of Research and Innovation.⁶² The Council highlighted in particular the need to better integrate and coordinate the research activities of the Member States and the necessity to ensure that research and innovation is appropriately rewarded in Europe in order to make Europe attractive for research talents.⁶³ Also private research investment, R&D partnerships and high technology start-ups were supposed to be supported by improving the respective environment. Specific targets in this field were the adoption of a Community patent by the end of 2001⁶⁴ and the increase in R&D spending up to 3 % of GDP until 2010.⁶⁵

As regards the information society this aspect underlined the expected growth potential of the information and communications technology (ICT). The Council stressed that an "inexpensive, world-class communications infrastructure"⁶⁶ must be available for businesses and citizens together with the respective skills and the regulatory framework to make efficient use of Europe's e-potential.⁶⁷ In addition to that the Council wanted to ensure that Europe maintained its leadership in key technology areas.⁶⁸ Specific targets included that all schools were to be connected to the Internet by the end of 2001 and that Member States ensured electronic access to general public administration services by 2003.⁶⁹ So as to be able to participate in the knowledge-based economy, the Council emphasised the necessity to offer learning and training opportunities to different target groups.

The three main aspects of education and training were the development of local learning centres and partnerships, the promotion of new basic skills, especially in the field of information and communication technology, foreign languages and entrepreneurship and greater transparency of qualifications.⁷⁰ Another important target in this field was the

⁵⁹ Ibid. p. 13 f.

⁶⁰ Ibid., p. 14.f.

⁶¹ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 30.

⁶² Ibid., para 12.

⁶³ Ibid.

⁶⁴ Ibid., para 13.

⁶⁵ European Council Barcelona, Conclusions of the Presidency, 15 and 16 March 2002, para. 47.

⁶⁶ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 9.

⁶⁷ Ibid., para. 9, 10.

⁶⁸ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 10.

⁶⁹ Ibid., para. 11.

⁷⁰ Ibid., para. 25, 26.

promotion and facilitation of mobility for students, teachers and training and research staff.⁷¹ In order to achieve these goals the Council asked the Member States for a considerable increase in annual spending for human resources.⁷² In addition to that the Council intended to decrease the number of 18 to 24 year olds who only have lower-secondary level education by 50 %.⁷³

The dimension of economic reform of the Lisbon strategy contained the creation of a friendly environment for businesses, reforms of the internal market, especially as regards services, and better access to finance via efficient and integrated financial markets. Relating to the creation of a friendly environment for businesses the Council had particularly the SMEs in mind, because especially those enterprises suffer from the cost of doing business and unnecessary administrative burdens.⁷⁴ By reducing these burdens the Council intended to render the EU economy more competitive and dynamic. Moreover the Council planned to award more European Investment Bank (EIB) and European Investment Fund (EIF) funding towards business start-ups, high-tech firms and micro-enterprises.⁷⁵ In the field of the internal market one of the main goals was to facilitate the free movement of services. Therefore the Commission proposed, in line with the Lisbon strategy's objectives to boost growth and employment, a services directive in 2004, which aimed at providing a legal framework so as to eliminate the impediments to cross-border trade in services.⁷⁶ Furthermore the Council intended to complete the internal market in the areas of gas, electricity, postal services and transport.⁷⁷ Additionally the strategy called for an intensified application of competition rules and a reduction of the general level of State aid so as to ensure a level playing field.⁷⁸ Specifically the Cardiff process was intended to contribute by coordinating the structural reforms and by developing structural performance indicators.⁷⁹ In order to ensure a better allocation of capital and to reduce at the same time its cost, the Council integrated the goal of efficient and transparent financial markets in the Lisbon strategy.⁸⁰ The two main elements of the financial market integration were the Financial Services Action Plan (FSAP), which was to be implemented by 2005 and the Risk Capital Action Plan (RCAP), which was to be implemented by 2003.⁸¹ The FSAP was developed in 1999 in order to create a single market for wholesale financial services, to establish open and secure retail markets, to strengthen the rules on prudential supervision and to improve the general conditions for a single financial market.⁸² The RCAP was created in 1998 so as to contribute to job creation by promoting

⁷¹ Ibid., para 26.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid., para. 14.

⁷⁵ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para 15.

⁷⁶ European Commission, Proposal for a directive of the European Parliament and of the Council on services in the internal market, March 2004, para.1.

⁷⁷ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 17.

⁷⁸ Ibid.

⁷⁹ Ibid., para 18.

⁸⁰ Ibid., para. 20.

⁸¹ Ibid., para. 21.

⁸² Commission Com. of 11 May 1999: "Implementing the framework for financial markets: action plan" COM (1999 final) 232, p. 22-31.

equity financing to small and medium-sized enterprises (SMEs) and high-growth companies via risk-capital markets.⁸³

The dimension of social cohesion mainly consisted of the objectives to modernise social protection and to promote social inclusion. The European social model, especially pension and healthcare systems, needed to adjust to new challenges, mainly the challenge of an ageing population. Therefore the Council aimed at adapting the systems of social protection to an active welfare state.⁸⁴ Regarding social inclusion one of the main goals of the Lisbon strategy was to reduce the number of people living in poverty by enabling all members of the society via improving their skills, promoting wider access to knowledge and opportunity and via fighting unemployment, to participate in the knowledge-economy.⁸⁵ The EU's Structural Funds were supposed to complement the Member States' effort in this field at Community Level.⁸⁶

The environmental dimension was added to the Lisbon strategy at the Göteborg summit in 2001 and provided for an inclusion of environmental aspects in practically all EU policy fields.⁸⁷ The priority areas of this dimension were climate change, transport, public health and natural resources.⁸⁸ As regards climate change the EU committed itself to significantly reduce greenhouse gas emissions as declared in the Kyoto Protocol by 2005 and to increase the percentage of renewable energy in gross electricity consumption to 22 % by 2010.⁸⁹ Concerning the area of transport the target of the Council was to decouple transport growth and GDP growth by promoting the use of rail, water and public passenger transport.⁹⁰ In the area of public health the Lisbon strategy aimed at responding to citizens' concerns about issues regarding amongst others the quality of food or the use of chemicals.⁹¹ Finally in the area of natural resources the Council called for a sustainable use of natural resources and set the goal to stop the loss of biodiversity by 2010.⁹² Especially the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) should contribute to these goals.⁹³

2.3. The mid-term review and re-launch of the Lisbon strategy

Five years after its establishment the European Council reviewed the Lisbon strategy. It was apparent from the evaluation of the structural indicators that the performance of the strategy compared to its goals was weak. Consequently the Council refocused the strategy's objectives and re-launched it with the new subtitle "Working together for growth and jobs". In addition to the, on the behalf of the Council, prepared report by the High Level Group (HLG), the so-called Kok-Report, many experts commented on the, by then, poor performance of the Lisbon strategy. The following section will shortly present the main findings of the Kok-Report and

⁸³ Commission Com. of 31 March 1998. "Risk Capital: A Key to Job Creation in the European Union" SEC(1998)552 final, p. 1.

⁸⁴ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 31.

⁸⁵ Ibid., para. 32.

⁸⁶ Ibid., para. 33.

⁸⁷ European Council, Göteborg European Council 15.06. – 16.06.2001: Presidency Conclusions, June 2001, para. 32.

⁸⁸ Ibid., para. 27.

⁸⁹ Ibid., para. 28.

⁹⁰ European Council, Göteborg European Council 15.06. – 16.06.2001: Presidency Conclusions, June 2001, para. 29.

⁹¹ Ibid., para. 30.

⁹² Ibid., para. 31.

⁹³ Ibid.

other experts' opinions and then introduce the main modifications of the re-launched Lisbon strategy.

2.3.1. The Kok-Report

At the Spring European Council in Brussels in 2004 the Commission was assigned to establish a High Level Group, which was supposed to prepare a report for the mid-term review of the Lisbon strategy. The group was led by Wim Kok the former Prime Minister of the Netherlands and consisted of 13 experts from different Member States. The task was to independently review the progress of the strategy and to identify measures that would contribute to achieve the Lisbon objectives by 2010.⁹⁴ The HLG published its report in November 2004, the main message being that the achievement of all the set goals of the Lisbon Strategy by 2010 was practically impossible.⁹⁵ The main reason for this, as identified by the HLG, was the lack of determined political action by the European institutions and the Member States.⁹⁶ Additionally the report stated that the agenda was overloaded, that the coordination was poor and that the priorities were conflicting.⁹⁷ "The problem is, however, that the Lisbon strategy has become too broad to be understood as an interconnected narrative. Lisbon is about everything and thus about nothing. Everybody is responsible and thus no one."⁹⁸

The HLG specified in its report that while there has been some progress as regards the employment objective and the spread of ICT and Internet use, the performance in the remaining domains has been disappointing.⁹⁹ Although the HLG considered that external factors like the implosion of the stock market bubble in the US in 2000 and the following economic downturn or the terrorist attacks of 09/11 negatively influenced the economy and consequently the implementation of the Lisbon strategy, the group insisted that "many Member States have not taken the execution and delivery of the agreed measures seriously enough".¹⁰⁰ Nevertheless the HLG was of the opinion that the objectives of the strategy were still valid and that, despite the, until then, poor performance, the Lisbon strategy was not over-ambitious.¹⁰¹ The HLG saw the EU confronted with three, not unforeseeable, challenges that made successful implementation as urgent as before.

To begin with, the competition with the US, China and India was growing. In addition to lower growth of labour productivity per hour as against the US due to lacking investment in R&D and a slow rate of ICT diffusion¹⁰², the Chinese economy was catching up quickly, also in high value-added goods, and India was especially in the services sector a strong competitor.¹⁰³ The second challenge identified by the HLG was internal. The low birth rates

⁹⁴ European Council, Brussels European Council, 25.03. – 26.03.2004, Presidency Conclusions, para. 48.

⁹⁵ Report from the HLG chaired by W. Kok, "Facing the challenge – The Lisbon strategy for growth and employment", Nov. 2004, p. 11.

⁹⁶ Ibid., p. 6.

⁹⁷ Ibid.

⁹⁸ Ibid., p. 16,

⁹⁹ Ibid., p. 11.

¹⁰⁰ Ibid., p. 9 f..

¹⁰¹ Ibid., p. 11.

¹⁰² Report from the HLG chaired by W. Kok, "Facing the challenge – The Lisbon strategy for growth and employment", Nov. 2004, p. 15. and cf. annex 6: Growth of Labour productivity per hour (moving average) EU – US.

¹⁰³ Ibid., p. 12.

and higher life expectancies were threatening the sustainability of the European welfare systems, in case the employment rate, especially for older workers, could not be increased.¹⁰⁴ The third challenge was the one of the Eastern enlargement. While the EU population had increased about 20 % the GDP had only done so by about 5 %, which made the achievement of the Lisbon targets even more difficult.¹⁰⁵ Also the enlargement did not influence GDP per capita, employment rates and R&D investment rates positively.¹⁰⁶

As an answer to these challenges and the poor performance the Kok-Report identified five priority areas for a renewed Lisbon strategy, namely the realisation of the knowledge society, the completion of the internal market, the right climate for entrepreneurs, an inclusive labour market and environmental sustainability, which were supposed to be supported by growth-enhancing macroeconomic policies.¹⁰⁷ In order to make the Lisbon strategy deliver the Kok-Report essentially recommended to refocus its objectives on growth and employment, not meaning that the objectives of social cohesion should be abandoned, but “in order to underpin social cohesion and sustainable development”¹⁰⁸. Nevertheless the report mainly emphasised economic aspects. Social cohesion and environmental aspects have been disregarded to a wide extent.

But more important as the key recommendations given for each of these areas, which basically re-directed the focus on certain objectives and measures already known, were the recommendations given for the governance framework of the Lisbon strategy.

