Business as Usual or a New Strategy for the Future?

The Europe 2020 Strategy from the Perspective of German Trade Unions

MICHAEL SOMMER, FRANK BSIRSKE AND WOLFGANG RHODE

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- With the Europe 2020 Strategy, the member states of the European Union will set themselves political, economic and social targets for the purpose of »smart, sustainable and inclusive growth«. The strategy has particular importance in view of the financial, economic and employment crisis. What is the general direction of the proposals made so far – and what points of criticism are there?

- The German Confederation of Trade Unions, ver.di (Vereinte Dienstleistungsgewerkschaft – United Service Sector Union) and IG Metall (Industrial Union of Metalworkers) evaluate the strategy from a trade union perspective in their contributions. The aims of the strategy and the possibility of their implementation are considered critically and their shortcomings identified and analysed.

- This paper presents a plea not only for a more social Europe, but also for an EU which is capable of countering the crisis situation with a new way of thinking and creative drive. From the trade union standpoint, the right lessons must be learned from the failed Lisbon Strategy: instead of a one-sided orientation towards competitiveness, account must be taken of sustainability, solidarity, cohesion, equality and social progress. Closer integration of the social partners can ensure employment and shape sustainable structural change. Only if Europe 2020 includes these goals will the EU find itself in a better position in ten years' time, particularly with regard to the social dimension.

Content

Introduction

The purpose of the Europe 2020 strategy is to give the European Union a new framework, enabling it to surmount the financial and economic crisis and to lay the foundations for new growth, more employment and increased competitiveness. However, the Lisbon Strategy which, between 2000 and 2010, was supposed to make Europe the most competitive and dynamic knowledge-based economy in the world has not achieved its aims. Above all, however, it has not enabled the EU to cope better with the fluctuations of the financial and economic crisis.

Hopes that the new strategy would result in a new way of thinking and a change of direction have so far not been fulfilled: the European Commission's proposal with regard to the Europe 2020 strategy has not lived up to expectations. Before the European Council makes its decision on the strategy at its meeting at the end of June the German Confederation of Trade Unions, IG Metall and ver.di have taken the opportunity to establish a common stance. This is also in response to the fact that the social partners were not adequately involved in developing the details of the strategy.

The **German Confederation of Trade Unions** is calling for a re-orientation of the Europe 2020 Strategy. The focus should not be competitiveness and the market, but sustainability, solidarity, cohesion and equality. Without a commitment to social progress, combating poverty and »decent work«, the European Union, in the Confederation's view, will remain mired in social stagnation. Europe needs a new project: a common economic government, which is committed equally to economic, environmental and social progress.

The United Service Sector Union **ver.di** is demanding that the system of market states be overcome by the coordination of wage, social and tax policies. This would make it possible to prevent dumping strategies and external imbalances. We need strategies to combat the low-wage sector, the new »precariate«[1] and wealth and income polarisation. Social policy, as far as ver.di is concerned, should not be confined to fighting poverty, but must find a solution to the threats to social security systems.

IG Metall calls into question whether the European Commission has either the will or the proper instruments to implement the goals of the strategy. It favours extending the focus of the strategy from growth and price competitiveness to include industrial value creation and redistribution. With an employment-oriented and sustainable industrial policy Europe can create a new foundation which is more socially and solidarity oriented.

The Europe 2020 Strategy is an important signpost as regards the future development of the European Union. Whether the European Commission and the EU member states are able to properly harness the momentum of the financial and economic crisis remains to be seen. The trade unions have formulated their demands clearly.

Cilia Ebert-Libeskind
International Policy Analysis

1. A recent coinage combining references to the insecurity or precariousness of part-time and contract work and the word »proletariat«.

