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New CER pamphlet

THE LISBON SCORECARD V
Can Europe compete?

By Alasdair Murray and Aurore Wanlin

In 2005, the EU is half-way through its ten-year 'Lisbon' reform programme. But it is, if anything, even further away from its stated objective of becoming the world's most competitive economy. Nevertheless, it would be wrong to write the Lisbon agenda off, argues the latest edition of the CER's annual Lisbon review. The EU has achieved more than most people realise. And there are grounds for cautious optimism about the speed of economic reform in the second half of the decade.

Since the start of the Lisbon programme in 2000, the EU has thrown open is markets for energy, telecoms, financial services and, to some degree, transport. The EU member-states have passed a raft of measures to reform labour markets and pension systems. And more is to come. Competition from the EU's new members in Central and Eastern Europe has turned up the heat on the slow-growing 'core' economies, Germany, Italy and France. Slowly but steadily, the EU is moving forward in virtually all the areas covered by the Lisbon agenda.

Like its predecessors, the fifth Lisbon scorecard picks out the 'heroes' and 'villains' among Europe's reformers – this time for the first five years of the Lisbon agenda, rather than just the previous year. It also, for the first time, includes a table ranking all EU member-states on their economic reform performance. Sweden tops the ranking, with Denmark and Finland not far behind. Austria, the Netherlands and the UK also score highly, while Ireland is rapidly climbing the table. Moreover, several of the new member-states, most notably Hungary, Slovenia and the Baltic states, stand out for rapid progress towards Lisbon goals.

No EU country has done badly across the board, which makes it tricky to single out the villains. Both Germany and France have been dragging their feet on parts of the Lisbon agenda, but Germany is freeing up its labour market under Chancellor Schroeder's Agenda 2010 and France is making its pension system more sustainable and the 35-hour week more flexible. Italy, however, continues to do badly in terms of GDP and productivity growth, and the Berlusconi government has largely squandered the opportunity to introduce much-needed changes in the first half of the decade. The scorecard therefore concludes that Italy is the villain of the first five years of the Lisbon agenda.

<u>Notes for editors:</u>

1. José Manuel Barroso, president of the European Commission, will provide the keynote speech at the launch of the CER scorecard at the Hilton Hotel, Brussels on Thursday 17th March.

2. Alasdair Murray is the deputy director and Aurore Wanlin a research fellow at the CER. For further comment, please call 00 44 20 7233 1199.

3. This paper can be ordered from the CER website (www.cer.org.uk) or by contacting kate@cer.org.uk.

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