As already mentioned above the HLG saw the lack of commitment and political will as the main reason for the slow progress of the Lisbon strategy. For this reason the report recommended a more active role for the president of the Commission who should drive the strategy forward.¹⁰⁹ Another important recommendation was that all stakeholders, especially national parliaments, citizens and social partners, should be better involved in the process of implementation so as to increase the ownership and understanding of the strategy and in order to put more pressure on the national governments.¹¹⁰ Furthermore the HLG proposed that two-year national action programmes, about how to implement the strategy’s guidelines, should be developed to increase transparency.¹¹¹ The National Action Programmes (NAPs), taking into account the principles of the BEPGs and employment guidelines, should then be evaluated and reinforced at EU level, again to increase pressure on the governments.¹¹² In order to guarantee consistency and coherence though, the HLG recommended to first of all revise the BEPGs and employment guidelines.¹¹³ The group attested that they were at that time seen as “two separate worlds”¹¹⁴. In addition to better coherence of the policies, the HLG also demanded more coherence for the institutions, meaning that the EP should be enabled to

¹⁰⁴ Ibid. p. 13.

¹⁰⁵ Ibid.

¹⁰⁶ Cf. annex 7: The challenge of enlargement (2004).

¹⁰⁷ Report from the HLG chaired by W. Kok, “Facing the challenge – The Lisbon strategy for growth and employment”, Nov. 2004, p. 18.

¹⁰⁸ Ibid., p. 39.

¹⁰⁹ Report from the HLG chaired by W. Kok, “Facing the challenge – The Lisbon strategy for growth and employment”, Nov. 2004, p. 40.

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Ibid., p. 41.

¹¹³ Ibid.

¹¹⁴ Ibid.

control the process and the work of the Commission.¹¹⁵ Furthermore the Kok-Report advised the Council to better align the EU-budget to the targets of growth and employment so as to reflect the strategy's priorities.¹¹⁶ Of course also the OMC, as one of the cornerstones of the Lisbon strategy, was analysed by the HLG. The outcome was that the group evaluated the OMC, as it was used until then, as ineffective.¹¹⁷ According to the Kok-Report this was mainly due to the lack of peer pressure, because of the high number of indicators, which rendered the process of evaluation inconclusive.¹¹⁸ The HLG proposed to only use 14 targets and indicators so as to increase the peer pressure and to introduce league tables as part of a process of "naming, shaming and faming".¹¹⁹ But not only the OMC was criticised. Also the Community method did not deliver satisfying results for the HLG, due to the high number of not or wrongly transposed directives.¹²⁰ The final recommendation of the Kok-Report for the amendment of the Lisbon strategy's governance framework was to improve the way the Commission communicates with the European public so as to ensure that the relevant people understand and support the EU's approach. "The need for reform has to be explained especially to citizens who are not always aware of the urgency and scale of the situation. 'Competitiveness' is not just some dry economic indicator that is often unintelligible to the man in the street (...)"¹²¹

2.3.2. Other experts' opinions about the mid-term review

In addition to the Kok-Report also other experts commented on the progress of the Lisbon strategy. All of them agreed that the performance so far was weak and far behind expectations.¹²² They had however to some extent different explanations and solutions for this situation.

Pisany-Ferry was of the opinion that the usually mentioned reason, meaning the high number of objectives and indicators, was not sufficient to explain the slow progress.¹²³ He held that the lack of incentives, in terms of positive cross-border externalities and pressure from voters, with regard to the coordination of Member States reforms within the EU, was the main reason for the weak performance.¹²⁴ Positive cross-border externalities of supply-side reforms, like reforms to decrease structural unemployment, he argued are in most cases not as obvious as those of demand-side reforms and therefore the Member States have no interest in coordinating them.¹²⁵ Regarding the lack of pressure from the public he argued that within the EU the complexity of factors, which influence the success of reforms, impedes the ability of

¹¹⁵ Report from the HLG chaired by W. Kok, "Facing the challenge – The Lisbon strategy for growth and employment", Nov. 2004, p. 42.

¹¹⁶ Ibid.

¹¹⁷ Ibid., p. 43.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid., p. 42.

¹²¹ Ibid., p. 44.

¹²² Pisany-Ferry, J., in: CESifo Forum 2/2005, p. 21., Tabellini / Wyplosz, Supply-side reforms in Europe: Can the Lisbon Strategy be repaired?, p. 51., Sapir, A., in: Growth and Stability in the EU: Perspectives from the Lisbon Agenda, p. 23.

¹²³ Pisany-Ferry, J., in: CESifo Forum 2/2005, p. 21.

¹²⁴ Ibid., p. 26.

¹²⁵ Ibid.

voters to compare the performance of their respective government.¹²⁶ Additionally he held that another impediment to this ability is that voters do not have enough information for appraising the trade-offs of structural reforms.¹²⁷ Apart from the lack of incentives another reason for the weak performance was according to him that due to the constraints of the Stability and Growth Pact (SGP) governments could not compensate short term costs of structural reforms and were therefore, especially if they were politically motivated, reluctant to undertake these reforms.¹²⁸ Pisany-Ferry's recommendations were therefore to rely firstly on reform coordination only in fields that cause positive cross-border externalities, like research, and to support the coordination via the EU budget.¹²⁹ Secondly he recommended that, especially within the Eurozone, structural and macroeconomic reforms and policies should be better coordinated so as to ensure complementary effects.¹³⁰

Tabellini and Wyplosz were of the opinion that the main reason for the failing Lisbon strategy were the objectives. They argued that the Lisbon strategy's objective was too ambitious and that it was failing, because neither party took the objective seriously.¹³¹ Another reason was according to them that while setting up the quantified objectives no account was taken of the different initial bases and capabilities of the Member States to meet them.¹³² Additionally they criticise that the objectives are about outcomes and not about policy measures, which makes it difficult to evaluate whether the Member States did not show enough effort in implementing or whether the effects of the implemented policies are unsatisfactory.¹³³ Furthermore they saw another reason for the weak performance in the high number of different structural indicators, which induced the Member States, knowing that they are unable anyway to fulfil all of them, to choose the ones that are easy to comply with.¹³⁴ Tabellini and Wyplosz due to these reasons recommended to focus on two broad policy areas, namely the single market and the labour market, and to review the respective means, namely the OMC and the Community method.¹³⁵ They proposed to increase the enforcement powers of the EU institutions in the field of the single market so as to strengthen their position and ensure progress.¹³⁶ According to them peer pressure on EU level was not sufficient to ensure implementation by Member States, because national lobbies of firms or employees of public institutions were the main opposition to national reforms and have more power on national level than on EU level to influence policymakers.¹³⁷ In contrast they favoured the OMC in the field of labour policy, provided that the number of objectives was reduced, because here only a national policymaker could handle the specific, politically sensitive peculiarities.¹³⁸ Additionally they argued that the peer pressure must be shifted to pressure from the public opinion, for instance by requiring the Commission's progress reports to be discussed by national parliaments, because politicians' actions were strongly influenced by voters' opinions.¹³⁹

¹²⁶ Ibid., p. 27.

¹²⁷ Ibid.

¹²⁸ Ibid., p. 27 f..

¹²⁹ Ibid., p. 29.

¹³⁰ Pisany-Ferry, J., in: CESifo Forum 2/2005, p. 29.

¹³¹ Tabellini / Wyplosz, Supply-side reforms in Europe: Can the Lisbon Strategy be repaired?, 2004, p. 51.

¹³² Ibid.

¹³³ Ibid., p. 52.

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ Ibid., p. 52 f..

¹³⁷ Tabellini / Wyplosz, Supply-side reforms in Europe: Can the Lisbon Strategy be repaired?, 2004, p. 53.

¹³⁸ Ibid., p. 54.

¹³⁹ Ibid.

While Sapir in his report generally supports the objectives of the Lisbon strategy, he also criticises the governance methods.¹⁴⁰ In the first four clusters of his agenda he confirmed the basic principles of the Lisbon strategy, namely that the single market has to become more dynamic, that the investment in knowledge must be increased and that the macroeconomic framework must be improved.¹⁴¹ He additionally emphasised that in view of the enlargement the policies for convergence and restructuring must be redesigned.¹⁴² Regarding the governance framework he stressed though that there was a gap between the strategy's objectives and the means to implement them.¹⁴³ He therefore demanded in his agenda that the means needed to become more effective and that the EU budget should be reformed so as to support the strategy's objectives.¹⁴⁴ More precisely he recommended with regard to the Lisbon strategy that the scope of the OMC should be refocused to areas where the EU only has a supporting part and that its implementation should be strengthened, especially in terms of assessment of the Member States relative performance.¹⁴⁵ Secondly he recommended that the EU should use incentive-based methods in fields where there is a rationale for it like research and education in order to support the Member States efforts.¹⁴⁶ Thirdly he argued that the EU should, with regard to the compliance of Member States with the goals of the Stability and Growth Pact, consider the purpose of additional expenditures of Member States in case these expenditures are growth-enhancing, so as to circumvent this conflict of objectives.¹⁴⁷ Regarding the budget he suggested two measures in view of the Lisbon strategy's growth objective. He recommended firstly to restructure the EU budget into three funds, namely a fund for R&D, a convergence fund and a fund for economic restructuring.¹⁴⁸ Furthermore he suggested cutting the expenditure for agriculture so as to be able to spend more for growth-enhancing measures.¹⁴⁹

Although the explanations of the above-mentioned experts are to some extent different, their common denominator is the criticism of the governance framework. Whether the re-launched Lisbon strategy for growth and jobs took account of this criticism will be analysed in the following subchapter.

2.3.3. The Lisbon strategy for growth and jobs

In March 2005 at the Spring European Council in Brussels the European leaders evaluated the results of the Lisbon strategy since 2000 as "mixed".¹⁵⁰ Consequently they decided to re-launch the strategy with a central focus on growth and employment, as the Kok-Report had suggested.¹⁵¹ The re-launch was supposed to concentrate on the following three areas, namely knowledge and innovation, making Europe a better place to invest and work and growth and

¹⁴⁰ Sapir et al., *An Agenda for a Growing Europe – The Sapir Report*, p. 190.

¹⁴¹ *Ibid.*, p. 157 ff..

¹⁴² *Ibid.*

¹⁴³ *Ibid.*, p. 190.

¹⁴⁴ *Ibid.*, p. 183 ff..

¹⁴⁵ *Ibid.*, p. 190 f..

¹⁴⁶ Sapir et al., *An Agenda for a Growing Europe – The Sapir Report*, p. 191.

¹⁴⁷ *Ibid.*

¹⁴⁸ *Ibid.*, p. 198.

¹⁴⁹ *Ibid.*, p. 200.

¹⁵⁰ European Council, Brussels European Council, 22.03. – 23.03.2005, Presidency Conclusions, para. 4.

¹⁵¹ *Ibid.*, para. 5.

employment for more social cohesion.¹⁵² Besides the shift away from the areas of social cohesion and sustainable environment to an increased focus on the economic aspects, as already emphasised in the Kok-Report, the objectives remained practically unchanged. The influence of the Kok-Report was obvious as well in the Commission's communication to the Spring European Council where the Barroso Commission mainly adopted the findings of the Kok-Report regarding the reasons for the weak performance.¹⁵³ The renewed Lisbon strategy was therefore supposed to build on three central concepts, namely more focus on the basic policies, more support and ownership of the strategy and a simplified and streamlined process.¹⁵⁴ These central concepts were to be supported by an adapted stability and growth pact and by the EU budget.¹⁵⁵

So as to increase the ownership of the strategy and also in order to simplify and streamline the implementation process, a modified governance approach was introduced. Based on a strategic report by the Commission, which should be published in a three-year cycle and establish the political guidelines for the economic, social and environmental aspects of the strategy, and on a set of integrated guidelines, which should ensure consistency of the BEPGs and the employment guidelines, the Member States were supposed to develop national reform programmes.¹⁵⁶ The integrated guidelines covered macroeconomic, microeconomic and employment guidelines and were composed of twenty-four guidelines altogether. The national reform programmes should be developed together with all stakeholders at national and regional level so as to ensure ownership and legitimacy of the strategy.¹⁵⁷ Furthermore the national reform programmes should guarantee that account is taken of the different situations of the Member States.¹⁵⁸ Alongside the national programmes the Commission was supposed to develop a Community Lisbon programme, which should identify the necessary actions to be taken at EU level and additionally ensure policy convergence.¹⁵⁹ The national reform programmes were at the same time designed to become the major reporting tool for the Member States so as to simplify their yearly reporting process.¹⁶⁰ Up to then the Member States had to prepare about ten annual reports, which involved a high administrative burden.¹⁶¹ In addition to these reports of the Member States the Commission should establish a yearly report on the implementation progress on whose basis the Spring European Council should decide on modifications of the integrated guidelines.¹⁶² The Commission measured the progress on the basis of the 14 structural indicators, as proposed by the Kok-Report.¹⁶³ At the end of the three-year cycle all programmes should be reviewed and a new three-year cycle should start, based on a new strategic report by the Commission.¹⁶⁴ Since 2007 the Council additionally adopted country specific recommendations, which were based on the

¹⁵² Ibid., para. II B.