If not now, then when?
What Social Europe needs is a fundamental policy shift

Michael Sommer

Ways Out of the Crisis

Over the next few years, Europe will have to deal with the consequences of the greatest financial, economic, employment and euro crisis of its 50-year history. This is the basic framework within which the EU member states must lay down their political aims and principles for action for the next 10 years. The new strategy – known as »EU 2020«, for short – succeeds the Lisbon Strategy, launched in 2000, which has far from fulfilled expectations. The overwhelmingly critical view is that the Lisbon Strategy had too many goals, and that it was not transparent or binding enough. In order to avoid, if possible, the mistakes of the Lisbon Strategy, the new 10-year »EU 2020« is to be limited to a few – above all, measurable and verifiable – objectives. Appropriate indicators, which were already put to use within the framework of the Lisbon Strategy, will ensure that potential implementation problems are filtered out and progress is measured. The most important instrument for this purpose is the so-called »open method of coordination«[1].

This search for the right strategic way forward comes at a time when Europe's very existence is under examination. On the one hand, the current problems arising from the crisis, in all its dimensions, simply cannot be tackled solely at national level, while on the other hand, the political will is still lacking to properly address the causes of the crisis and to take the necessary precautions for the future in terms of a sustainable European crisis prevention strategy. Instead, national egoism and interests are setting the agenda and preventing prompt action on the part of the EU member states which is adequate to their predicament.

Given the grim economic and monetary situation, to continue with such nationally-oriented parochialism would be fatal. Because until Europe develops a common, cohesive and binding strategy to counter the crisis, the danger is that European governments will contend themselves with imposing severe austerity measures. And as usual, it will be primarily workers and the most disadvantaged who pay the cost of it.

Already, 23 million people in Europe are without paid employment. Since mid-2008, employment has fallen by 1.9 per cent, a loss of 4.3 million jobs. Rising unemployment is the consequence, affecting above all young people, the low qualified and immigrants. Youth unemployment has exploded across the EU and now averages 21.3 per cent. Furthermore, the end is by no means in sight, at least according to the employment report recently published by the European Commission.

EU 2020, »a strategy for smart, sustainable and inclusive growth«[2], is intended to arrest this downward slide.

Europe has three priorities for the future:

(1) *Smart growth:* knowledge generation, innovation, education/training and the digital economy.

(2) *Sustainable growth:* a more resource-efficient, greener and more competitive economy.

(3) *Inclusive growth:* high employment rates, acquisition of new skills and qualifications, and combating poverty.

To this end, a number of targets have been set:

- The employment rate for 20–64 year-olds should reach 75 per cent by 2020.

- By then, 3 per cent of GDP should be spent on research and development.

- Greenhouse gas emissions should be reduced by at least 20 per cent in comparison to their 1990 level, the proportion of renewable energies should be increased to 20 per cent and there should be a 20 per cent increase in energy efficiency.

- The school drop-out rate should be lowered and the number of higher education graduates increased.

1. The »open method of coordination« provides a framework for cooperation between EU Member States. It involves benchmarking, common objectives as well as measuring instruments in the following policy areas: employment, social protection, social inclusion, education, youth and training.

2. »Europe 2020 – A strategy for smart, sustainable and inclusive growth«, March 3rd 2010 (http://ec.europa.eu/eu2020/index_en.htm).

■ In order to bring 20 million people out of poverty efforts towards social inclusion must be stepped up. The European Commission proposed a target of 20 million fewer people in poverty by 2020, but a number of member states have tried to block this.

But is this enough? And are these the right priorities?

The German Trade Union Confederation (Deutscher Gewerkschaftsbund – hereinafter: the DGB), in its opinion on the European Commission's consultation in January 2010, called for a new strategy orientated towards **sustainability, solidarity, cohesion and equality,** together with a fundamental commitment to **social progress**. Alleviating poverty must be a key element of the new strategy. The DGB rejects the previous orientation towards competitiveness and the market.

»Business as Usual« or a New Strategic Way Forward? Take as Long as It Needs to Reach a Proper Decision

Although the European Commission and the European Council never tire of declaring that »EU 2020« will not be a success unless civil society, the social partners and national parliaments are involved, the new strategy has so far been hurried through at all levels at such a pace that in-depth dialogue between the various actors is impossible.

