



ALDE "EU 2020" STRATEGY



Alliance of
**LIBERALS and
DEMOCRATS**
for Europe

ON YOUR SIDE

Introduction

At the Commission's presentation on the annual progress reports in January 2009, the Commission stated that recent member states' efforts to implement the Lisbon Strategy provided "a strong basis" for the future. In reality, the EU's goal of becoming the most dynamic knowledge-based economy by 2010 is no more than an illusion. The figures in the Commission report reveal that the member states are far from implementing the agreed Lisbon Strategy-policy.

The EU's target of ensuring that 70% of Europeans take part in the labour market appears out of reach since the current rate is 65.5%. In areas that are seen as key to keeping Europe competitive, like R&D investment and high-speed Internet access, there is stagnation. Spending on R&D and innovation remains at a stable low of 1,84% of GDP, with only Sweden and Finland performing above the 3% agreed in the Lisbon Strategy.

Expanding broadband coverage across the EU is vital to maintain the Union's innovative base and competitiveness, but still only 30% of the EU's rural population has Internet access. In addition, when trying to expand their business, small and medium-sized businesses (SMEs) are facing considerable bureaucratic obstacles when they deal with national administration and the European Commission.

Programmes to stimulate life-long-learning have not met with much success either. Although the current economic crisis highlights the need to upgrade the skills needed in the labour market, many European countries are cutting funds for life-long-learning programmes. Furthermore, public expenditure on education decreased from 5,2% to 5% of national GDP.

We have to conclude that the Lisbon Strategy designed to make the EU "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010" has failed due to a lack of commitment by the member states and the absence of binding instruments at the EU-level.

The European Commission had to take much of the blame for the current economic crisis, but does not have the requisite tools to make member states honour their commitments. Therefore, the European Liberals and Democrats are proposing a strategic partnership between the European Parliament and the Commission, providing the Commission with the necessary powers to make the "EU 2020" strategy a success.

It is of paramount importance to the nearly 80 million Europeans who live below the poverty line that the Commission will have the power to play a more central role in steering the EU into an era of economic growth. This enhanced role for the European Commission should go together with a radical change in the working methodology of the post-Lisbon strategy.

Therefore, European Liberals and Democrats insist that the "EU 2020" agenda should not be based on the same weak basis of "open coordination", using the "exchange of best practices" and "peer pressure". It should not be the member states, but the European Commission which controls the agenda by fixing the objectives and defining the corresponding policy action to be pursued at EU and member state level.

In the attached paper the reader will find our recommendations for a reformed strategy as an alternative to the failing "open coordination method". It gives the Commission a central role in drafting a common European economic orientation policy, based on reform projects for individual countries. The Commission should have the power to examine every national measure and decide if these comply with the criteria of the post-Lisbon agenda.

European Liberals and Democrats believe that further integration should not be based on the lowest common denominator. Therefore, the Commission should encourage member states to form groups of countries to spearhead progress in the Internal Market. Additionally, the EU must overhaul its budget, prioritising economic growth and job creation.

The Commission should have more sticks and carrots at its disposal to make the member states live up to their commitments. This would mean additional structural funds for member states who deliver credible action plans and results, but at the same time financial penalties for member states that are not providing National Management Declarations indicating the correct spending of European money on the "EU 2020" goals.

In March 2010 the Commission will present its final "EU 2020" strategy. By coming forward with bold proposals to put the European Commission in the driver seat of economic growth and jobs in the next decade, it will find a strong ally in the Alliance of Liberals and Democrats for Europe.

Guy Verhofstadt
Group Leader of the Alliance of Liberals and Democrats for Europe



1) New governance with Commission in the driver seat

The Lisbon strategy failed due to a lack of means at the disposal of the European Commission to make the member states deliver on the promises they made. To fight poverty in Europe and to create growth and jobs, the European Commission must regain its position as the institution which is steering European integration by coming forward with bold proposals.

Commission to draft a common economic orientation policy

Actions taken by one country may influence the economic situation in another member state. The mechanisms to co-ordinate economic policy continue to be the broad economic policy guidelines and the Stability and Growth Pact. The former are subject to a failing open coordination method, while the latter has been unable to ensure budgetary policy co-ordination because many countries have been unable or unwilling to respect previously agreed rules.