¹⁵³ European Commission, Communication to the Spring European Council, Working together for growth and jobs – A new start for the Lisbon Strategy, COM (2005) 24, p. 4.

¹⁵⁴ Ibid., p. 5.

¹⁵⁵ European Council, Brussels European Council, 22.03. – 23.03.2005, Presidency Conclusions, para. 7.

¹⁵⁶ Ibid., para. 39.

¹⁵⁷ Ibid.

¹⁵⁸ European Council, Brussels European Council, 22.03. – 23.03.2005, Presidency Conclusions, para. 39.

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

¹⁶¹ Commission staff working document, in support of the report from the Commission to the Spring European Council, 22-23 March 2005, January 2005, p. 49.

¹⁶² European Council, Brussels European Council, 22.03. – 23.03.2005, Presidency Conclusions, para. 39.

¹⁶³ Cf. annex 8: The 14 structural indicators.

¹⁶⁴ Ibid., para. 40.

Commission's assessment of Member States progress towards their national reform programmes, so as to point to poor performance and concentrate on main reform priorities.¹⁶⁵

In addition to the already mentioned purposes this modified approach intended to define the role of the European Council and the Commission more clearly. While the European Council had the guiding role and responsibility and determined accordingly the general guidelines, the Commission ensured consistency at EU level and evaluated the progress of the strategy. The Member States had due to the national reform programmes clearer input and could not blame their poor performance on the complexity and standardisation of targets.

The re-launch of the Lisbon strategy was in general regarded doubtfully. According to Collignon it was "less but the same"¹⁶⁶ and also Pisany-Ferry and Sapir doubted that the re-launched strategy could succeed.¹⁶⁷ A reform or improvement of the OMC for instance, as the Kok-Report, Sapir and others had strongly suggested, was neither in the Commission's communication nor in the presidency's conclusion explicitly mentioned. Furthermore the incentives for Member States to undertake structural reforms, as proposed by Pisany-Ferry and Sapir, were not enhanced. Although some improvements regarding the focus, the number of indicators and the reporting procedures were thus introduced with the re-launch, some major points of criticism were not amended.

2.4. Performance analysis of the Lisbon strategy

The Lisbon strategy was established with an ambitious goal. The evaluation ten years later was more or less sobering. The following section will analyse the main outcomes of the strategy and highlight the main reasons for this outcome.

2.4.1. A comparison of goals and achievements

When comparing the main goals and the actual outcomes of the Lisbon strategy one can clearly say that the Lisbon strategy has failed. None of the quantified targets as regards the areas of economic performance, employment, research and innovation, social cohesion and sustainable development has been reached. The average GDP growth rate has stayed far behind the target (cf. table 1), which hasn't made the achievements of the remaining targets easier. Also the targets for overall and female as well as the employment rate for older workers have not been reached (cf. table 1). The spending on R&D could only be increased slightly compared to the initial value of 2000 and is still 1 % lower than planned (cf. table 1). Also in the area of social cohesion, although no quantified target was set, no progress could be observed. The rate of people living at risk of poverty after social transfers remained the same since 2005 (cf. table 1).¹⁶⁸ Finally the goal of 22 % for electricity generated from renewable sources was missed as well (cf. table 1).

¹⁶⁵ European Council, Council Recommendation of March 27 2007, Official Journal of the European Union, 03.04.2007.

¹⁶⁶ Collignon, S., „The Lisbon Strategy, Macroeconomic Stability and the Dilemma of Governance with Governments“, in: International Journal of Public Policy, Vol. 3, Nos. 1/2, 2008, p. 3.

¹⁶⁷ Pisany-Ferry, J. / Sapir, A., "Last Exit to Lisbon", Bruegel Policy Contribution, 2006, p. 13.

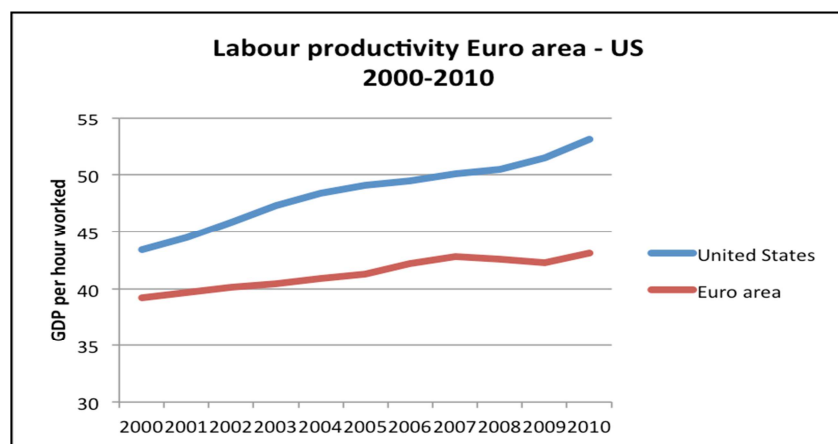
¹⁶⁸ no data available before 2005.

Table 1: Comparison of goals and achievements in key areas

<i>EU 27 - key figures</i>	2000 (initial value) (%)	2010 (%)	Target 2010 (%)	Gap (percentage points)
Average GDP growth rate	3.90	1.62	3.00	-1.38
Overall employment rate	62.20	64.10	70.00	-5.90
Female employment rate	53.70	58.20	60.00	-1.80
Employment rate for older workers (55 - 64)	36.90	46.30	50.00	-3.70
R & D spending of GDP	1.86	2.00	3.00	-1.00
People at risk of poverty after social transfers (% of total population)	16.4 (2005)	16.40	-	-
Electricity generated from renewable sources	13.60	18.2 (2009)	22.00	-3.80

Source: Eurostat, available at: http://epp.eurostat.ec.europa.eu/portal/page/portal/structural_indicators/indicators, (May 2012); own illustration.

Especially the low progress in the R&D sector has contributed to the fact that the EU could not close the productivity gap with the US, which was one of the major reasons why the Lisbon strategy was launched.¹⁶⁹ Particularly the performance of the Euro area was much lower than the US' (cf. fig. 6).

Figure 6: Labour productivity Euro area - US

¹⁶⁹ Cf. annex 9: Labour productivity per employee EU 27 – US (1999 – 2010).

Source: OECD, available at: <http://stats.oecd.org/Index.aspx?DataSetCode=PDYGTH>, (May 2012); own illustration.

The Commission's own assessment nevertheless was that "the Lisbon Strategy has had a positive impact on the EU (...)".¹⁷⁰ The evidence for progress mentioned by the Commission was relatively vague though. According to the Commission positive aspects were that the Lisbon strategy has helped to build consensus among the Member States about necessary reforms.¹⁷¹ Additionally the Commission mentioned that "tangible benefits", like increased employment, more dynamic business environment, more choice for consumers and a more sustainable future, have been delivered by the Lisbon strategy.¹⁷² The Commission itself limits this statement in the following sentence stating that "it is not always possible to demonstrate a causal link between Lisbon reforms and growth and jobs outcomes (...)".¹⁷³ Furthermore the evaluation paper of the Commission positively highlights that the partnership approach introduced in 2005 has improved the co-operation and the division of responsibilities between the EU and its Member States.¹⁷⁴

Of course it would be wrong to say that the Lisbon strategy has not fulfilled any of its commitments, but nevertheless the overarching goal of the Lisbon strategy "to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion"¹⁷⁵ has not been reached. The reasons for this failure will be more closely examined in the following subsection.

2.4.2. Why has the Lisbon strategy failed?

First of all it has to be analysed whether external factors have led to the failure of the Lisbon strategy. The economic development during the decade was marked by ups and downs. The Lisbon strategy was launched at a time of optimism. The real GDP growth rate of the EU was at 3,9 % and people believed in the growth potential of the ITC sector (cf. fig. 7). The economic downturn followed quickly due to the consequences of implosion of the stock market bubble in the US in 2000 and the terrorist attacks of 09/11. Consequently the growth rate dropped to 2,2 % in 2001 and 1,3 % in 2002 (cf. fig. 7). The following years were characterised by a slight upturn in 2003 and 2004 and yet another downturn in 2005 (cf. fig. 7). While in 2006 and 2007 the economy recovered with growth rates of 3,3 % and 3,2 % (cf. fig. 7), the financial crisis caused a significant decline in growth rates in 2008 and 2009 (cf. fig. 7). In 2010 the economy started to recover with a growth rate of about 2 %. (cf. fig. 7).

¹⁷⁰ European Commission, Commission staff working document, Lisbon Strategy evaluation document, SEC (2010) 114 final, 02.02.2010, p. 3.

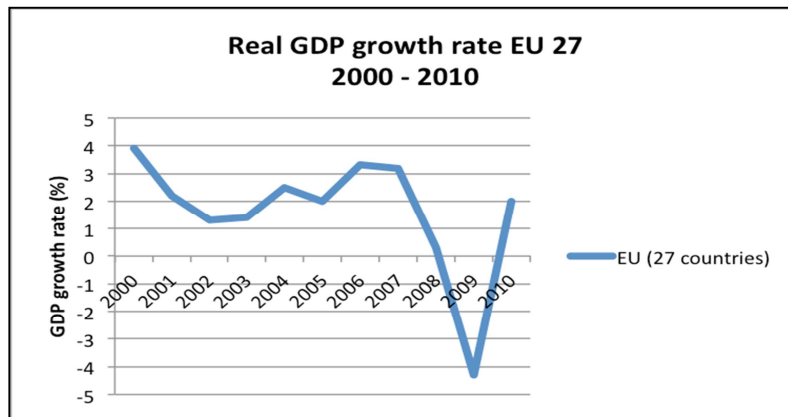
¹⁷¹ Ibid.

¹⁷² Ibid.

¹⁷³ Ibid.

¹⁷⁴ European Commission, Commission staff working document, Lisbon Strategy evaluation document, SEC (2010) 114 final, 02.02.2010, p. 5

¹⁷⁵ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 5.

Figure 7: Real GDP growth rate EU 27 (2000 - 2010)

Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb020>, (May 2012); own illustration.

The influence of the economic situation can clearly be seen in the development of the employment rate. While the target regarding total employment seemed achievable in 2008, at least for the EU 15 countries, the financial crisis caused a decrease in the employment rate.¹⁷⁶ Also the public finances have suffered due to the financial crisis. The general government deficit in 2009 amounted to 6,9 % of GDP.¹⁷⁷ Another external factor was possibly the enlargement of the EU in 2004 and 2007, which led to overall decrease in the relevant figures.¹⁷⁸ On the other hand experts estimated that the enlargement could contribute to the achievement of the Lisbon targets, though only marginally.¹⁷⁹ Furthermore the European leaders had have been aware of the positive as well as negative effects when launching the strategy in 2000.

