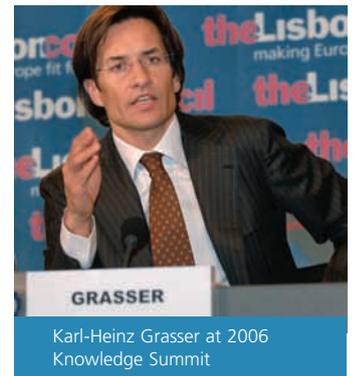


'The message we send out must be simple and clear: get fiscal policy right, get economic reforms right, get the social fabric right. Of utmost importance is, how can we increase productivity, growth and jobs in Europe?'

Karl-Heinz Grasser, finance minister of Austria



The 2006 Knowledge Summit

On 13 March, only days before the annual spring European Council at which European Union heads of state and government evaluate progress on the Lisbon Agenda, the Lisbon Council convened **The 2006 Knowledge Summit**. Emphasising the paramount importance of education, skills and life-long learning, Summit participants sought to debate and focus public attention on the issues that are at the centre of a successful knowledge economy. **Karl-Heinz Grasser**, finance minister of Austria, deputy chairman of Eurogroup and chairman of Ecofin under the Austrian EU presidency, kicked off the meeting with **The 2006 Ludwig Erhard Lecture**. In a visionary speech, Minister Grasser called on Europe to step up its efforts to fight unemployment, to withstand economic nationalism and to broaden the ownership of economic reforms and social renewal.

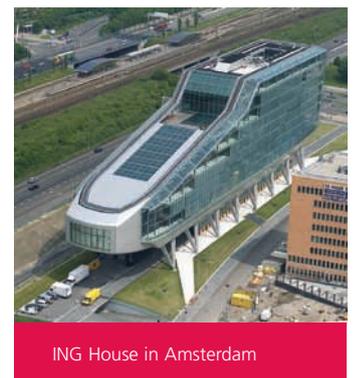
In the afternoon, the Lisbon Council convened a working group on **The Education Imperative**. Led by **Andreas Schleicher**, project director of the OECD Programme for International Student Assessment (PISA), and intellectually underpinned by the Lisbon Council policy brief *The Economics of Knowledge*, participants analysed the urgent need to invest more in education and skills, as well as provide more opportunities for underprivileged parts of the population. In attendance were several high-level education experts and practitioners, representing organisations such as IMD, the Vlerick Leuven Ghent Management School, the Richard Florida Creativity Group, TakingITGlobal and Internatsschule Schloss Hansenberg.

Globalisation and the Economics of Knowledge

On 27 February, the Lisbon Council held its first conference outside of Brussels. Together with **ING Group** and the **OECD**, the seminar on **Globalisation and the Economics of Knowledge** was convened at ING House in

Amsterdam. The programme had three main themes – globalisation and demography, education and social inclusion, and creativity and innovation – which were introduced by internationally renowned experts, **Berglind Asgeirsdottir**,

deputy secretary-general of the OECD, **Emilio Fontela**, dean of the faculty of law, economics and business, Antonio de Nebrija University in Madrid and **Hans Rosling**, professor of international health, Karolinska Institutet in Stockholm.



ING House in Amsterdam

'Completing the EU's single market is crucial for new members catching up. We need progress in services, the service market is fragmented.'

Leszek Balcerowicz, president of the National Bank of Poland

The 2006 Robert Schuman Lecture

On 23 January, the Lisbon Council invited Leszek Balcerowicz, president of the National Bank of Poland and one of Europe's most respected and successful reformers to deliver **The 2006 Robert Schuman Lecture** on "The Lessons of Catching Up." Professor Balcerowicz later met privately with the Lisbon Council Board of Economists to discuss the progress of convergence and the policy lessons to be drawn in the old and new EU some one and a half years after Europe's historic enlargement to the East.



