

# INTRODUCTION

In March 2000, the heads of state or government adopted the Lisbon Strategy, a ten-year project devised to set 'a strategic goal for the European Union in order to strengthen employment, economic reform and social cohesion as a part of the knowledge-based economy'. The overall formula selected for conduct of the strategy was that the European Union countries would, through recourse to the open method of coordination (OMC), engage in building knowledge infrastructures, enhancing innovation and economic reforms and modernising social welfare and education systems. The main policies advocated were those designed to promote the information society and R&D in a context of structural reforms to improve competitiveness, innovation and completion of the internal market, while modernising the European Social Model, investing in people and seeking to eradicate social exclusion. While the original Lisbon Strategy sought a balance between an appropriate macro-economic policy mix, cohesion policy and employment policy, since its revision in 2005 this balance has been tilted in the direction of competitiveness.

Several targets were established at the outset for achievement by 2010, the date set for official evaluation and achievement of the Lisbon Strategy. Now that its follow-up is being debated and fleshed out, there would seem, at first sight, to be something of a blind angle in terms of what can be learned from the experience

of the Lisbon Strategy. Yet such lessons would appear essential for the assessment of a new set of priorities, based on an accurate perception of the issues that need to be emphasised, included or excluded in the future.

Every year, the *Benchmarking Working Europe* report offers a contribution to the EU Spring summit. It provides a genuine benchmarking exercise applied to the world of labour and social affairs and grounded in effective labour and social rights. The aim is to establish what progress – or lack of it – has taken place in selected areas of importance to the trade unions and of significance for a social Europe. Accordingly, in this year of preparation of the strategic goals for the next ten years, we have chosen to embark upon a social stocktaking of the Lisbon Strategy as a means of feeding into the post-Lisbon debate. Among the questions addressed this year are the following: Are we moving in the direction of knowledge-based growth? Have we witnessed creation of both more and better-quality jobs? Do the indicators point to an increase in social cohesion? And how can workers better participate in the achievement of these various aims?

This ninth *Benchmarking Working Europe* report is published at a time of dramatic and potentially unprecedented financial, economic and social crisis in the European economy. The

gloomy economic prospects for 2009 and 2010 will inevitably subject European labour markets to severe pressures, thereby testing the real medium- and long-term impacts of the past ten years of structural reforms.

The indicators presented in this year's *Benchmarking Working Europe* reveal no major leaps forward in terms of social achievements over the period of the Lisbon Strategy. While the employment figures have improved, the increase has been achieved mainly by the creation of part-time and temporary employment. Even more worrying are the indicators relating to the investment in the knowledge-based society, there having been a significant lack of progress in the areas of lifelong learning, school drop-out rates and investment in research and development, among others. Low-skilled workers are suffering particularly in the current growth climate, in terms of both employment opportunities and quality of jobs. Nor has significant improvement been achieved in relation to social cohesion. Inequalities within countries have increased, 8% of the employed are working poor, and no major advances are apparent in terms of closing the gender gap with regard to wages and poverty. What is more, the wage share of GDP has decreased steadily over the period. All in all, convergence on social indicators between countries has been decidedly limited.

There would seem, under these circumstances, to be a genuine need to review the overall policy approach in relation to how Europe is to create the foundations of a knowledge-based society.

Turning to look at the economic situation, a glance at developments over the past eight years displays a clear discrepancy between the targets set and the results achieved. If growth were to continue at the same pace, it would take another ten years to reach the targets set. Another important issue commanding our attention is the speed and force with which the current crisis has undermined the European economy. That recession should have struck so hard unquestionably calls attention to the fragile foundations of the growth patterns adopted in certain countries. Part of the response must lie in a questioning of the rigid macro-economic framework that had been adopted, as well as the excessive wage moderation which has been such a marked feature of the last decade.

An evaluation of the contribution made to the Lisbon Strategy by social partner and worker participation serves to demonstrate the potential available among these actors and social institutions as both drivers of change and safeguards against derailment. And yet there also seems to be an undervaluation of this potential and of what, if more appropriately harnessed, it could contribute.

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There would seem, in conclusion, to be cause to question the underlying foundation of the current Lisbon Strategy with its primary emphasis on economic growth as a driver for social gains and more environmentally sound developments. Several of the contributions to this volume show, in no uncertain terms, that it is rather by raising social and environmental standards and wellbeing that we might succeed in achieving a sustainable growth pattern and a healthier and more cohesive society for the future.

Though the findings revealed by this latest exercise in assessing the extent and impact of social and labour progress in Europe are less than encouraging, we hope you will derive both interest and benefit from your reading of this year's *Benchmarking Working Europe*.

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