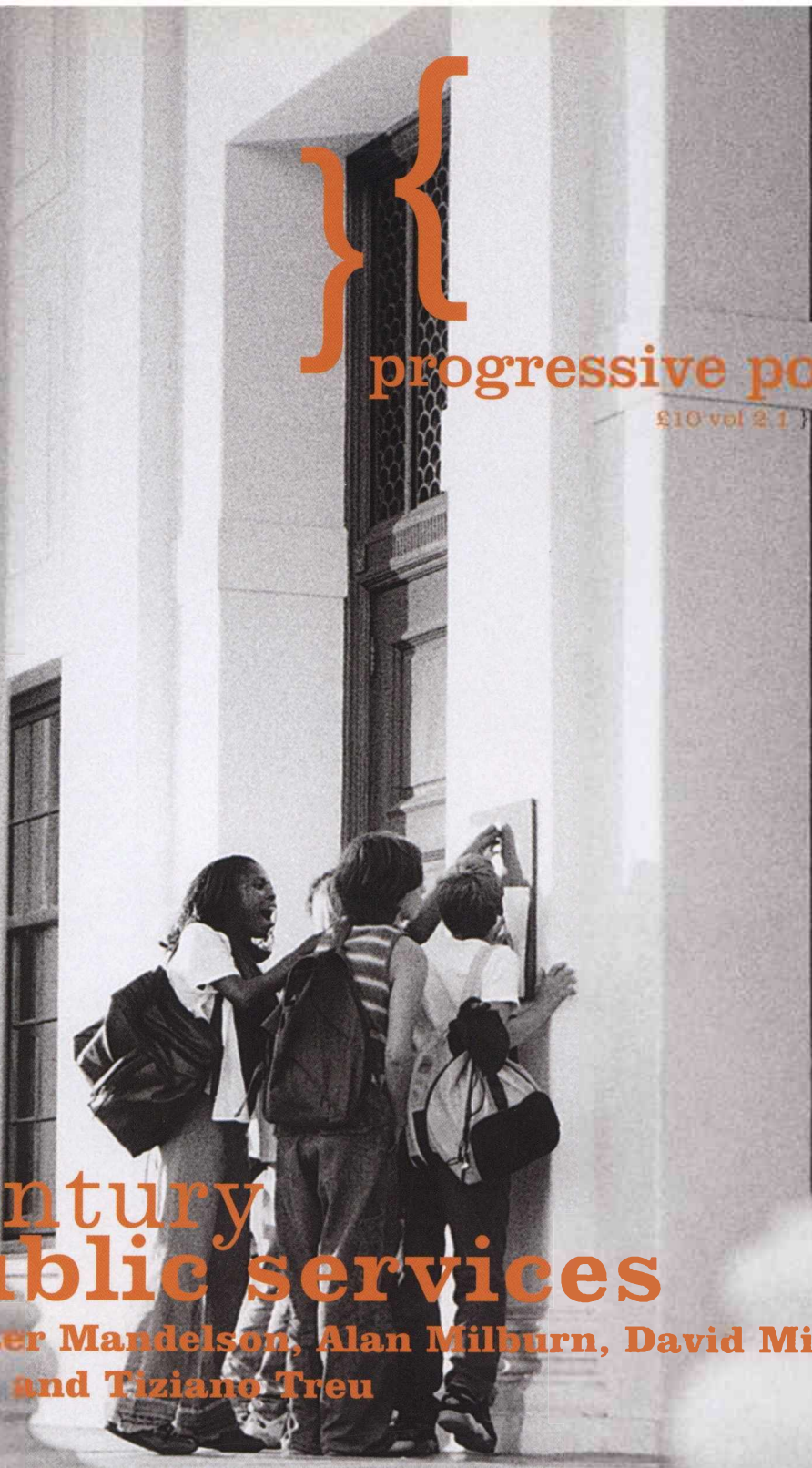


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# 21<sup>st</sup> century public services

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And if I had to single out one obstacle, that would be unanimity. We all know that qualified majority voting does not replace seeking consensus in Council. However, it creates a climate where dragging discussions on endlessly becomes certainly more difficult.

The Convention on the Future of Europe now taking place, and of which I am a member, is the appropriate forum to debate what institutional tools need to be adapted to face the

### The way our administrations work makes it extremely difficult to send people away once they are in. So, it pays to come in illegally.

future. Besides bringing about qualified majority voting, it is also my opinion that the Commission should have sole right of initiative in this field. It is an oddity of the Amsterdam Treaty that Member States have a concurrent right of initiative with the Commission on asylum and migration. Although the Commission is clearly in the driving seat as main initiator of policy and legislation, much time is spent on ill-prepared national initiatives that lack a European perspective. Qualified majority voting would also mean bringing in the European Parliament. It is no longer tenable to leave out the directly-elected Parliament on an issue that is of such great interest to our public opinions.

