

In the 'Europe 2020 Agenda' the EU has a strategic plan to build a smart, sustainable and inclusive economy. Looking past current crises, we should re-focus on these long term goals

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Europe's main strategy plan for growth identifies feasible improvements to employment, innovation, education, social inclusion and climate/energy. Sir Tony Atkinson argues that these collective goals give European countries an advantage over competitors – yet this key Agenda is in danger of being overlooked in debates about austerity, growth and the future of the Euro.



Public debate about Europe has been dominated by questions about the “survival” of the Euro. This is an important question. The common currency has been a bold initiative, and the establishment of supporting fiscal and other institutions, if successful, may turn out to be one of the most significant steps in European integration. In the short-term, the bail-out measures are a (much delayed) step towards the European Union acting collectively. The other frequently used word nowadays is “growth”, with varying degrees of recognition that there may be a conflict between the austerity packages being adopted (or being imposed) and the prospects for economic recovery.

Without economic growth, it will be much more difficult to reduce the ratio of debt to national income. At the same time, both the Euro and renewed growth are simply means to an end. In the welter of current discussions we seem to have lost sight of the ultimate objectives of our societies. Economic integration is sought, not for itself, but as a means of improving the lives of people. Growth is sought, not simply as the denominator of a fiscal ratio, but because it can contribute (or maybe not) to realizing our underlying aims.

Setting strategic goals

But what should our aims be? Here the European Union has a little discussed advantage over other advanced countries. As a recently created political institution, bringing together countries with different histories and traditions, the EU has had to be more explicit about its goals. Unlike long-established nation states, where objectives are typically left implicit and un-discussed, the EU has set out specific (reachable) ambitions. At the beginning of the noughties in the Lisbon Agenda, and for the present decade in the [Europe 2020 Agenda](#), the Heads of State and Government have reached agreement on a statement of the goals of the European Union.

Under Europe 2020, the EU aims to become “a smart, sustainable and inclusive economy”. More specifically, the EU had adopted definite, achievable targets to be reached by the turn of the decade in five areas: employment, innovation, education, social inclusion and climate/energy. So, for example, ‘smart’ means (among other things) aiming to reduce school drop-out rates to below 10 per cent. In the field of climate change, there has been legislation to implement the 20-20-20 targets: reducing greenhouse gas emissions by 20 per cent (from 1990 levels), increasing the share of renewables in final energy consumption to 20 per cent, and increasing energy efficiency by 20 per cent. ‘Inclusive’ means reducing by 20 million across Europe the number of people in or at risk of poverty and social exclusion.

Have these goals been well accepted? For instance, do they apply to the notoriously Euro-sceptical UK? Or has Mr Cameron opted us out? The answers here are ‘Yes, they do’ and ‘No, we’re still

in'. The UK Government signed up in June 2010, and last year confirmed that it 'strongly supports Europe 2020' in the *UK National Reform Programme 2011*, submitted as part of the Europe 2020 strategy. The document sets out the British approach to national monitoring and the actions taken in support of the agreed headline European targets. It commits the UK government to 'substantial engagement with national parliaments and the wider public'. So, watch this space.

Useful goals, and not cheap talk

Many observers have tended to dismiss the Europe 2020 targets as 'cheap talk', not backed by solid commitments by Member States. There are no sanctions for failing to meet the targets. But, in my view, these statements serve both a long-term and a short-term purpose. In the longer-term, they provide a statement as to what is implied by membership of the European Union. In particular, they guide potential new member states (most imminently Croatia) about where the EU is headed, in addition to and going beyond the *acquis communautaire* of existing European legislation and institutions. For example, the *Social Inclusion Process* fulfilled exactly that role during the period leading up to the 2004 Enlargement, making clear the importance of the social dimension.

In the immediate future, the Europe 2020 targets provide a yardstick by which to evaluate the austerity programmes being enacted by (or enforced on) member states. Given that there has to be fiscal consolidation, there are alternative policies that can be adopted, and these have differing implications for the prospects of achieving the Europe 2020 targets. Politicians are all talking about restoring growth, but this growth has to be "smart, sustainable and inclusive". It is not evident that this can be achieved by deficit-reducing policies loaded heavily towards cuts in public spending. The growth strategy is likely to require instead investment in public infrastructure.

Again, let me situate this against the UK, whose situation I know best. In England the government has cut back the Education Maintenance Allowance (or EMA), a programme designed to encourage those aged 16 to 19 to stay in education, can hardly have contributed to the objective of reducing early school-leaving. From 2000 to 2009, the UK made substantial progress in reducing the proportion of early school-leavers, part of the Europe 2020 targets. But will this continue with the much-scaled down replacement for the EMA? Similarly, as far as the poverty target is concerned, the UK government claims that under its new welfare benefits policy of introducing a new *Universal Credit* 'households will be more likely to claim their full entitlement'. Yet again, is this a triumph of hope over past experience with reforms of means-tested benefits?

The question that EU citizens should therefore be asking all their governments is – given the clear goals for this decade, how far have we been blown off course? How can the austerity programmes be crafted so that they contribute to, not undermine, the agreed aims of the Europe 2020 agenda?

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