Tengiz Lomitashvili
MA in International Economic Relation

Lisbon Strategy and the Progress in Employment

Introduction

Our paper consists of three sections. 1) Introduction; 2) Background part, which describes the way after the adoption of the document up to now; 3) Comparison part, which assesses the progress itself.

The method of the paper is comparative – we compare the established goals with the fulfilled objectives and assess the rate of progress. We will discuss the original document statements and corresponding measures and current situation separately from as well as in parallel with each other.

Even one glance to the original document can reveal the genuine reasons for creating the EU. The document is built on the constant comparison of the economic and social indicators of the EU to the ones of the USA. So the economic competition was the most probable reason why the EU was formed. This can end up the uncertainties in the discussions around the purpose and the function of the integration.

Instead of discussing the entire content of the document, we will investigate a specific part, which is directly related to Europe's prosperity. This is the employment issue. We will focus on this particular side of the document because it will reveal in details the extent to which the document objective are realistic for fulfilment.

We make use of many working documents and reports from the commission. They are: the original document of Lisbon Agenda, the European Commission's Communication "Working together for growth and jobs – A new start for the Lisbon Strategy", Communication to the Spring European Council - Integrated Guidelines for Growth and Jobs 2005–08, Communication form the commission form the Spring European council – Tiem to Move Up a Gear 2006, Report from the High Level Group chaired by Wim Kok, November 2004, Joint Employment Report 2005/2006. We use also other internet sources, which provide competent information and reliable statistics for analysis.

At the end of the work we introduce new approach to measure the progress made towards the Lisbon Agenda. First we examine how important the employment is for the entire economic growth of the EU. We conduct a simple regression analysis of the employment rate change on the real GDP change. Then we build new indices according to which progresses made by different countries can be compared to each other. We describe the methodology and also present the results.

The overall results of our work is to identify how effective and flexible the EU policy is in this direction and identify new methods how to measure success and manage orientation towards the goals. It is very interesting for us (Georgia) – who intend to be a candidate nation of the integration. The greatest benefit for us is start policy and reform benchmarking. It can show us possibilities of approximation our labour and macroeconomic policy to the European standards.

Background

Since the spring of 2000, the Lisbon Strategy has been the EU`s strategy for meeting the broad economic, social and ecological challenges facing the EU and the world.

In March 2000, EU heads of state and government agreed on an ambitious goal: making the EU "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".[1].

In particular, it was agreed that to achieve this goal, an overall strategy should be applied, aimed at:

- Preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market;

- Modernizing the European social model, investing in people and combating social exclusion;
- Sustaining the healthy economic outlook and favorable growth prospects by applying an appropriate macro-economic policy mix.

The background to the strategy is that by the time it was adapted the world had changed greatly, the Member States had become increasingly integrated and the EU has lost ground to the US in recent years. The economic gap has been increasing since 1995. The ambition for the EU was to reverse the trend and catch up.

It become evident that the EU`s economy needed to be modernised so that it would be adapted to a world where globalisation and knowledge are gaining importance. Walls being torn down, cheaper transport and information technology as well as increasing world trade, all contribute to globalisation. The IT revolution has produced a fundamental change in society.

The EU aims to make a positive contribution to this new knowledge-based world by becoming a world leader. There is nothing to be gained by standing alone in a globalized world. The EU countries can only take the lead in the world economy by acting together. One of a number of steps to that end is for the Member States to work to ensure the free movement of goods, services, persons and capital.

The goal set by the EU countries is ambitious. Within a ten-year period, by the year of 2010, the EU is to be the world's fastest growing economy, with full employment and sustainable development. Of equal importance is to develop the European model, with welfare systems based on solidarity, and to combating poverty.[1]

The goal of becoming the world's best economy by 2010 can be divided into seven sub-areas:

1. The EU is to be the worlds most competitive economy;
2. The EU is to be the worlds most dynamic economy;
3. The economy in the EU is to be knowledge-based;
4. The EU is to have sustainable economic growth;
5. More and better jobs are to be created in the EU;
6. The EU is to maintain a high level of social cohesion;
7. The EU is to take the environment into consideration;

The purposes of the strategy are that:

- The EU is to prepare the transition to an economy and a society based on knowledge. Support is to be given to IT, research and development;
- The EU`s internal market is to be fully implemented. Goods, persons, services and capital are to be allowed free movement. Reforms are to be driven that promote competitiveness and innovation;
- The EU is to invest in development and education for everyone, and to combat social exclusion;
- The EU is to maintain an economy in balance with sound public finances;
- The EU is to ensure that economic growth goes hand in hand with ecological considerations.

