



## **Reconstructing the Lisbon Strategy for a Sustainable New Europe**

Authors: Tim O’Riordan and Jan De Smedt

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# Introduction

Until recently, many actors arguing for a sustainable Europe have tended to focus on the EU Sustainable Development Strategy (SDS) as the comprehensive basis for delivering sustainable development. We argue that it would be wise to give more attention to transforming the Lisbon Strategy, and associated core EU agendas, as a means to present sustainable development as an effective and workable core for all future policymaking and delivery in Europe. We are at a critical time: the Lisbon Strategy is in the process of being reviewed just as the global and European economies are passing through deep and prolonged recession and prolonged indebtedness. Surely this is the moment to transform the Lisbon Strategy into what we will term the *Lisbon Future Strategy* within the supportive framework of sustainable development.

We argue for an economic and social renaissance that enables the key objectives of the sustainability agenda to act as the energiser for a sustainable new Europe. The Lisbon Strategy falters because it is intrinsically part of the economic concept that now is in deep trouble. In that context, the Lisbon Strategy has palpably failed to meet its intended purpose.

We therefore seek to propose a fresh interpretation of the Lisbon Future Strategy, by building on the drive for more environmentally sound technologies, employment and innovation, and by making the case for a more socially and environmentally improving approach to create a reliable prosperity for all Europeans in this century. In promoting our case, we are mindful of the recent **Communication** on the 2009 Review of the EU SDS ((COM (2009) 400 final), and the **Statement** by President Barroso to the EU Parliament entitled "Political Guidelines for the next Commission". Both argue for a credible sustainable Europe by 2020. We also refer to the **Manifesto** of the Spring Alliance (2009), which covers the same objective, but from the perspective of environmental, social and developmental non-governmental organisations and trade unions.

There has long been a debate over the inherently conflicting objectives and contending lobbies associated with the 2000 Lisbon Strategy, and the 2001 EU Sustainable Development Strategy, (EU SDS), which formed the basis of the 2006 version of the EU SDS. There are contradictions between these two versions and the current Lisbon Strategy, contradictions which were not addressed in any detail by the Commission in its 2009 Communication on the EU SDS.

There is only a limited institutional mechanism for linking these very important missions for the future of the EU. There is little policy coherence, there is an inappropriate budget arrangement, and there is limited meeting of the political minds over any significant effort to converge these two pathways to a better and more liveable Europe for all of its citizens.

Furthermore, we believe that the governance provisions of the EU SDS should be further considered and subsequently implemented, including the clarification of roles suggested for different political actors. As the EU SDS foresees (2006, para 45), there should be a comprehensive review, to be decided the latest by 2011. **We recommend that this review takes place in parallel with the Lisbon Strategy reassessment in 2010, as well as concomitant reviews of linked EU strategies, in order to increase the coherence of a Lisbon Future Strategy with a reinvigorated and reinforced EU SDS.**

We argue for an economic and social renaissance that enables the key objectives of the sustainability agenda to act as the energiser for a sustainable new Europe. It takes as its cue the likelihood that the ideology lying behind the Lisbon Strategy is that contained thinking which has led to the economic calamity that now besets the whole of the EU. Seeking just to reconstruct, or

to tinker with that Strategy is no solution. Thus is why this paper takes as its analytical basis the recent thinking on enduring prosperity within a fresh perspective on human behaviour that reflects the limits of natural life support and the politics of creative redistribution amongst citizens and over space.

**This paper therefore seeks to propose a fresh interpretation of the Lisbon Strategy into a Lisbon Future Strategy, by re-examining the focus and deliverability of the EU SDS, by building on the drive for more environmentally sound technologies, employment and innovation, and by making the case for a more socially and environmentally improving approach to creating reliable prosperity for all Europeans, and for others less fortunate than most Europeans, for the century to come.**

In so doing it reflects the different interpretations that lie in various analyses of possible sustainable futures for the EU. While there must be a common framework with coherent measures and indicators, there is also a strong acceptance that there may not be a common pathway for member states, or even for the regions within member states. Diversity, integrity, locality, resilience, and flexibility may be better guides beyond the central core of the sustainable development setting.

The structure of this paper, building on the Commission Communication, the Barroso Statement and the Spring Alliance Manifesto, is as follows:

1. An assessment of the possible ways forward for transforming the Lisbon Strategy within the framework of the EU SDS Strategies.
2. To suggest what can be achieved with reference to arguments offered by the Belgian Federal Council for Sustainable Development (FRDO-CFDD), and in the context of a report by the UK Sustainable Development Commission (Jackson, 2009) entitled *Prosperity without Growth?*
3. To chart a possible role for the EEAC in the coming months to assist in the process of reconstructing the Lisbon Future in the light of the opportunities to redesigning economies and societies in the context of a new sustainable Europe, and the promotion of local diversity and creative cultural expression.

## **The Two Agendas for Europe: lack of coherence and inequality**

### **Lack of coherence**

In theory, the Lisbon Strategy and the EU SDS are complementary approaches that use different instruments and different time frames. In practice, the Lisbon process and SDS too often operate in isolation from one another in the Commission and Council alike. Too little attention is given to possible synergistic effects between the two approaches: indeed, existing and potential areas of tension between both are rarely mentioned.