While it is evident that those external factors have hampered the achievement of the Lisbon strategy's objectives, the main reasons for its failure are rooted in the governance structure of the Lisbon strategy. Created because of a lack of competences of the EU, the OMC did not deliver the expected benefits. As the Kok-Report had already pointed out, the main reason for this was the lack of political ownership and will, which is a necessary prerequisite for the success of voluntary cooperation. The re-launched Lisbon strategy could not increase this ownership. Also Collignon was of the opinion that Europe's governance had to be "re-thought".¹⁸⁰ He saw the reason for failure in a collective action problem. Because of the existence of incentives for free-riding Member States do not pursue policies that advance the overall collective good voluntarily.¹⁸¹ The solution would be the creation of new competences for the EU in areas where otherwise the Member States have no incentive to cooperate. But as Member States are not likely to give up more sovereignty, this is no option. Again the only possibility is voluntary cooperation, but as Wyplosz argues "political leaders never forget that

¹⁷⁶ Cf. annex 10: Employment rate EU 27 – EU 15 (2000 – 2010).

¹⁷⁷ Cf. annex 11: General government deficit / surplus EU 27 (2000 – 2010).

¹⁷⁸ Cf. annex 7: The challenge of enlargement (2004).

¹⁷⁹ Breuss, F. in: R. Caesar, K. Lammers, H.-E. Scharrer: „Europa auf dem Weg zum wettbewerbsfähigsten und dynamischsten Wirtschaftsraum der Welt?“, HWWA Studies Nr. 76, p. 157.

¹⁸⁰ Collignon, S., „The Lisbon Strategy, Macroeconomic Stability and the Dilemma of Governance with Governments“, in: International Journal of Public Policy, Vol. 3, Nos. 1/2, 2008, p. 12.

¹⁸¹ Ibid., p. 8 f..

they are accountable to domestic voters”.¹⁸² The solution for this dilemma is to increase the public’s awareness of the consequences of non-reform for the EU. Also the Commission has acknowledged this necessity in its evaluation when it mentions, “Communication has been an Achilles’ heel of the Strategy”.¹⁸³ In order to increase the attention of Europe’s people, the Commission should have for example pursued the approach of naming and shaming as proposed in the Kok-Report as well as by other experts.¹⁸⁴ Another reason why the Lisbon strategy was not as successful as expected, results from the Council having difficulties in adopting new regulations or directives and thus in “reaping the scale gains of harmonisation and integration”.¹⁸⁵ The first proposal of the services directive for example was published in January 2004, the final agreement was achieved in 2006 and the implementation was only finalised in 2009. Moreover the regulation on the EU-Patent, already called for at the Lisbon European Council in 2000¹⁸⁶, has still not been adopted mainly due to conflicts at EU level about the official languages for the patent.¹⁸⁷ In addition to the just mentioned reasons other factors have contributed to the failure of the strategy. The objectives were too numerous, partly unrealistic and at least for the first five years of the strategy no prioritisation was recognisable. Moreover there was sometimes a lack of consistency between the different policies, at least until the BEPGs and the employment guidelines were streamlined. But also the Integrated Guidelines were a mere “juxtaposition” of the BEPGs and the Employment Guidelines without indication of priorities.¹⁸⁸ There should thus be more individual objectives and guidelines with priorities for each Member State. The country specific recommendations given by the Council are a good starting point, which should be further developed. Moreover the EU budget and other EU instruments, like the Cohesion Fund, could have been used more efficiently. Although this was already part of the mid-term review’s critique of the strategy the EU-budget has not been aligned closer to the strategy’s goals significantly. In 2010 about 54.700 million Euro were spend for the Common Agricultural Policy, but only about 6.400 million Euro for R&D.¹⁸⁹ As already mentioned above the Stability and Growth Pact was partly seen as a constraint to the Lisbon strategy, especially in times of economic downturn. Also the Commission mentioned that it operated in “isolation”.¹⁹⁰ Therefore it should be reformed in a way so as to support the goals of the EU’s growth strategy.

Summing up one can thus say that there were several reasons that have contributed to the failure of the Lisbon strategy, the major one being its governance system.

¹⁸² Wyplosz, C. „The failure of the Lisbon strategy“, 2010, p. 3.

¹⁸³ European Commission, Commission staff working document, Lisbon Strategy evaluation document, SEC (2010) 114 final, 02.02.2010, p. 6.

¹⁸⁴ Tilford, S. / Whyte, P., “The Lisbon Scorecard X – The Road to 2020”, Centre for European Reform, London, 2010, p. 93.

¹⁸⁵ Soete, L., “Towards a Sustainable Knowledge-based Economy in Europe: from the Costs of ‘Non-Europe’ to the Costs of Europe?”, in: *Intereconomics*, vol. 45, no. 3, 2010, p. 161.

¹⁸⁶ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 13.

¹⁸⁷ Becker, Peter: “Die EU-Wachstumsstrategie ‘Europa 2020’ – Der Prozess als Ziel”, SWP-Studie, Deutsches Institut für Internationale Politik und Sicherheit, Berlin, 2011, p. 18.

¹⁸⁸ Pisany-Ferry, J. / Sapir, A., “Last Exit to Lisbon”, Bruegel Policy Contribution, 2006, p. 8.

¹⁸⁹ European Commission, EU budget 2010 – Financial Report, p. 13, 30.

¹⁹⁰ European Commission, Commission staff working document, Lisbon Strategy evaluation document, SEC (2010) 114 final, 02.02.2010, p. 4.

3. The Europe 2020 strategy

The European Council formally adopted the Europe 2020 strategy, the successor of the Lisbon strategy, at its summit in Brussels on 17 June 2010.¹⁹¹ It was developed against the background of the financial crisis. This had consequently had a strong influence on the strategy's approach, which has in general a more macroeconomic orientation than the Lisbon strategy. The Commission considers its new strategy "as a vision of Europe's social market economy for the 21st century".¹⁹² Due to the failure of the Lisbon strategy the motives for the Europe 2020 strategy were basically similar to the ones for the creation of the Lisbon strategy, namely competitiveness and the productivity gap as compared to the US, the low employment rate, the demographic situation in Europe and the climate challenges. The financial crisis had additionally intensified the situation and made a successful strategy accordingly even more urgent. The following section will present the main objectives and instruments of this new strategy.

3.1. Objectives of the Europe 2020 strategy

As already mentioned above the main reasons respectively challenges the EU faced when establishing the Europe 2020 strategy were similar to the ones at the time of the creation of the Lisbon strategy. Consequently the objectives of both strategies are quite similar, which is why the thesis will only briefly introduce the Europe 2020 strategy's objectives.

The Europe 2020 strategy's main priorities are to ensure smart growth, based on knowledge, innovation and a digital society, sustainable growth, based on competitiveness, the fight against climate change and resource efficiency, and inclusive growth, promoting high employment, better skills and social as well as territorial cohesion.¹⁹³ It is thus evident that growth is the overarching goal of the strategy, on the one hand in order to overcome the consequences of the current crisis and on the other hand in order to ensure the long-term sustainability of the European economy or as the Commission's President Barroso said, "Europe needs to get back on track. Then it must stay on track. That is the purpose of Europe 2020."¹⁹⁴ The strategy is designed to ensure a smooth transition from short-term crisis management towards medium- and long-term reforms for growth, employment and sustainability of public finances.¹⁹⁵ So as to guide the Member States' and the EU's efforts and to measure progress the Europe 2020 strategy comprises five headline targets, which should represent the three priorities of smart, sustainable and inclusive growth (cf. table 2).

¹⁹¹ European Council, European Council 17 June 2010, Conclusions, p. 2.

¹⁹² European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 5.

¹⁹³ European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 5.

¹⁹⁴ *Ibid.*, p. 2.

¹⁹⁵ European Council, European Council 17 June 2010, Conclusions, p. 2.

Table 2: The five headline targets of the Europe 2020 strategy

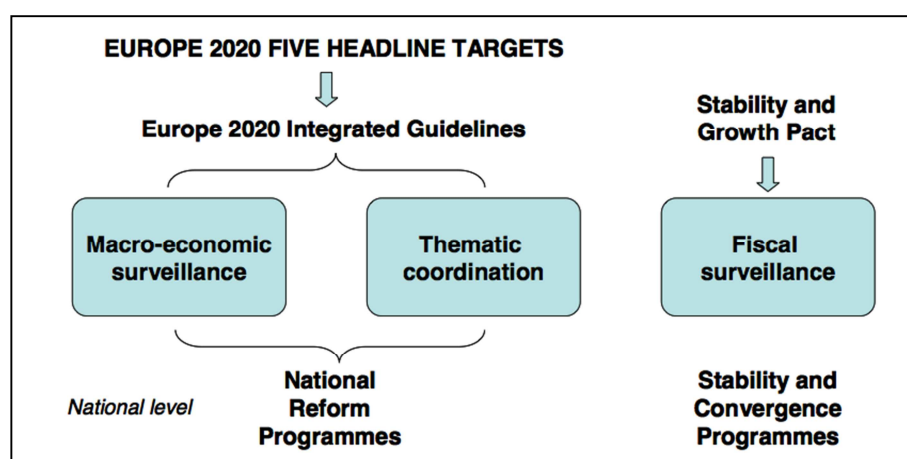
Employment rate for women and men aged 20-64	75%
Investment in R&D as a percentage of GDP	3%
Reducing greenhouse gas emissions compared to 1990 levels; share of renewables in final energy consumption; increase in energy efficiency	each 20 %
School drop-out rate	< 10 %
Share of 30-34 years old having completed tertiary or equivalent education	40%
Lifting people out of risk of poverty and exclusion	20 mio.

Source: European Council, European Council 17 June 2010, Conclusions, p. 11, available at: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/115346.pdf, (May 2012).

In order to reflect the individual situation of each Member State those five headline targets have been translated into national targets.¹⁹⁶ The Commission considers the achievement of these targets as “critical” to the strategy’s overall success.¹⁹⁷

3.2. Instruments of the Europe 2020 strategy

A main element of the Europe 2020 strategy, in addition to the goals of smart, sustainable and inclusive growth, is the aim of stronger economic governance.¹⁹⁸ In order to achieve this, the governance of the Europe 2020 strategy is based on a thematic approach and country reporting accompanied by fiscal surveillance via the SGP (cf. fig. 8).

Figure 8: Governance of the Europe 2020 strategy

Source: European Commission, Governance, Tools and Policy Cycle of Europe 2020, Graph 1, p. 2, available at: http://ec.europa.eu/europe2020/pdf/annex_swd_implementation_last_version_15-07-2010.pdf, (May 2012).

Both, the thematic approach and the country reporting are based on the integrated guidelines. The integrated guidelines are still based on the BEPGs and the Employment Guidelines but

¹⁹⁶ For a complete list of the national targets see: http://ec.europa.eu/europe2020/pdf/targets_en.pdf, (May 2012).

¹⁹⁷ European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 5.

¹⁹⁸ Ibid., p. 27.

now consist of ten instead of twenty-four guidelines.¹⁹⁹ They are supposed to reflect the decisions of the Council and contain agreed targets.²⁰⁰ The thematic approach is based on the integrated guidelines 4 - 6, which deal with the thematic contents of the Europe 2020 strategy, and mainly consists of seven flagship initiatives in order to support the three priorities of smart, sustainable and inclusive growth and more precisely the five headline targets.²⁰¹ The different flagship initiatives highlight general measures, which should be undertaken at EU and at national level in order to promote progress in the respective fields of smart, sustainable and inclusive growth (cf. table 3).

Table 3: The seven flagship initiatives

Priority	Flagship initiative	Aim
Smart growth	Digital Agenda for Europe	Creating a single digital market based on high-speed internet
	Innovation Union	Improving the framework for innovation and access to finance
	Youth on the Move	Improving education systems, supporting stays abroad and facilitating job market entry for young people
Sustainable growth	Resource-efficient Europe	Decoupling economic growth from resource and energy use
	An industrial policy for the globalisation era	Improving the business environment, especially for SMEs
Inclusive growth	Agenda for new skills and jobs	Helping individuals to acquire new skills and modernising the labour market
	European platform against poverty	Ensuring economic, social and territorial cohesion and helping people, who live in poverty to be integrated and respected

Source: European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 12-19, available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>, (May 2012).