Each Member State makes its own decisions on how to achieve the goals. Systematic comparisons with one another and with the worlds leading countries will spur progress in the Member States.

The Lisbon Summit was designed to mark a turning point for the EU enterprise and innovation policy: it saw the high-level integration of social and economic policy with practical initiatives to strengthen the

EU's research capacity, promote entrepreneurship and facilitate take-up of information society technologies.

The main issues for the realisation of the Lisbon agenda were:

- Necessary investment in R&D, that is three per cent of GDP;
- Reduction of red tape to promote entrepreneurship;
- Achieving an employment rate of 70 per cent (60 per cent for women);

However, over half-way through the implementation period, many critics complain that not much progress has been made on achieving these ambitious goals. After the recent global economic downturn, governments seem to have been reluctant to push through difficult and unpopular economic reforms or to focus on increasing their national budgets for research and innovation. Many economists claim that, as a result, the EU has lost valuable ground on its main competitors, the US and Japan.

In its traditional Spring Report**,** which served as a basis for the Spring Summit in March 2004, the Commission set out to assess the progress made towards the Lisbon goals. This report was accompanied by the Implementation Report of the Broad Economic Policy Guidelines 2003-2005, the Joint Employment Report, and the Implementation Report on the Internal Market Strategy. All these reports paint a dire picture of the state of the EU's competitiveness.

The Commission has therefore urged governments to give the Lisbon strategy fresh impetus. In particular, it outlined three priority areas:

- Investment in networks and knowledge: starting the priority projects approved in the 'European Growth Initiative';
- Strengthening competitiveness in industry and services: stepping up efforts in the areas of industrial policy, the services market and environmental technologies;
- Increasing labor market participation of older people: promoting active ageing by encouraging older workers to work for longer.

At their Spring Summit meeting in Brussels on 25-26 March, EU leaders adopted conclusions on strategies to meet the Lisbon targets. "The European Council reaffirms that the process and goals remain valid. However, the pace of reform needs to be significantly stepped up," reads the paper. Moreover, governments pledged to "demonstrate the political will to make this happen", [2] and they appointed the former Dutch Prime Minister Wim Kok to head a high-level expert group to give new impetus to the Lisbon strategy.

The group's mission was to assess the instruments and methods used to date and to involve Member States and stakeholders more closely to ensure the Lisbon objectives can be delivered. The Kok Report was presented to the European Commission and the European Council at the beginning of November 2004. It paints a gloomy picture on the progress made in the last four years, stating that the “disappointing delivery” is due to “an overloaded agenda, poor co-ordination and conflicting priorities”. However, the report puts the main blame on the lack of political will by the member states. [3].