To quote a commentary from the German Council for Sustainable Development ( 2009, page 1-2):

*The positive self-assessment of what has been done rests in deep contrast with the observation that means and measure do not draw reality onto a sustainable pathway. The key line is: "Despite considerable efforts to include action for sustainable development in major EU policy areas, unsustainable trends persist." What is this supposed to tell us? Are we on the right*

*track, or not? Facts and figures, e.g. the ones provided by EEA (European Environmental Agency) and Eurostat, are clear enough: Europe is far from achieving overall sustainability goals. So, why is the sustainability narrative still so confusing?*

An example of this persistent confusion, this time in the transport sector, is that the objective for sustainable transport (EU SDS) stands in direct contradiction to proposed large investments in the European road network (Lisbon Strategy). The choices and trade-offs implemented at this level are often contradictory, vague and lack transparency. For example, the Communication places undue emphasis on technological means of improving efficiency of fuel uses, emissions reduction and noise abatement. Nowhere is there any mention of less dependence on physical means of mobility and social access by such means as more community based economic and social interactions and much greater use of the internet. President Barroso extols the merits of a “smart grid”, but does not make the case for job creation and new entrepreneurial opportunities around targeted and widespread schemes to improve energy use efficiencies, and local (distributed) non-carbon energy supply schemes.

## **Unequal balance of power**

Indeed, the EU SDS is the ‘sleeping beauty’. It is basically a set of fine principles and ideals which carry little weight within the central motor of the EU policy machinery. Yet the sustainability principles are critical in offering an inescapable basis for future transformation. The EU SDS seeks to guide all policy with reference to living within the boundaries of nature, guaranteeing public health and wellbeing, and ensuring that an ageing and shrinking society is taken into account in both social care and in economic protection. The seven key challenges, namely, *climate change, transport, consumption and production, natural resources, social inclusion and cohesion, global poverty alleviation, appropriate financing, and education and research*, are noble arenas for attention. But they do not translate easily into firm policy, especially when competitive and short term market pressures are involved, and global positioning is the order of the day. In his address, President Barroso nowhere argues that the EU SDS should provide a framework for the functioning of regulation of the markets over the ten year span of his vision. In its Communication (page 13), the Commission believes the EU SDS provides a long term frame of reference, setting a broad vision, but not actually shaping or controlling any boundaries of technological and economic enterprise. The EU SDS seems to be regarded as a “murmur in the background”, not a practical driver for all future policy and initiative. **This is why we argue for a combined process of review of both the Lisbon Strategy and the EU SDS, but following the current proposals by the Swedish Presidency for a more strategic, streamlined and invigorated EU SDS.**

The Lisbon Strategy has the advantage of being close to the machinery of EU government, it has powerful supporting lobbies and it lies in the mainstream of conventional economic thinking. Furthermore, the overall budget for the EU reflects priorities offered by the Strategy. By any account, Lisbon has had the ear of the heads of governments in the European Union. Yet it has by no means delivered. Spatial inequalities in economic performance remain, unemployment has not been reduced amongst the more vulnerable, and innovation has not taken off across the Union. Meanwhile, all the indicators of health, carbon emissions, water stewardship, natural hazard and citizen awareness of sustainability in shaping outlooks and consumption behaviour remain out of kilter with the SD principles of living within nature’s bounds, and creating a fairer and more resilient society and economy.

The EU SDS is coherent; it offers a vision for the longer term which is far more integrated and socially cohesive. But it is not mainstream in terms of EU governance, it has no clear champions at the heart of conventional economic thinking, and its plea for the advantages of a sustainable long term perspective has no resonance in day to day political action. The *Integrated Guidelines for Growth and Jobs (2005-2008)*, which in turn asked Member States to produce *National Reform Programmes* for implementation of these Guidelines, made no explicit reference to the 7 themes of the EU SDS. Indeed, only one of the 24 Guidelines (namely guideline 11) even made

explicit reference to the environmental aspects of the initiative. **We believe that all of these guidelines should be redesigned to include both the policy guidelines of the EU SDS as well as sustainability assessment principles and indicators.**

**Yet the EU SDS must be preserved and strengthened so as to form the essential basis for any realistic reassessment for a Lisbon Future Strategy. Its strength lies in its commitment to creating both an economy and a way of living and sharing in a more cohesive society. It is the essentialness of living within nature's limits, and of generating a society that is palpably fairer and more just to itself in the process of respecting these limits, that lies at the heart of the sustainability mission. In addition, the EU SDS offers a way to integrate vertical policy "silos", which must be strengthened through better use of integrated sustainability assessments and coordinated top level policy connecting arrangements.**

This is why we believe we should not seek to dilute the EU SDS into a muddled version of a reformulated Lisbon Strategy. The EU SDS should be strengthened in its own right, in the light of the new evidence of ecological climate and social stresses and tensions, as well as the emerging costs associated with ploughing on into greater unsustainability, in a desperate throw of the "old Lisbon" economic dice. Admittedly, it makes no sense for there to be forever two distinct and largely unconnected strategies for the future of Europe. **So we advocate that, for the time being, and in the spirit of realism, the EU SDS should be considerably strengthened and better articulated, and that it provides realistic and detailed overarching methodologies (in accounting, in comprehensive assessment measures, in ways of delivering wellbeing, and in ensuring a prosperous mixed society that is at peace within itself, and with all of its global partners).**

We are nevertheless convinced over the vital need for the eventual coincidence of the two strategies through a process of mutual transformation. In so doing, we also call for a fresh social ethos which combines the quality of local wellbeing, with new concepts of virtue and responsibility, connected to the learning processes of the schools and reinforcing cultural and historical diversity in new forms of local governing. In essence we see the emergence of a social reconstruction linked to greater local autonomy, but set in a framework of sustainable "landscape culture". This last notion combines the essence of sustainable living and sharing with local political identity, connected to the ecology and culture of whole landscapes, formed in the past, but guided into the future along sustainability lines. Lying behind a sustainable vision of Europe is the emergence of more economic and cultural localism, but set in a clear and unambiguous EU-wide SD framework.

