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FROM THE LISBON STRATEGY TO EUROPE 2020

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Abstract:
The idea of a Western Europe economic recovery occurs after World War II. First as a common market, and later, after enlargement towards Central and Eastern Europe as the single internal market. Due to the new challenges with which the global economy was faced, the long-term and short-term European economy needs a coherent growth economic strategy; the success of this strategy depends on joint action. Expanding the European economy is a continuous and irreversible process, yet it advances too slowly. The Lisbon strategy is a commitment to revive the European economy in all sectors. At 5 years after implementation of this strategy it was found that the results are insufficient, so meetings were held to relaunch the Lisbon Strategy. The success of the Lisbon Strategy (2000-2010) established different opinions from European political leaders. Due to the challenges of the globalized world, the objective of the Lisbon Strategy after 2010 remained valid and recognition of the failure of the Lisbon Strategy has been transformed into formulating a new strategy, namely "Europe 2020", whose objectives are more affordable and easier control. The "Europe 2020" strategy is a mechanism of coordination of several policies, such as social policy, education, research and energy, which are the competence of national governments. The E.U. aims to further improve the competitiveness of the global economy, and promoting their interests. Under the new strategy, each Member State must assume bold development objectives for their economies, and in accordance to tradition. The competitiveness of the EU economy is directly influenced by the political stability of Europe.

Key words: *strategy, economic recovery, competitiveness, globalization, national competences and Community competences*

1. Introduction

Sixty years ago, Robert Schuman and Jean Monnet intuitively inspired the founding of the European "Community-based economy of Europe, a genius idea because Europe has no geopolitical unity" (1987 Donemach Paris) which would become the European Union (E.U.), the first supranational organization in the world.

The instrument for achieving the unity of the European economy was the creation of the Common Market, which later became the single internal market (SIM). Currently, the SIM includes half a billion inhabitants, 20 million enterprises, 28 member states plus the European Economic Area countries of Norway, Iceland and Lichtenstein. It operates on the principle of the four freedoms: of goods, persons, services and capital and adheres to permanent enlargement towards Central and Eastern Europe. So far, the E.U. has achieved notable performance in several areas, namely: a powerful industry, a vibrant services sector, a quality agricultural sector, a single market and a single currency, a destination for foreign direct investment, and a big trading block on the World Market.

The EU is currently facing a major challenge, a challenge which would have an immediate economic effect and lead to a long-term recovery, i.e the scarcity of natural resources; thus, the European economy needs to boost productivity to become competitive. Although the EU is facing major challenges, it is not always acting promptly, but practices a slow recovery resulting in unemployment, discontent and economic decline. And although several E.U. members are among the most developed economies of the world, it is only through perseverance in innovation that Europe's chances of success on a global scale can be guaranteed. This calls for European countries to progress through joint action.

2. Toward Europe 2020

After the Second World War, Western Europe has meant to restore productivity using the Common Market. The common market was made up of three communities (ECSC, EEC, EURATOM) which are based on different treaties and which merged in 1967 (N. Hundred 1992 p.140). There is a general consensus within the existing literature that the common market was the fundamental objective of the European Economic Community (EEC), in reality the three communities have set targets and skills needed for the revival of the Western economy.

After 1990, the E.U. launched the largest single market in the world, backed by an internal common currency, a common monetary policy and a comprehensive process of enlargement. Following the enlargement, Europe has ceased to be divided on political and ideological matters, but remains divided in terms of economic development levels due to differences between Member States.

Since the creation of the Common Market, many have commented its advantages and disadvantages, both inside and outside the European Community. They considered that the prices of products within the Market are smaller and more stable with a trend towards a single currency and greater market within which will affect the future competitiveness of the European economy. The same commentators said the European countries that practice trade liberalism and protectionism indoors outdoors are able to create more jobs.

Achieving a unique economic instance means a stable and homogeneous group with a great competitive force and motor role in the global economy. This aspiration is difficult, because many are worried that the model will ultimately implode. In connection with this aspiration European leaders have different views. One such opinion claims that "we have already created a single European market and we have destroyed many barriers to trade and encouraged development. Europeans are rightly proud of this unique achievement. However, if Europe must achieve its full potential for development is needed to ensure that the Unique Market provides a business environment that rewards those who innovate, invest in research and provide better quality products at lower prices. This is the role of competition, competition leads to competitiveness, growth and productivity. Effective competition is a prerequisite coordinated the Inter-communitarian Unique Market "(Competition Commissioner Neelie Kroes).