Until now, national Lisbon coordinators have been tasked with ensuring the proper implementation of the Lisbon Strategy in the member states. Unfortunately this arrangement is insufficient as these coordinators lack the power to overrule governments. National governments have proved wary of giving them this authority.

To reach the objectives described in the consultation paper, a strengthening of economic policy co-ordination is indispensable. In the EU post-Lisbon strategy that the European Liberals and Democrats foresee, the Commission must have a bigger role in steering the economic agenda.

It should draft a common orientation policy that would be binding upon the member states. This orientation should subsequently be discussed at the European Parliament and approved by the Council. As a result, member states would be required to submit short macroeconomic plans, discussed at the National Parliament level, in which they would have to explain clearly how they would comply with the general EU macroeconomic framework.

No one-size-fits-all approach, but reform projects for individual countries including a code of convergence

The European Commission should abandon overly ambitious and comprehensive targets in favour of gearing reform projects to the specifics of each individual country. The choice of indicators is crucial to effective implementation. Clear reform priorities must be formulated to avoid ambiguities and the consequent vagueness associated with the Lisbon Agenda targets. This will steer development of the EU in a clear direction and let the member states know where they stand.

Frequently, the objectives in the Lisbon Strategy were sweeping and unmanageable and did not set clear reform priorities. It is debatable whether setting Europe-wide,

one-size-fits-all targets, such as research spending equivalent to 3% of GDP and an EU employment rate of 70% still make sense. The areas to be coordinated vary enormously between the member states. It therefore makes greater sense to define more specific, country-related targets in consultation with the member states.

EU member states should accept maximum and minimum values to be applied to certain aspects of their economies. Member states would have some flexibility on how to apply these to their economies, but the range between maximum and minimum limits should not be too wide.

The Commission should decide upon the range of indicators and a code of convergence with criteria/indicators to avoid the phenomenon of social dumping or the undermining of member states' economic competitiveness. It should be applied to areas like the flexibility of the labour market, duration of an individual's working life, level of protection for workers, tax burdens on companies, and the extent of government outlays.

The Commission should have the authority to examine every national measure and decide if a national measure complies with the criteria of the post-Lisbon agenda and helps to achieve the goals set out by this strategy. Its evaluations should be given due publicity to encourage stakeholders to play an active role in the monitoring process.

Protect the strength of the Euro and ensure that the crisis bill is not passed on to future generations

The Euro is important for the functioning of the common market. Countries which have adopted the Euro are significantly less vulnerable to financial crises. In order to ensure the future stability of the Euro and guarantee our purchasing power and pensions, the rules of the Stability and Growth Pact must be respected regardless of the size of the country.

Public finances must be brought back under control at the earliest opportunity. Executing action and investment plans without limiting costs would mean that all stimulus plans would end up being mortgaged, placing a considerable burden on future generations.

It is therefore essential that member states remain credibly committed to balancing their budgets. This emphasises the importance of an effective fiscal framework, based on appropriate incentives and controls to ensure a steady return to fiscal discipline.

The Commission must ensure that member states abide by the rules of the Stability and Growth Pact, and ensure that national, regional and local institutional settings are conducive to fiscal rectitude.

Better cooperation with civil society

The Lisbon Strategy had the character of a bureaucratic process with member states delivering a yearly report demonstrating how well they had acted that year. ALDE believes more actors should be involved and share ownership of the common project. Therefore, social partners and regional authorities should help define national strategies that aim to reach the Lisbon targets; they should also be invited to contribute to the implementation of national strategies in the areas in which they are most directly concerned. The European Commission, the European Parliament and National Parliaments should work together to better incorporate the views of civil society.

All these autonomous actors, if given a say, might contribute to increase the pressure on the administrations to act in order to implement the Lisbon strategy.

Using communication as a pressure tool

Over the last ten years the most effective of all soft sanctions has been neglected. This consists of punishment at the ballot box by a country's own electorate, resulting in the loss of power for governments that have seriously failed to deliver on reform. The European Commission should send out stronger messages when member states fail to implement the necessary measures and use communication tools that will turn the reform targets into a subject of national debate. The Commission should also set up a website where progress on reform can be publicised and subsequently monitored by the public. It would increase national involvement and identification with the growth strategy.

Regain trust of business by producing less paper and taking more action

A strategy shifting from a one-size-fits-all approach to a tailored-made alternative requires a different attitude from the European Commission.