## **Towards a transformation of the Lisbon Strategy**

It is critical to ensure that any new version of the Lisbon Strategy meets the tests of sustainability, long term ecological resilience and social cohesion, and that the interaction between economic, environmental and social performance is fully taken into account with appropriate procedures for guaranteeing that this is the case.

When we examine the existing Lisbon Strategy, we recognise that it contains several important objectives, for example, the knowledge triangle (education, research, innovation), making Europe a more attractive place to invest/work, creating more and better jobs, providing improving training that fits nicely into SD orientation, as well as encouraging regulation and entrepreneurship to reflect sustainability lines.

But competition pressures, arising in part from a global economy, have channelled the focus onto a narrow interpretation of a confining version of conventional economic capital. The

development and preservation of social and ecological capital are vital assets if Europe, and the world as a whole, wish to be, and to stay, competitive. Indeed, to damage ecological and social capital comes with huge costs for future generations. This point is repeatedly made by the sustainable development community, but is constantly ignored. In any case even within the economic framework, it bears pointing out that “socio-environmental” concerns, like energy and raw material conservation, environmental protection and public health, spiritual refreshment and social bonding, can apply more of a stimulus than a brake to “socio-economic” objectives like growth, competitiveness, employment, training and a balanced budget.

**In this context, we support the proposals in the Spring Alliance Manifesto for creative use of the Open Method of Coordination (OMC) for social protection and social inclusion as a promising tool for overcoming social exclusion and injustice.**

Sustainable development means that Europe should not only have the ambition to be the most competitive region in the world in this broader sense, but also the most cooperative, by being in solidarity with the poor in North and South. The Communication, the Statement and the Manifesto all make note of the wider global scene. The first two argue for more globalisation and trading, but not for an EU commitment to providing the sustainable base level conditions for all peoples of the planet as a precursor for sustainable trade and aid. We believe that setting such conditions for international relations forms the essential component of the EU global responsibility.

While we propose to give more attention to the following aspects in the transformation of the current Lisbon Strategy, we are mindful that in his Statement (page17), President Barroso also referred to the need to coordinate other EU strategies, including “the renewed social agenda, the Stability and Growth Pact, competition and state aid policy, the Sustainable Development Strategy, our climate change and energy strategy, the European Research Area, the Hague and now the Stockholm programmes”. **We share this call for complete overhaul of the entire current EU policy framework in the cause of converting all of these to sustainability principles.**

## **More sustainable consumption and production patterns**

There is a running discussion on the merits of sustainable production and consumption. This discussion forms the basis of a recent report by the UK Sustainable Development Commission entitled *Prosperity without Growth? (PwG?)* (Jackson, 2009) ([www.sd-commission.org.uk](http://www.sd-commission.org.uk)). The gist of this lengthy report is that it will prove impossible to separate conventional forms of economic growth, as being promoted in all stimulus packages and most green new deals, from its overwhelming impacts on natural resources and ecosystem functioning. It also concludes that all forms of growth lead to eventually to damaging instability in social welfare and in long term prosperity. Yet it states that any notion of a no growth economy in the immediate term would be even more damaging for jobs and human welfare. So there is a need to review carefully a genuine sustainable production and consumption agenda. We argue that this be a critical part of any green new deal. In this context, we need to visit the notion of **prosperity with less growth**.

Regarding the issue of decoupling, *PwG?* speaks of the ‘myth’ of decoupling. It underlines that up till now all we have possibly realised is ‘relative’ decoupling. But what we need is ‘absolute’ decoupling. The latter situation is essential if future economic activity is to remain within ecological limits. It means that efficient use of natural resources by technological innovation will not be sufficient, and that a fundamental change of behaviour is also important. This too will contribute to the long term competitiveness of the European economy. Thus social capital also becomes involved. An unjust and unequal society with persistent disadvantage for sizeable numbers of its citizens cannot reach sustainable living. Hence the need for more equitable, as well as less, consumption.

The Communication (page 7) accepts that in the realm of consumption, decoupling has not taken place, though it is looking more promising from the production side. We welcome its commitment to more green public procurement, but look for guidelines that coordinate and streamline the labelling processes and actual labels that genuinely promote *all* SD principles, and not just selected ones.

## **An ambitious climate and energy policy in the context of sustainable development**

The European Energy and Climate policy offers a golden opportunity to create both new technologies and green jobs in the pursuit of a low carbon society and economy. A lot of progress can and should be realized since it seems that our industry is more carbon intensive than the economy of the USA and Japan. This is largely because of the type of (less sophisticated) products and services we create and trade. But there is a real danger that many proposed investments in energy projects and transport based infrastructure, could lead to the increase of fossil fuel emissions and new risks on the basis of untested technologies, on new roads or widening of existing highways. There is a growing critique of the push for more carbon based “locking in” infrastructure of roads, power lines and pipelines. This problem forms part of the basis of a forthcoming Statement on sustainable infrastructure from the EEAC in October of this year.

The Communication praises the various initiatives regarding energy efficiency measures (pages 4-5). But there are by no means sufficient to establish the proposed 30% reduction in carbon equivalent emissions by 2020. There is a strong need to be much tougher on pricing and regulating for a low carbon, sustainable economy, and for much more economic transaction involving reduced air, sea and especially road transport. **In this case there should be a presumption of carbon and water and biodiversity neutrality in all future development. This means that any new or reconstructed development should enhance carbon reduction, water stewardship, and biodiversity resilience as well as job creation, as part of its overall betterment to society and to ecology.**

In his Statement, President Barroso pledged to work towards a carbon free energy and transport system, and to review EU policy making so that all past current and future policies directly lead to a low carbon, sustainable future. For this to happen there will be a need to reformulate the current procedures for coordinated EU policymaking, for strengthening much further the central nervous system in the Commission for sustainability assessments for all policy making, and for redesigning the budget processes so that long term beneficial outcomes are not constrained by short term cash starving measures and the lobbying calls for “jam today”.