Another opinion supports that the U.E.M. has shortcomings which are generated by some old member states which have not fully adapted the E.U credo "they are ready to accept the free movement of goods, but not the free movement of persons and services. The European Commission protects the interests of the EU-15, some argue, and helps them create good products at low prices, thus ensuring productivity and global competitiveness" (former President of the European Commission JEBarosso). The same commentator defends the Unique Market and places responsibility on countries of origin of products and services, repeatedly stressing the economic advantage of the opening of the services market.

A European Chamber of Commerce report states that "the EU must achieve an Internal Market where capital and labor can move freely, while countries must refrain from approving new laws that burden businesses and provide generous funding for research and development (European Chamber of Commerce).

On the other hand the market perfection instance means full harmonization of interests and levels of economic development of all Member States, achievable through national and supranational powers, and these are not always properly shared.

In 2005, he argued for a "Europe of opportunity" because the Unique Market is a really dynamic market opportunities exist within (JEBarosso 2005).

Although European efforts to respond to globalization through trade require a large block in the global economy Europe recorded an economic gap in development with the US, but also from other countries. The E.U. economic recovery required a commitment, and thus the strategy formulated for a ten year period was called the Lisbon Strategy. This strategy was formulated in March 2000 and had a very complex structure, precise targets for multiple sectors; unfortunately, without specifying what powers were in charge of its implementation, at the European and national level. Among the fundamental objectives, there was the strengthening of the internal market in areas such as telecommunications, energy, financial services, strengthening competition and decreasing state aid. The motto of the strategy was to create the "most dynamic and competitive economy in the world"; it highlights the competitiveness of the European manufacturing industry and it became one of the ambitious goals proposed back in 2000. A competitive industry is one where knowledge is achieved only through innovation and entrepreneurship. Unsatisfactory performance in terms of industrial productivity but also in terms of promoting industries and services revealed a deterioration in E.U. competitiveness as compared to the U.S. economy.

According to a European Commission report, the "European system was built on existing technology which was used for industrial mass production by generating economies of scale and an industrial structure dominated by companies with stable market and long-term staffing which are totally ineffective in an era of economic globalization". In this context, Germany is one of the E.U. Member States which is currently benefiting from globalization and the global market its industry is deeply integrating with the world economy. "The success of the German industry is largely due to our economic openness. We are a country that exports large quantities of highly integrated industry internationally in the process of adding value "(German Federation president Ulrich Grillo 2014).

Manufacturing value added in Germany increased by 37% during 1995-2012, more than any other industry, while the UK is 9% and 3% in France and the industrial sector in Japan has declined by 7%. In this context, the only competitive country is Germany, and its vision favors Europe to follow with a pragmatic economic agenda; however, emphasis is placed on common values and respecting national differences of each Member State.

In reality the Lisbon strategy applied to those areas that were outside the process of European economic integration such as education, research, innovation, create new companies, jobs and welfare. At mid-term implementation of the Lisbon Strategy (2005) we have evaluated the results and found that the economic situation has worsened in most EU Member States. Thus, in France and Germany unemployment reached 10%, growth at 2% to 3% as it was in the US. The conclusion of experts was that the results are disappointing because "of a lack of coordination and conflicting priorities" (Kok Report, 2008). The report also shows that a cause of failure is the lack of political will to implement reforms to achieve the objectives, so it was necessary to increase adaptability, increase the attractiveness of the European labor market, and invest more in human capital and increasing labor mobility.

In this context it was decided to relaunch the Lisbon strategy, calling it "strategy for job growth in 2005". The relaunched Lisbon Strategy has defined four priority areas: research and innovation, investment in human resources, modernization of the labor market, harnessing the potential of SMEs; energy and climate change. The new strategy was more flexible, more dynamic so that it can be adapted especially the integration of new countries into the E.U. A novelty brought by the new strategy is the implementation by Member States' of National Reform Programs; also, the European Commission is to apply the Community program to these programs, ensuring perfect harmony. The Relaunch Strategy for 2008-2011 coincided with the emergence of the financial crisis at a global level, so there was a process of global economic slowdown and financial risks caused by market instability and rising food and oil prices.

European economists claimed that progress in economic growth and job creation were canceled during the crisis, so European GDP fell by 4% in 2009, industrial production reached 1990 levels, 23 million people were laid off. The crisis has exposed some fundamental weaknesses in the European economy. The European financial system has slowed its recovery, many firms and households had difficulties in obtaining credit, spending and investing. Because of the severe constraints of many Member States during the crisis, they have not been able to fund basic infrastructure projects which they so badly needed, in areas such as transport and energy, so as to develop their own economies.

