

LISBON STRATEGY

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Glossary*
UDC 331.5:364.23(4-67 EU)
JEL E32

At the meeting of the European Council held in March 2000 in Lisbon heads of state and member states of the European Union came to an agreement on a joint strategic target according to which by 2010 the EU should become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, with the highest employment rate, and strong economic and social cohesion. In order to achieve this objective, what is called the Lisbon Strategy or the Lisbon Agenda was adopted, linking up short-term political initiatives and medium-term or long-term economic reforms. This strategy, which was worked out in the subsequent meetings of the European Council, comprises three segments.

1 The economic segment, in which a transition to a competitive, dynamic and knowledge-based economy is being prepared. The emphasis is placed on the need for constant readjustment to changes in the information society, and on fostering research and development.

2 The social segment is aimed at the modernisation of the European social

model. This is to be achieved by investing in human resources and by the fight against social exclusion. Member states are expected to invest in education and the acquisition of qualifications, and to carry out an active employment policy to smooth the way towards a knowledge-based society.

3 The ecological segment that was subsequently adopted at the meeting of the European Council in Göteborg in June 2001 reflects the necessity for economic growth to be harmonised with the rational use of natural resources.

In more detail, increasing Union competitiveness according to the Lisbon Strategy will derive from the accomplishment of eight objectives:

1 a wider and more effective use of new information technologies,

2 creation of a European space for research and innovation,

3 completion of the development of a single EU internal market,

4 the creation of efficient and integrated financial markets,

* *Received:* November 11, 2007.

Accepted: December 4, 2007.

5 strengthening enterprise by improving and simplifying the regulatory environment for corporations,

6 better social cohesion based on the promotion of employment,

7 improvement of skills and modernisation of the social protection system, and

8 sustainable development to ensure long-term quality of life.

Among the more specific aims are raising the employment rate from the current EU average of 61% to 70% by 2010 (or 20 million new jobs), as well as an increase in the annual rate of real growth to 3%, which is more than the 2.1% average over the last ten years.

Since the implementation of these objectives is practically entirely in the jurisdiction of the member states, a mechanism for the implementation of the Strategy known as the open method of coordination, OMC, has been laid down. It is based on cooperation among the member states whose national policies will be thus directed towards common aims. The open method of coordination is founded on the common definition of objectives, a common selection of indicators, and a comparison of the objectives achieved in the member states, as well as exchange of information about the approaches employed.

A report prepared in 2005 under the direction of Wim Kok, former Netherlands prime minister (the Kok Report) contains an analysis of the implementation of Lisbon strategy and proposals of measures for meeting the objectives. The Kok Report provides a review of progress made up to that time. The disappointing results were the consequence of objectives defined too broadly, of a programme that was too wide-ranging, of insufficient coordination and contradictory priorities. The division of re-

sponsibilities between the national and the European level was insufficiently clear, and there was an absence of any political will for the implementation of reforms in the member states. The strategy covers areas that are not within the responsibility of the EU, and for success to be achieved, there must necessarily be voluntary collaboration within the open method of coordination, which implies the exchange of information with other member states and its adjustment to the specific conditions obtaining in each member.

Although considerable discrepancies from the planned implementation that jeopardised the ability to meet the targets set were defined, the Kok Report argues for the retention of the ambitious objectives and deadlines. Any postponement of the implementation of the Strategy would probably lead to Europe falling behind the USA and the Asian economies, in which growth is faster than in the EU. For this reason recommendations are given for harmonised, focused and urgent action in all member states and at Union level. An urgent need is noticed for faster growth in employment and growth in productivity, with a wide spectrum of reforms, in conjunction with a macroeconomic framework encouraging development, demand and employment. A scenario for major growth and employment envisages the implementation of priority actions within five areas: the knowledge society, the internal market, the business climate, the labour market and the sustainable environment. The Kok Report proposals are one of the foundations of the 2005 revised Strategy.

The revised Lisbon Strategy re-targeted the priorities to growth and employment. The Commission proposed a partnership with member states concerning growth and employment and proposed a revised Lisbon Agenda of the Community that lays stress

on the actions that ought to be carried out at EU level and at national levels, within three key domains:

1 Making Europe a more attractive place to invest and work in:

- Deepen and broaden the internal market
- Provide for open and competition markets within and out of Europe
- Improve European and national legislation
- Expand and improve the European infrastructure.

2 Knowledge and innovation for growth:

- Enlarge and improve investment in research and development
- Foster innovation, make use of ICT and exploit resources in a sustainable way
- Contribute to a powerful European industrial base.

3 Creation of a larger number of better jobs:

- Attract more people into employment, in concert with a modernisation of the social protection system
- Improve the adaptability of labour and corporations and labour market flexibility

- Enhance more in human resources via better education and skills development.

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