Governments alone will not be able to make the post-Lisbon Strategy a success. The active participation of multinationals, SMEs and people with innovative ideas is of utmost importance. Therefore, the Commission should act as a partner for national administrations, the European business community and individual citizens.

This will require a major attitude change within the European Commission. The experience with public-private partnerships set up by the European Commission in cooperation with enterprises has shown a lack of understanding over how the private sector works. This has seriously hampered cooperation between the two partners.

This is one of the reasons why well-intended programmes aimed at boosting competitiveness and shaping a sustainable economy are not working properly. Money reserved for research is not spent because SMEs and multinationals are discouraged to

apply for European subsidies. The main reasons are bureaucratic hurdles and an average application process that takes more than eighteen months.

To regain the trust of the European business community, the Commission should:

- Refocus its policies and take better into account the administrative consequences of its proposals.
- Open its recruitment procedures for officials in senior grades to people with business experience from outside the European Commission.
- Prioritize the establishment of one-stop shops for companies or private persons applying for European subsidies including the possibility to fill out the necessary European forms online.
- Give entrepreneurs and private persons the possibility to deal with only one Commission official who speaks their native language.
- Adopt a more risk-tolerant and trust-based approach in EU programmes.

2) Free the potential of the European internal market

The European common market is the cornerstone of European prosperity. It has created a market with almost 500 million consumers. Increased trade has increased prosperity in the EU by 10% of national revenue, that is to say € 60 billion or around € 8 000 per household annually. A substantial increase in consumer choice has been accompanied by more effective quality controls.

Since the beginning of the crisis, economic protectionism has begun making a return and threatens to create a dangerous spiral, unravelling the work of 50 years of economic integration and solidarity. The French president Nicolas Sarkozy has already suggested that Mr Barnier's appointment as Internal Market Commissioner will usher in a new era of French economic ideas.

European Liberals and Democrats believe in the potential of free markets and competition and will monitor closely the work of the Commission in this field.

The upcoming five years the European Commission and the member states have to prioritise the implementation of:

- A coherent European intellectual property regime;
- A vehicle for SME's to trade cross border. The European Private Company was a good proposal from the Commission, but is still blocked in Council;
- A coherent cross border contract regime - facing down member states' fears about threats to national legal systems. The creation of a European Civil Code, by proposing use of the Common Frame of Reference (CFR) as a binding legislative tool for the European Institutions and member states on a 'comply or explain' basis, with a complimentary optional instrument to allow private parties to contract with certainty on a European basis if they wish to;

- A system of collective redress at least in the competition field (as proposed by Commissioner Neelie Kroes), thus ensuring redress and compensation for those who are the victims of anti-competitive behaviour while also empowering and enlisting the help consumers and SMEs to get the market functioning fairly and properly;

Greater focus on freedom of movement of people

There needs to be more focus on facilitating the free movement of people. There are perhaps grounds for saying that we should have a "1992 moment" for citizens. That is citizens in all senses: workers; professionals; business people; and also the non-economically active students and retired. Europeans still encounter too many barriers in their civil daily lives that makes moving around Europe too difficult. Likewise a European Internal Market worthy of the 21st century that makes a reality of full freedom of movement needs a properly functioning, coherent and accessible civil and commercial justice system.

Groups of countries to spearhead progress in the Internal Market

The Internal Market has brought many gains, but throughout the last decade new initiatives to further liberalise the common market have been obstructed by countries with a more protectionist philosophy. The ALDE group takes the view that further liberalisation should not depend on the lowest common denominator.

The Lisbon Treaty provides possibilities for further integration by eight member states. Therefore, the European Commission should assist countries in forming groups to spearhead initiatives that make full use of the free market. The following policy areas could be subject to further integration:

- A fully free market in services, including health and postal services;
- A free transport market through the further development of trans-European road, waterways and rail networks;
- Measures to lighten the bureaucratic burden on individuals and companies and combat fraud, for example by drastically simplifying VAT arrangements;
- The introduction of an affordable common Community patent;
- The introduction of a common company tax basis and simpler arrangements in respect of corporate outlay, together with a more transparent investment climate.

Other countries would be free to join these spearhead initiatives at a later stage.

Sunset clauses for internal market directives

One of the reasons why the completion of the Internal Market and the implementation of a more sustainable economy have been delayed is the insufficient implementation of European directives by member states. As a consequence, the European

Commission conducts many costly and time-consuming infringement procedures. The Commission should increase its efforts to force the member states to implement European legislation by conducting a much more systematic follow up on the implementation of Internal Market regulations. The parliamentary committees of the European Parliament should also play a role in this by prioritising follow up reports on adopted legislation and subsequently visiting problematic member states.