The European Commission presented a European Economic Recovery Plan with short-term measures for overcoming the financial and economic crisis. The crisis and contagion effects were a high risk, given the links that exist between economies, especially in the euro area. Member States also showed that only joint action can stabilize the banking system since the crisis was not an isolated phenomenon, but acted in a globalized world .

The reforms needed to address the problems facing European economies have often exceeded national approaches, such as labor market flexibility, increased entrepreneurship and technology transfer intensifying pace. In a report of the Commission for 2006-2008, it is shown that "not all states have undertaken reforms with equal determination," thus opening the energy market and services market was a slow process, but to be pursued both nationally and within the Community. The European Commission has imposed new policy initiatives, namely: investing in people, modernizing the labor market, as well as the business, environment and energy sectors. At a European level, it must be acknowledged that coordination between national measures and Community – level measures is paramount, as well as cohesion between European policy tools and the financing of countries.

The new approach to the relaunched Strategy aims to clearly identify who is responsible for implementing these changes at a national level.

For example, rising unemployment caused by economic globalization, but also the impossibility of rapid adjustment of jobs at companies. Economists have estimated a growth rate of 3% implies an increase in demand in the labor market. Success depends on adapting to real problems and accepting common solutions and implementation at national levels. The Strategy must state clearly on the sharing of the powers that are national and Community level bound. Community competences are: monetary policy in the euro area, competition policy and trade policy and the Unique Market. National competences are: fiscal policy (excluding indirect taxation), industrial policy, research technology development, labor market and social protection. We note that there is a balance between skills and that many important areas are prime national attributes.

Due to partial assessments during the re-launched Lisbon Strategy, the European Commission made recommendations in several important areas, namely: scientific research, technology, development of trade based regional agreements, the internet market, education, labor market reform, social protection, but insisted on the importance of E.U. national governments to achieve the Lisbon objectives. In 2005, the European Commission President admitted that in the past, the Lisbon Strategy "has suffered a lot of action without priority, which lacked coordination and a clear separation of responsibilities between the different actors involved. (J.M. Barroso, 2005).

To remedy shortcomings, the European Commission President said his team plans to create "innovation poles", creating a "European Institute of Technology" and a "European Research Area".

With regard to employment, J.M. Barroso, wanted to improve the mobility and adaptability of workers, modernize labor markets and social protection systems. He showed mistakes which occurred in the implementation of the Strategy affirming that "each country must find its own way, in light of the current situation and traditions. The E.U. should avoid attempts to harmonize procedures which are bulky and wrong".

European Socialists criticize the relaunch the Lisbon strategy by saying, "this strategy is not what Europeans need, they need millions of jobs" (President of the Socialist Group in the European Parliament, 2008). They also say that "with the reforms that we require, we must create jobs. If we do this, people will support us "(Poul Nyrup Rasmussen, president of the European Socialist Party 2008)

In our opinion, criticism concerning the implementation of the Lisbon Strategy is well founded. Belgian Prime Minister Guy Verhofstatdt made the following proposal concerning the achievement of the strategy aiming to make Europe "the most competitive knowledge-based economy in the world", saying: in parallel with national action plans proposed by the Commission during its assessment, an oversight approach should be used as well. This strategy recognizes the failure of the Lisbon strategy". The Former German Finance Minister said that "the objective of the Lisbon strategy is right and all E.U. countries should contribute to it, including us."

Eurochambres Group (Group of Chambers of Commerce) asked European leaders to liberalize economic regulations, raise funds for research to encourage development and prevent increasing the gap with EU trading partners.

The views of European political leaders there is no better alternative to the failure that was the Lisbon Strategy.

Although commitments were made, the E.U. at the end of 2000-2010 is facing new challenges: economic and financial crisis, climate change, high prices for agricultural products on the world market, global competition for natural resources. The E.U. needed a new strategy, i.e. to transform into a smart, sustainable and inclusive economy delivering high levels of labor employment, productivity and social cohesion.

Thanks to new and old challenges, the Lisbon objectives remain valid beyond 2010, by strengthening the role of the European Commission in developing the new "Europe 2020" Strategy ; this has lead to an indirect recognition of the failure of the Lisbon Strategy.