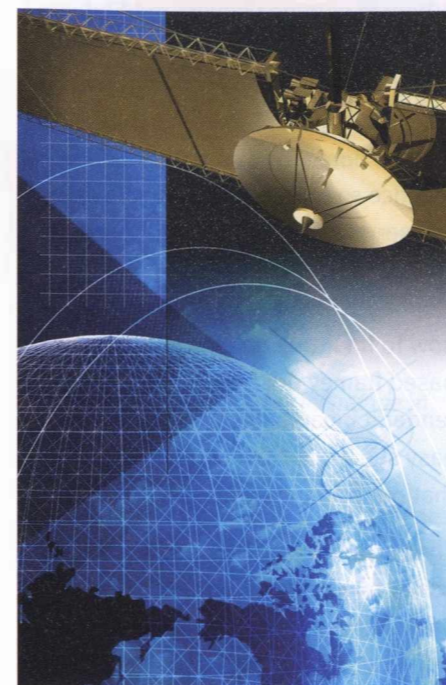
As to the substance of the policy, my position is that the Convention should allow Europe to avail itself in the future of a fully common asylum

procedure and status. The present harmonisation of minimum standards – albeit interpreted loosely – is not enough to bring about the level playing field we badly need in this area. Immigration policy should allow for the possibility of co-operating while leaving the fundamental decisions on admission at national level. Integration as an objective *per se* should be fostered and the Union should be allowed to legislate on migrants voting in local elections. I have suggested for some years that the European level should give migrants an alternative status to nationality which I have designated as civic citizenship. This would allow migrants to anchor themselves on a core legal status irrespective of nationality (the legislation of which would be kept in national hands). Finally, I also think that the new Treaty should allow the Union to build a European Corps of Border Guards to share the burden of policing the common external border.

Nevertheless, irrespective of the institutional changes brought about by the Convention I am still confident that some progress might be achieved before the deadline put forward by the Amsterdam Treaty to ensure a common political and legislative body by 2004. The matter is simply too important to allow this slow progress to continue.



António Vitorino is European Commissioner for Justice and Home Affairs.



### The Lisbon Strategy – a progressive answer to an old question

The Lisbon Council of March 2000 marked a watershed in the course of the European Union. The decisions arrived at answered the need to provide a unifying theme – a vision and a direction, to the workings of the EU. Key to the strategy are: its specificity – a list of specific actions; ambition – all targets are measurable and quantified; urgency – all actions come with timetables; balance – progress has to be made by the Member States not only in the traditional EU-competence, but across the board. Pursuit of the Lisbon strategy was conceived as the transformation of European societies in a progressive direction.

The key question facing the EU, then and now, is its relevance to the European citizen. The answer Lisbon gave is the answer true progressive politics always gives: “Because it can provide a better future”. Ensuring that this is so, and that it remains so is the task of the Lisbon Strategy and, more specifically, the Greek Presidency,

## Where Now for the Lisbon Agenda?

### Constantine Simitis

which will prepare the Spring Summit to be held this coming March.

Three years on, the political landscape has changed, the economic horizon is more clouded, social cohesion is perhaps faced with more challenges. The accession of new countries to the EU poses the question of a change in priorities. Is the Lisbon project still

relevant, or must it be relegated to the history books as the product of a more hopeful conjuncture?

The Spring European Council of March 2003 must provide a convincing answer to this central question.

### Meeting the challenge of a new economic and political reality

The Greek presidency – the first Presidency of the new enlarged Europe – and the 2003 Spring European Council takes place in a new economic and political reality. Weak economic growth and looming political and economic risks and uncertainties cloud the prospects for growth and stability in Europe and the world. Globalization and rapid technological progress have helped realise benefits from market opening and greater economic efficiency but also uncovered problems related to increased inequalities, persistence of poverty in many parts of the world, and difficulties in promoting sustainable development world-wide. At the same time, the European currency has already become one of the strongest worldwide, while European enlargement provides new challenges and opportunities.

In this environment, it is essential to send a convincing signal that we remain committed to achieving the goals agreed upon in 2000; to make the European economy 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. This involves important reforms aiming to deliver higher growth rates, jobs, prosperity and an improved quality of life.

In the 2003 Spring European Council, we will have to reconfirm to citizens that the transition to a knowledge-based economy, sustainable growth and reform of the European social model remain valid, worthwhile and realistic goals that are being vigorously pursued.