Furthermore, the Commission should come forward with a proposal to introduce sunset clauses, ensuring that EU internal market laws would automatically enter into force at a given time when member states do not transpose them in time.

Liberalisation of the European financial market combined with efficient oversight

One of the key factors underpinning every successful economy is a well-functioning financial market. The current crisis has shown us plainly and painfully what happens when financial markets fail. Given the massive costs that the current crisis is imposing on the real economy, businesses, citizens and public finances it is surprising that the Commission working document does not make any reference to financial markets. Needless to mention that against the backdrop of the crisis further financial sector integration may be difficult to achieve. However, if the European Union wants to create a dynamic internal market, featuring a vibrant environment for start-ups, encourage entrepreneurship, invest in modern technologies, and make businesses and citizens benefit increasingly from the internal market's economies of scale then more integration, more liberalisation is needed.

The introduction of the Euro and the Financial Services Action Plan has improved cross-border financial service and product provision. But just like the single market as a whole, the single market in financial services has not yet been completed. Put simply, the single market in financial services is working well for the big banks. However, small banks, enterprises and consumers can rarely make use of it. The retail markets, especially in the Euro area, do not function properly across borders. Citizens and businesses are still deprived of the benefits of full market integration, namely low prices and greater choice. It is especially difficult for small and medium sized enterprises - those actors that will lead the recovery, according to the European Commission - to get banking loans on good conditions or access venture capital. If "EU2020" is to be more successful than its predecessor, financial markets must be further liberalised and integrated.

Commission should strengthen financial supervision

The lessons of the crisis must be learned. It is now obvious that one cannot have stability in the EU, a single European market and national supervision. This may have worked ten years ago when there were many fewer cross-border financial institutions but with approximately forty large financial institutions operating EU-wide this is no longer a workable solution.

There is a clear need for a single European supervisor for micro- and macro-prudential supervision. Only a single EU regulator can ensure that micro and macro prudential supervision is effective and prevents future crisis. When markets are international and financial institutions operate cross-border, oversight cannot remain a purely national matter.

The Commission should step up its efforts to strive for one supervisor, instead of three. ALDE fears that the three institutions envisaged by the Council to monitor the banking, insurance and financial markets will start to compete with each other instead of coordinating their efforts. The link between macroeconomic and microeconomic supervision must be preserved to ensure more efficient supervisory authorities and help restore a climate of confidence.

An efficient and stable financial system is key to the success of any economic policy creating growth and jobs. The ideas spelled out in the "EU2020" working document are unlikely to meet that challenge.

3) Priorities of 2020 strategy should be linked to the budget and the management of structural funds

Re-evaluation of the budget

The current budget of the European Union is set up to finance the priorities of the previous century. In 2009, only six out of every 100 Euro of the EU's yearly budget is invested in R&D, while an overwhelming share of the EU budget goes to agriculture. This share is not adapted to a more sustainable, knowledge-based economy.

To lend the new targets greater credibility, the priorities chosen should be reflected in the EU budget. Since green growth is a priority in the post-Lisbon strategy, EU subsidies to sectors that make particularly inefficient use of their resources should be re-evaluated. This would send out a clear signal.

Initiative- and results-oriented approach should become the key qualities of EU funded projects

Since many member states consider EU financial support as a bonus to their own budgetary income, the Commission should have more sticks and carrots at its disposal to ensure that the money is efficiently spent. Cohesion policy and projects need to be linked to the targets of the post-Lisbon agenda and become more results-oriented. This can be done by setting objectives and by assessing whether the goals were achieved. For this, clear competences must be allocated to each level of governance.

The allocation of subsidies should be linked to previous results and where member states make inappropriate use of European funds, the Court of Auditors and OLAF should have more opportunities to initiate proceedings to recover them.

Unnecessary administrative burdens should be eliminated, project management made more flexible and controls synchronised. Current administrative practices often increase confusion, allow erroneous interpretations and make control more difficult.

National Management Declarations with a statement on the Lisbon objectives

Partly due to the complicated bureaucratic procedures, countries do not feel the need to report back to the European Commission on the added value of used subsidies, nor on the correct spending of the funds. This has resulted in a situation in which the European Court of Auditors has not granted discharge to the European budget for the last 14 years. Furthermore, it is impossible to measure the results that are delivered as a result of the investment of European money.