In addition to these flagship initiatives, which are the main tool regarding the implementation of the three priorities, the EU also intends to use other important policies and instruments to reach the Europe 2020 objectives. The Commission in this respect especially highlights the single market, the EU budget and cohesion funds and the EU's external policy instruments.²⁰² With regard to the single market the EU intends to tackle several obstacles, like the legal

¹⁹⁹ Cf. annex 12: The ten integrated guidelines.

²⁰⁰ European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 28.

²⁰¹ Ibid., p. 27 and table 3.

²⁰² European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 20-22.

complexity of 27 different sets of rules or the uneven enforcement of single market rules, in order to better connect the markets and to improve the market access especially for small businesses.²⁰³ The EU budget, especially the next Multiannual Financial Framework (MFF) from 2014 to 2020, and existing funds, namely the European Regional Development Fund, the European Social Fund and the Cohesion Fund, are supposed to be better aligned with the objectives of the Europe 2020 strategy so as to maximise impact and ensure efficiency.²⁰⁴ Additionally new financing instruments should be developed together with the EIB and the EIF and the regulatory environment, particularly regarding the European venture capital market, shall be improved.²⁰⁵ Concerning the external policy instruments the EU aims mainly to improve its trade and international macroeconomic policy coordination and to play a leading role regarding the establishment of the future world economic order thereby securing market access for EU businesses worldwide.²⁰⁶ Country reporting on the other hand, based on the integrated guidelines 1 - 3 dealing with the macroeconomic framework, is aimed at advising the Member States regarding fiscal policy and macroeconomic issues related to growth and competitiveness so as to ensure a consistent approach to policy design and implementation.²⁰⁷ Based on the integrated guidelines respectively the thematic approach and the country reporting the Member States should develop their National Reform Programmes (NRPs). The SGP works in parallel to the above-mentioned process. While the reporting is done simultaneously, in order to ensure consistency, the instruments and procedures remain separate.²⁰⁸ The annual NRPs and stability- and convergence programmes thus have to be proposed by the Member States at the same time.

The EU will then annually address policy recommendations towards the Member States. These recommendations consist of Council Opinions on fiscal policies, of recommendations regarding the thematic approach under Art. 121 and 148 TFEU and on recommendations regarding country reporting under Art. 121.²⁰⁹ These recommendations contain a time-frame within which the Member State should respond to the recommendation, otherwise the Commission can issue a policy warning.²¹⁰ This whole process is organised within European Semester.²¹¹ The European Semester is an important new instrument, because it organises and coordinates the annual policy cycle of the EU. It usually starts with the Commission's Annual Growth Survey, which analyses the general macroeconomic environment, the progress regarding the Europe 2020 strategy and the situation regarding public finances.²¹² On the basis of this survey the European Council, during its spring meeting, provides its policy orientations.²¹³ In April the Member States submit their national reform and stability- and convergence programmes, which are assessed by the Commission in the following months.²¹⁴

²⁰³ Ibid., p. 20 f..

²⁰⁴ Ibid., p. 21 f..

²⁰⁵ Ibid.

²⁰⁶ Ibid., p. 22 f..

²⁰⁷ Ibid., p. 27.

²⁰⁸ European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 27.

²⁰⁹ European Commission, Governance, Tools, Policy Cycle of Europe 2020, p. 6.

²¹⁰ European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 28.

²¹¹ Cf. annex 13: The European Semester.

²¹² European Commission, Governance, Tools, Policy Cycle of Europe 2020, p. 7.

²¹³ Ibid.

²¹⁴ Ibid.

On the basis of this assessment the Council then formally adopts the policy recommendations in July, which should be implemented by the Member States in the second half of the year.²¹⁵

So as to achieve stronger governance also the roles of the different stakeholders at EU level is defined more clearly. While the European Council should give the main directions of the strategy, the Council of Ministers should ensure that the Europe 2020 strategy is implemented in their respective field and the Commission's main responsibility is to monitor the progress, give policy recommendations and issue policy warnings.²¹⁶ Especially the role of the European Parliament (EP) was highlighted. It should not only act as a co-legislator, but also ensure that the citizens and the national parliaments are better involved in the strategy.²¹⁷ In this context the Commission mentions that it is critical for the success of the Europe 2020 strategy to "explain clearly why reforms are necessary".²¹⁸

4. Comparison of the Lisbon strategy and the Europe 2020 strategy

After having presented the Lisbon strategy and its successor, the Europe 2020 strategy, the main differences and similarities of the two strategies will now be highlighted. Subsequently an analysis of the chances of success of the EU's new strategy will follow.

4.1. Differences and similarities between the Lisbon strategy and the Europe 2020 strategy

As the European Commission rightly observed in the evaluation of the public consultation on the Lisbon strategy's successor, the main lesson to be drawn from the Lisbon strategy is "that 'governance' must be improved to close the implementation gap of the Lisbon strategy".²¹⁹ The main differences of the Europe 2020 strategy compared to the Lisbon strategy can consequently be noticed in terms of governance. First of all the number of indicators has been reduced. Instead of 127 indicators, which were used for the Lisbon strategy, the Europe 2020 strategy uses a set of five headline targets. Furthermore those objectives have been translated for each Member State into national targets in order to respect their individual starting positions. The new strategy thus avoids the "one size fits all" approach of the Lisbon strategy in terms of quantified objectives. Likewise the Integrated Guidelines have been reduced from twenty-four guidelines to currently ten guidelines. Moreover the thematic approach and the country reporting as well as the parallel reporting on the NRPs and the SGP ensure a closer linkage between macroeconomic goals and the Europe 2020 objectives. The newly introduced European Semester provides for a single governance cycle, which streamlines and organises the Europe 2020 process.

Another striking difference compared to the Lisbon strategy is that the OMC, which was one of the cornerstones of the Lisbon strategy, has not been mentioned at all in the relevant

²¹⁵ Ibid., p. 8.

²¹⁶ European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 29.

²¹⁷ Ibid.

²¹⁸ Ibid., p. 30.

²¹⁹ European Commission, SEC (2010) 116 final, Commission Staff Working Document, Europe 2020 – public consultation First overview of responses, p. 2.

documents. Compared to the Lisbon strategy the Commission now intends to make use of its right under Art. 121 and 148 TFEU to issue policy warnings, in case the country-specific recommendations are not considered by the Member States, which suggests that the Commission intends to take up a stronger leading role as compared to the Lisbon strategy. Summing up one can therefore say that the surveillance and coordination of the Europe 2020 strategy has undoubtedly been strengthened. Nevertheless the general governance framework remained to a large extent unchanged. There are especially no efforts recognisable that really aim at rising the public's awareness of the strategy and that certainly increase the pressure on Member States to implement the strategy. Although the Commission intends to better include the European Parliament and other stakeholders like the social partners or the civil society, which was already mentioned on the occasion of the mid-term review of the Lisbon strategy, it unfortunately does not explain exactly how this is going to be achieved.

When it comes to the policy fields of the Europe 2020 strategy, the main difference is that the new strategy in the short-term especially focuses on the financial crisis and its consequences. The significance of the public finances, which was already considered in the Lisbon strategy²²⁰, has accordingly increased. While the sustainability of public finances was considered as being contributive to growth and employment the target-means relationship has now been reversed.²²¹ Growth and employment are now regarded as the means to reduce the public debt.²²² As a consequence of the crisis, macroeconomic coordination and sound macroeconomic conditions are, especially in the short-term, one of the main priorities of the Europe 2020 strategy.²²³ But besides the stronger focus on public finance and macroeconomic surveillance and coordination, there are no remarkable differences between the two strategies as regards the content. As the challenges, with the exception of the financial crisis, were basically the same at the beginning of the Lisbon strategy and at the beginning of the Europe 2020 strategy, both strategies stress the necessity of structural reforms of pension, social protection and education systems and aim at creating a knowledge-based economy. Both are essentially based on the same three-pillar approach, namely the economic, the social and the environmental pillar. The three priorities of smart, sustainable and inclusive growth of the Europe 2020 strategy and its headline targets and flagship initiatives reflect this three-pillar approach. Therefore, although the number of objectives itself has been reduced, the range of policy fields is again very broad. Also the diagnosis of the Commission that other EU policies and instruments like the single market, the EU budget and the cohesion funds must be better aligned with the Europe 2020 strategy was already mentioned during the mid-term review of the Lisbon strategy. According to the proposal by the Commission though the next MFF from 2014 to 2020 aims at "getting people into work and the economy growing, tied in with the Europe 2020 strategy for smart, sustainable and inclusive growth."²²⁴ While the share of CAP spending is still relatively high, analysts also say that within the context of the Europe 2020 strategy "important changes are set to be introduced in the implementation of cohesion policy but also with regard to the amount of resources devoted to research and innovation."²²⁵ There

²²⁰ European Council, Lisbon European Council 23.03. – 24.03. 2000: Presidency Conclusions, March 2000, para. 22.

²²¹ Becker, P., "Die EU-Wachstumsstrategie 'Europa 2020' – Der Prozess als Ziel", SWP-Studie, Deutsches Institut für Internationale Politik und Sicherheit, Berlin, 2011, p. 21.

²²² Ibid,

²²³ European Council, European Council 17 June 2010, Conclusions, para 9.

²²⁴ European Commission, COM (2011) 500 final, Part I, A Budget for Europe 2020, Brussels 29.06.2011, p. 1.

²²⁵ Molino, E. / Zuleeg, F., "Analysis of the Multiannual Financial Framework (MFF) 2014 – 2020", European Policy Centre, July 2011, p. 9.

are thus indications that the next EU budget and the cohesion funds actually will be better aligned to the EU's growth strategy.

Whether the single market can be further deepened depends mainly on the willingness of the governments to overcome problems regarding the adoption of new legislative acts, as it is the case with the EU-Patent.

Furthermore the Commission repeats itself when it defines the particular roles and responsibilities of the European Council and of itself, which it had already done with the re-launch of the Lisbon strategy. Whether this will thus increase the ownership and sense of responsibility, especially of the European Council, is questionable.

Recapitulating one can thus say that while there has been some learning as regards the governance framework of the Europe 2020 strategy with a reduced number of targets and an improved coordination and surveillance mechanism, "it does not entail substantive innovation in terms of instruments."²²⁶ Moreover the underlying policy approach basically remained unchanged, focussing on the economic, social and environmental aspects driven by the challenges of increased competition due to globalisation, low productivity compared to the US, scarcity of resources and an ageing population. The analysis of the differences and similarities of the Lisbon strategy and the Europe 2020 strategy thus indicates that the changes "amount only to instrumental learning".²²⁷ The Europe 2020 strategy can consequently be regarded as a revised version of the Lisbon strategy.

4.2. The impact of the financial crisis on the new strategy

Contrary to the Lisbon strategy the Europe 2020 strategy was developed and launched during the worst financial crisis that affected the global economy since the Great Depression in the 1930s. The crisis started in 2007, when a systematic collapse was still regarded as unlikely, with liquidity shortages for financial institutions.²²⁸ However the upcoming years proved this assumption wrong. When the Lehman Brothers bank defaulted in 2008 investors lost confidence and the stock market entered into a downward spiral. Quickly also the real economy was concerned, especially due to a credit crunch. The fast transition to the real economy and also cross-border-wise revealed the actual interdependencies of the different economies, especially within the EU. The consequences of this crisis were inter alia a major downturn in GDP growth rates²²⁹ and a major increase of the general government deficit²³⁰ within the EU 27. Especially Greece with a gross debt of more than 150 % of GDP but also Italy, Ireland, Spain and the EU 27 as a whole were and are affected by the crisis with a strong increase in general government gross debt since 2007.²³¹ Also unemployment rates

²²⁶ Bongardt, A. / Torres F., "The Competitiveness Rationale, Sustainable Growth and the Need for Enhanced Economic Coordination", in: *Intereconomics*, vol. 45, no. 3, 2010, p. 140.

²²⁷ Vilpišauskas, R., "Does Europe 2020 Represent Learning from the Lisbon Strategy?", in: M. P. Smith (ed.), "Europe and National Economic Transformation – The EU after the Lisbon Decade", Palgrave Macmillan, 2012, p. 198.