There is no question that since its adoption, the Lisbon Strategy has served its goal to mobilise or sustain European efforts in economic and social reform. Much has been achieved; however, on a number of issues, achieving the stated goals has proved elusive. This is certainly true in economic reform – our inability to agree on a tax package, on the Community patent, on investing more in R&D and innovation, or on moving faster in the direction of reform in network industries such as energy and transport are prime examples.

It is also true however in the social pillar of the Lisbon Agenda. Employment rates have not been rising fast enough, and we have been slow to tackle the difficult issues surrounding the reform of pension and benefit systems. As a result of this delivery gap on many fronts, the distance between the EU and the US in a number of areas – growth, productivity, employment and investment rates amongst them – remains undiminished or even widened and this calls for renewed efforts.

Three years since the Lisbon Agenda was adopted and a third of the way towards the stated 2010 goal, the 2003 Spring Council gives us the opportunity to examine whether we are on track or significantly lagging behind the ambitions set out in 2000. This calls for an examination of what

has been achieved, what has not and why, and a reaffirmation of our direction. It is not so much an issue of adding to the Lisbon Agenda; it is more one of delivering a step change in its implementation.

Reaffirming our goals becomes all the more important in light of the Union's enlargement process: it is in the Union's interest that accession countries are not left behind in Europe's structural transformation. On no account should the accession countries feel they are relegated to a permanent 'fringe' of the enlarged EU. The Lisbon vision and the Lisbon Strategy must encompass all members of the EU. We need to focus on the methods through which the Union's policies and goals with respect to the Lisbon Agenda will advance, so as to support the socio-economic base on which the new enlarged Europe will be built. This involves extending the undiluted European economic and social model to the new EU countries, integrating them in an environment of structural reform.

#### Sound macroeconomic policies and economic and social reform go hand in hand

The interaction between macroeconomic policies and structural reform is key for the success of the Lisbon Strategy. Commitment to macroeconomic stability is the necessary condition, which allows structural change to occur and yield results. Equally, successful structural reform in order to strengthen competition, increase efficiency, and enhance the potential for sustainable growth, employment, and stronger social cohesion, will have a positive impact on macroeconomic conditions.

Adherence to the Growth and Stability Pact is important, especially in the current economic environment. We will have the opportunity in March to discuss how best to use the GSP in practice so that macroeconomic policy can serve its double role of maintaining stability and underpinning growth. We must not however mistake a debate on how to fine-tune an effective rules-based framework for one on how to render it meaningless; there are no easy shortcuts to the structural reforms that our economies must undertake.

The current macroeconomic climate has in fact increased the risk of backsliding in structural reform, at a time when it is all the more important to inject dynamism in our economies and to enhance market confidence. With a unified European currency area, the focus is now clearly on structural and microeconomic reform to help deliver higher growth rates, jobs, prosperity and an improved quality of life. For the EU countries in the Eurozone, their capacity to adhere to the Stability and Growth Pact in the medium-term ultimately depends on raising the potential growth rate of our economies – and thereby their capacity to create jobs – through more active efforts in economic and social reform.

#### Building the knowledge-based European economy

The central tenet on which the Lisbon Strategy was built was the recognition that, in an increasingly open and competitive international environment, technology and human capital represent the twin engines of growth. The challenge is therefore to develop policies that harness this potential and help transform Europe into a knowledge-based economy.

Such policies have a common thread but run a wide spectrum. They range from measures to encourage the new sources of growth in Europe, policies for the creation of a European knowledge area, encouraging entrepreneurship and the creation of small firms, as well as product, labour and capital market reforms that help integrate European economies.

Medium-term growth performance in Europe depends on tapping new sources of growth: creating the conditions for new firms and industries to provide the growth potential and jobs for the years to come. Innovation is key in this respect, as are mechanisms for rapid and efficient application of technology and knowledge, which help translate innovations to economy-wide productivity gains. We have to focus not only on Europe's scientific excellence but also on transforming research results into success in the

### The distance between the EU and US has widened in some areas. This calls for renewed efforts.

marketplace, promoting business R&D, better access to risk capital, creation of technology spin-offs, protection of intellectual property rights.

Successful adoption of information and communications technologies represents a significant part of that effort. The EU should keep up to its commitment in the 2005 eEurope Action Plan of providing access to an inexpensive broadband communications infrastructure and a

wide range of services to businesses and citizens through joint efforts of the public and private sector, while at the same time creating an inclusive society where no citizen is barred for geographic, income or accessibility reasons from information society content and applications.

