Resolution on the input to the Spring 2009 European Council in relation to the Lisbon Strategy

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Following the debate which took place during the sitting of 5 March 2009, the European Parliament adopted by 579 votes to 94 with 21 abstentions, a resolution on the input to the Spring 2009 European Council in relation to the Lisbon Strategy. The resolution had been tabled by the EPP-ED, PES ALDE and UEN groups.

Financial crisis: Parliament notes also that the global financial crisis has brought massive destruction of equity market capitalisation, that its negative effects on 'real economies' are profound and that the implications for employment and the social situation are far-reaching. It underlines that financial markets are of crucial importance to the 'real economy' and that one of the priorities – besides safeguarding employment –is to **get capital flowing again**, providing credits and financing to investments. Whilst recognising the positive results of rescue measures adopted to avoid additional damage to the fiscal system, they call for a **new financial architecture** through the establishment of transparent regulation and for further legislative proposals as well as international agreements that can tackle excessive risk-taking, leveraging and economic short-termism as basic sources of the crisis. The Commission is reminded of its obligation to respond to Parliament's requests concerning the **regulation of hedge funds and private equity.**

The resolution stresses the urgent need to ensure that the financial sector, which benefited from public support, provides companies, in particular small and medium-sized enterprises, and households with sufficient credit. It warns against a vicious circle of lower investments and lower consumer spending, leading to job cuts, downsized business plans and less innovation, which is likely to push the EU into a longer-lasting recession. A **coordinated European response is crucial** to avoid the crisis leading to a sum of conflicting national plans for financial stability and economic recovery, with potential conflicts and costs, undermining the internal market, and the Economic and Monetary Union, as well as the EU's role as global economic actor.

Parliament expects joint action to overcome the effects of the financial crisis on the real economy, with the **setting of benchmarks with regard to future employment and growth rates**, which should then help to determine the size and components of the European Economic Recovery Plan. It stresses that the EU's top priority must be to protect its citizens from the effects of the financial crisis. The 2009 Spring European Council must agree on clear guidance and concrete measures to **safeguard employment and create job opportunities**. A special priority in this respect should be retraining the unemployed and providing education aimed at creating a skilled and specialised workforce.

Parliament also insists that Member States must revamp their immigration policies, so as to aim to specifically attract highly skilled immigrants who meet the demands of the European labour market, building on the United States' experience in this area, and taking care to avoid a brain drain.

Members feel that **solidarity** is indispensable with a view to ensuring that the European Economic Recovery Plan has the most positive impact on labour markets. The current crisis must not be used as a pretext to delay a reorientation of spending towards 'green' investments, but should rather be understood

as an extra incentive to press ahead with the ecological conversion of the industry. Parliament believes that ditching the fight against climate change and putting environmental investments on hold would be a devastating mistake which would have both an immediate and an inter-generational impact.

Europe's scope for action: the resolution calls on the Commission to make proposals on the social impact of the financial crisis, especially on social exclusion, poverty and pensions, up to the 2009 Spring European Council. It points out that the need for a **Green New Deal for Europe,** which tackles the economic, environmental and social crisis: job creation in manufacturing and industry needs to be complemented by massive investment in social services, in particular education and health. Such a Green New Deal investment should also aim for efficiency gains and substitution for resources other than oil ("critical materials"), which are likely to become scarce and will hamper the development of certain sectors.

Parliament notes that the EU is still lagging behind the **speed of innovations** in the US economy. It points out that, in times of economic downturn, it is common practice to cut back on **R&D spending**, but that this is the wrong approach, since it is exactly the opposite that needs to be done. Parliament believes that increased investment in R&D and education enhances productivity and thus growth, and it calls for investments in research with a view to achieving the goal of 3% of GDP.

Members underline that the crisis is having extremely negative consequences in many of the **new Member States**, substantially slowing their convergence with the EU-15. They expect spill-over effects, affecting the economies of the euro-zone, and call, therefore, for strong European solidarity measures to protect the eurozone.

Lisbon Strategy evaluation: Parliament regrets that, with only one year left on the timescale of the Lisbon strategy, clearly defined goals have not been met and progress in programme areas has been insufficient. It takes the view that Member States' efforts have been lacking in implementing measures to bring the goals of the Lisbon strategy closer. It proposes that further reflection on a 'Lisbon Plus-Agenda' (which must start in 2010) should be based on the general architecture of the present Lisbon Strategy but stresses the need to present a more homogenous and mutually supportive approach capable of decisively enlarging the European Lisbon governance capacity.