

THE IMPORTANCE OF THE AMSTERDAM TREATY AND LISBON STRATEGY FOR INCREASING EMPLOYMENT IN EUROPE

Gabriela ILIE, Gabriel PRICINA
University of Craiova
Faculty of Law and Social Sciences
gabrielamotoi@yahoo.com; gabrielpricina@gmail.com

Abstract: *This article is focusing on the role of the Amsterdam Treaty and Lisbon Strategy for increasing employment in Europe. The first document can be considered as a significant milestone in the evolution of coordinated European approach to employment policy work. The Lisbon Strategy was focused on full employment and increasing economic and social cohesion by 2010. Achieving these goals required the formulation of an overall strategy based on: preparation and transition to a knowledge-based society by formulating viable policies in informational technology, research and development, as well as intensifying the structural reform process for competitiveness and innovation and the development of the internal market. In the same time, the Lisbon Strategy has promoted an European social model, strengthening the concept of investing in people and combating of social exclusion.*

Key words: *employment; Amsterdam Treaty; economic cohesion; Lisbon Strategy; European social model*

1. Introductory considerations

At the beginning of the '90s one of the key reasons of the new debate on employment has been the fact that economic and social problems that occurred after the oil shocks of the previous decades and the monetary crisis of the early 90s have mainly had internal causes.

While the rhythm of the European integration has accelerated in some areas, the European Union did not have sufficient and strong instruments or consistent strategies, enough to face macroeconomic shocks. In the same time, it did not have very effective responses to prevent and combat high levels of unemployment and other structural problems of the labour markets.

Structural problems were not only the result of the increase in unemployment, fear of globalization or competition from the third world. They were equally internal policy mistakes. Such problems have led to a renewed interest in finding European solutions through a greater coordination and convergence of the economic and social policies. This

interest has materialized at a macroeconomic level, the *Treaty of Maastricht*.

Moreover, one of the effects of the new debate on European solutions was the formulation of structural policies that were a necessary complement to mixed macroeconomic policies in the Economic and Monetary Union. Employment is the key ingredient in this debate. Indeed, the issue of employment is found in all the challenges of EU extending, of upgrading the financial framework of the EU Structural Funds, of ensuring economic and social cohesion and institutional reform.

2. The Amsterdam Treaty

The most important European regulation on the employment is the Treaty of Amsterdam (1997), which makes some amendments the European Commission Treaty of Rome.

One of these changes/additions is the introduction of a Title dedicated particularly to employment, i.e. Title VIII (in the consolidated version of the EC Treaty) "Employment", which is separate from social policy - Title XI (in the consolidated version of the EC Treaty) "Social Policy, Education, Vocational Training and Youth". This approach shows how important it has become the field of employment in an Europe that competes with other major global economic powers.

Treaty of Amsterdam was a significant milestone in the evolution of coordinated European approach to employment policy work. Although the Treaty does not change the basic principle that Member States have the primary responsibility for the formulation and implementation of employment policy, it provides the European institutions (European Council and European Commission) a much larger role, new tasks and more powerful instruments. The Treaty also gives to the European Parliament a greater role in decision-making process. The responsibilities of the social partners and the opportunities to contribute to this policy were also enhanced by the inclusion in the Treaty of the Social Protocol.

In Article 128 of the Treaty of Amsterdam it has been introduced the first set of guidelines of employment: employment, entrepreneurship, adaptability and equal opportunities. The Treaty of Amsterdam also includes social and employment policy, which represents a necessary pact for stability and economic growth, and ensures the balance between economic integration and employment policy.

This includes dispositions that target thorough integration through passing fields in the Communities competence that were included in the scope of intergovernmental cooperation and the development of policies and objectives of the European Union. Including such provisions with regard to employment insurance and social protection. According to

these provisions, Member States shall promote a policy of coordinating the creation of jobs in order to develop the capacity to develop a common strategy on employment¹.

It is also aimed for the elimination of discrimination and providing optimal treatment regarding working conditions and employment positions, developing common policies on environmental protection, public health and consumer protection.

3. The Lisbon Strategy

On the occasion of the European Council in Lisbon in March 2000, the European Union has set a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, more and better jobs and higher social cohesion².

