

**Argumentationslinien für den Kommentar zu Territorial  
Pacts, to make the “Europe 2020” Strategy a success**

Dear Madame President,

Dear Ladies and Gentlemen,

It's a pleasure for me too, to speak here at the diplomatic academy in Vienna, an historical place indeed. Thanks to the academy and the Renner Institut for inviting me and to share with you some questions/points on the agend Europe 2020 in general. Allthough we are on diplomatic ground, I am - as SG of the Austrian Association of Cities and Towns - representling the local level and therefore will be not as diplomatic as many of you are because of your profession. I do have 4 comments.

1. First of all we have to raise the question, why should the “Europe 2020” Strategy become more successful than its predecessor, the Lisbon Strategy?

If we look closer at the contents, there are more or less the same targets. Targets the EU already had before Europe 2020. Yes, of course, there is now an “integrated approach” – the climate targets have directly been taken on board, but – I am afraid, this integrated approach will not be able to stand the pressure of the political reality. Just think of the new “Euro-Plus-Pact” – to give a recent example: Already in the preface we can see the same old focus on competitiveness only.

Most of the other targets, like social integration and climate protection, are lost. Therefore, I am not convinced at all that the Europe 2020 Strategy has better odds to become a success than the Lisbon Strategy, which failed long before the financial crisis began.

Let me emphasize this with the findings of a recent study by the Austrian Institute of Economic Research:

If we look at the actual score on the Lisbon indicators of the average EU regions for the years 2000 and 2007 (out of a total of 100 points) we see that the Lisbon process has – without doubt – failed. The average score of the EU regions increased by 10 points between 2000 and 2007. This was, however, due to increased public spending on R&D (with parallel downward trends at enterprise level), the successful increase in employment rates of women and older workers, and small improvements in the area of education. However, with an average score of 58.4 points in 2007 the regions were still far from reaching 100 points – if current trends continued they would achieve the targets in the second half of the 2030ies (!) and not as planned in 2010.

According to our calculations, the average results of the (65) large European metropolitan areas are a little more favourable but are still disappointing with a score of 65.9 out of 100 in 2007. As expected, large cities score higher than all other EU regions in the areas of education and employment (in particular female employment). It is, however, interesting to see that R&D results are not above the average of the EU regions. This is due to high R&D spending in modern industrial regions and to the characteristics of the indicator that places large cities with a strong tertiary sector at a disadvantage.

So these are some empirical findings regarding the failure of the Lisbon Strategy, which the EU has never officially admitted.

2. The second question I would like to raise is the following:

Will the way in which the Europe 2020 strategy was “created” yield hope that it will be a success?

Here I can quote the Mayor of Vienna and President of the Austrian Association of Cities and Towns. On occasion of a conference with the title “*Stadt macht Europa*”, organized by the Association of Cities and Towns, he criticized the lack of involvement of the regional and urban level in the process of formulating and implementing the strategy:

All evaluations of the Lisbon Strategy – from the Barca Report to the internal analyses of the European Commission – identified a lack of “ownership” as one of the main reasons why the results of the Lisbon Strategy were modest long before the global economic crisis began.

It was already stated in the Kok Report that the engagement of regional and local authorities could have been stronger in most processes.<sup>1</sup>

And the 5<sup>th</sup> Cohesion Report argues that “the Europe 2020 headline targets cannot be achieved by policies formulated at EU or national level alone. Such an ambitious agenda can only succeed with strong national and regional participation and ownership on the ground.”<sup>2</sup>

You would think there is nothing else to be said but did the Europe 2020 Strategy take steps in this direction that is critical for the success of the process? ^

From my point of view – unfortunately, it did not!

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<sup>1</sup> Let alone the focus on de-regulation, a strong belief in the free market, the neglect of macroeconomics compared to microeconomics, and ignoring the financial markets.

<sup>2</sup> Executive Summary, XI

The EU Commission drew up the Strategy in a very short time. The EC proposed the strategy “Europe 2020” on 3 March 2010<sup>3</sup> following a discussion process before and after Christmas from 24 November 2009 to 15 January 2010. The European Council basically approved the Strategy in its meeting on 25 and 26 March 2010.

Austria started to work on the draft<sup>4</sup> of the “National Reform Programme” (NRP) and in particular on defining the national targets in the summer of 2010. The Programme was largely drawn up without the involvement of the regional and local levels. The federal provinces are only explicitly mentioned in the National Reform Programme three times.

The cities are not mentioned at all.

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<sup>3</sup> COM(2010) 2020 final, 03.03.2010

<sup>4</sup> The final NRP was submitted in April 2011.

How should this approach enhance the “ownership” that is so essential for a successful implementation? I don’t see that. In reality we will probably be forced to do so. Not least because of the regulations of future cohesion policies. This is not what the “start of a great friendship” would look like because ownership cannot be achieved with Implementing Orders.

To be fair, I have to acknowledge, that the Austrian government made every effort to raise the involvement of the regions and cities for the implementation of the Europe 2020 Strategy with the drafting of the National Reform Programme (NRP). And what regards the involvement of the regional and urban level, it is a definite progress, that in the National Reform Programme concrete actions of Austrian cities and regions are mentioned too. I believe this will turn out to be a benchmark for other member states. Moreover, I think this is an important step that we can build on in the future.

3. Thirdly, a very short remark on “territorial pacts”: At least in Austria and at least in the sphere of the European Social Fund, we have positive experiences with territorial pacts. In Vienna we had such a pact, with the involvement of all social partners – I am talking about the *Wiener ArbeitsnehmerInnen Förderungsfonds* (Vienna Employment Promotion Fund) already long before it was required by the EC.

It is my impression, that the more such pacts are based on and with regard to the local developments and structures, the better they function. If the only reason for their installation is the urge from the EC, I doubt that these pacts will actually contribute to the success of the Europe 2020 Strategy.

On the other hand, in the province of Lower Austria the structures created in the framework of a “regional innovation system” are still working and very useful.

Frankly spoken, I know too little about these ideas to be able to have a clear opinion on them. Anyway, in the context of the question of territorial pacts my last issue is of relevance as well.

4. This last issue, which I would like to refer to, is the necessity of the empowerment of the urban level to be able to take part in the political discussion about the National Reform Programs.

Normally, we receive documents with far reaching content at very short notice and should very quickly react to them. To be honest, most of my members do not have the capacities or time to do so, and as far as I know, most of the regions do not have this capacity either.

So our message to the EC must be that a democratic process and a broad involvement of stakeholders needs their empowerment, empowerment of the administrative of the politicians and – very simply – time.

But as you all know, this is the most valuable resource we have. So I will stop using yours, thank you.