On 3 March 2010, the European Commission presented its strategy proposal and the heads of state and government broadly agreed as early as 25–26 March on the course to be taken until 2020. As already mentioned, so far no agreement has been reached on binding poverty targets, particularly because of German reservations. The aim was to adopt the strategy by mid-June. This has already given rise to considerable protests, principally from the European Parliament. The European Parliament had to remind the member states several times not to make a final decision at the June summit of the European Council, since the late publication of the Strategy made it impossible for the proper parliamentary process to be completed by then.

The need for a broad consensus in order to implement the strategy successfully has been pointed out not only by the European Parliament, the European Economic and Social Committee (EESC) and the trade unions. It is also the conclusion of the high-level »Reflection Group on the Future of Europe 2030«. In September 2007, the European Council tasked a high-level group of experts with looking into the kind of challenges likely to face the EU in 2030 and how they might be tackled. The report of the so-called Reflection Group, which was chaired by Felipe Gonzalez Marquez and included, among others, Vaira Vike-Freiberga, Mario Monti, Nicole Notat and Lech Walesa, presented its report »Project Europe 2030: Challenges and Opportunities«[3] in May 2010, two months after the European Commission's proposed EU 2020 Strategy. The Reflection Group says it is convinced that Europe can overcome the current challenges arising from the financial and economic crisis, but only if »all of us – politicians, citizens, employers and employees – are able to pull together with a new common purpose defined by the needs of the current age«.[4] But that can be achieved only if the proper participation of these actors is ensured.

Sufficient time should therefore be taken to reach agreement on a new strategy which is built to last.

Taking Account of the New Realities and Establishing Europe on a New Footing

Social Europe has a much higher profile in the EU 2020 Strategy than it had in 2000. On closer examination, however, it turns out that the strategy's social dimension is reduced to combating social inequality and poverty.

The goals of full employment and decent work are not tackled adequately. Instead of »more and better jobs«, as called for by the Lisbon strategy, the focus now is on »delivering high levels of employment [and] productivity«. The fact that the increase in the employment rate achieved by the previous strategy was the result of an increase in atypical and precarious employment is not taken up. Basically, the productive role of social policy for the social cohesion of European societies and the stabilising function of active social and employment policy is not included. That the heads of state and government have so far not been able to agree on binding goals with re-

3. Reflection Group on the Future of the EU 2030, »Project Europe 2030«, May 2010 (http://www.reflectiongroup.eu/wp-content/uploads/2010/05/reflection_en_web.pdf)

4. »Project Europe 2030«, p. 3.

gard to poverty and education speaks for itself: they still lag behind the proposals of the European Commission. No mention is made of social progress.

The debate on poverty indicators shows that, behind the scenes, some member states are trying to deprioritise poverty goals in favour of other targets. The reference figure at the EU level, accordingly, should be the number of persons at risk of poverty. People at risk of poverty are defined as those whose income is below 60 per cent of the national median income (17 per cent of the European population in 2008). This indicator proposed by the European Commission is tied to income distribution and takes into account all sources of income. On June 7 and 8, 2010, the European Council on Employment, Social Policy, Health and Consumer Affairs did not adopt the binding indicator for poverty risk proposed by the European Commission. Instead, member states will be able to choose from three poverty indicators in order to measure progress in poverty reduction: 1. poverty risk; 2. material deprivation; 3. number of persons living in an unemployed household. Based on this indicator, member states can explain to what extent they contribute to the overall European goals. It is quite likely that member states will choose the indicator that will allow them to present their efforts in the best possible light. This will make it rather difficult to compare initiatives and results across the EU. As a result, the credibility of the poverty aims is rather low. The European Council will discuss the quantitative aims in the area of school dropouts and university degrees on June 17 and 18, 2010. The guidelines will be adopted in October 2010, once the European Parliament has taken a position.