²²⁸ European Commission, DG ECFIN, *Economic Crisis in Europe: Causes, Consequences and Responses*, European Economy, 7 / 2009, p. 1.

²²⁹ Cf. fig. 7.

²³⁰ Cf. annex 11: General government deficit / surplus EU 27 (2000 – 2010).

²³¹ Cf. annex 14: Development of general government gross debt since the crisis.

rose significantly, again especially in Greece with an unemployment rate of about 18 % and in Spain with an unemployment rate of about 23 % in 2011.²³²

Due to this strong impact on the economy, the Europe 2020 strategy is influenced by the crisis in several ways. First of all the modified governance structure with stronger macroeconomic coordination and surveillance was mainly adopted, because the crisis revealed how interdependent the European economies really were. Consequently the European leaders realised that in order to overcome the crisis coordinated action was necessary. Due to crisis also the economic governance was strengthened via different measures. The main elements are the “six-pack”, which reinforces the SGP²³³, and the “fiscal compact”, which aims at fostering budgetary discipline and is only binding for the euro-area Member States²³⁴.

Secondly the crisis influenced the objectives of the strategy. Although not mentioned as one of the five headline targets, a major objective of the Europe 2020 strategy is the successful exit from the crisis.

Finally, in order to be able to achieve real progress related to the five headline targets, the crisis has to be overcome. This implies that the crisis also influences the final degree of fulfilment respectively the success of the strategy. The current austerity policy of the EU and its Member States, intended to restore public finance, probably won't contribute towards achieving objectives like higher spending on R&D or lifting people out of poverty. Especially the social aims of the strategy thus risk becoming less important due to the crisis.

It is therefore evident from the foregoing that the financial crisis has a large impact on the Europe 2020 strategy and there is even the risk that the strategy is “overtaken”²³⁵ by it. On the positive side the crisis could make the European leaders aware of the necessity to stronger coordinate their actions and act in compliance with the provisions set out by the Europe 2020 strategy.

4.3. Can the Europe 2020 strategy be successful?

As the comparison of differences and similarities between the Lisbon strategy and the Europe 2020 strategy pointed out, the similarities between the two strategies prevail. The Europe 2020 strategy is hence a mere continuation of the Lisbon strategy with some changes regarding the governance framework. Taking into account the financial crisis, a successful implementation of the Europe 2020 strategy is even more difficult.

The main reason for the Lisbon strategy's failure was its governance, which resulted in a major “delivery gap” between objectives and the actual outcomes of the strategy.²³⁶ For the

²³² Cf. annex 15: Development of unemployment rate since the crisis.

²³³ Europa – Summaries of EU legislation, EU Economic governance “Six-Pack” enters into force, Memo/11/898, Brussels 2011, p. 1.

²³⁴ Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, Brussels 02.03.2012, Art. 1, 2.

²³⁵ Bongardt, A. / Torres F., “The Competitiveness Rationale, Sustainable Growth and the Need for Enhanced Economic Coordination”, in: *Intereconomics*, vol. 45, no. 3, 2010, p. 136.

²³⁶ European Commission, Commission staff working document, Lisbon Strategy evaluation document, SEC (2010) 114 final, 02.02.2010, p. 4.

Lisbon strategy to be successful it would therefore have needed stronger governance or more ownership by the Member States and the European citizens. The success of the Europe 2020 strategy consequently depends on the fact whether it has learned its lesson from the failure of the Lisbon strategy.

While it is apparent that the Commission tries to close the “delivery gap” with the Europe 2020 strategy, the question is whether it tries hard enough. Although it strengthens the governance framework and tries to ensure more coherence between macroeconomic policies and the Europe 2020 policies by introducing a single governance cycle, the governance instruments itself remain relatively weak. The effectiveness of the policy warnings under Art. 121 and 148 TFEU for instance is uncertain. The exemption of France and Germany from some of the provisions of the SGP in 2003, which was a consequence of the SGP’s low enforcement provisions²³⁷, has led to a general “credibility gap”²³⁸ regarding the consequences of non-compliance with rules set by the Commission. Additionally the Commission cannot independently issue policy warnings under Art. 121 (4) TFEU. Although the process was reinforced by the “six-pack”, compared to before, when a qualified majority of the members of the Council was necessary to adopt a policy warning, the members of the Council can still block a policy warning by a qualified majority. The difference is that now a reverse qualified majority vote is necessary. First of all it is thus not that easy to issue a policy warning and secondly the pressure imposed by such a policy warning on Member States is relatively low, because there are no incentives deriving from those warnings to comply with the recommendations. As already mentioned at the occasion of the mid-term review and final evaluation of the Lisbon strategy, pressure, in the absence of competences and strict enforcement rules, can only be imposed by the voters, namely the European citizens. Unfortunately there are so far, besides handing over the responsibility to the EP to better include the public²³⁹, no efforts recognisable pointing at more inclusion of the citizens. On the contrary, while the current crisis might raise the awareness of the European public towards the EU, the coordination of measures to overcome the crisis happens at EU level and lacks transparency. Hence instead of creating more understanding for the EU and the Europe 2020 strategy, the lack of measures to include the citizens and increase democratic legitimacy might cause a backlash and increase frustration and even euroscepticism. As recent polls show, trust in the European institutions is decreasing steadily.²⁴⁰

As regards the headline targets of the Europe 2020 strategy, it is questionable whether they are adequate to measure progress in terms of competitiveness and productivity, which are two of the main challenges the EU faces. A better indicator in this regard would be unit labour costs. Additionally, although their number has been reduced and individual national targets have been established as compared to the Lisbon strategy, they are still very ambitious. A good example is the employment target. Although the Lisbon strategy’s goal of 70 % of total employment has not been reached, it has been raised to 75 % under the Europe 2020 strategy against the background of the financial crisis. Moreover the Commission does not provide realistic implementation plans on how to attain the objectives. Although the flagship initiatives and the country-specific recommendations indicate the rough directions, they often

²³⁷ Schuknecht, L. / Moutot, P. / Rother, P. / Stark, J. : “The Stability and Growth Pact – Crisis and Reform”, ECB Occasional Paper Series, No. 129, 2011, p. 9.

²³⁸ Csaba, L., “Green Growth – Mirage or Reality?”, in: *Intereconomics*, vol. 45, no. 3, 2010, p. 153.

²³⁹ European Commission, COM (2010) 2020 final, Europe 2020 – A strategy for smart, sustainable and inclusive growth, p. 29.

²⁴⁰ European Commission, Eurobarometer 76 – first results, 2011, p. 19 ff.

remain very broad and do not specify concrete measures, leaving a lot of discretion to the Member States. As the tools to deliver progress towards the objectives mainly lie at Member State level, more specific implementation plans would be necessary to increase the binding character of the strategy.²⁴¹ The financial crisis might in this regard have a “positive” influence on the Europe 2020 strategy. As it revealed the intensive interdependencies between the economies it might raise the determination of the leading politicians to stick to the commitments they made when launching the Europe 2020 strategy. The collective action problem²⁴² might thus be overcome, although the policies itself, as they are widely similar to the ones of the Lisbon strategy, have no share in this.

As regards the current progress on the Europe 2020 targets, the Council stated at the occasion of its Spring European Council in March 2012 that “efforts undertaken to date remain insufficient to meet most of these targets.”²⁴³ Also the Commission stresses that “there is not yet full ownership, at national level, of the radical changes which have been decided in terms of future economic governance”²⁴⁴ and that even at EU level there is an “implementation gap.”²⁴⁵ These statements show that the Europe 2020 strategy two years after it was launched suffers from the same problems as the Lisbon strategy, which does not give rise to optimism regarding the success of the Europe 2020 strategy. Additionally the economic situation will probably remain very difficult for the upcoming years. The Commission expects GDP to stagnate in 2012 with an overall EU growth rate of only 0,6 %.²⁴⁶ Furthermore the unemployment rate is estimated to remain at about 10 % in 2012 and 2013.²⁴⁷

Against the background of the above-mentioned reasons and the economic situation, the Europe 2020 strategy is therefore unlikely to deliver on all its objectives. On the contrary, it is likely that it will encounter the same problems as its predecessor. For it to be successful the Europe 2020 strategy not only needs stronger governance but also more political commitment and particularly more legitimacy and inclusion of the persons concerned, the European citizens.

5. Conclusion

Low GDP growth rates, high unemployment, the sustainability of the European social model, the lack of competitiveness and the climate change were the main reasons why the EU decided to launch its first ten-year strategy, the so-called Lisbon strategy in the year 2000.

Today, twelve years later and in the light of the financial crisis a successful European strategy is even more important than it was back then. This is why the thesis sought to answer the question whether the EU’s new growth strategy, the Europe 2020 strategy, can be successful. Due to the fact that the Lisbon strategy was its direct predecessor, the thesis focused first on the goals, methods and outcome of the Lisbon strategy. Its analysis offered informative insights regarding significant shortcomings. Especially the mid-term review, which took place

²⁴¹ Becker, P., “Die EU-Wachstumsstrategie ‘Europa 2020’ – Der Prozess als Ziel”, SWP-Studie, Deutsches Institut für Internationale Politik und Sicherheit, Berlin, 2011, p. 26.

²⁴² Cf. p. 33.

²⁴³ European Council, European Council 1-2 March 2012 Conclusions, Brussels, 2012, para. 3.

²⁴⁴ European Commission, Annual Growth Survey 2012, COM (2011) 815 final, Brussels, 2011, p. 3.

²⁴⁵ Ibid.

²⁴⁶ Ibid., p. 2.

²⁴⁷ Ibid.

in 2005 due to disappointing results, was important in this regard. The core message being that the Lisbon strategy suffered from too many priorities and lacked ownership. But especially this was, due to the absence of competences at EU level, a necessary prerequisite. Another 5 years later in 2010, when comparing the original objectives and the actual outcomes of the strategy, it was clear that the Lisbon strategy, notwithstanding its re-launch, had failed. The main obstacle, its governance, could not be improved.

Thereupon, against the background of the Lisbon strategy's failure and under the influence of the global financial crisis, the Europe 2020 was established. The thesis has in this regard pointed out that the challenges faced by the Europe 2020 strategy, due to the weak performance of the Lisbon strategy, were largely unchanged. The EU most importantly still needs to increase its competitiveness and ensure the sustainability of its social model. The policy fields and objectives of the two strategies are consequently to a large extent similar, with one exception. The financial crisis has shifted the focus of the Europe 2020 strategy towards stronger macroeconomic coordination. The short-term objective of the Europe 2020 strategy thus is to overcome the financial crisis and to restore the conditions for sustainable growth. Although the EU introduced some changes regarding the governance framework of the Europe 2020 strategy, like a smaller number of objectives and Integrated Guidelines or the European Semester, it is still questionable if those changes are sufficient for the Europe 2020 strategy to reach its headline targets by 2020. Also the effectiveness of policy warnings, another modification compared to the Lisbon strategy, is uncertain.

Finally the thesis has pointed out that also the financial crisis has a strong impact on the Europe 2020 strategy. On the one hand the strong focus on macroeconomic coordination, which is surely necessary, might lead to negligence of the social aspects of the strategy and increase the citizens' distance towards the EU. On the other hand the crisis might contribute to policy innovation and more convergence.