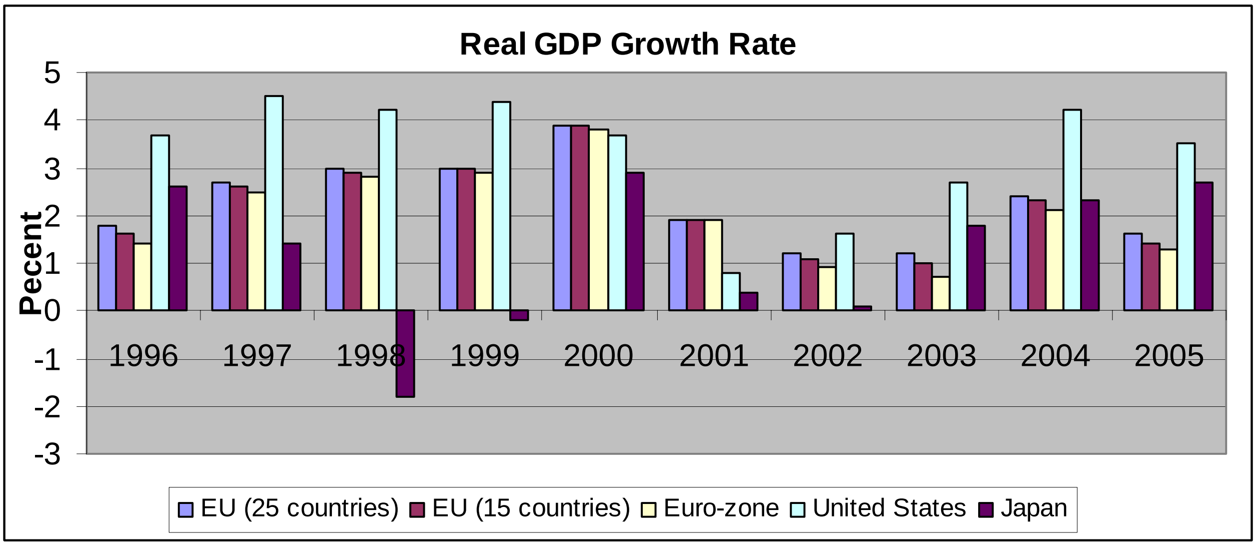
In March 2005, five years after the launch of the Lisbon Strategy, the European Council reviewed the progress to date and, in view of the mixed results, concluded that urgent action was called for. On the basis of the European Commission’s Communication “Working together for growth and jobs– A new start for the Lisbon Strategy” [4] it decided to relaunch the Lisbon Strategy without delay and refocus priorities on growth and employment. Following this decision, in April 2005 the European Commission adopted a new 3-year “Integrated Guidelines Package” for the period 2005 to 2008 [5], designed to spur growth and jobs in Europe. Recommending concrete priority actions, it lays out a comprehensive strategy of macroeconomic, microeconomic and employment policies to redress Europe’s weak growth performance and insufficient job creation. The new integrated guidelines bring simpler, more focused EU economic governance by reducing the number of guidelines and by concentrating on core measures to create growth and jobs. On the basis of the guidelines, Member States will draw up 3-year national reform programmes and will report each autumn on the reform programmes in a single national Lisbon report. The Commission will analyze and summarize these reports in an EU annual progress report in January each year. On the basis of the progress report, he Commission will propose amendments to the integrated guidelines, if necessary. The new integrated guidelines underline that Member States and the EU should take every opportunity to involve regional and local governments, social partners and civil society in the implementation of the guidelines. They should give details of the progress made in this area in the Lisbon reporting framework. [6]

Assessment of Achievement - Employment situation

Employment and productivity still insufficient for growth

As we mentioned in the introduction part of the paper, our main focus is employment issues raised by the Lisbon Strategy. Full scale employment and high rate of productivity are considered by the EU as the best means to reach it ambitious goals. So let us see what has been achieved on the half-way to the targeted time span.

Economic activity in the EU which had gathered momentum since mid-2003, decelerated in the second half of 2004 because of the effect of external factors such as high and volatile oil prices, the slowdown in world trade expansion and the appreciation of the Euro. In part, lack of resilience in some European economies may also originate from persisting structural weaknesses.



Source: Eurostat

Real GDP growth in 2005 was 1,6% for 25 EU countries, which is much less that the same indicator in 2004. The rate is still far behind the rate of the US and Japan.

Since the launch of the Lisbon strategy in 2000, the annual growth rate for the EU-15 has averaged 1.9% per year compared to 2.8% on average for the period 1995-2000. In comparison, the US grew at a rate of 2.7% between 2000 and 2005. In per capita terms, EU-15 growth (1.4%) has been only slightly below that in the US (1.7%). Growth in the recently-acceded Member States has been considerably more dynamic (around 4.6%), although their small economic weight means that this is not apparent in the 1.9% growth rate observed in the EU as a whole.

In 2005, GDP growth in the EU accelerated from a quarterly rate of 0.3% (q-o-q) in the first quarter to 0.6% in the third quarter. This coincided with a similar acceleration in final domestic demand. The contribution of private consumption to domestic demand growth was subdued, since consumer confidence remained weak. This is mainly due to pessimism about employment prospects and a limited rise in the purchasing power of households. On the other hand, the pick-up in investment in the second and third quarters of 2005 reflected improvements in profits and corporate balance-sheets. Net exports – supported by a healthy external environment and by a depreciation of the nominal effective exchange rate of the Euro – made a positive but small contribution to GDP growth.