While ‘Brussels’ is a useful scapegoat, it is frequently forgotten that the member states themselves are responsible for managing 80 percent of the European budget. The Commission must put more pressure on the member states to take political responsibility for the allocation of European funding by issuing National Management Declarations.

In these Management Declarations member states should include a statement indicating how they used European subsidies to reach the various Lisbon objectives. National parliaments and the European Commission would therefore have greater opportunities to influence the national strategies, and to identify possible divergences between the government's priorities and the objectives defined in common at the European level.

Shift from taxes on production to taxes on consumption to reach environmental goals

Environmental fiscal reform has to be a central element in an EU 2020 strategy aimed at refocusing the economy on green growth. The tax base should be shifted from work to resource use and pollution. EU competence is limited over fiscal matters, but something that the EU has already done is agree to VAT cuts for labour-intensive services. A similar approach could be taken to eco-efficient and environmentally sustainable products and services.

4) Better defined priorities

Your consultation paper rightly points out that the challenges to be tackled are immense. Unfortunately it does not give an outline how the European Commission will do so.

These challenges include global warming, the ageing population, gridlock in and around our cities, worldwide wastage of energy and raw materials, migration flows and the fight against poverty.

A lot of work remains to be done. Our economy still spews out tonnes of carbon dioxide (CO₂), along with other greenhouse gases. Whatever the problems facing us over the coming decades, the question remains as to whether information technology can bring about a revolutionary change.

The EU should invest massively in technologies and knowledge that can support an accelerated switchover to a new, innovative, sustainable and non-fossil economy. In addition, such investment will create new businesses and new jobs. This investment must be horizontal, cross-border and trans-sectoral.

The switch to a non-fossil economy

The most radical change is the switch from the current fossil economy to a non-fossil, low carbon economy. Since the outbreak of the crisis, credits for solar and wind energy have dried up. The United States, on the other hand, with President Obama at the helm, has made the ecological revolution a spearhead of its policy. Europe risks losing its pioneering role.

The first investments required to that end must be geared to creating a single European energy market with an extensively branched network structure for the transmission, use and consumption of energy. In addition, a maximum energy mix must be obtained from renewable sources of energy such as hydropower, geothermal heat, solar and wind energy, biomass and tidal power. These sources of energy must be brought under one European network structure for renewable energy, with particular investments in photovoltaic solar fields in sunny regions such as the Mediterranean, and in wind energy in windy regions such as Northern Europe. This will create a system of renewable energy which is efficient and which at the same time increases the output of new energy sources. Nuclear energy is also essential for energy independence, although here the focus should be fully on fourth generation power stations and on nuclear fusion that will no longer produce any radioactive waste.

The possibilities of trans-sectoral cooperation for the sake of energy efficiency are well nigh inexhaustible. In Denmark and the Netherlands for instance, successful, large-scale smart metering projects are in progress. Smart metering means that analogue electricity, water and gas meters are replaced by a digital meter which uses fixed or mobile data communication to send its data to a central database, making it possible to monitor consumption minute by minute. Pilot projects have shown that households with a smart meter can reduce their consumption by up to 30% without major interventions and without sacrificing comfort. But perhaps even more important is the large scale approach to improving the energy efficiency of buildings, which must become the biggest source of reduction of non-industrial emissions. In

short, such investments will enable Europe to make large leaps forward and to get the transformation to the non-fossil society under way.

Tackling the mobility gridlock

The second area on which the European Commission must concentrate is the worsening traffic situation in and around our cities. In addition to wasted time and irritation, traffic jams also mean major economic losses. A mobility gridlock is imminent in modern European society and it can only be averted through a trans-sectoral approach that combines infrastructure, logistics and ecology.

One of the projects under way which must be accelerated is Trans-European Networks (TENs). The expansion of TENs must be accelerated by injecting a lot more money. Here, we are talking about Trans-European Networks in three sectors: transport, telecommunication and energy. The construction of new high-speed lines has particularly failed to occur. And yet these lines are vital to our vast continent, as they enable our most talented people to continue to move efficiently and ecologically from one "think centre" of Europe to another.