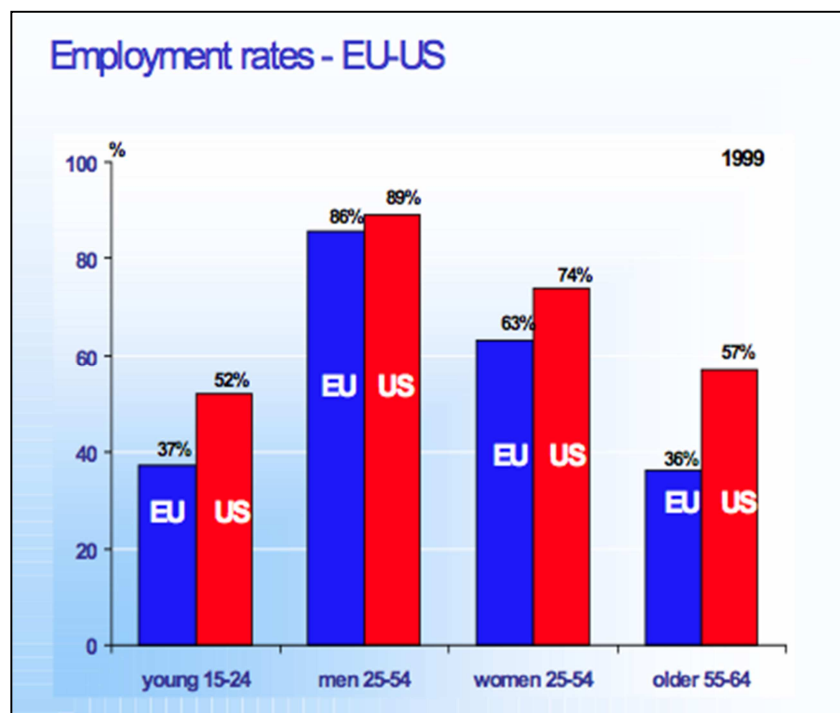
Still the main challenge for the EU remains to increase the ownership of the Europe 2020 strategy by better involving the European public in the process of European politics. Given the absence of competences and economic incentives to cooperate, only then national governments are fully willing to act in compliance with the EU's agenda.

Unfortunately there are so far no credible initiatives aiming at increasing legitimacy and participation at the citizens' level, which is why its chances of success are relatively low.

VI. Table of annexes

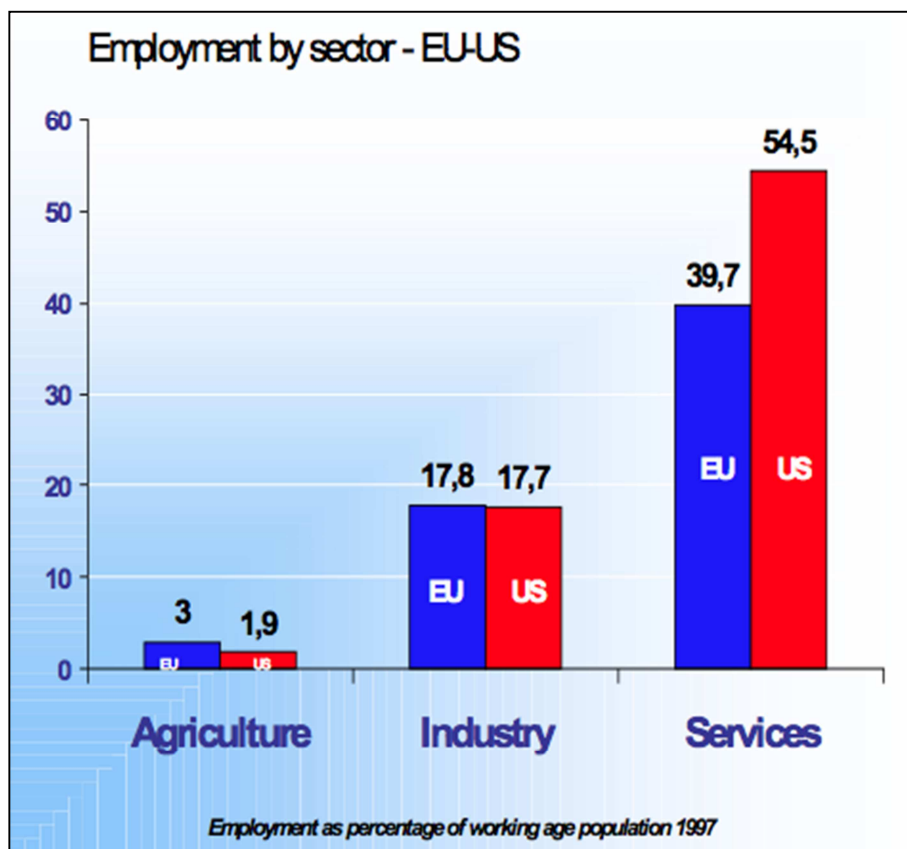
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Annex 1: Employment rates EU – US 1999 by age group

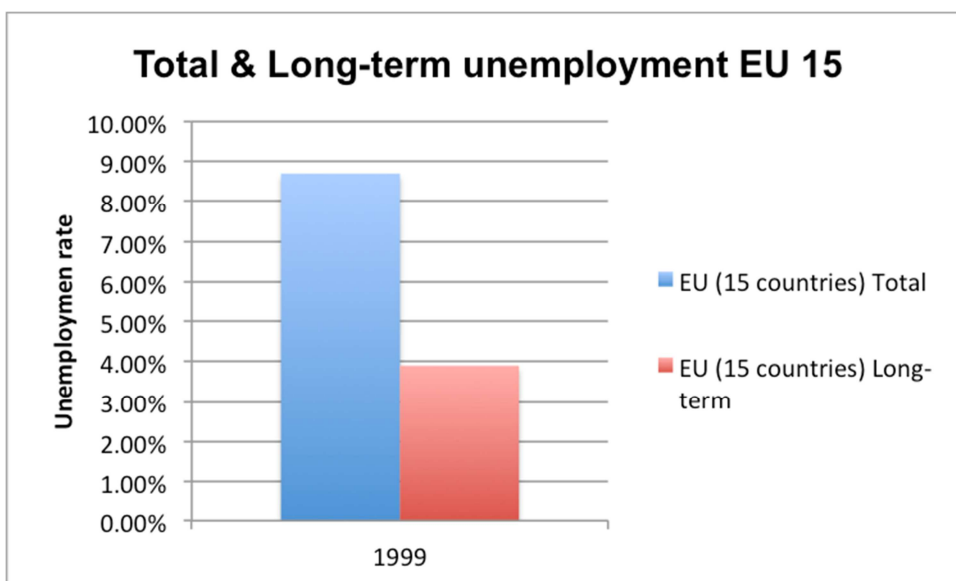


Source: European Commission, Contribution of the European Commission to the special European Council in Lisbon, 23 -24 March 2000, page 9, available at:

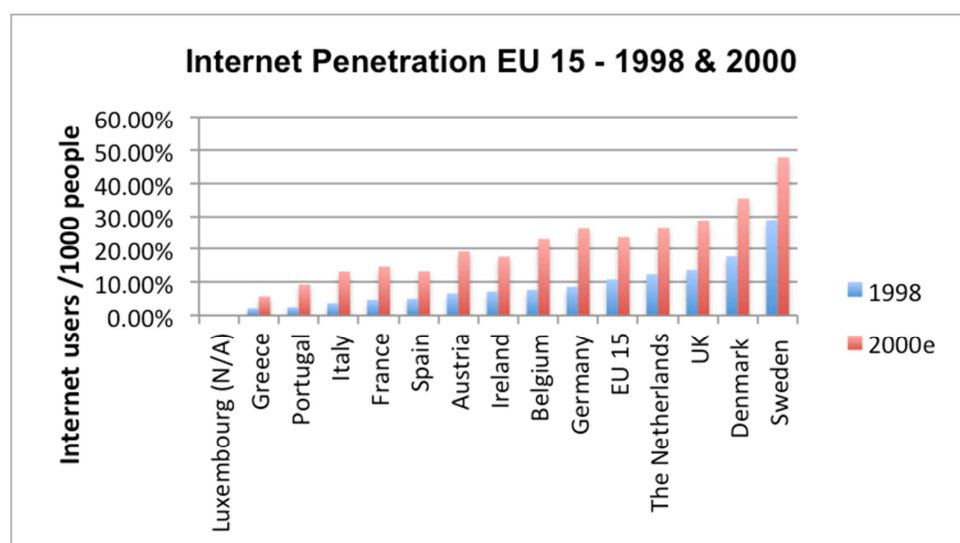
<http://register.consilium.europa.eu/pdf/en/00/st06/st06602.en00.pdf> (April 2012)

Annex 2: Employment EU - US 1997 by sector

Source: European Commission, Contribution of the European Commission to the special European Council in Lisbon, 23 -24 March 2000, page 9, available at:
<http://register.consilium.europa.eu/pdf/en/00/st06/st06602.en00.pdf> (April 2012)

Annex 3: Total & Long-term unemployment EU 15 – 1999

Source: Eurostat; available at:
<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tsisc070>, (April 2012);
 own illustration.

Annex 4: Internet Penetration EU 15 - 1998 & 2000

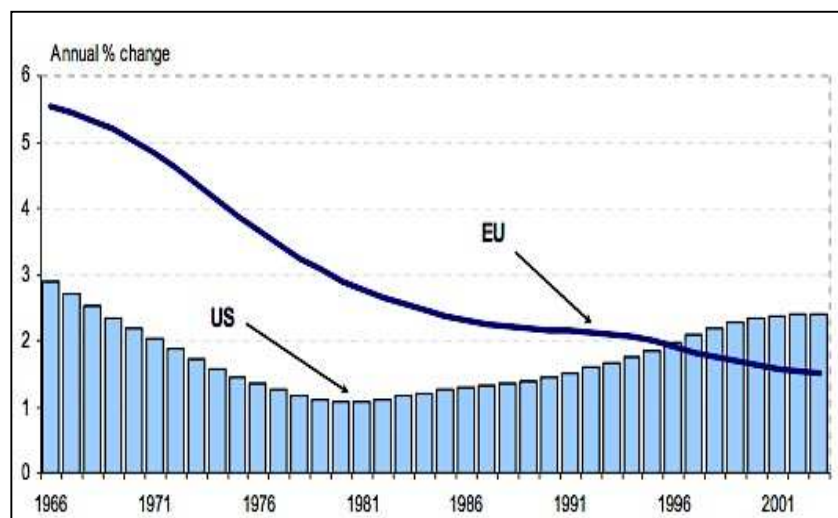
Source: Morgan Stanley Dean Witter (1999), The European Internet Report, p. 248-250, available at <http://www.morganstanley.com/institutional/techresearch/pdfs/euro8.pdf>, (April 2012); own illustration.

Annex 5: The Single Market and Lisbon compared

	Single Market	Lisbon
Ultimate aim	Integration and growth	Growth, social cohesion, employment
Intermediate objectives	Cuts on cost of cross-border transactions for products and services	Advances in education and innovation
		Increase in R&D spending
		Liberalisation of service industries
		Increase in labour force participation and employment rates, etc.
Means	Elimination of border controls	Definition of common targets
	Harmonisation and approximation of laws	Performance reporting and benchmarking
		Joint monitoring
Instruments	EU directives	Mostly national (spending, taxation, regulation)
	Enforcement by case law of courts	

Source: A. Sapir et al., An Agenda for a Growing Europe – The Sapir Report, p.105.

Annex 6: Growth of labour productivity per hour (moving average) EU - US



Source: Report from the High Level Group chaired by W. Kok, "Facing the challenge – The Lisbon strategy for growth and employment", Nov. 2004, p. 15, available at: http://ec.europa.eu/research/evaluations/pdf/archive/fp6-evidence-base/evaluation_studies_and_reports/evaluation_studies_and_reports_2004/the_lisbon_strategy_for_growth_and_employment_report_from_the_high_level_group.pdf, (May 2012).