## **Biodiversity, sustainable land and resource use**

The year 2010 is dedicated to international biodiversity. The EU is losing biodiversity. The Communication admits that the goal of halting biodiversity losses will not be met (page 7). Overfishing continues, as does the loss of ecosystem services, currently amounting to 50 billion Euros annually worth 7% of GDP. The Manifesto calls for a fresh Biodiversity Rescue Strategy, linked to ecosystem proofing of all sectoral policies, and much more coherent ecosystem corridor integration with future infrastructure projects. We support these suggestions.

Yet there is no sign of any policy in either land use or agriculture which will stem the tide of current losses of both species and habitats. We need a much more focused assessment procedure for the change in key habitats and in the management of land use, with much more attention to organic food production, to whole landscape covenants for integrated sustainable land care, for much better evaluation of the role of ecosystem services such as stable soil, multiple uses of forests, the protection of rivers and coasts from flooding. In addition, water care should become a priority; water stewardship should be incorporated into sustainable behaviour

and livelihoods. According to the Communication, these objectives are in part supposed to be delivered through the Water Framework Directive and its commitment to favourable ecological status for all EU water resources by 2015. For this to succeed, much more powerful integration of the role and valuation of ecosystem services will have to be grafted into the delivery of the Directive.

## **Social wellbeing**

The European social model is characterised by solidarity, but during the decennium of the Lisbon Strategy, inequality in Europe has increased. For many social competences Europe only has soft power (Open Method of Coordination). There is increasing resistance of the member states towards social steering from the European centre. The new Lisbon Future Strategy should give more attention to decent work, training on green jobs and support for training and alternative employment for displaced workers. Barroso's Statement contains references to these objectives (pages 26-32), so these need to be incorporated into the revised sustainability assessments of EU policy. The Communication is strangely silent on such matters, though it is strong on the need for a clearer immigration and internal migration strategy (pages 9-11).

2010 has been designated as the European year for the fight against poverty and social exclusion. Families that are poor or at risk of poverty are hit harder by increasing prices due to the growing scarcity of some natural resources and non-differentiated green taxes. They can hardly afford the extra costs for energy, water, food and other basic needs. The environmental "polluter pays" principle sometimes collides with the social principle that the "the broadest shoulders should carry the heaviest burden", another phrasing of the Rio-principle of the common but differentiated responsibilities. We support the suggestion, made in the Manifesto, for the adoption of a comprehensive Anti-discrimination Directive providing for fairness of treatment for all EU citizens, regardless of gender, race, birthplace, faith and disability.

## **The external dimension: international responsibilities**

A win-win situation in terms of the pillars of sustainable development in Europe does not necessarily mean a win-win situation at global level. It happens that environmental improvements in the North lead to an export of resource utilisation and pollution problems to the South. It is therefore important to ensure that sustainable development in Europe will not result in ecological (and social) dumping in economically less developed countries. Not only the internal European environmental policy but also other European policies (trade, agriculture) have an impact on developing countries. To realize the Millennium Development Goals, more policy coherence should be obtained as well as more financing for climate action in developing countries, this additional to existing ODA.

Both the Statement and the Communication address these issues, but not in any manner reflecting sustainability principles. This is why we advocate both policy assessments and budget allocations should be redesigned to meet SD principles and objectives. We also see the scope for a much more competitive culture in the promotion of sustainable technology and management systems being exported to the newly emerging economies and democracies, notably in china, India, Brazil and South Africa. This should be one central element of a new Lisbon Future Strategy.

# Instruments of policy integration

## Integrated guidelines

The Belgian Sustainable Development Council (FRDO-CFDD) analyses of the various documents leading the review of the Lisbon and SDS strategies emphasise the need for better integration of the guidelines for creating new jobs and promoting the cause of sustainable development. We share this objective and offer some suggestions below **We propose to couple the 'Integrated Guidelines for Growth and Jobs' with the 'Policy Guiding Principles' of the EU SDS.** It is very important that the future shape of the Lisbon Strategy combines its energy for jobs, mobility and innovation as well as training and locally strong economies and societies, with the care for biodiversity, new entrepreneurial opportunities for promoting prosperity with appropriate growth, and the support for technologies which create new wealth but tread more lightly on the planet at all levels of human endeavour. **This is why we all for sustainable cultural landscapes. These would embody the strength of EU wide sustainability framework with local procedures, including inclusive participatory arrangements, which would combine the principles of sustainability with cultural norms, heritage and identity.** We are pleased to see references both to sustainable rural development and to sustainability entrepreneurship in the President's Statement (pages 24-26), but we would like to see these ideals translated into specific policies and budget lines.

## Sustainable development indicators

The Commission should not only use Lisbon indicators but also the sustainable development indicators (also drawn up by Eurostat) to back up its proposals for the post 2010 reflection, particular for the follow-up of prior unsustainable trends, and how these tie in with one another. We recognise that the process of determining such indicators is fraught with problems of accurate and current statistics, with equity concerns and with spatial disparities. This new Lisbon Future Strategy must be followed up and evaluated on the basis of a limited but balanced list of indicators, reflecting economic, social and environmental concerns set across both people and space. There is also a need to create reliable accounting measures for a sustainable "GDP". Here the process on *Beyond GDP* could deliver very useful information.. Indeed, in the light of both the Stiglitz Commission' report, the Commission's communication *GDP and beyond* (COM(2009) 433), as well as the discussion advocated by the *Prosperity without Growth?* debate, there is now a real urgency to provide powerful new measures for defining the quality of growth in Europe, as well as for the world as a whole.