The EU 2020 Strategy shows an almost complete lack of equal opportunity targets. Guidelines on equal pay are needed – this is a central aspect of the fight against poverty.

Also lacking are specific targets for young people aged 15 to 24. The need for action is particularly urgent in this instance. Within the framework of the strategy Europe must develop new strategies against youth unemployment and offer young people a future.

The EU's emergency stabilisation fund, which is aimed at protecting the euro against attack by speculators, has in the meantime given rise to new realities. The EU rescue package must now – regardless of the rescue of individual member states – be understood as the »nucleus of a meaningful institutional development of the Eurozone« as was proposed by Gustav Horn at the Hans Böckler Foundation. In future, external imbalances in particular would come into view at an earlier stage, thereby contributing to the preventive stabilisation of the Eurozone.

Before the EU 2020 Strategy is finally concluded, there is an urgent need to set out how the reinforced coordination of economic policy will look and how it is supposed to contribute to better implementation of the goals of the new strategy.

Summary: What Is at Stake Are Fundamental Policy Principles, Not Technical Issues

European politics is standing at a crossroads. Is Europe to remain a bastion of neoliberalism and social stagnation or set out in another direction? Does the EU 2020 Strategy mean that the European bureaucracy will no longer act as the champion of deregulation, the free market and corporate interests? That, finally, the lust for profit will be restrained in the name of people's political and social rights?

Disenchanted, we have been forced to realise that, even after the enlargement of the EU to 27 member states, it has been not been possible to create a genuine political union out of the economic community. Europe therefore needs more than joint projects for the future. It needs projects which people can become committed to and be inspired by. The creation of a European economic government in conjunction with the EU 2020 Strategy is one such project. This would be a »joint government« which is committed equally to economic, environmental and social progress. An economic government which would be able to get to grips with crises quickly and transparently, as well as putting a stop to speculators. An economic government which implements a common environmental policy, safeguards jobs and creates decent work, as well as establishing a sensible balance between industrial and environmental policy.

If not now, then when?

At the same time, the project of including a »social progress clause« in the European treaties must be pursued further. »Nothing in the Treaties, and in particular neither economic freedoms nor competition rules shall have priority over fundamental social rights and social progress … In case of conflict, fundamental social rights shall take precedence.«[5]

If the about the word »social« they should be open to these trade union demands. That would really constitute major progress towards a »Social Europe«.

5. Resolution of the European Trade Union Confederation, p.5 (http://www.etuc.org/IMG/pdf_ResolutionDE-2.pdf)

The Europe 2020 Strategy and the crisis

Frank Bsirske

The following analysis and critique of the EU 2020 Strategy refers primarily to five key socio-economic challenges facing Europe:

1. A strategy for combating the world economic crisis

2. The Eurozone crisis

3. Exit strategies with regard to sovereign debt

4. The failure of the growth model of many states in Central and Eastern Europe

5. A strategy for combating poverty and social exclusion in Europe

A strategy for combating the world economic crisis

In its Europe 2020 Strategy the European Commission describes the historic economic collapse of 2009 and identifies two central weaknesses of the EU economy: the productivity gap with the United States and comparatively low employment rates. With regard to overcoming the crisis it praises the cooperation of the EU member states in the government economic stimulus programmes at the end of 2008, but calls for even closer cooperation in economic policy.

In this way, the European Commission turns a blind eye to the central defects of the EU's current economic and social constitution, which make it more difficult to combat the crisis:

- the one-sided orientation of the European Central Bank (ECB) towards price stability and disregard for the aim of full employment;

- the lack of a European economic government via the Europeanisation of fiscal policy;

- the system of market states which, in the absence of coordinated wage, social and tax policies at the European level, goes hand in hand with external imbalances in the EU and fosters dumping strategies.