Annex 7: The challenge of enlargement (2004)

	EU 15	EU 25	Gap
<i>Nominal GDP per capita, Euro per inhabitant</i>	26,000	22,900	-11.92%
<i>Real GDP per capita, Euro per inhabitant</i>	26,400	23,300	-11.74%
<i>Employment rate (%)</i>	64.8	63.4	- 1.4 %
<i>Long-term unemployment rate (%)</i>	3.5	4.2	-0.7 %
	EU 15	New MS	Gap
<i>Total intramural R&D expenditure (% of GDP)</i>	1.89	0.7	-1.19 %

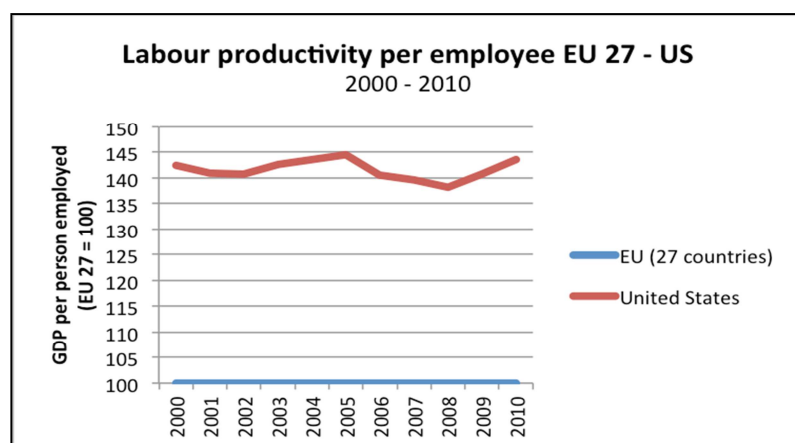
Source: Eurostat, available at: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/a_to_z, (May 2012); own calculation and illustration.

Annex 8: The 14 structural indicators

Policy Area	Indicator
General economic background	GDP per capita in PPS
	Labour productivity per person employed
Innovation and Research	Persons of the age 20 to 24 having completed at least upper secondary education by gender
	Gross domestic expenditure on R&D (GERD)
Economic Reform	Comparative price levels
	Business investment
Employment	Employment rate total / female
	Employment rate of older workers by gender
Social Cohesion	At-risk-of-poverty rate after social transfers by gender
	Long-term unemployment rate by gender
	Dispersion of regional employment rates by gender
Environment	Greenhouse gas emissions, Kyoto base year
	Energy intensity of the economy
	Volume of freight transport relative to GDP

Source: Eurostat, available at:

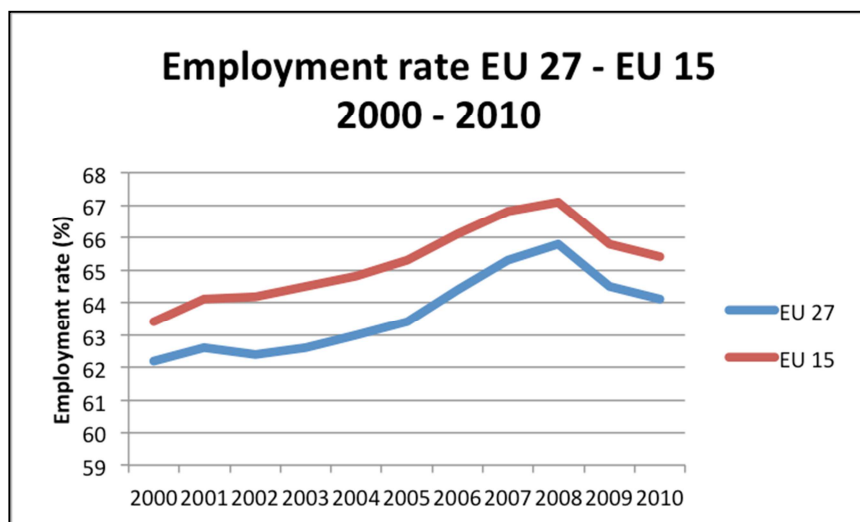
http://epp.eurostat.ec.europa.eu/portal/page/portal/structural_indicators/indicators/short_list, (May 2012).

Annex 9: Labour productivity per employee EU 27 - US (1999 - 2010)

Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=de&pcode=tsieb030>, (May 2012); own illustration.

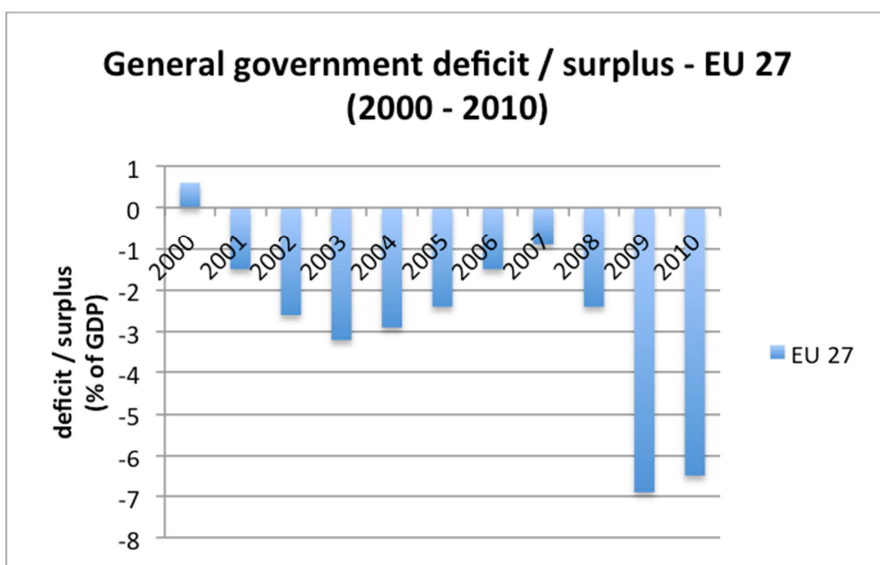
Annex 10: Employment rate EU 27 - EU 15 (2000 - 2010)



Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsiem010&plugin=1>, (May 2012); own illustration.

Annex 11: General government deficit / surplus EU 27 (2000 - 2010)



Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb080>, (May 2012); own illustration.

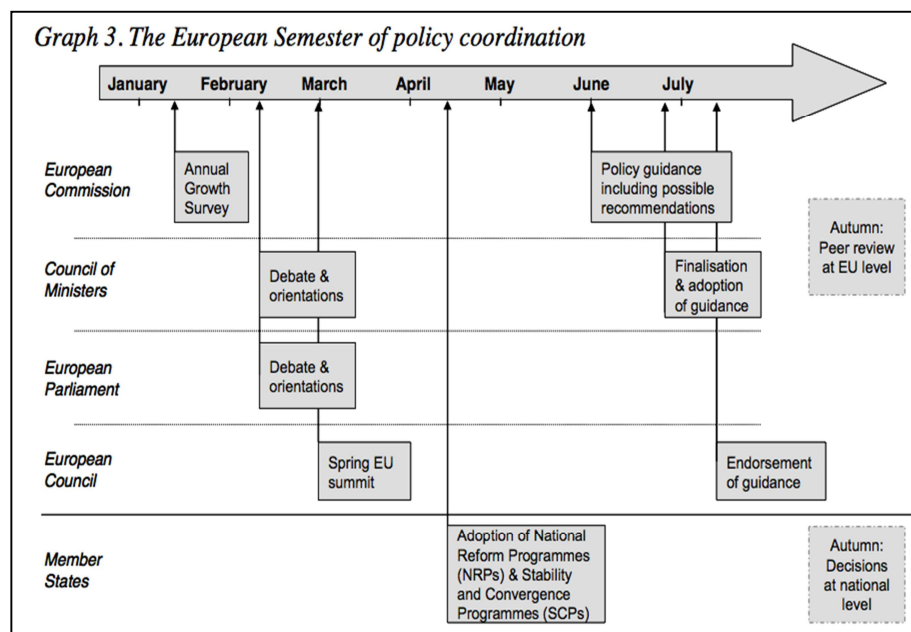
Annex 12: The ten integrated guidelines

Guideline 1	Macroeconomic coordination	Ensuring the quality and the sustainability of public finances
Guideline 2		Addressing macroeconomic imbalances
Guideline 3		Reducing imbalances in the euro area
Guideline 4	Thematic approach	Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy
Guideline 5		Improving resource efficiency and reducing greenhouse gases emissions
Guideline 6		Improving the business and consumer environment and modernising the industrial base
Guideline 7		Increasing labour market participation and reducing structural unemployment
Guideline 8		Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning
Guideline 9		Improving the performance of education and training systems at all levels and increasing participation in tertiary education
Guideline 10		Promoting social inclusion and combating poverty

Source: European Commission, Europe 2020 – Integrated guidelines for the economic and employment policies of the Member States, p. 4, available at:

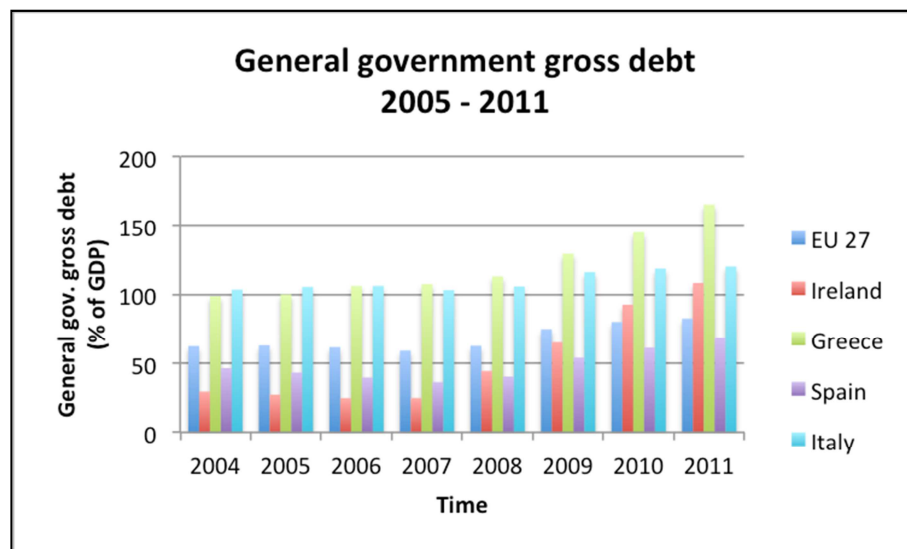
<http://ec.europa.eu/eu2020/pdf/Brochure%20Integrated%20Guidelines.pdf>, (May 2012).

Annex 13: The European Semester



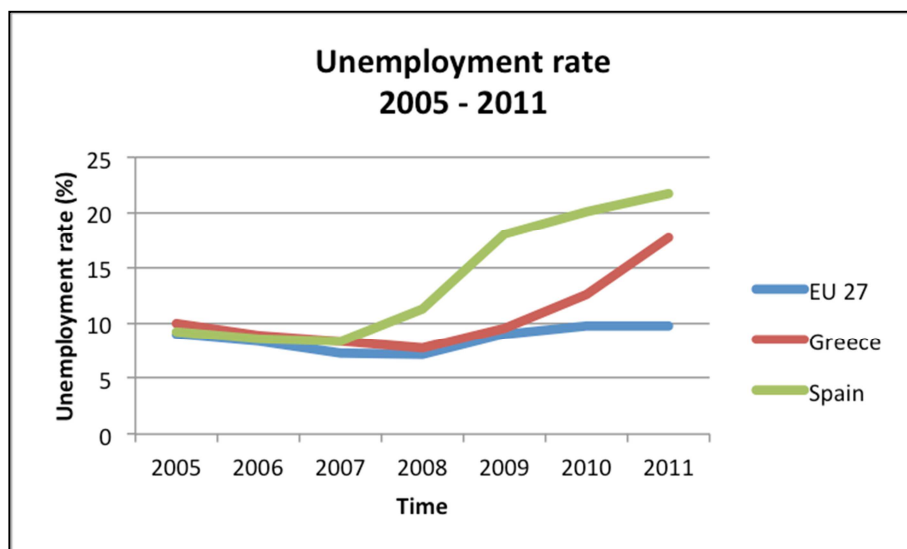
Source: European Commission, Governance, Tools and Policy Cycle of Europe 2020, Graph 3, p. 7, available at: http://ec.europa.eu/europe2020/pdf/annex_swd_implementation_last_version_15-07-2010.pdf, (May 2012).

Annex 14: Development of general government gross debt since the crisis



Source: Eurostat, available at: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb090>, (June 2012); own illustration.

Annex 15: Development of unemployment rate since the crisis



Source: Eurostat, available at:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsiem110>,
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