



[Comment] Economic reform is a political issue

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EUOBSERVER / COMMENT - The European Union has set itself the goal of becoming the most competitive and dynamic knowledge-based economy in the world. The Lisbon summit of March 2000 set a target date of 2010. Anyone can see that, on current showing, that target will be missed. It is worth asking why.

One argument is that vested interests in different European countries are still too strong. The urgent need to loosen up our economic behaviour and encourage the entrepreneurial spirit just is not sinking in. Gordon Brown, British finance minister, likes to say that the British model shows how it should be done. Other countries should copy Britain.

Another view is that the methods the EU is using to reach this goal are wrong. Unlike the creation of the single market in the 1980s or the moves towards the euro in the 1990s, economic reform is being pursued outside the main institutional framework. This is the so-called open method of coordination. The idea is that European decisions can be taken and implemented by national governments without a formal institutional framework. Instead of laws and decisions, there is best practice and benchmarking.

But benchmarking is not enough.

Stick to the community method

The experience of European integration should have made this obvious from the outset. The policies that have been developed successfully are those that depend on the Community method: the Commission proposes, the Council and the Parliament jointly decide. The single market and European environmental protection were built this way. The less successful policy areas - think of agriculture, think of foreign policy - are handled differently. This is not coincidence.

Sadly, the important issue of economic reform has not been given the institutional priority it should have been. The decision-making method that works best has been sidelined. This needs to be changed.

Politics, not economics

But it is not only a question of practicalities. There is also a matter of principle. Economic reform is a political issue.

What to an employer is labour market flexibility is, to an employee, job insecurity. More labour market flexibility may be a good thing, but it is not a politically neutral, technocratic consideration. It is one that lies at the heart of politics in Europe.

The same goes for all the considerations about improving the work/life balance and creating family-friendly workplaces. To a business, these can turn into red tape and increased business costs with no corresponding return. Again, this is not to say that policies to help families are a bad thing, only that they are politically controversial.

If decisions on these issues are to be taken, then members of the voting public ought to be the ones to take them. But with the open method of coordination, the voting public is ignored.

Better would be to integrate economic reform into the core activities of the European Union. If

there are controversial decisions to be faced, they should be faced in public, in the full light of democracy.

The political parties' manifestos for the elections in June should explain where they stand on the balance between business opportunity and social protection. What are the steps they would take to boost the European economy? How do they think that economic success should be shared in the community? These questions are at the heart of politics: they are at the heart of European politics, too.

The European elections need to become the place for the important decisions to be taken. The issues at stake are too important to be left to the experts.

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