## Impact assessments

Impact assessments are theoretically an important instrument for developing an evidence-based, more integrated and transparent European policy. But in practice, they do not always take all aspects of sustainable development into account. There is a need for a better coordinated process for sustainable impact assessments, including transparency, quality control, and a process of integration that clarifies, rather than conceals, important political choices (EEAC Statement on Impact Assessment (2006)).

On the basis of these recommendations, we therefore advocate a much improved approach and methodology for the processes of undertaking sustainability impact assessments, which will introduce all SD principles, which recognise the case for sustainable cultural landscapes, and which act as both anticipatory and reflective measures of SD performance and budget procedures in the EU (Statement, page 29; Communication, page 14). We welcome the suggestion in the Communication (page 14) of a SD scorecard, and expect that all of these suggestions are incorporated into the forthcoming review of budgetary arrangements.

## **A reassessment of the EU budgetary mechanisms**

Compulsory sustainability assessments should be introduced for all EU expenditures, in order to avoid costly counteracting measures also to be financed by EU-funds. Sustainable development priorities and the safeguarding of European public goods such as nature/ecosystems and their services should be sufficiently taken into account in the EU budget. With respect to revenue, consideration should be given to shift gradually to an EU resource system that reflects European shared values and strategic goals, supports adaptation to change, serves as a stabilising factor of financial markets, and promotes social and ecological equity. Such a system would probably be preferable to the present situation in which the revenues are part of the national budgets of member states, and hence subject to annual discussion in national parliaments (cf. EEAC Statement (2008) Sustainable Europe for the a long way ahead).

Moreover, the new budget priorities currently being considered, should reflect the emerging sustainable development priorities, as indeed is mooted in the Communication (page 14). This is particularly the case over such interlinked themes as adaptation to climate change, safeguarding and appreciating ecosystem services, sustainable land and water use, and research and training for sustainable citizen behaviour.

We support the proposals in the manifesto for the “proofing” of funding mechanisms which undermine poverty alleviation, discrimination and exclusion wherever these occur, for redirecting the structural and cohesion funds towards local social entrepreneurial initiatives, with incentives for promoting social and environmental benefits.

**It is important that future budget making should recognise the long term reduction of avoidable future costs by investing in sustainability now, even though the cash costs of the present seem high. By investing in both ecological and social capital for resilience, the essence of sustainability assessment can be incorporated into budget making. And budgets should also promote the cause of localism, for maintaining and enhancing sustainable cultural landscapes**

## **Ownership**

Political ownership of the Lisbon Strategy is correlated with effective interaction and the input of civil society. The Commission's intention to consult stakeholders on the new Lisbon Process is positive. Contrary to the past strategy, the Lisbon Future Strategy should be the result of a genuine community consultative process. Up till now in most countries only business and trade unions are involved in the yearly consultation on the National Reform Programmes. In Belgium there is the positive experience that the federal government is consulting with broader civil society via its SD Council (FRDO-CFDD). This welcome positive approach helps to focus on economic, social and environmental aspects of development and their relationships. Recently the Council was invited in the prime minister's office to give its view on the next Belgian National Reform Programme and the government's approach of the financial and economic crisis. We need more fora where the Lisbon and the SD communities meet each other. Interactions between ESDN, the European Economic and Social Committee (EESC) and its Sustainable Development Observatory are very useful for this aim, as well is the case for coalitions such as the Spring Alliance. Indeed, this is a tactic that the Working Group on SD of the EEAC is now actively pursuing.

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# Concluding remarks

## One or two overarching strategies?

The Belgian Federal Council for Sustainable Development requested, in a recent opinion (on the programme for the Troika-presidency (Spain, Belgium and Hungary) of the EU 2010 – 2011), that its federal government plead at the EU-level to integrate the renewed Lisbon Future Strategy with the other umbrella strategy, namely the EU SDS. Within the EEAC network the view is that on the short term we need a strengthened and better articulated EU SDS. We are convinced that we cannot miss the opportunity to mainstream sustainable development in Europe through a transformed Lisbon Agenda. The somewhat tenuous political existence of an EU SDS cannot be an excuse for European decision makers not to make the Lisbon Future Strategy more sustainable.

When defining the priorities of a new EU SDS, we suggest that account is taken of the result of the transformation of the current Lisbon Strategy, the proposals of the Gonzalez Reflection group (on the EU's long-term future up until 2020 – 2030), and the perspectives of the next (7<sup>th</sup>) EU Environmental Action Plan. The UK SDC report *PwG?* also noted that we still miss a viable macro-economic model for achieving economic stability without consumption-led growth. There is an urgent need for such a model. This forms an important challenge for a renewed SDS.

## Government deficits and new Stability Pacts

Most European and national stimulus packages focus on the short term and do not integrate themselves into a long-term vision. Many decisions are already taken that knowingly damage future ecology and human community, and it is difficult to change them. It is always better to prevent than to cure from avoidable chaos. From 2010 we can expect that all member state governments will be obliged to take drastic decisions in order to bring public budgets in balance. As is the case for recovery programs, they can make choices that are more or less sustainable. We have to prevent that short term solutions receive priority, for instance, about climate policy, because any short-term benefits they may yield will be undone in the medium and long-term by the costs that foreseeable climate change will entail (cf. Stern Report). This will be an enormous challenge for all actors concerned with activating sustainable development. It is all the more reason for calling for both effective cross cutting policy mechanisms as well as more local and regionally based solutions, via the new landscape culture.

## A European Prosperity Strategy

Economic competition could hardly be perceived as a mobilising project for a society. Maybe a *European Prosperity Strategy* should be a better name, telling what the new Lisbon Future Strategy hopefully will and should be, and meeting peoples' aspirations. What is required is almost impossible. It means a huge shift in global social values and behaviour over a frighteningly short space of time, some would argue ten years. Yet the logic of the analysis is that unless there is a swing to a more responsible and caring citizenry, with a form of governing that is also virtuous, there can be no true renaissance. These points are explored in more detail in the Appendix to this paper.