The Eurozone crisis

Although the European Commission mentions in passing that economic imbalances in the EU must be overcome, there is no analysis of the structural reasons for these imbalances – there is no naming names. The fact that the unequal development of unit wage costs in the Eurozone has led to growing current account surpluses in Germany and growing deficits in France, Greece, Italy, Portugal and Spain is not mentioned. This completely masks a central threat to the stability of the Eurozone, currently manifested by the Greek crisis. In its manifesto »A Social Europe for the Future: A Manifesto on European Policy«[1] ver.di pledged for overcoming the market-state system in the EU. The coordination of wage, social and tax policies would make it possible to prevent dumping strategies, which jeopardise the welfare state, and external economic imbalances, which lead to adverse employment effects which run counter to member state solidarity. Although international organisations, such as the Organisation for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF), are increasingly warning of the threat posed by these imbalances the European Commission continues largely to ignore the problem.

Germany must step back from its one-sided, export-oriented growth strategy and encourage domestic economic growth. Fundamental in this respect are rising wages and higher spending on public services, education and health care. This strategy switch would also help to take the pressure off EU member states with current account deficits.

Exit Strategies with regard to Sovereign Debt

In the Europe 2020 Strategy the European Commission describes the sharp increase in new debt and the overall indebtedness of EU member states in connection with the crisis, the economic stimulus programmes and financial sector rescue schemes. It is calling for a restoration of the limit on net new debt of 3 per cent by 2013 and declares that an appropriate instrument for that purpose is

1. ver.di »A Social Europe for the Future: A Manifesto on European Policy«, December 2008 (http://www.verdi.de/international/europapolitik/europamanifest/data/18032_euromanifest.pdf)

the Stability and Growth Pact. It must be acknowledged as some sort of progress that the Commission has recognised the need for government economic stimulus programmes to combat the crisis. However, when it comes to reducing sovereign debt, it has shown a marked lack of imagination, confining itself to existing instruments and measures. The tax system is supposed to be »growth friendly« and increases in additional wage costs are to be avoided. In practical terms, the Commission's recommendations boil down to offloading the costs of reducing sovereign debt on the victims of the crisis in the form of VAT increases and cuts in social services and benefits. Instead, what is needed – and this is long overdue in Germany – is higher taxes on corporate profits, large fortunes and inheritances, as well as re-regulation of the financial markets, in particular the introduction of a financial transaction tax in order to address the causes of the crisis. A policy of redistribution via the tax system could also procure the financial resources the government needs to vigorously pursue a domestic economic growth strategy.

The failure of the growth model of many states in Central and Eastern Europe

Before the crisis, the growth models of many Central and Eastern European states were strongly dependent on exports and high external debt. As a result of this one-sided orientation of their economic structure, in 2009 many of these countries registered exceptionally high falls in GDP. Hungary, Latvia and Romania had to seek IMF stabilisation loans. The adjustment measures attached to these loans have led to severe cuts in social spending. Furthermore, high unemployment is undermining the already weak trade unions in these countries. This constitutes a major threat to the economic and social stability of the EU.

These problems are not even mentioned in the Europe 2020 Strategy – as if what has happened here is merely a temporary setback and the countries of Central and Eastern Europe will be able to resume their previous growth models after the crisis has been overcome.

A strategy for combating poverty and social exclusion in Europe

The Europe 2020 Strategy does not attempt to analyse why poverty increased sharply in many EU member states between 2000 and 2007, despite the fact that, within the framework of the »open method of coordination«, clear aims were agreed upon. The problems of the growing low wage sector, precarious employment and increasing polarisation of income and wealth are simply ignored. If no alternative strategies are introduced, after the crisis is over a scenario characterised by weak growth, high unemployment and a shrinking welfare state looms. Against this background, it is incomprehensible how the EU expects to be able to reduce the number of those in poverty by 25 per cent by 2020.

Moreover, it is also quite revealing that the heads of state and government, as a result of German pressure, failed to reach agreement on a poverty target within the framework of the Europe 2020 Strategy at the March summit of the European Council and will discuss the issue only at the next summit in June. Finally, it is utterly unacceptable that social policy within the framework of the Strategy amounts to no more than combating poverty and no account is taken of the threats to social security systems arising from the twin global economic crisis.

