

LLUEVE SOBRE MOJADO – THE RE-LAUNCH STRATEGIES OF THE LISBON AGENDA

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Having spent the weekend in Lisbon listening to [the most promising Fado singer](#) in the *Club de Fado*, the fado cry reminded me that the unsuccessful Lisbon Agenda phases out this year.

Today on February 11th, the European Council president Mr Van Rompuy will call for an informal summit to come up with a re-launch strategy of the Lisbon Agenda. As a reminder, the Lisbon European Council in March 2000 identified among many other indicators R&D investment as essential "to make the EU the most competitive and dynamic knowledge-based economy of the world".

Reading the R&D market today, nothing has changed from the old ESPRIT days of the 80's, when the European Communities realized that it was falling seriously behind the US and Japan, and that research in the EU was too fragmented to produce comparable results. Being a ten year plan, the agenda runs off this year and the new 2020 plan needs to be developed. The fact that the Agenda expires is in itself not a sufficient basis to legitimize the new 2020 Strategy. What the EU needs is a renewed growth, employment and social cohesion strategy since Lisbon was not able to fulfill the advantages of a Europe-wide coordination of economic and employment policies.

The Lisbon Agenda has failed, at least in the field of R&D; EU overall performance of R&D investment in terms of GDP merely increased from 1.85% in 2000 to 1.90% in 2010; being the goal 3%. Moreover, new players including the BRICS economies are showing up with ambitious targets to compete in high technology. Although I identify with the antipathy of the Anglo-Saxons press to these COMECON-style plans by administrative decree, there is no alternative for R&D policies but to think in the long run, with consensus among all parties and the civil society. The Euro has taken away the possibility of the Member States to respond against asymmetric economic downturns and recessions through monetary or fiscal policies and currency devaluation. Therefore, strong macroeconomic policy coordination at least in the Eurozone has become inevitable.

The plan should be called "[EU 2020 Strategy](#)" and according to the European Commission should include three priorities: Creating value basing growth on knowledge, Empowering people in inclusive societies, and Creating a competitive, connected and greener economy. This time, no specific value for a goal on research investment based on the GDP has been given. These are good news since setting the goal on a specific percentage did not make any sense. Country specific plans are the right approach since the regional innovation paradox observed by [Mikel Landabaso](#) et al, may hinder lower developed countries absorb excessive public funds earmarked for R&D. Therefore, the target of 3% R&D investment is not a size that fits all EU regions. This does not mean that national plans should not be ambitious, far from it; increase the share on R&D despite pressures for fiscal consolidation is paramount.

Since no country contradicts, the debate circles around governance. The [Open Method of Coordination \(OMC\)](#) has proved to be a weak instrument and some suggest to include incentives and sanctions. The club-med (formerly [PIGS](#)) and Belgium appears to embrace that idea but France and Germany would prefer a softer mechanism. There is no question what the UK's position will be. The southerners appear to like the idea of the "blame it on Brussels" policy. They push for tighter controls at EU level to have an easier hand when translating it into national action. Something similar occurred during the Greek debt crisis last week where Greeks appeared to be comfortable with EU tutelage.

While I am not a friend of a sanction's mechanism, there is no doubt that the EU Council can not

come up with anything similar to Lisbon. Only a fundamentally new approach on policy coordination will determine whether the strategy will turn out to be successful or not. Incentives, - for instance the right to issue EU bonds, or rewarding strong performers with additional structural funds, among others, - seem to be the only way to assure some kind of ownership. Remember how disciplined countries became when they had to comply with convergence criteria to enter the euro. And why not trying something else for a change?!

There are no comments yet.