*“We come from an era of rapid growth which was not sustainable because of the accompanying artificial debt architecture and the negative ecological impact (...). The greatest challenge for the world after the current recession will be how to learn to live with smaller growth rates.”*

This is not a quote from Greenpeace. This is the view coming from Thomas Leysen, the newly elected president of the Belgian Federation of Business Associations. He sees sustainable development as a huge reforming business opportunity. His is the voice of cooperation and innovation around a living planet and a resilient humanity, the essence of the new Lisbon ideal.

# Possible future action

The trick therefore is to seek to create a workable and pragmatic variant of the Future Lisbon Strategy taking into account the fundamental principles of sustainable development. One way forward is to offer the scope for new job creation opportunities. Another is to work on a programme of lower “foorprint” production, transportation, consumption and disposal. A third is to emphasise long term natural resource stewardship notably in the food and water sectors. And a fourth is the scope for a fresh look at spatial planning and settlement patterns, along with associated infrastructure. Many of these approaches have been offered in the text above. What follows is the basis of a summary.

## 1. Sustainable jobs

- *Jobs based on reducing the impact of existing business on the environment:* renewable energy at all scales; manufacturing green products, clean energy technology, hybrid vehicles, low carbon mobility, carbon offsets in creating carbon sinks.
- *Jobs based on developing more resource efficient working practices:* retro-fitting existing buildings with energy efficient systems; sustainable design and construction.
- *Jobs based on reducing waste and pollution:* resource efficient processes; bio-fuels and bio-mass conversion.
- *Jobs based on recycling and recovery:* reconstitution of discarded goods and the creation of new markets for refurbished materials.
- *Jobs based on managing environmental assets & the delivery of eco-system services (including food):* agriculture forestry, fishing; investing, enhancing and managing the green & blue infrastructure (landscape and floodways); eco-tourism associated with biodiversity and landscape.

## 2. “Lighter” consumption

- Redesigning transport and energy infrastructures so as to decrease avoidable transport and mobility and improve local accessibility.
- Promote the *transition towns* movement in the cause of localising food and consumption economies and generating local employment, work experience, and volunteering, as well as suitable training.
- Ensuring that sustainability stewardship accreditation schemes are built into all sourcing and transport of goods and services.
- Regulating for sustainable procurement as an integral part of all public and private sector practices.

## 3. Sustainable landscapes and a new landscape culture

- Creating a variety of experimental schemes to establish genuinely sustainable living for a wide range of income groups across whole landscapes, such as is being tested in the Cambrian Mountains in Wales, in parts of Catalonia, and in the Waddensee region.
- Building in pilot schemes for evaluating ecosystem services in the areas of soil stability, carbon sequestration, biodiversity enhancement, new biodiversity for a climate altering age, and forms of flood and fire hazard reduction by excellent land use practices and planning.
- Using the schools as laboratories for sustainable living for all communities tied to local economies and food production as well as preparing the next generation for the jobs of a sustainable future.
- Generating a nexus of links between landscape, ecosystem services and functions, local heritage and culture and sustainable living and consumption in the form of local landscape cultures.

#### 4. Redesigning settlements and spatial planning

- Reassessing infrastructure provision along spatial sustainability grounds.
- Building in for walking and cycling for local mobility, in part as “offsets” for any increase in road, or any other carbon-creating infrastructure.
- Increasing the capacity for home based employment, flexible living, and lower dependence on proximity to work.
- Promoting social and sustainable enterprises, based on promoting and encouraging sustainable entrepreneurs, with scope for work experience and mentoring.
- Creating carbon neutral settlement patterns and buildings, in part through “offsets” between new buildings and established, especially fuel poverty homes.
- Designing space for comprehensive sustainability, notably through new forms of sustainable landscape covenants, designed to facilitate cooperative ventures.

There is also a case for the member councils within the EEAC to place the following initiatives in their agendas and through their networks:

1. Work with the EU Commission to establish more sustainability framed and long term accounting mechanisms for assessing the proposed revisions of the EU budgetary process. And to apply these procedures to all stimulus packages and associated policy proposals. Ensure that these procedures meet regularly reviewed targets by robust monitoring.
2. Support the troikas of forthcoming EU Presidencies to establish a mechanism for transforming the Lisbon Strategy along the lines suggested above, namely the pragmatic version linked to the Belgian initiative and the more farseeing process connected to the UK SDC report.
3. Work hard to establish a legally binding process for an effective and robust climate change and for the EU as a whole, including the possibility of an overarching EU climate change commission to oversee this process from an independent position.
4. Build on various EEAC Statements and its Bordeaux Declaration to work with the EU Commission for a more inclusive and integrated form of governing for the EU in line with the convergence outcome.
5. Work with the EU Commission, the Sustainable Development Observatory, the Spring Alliance, and various other European and global sustainability networks, to reassess both the changing Lisbon Strategy and the shifting EU SDS on a regular basis in accord with the issues raised in this paper, as well as any new proposals to emerge over the course of time. And to do so in context of engaging the member councils with regularly reviewing their national governmental actions connected both to their versions of Lisbon and to the EU SDS. This is particularly important in the light of the revision process of the EU SDS.
6. Prepare a fuller commitment to working with the EU machinery of international relations and trade and defence stakeholders to pursue sustainable approaches to meeting the Millennium Development Goals, particularly with respect to carbon, biodiversity and water stewardship and climate change adaptation requirements.
7. Assess the scope for contributing to a national reassessment of the SD and growth agendas as part of member state contribution to a possible “Rio plus 20” global appraisal, with a view to strengthening at both national, and crucially at the sub-national levels, the vital linkages between sustainability, prosperity, justice, resilience and cultural identity. In this context we support the recommendation of the German Council for Sustainable Development (2009, page 2):