Leszek Balcerowicz, president of the National Bank of Poland



Holger Schmieding, co-head of European economics, Bank of America and member of the Lisbon Council Board of Economists

'The dependency ratio is projected to exceed 50% in Hungary, France, Italy and Japan by 2020. This means that, for each elderly person, there will be only two persons in the labour force.'

From The 2006 OECD Factbook

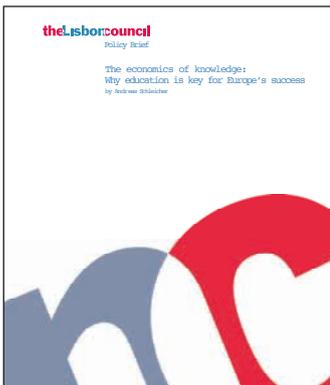


Enrico Giovannini, chief statistician at the Paris-based Organisation for Economic Co-operation and Development, gives an overview of economic, social and demographic trends.

Europe in the World: What's our Competitive Edge?

On 28 March, the Lisbon Council welcomed one of the world's most distinguished statisticians, **Enrico Giovannini**, chief statistician at the OECD and professor of economic statistics at Tor Vergata University in Rome. Using the occasion to launch the second edition of the **OECD factbook**, Professor Giovannini presented fascinating statistical evidence on Europe's position vis-à-vis other parts of the world on key indicators, such as life expectancy, labour-market trends, productivity, measures of personal satisfaction, global health and the state of the environment.

Lisbon Council Policy Brief: The Economics of Knowledge



At the occasion of The 2006 Knowledge Summit, the Lisbon Council launched its first policy brief, entitled **The Economics of Knowledge: Why Education is Key to Europe's Success**. Written by **Andreas Schleicher**, head of the OECD Programme for International Student Assessment (PISA), the study was the culmination of a year-long intensive collaboration between the Lisbon Council and Mr. Schleicher. Designed to raise public awareness of the crucial link between educational performance and economic prosperity, the research received unprecedented media attention, and was warmly received by policy makers and education experts. Featured in over fifty newspapers worldwide, including lead articles in *The Economist*, *Le Monde*, *La Tribune*, *Die Zeit*, *FT Deutschland*, *Het Financieele Dagblad*, and numerous others, the study made a widely recognised contribution to Europe's transition towards a knowledge economy.

Education and Immigration: Europe's Great Challenge



Eman Ebed of TakingITGlobal, a leading education NGO

On 15 May, the Lisbon Council hit another landmark in its ongoing **Education Initiative** by hosting the launch of a widely publicised OECD study on **Where Immigrant Students Succeed**. Introduced by Andreas Schleicher, head of the OECD Programme for International Student Assessment (PISA), the report detailed major shortcomings in Europe's ability to offer equal educational opportunity to all people, particularly in Germany, Austria, Belgium and Denmark, and called for greater social mobility and targeted action to help immigrant students.



Andreas Schleicher introducing his work on 'Where Immigrant Students Succeed'



From left to right: Professor Jean-Pierre Lehmann, IMD Business School, Philippe Ries, Agence France Presse, and Elisabeth Lulin, from French think tank FuturBulences

'The performance of immigrant students varies in absolute terms, with second-generation immigrants in Canada outperforming their German counterparts by 111 score points, almost equivalent to three school years.'

Andreas Schleicher, project director, Programme for International Student Assessment (PISA), OECD

Outreach and Media

The Lisbon Council's outreach efforts reached new heights with an unprecedented number of invitations to address top-level gatherings and meetings of civil society organizations. Among the highlights was an address by Paul Hofheinz, president of the Lisbon Council, at a debate in the French Senate on the European social model. Other panellists included Jacques Delors, former president of the European Commission; Catherine Colonna, Europe minister of France; and Jacques Barrot, vice-president of the European Commission. Other prominent engagements included interventions by Ann Mettler, executive director of the Lisbon Council, at the Centre for European Reform, a Wilton Park conference organised for Deutsche Bundesbank and the Department for Trade and Industry (DTI), and the IBM Business Leadership Forum.