Europe's ability to produce, diffuse and exploit knowledge effectively depends not only on its capacity to innovate and use technology, but also to produce and sustain highly educated and skilled people. Promoting European competitiveness through investment in human capital is vital to our goal of moving to a knowledge-based economy and our coordinated efforts should be accelerated further.

Skills and competences are key factors for labour market participation as they determine possibilities for entering, remaining or returning to the labour market. Thus, human capital investment through improvements in the education system, life-long learning, increased mobility, better links between schools, universities and business becomes a fundamental requirement so as to achieve high growth and employment rates.

Europe also has an entrepreneurial deficit, especially in the knowledge-based sectors of the economy. The significant contribution that new entrepreneurs and small businesses can make to employment, growth and regional development is left unrealised. Reversing this situation involves reducing barriers to entry, reducing administrative burdens, reforming bankruptcy legislation, promoting access to capital, fostering networks, upgrading the quality of technology and management skills,

enhancing the qualitative parameters of jobs in small firms, as well as stimulating entrepreneurship through the education system.

Today, the EU is increasingly interdependent and connected, and every effort must be made to ensure that bottlenecks to such integration are removed so that growth and productivity gains can be reaped. Hence the importance of structural reform that completes the internal market by creating efficient Europe-wide product and financial markets. While the progress made to date seems encouraging, it is generally agreed that the pace has slowed recently. The Lisbon objectives can be achieved only if the commitment is renewed with direct and specific actions.

Financial services remain quite fragmented, despite the efforts towards the development of a unified internal market. Lisbon has set a strategy for opening up these markets and we have a good opportunity for speeding up the work in this area. Regulatory reform, initiatives for improved corporate governance, as well as the modernisation of the competition framework will all help to create a more efficient and unified Europe.

The sectors however where efforts need to be intensified are those of network industries, and particularly energy and transport. It is a challenge for the 2003 Spring European Council to keep the momentum towards a single market for energy and transport, through liberalisation efforts and legislative initiatives such as the railway package or airline slots. But liberalisation by itself is not enough:

greater connectivity in Europe implies the need to expand networks, not least to the new accession countries, and efforts should be directed towards exploring different financing mechanisms, using both public and private funds (EU structural funds, banking finance, public-private partnerships).

### Modernising the European social model

The second pillar of the Lisbon agenda concerns modernising the European social model in order to facilitate progress towards more and better jobs and reinforce social cohesion. This involves policies relating to the functioning of labour markets, social

### The accession countries should not feel like they are a permanent 'fringe' of an enlarged EU.

welfare policies, as well as policies that address the consequences of changing demographics and the ageing population. The Open Method of Coordination allows coordinated progress towards agreed social goals, while recognising that national differences can be a source of richness and accumulated experience. The social provisions of the Lisbon Agenda ensure that all citizens have a stake in the overall progress; they are, hence, of equal significance as strong economic performance.

The 2003 Spring European Council meeting is an opportunity to demonstrate to citizens that the Union takes active measures to address their concerns in the social field. Citizens

will also want reassurance that we are taking into account both economic and social challenges. Issues such as regional imbalances, demographic changes, persistent gender inequality, growing pressures from migration and mobility require increasing attention in our discussions about social cohesion.

The Lisbon and Stockholm European Councils have set ambitious targets for raising, by 2010, employment rates in the Union to close to 70 per cent for the working age population as a whole, to over 60 per cent for women and to 50 per cent for older workers. Attaining these objectives requires improvements in the functioning of goods, services, capital and labour markets; the reorientation of policy instruments on both the demand and supply side; as well as changes in cultural and social factors, especially concerning female and older workers' participation.

It is important that the 2003 Spring Economic Council provides a clear impetus for labour market reform in order to tackle Europe's employment deficit. This reform should be in the direction of increased flexibility, but

### We must focus on scientific excellence and transforming research into success in the market place.

coupled also with concerns about the quality of jobs. According to the conclusions we reached in Barcelona, such a reform is far reaching and involves reducing the tax burden on low-wage earners, adapting tax and benefit systems to make work pay and encourage the search for jobs, as well

as removing disincentives to female labour force participation and incentives for early retirement. Our goal should be to achieve greater adaptability and flexibility in labour markets, coupled with an effective safety net and active efforts for reinsertion, retraining and skills upgrading.

Reinforcing social cohesion is best achieved through efforts at reducing unemployment, increasing employment rates and ensuring that employment opportunities do not bypass disadvantaged population groups. Nevertheless, social cohesion is a broader policy issue that needs to be examined in its own right with particular emphasis on policies and incentives for social protection and promotion of social inclusion. European states need to be active welfare states, achieving solidarity through more individual-oriented benefit systems and ensuring that benefits are aimed at those most in need and thereby serve the goal of promoting social cohesion. Modernising the social protection system is an essential step in safeguarding the continued relevance of the European social model.