*A renewed EU SDS process might take advantage of the 20<sup>th</sup> anniversary of the Rio Agenda 21 that will take place in 2012. This date provides strong momentum not only to take stock and communicate the idea of sustainability to the broader public. It might also be a focal point for the ongoing debate about how to achieve more results and how to encourage more collective action. We recommend for the European Union to set up a high profile **Peer Review Process on Sustainability Strategies** and the Rio Agenda that would present its findings right in time for the preparation of 2012.*

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## Appendix

The current financial and economic difficulties are creating unprecedented pressures on markets and on indebtedness. The principal outcomes are a series of publicly funded support measures for the global banking system, amounting to over one trillion dollars, fiscal stimulus packages now promoted by the world's leading economies, amounting to over 5 trillion dollars, and new regulation of global financial markets. The resulting indebtedness of the global economic system amounts to about 10% of global wealth creation. This will inevitably lead to pressures to restart short term growth economic activity in order to offset rising unemployment and depression. Nevertheless, the world's economic leaders are also discussing the scope for investing in "green" cars, in renewable energy and in social entrepreneurship geared to a more sustainable economy.

In order to guide our conclusions, let us return to the perspectives of the UK Sustainable Development report on *Prosperity Without Growth?* (Jackson, 2009). This concludes with the following observations:

1. Prosperity has material dimensions, but needs to be set within nature's limits of both flourishing ecosystem functioning and natural resources availability. Prosperity has to come to terms with the "art of living", namely of forming new social values over convivial existence, family and neighbourliness, and the joys of social companionships and local diversity.
2. The form of markets in the future should be set in terms of this objective of sustainable prosperity, with tough regulation over greed and short term profit making, and much more value in stable lending and borrowing on the basis of reliable payoff.
3. There is an inherent instability in any version of the conventional market because of its tendency to short termism, high discount rates, hedging against risk, but not against unknowable though identifiable future uncertainty, encouraging risk taking into the unknown indebted fields, and of not designing in for social justice and ecological resilience. So chaotic swings in economic fortunes will be the order of the day until there are new purposes to prosperity.
4. While growth is unsustainable, no growth is deeply unstable. There is no way out. Both

paradigms are not going to work if long term social viability is to occur. There simply has to be a new ecologically resilient and socially redistributive economic paradigm, with the values and institutional structures to support such a transformation. It is precisely the fearsome prospect of the necessary upheaval of the old economic order which is plaguing both the stimulus packages and the green new deal schemes.

5. Any attempt to decouple this conventional economy from its propensity to create social and ecological dislocation is impossible. There is no version of the currently functioning economy that will effectively decouple growth from non sustainability.
6. The iron grip of consumerism forces people to purchase for a variety of social reasons, all of which lead to greater consumption, more or less unhappiness, and continual waste of consumer goods. This works if there is liquidity in the financial markets, and steady rise in employment and incomes, but catastrophically fails when these conditions do not apply.
7. A “green” stimulus can work if it is very well considered and programmed. Otherwise it may lead to the loss of jobs elsewhere in the conventional economy. There is no easy way to create a green stimulus in a period of poorly focussed stimulus funds. The overwhelming political pressures are on the need to protect existing jobs, and many of the so-called green jobs require targeted training, much political preparation of the case to give priority to the disadvantaged in creating green jobs, and too long a time for these noble sustainability outcomes to be put into effect.
8. Seeking a new social ethos will take time and much restructuring of the economic incentives now in place. It is no good trying to encourage consumers to switch to a low carbon economy when all the price signals work to exhort more carbon usage, in transport, in heating homes and businesses, and in trade and consumption. And the same goes for water, fish and soil.
9. Ultimately, there is a need to work towards a social ethos which champions the art of flourishing within limits. This in turn means tackling social inequality seriously and effectively, recognising the virtues of mentoring those who are socially deprived and who can be diverted from pathways of shame, and promoting the pleasures of family living, of constructive neighbourliness, and of realising inherent personal and social capabilities. This is a very tall order. But it may have to be addressed if a society of the future can flourish without despair over its legacy.

Yet we should be cautious. To promote the cause of low growth in the present political and economic climate would be disastrous for the sustainability agenda. To argue for a rapid transformation to an ecologically sensitive society and economy would be fanciful. To call for prolonged redistribution to the less well off in order to create better social cohesion may well result in huge resentment and electoral outrage. So we must look for a progressive reconstruction of the Lisbon Strategy, taking into account the huge opportunities for recreating jobs and for redesigning settlement and agriculture, as well as for championing local economy and diversity. And we must always bear in mind the real dangers for long term social wellbeing and ecological survival of failing to insist on the sustainability framing of any reconstruction package.

All of this suggests the following initiatives might come to the future agendas of the EEAC member councils:

- (i) *Prepare the macro economy for stability by ensuring the end of bad debt, by investing only when there is a clear return, by establishing rules for long term investment that are guided by both social justice objectives and by the need to retain ecological resilience*

This will require new efforts to build into all assessments of economic reform the basic principles of sustainable development. It will also need a systematic assessment of the current and proposed economic stimulus packages to evaluate them along SD principles. There should also be the same process for the EU as a whole, as part of the continuing EEAC review of the EU budgetary process. In this light, we can refer to the EEAC Statement on Impact Assessment

(2006). In this document, we set out some core principles to guide Impact Assessments in the EU, including transparency, quality control, and a process of integration that clarifies, rather than conceals, important political choices.

