

# PASOK

## **Implementing the Lisbon Strategy: An alternative “National Reform Program”**

**Paper submitted to the PES Lisbon network**

### **The “National Reform Program” of the conservative Greek government**

The conservative Greek government recently presented its “National Reform Program”, in the context of the revamped Lisbon strategy. Unfortunately, rather than seeing this as an opportunity to formulate a coherent plan capable of helping Greece to achieve the goals of the Lisbon Strategy, the report that was submitted was instead simply a document aimed at fulfilling the country’s obligations towards the EU bureaucracy.

Rather than presenting the political case for reform, setting out clear and quantifiable goals and connecting these with specific policy initiatives aimed at addressing current weaknesses in achieving the objectives set out in the Lisbon agenda, the report presented a set of vague and general goals (for which there can obviously no disagreement) and a compilation of “initiatives” taken by the Greek government in its 20 months in office.

Of the “25 initiatives” presented, several have already failed completely (e.g. the fiscal adjustments underway to bring the budget deficit below 3%, the reorientation of CSF funding to support Lisbon goals, administrative simplification in starting up new businesses, a “national dialogue” on education reform); some remain intentions (e.g. bankruptcy law reform, land use planning); others are clearly in the wrong direction (e.g. recent job market reforms, subsidized early retirement schemes in the banking sector) and the rest are simply untrue (e.g. “improvement of long-neglected regional infrastructures”).

Absent from the government’s reform plans is any mention of political initiatives aimed at reinforcing social cohesion, addressing in a socially fair and comprehensive manner the ageing problem, or modernizing the social model in Greece. Absent are also any new ideas on upgrading skills, reforming the education system, or enhancing the innovation capacity of the country. Absent therefore are Lisbon’s balanced approach, and the reinforcing economic, social and environmental reforms.

“Reforms” for this conservative government are simply an excuse for an adjustment shock whose burden falls squarely on lower income groups, on the unemployed, and on the socially excluded.

## **There is an alternative path to reforms**

From the start, the Lisbon strategy was founded on the twin pillars of open markets and the European social model. At its heart lay a social democratic belief that economic, social and environmental reforms can complement each other. That each country needs to choose and pursue its own “development model”, based on its distinct and unique characteristics, its strengths and its weaknesses. And hence each country should pursue its own reform efforts reflecting these characteristics as well as its ambitions.

No economic or social reform can be politically neutral. All reforms express values, political directions, social groups. And in order for them to even hope to be successful, they need to be firmly grounded on a commonly accepted sense of justice that underpins the understanding of the necessity of reforms as well as the fair distribution of costs and benefits. This sense of justice can only come about as a result of a “social pact”, itself the outcome of the process of an open and honest social dialogue which includes all civil society.

This is why PASOK has formulated an alternative, comprehensive political proposition for the reforms that Greece needs today. With 5 major priorities:

1. **Quality education for all.** A modern educational system in tune with society’s evolving needs, schools open to local communities, independent and competitive universities, a well-funded system of public education with the doubling of the investment in education, coupled with rigorous assessment and evaluation mechanisms.
2. **Entrepreneurship and innovation everywhere.** A policy supporting entrepreneurship and innovation everywhere (in business as well as in the public sector), with an emphasis on research and innovation, a shift to new tools for business support, and extensive public-private partnerships.
3. **Creating jobs and upgrading skills.** An emphasis on reducing unemployment through targeted active labor market measures, increased investment in training and life-long learning with 40% of the 4<sup>th</sup>CSF funds earmarked in the direction of building human capital, a more active involvement of social partners in the design and implementation of policies for jobs and skills upgrading.
4. **A more effective and just social state.** A policy that treats social cohesion as a determinant of growth and prosperity, with the creation of a real safety net, a viable social security system that delivers adequate pensions, and reforms in the provision of public services aimed at creating a more targeted and effective support system.
5. **The environment as a competitive advantage,** with an emphasis on embedding environmental aspects into policy in all sectors (tourism, industry, commerce, agriculture, energy), on developing new environmental technologies, the sustainable management of water resources and solid waste, making progress towards the Kyoto protocol goals.

Creating a “**new development model**” centered around these priorities has preconditions. The most important of these are reforms in critical areas:

- **A new system of governance:** A radical project of decentralization, with a smaller, more flexible and effective central administration and the devolution of greater power, responsibility and funds to local and regional government, closer to the citizen, creating strong municipalities, and coupled with greater transparency and more effective mechanisms of coordination and auditing.
- **A new relationship between state and market:** Reformulating the state’s role in the economy and the best way to provide (not necessarily produce) quality public services to all, in an alliance with the private sector, and in a regulatory environment that safeguards the public interest while fostering competitive conditions.
- **A new fiscal framework.** Economic stability is a foundation for social justice. It is therefore necessary to pursue a medium-term programme of fiscal consolidation aimed at reducing the national debt from its current high levels to 70% of GDP, through clear prioritization, a more effective, decentralized and goals-oriented budget system, coupled with a far-reaching tax reform with as characteristics greater simplicity, social justice, and trust.

The Lisbon strategy is floundering in our Member states because we have failed to turn it into a political project. We have failed to make clear that there are alternative paths to economic and social reform, that behind the targets and the action plans lay different concepts of the kind of society we want in Europe.

PASOK is putting forward its own political proposal for economic and social reform in Greece based on the belief that there is an alternative to the conservative policies of the current government. Ours is the belief that a modern progressive society can go forward only if we build a coalition between the more dynamic and more disadvantaged groups, in a humane, citizen-centered project of social and economic development where everyone can participate, and no-one is left behind.

October 2005