To define the direction of development by 2020, the European Commission proposed the following objectives: 75% of the population aged 20- 64 years of age should have a job; 3% of EU GDP should be invested in research and development; objectives "20/20/20" climate / energy targets should be met; early school leavers should be reduced below 10% and at least 40% of the younger generation should have a tertiary degree. The number of people at risk of poverty should be reduced by 20 million. This strategy includes concrete proposals and mechanisms for monitoring the implementation are more rigorous. There are clear criteria for assessing the performance of the country, on the basis of jointly agreed priority targets and customized according to the level of development of each Member State. EU Member States, new and old have very different levels of development, an aspect which the E.U. must take into account. This strategy aims to support the existing common economic policy objectives, namely agriculture, transport, competition and trade, but these policies should be extended to other sectors, at least in industry and energy, to alleviate the major disparities between Member States. The E.U. aims to further improve the competitiveness of the European economy and promote its interests at international level.

There is criticism on the "Europe 2020" strategy, mainly from trade unions and NGOs on social issues and environmental neglect in favor of long-term competitiveness. The objectives of the 'Europe 2020' strategy are to be translated into national targets and trajectories. EU instruments, in particular within the internal single market, financial levers and foreign policy instruments should be mobilized to tackle bottlenecks to achieve the objectives which require "a strong economic governance, more requirements and control."

At a Member State level, the main priorities should be combined with the objectives set within the strategy, the preparation of country reports and drawing up their strategies for sustainable development and sustainable public finances.

The EU will adopt integrated guidelines involving the following institutions: the European Council, the European Commission and European Parliament, as each Member State will address specific recommendations, and in case of refusal, Policy warnings may apply.

The "Europe 2020" strategy is a mechanism to coordinate social policies, education, research and energy, which are the competence of national governments. To track the results of implementation of the "Europe 2020" strategy with the European semester, each Member State shall send reports on the implementation of national reform programs to the European Commission.

By 2020, Romania has assumed the strategy goals by achieving the following indicators included in the National Reform Program of Romania: the employment rate of the population aged 20-64 should be 70% in 2020. The statistics made available in 2013 show that the employment rate was 59,7%, and in 2003 was 57,6%. We appreciate that this indicator can be achieved.

For investments in R & D, Romania should have allocated 2% of GDP in 2013; this index was of just 0,39% of GDP, while in the E.U. it was of 2,08% of GDP. With regard to reducing emissions of greenhouse gases, as compared to 1990 (2020 target should be 20%), romania is doing well. In 1990, Romania had 254 million tons, and in 2010, 101,6 million tons of greenhouse gases, and in 2013, 63,4 million tons.

The share of energy from renewable sources in gross final consumption should be of c.24% in 2020, this target was already achieved in 2013, i.e. approximately 24% (23, 9%)

Increased energy efficiency should be of 19%. Please note that in 2014 Romania adopted the Energy Efficiency Act. With regard to the early school abandonment rate, it is foreseen to reach a value of 11,3% by 2020. In 2014, this indicator was 18.1%. Obtaining this indicator will require a sustained effort.

Another economic indicator is the rate of population aged 30-34 years old, a graduate of a tertiary education percentage is expected to reach 26.7 % by 2020 to. In 2012, in Romania this figure was of 21, 8%.

Promoting social inclusion, in particular by reducing poverty or reducing the number of people at risk of poverty and social exclusion must be made for at least 580,000 people, i.e. from 5 million in 2008 to about 4.4 million in 2020.

In 2014 the unemployment rate in Germany fell to 6.5%, or 2.84 million people looking for a job, unemployment here is the lowest in the last 24 years. In Italy, where there are more than one million Romanians, the unemployment rate is 13,4%. In the euro area, the unemployment rate is 11.5% due to the weak economic recovery. According to the same source, 18,4 million people are unemployed in the euro area, of which 23% are youth from 7 to 25 years. During 2013-2014, Germany, France and Italy, the three largest economies of the euro area recorded significant growth respectively; in 2014 France recorded the highest growth after the financial crisis, and Germany has avoided falling into recession. Italy's economy contracted by 0.1%. Across the European Union, quarterly growth was 0.3% and GDP growth of 1,3% as compared to 2013. The slowdown in major economies of the euro area had negative influences on its peripheral economies; other countries however, benefited: Romania, for instance, recorded a significant growth given the large grain production output in the agricultural sector, due to favorable climatic conditions.

In this context, the US has seen a comeback after the financial crisis, registering a growth of 3, 2% in 2014, regarded as the best performance after 2005. Unemployment dropped to 5, 6%, making the U.S. the new engine of the world economy. According to the IMF, for the first time since 1999, the U.S. economy advances besides the global economy.

3. Conclusion

Europeans are talented and creative workers who want things simple and clear: to work, to have their own business, conditions for their children education, quality service, decent pensions, access to new technologies, a good relationship between family life and professional life. E.U. members can achieve these goals only if they acts together.

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