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**Submission by the Church of England's House of Bishops Europe Panel to the European Commission's consultation on EU 2020: a new strategy to make the EU a smarter, greener social market**

1. The House of Bishops' Europe Panel is a sub-committee of the House of Bishops. It acts as a point of reference for items affecting the Church of England's relations with Europe and the European Union institutions. The Europe Bishops' Panel (EBP) welcomes the opportunity to contribute to the European Commission's consultation on *EU 2020: a new strategy to make the EU a smarter, greener social market*. The EBP hopes that this submission and the conversations that follow will help make a reality of Article 17 of the Lisbon Treaty which provides for a regular, open and transparent dialogue between the churches and the EU institutions.

*Executive summary*

2. *EU 2020* contains a familiar list of policy objectives from the Lisbon Agenda, but it contains few proposals or innovative ideas for realising them. *EU 2020* is a reasonable summary of some of the political and policy challenges that now, and over the next ten years face the EU. What is disconcerting, however, is that the focus of *EU 2020* – “the deep transformation of Europe” – is understood in almost exclusively economic terms. Its treatment of climate change, education, immigration or Europe's role in the world is evaluated solely in terms of their contribution to economic growth. If the financial crisis and economic recession has shown anything it is that the very fabric of our economic and society was unstable. Europe's citizens are now looking for something more stable and sustainable. This does not mean refraining from introducing structural reform where necessary, but it does mean that the overall policy objective for Europe for the coming years must be sustainability – creating a secure foundation for this and future generations. The Commission's hope of securing the active support of stakeholders such as the social partners and civil society in realising the *EU 2020* vision would be made easier if the vision for an economically efficient and innovative market economy is supplemented more clearly by policies for solidarity that extend across national borders to assist the most disadvantaged.

### *Europe 2020 – more continuity than change?*

3. *EU 2020* contains a familiar list of policy objectives from the Lisbon Agenda such as boosting research and innovation, generating new jobs in the knowledge economy and increasing labour market participation to combat social inclusion and dealing with aging populations. But they are refracted through a new prism - new compared to 2000 when the Lisbon Agenda was created, or to 2005 when it was revised - on moving to a low carbon economy.
4. As a result the *EU 2020* strategy is heavy with expressions that have become familiar over recent years: “digital agenda”, digital benchmarking” and “the smart economy”. They are familiar precisely because some of them were part of the original Lisbon Agenda and they are still around today, and because the member states have not yet taken the necessary steps to achieve the Lisbon goals. In this sense, *EU 2020* contains few proposals or innovative ideas for realising them, and little analysis as to why its predecessor, the Lisbon Agenda, despite some noticeable achievements, failed to achieve its high level goal of creating the world’s most competitive economy by 2010.
5. *EU 2020* is a reasonable summary of some of the political and policy challenges that now, and over the next ten years face the EU and to a greater or lesser extent, the 27 member states. The focus on Lisbon was very much on closing the gap with the US, but Europe today faces world wide competition with many more players. By 2020, according to the Economist Intelligence Unit, the Chinese economy could overtake the US to become the largest in the world, at least when measured using purchasing power exchange rates, and India is expected to grow rapidly to become the third biggest economy.
6. The focus of *EU 2020* is very much framed in a way that mirrors the global ambitions of the Lisbon Agenda, but it is evident that Europe faces many new long term socio-economic challenges that will require significant structural reform if it is to safeguard its economic and social models. Since the original Lisbon Agenda was devised, Europe’s membership has almost doubled, making it a more heterogeneous place. The impact of an aging population, difficulties related to migration and social inclusion and the need to deal with climate change and energy security will require a reorientation of Europe’s economies and societies. All this coupled with the financial crisis and a deep recession has prompted warnings that Europe is facing a ‘perfect storm’ which can only be addressed through decisive and structural reforms.