In line with the positive signals from business survey indicators, it is anticipated that growth will be close to potential during 2006, at 2.1%, and will accelerate further, to 2.4%, in 2007. The recovery expected in

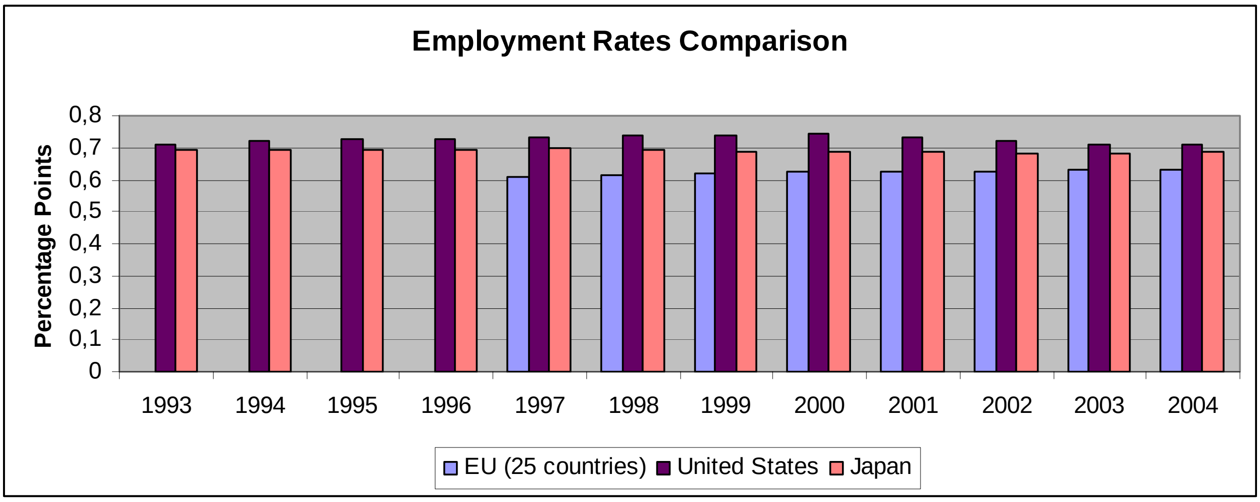
2006-2007 is underpinned by a further strengthening of domestic demand. Investment, in particular, is projected to pick up considerably, followed by a more gradual recovery of private consumption.

Labor market conditions are also set to improve, with an expected 6 million new jobs in the EU in 2005-2007 resulting from the projected rise in economic growth. It is also expected that the unemployment rate will diminish from 8.7% in 2005 to 8.1% in 2007.[7]

Total employment rate (%)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU (25 countries)	:	:	:	:	60.6	61.2	61.9	62.4	62.8	62.8	62.9	63.3
EU (15 countries)	60.1	59.8	60.1	60.3	60.7	61.4	62.5	63.4	64.0	64.2	64.3	64.7
Euro-zone	58.3	57.9	58.1	58.2	58.6	59.3	60.6	61.7	62.2	62.4	62.6	63.0
Euro-zone (12 countries)	58.2	57.8	58.0	58.1	58.4	59.2	60.4	61.5	62.2	62.4	62.6	63.0
United States	71.2	72.0	72.5	72.9	73.5	73.8	73.9	74.1	73.1	71.9	71.2	71.2
Japan	69.5	69.3	69.2	69.5	70.0	69.5	68.9	68.9	68.8	68.2	68.4	68.7

Source: Eurostat



Source: Eurostat

Sluggish economic growth has held back labor market performance over recent years, and explains much of the slow progress towards the Lisbon and Stockholm employment objectives. Employment growth was limited in 2004 at 0.6%, slightly up from the last year's level (0.3%). As a result, the employment rate for the EU increased to 63.3%. Unemployment remained unchanged compared to 2003 (9.0% - provisional figure 2005 8.7%), although long-term unemployment increased to 4.1%. The rise in the employment rate was again driven by women (0.7 of a percentage point) and older people (0.8 of a pp).

The employment rate of women continued to rise, reaching 55.7% in 2004. The employment gender gap further narrowed to 15.2 percentage points in 2004 (down from 17.6 in 2000). However, the progress has been slower in full-time equivalents (21.7 pp in 2004 compared to 23.3pp in 2001).

Older people have seen employment rates rise markedly since 2000, with an accumulated increase of 4.4 pp to a rate of 41.0%, accounting for the majority of the increase in employment. In contrast, half of the Member States have seen the labor market situation for the young deteriorate. At 18.7%, youth unemployment is about twice the overall rate. This needs to be addressed through policies to ensure that young people receive a good start to their labor market participation, and throughout the lifecycle.