The main pillars of the Lisbon Strategy were full employment and increasing economic and social cohesion by 2010. Achieving these goals required the formulation of an overall strategy based on:

- preparation and transition to a knowledge-based society by formulating viable policies in informational technology, research and development, as well as intensifying the structural reform process for competitiveness and innovation and the development of the internal market;
- an European social model, strengthening the concept of investing in people and combating of social exclusion;
- sustaining a healthy economic environment and favorable growth prospects by applying a balanced macroeconomic policy mix ³.

Implementation of the Lisbon Strategy has been developed by introducing a new method - OMC (Open Method of Coordination) at all levels, with increased participation of the European Council in guiding and coordinating economic and social policies to ensure strategic directions more consistent and an effective monitoring of progress.

Five years after it was launched a report was made on its implementation, conducted by an independent group of experts led by Wim Kok, former Prime Minister of the Netherlands. The committee chaired by Wim Kok presented in February 2005 a bulletin on growth and jobs, which has proposed a new start for the Lisbon Strategy and focused on two goals: achieving stronger economic growth and creating long lasting and better jobs.

¹ Informations about the *Amsterdam Treaty* can be found at the following adress: http://ec.europa.eu/romania/documents/eu_romania/tema_24.pdf.

² Conclusions after European Council of Lisbon, March 23-24th, 2000.

³ *Idem*.

The Kok report was completed in November 2004 and showed that in the first 5 years after the launch of the Lisbon Strategy little progress was made, recommending that the agenda in the coming years to focus on growth and employment. Strategy Review made of the midterm implementation had three major objectives:

- ❖ "A stronger focus strategy" and a "rigorous prioritization": The Commission proposed to focus on growth and employment by launching the idea of "Partnership for Growth and Jobs", supported by an EU action plan and national action plans;
- ❖ mobilize support for reform: Member States, social partners and even citizens must contribute to the necessary reform processes. Lisbon "must become part of the national political debate"; Member States will have to submit their national action programs and to name a "responsible person from Lisbon".
- ❖ simplification, clarification and reporting easier: instead of the multitude of reports "that nobody reads" [According to Barroso, the current President of the European Commission], there will be a single Lisbon report at EU level and one national ".

In July 2005, the European Commission presented "The Community Lisbon Programme", which consists of 50 initiatives existing at that time or that will be taken at EU level to reorient economic reforms for growth and employment.

The commission grouped these initiatives in eight key measures with high European added value:

- ❖ Supporting knowledge and innovation in Europe;
- ❖ State aid policy reform;
- ❖ Improving and simplifying the legislative frame for business;
- ❖ Completing the internal market for services;
- ❖ Completing the ambitious Doha agreement;
- ❖ Removing obstacles for physical mobility, academic and the labor market;
- ❖ Developing a common approach to economic migration;
- ❖ Supporting efforts to counter the social consequences of economic restructuring.
- ❖ The revised Lisbon Strategy has identified new actions at European and national levels to help achieve Lisbon's vision¹:

In terms of creating more and better jobs, the main objectives set were: attracting more people on the labor market and modernize social

¹ European Comision, *Working together for economic growth and employment*, Bruxelles, 2005.

protection systems; improving adaptability of workers and firms and greater flexibility of labor markets; more investment in human capital through effective education and fostering better skill acquisition¹.

In 2007, the Commission therefore proposed a program for a new three year cycle. The launching the new cycle of three years, for the period 2008-2010, was initiated by the European Council on the 13th and 14th of March 2008, at a meeting in Brussels, where the following proposal was made: "It is advisable to maintain the European Union commitment to structural reforms, sustainable development and social cohesion, in order to consolidate the progress made in the renewed Lisbon strategy"².

Due to the economic recession, it is deemed that the Lisbon Strategy had failed due to the fact that the objectives set for the year 2010 could not be met. For example, the objective which referred to an employment rate of 70% could not be achieved while the unemployment rate in Europe skyrocketed as a result of the economic downturn.

Therefore, the need of creating a Post-Lisbon 2010 program, or Lisbon II: A strategy for smart, sustainable and inclusive growth appeared. Under this program were kept most of the Lisbon Strategy I objectives: achieving a 75% employment rate, allocation of 3% of GDP to research and innovation, the "package 20/20/20" included. This phrase designates an European Commission initiative that promotes its commitment to reduce emissions by 20% of greenhouse gas emissions, renewable energy use to 20% and the increase of energy efficiency by 20%.

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¹ *Planul Regional de Acțiune pentru Ocuparea Forței de Muncă*, South-West Region Oltenia, 2009.

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