Is Europe 2020 Really a Strategy for Growth? Trade Union Demands with regard to European Industrial Policy

Wolfgang Rhode

A growth strategy for more employment, higher spending on research and development, a more robust policy on climate change, an improved education system and reducing poverty: IG Metall has no basic objections to this description of the aims of the Europe 2020 Strategy presented by the European Commission. On the contrary, in comparison to previous policy this constitutes a significant step forward from the workers' point of view.

Our doubts concern whether or not the European Commission really has the will and the appropriate instruments to bring about the hoped for »smart, sustainable and inclusive growth«. The Europe 2020 Strategy is being put together in the teeth of the economic and financial crisis. The most urgent task goes without saying: safeguard jobs! At the same time, looming climate change requires more than merely shoring up present structures. What is needed is a new industrial revolution which brings forth environmentally-friendly products and processes.

The EU's spring summit in 2010 delivered the sobering message that the Europe 2020 Strategy and the Stability Pact are to be regarded as separate from one another. It remains to be seen whether or not the growth strategy will be able to prevail over budget consolidation. The political orientation of the growth strategy is also under fire from the liberal side: German finance minister Brüderle has already spoken out against the efforts to combat poverty.[1] The connection between redistribution and growth prospects is systematically excluded.

IG Metall is committed to the interests of its members. While our support for European integration is undiminished, increasing competition between production locations, the services directive and rulings of the European Court of Justice (now the EU Court) which have gone against the workers have contributed to the emergence of a state of affairs in which concepts such as Europeanisation and globalisation are now linked to fears and anxieties about their own future in many workplaces. Because Europe is dependent on the consent of its citizens there can be no question of continuing with previous policies.

Historical Recap

With similar ambitions to those of today, the Lisbon Strategy, adopted in 2000, was also intended to initiate growth. As everyone knows, the average growth of 1.6 per cent actually attained fell far short of this aim. Only an honest assessment of where Europe really stands can prevent it from repeating the same mistakes.

The cause of the dynamic deficiencies of recent years was not inadequate implementation in the member states, criticised by the European Commission; nor can the collapse of the financial markets be held up as an excuse. The trade unions have pointed tirelessly to the supply-side oriented slant of a strategy which relied too much on price competitiveness. A sound approach to economic development was also lacking. Furthermore, although there are many references to the New Economy, the opportunities provided by new information and communication technologies and the supposed blessings of liberalised financial markets, there is no mention of industry or industrial value creation in the Lisbon Strategy.

Revive European Industrial Policy

At the present time, it seems possible that lessons have been learned. The, in many cases, snobbish attitude of the political elite towards industrial value creation appears to be a thing of the past. Could it be that a new age of openness towards industrial policy has dawned? At the very least, there are worthy sentiments in the documents of the European Commission, which emphasise, instead of dismantling industrial structures, establishing them on a new, future-oriented footing. The European Commission plans to lay out the framework of a common European industrial policy. That is, indeed, progress in comparison to the Lisbon Strategy.

However, it is not the label which counts, but the contents. At the end of 2009, when the debate on the

1. A press release issued on 3 March 2010 on the Europe 2020 Strategy states: »The European Commission rightly pins its hopes on long-term, sustainable growth … However, I would have preferred it if the Commission had concentrated primarily on reforms that promote growth, in accordance with its own previously expressed views. … A redistribution target, such as combating poverty, does not belong here, in my opinion«.

Europe 2020 Strategy began, the European Commission took the view that European industrial policy was oriented in terms of two poles. On the one hand, in very general terms, capacity to innovate and new technologies. On the other hand, a number of specific challenges were cited, with reference to reducing overcapacity in some branches and supporting ailing sectors. The Commission went into greater detail concerning its industrial policy in its proposal of March 2010.[2] Industrial policy aims are to be implemented primarily with the flagship initiatives »An Industrial Policy for the Globalisation Era«, »Innovation Union«, »Resource Efficient Europe« and »An Agenda for New Skills and Jobs«.