Despite some progress over the years, the overall employment rate remains 7 pp or some 20 million jobs below the 2010 target, and whilst female and older people's employment rates have risen more rapidly, they still remain 4 and 9 pp below their respective 2010 targets. An increasing number of Member States have set out their ambition through employment rate targets. [7]

The sluggishness of the EU's economic recovery is a continuing source of concern. The EU economy is in several respects further away from its goal of becoming the world's most competitive economy than was the case in March 2000. Against this background, the gulf between Europe's growth potential and that of its economic partners has not significantly narrowed.

- The first explanation for the continued underperformance of the Union economy is that its labor input remains comparatively low. Efforts made by the Member States allowed the employment rate to increase from 61.9 % in 1999 to 63.0 % in 2003.However, there remains a considerable scope for further improvement, notably among young and older workers, if the Lisbon targets are to be reached.
- The second key explanation for the EU's poor performance is linked to its low level of productivity growth. Productivity growth has been on a declining trend for several decades. [5]

Productivity, one of the main factor in growth, is still not making enough of a contribution. The growth rate in productivity per employed person in Europe has been going down since the mid-Nineties and is now fluctuating between 0.5% and 1% (as against 2% in the United States). As a result, the European Union's efforts to catch up with the United States are at a standstill. Luxembourg, Ireland and Belgium have the best results.

Relative Productivity Per Worker ; EU (25 countries) = 100										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU (25 countries)	100	100	100	100	100	100	100	100,0 (f)	100,0 (f)	100,0 (f)
EU (15 countries)	108	108	108	108	107	107	107	106,6(f)	106,2(f)	105,8(f)
Euro-zone (12 countries)	110	110	110	109	108	108	107	106,7(f)	106,1(f)	105,6(f)
United States	129	130	132	135	133	132	132	133,7(f)	135,9(f)	137,1(f)
Japan	93,6	92,7	90,7	90,7	91,6	91,5	91	92,6(f)	93,3(f)	94,7(f)
(f) Forcats										

Source: Eurostat

The hourly productivity rate has remained stable on the whole, still representing almost 90% of that in the United States, although it is particularly low in Portugal, Greece, Spain and the United Kingdom. What is more, it is interesting to note that although the new Member States' productivity per employee is less than half of the Union's current average; all these countries have strong growth in productivity which is higher than the Community average.

Average labor productivity growth (in terms of GDP per person employed) was 1.9% in 2004, an improvement on the previous three years, but not a significant improvement on the sluggish performance since the mid-90s. This still compares unfavorably with the US (3.3%) and Japan (2.5%). The disparity is less marked looking at productivity growth in terms of GDP per hour worked, with EU growth at 2.5% in 2004, similar to growth in Japan, although the gap with respect to the US has been growing.

The Commission's analysis indicates that the deteriorating labor productivity performance can be attributed to lower investment per employee and a slowdown in the rate of technological progress. More recently, however, EU labor productivity growth appears to be accelerating. This may be due to the upturn in the business cycle but it is also likely to be attributable to more structural factors such as the delayed impact of investments in ICT and possibly outsourcing, which has been shown to provide a productivity boost if the outsourced activities are well integrated in international networks (as is the case in the German motor vehicle industry, for example). Productivity increases, combined with wage moderation, should help to maintain the EU's competitive position in an increasingly integrated world economy.[8]

As Report from Commission to the Spring European Council**,** 2004 [2] notes, the low growth in overall productivity in Europe is due in particular to two main factors:

1) The contribution of information and communication technologies (ICT) is too low;
2) The investment is inadequate. The Union's efforts to increase its productivity must focus on these priorities in order for the EU to remain competitive with the United States and also more globally with other partners, particularly China and India.

The report found that, the contribution of information and communication technologies to productivity growth is less than half of that found in the United States. This is largely due to take-up and use of these technologies still being too slow in certain service sectors (financial sector and wholesale and retail trade) and in certain sectors of industry. The new Member States, however, are benefiting from major investment in this sector which is enabling Information and Communication Technologies to spread more widely.