### *Sustainability as a guiding principle for EU 2020*

7. What is disconcerting, however, is that as with Lisbon Agenda, the focus of *EU 2020* – “the deep transformation of Europe” – is understood in almost exclusively economic terms. If anything is to be learnt from the financial and economic crisis it is that the fabric of our societies and economy was not sustainable. The urge for the quick fix – and the quick profit – with little thought for the future has now been soundly discredited. Europe’s citizens are now looking for something more stable and sustainable. This does not mean refraining from introducing structural reform where necessary, but it does

mean that the overall policy objective for Europe for the coming years must be sustainability – creating a secure foundation for this and future generations.

8. The challenges facing Europe are real and pressing, but they need to be approached and resolved from a more clearly thought out understanding of what constitutes sustainable development. Sustainability is all too often understood in terms of the environment and climate change. Its meaning now needs to be understood more widely. As important are sustainable public finances in order to secure the European welfare model and sustainable markets including the financial markets. What constitutes a sustainable immigration policy needs to be seen not just from the perspective of “its substantial contribution to growth”, but its impact on social cohesion. Europe also needs sustainable corporations whose objective is to live in harmony with the environment and with the long term horizon.

#### *Creating a competitive, connected and greener economy*

9. *EU 2020's* green focus is of course welcome, given the energy and environmental challenges facing society today, but the emphasis throughout is always on being environmentally friendly for the sake of more growth and more efficient growth at that. In finalising this paper for the European Council meeting in March, consideration should be given as to whether an approach to environmental policy which is framed so clearly as a means to an end – and an end which really does beg environmental and sustainability questions – is sufficient. The environment doesn't just mean emissions, carbon budgets and consumption but the whole “life world”. Just attaching green words to new developments doesn't make them green or sustainable.

#### *Creating value by knowledge*

10. In resourcing the transition to a low carbon but competitive economy *EU 2020* speaks of education as the basis of the new knowledge economy. It says, “Europe has the best universities in the world. But our ambition should be to have many more and turn them into a true engine for knowledge and growth. Knowledge is the engine for sustainable growth”. The paper argues that without action to equip workers with the skills that employers need in a low carbon-high tech economy, it will not be possible to reduce unemployment from the present high levels caused by the economic crisis.
11. Upgrading the overall skills level of the population is of course important if EU countries are to raise their productivity and employment. It is also essential if they are to maintain their social cohesion. The European Commission's understanding and use of the term ‘knowledge’ in *EU 2020* seems to refer to such knowledge as might have an immediate economic application, but it says nothing about the sort of knowledge that builds a civil, cultural, socially coherent and spiritually mature society. Engineering is in, but philosophy is superfluous to the needs of the economy? This cannot be sensible
12. It is of course true that schools and universities have an important role in

providing a well educated work force. It is also true that there are many more graduates than there are professional jobs available and many highly educated graduates remain unemployed or in jobs below their educational level. A persuasive case can be made that Europe needs to invest more in vocational training for those young people and adults who want to pursue a vocation as opposed to academic skill.

13. But knowledge is not an abstract entity it is an embodied practice. It follows therefore that what is most important is people. What happens at universities or with vocational courses is not solely knowledge transfer but the development and flourishing of people in the widest sense. Knowledge is certainly a proper value underlying education, but it is disputable whether economic growth is. The document displays a fundamentally materialist approach that sees students as units of production subordinate to the demands of the wider market.

### *Europe in a globalised economy*

14. Similar tensions appear in the paper between the prioritisation of labour mobility and flexibility and the importance that is attached to social cohesion. The first can at times damage the second, but the document says nothing that suggests an awareness of this let alone any way of addressing it. The contradiction overall seems to be about treating the structures and imperatives of the global economy as beyond challenge - so that Europe is left without any option but to adapt to this reality – and wanting to retain all the values that the global economy appears to erode like inclusiveness, fairness, security and cohesive communities. It might be possible to pursue both, but *EU 2020* shows little awareness that a tension exists at all.
15. One of the criticisms of the Lisbon Agenda was that it lacked an external dimension and that this constituted a gap at a time when the growth of emerging economies poses profound questions about the economic and social organisation of the developed world. It is therefore striking that *EU 2020* includes the phrase: “A Europe that is open to the world will continue to be a model for others to follow, projecting its values and fostering stronger labour, environmental and safety standards around the globe. In this way, the EU can show global leadership”. *EU 2020* does not, however, specify what these values are, nor does it explain what it is that it is modelling. The net result is that the document is strong on functionality but weak on values and this undermines the whole of the document.

