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Book Review

Book Review: Beyond Lisbon: A European Strategy for Globalisation

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Laurent Cohen-Tanugi (2008):
Beyond Lisbon: A European Strategy for Globalisation
P.I.E. Peter Lang, Brussels, 320 pages
ISBN13: 9789052014616; CHF 50.00 / EUR 31.90 / USD 49.95 (paperback)

Ambitious goals of the Lisbon strategy, launched in March 2000 and designed as Europe's response to globalisation, were to be achieved by 2010. It is generally acknowledged that the EU failed to deliver to become world's first economy in terms of innovation and jobs. But can we judge Lisbon negatively only by looking whether it met its numerically stated goals? What has been achieved and what is still left to be done in the last two years and even after 2010? A little less than two years before the deadline first evaluations of the progress are coming up. "Beyond Lisbon: A European Strategy for Globalisation" is the assessment of Lisbon strategy entrusted by the French government ahead of France's presidency of the European Union to LAURENT COHEN-TANUGI, international corporate lawyer and a recognised expert and consultant on European affairs.

The results of the evaluation are mixed – implementation of the Lisbon strategy fell short of the ambitious goal of taking over the United States in terms of wealth, productivity and innovation. There has been substantial progress in employment rates – the overall EU employment rate has reached 65%, which is an increase of 2.1% since 2000. The result is however different for different countries, some exceeding the 70% threshold, other far below it. In general the target has not been met. In a similar way the author analyses each specific aspect of the strategy and points out successes and failures in its implementation.

However, the author draws our attention to another important point – the Lisbon strategy was developed in a different context in 2000 than it faces today. Developments in the European and global context necessitated adjustments of Lisbon strategy to keep pace with the new challenges. Globalisation accelerated significantly as compared with 2000, the internal market, although it remained the main horizon for European enterprises is however not any more sufficient as the only context for FDI and trade flows. Other regions of the world, primarily the BRIC countries, Brazil, Russia, India and China, are gaining an increasingly strong position among Europe's major trading partners. In parallel, strengthening competitive pressure in low-end products has become a bigger challenge to European manufacturers than it was in 2000 raising fears about the future of certain sectors such as for instance textiles. This pressure would not harm the goal of achieving a "Europe competitive in innovative products" if it remained limited to low-end products. It is however not the case and emerging markets are consequently becoming competition also on the higher end of the market with more innovative products. Other problems with the changing context for the strategy are of an internal character: EMU's unfinished business, societies growing old, increased internal social and economic heterogeneity after enlargement.

Has the 2005 relaunch of Lisbon strategy done enough to adapt to these developments? This the author judges as rather doubtful. We are at the moment in Lisbon's third cycle – the European Council of March 2008 launched the 2008–2010 cycle of the Lisbon strategy. But we also need to think beyond 2010, final date set in Lisbon strategy for achieving its ambitious goals. It is only less than two years away and without the old objectives put in a new way before this date the strategy will seem to have failed in reaching its symbolic goals. If new prospects that go beyond this date are already outlined, the negative perception can be minimised. Additionally, some of the processes such as energy, climate, services

liberalisation and the European social agenda were from the beginning thought of in a longer perspective.

Numerous questions about the future strategy arise – should Europe at all have something like another Lisbon? The author points to the inadequacy of its main goal of becoming the “most competitive and innovative economy in the world”, which might have sounded visionary back in 2000, today is rather a reason for disappointment. Conditions changed and Europe must take care to stay in the race with the United States and Asian countries, if it does not want to wake up in a new bipolar world with these two regions as the poles. Cohen-Tanugi claims that the new European strategy for globalisation must consist of two components: an internal component involving structural reform centred around increasing competitiveness through innovation, and an external component based on strengthened decision-making ability of EU institutions in implementing integrated common policies in line with the global strategic vision.

New Lisbon’s focus should remain on quality-competitiveness and innovation, but Lisbon Plus should not be limited to this purely economic pillar – the social and environmental ones must build its integral part. Research was set as a priority of the Lisbon agenda already in 2000. Sadly, not much improvement was observed in this area until 2008. How to make research and innovation-boosting a real priority this time? COHEN-TANUGI sees the goal of 3% of EU budgetary spending on research irrelevant as the member countries are to a very different extent close to the technological frontier. Public research is where the EU especially lags behind the US – strengthening national public research should be one of the important points on the new Lisbon agenda. Making R&D a budgetary priority at the European level and stimulating private research in Europe through better incentives should follow. The legal environment in Europe with its competition and patent policy is supportive of research, there are only several “little” proposals that could be implemented to fill in the last gaps – the EU should direct its tax strategy in aid of innovation and take on more clearly its strategy for the internal market with the Eastern enlargement. Financial services were not at the heart of the Lisbon strategy and innovative start-ups often complained about difficulty finding the capital structures. These are only very few examples of specific proposals this book provides for the new Lisbon strategy. Or, in fact, practical ways of implementation of the main goal stated clearly already almost ten years ago, which has not been achieved yet and has not yet lost its validity today.

The reader of this book may find the depth of discussion of each of the subjects insufficient. The response to this criticism is provided at the book’s webpage by the author¹: “The broad scope of the subject prevented us from going as deeply as we would have liked into some important issues in the time available to us. But we did our best not to remain silent on any essential aspect, and to express our views clearly on each of them.” The book draws a coherent strategy for Europe in response to globalisation and, although it was not attempted as a catalogue of solutions, it may also serve as such.

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1 See more on the author’s vision of the future Lisbon strategy under www.euroworld2015.eu