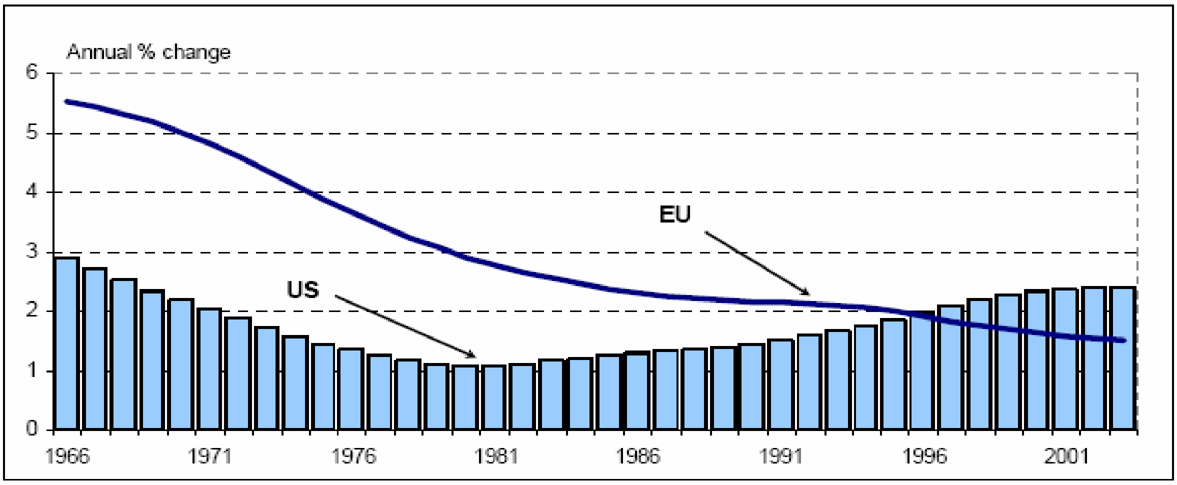
Investment right across the spectrum is the key to prospects for growth in the medium and long term. However, investment by businesses fell dramatically. Faltering investment is also making itself felt in the new Member States, though foreign direct investment is still high in some new members. The same applies to public investment which, in terms of percentage of GDP, was in decline in the Union during the 90s and is now far lower than in the United States (3.3% as against 2.4% in 2003). This overall slowdown is all the more worrying as it works to the detriment of the priority areas identified by the Lisbon strategy: projects of European interest, such as transnational network infrastructures and the knowledge sector (research, innovation, education and training). In this respect, the European Growth Initiative and the Quick Start Programme, which have been given the green light by the European Council, are a major source of leverage to unlock investment in the infrastructure and knowledge sectors.

In general, the report authors admit that measures to increase the volume of, and improve the environment for, research investment have been fragmented and sluggish. While most Member States and acceding countries have adopted targets for increasing research spending, few of them have been able to translate these into budgetary terms, and efforts to make spending more efficient are often needed.

Furthermore, despite steady progress, such as the setting-up of several European technology platforms, the European Research Area is not fully developed yet. In this context, the adoption of the Action Plan for “Investing in Research” by the Council in 2003 is a first important step towards this goal. Finally, if current trends persist Europe will be faced with major shortages in highly qualified research staff.

The report states that Investment – both public and private – in human capital is still inadequate. Whereas the level of public expenditure on education as a proportion of GDP in the Union (4.9%) is comparable to that in the United States (4.8%) and even superior to that in Japan (3.6%), the level of private investment is markedly inferior. The private sector contributes three times more in Japan and five times more in the United States than in Europe. Recent studies demonstrate that one additional year of schooling can increase aggregate productivity by 6.2% for a typical European country. there is a clear need to invest more effectively, that is, to identify and invest in those areas of education and training which produce the greatest returns. **[2]**

Figure 2: Labour productivity per hour growth (moving average)



Source : EU Commission, AMECO database.

New employment guidelines for more and better jobs.

The Commission’s proposal on the guidelines for the Member States’ employment policies reflects the renewed focus on jobs under the relaunched Lisbon Strategy. In addition to guidelines on macroeconomic and microeconomic policies for growth and jobs - which cover such issues as securing economic stability, safeguarding economic sustainability, promoting economic efficiency, making Europe a more attractive place to invest and work, and spurring knowledge and innovation for growth - a key component of the integrated guidelines are the new employment guidelines for more and better jobs. The new employment guidelines, which were adopted by the Council in July 2005 and are to run from 2005 to 2008, continue to reflect the EU's overall goal of achieving full employment, quality and productivity at work, and social and territorial cohesion. They specifically mention, for the first time, the need to modernize social protection systems.