Our rail and road terminals are in many cases saturated, as are Europe's largest seaports. Investments should be urgently stepped up here too, in order to guarantee the transport of (bulk) goods between European ports and industrial centres by rail, freeing up European motorways for passenger traffic. The transport TEN also includes the Galileo project, planned long ago, but which has yet to be put into practice. The EU 2020 strategy is an opportunity to launch this project once and for all. Galileo must become the pacesetter for all intelligent transport systems in Europe, from satellite navigation, to data communication in vehicles and charges for the use of roads without toll gates.

The energy TEN must bring about the internal energy market (gas and electricity) and guarantee the continuity of energy supply. Finally, the telecommunication TEN must lead to an open glass-fibre network on which all telecom operators can compete freely.

Investing in an ageing population

The demographic future of Europe also looks problematic. By 2050, one third of the European population will be senior citizens. The growth of an older population in Europe poses enormous challenges in the short term, such as the affordability of pensions and access to quality healthcare. Today, in an ageing society with far better medical care, more than 80% of ailments are chronic. Under the conventional model, treating them all is no longer affordable. As a result, many new technological investments are needed to organise healthcare.

The decline in the percentage of the EU's working age population will lead to a drop of about 20 million employed people between 2010 and 2030. To maintain our current level of welfare, we need to welcome people from outside the European Union. At the

same time, immigrants and ethnic minorities need to be better integrated, starting in schools and continuing in the labour market, where they often record twice the unemployment rate of the native population. We need to change our concept of immigration policy and use the European Blue Card as an instrument to take an active stake in the global war for talent.

New IT and ICT networks

The aim must be to boost Internet penetration for the entire European Union to 95% by 2020. The European broadband network must therefore be completed. This means that we must invest resolutely in one ultra fast and efficient European network and not in a chain of national networks in which the so-called national champions continue to hinder competitors by gearing themselves fully to consumers via new services.

Create a fifth freedom: The freedom of knowledge

The internationalisation of education is of great socio-cultural and economic importance. European universities are losing ground as world centres of excellence and failing to meet the needs of a changing labour market. The Union must seek to raise the bar. Students should be given more opportunities to study abroad and active measures should be taken to attract top talent from outside the EU.

ALDE believes the EU must remove barriers to the free movement of knowledge by creating a 'fifth freedom' to be added to the four original principles of free movement of persons, capital, services and goods in the European Union. The Commission must boost cross-border mobility of researchers, students, scientists and university teachers, as well as labour markets and working conditions for European researchers and further reform higher education.

Conclusion

The Lisbon strategy failed because it was based on the "open coordination method", using the "exchange of best practices" and "peer pressure" to make the member states commit to the action plans agreed in a European context. If we want to make the European Union the most competitive economy of the world, the European Commission has to come forward with a bold strategy entailing ambitious objectives, while at the same time burying the open coordination method.

New governance with the Commission in the driver's seat

The Commission must have a central role in drafting a common European economic orientation policy, based on reform projects for individual countries. It should gear reform projects to the specifics of each individual member state and have the power to examine every national measure and decide if a national measure complies with the criteria of the post-Lisbon agenda. This tailored-made-approach requires a less bureaucratic approach by the Commission. It should act as a partner of national administrations, business and individual citizens. Less paper and more action.

To restore the future stability of the Euro and guarantee our purchasing power and pensions, public finances must be brought back under control and the rules of the Stability and Growth Pact must be respected regardless of the country size.

Free the potential of the European internal market

Further integration should not be based on the lowest common denominator. Therefore, the Commission should encourage member states to form groups of countries to spearhead progress in the Internal Market. Sunset clauses should ensure that EU internal market laws automatically enter into force when member states do not transpose them in time. One single European supervisor should strengthen financial supervision.

Priorities of "EU 2020 strategy" should be linked to the budget and the management of structural funds

The budget should be radically overhauled focussing on the priorities of the 21st century. The allocation of structural funds should be more results-orientated. This would mean additional structural funds for member states that deliver credible action plans and results, but at the same time financial penalties for member states that are not providing National Management Declarations indicating the correct spending of

European money on the "EU 2020" goals. To reach the environmental goals, the tax base should be shifted from work to resource use and pollution.

Better defined priorities

The challenges that have to be tackled are immense, but the "EU 2020 strategy" does not give an outline how the Commission will engage these challenges. European Liberals and Democrats believe the EU should invest massively in technologies and knowledge that can support an accelerated switchover to a new, sustainable and non-fossil economy.