### *Governance – making EU 2020 work*

16. As with the Lisbon Agenda, *EU 2020* is ambiguous about how EU countries might be persuaded to take the vision and priorities seriously. In the absence of a more constraining mode of governance at the EU level, responsibility for many of the areas touched on by *EU 2020*, such as labour market and education, remain the responsibility of member states. The reality remains, even after the Lisbon Treaty that the Commission is not in a position to force member states to change their practices in many of the areas covered by this

agenda. It can obviously make a difference at the margin by publishing comparative tables tracking member states' progress towards some of the targets, but in the end responsibility for reform rests overwhelmingly with the EU's member states.

17. It is interesting therefore that the document acknowledges the importance of engaging with wider civil society in securing the 2020 vision. It says, "The EU 2020 vision will need the active support of stakeholders such as the social partners and civil society. Its take up across all the regions will also be crucial." This is of course true, but there is little in the document that indicates an understanding that this is crucial to the whole EU project. If the EU doesn't get this right following the Lisbon Treaty, then long terms question regarding its viability and sustainability will come to the fore.
18. The European institutional public sphere is largely a public discourse for elites, it is a sphere in which citizens remain uninvolved. This has in turn contributed to the EU's democratic deficit. Rather than seeing social partners and civil society as important stakeholders merely in the implementation of *EU 2020*, the European Commission needs to relax the terms of the debate so enabling them to be critical partners in the shaping and reshaping of the vision underpinning this document. The solutions to today's challenges must come from society if they are to meet people's needs. Europe's citizen have to be placed more squarely at the centre of the agenda.
19. If the Commission is to take seriously the transformation it asks for, it would do well to consider the salutary lesson of urban regeneration in the United Kingdom. The lesson there is that however many millions are poured into projects of urban regeneration, unless there is some 'spiritual regeneration' that is to say animation of the spirit of the local Community, the money will be wasted or fail to deliver the desired outcomes. The pattern is too familiar. Experts brought in from the outside without local capacity building for a limited period until the grant runs out and then the experts leave, leaving an even more disempowered community than before. Faith communities, on the other hand, are there within all the local communities and have the power to be animators.
20. It is evident that Europe's citizens are understandably more worried about the short-term economic prospects and they will not immediately see the need for the type of structural change envisaged by *EU 2020* – unless their political leaders set out the arguments clearly. Europe's governments must find and communicate a common message explaining why this is vital to enable Europe's economies to create growth and jobs in the coming decades. The ability of governments to present a persuasive case would be significantly enhanced if the overarching vision presented was anchored more clearly in the ideas and values associated with the social market economy that have underpinned the EU since its inception.
21. Creating an economically efficient and innovative market economy has always been part of the European project. But it has only been one part and it has always been supplemented by policies for solidarity that extend across national borders through the use of the EU budget to assist the most disadvantaged.

With the Treaty of Lisbon stating for the first time that the social market economy is the model to which Europe should aspire, it is imperative that *EU 2020* better reflects this Treaty objective. Further effort needs to be given therefore to how the drive for economic growth is squared with the desired ends of a more interdependent, equitable and sustainable Europe.

22. In this sense, *EU 2020* fails to recognise sufficiently that the ‘challenges’ to be tackled are more than economic and financial. In a Europe that sees such little buy-in from its citizens (in terms of electoral turn out and referenda results), it is essential that ‘hard’ proposals for economic rebuilding are accompanied by ‘soft’ proposals for increasing the popular credibility of the European project. In this respect efforts must also be made to improving the EU’s transparency – particularly its financial and accounting processes – and to reducing bureaucracy by taking subsidiarity seriously. The lack of progress in reforming the EU budget is surprising not least given the findings of the Sapir report, commissioned by the European Commission, which described the EU’s budget as “an historical relic”, in which expenditures, revenues and procedures are all inconsistent with the present and future state of EU integration”.

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