The proposal's three broad headings for action reflect the key recommendations of the Employment Taskforce set up in 2003 under the chairmanship of Wim Kok:

- Attract and retain more people in employment, increase labor supply and modernize social protection systems;

- Improve adaptability of workers and enterprises;

- Increase investment in human capital through better education and skills. [3]

The new set of eight Employment Guidelines advocate a "lifecycle approach to work" that tackles the problems faced by all age groups. They address the need to:

- Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion;
- Promote a lifecycle approach to work;
- Ensure inclusive labor markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive;
- Improve matching of labor market needs;
- Promote flexibility combined with employment security and reduce labor market segmentation, having due regard to the role of social partners;
- Ensure employment-friendly labor cost developments and wage-setting mechanisms;
- Expand and improve investment in human capital;
- Adapt education and training systems in response to new skill requirements.

Each of the guidelines has consequent sub-actions which must be followed by the member states. At the end of the document, authors of the guidelines draw specific targets and benchmarks to be reached by 2010 in the field of employment. [5]

Our Contribution – Measuring Achieving Lisbon

As I have shown above, there are multiple ways to measure the level of addressing goals, drawn by the Lisbon Strategy 6 years ago. Achieving the competitiveness of the EU is complicated process and encompasses many sub-indicators which contribute to it. Policy-makers and academics use various types of indicators while addressing the issues of the Lisbon Strategy. Proliferation of the policy tools on which policy-makers base their decision makes the process complicated. Stemming from this consideration, I decided to develop a specific consolidated indicator which will measure the overall distance from the Lisbon benchmarks. It will summarise and embrace different indicators measuring different facets of the Lisbon Agenda in one generalized index. In this section I will define the index, developed by me and will offer simple rankings to compare different EU countries with their direct competitors.

Before discussing the index itself, I decided to show that employment is really a key to economic growth of the European Union. For that reason I run the regression analysis between employment and GDP growth rates for the last several years.

I found the necessary information for the 1996-2004 period. I chose the indicator of GDP as a general indicator of economic success. Indeed, one of the major targets of Lisbon Agenda was a sustainable development, one of the basic sub-indicators of which is real GDP per capita.

The data is relevant to the basic 15 members of the EU. We excluded the 10 new members` data because the core member's data are more representative and the new entrants drastically change the picture.

Our results were quite impressive. They are represented below:

Regression Statistics	
Multiple R	0,87
R Square	0,75
Adjusted R Square	0,71
Standard Error	0,51
Observations	9,00

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0,8038	0,3602	2,2318	0,0608
X Variable 1	1,2211	0,2671	4,5723	0,0026

Putting simply, the determination coefficient 0.75 means that 75% of real GDP growth can be explained by employment growth rate between 1996 and 2004. Coefficient at X variable is statistically significant. However, if we take a longer time-span – 1992-2004, the determination coefficient decreases from 0.75 to 0.60.

As for my newly introduced Lisbon Achievement Performance Index, the input factors are:

1) GDP per capita in Purchasing Power Standards (PPS), (EU-25 = 100) (2004)
2) Growth rate of GDP volume - percentage change on previous year (2004;
3) Rate of productivity growth as for 2004;
4) Employment Rate as for 2004;
5) Rate of growth of employment as for 2004;

The methodology to build the index is put together in the following way:

First, we convert the input factors for every country for convenience with the formula: (actual value – minimal sample value)/(maximal sample value - minimal sample value) so that, according each factor, each country gets the score within 0-1 range. 0 is allocated to the least prospective and 1 to the most prospective in terms of Lisbon Agenda, economies. Convenience requires that that every input factor values for each country be adjusted with the above mentioned formula. Therefore I make sub-indices from every input factor to be encompassed in the final Lisbon Achievement Index. The final index is calculated in the following way:

Lisbon Achievement Performance Index=Sum (Xi)*(Yi) where (Xi) is the value of the (i) input factor and (Yi) is the corresponding weight. In our specific example, each index has equal weights in the calculation of the We calculate the sum for every country. Higher the value of the index, better the level of achieving the Lisbon goals.