According to the Commission's Communication, the aim will be to take stock, together with enterprises, trade unions, academics, NGOs and consumer organisations, with regard to »how to maintain a strong industrial and knowledge base and put the EU in a position to lead global sustainable development«.[3] A debate of this kind is urgent, as far as IG Metall is concerned, and an overall conception of European industrial policy long overdue. However, indications are that the European Commission's approach is too simplistic. It has merely laid down the basic framework, saying little about the specific problems of individual branches.

The obsession with competitiveness continues to show through here, which simply ignores the current challenges facing many branches. European industry is not suffering from a lack of competitiveness, but from the collapse of its external markets, inadequate domestic demand and excessive borrowing costs.

Despite positive signs of recovery, the crisis is not yet behind us. It is not only individual companies which are still in danger; industrial »heartwood« is still at risk of permanent damage and entire value chains may break down. At the same time, demographic developments and economic internationalisation are bringing about far-reaching changes in industry. However, the Commission seems to have drawn no discernible conclusions about these developments for industrial policy.

It is all too evident that ideas based on supply-side theory are being pursued, emphasising freedom from bureaucracy and strict regulation. Still in thrall to the old way of thinking, the issue is the attractiveness of industrial locations, while employment policy considerations are neglected. In this view, more and better jobs will be created automatically as long as competitiveness is enhanced. But the dominance of the shareholder value approach in many enterprises simply cancels this out. If industrial policy is to promote employment, alongside competitiveness, enterprises must have an express obligation to create more and better jobs.

The following, hitherto neglected points must be given a higher profile in the Europe 2020 Strategy:

■ Structural change must take place in a socially acceptable manner and be pursued at the level of regional economies.

■ Uniform location conditions must be created in Europe and location competition and the race to the bottom with regard to tax rates must be curbed.

■ Above all, public investment is needed in infrastructure and intelligent (communication) networks, education and health care, as well as in sustainable transport and energy systems.

■ One lesson of the crisis is that the economy must be democratised.

Industrial policy is important but it must be socially embedded. Action is needed here, as European policy has staked everything on microeconomic concessions for business. The significance of average incomes,[4] as well as a »smart« – oriented towards environmental and social growth targets – government spending policy to bolster domestic demand is systematically underestimated. Greece provides a dramatic illustration of how much a coordinated, expansive overall economic policy is needed. The lack of such a policy threatens to split the Eurozone asunder.

2. Communication of the European Commission, Europe 2020 – Strategy for Smart, Sustainable and Inclusive Growth.

3. Ibid. p. 16.

4. Net wages and salaries plus monetary social benefits in one economic region.

Environmental Restructuring of Industry

One task of an active industrial policy is to prepare industry for its role in a low-carbon economy. It makes sense to tackle the financial and economic crisis and the environmental challenge together within the framework of the Europe 2020 Strategy.

»Green markets« encompass both the building up of new branches and products and the classic core sectors of industry. In the past, many industrial companies were very successful in driving up labour productivity to undreamt-of levels. However, material and resource productivity were neglected. The current cost structure and, in the medium term, rising raw materials prices call for a rethink. In future, enterprise competitiveness will depend crucially on how quickly energy- and resource-efficient technologies are adopted. The transport sector and the automobile industry must also cut down on CO_2 emissions. Plans which look good on paper may nevertheless have major consequences, both qualitative and quantitative, for employees and the skills and qualifications required of them. These effects rarely surface in the frequently somewhat euphoric debate on electromobility. It is clear that technical change always has a social dimension, however, which the Europe 2020 Strategy barely touches on.

On the Way to a New European Solidarity

By 2020, long after the single market and the euro have become a reality, Europe must give priority to democratisation and social and solidaristic renewal. If it manages that, Europe will become popular once again. But this requires an employment-oriented and sustainable industrial policy. That is quite different from regarding competitiveness and the market as ends in themselves.

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