A major challenge in the coming years is to efficiently and equitably tackle the challenges posed by the dramatic demographic changes. The number of elderly people will increase rapidly while the supply of labour will decrease. In view of this we have to promote higher employment rates and also make decisive steps in the area of pensions, enhancing the ability of the systems to fulfil their social objectives, while at the same time ensuring that the fiscal implications do not undermine the sustainability of public

finances. The joint report on pensions that we will discuss in March will be a good starting point for further reform in this area.

### Safeguarding future prosperity and quality of life

Since June 2001, when we decided at the Göteborg Council to introduce an environmental dimension in the Lisbon Strategy, particular emphasis has been placed on the importance of the integration of environmental with economic policies in the context of sustainable development. The 2003 Spring European Council offers an opportunity to clearly define the main axes of the comprehensive strategic approach required for a well-balanced sustainable development and to set specific targets that will act as incentives for further progress in this area.

In order to pursue the sustainable development agenda, we need to review our strategy for sustainable development in the light of the outcome of the UN World Summit on Sustainable Development. Despite some achievements (progress in some areas – notably water, more active role of business in sustainability issues), the Summit fell short of expectations in a number of areas. In order to keep the spirit of Agenda 21 alive and demonstrate leadership in policies for sustainable development, the EU should aggressively pursue some of the goals that proved elusive in Johannesburg, for example by committing ourselves to substantially increasing our share of renewable energy.

Aside from reviewing and improving our overall strategy for sustainable

development, there are specific initiatives we should be pursuing. One is to put more effort into tackling obstacles to the take up of environmental technologies.

Environmental technologies are at the core of the Lisbon Agenda: they help move the European economy towards new knowledge-based industries with growth and employment potential, while contributing to environmental protection. Another is to pursue work to ensure that different modes of transport better reflect social costs, giving priority to modes of transport that are environmentally sound.

A few years back, we in Europe set our sights on achieving a common market and a currency for the whole of Europe and we committed ourselves to the necessary steps to achieve it. We knew then, and we know now, that this was just the means, the method for achieving what we have always sought: a progressive and just Europe, strong enough to be able to provide jobs and prosperity for all its citizens. To achieve this today, we need to reaffirm emphatically our commitment to the agenda that we set in Lisbon and to pursue it with renewed vigour.



Constantine Simitis is the Prime Minister of Greece.



As I am writing this piece, the negotiators in Brussels are bargaining feverishly over the financial package – the toughest of all chapters under discussion. But, at long last, the terms and conditions on which the European Union will be prepared to embrace quite a substantial chunk of the post-communist world are beginning to loom into view. Indeed, we shall know exactly what they are before this article is actually read. Today, unfortunately, I am not in a position to take anything for granted.

At this point, however, there is no doubt in my mind that in December 2002 decisions of paramount importance were taken, decisions that ultimately consigned the post-Yalta division of Europe to the dustbin of history.

Yalta had opened a deep gulf between two parts of the continent; it held them apart for decades, exerting a powerful influence on human lives on both sides

## Can Poland's Left Convince the Country to Embrace the Modern Age?

Włodzimierz Cimoszewicz

of the infamous 'iron curtain', setting rigid limits on people's ability to enjoy their rights and freedoms. Now its unlamented departure leaves us free to build a new order across the continent.

### A Class of Visions

The proper historic context of enlargement, there right at the very

outset, enhances the talks going on in Brussels, and influences the debate now beginning to swirl across our country. It brings home to people the very sense and essence of accession. One part of the message is that we cannot simply focus on details such as contributions to the EU budget or direct payments to farmers to the exclusion of other issues, no matter how important they may be. To do so would be to dilute the relevance of the Union's unprecedented eastward expansion.

These aspects should be addressed and highlighted in the public discussions the ratification processes are almost certainly set to trigger – and, needless to say, these discussions will take place not just in the candidate states. It should be remembered that only some countries are to hold referendums to seek their respective citizens' endorsement of ratification, and Poland is one of them. It is the Polish people rather than the elites that will decide whether or not to let the EU enlarge into Poland. We are planning to call this referendum in the late spring of 2003, but for this to happen the negotiations must already have been completed, and the Accession Treaty signed.

The referendum will be preceded by a vigorous campaign during which not only the advocates of accession and the government will be free to voice their views. In fact, all the indications are that the referendum campaign could escalate into a fairly shrill and abrasive affair, punctuated by emotional outbursts, as sharp differences of opinion have already surfaced in Poland – both over the rationale for joining the Union and the negotiated terms and conditions of