As in the past, the Lisbon Council's activities and commentary generated a substantial amount of media interest. Lisbon Council principles were interviewed or quoted in *BBC*, *Bloomberg*, *Borsen* (Denmark), *BusinessWeek*, *Cause Commune radio* (France), *CNBC*, *The Economist*, *Het Financieele Dagblad*, *Radio Inter* (France), *Finnish National Radio*, *International Herald Tribune*, *Lidove Noviny* (Czech Republic), *Newsweek*, *Diario de Noticias* (Portugal), *Chronicle of Higher Education* (USA), *ORF* (Austria), *Reuters*, *Sky Television* (Greece), *Sondagsavisen* (Denmark), *Der Standard* (Austria) and many others. In addition, the Lisbon Council placed three editorials in the run-up to the spring European Council, in *Süddeutsche Zeitung*, *The Wall Street Journal Europe* and *Parliament Magazine*.



Paul Hofheinz, president of the Lisbon Council, takes part in a debate on 'le modèle social européen' at the French Senate.



Ann Mettler, executive director of the Lisbon Council, talks about new collaborative models at the IBM Business Leadership Forum in Rome. Seated left is Linus Torvalds, creator of Linux and fellow at Open Source Development Lab, Inc. Seated right is Nick Donofrio, executive vice-president at IBM.

'Our leaders have to realise that the best social programme is a healthy economy. They must change the rules of the game. If they don't, they will go into the history books as the ones who destroyed the social Europe we are all so proud of.'

Ann Mettler, executive director of the Lisbon Council

Forthcoming

Fiscal Sustainability Initiative – October 2006

The Lisbon Council **Board of Economists** will convene in Brussels for a lively debate on the sustainability of public finances in the face of Europe's demographic challenge. Timed to coincide with a European Commission white paper on fiscal sustainability, the keynote address will be delivered by **Joaquín Almunia**, commissioner for economic and monetary affairs.



Joaquín Almunia

Financing for Innovation – October 2006

As a follow up from our 2005 Innovation Initiative, the Lisbon Council, together with Oracle, will hold an **SME-targeted event on Financing for Innovation**. Hosted by the **European Investment Bank** at its headquarters in Luxembourg, the event is aimed at helping SMEs and stakeholders who represent their interests, to understand how the European Union can assist the financing needs of innovators and entrepreneurs.

The 2006 Jean Jacques Rousseau Lecture – October 2006

Poul Nyrup Rasmussen, president of the Party of European Socialists (PES) and former prime minister of Denmark, will deliver **The 2006 Jean Jacques Rousseau Lecture** to our **Young Leaders for Lisbon** network. His remarks on "A New Social Europe" will serve as the keynote for the **Modernizing the European Social Model Initiative** in 2006.

Lisbon Council Policy Brief: Human Capital Index – October 2006

Peer Ederer, professor for innovation at Zeppelin University, will present his leading-edge research on how to measure the investment and quality of human capital in 15 EU member states. Peer-reviewed by numerous authorities on generational accounting, this new ranking is expected to make a great contribution to informing policy making and public opinion in years to come.

Zukunftssalon: Forum for the Future – November 2006

Zukunftssalon: Forum for the Future is a platform for progressive, future-oriented leaders from the European institutions, as well representatives from business, academia and civil society. Hosted by **Jorgo Chatzimarkakis**, a German member of the European Parliament, and rapporteur for its competitiveness and innovation programme (CIP), the first Zukunftssalon will focus on **Jobs of the Future**, and the necessary skills base to create them.



Vasu Briquez, Oracle



Poul Nyrup Rasmussen



Peer Ederer



Jorgo Chatzimarkakis

The Lisbon Council for Economic Competitiveness and Social Renewal asbl

www.lisboncouncil.net

IPC-Residence Palace 155 rue de la Loi 1040 Brussels, Belgium
T. +32 (0)2 647 9575 F. +32 (0)2 640 9828
info@lisboncouncil.net