- (ii) *Evaluate the scope for new jobs in such areas as low carbon technology, in retrofitting of all buildings and especially low income and social housing for energy efficiency and carbon neutrality, in public transport, in the greening of city spaces, and in the creation of social entrepreneurship geared to sustainability. This last feature should especially be geared to the less advantaged in modern societies, both rural and urban. This would also give prominence to placing values on resource use efficiencies, on ecosystem services such as soil care, water stewardship and carbon sequestration, as well as providing a business case for living within nature's scheme of things. For example, floodways would save insurance costs and highway maintenance charges, as well as soil stability would reduce the need to strip potential drinking water of nutrients and toxic substances.*

This will require case studies of what are the social and psychological benefits of living convivially, of being close to nature and to biodiversity on health grounds and on the business case for living for nature. Many such studies are already in existence. What is recommended here is a systematic consolidation of such research as well as a determined effort to fill in the many remaining gaps.

- (iii) *Regulation for financial prudence is happening, but this needs to be done on sustainability grounds. This would mean changing the rules for discounting, for public-private partnerships in long term planning, and for ensuring that financial prudence delivers poverty alleviation and social cohesion.*

Again this will require case studies throughout the EU member states to ensure that the long term and social benefits of financial re-regulation are moving in sustainability directions, particularly in the case of training and job creation for the otherwise unemployed. It is this emphasis on the scope for sustainability entrepreneurship amongst the otherwise unemployable, which is the particular feature of this recommendation. And in particular, the young should be targeted. Money from this could come from “green bonds” based on the concept of “invest to save”. Helping someone who might otherwise cost the public purse, in deviance, in ill health, in incapacity payments, in social welfare monies, to be effective in providing sustainability services is a good investment.

- (iv) *Provide more robust measures for economic wellbeing. Here there is a huge literature, but no immediate action. The time is long overdue to prepare a SD balance sheet for all macroeconomic measures building on the lines of increasing social wellbeing. This means giving everyone a degree of self esteem, of ensuring that everyone lives in safety and in peace, of guaranteeing a satisfying job and of creating good housing, even through self build measures, and of guaranteeing community neighbourliness. These measures must now be included in the forthcoming “renaissance economy” if any progress towards sustainable prosperity. It is no longer appropriate to ignore this task.*

There is a need to coordinate their efforts being made by a number of EEAC member councils to create reliable accounting measures for a sustainable “GDP”. This effort should be given priority in the forthcoming Presidencies. This recommendation stems from the previous proposals for a “SD sieving” of both fiscal stimulus packages and green new deal schemes, but takes these forward to providing appropriate measures for national and EU budgets as a whole. The UK SDC paper on a *Sustainable New Deal* provides a possible basis for other EEAC member councils to take into consideration.

- (v) *Generate better equality. There is a huge need to reassess how remuneration is calculated, how bonuses are paid, and how taxation should be redirected so that the very rich pay more and avoid less, while the very poor, subject to training and support, are served with true sustainable opportunities. This process requires EU wide tax reform and*

*salary payments recalibration, but it also needs sensitive handling at the member state level and through local diversity schemes. In addition, equality means helping the poor the world over to share in the new sustainable prosperity. So this will mean support for ethical trading, for sustainable economic activity in the emerging and poor economies and for the wider use of carbon levies for the adjustment to climate change all across the planet.*

The role of the EEAC here might be to look carefully at sustainability initiatives at the regional and local level and to assess how redirected taxation might be best deployed for investing in such initiatives. This assessment should also be directed at the developing world, again though supporting meaningful and replicable sustainable initiatives, particularly at school and community levels. Here is where the EEAC may value the cooperation of the development research community, both in academia and in government, to look for reliable measures for counting embedded water, carbon and biodiversity losses in trade and especially in food products, so as to ensure that consumption is both sustainable and geared to the betterment of the developing world, notably at the local level of production and distribution. This combination of sustainability and development knowledge brokers could be asked to come up with imaginative schemes for financing such initiatives both between the rich and poor across the globe, as between rich and poor in member states.

(vi) *Reassess responsibility and virtue.*

This is the biggest challenge for convergence. Over 250 years ago, Adam Smith, in his at times neglected treatise *On the Theory of Moral Sentiment*, called for the virtues of:

- *Prudence* through careful planning and by consuming only what is necessary, where restraint is a feature of the moral soul.
- *Justice* through the careful avoidance of knowable harm to others, on the basis of thoughtful action: never do to others what you would not do to yourself.
- *Beneficence* through the unconditional giving to others so as to promote one's own happiness as well as the happiness of others.
- *Self-command* through a highly developed personal sense of responsible moderation of any excessive desire or behaviour, in the context of the conditions outlined above.

There is a growing need to combine the power of responsibility for one's actions to care for the planet and all humanity now and in the future, to extol the virtues of living and sharing sustainably, of rediscovering the significance of reciprocity, by recognising the power of interdependency, and of giving the human spirit a chance to breathe. Here, especially, is where a fresh approach to localism and diversity for both economy and culture but set in regional landscape sustainability are so vitally part of the new EU future.

It would be very appropriate if these ideas were to be explored these in the context of more localised self reliance, of local sustainability economic activity and of generating the distinctiveness of the region and local space for the betterment of all at the level of the effective community.

What is required here is almost impossible. It means a huge shift in global social values and behaviour over a frighteningly short space of time, some would argue ten years. There is no precedent for such a convulsive shift involving so many people over such a time scale. Yet the logic of the analysis here is the unless there is a swing throughout a huge population to a more responsible and caring citizenry, with a form of governing that is also virtuous and dignified, then there can be no true renaissance. The task could begin by working through case examples of local sustainability living in a selection of schools and communities throughout the EU.