

# NEWSLETTER

July – December 2005

## Towards an Innovation Economy

*'The Lisbon strategy is a partnership between the EU and the Member States. But it also relies on the commitment of all the players who wish to see progress towards more growth and jobs. I therefore welcome the support of the Lisbon Council. The debate you stimulate will encourage support for the Lisbon goal of jobs and growth.'*

- Günter Verheugen,  
vice-president of the  
European Commission

On 01 December 2005, the Lisbon Council in collaboration with Oracle Corporation convened a day-long meeting of the **Innovation Forum**, a Lisbon Council advisory body of innovation experts, industry representatives, economists, innovators, strategists and small business leaders. **Günter Verheugen**, vice-president of the European Commission responsible for enterprise and industry, kicked off the debate with **The 2005 Guglielmo Marconi Lecture**. He called on Innovation Forum members to step up their advocacy and emphasized the important role of small- and medium-sized enterprises in championing innovative practices. Following the session with Vice-President Verheugen, **Isaac Getz**, professor of ideas, involvement and innovation management at the ESCP-EAP European School of Management and a member of the Lisbon Council, led a working group on innovation processes within enterprises. Later, **David White**, director of innovation policy at the European Commission and **Torsten Gersfelt**, vice-president at the European Investment Bank, discussed the role government can play in promoting and sustaining real innovation.



The 2005 Guglielmo Marconi Lecture



Left to right: Professor Heinz Thielmann, Fraunhofer Institute; Paul Hofheinz, The Lisbon Council; Günter Verheugen; Sergio Giacoletto, Oracle



Professor Getz leads a working group on *Getting it Right: Innovation at Work*

## The 2005 Ludwig Erhard Lecture

*'...if Europe is to retain its elegant way of life, to retain social solidarity, it will have to create more opportunity and growth. Or to quote the Italian author, di Lampedusa "The more things have to remain the same, the more things will have to change.'"*

- Raghuram Rajan,  
chief economist,  
International Monetary  
Fund

On 08 December 2005, the Lisbon Council invited **Raghuram Rajan**, chief economist and director of research at the International Monetary Fund, to brief its **Board of Economists**. In a wide-ranging talk on "Getting Europe Moving Again: Concrete Proposals for Reform, Prosperity and Renewal," Professor Rajan brought a vital message to the Lisbon Council, explaining in detail – and comparing across continents – how successful reforms can be brought about.



From left to right:  
José Luis Escrivá,  
chief economist, Grupo  
BBVA; Tom Mayer, chief  
European economist,  
Deutsche Bank; Masao  
Okawa, chief  
representative in  
Frankfurt, Bank of Japan



Raghuram Rajan

## Jobs of the Future: Leading the Way on Employment Creation



*'Europe has an unparalleled opportunity to generate millions of extra jobs in emerging industries and growth sectors over the next decade. Without urgent action it risks missing this opportunity'*

- from the Jobs of the Future study

Building on its earlier work on jobs, growth and employment, and after high-level brainstorming sessions in Brussels and London, the Lisbon Council and Accenture published a landmark study on **Jobs of the Future** – an effort to chart a course for the European economy towards the forefront of 21<sup>st</sup> century global economic developments. The study especially examines the role that high value-added work can play in restoring equilibrium to Europe's job market, where our researchers estimate that as many as **14 million jobs** can be created and sustained in the next decade – provided that regulatory and investment policies are properly conceived and well executed.

Launched just days before the Competitiveness Council met in Brussels in November, the study was welcomed by policy makers and civil servants. Ian Pearson, minister of state for trade and investment, Department of Trade and Industry, received the study on behalf of the UK Presidency of the European Union, and promised to deliver its message to his colleagues and peers in the Competitiveness Council and the UK government. The Lisbon Council and Accenture have subsequently been invited to testify on the future of the Lisbon



Mark Spelman, global managing partner, growth and strategy, Accenture and UK Trade Minister Ian Pearson

Strategy and the policy prerequisites for a successful European economic agenda to a UK House of Lords subcommittee looking at the European strategy for jobs and growth.

## Education: Economic Performance and Social Inclusion

*'Europe's ambition [is] to create the most competitive and dynamic knowledge-based economy in the world by 2010 using education. We all know [about this goal]. But when we talk about the knowledge economy, the question is, how are we actually using knowledge in education? Knowledge, innovation, flexibility, connectiveness – those are the drivers that make the knowledge economy happen. How are we using them in education?'*

- Andreas Schleicher, explaining the need for higher educational standards

At a Lisbon Council policy briefing, **Andreas Schleicher**, project director of the OECD Programme for International Student Assessment (PISA), spoke eloquently – and convincingly – of the need to raise our investment in, and commitment towards, education as a way of restoring European competitiveness. Speaking before a top-level audience of economists, ministers, civil servants, community leaders and top business representatives, and drawing on previously unpublished OECD research in this area, Mr. Schleicher demonstrated the clear and provable link between investment in education and economic and social progress.



Andreas Schleicher, explaining the importance of education in a knowledge economy



Marianne Mikko, MEP, member of the EP Education Committee



Marie Arena, Minister-President, Communauté Française, Belgium and Joeri van den Steenhoven, Kennisland

His comments subsequently formed the basis for an article in a special edition of Newsweek on *The Knowledge Revolution: Why Victory Will Go to the Smartest Nations and Companies*. Given the important role that education plays in promoting social cohesion and preparing Europe for 21<sup>st</sup> century economic success, the Lisbon Council plans to highlight education and education policy at **The 2006 Knowledge Summit** we will convene in Brussels on the eve of the European Council Spring Summit.



