

Improve economic governance to sustain the recovery

“Making the best of the Lisbon Strategy”

BACKGROUND

The crisis has considerably heightened challenges and will require much stronger drive to implement the necessary reforms in order to restore high sustainable growth on our continent. A more effective pooling of European and national policies will be needed to leverage private investments in order to meet today’s immense economic, social and environmental challenges.

European Commission: live up to high expectations

Since the welcome overhaul of the Lisbon Strategy in 2005, the Commission has had more concrete benchmarks to monitor and assess reform progress at the national level. The Commission will need to make the best of these instruments, focusing particularly on the follow-up to National Reform Programmes produced by Member States and to the country-specific recommendations issued by the Council. In the present circumstances, the Commission should keep a particularly vigilant eye on reform progress, avoid complacency, and exert its right of alert when policies are inconsistent with commitments. It should also continue to develop and further improve quantitative instruments to measure reform progress and implementation.

Member States: discuss reforms with all stakeholders and implement them

The responsibility to reform lies primarily with national governments, but within an agreed common EU strategy for growth and jobs. Ambitious national reform programmes must be submitted to EU institutions with clear targets and defined time schedules. In this process, government should foster a broad debate involving national parliaments and social partners, both when reform programmes are being prepared and when their actual implementation is assessed.

European Council: foster ownership of the Lisbon strategy

Filling the reform implementation gap and improving the overall system of economic governance in the EU requires a high level of ownership by Member States. The European Council plays a central role in fostering such ownership, which has been lacking so far. It should stimulate in-depth discussions on ways to stir the recovery through reforms and ensure strict enforcement of agreed rules and commitments.

Eurogroup: commit to a higher level of collective responsibility for those sharing the euro

Members of the European monetary union are bound to a higher level of solidarity and collective responsibility due to the specific nature of economic and policy interactions. Appropriate representation of the euro area at the international level is also warranted to ensure that its influence on global economic issues is commensurate with its weight.