With the third Greek loan program almost in place, it is time for European leaders to start focusing on the future. That does not mean concentrating on Greece's debt-service schedule over the next few months. Rather, it means embarking on a broad economic-reform program that combines growth-enhancing supply-side reforms and demand-side efforts to support investment and job creation.

Low oil prices, a more competitive euro exchange rate, and the European Central Bank's judicious use of its full suite of monetary-stabilization policies – not to mention the fact that the threat of Grexit has been averted, at least for now – provide a favorable backdrop for such ambitious reforms. Even the political environment may not be as inauspicious as is often believed: Despite the worrying rise of anti-European sentiment in many countries – especially those hit hardest by the crisis – there is a palpable yearning among Europeans to break out of the continent's debilitating economic (and political) rut.

Indeed, a recent McKinsey survey revealed not only that Europeans aspire to a more vibrant economy, higher incomes, and better public services (especially health care and education), but also that they are prepared to accept tradeoffs, including longer hours and reduced social protection, to achieve them. A whopping 91% of the 16,000 respondents said that they would favor changes to the status quo, even if it required some sacrifice.

And the status quo is in urgent need of change. As it stands, European economic output per capita remains well below 2008 levels. In most European countries, gross sovereign debt exceeds the threshold (60% of GDP) established by the Stability and Growth Pact. Immovable adjustment constraints have caused eight countries to experience nominal wage deflation in at least two years since 2008. And unemployment remains stubbornly high.

With corporations sitting on cash, governments trying to rein in deficits by cutting expenditure and raising taxes, and households spending less on residential construction, demand is weak and uncertainty is high. Unsurprisingly, investment and job creation are suffering.

In the longer term, Europe will face serious demographic challenges. By 2050, the European Union's labor force could shrink by about 12%, or some 42 million workers. This would seriously dampen the EU's growth potential, unless it is offset by a substantial boost in productivity, extended participation in the labor force, or higher immigration levels.

At the McKinsey Global Institute, we have identified 11 sets of measures that, if enacted across Europe, would boost productivity, mobilize the workforce, and make investment – bets on the future – attractive again. These recommendations are based not on theoretical academic fancy, but on policies that are already proving their worth in at least one European country.

Of course, it can be challenging to implement deep reforms, which can be politically unpopular. But the lack of appealing alternatives should be enough to compel all EU member countries – not just those that have received assistance since the crisis began – to make changes.

For example, although life expectancy in Europe has increased by nine years since the 1970s, effective retirement ages have fallen by six years, leaving only 35% of people aged 55-74 participating in the labor

force. Here, Sweden – which links the retirement age to life expectancy, thereby expanding a productive "silver" workforce – shows the way. And, indeed, increasing the retirement age was an element in the Greek, Portuguese, and Spanish bailout packages.

Similarly, Belgium's Flanders region and Scandinavia show how governments can use their procurement activities more intelligently, orienting private-sector research and development toward technological innovation. And Denmark and Germany both provide good models for ensuring a smoother transition from education to employment.

On the demand side, it is time to break the deadlock in debates over whether and how to provide stimulus. One option that we have identified is to account for public investments as they depreciate, rather than at the time of capital formation, thereby unlocking up to €140 billion ($157 billion) annually. This is not gimmickry; it is a sensible distinction between current and capital accounts, a staple of public finance.

Implemented across the EU, the comprehensive program that we propose could close the output gap and return the continent to a sustained annual growth rate in the 2-3% range over the next decade, fostering investment of €250 billion to €550 billion per year, and creating more than 20 million new jobs. These are not pie-in-the-sky figures. Three-quarters of the supply-side growth drivers in the program are within the remit of national governments. All of the proposals are feasible within the current EU setup.

The key is to implement both kinds of measures in lockstep. Supporting demand without adapting underlying structures can go only so far. And, as we have seen in Greece, implementing structural reforms without accommodating demand impulses could lead to a deflationary slump or worse, thereby undermining the public's willingness to continue on the reform path.

For all the pessimism of the past few years, Europe is far from being a spent force. It still generates 25% of global GDP, and it is home to world leaders on key social and economic indicators – think Baden-Wurttemberg's trade competitiveness, London's strength in services, Rhône-Alpes' world-class transport infrastructure, and Danish energy efficiency.

Yet Europe has been struggling for years, even as other economies have engineered recoveries. If it is to regain its clout, and preserve its treasured social and political cohesion, it must address the longer-term issues of investment, growth, and employment.

Current economic conditions provide a political opportunity to create a more prosperous future. Europe's policymakers must seize it.