

# Does Lisbon Strategy matter? The Czech Experience.

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# 1 The Lisbon Strategy as one of the factors of postcommunist societal transformation

The history of systematic preparation of the postcommunist candidate countries for accession started with the launching of the Copenhagen criteria of accession (1993). These criteria have been designed more as a technical (economic and political) instrument from above than as an appropriate tool to steer peoples' living conditions in the candidate countries. Legal, economic and political issues prevailed.

The Czech Republic was asked to take part in the Lisbon Strategy negotiations only after the 2002 Barcelona Summit, when the preparation of the New Member States to enter the EU – until then organized within the logic of the Copenhagen criteria – had just been completed.

The fully fledged participation in the Lisbon Strategy started only with the country's accession to the EU in May 2004. Thus, social policy moved to the top of the EU political agenda of enlargement as late as one decade after setting up the Copenhagen criteria of accession.



## The Czech National Lisbon Program 2005-2008 consists of three parts:

- macroeconomic (notably continuing public finances reform),
- microeconomic (measures to strengthen and increase competitiveness), and
- employment (labour market flexibility, the inclusion in the labour market, and education).

Thus the 2005 programmatic shift at the European Commission level found a favourable response in the Czech Republic.



## Open method of coordination (OMC)

In terms of technique and procedure, the Czech Republic has had no problems with the application of OMC. It was used several times for the preparation of National Employment Action Plans; it was applied in the process of the preparation of the first National Action Plan of Social Inclusion etc.

*The serious problem lies not with formal application but with the administrative and political context in which it is being applied.*



## To cut the long story short:

- ❑ Czech public administration does not possess specific organizational structures that would have the capacity to deal with strategic issues.
- ❑ Czech civil servants are not trained and experienced in dealing with strategic issues in their professional life.
- ❑ Czech politicians in general do not appreciate the importance of strategic thinking and decision making for the realization of their political missions.

As a result, the real impact of OMC in governance at the national level has been dramatically below its potential influence.



## 2 Changing Public Policies

### ■ Social inclusion

The agenda of social inclusion was formally set up with the preparation and approval of this document by the representatives of the European Commission and the Czech Government in 2004. The preparation and approval of National Action Plan of Social Inclusion 2004-2006 followed suit.

### ■ Active and passive labour market policies

The relevance of the EU as a partner in employment policy making became visible only with the innovation of domestic employment policy making, which started in the end of the 1990s: the annual elaboration and implementation of the National Employment Action Plans, guided by the European Employment Strategy.

### ■ Family policy

The EU green paper on “*Confronting demographic change: a new solidarity between the generations*” positively influenced the process of preparation and approval of the Conception of Family Policy that was articulated and approved in the Czech Republic as late as in 2005.



## ■ Pension reform

Since 1995 there has been a public discussion about the reform of the whole concept of the old-age pension system. It was initiated by experts from international financial institutions, namely the International Monetary Fund and the World Bank, who strongly recommended that the country opt for compulsory private co-insurance. By contrast to Poland, Hungary, and recently also Slovakia, who had introduced this model, the Czech Republic resisted the pressure. There were two main factors that could explain this significant difference:

- The country was not in as deep fiscal crisis as other central and eastern European countries and was less dependent on loans provided by these organizations;
- There were strong political opponents of this idea, namely the consecutive Social Democrat-led governments and the trade unions that stressed the risks of such a reform due to the fragility of financial markets and institutions and the huge demand for additional financial inputs over a couple of decades within introducing such a reform.



## Social policy agenda

There has not been developed any comprehensive national policy inspired by the new EU Social Agenda. Nevertheless, there is apparent piecemeal progress on the majority of its issues:

- The government has established a cross-party task force in order to simulate the consequences of alternative pension reform options and thus contribute to rational discussion of the representatives of different ideological views.
- The new Labour Code was prepared and approved by Parliament in 2006.
- The tripartite body has matured, gained legitimacy, and there have been minimal strikes and other forms of open protests.





## Social policy agenda (ctnd.)

- The issue of gender equality has been discussed and new approaches were taken to close the gender gap in job opportunities, wages and other living conditions.
- The government formulated a new Conception of Family Policy with the aim to strengthen the position of families – especially those with children and to encourage young people to become parents.
- There were other partial agendas (such as the broad issue of social inclusion, etc.) considered and realized as mentioned through this report.



- **European economic and monetary union**

The Czech authorities (government, Ministry of Finance and the Czech National Bank) have officially declared their intent to join the Euro zone by 2010.

- **Enlargement – national positions concerning free movement of labour and goods, and socio-political chapters**

The Czech government often encounters delays in the full application of these principles by some old Member States, typically in the free movement of labour. This is a paradoxical situation as the Czech Republic has for several years been a net importer of labour from the other Member States.



# 3 Conclusions

The time-delay between the setting of the Copenhagen criteria in 1993 (with a clear priority given to economic, political and legal conditions of accession) and the Lisbon Strategy as presented to the accession countries in 2002, becoming effective as they joined the EU in 2004 created a sharp socio-political tension: The new Member States entered the European Union with their health, social, and employment policies not developed enough to cope with the legitimate demands of this strategic policy document.

There is an urgent need to solve the discrepancy between the enormous public tasks of high employment, capacity building in health and social services, alleviation of poverty, and strengthening social cohesion in the New Member States, and their insufficient social, economic, and administrative implementation capacities.

### 3 Conclusions (ctnd.)

National initiatives within the New Member States would be an added value to this EU-centered effort. A programmatic document called *The Social Doctrine of the Czech Republic*, developed by a group of scholars for this purpose in the Czech Republic, might become an inspiration for other countries, even if it failed to directly influence the social policy making in the country.

The institutions of the enlarged EU have the potential to become the main – if not the only - institutional umbrella to prevent the further widening of the gap between those who work and those who are unemployed, those who have and those who have not, those included and those excluded in the Member States. The social dimension of the Lisbon Strategy is the blueprint for the future.

The social dimension of the Lisbon Strategy is the - even if somewhat virtual - blueprint for the future.



*Thank you for your attention.*

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