The results of the rankings are given in the following table:

	Index of GDP Per Capita	Index of GDP Growth Rate	Index of Productivity Growth	Index of Employment Rate	Index of Growth of Employment	Average Performnance	Lisbon Achievement Performnance Index
Bulgaria	0,0120	0,0369	0,0000	0,2238	0,0070	0,0559	**0,0000**
Croatia	0,0929	0,0061	0,2132	0,2376	0,0082	0,1116	**0,0967**
Poland	0,1104	0,0273	0,2620	0,1547	0,0041	0,1117	**0,0969**
Slovakia	0,1333	0,0333	0,2363	0,3011	0,0109	0,1430	**0,1512**
Hungary	0,1749	0,0135	0,3142	0,2956	0,0082	0,1613	**0,1829**
Lithuania	0,0863	0,1495	0,1550	0,4171	0,0142	0,1644	**0,1884**
Malta	0,2628	0,0000	0,4247	0,2182	0,0059	0,1823	**0,2195**
Romania	0,0109	0,6065	0,0420	0,3204	0,0125	0,1985	**0,2475**
Czech Republic	0,2202	0,0150	0,2817	0,5000	0,0207	0,2075	**0,2632**
Turkey	0,0000	1,0000	0,0813	0,0000	0,0000	0,2163	**0,2784**
Estonia	0,1038	0,3329	0,1670	0,4669	0,0207	0,2182	**0,2818**
Slovenia	0,2645	0,0091	0,3741	0,5304	0,0368	0,2430	**0,3248**
Greece	0,2792	0,0150	0,5711	0,3674	0,0125	0,2490	**0,3353**
Portugal	0,2918	0,0004	0,2945	0,5994	0,0633	0,2499	**0,3368**
Latvia	0,0689	0,6703	0,0959	0,4475	0,0183	0,2602	**0,3546**

Spain	0,3776	0,0030	0,5805	0,4144	0,0142	0,2779	**0,3855**
Cyprus	0,3055	0,0067	0,3613	0,6298	0,0869	0,2780	**0,3857**
Italy	0,4590	0,0004	0,6764	0,3177	0,0125	0,2932	**0,4120**
Germany	0,4514	0,0006	0,5890	0,5221	0,0262	0,3179	**0,4548**
France	0,4705	0,0013	0,7483	0,4696	0,0207	0,3421	**0,4968**
Belgium	0,5000	0,0018	0,8330	0,3923	0,0125	0,3479	**0,5070**
Finland	0,4705	0,0050	0,6541	0,5939	0,0458	0,3539	**0,5173**
Austria	0,5131	0,0015	0,6789	0,5994	0,0704	0,3727	**0,5500**
Ireland	0,5836	0,0122	0,8382	0,5580	0,0411	0,4066	**0,6089**
United Kingdom	0,4918	0,0033	0,6404	0,7044	0,2199	0,4120	**0,6182**
Sweden	0,4787	0,0055	0,6421	0,7182	0,2199	0,4129	**0,6198**
Netherlands	0,5421	0,0007	0,6550	0,7459	0,2199	0,4327	**0,6542**
Denmark	0,5208	0,0009	0,6216	0,8177	0,3653	0,4652	**0,7106**
Luxembourg	1,0000	0,0122	1,0000	0,4282	0,0183	0,4917	**0,7567**
Norway	0,6590	0,0030	0,8741	0,8011	0,3653	0,5405	**0,8413**
Iceland	0,5033	0,0672	0,5890	1,0000	1,0000	0,6319	**1,0000**

Note: In our analysis we included not only the EU countries but also EU accession countries as well.

Our index gives us opportunity to make plenty of comparisons of counties` performance on the way to the Lisbon Objectives. As we can see form the table, Bulgaria is the most underperforming country towards the Lisbon Goals, whereas Iceland is the best performer among all. Moreover, we can go down into the details and see each countrys` performance according to the different pillars of the Lisbon Agenda.

I think that this type of analysis may become a dashboard for the EU policymaking to guide towards the Lisbon Objectives. It may help direct member states policies towards eliminating deficiencies and reaching target values according various factors that determines success towards becoming the worlds most successful economy by 2010.

To the end the index has plenty of deficiencies that need to be eliminated to elaborate the methodology and enhance the scope:

1) There are a number of important factors that needs to be translated into quantitative terms and then included into the index;
2) Different factors affect the success towards the Lisbon Goals differently, therefore they must have different weights in calculation final Lisbon Achievement Performance Index. I am open to recommendations on which weights we should use;

Our next steps should be made towards this direction.

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