## Ageing and Employment: Unleashing an Untapped Resource

*'The number of years that workers can expect to spend in retirement has risen considerably – for men, from less than 11 years on average across the OECD in 1970, to just under 18 years in 2004, and, for women, from less than 14 years to just under 23 years.'*

- From the OECD's Ageing and Employment Synthesis Report

On 10 October, the Lisbon Council hosted a lunch debate on Ageing and Employment as part of its ongoing **Modernizing the European Social Model Initiative**. Featuring **Martine Durand**, deputy-director, directorate for employment, labour and social affairs, OECD and **Mark Keese**, senior economist, employment analysis, OECD, the session served as a kick-off platform for the OECD's Ageing and Employment Synthesis report, which was officially introduced at the High-Level Forum on Ageing and Employment Policies on 17-18 October. Participants at the lunch debate discussed ways of ending workforce discrimination against Europe's mature workers.



Martine Durand, deputy-director, directorate for employment, labour and social affairs, OECD, brought new OECD data on ageing and employment to our lunch time debate. Here, she explains the need to keep mature workers in the labour force, while increasing access to re-training and life-long learning



MEP Bushill-Matthews



Mark Keese, OECD

## Modernizing the European Social Model: Hampton Court Summit

*'With 19 million people unemployed across Europe, it is clear that the EU is not delivering opportunity and social justice for all. We welcome all contributions to a debate that will enable us to strengthen the EU's social dimension, not unravel it. We, like you, recognise the importance of involving stakeholders, such as those you have consulted, in that process.'*

- UK Minister for Europe Douglas Alexander, responding to Lisbon Council Social Contract for the 21<sup>st</sup> Century



Executive Director Ann Mettler and President Paul Hofheinz visit 10 Downing Street

In an effort to make a constructive contribution to the special European Council summit on globalisation and the future of the European social model at Hampton Court on 27 October, the Lisbon Council undertook a series of visits, published several hard-hitting articles and submitted its **Social Contract for the 21<sup>st</sup> Century** to the UK Presidency, in particular to British Prime Minister Tony Blair and to Minister for Europe, Douglas Alexander.

On 03 October, Executive Director Ann Mettler and President Paul Hofheinz visited 10 Downing Street to introduce the Lisbon Council's work on the European social model. In addition, Ms Mettler was asked to contribute an article on the European social model to a special UK Presidency publication entitled "Moving Europe Forward".

The magazine was distributed at the Hampton Court summit and included submissions from Tony Blair, Gordon Brown, José Manuel Barroso, Günter Verheugen, and other leading figures. In the run-up to the Hampton Court summit, Ms. Mettler also published a widely noted editorial on "Reform Assassination" in the Wall Street Journal. In the article, she called for more genuine democracy in the debate surrounding reform and advocated faster reforms as a way of restoring Europe's social cohesion.



Right: Editorial by Ann Mettler on "Reform Assassination"

## Policy Outreach and Community Building



Paul Hofheinz served as reflection group leader at the Tällberg Forum, Sweden. Among the participants in the reflection group were Nayan Chanda, editor, Yale Global; Barbara Hendricks, opera singer; Jonas Gahr Store, foreign minister, Norway and Dick Sanders, director of research at SCA Packaging.

The Lisbon Council continued to be highly active in the media, with important television, newspaper and radio appearances. In addition, the Lisbon Council stepped up its policy outreach and community building activities throughout the year. Most notably, Lisbon Council principals travelled extensively to EU member states and took part in policy discussions with students, young professionals, environmental campaigners, social partners and other stakeholders. Also, Lisbon Council executives gave presentations to a wide range of think tanks, policy networks and other organisations, among them:

- Tällberg Forum (Sweden)
- European Bank for Reconstruction and Development (Serbia and UK)
- College of Europe (Belgium)
- European Business Leaders Convention (Finland)
- Roland Berger (Germany)
- Chatham House (UK)
- Aspen Institute (France)
- CORDIA Biotech Convention (UK)
- Avenir Suisse (Switzerland)
- Vlerick Business School (Belgium)
- Evian Group (France)
- Norsk Hydro (Norway)

## Upcoming

January, 2006

### The 2006 Robert Schuman Lecture

**Leszek Balcerowicz**, president of the Polish National Bank and architect of the Polish economic reforms, will deliver The 2006 Robert Schuman Lecture to the **Board of Economists**. His remarks on "The Lessons of Catching Up" will serve as a keynote for **The Jobs, Growth and Employment Initiative** in 2006.



Balcerowicz

February, 2006

### Globalisation and the Economics of Knowledge

At a half-day event co-organised with ING Group and the Organisation for Economic Co-Operation and Development (OECD), the Lisbon Council will bring top experts to Amsterdam to explore and discuss key challenges facing Europe: demography, education and social inclusion, as well as innovation and creativity. Speakers include **Berglind Asgeirsdottir**, deputy secretary-general, OECD; **Emilio Fontela**, professor of applied economics, Universidad Autonoma de Madrid; **Hans Rosling**, professor of international health, Karolinska Institute (Sweden), and **Michel Tilmant**, chairman of ING Group.



Asgeirsdottir

March, 2006

### The 2006 Knowledge Summit

On the eve of the European Council Spring Summit, the Lisbon Council will again convene its three advisory bodies – the **Young Leaders for Lisbon**, the **Innovation Forum** and the **Board of Economists** – for a day long summit on the challenges we face, and the solutions at our disposal. **Karl-Heinz Grasser**, minister of finance of Austria, chairman of the Council of Economic and Financial Affairs of the European Union (Ecofin) and deputy chairman of the Eurogroup will deliver The 2006 Ludwig Erhard Lecture. Other key participants include **Andreas Schleicher**, director of the OECD's Programme for International Student Assessment (PISA).



Grasser

**TOGETHER, WE CAN AND WILL MAKE A DIFFERENCE**