

Lisbon Council

theLisbonCouncil

Annual Report 2005



Contents

- 2 Letter from the President
- 4 Innovation
- 5 Modernizing the European Social Model
- 8 Education and Competitiveness
- 9 News-Driven Policy Briefings
- 10 Research and Network in Focus
- 11 Outreach and Media
- 12 Financial Highlights
- 13 Members and Officers

A Think Tank for the 21st Century

Europe is faced with a modernization imperative: Our continent is rapidly moving from the industrial age to a global, networked knowledge- and service-based economy. At the same time, we are set to experience a profound, deep-seated demographic shift with an ageing and declining population. Against this backdrop, **The Lisbon Council for Economic Competitiveness and Social Renewal** is a think tank and policy network committed to defining and articulating a mature strategy for managing current and future challenges. Above all, we are seeking strategies based on inclusion, opportunity and sustainability

that will make the benefits of modernization available to all of our citizens. Our network – concerned citizens, top economists, public figures, NGO leaders, business strategists and leading-edge thinkers – lends it energy, brain power and dedication to solving the great economic and social challenges of our times. At the centre of our activities are solution-oriented seminars, thought-provoking publications, media appearances and public advocacy. The Lisbon Council is incorporated in Belgium as an independent, non-profit and non-partisan association.





Letter from the President

Like the future itself, 2005 was a year of great challenges – and great opportunity. We saw the failure of constitutional referenda in France and the Netherlands – and the outbreak of rioting in France, sparked in no small part by chronically high youth unemployment. We also saw the election of a new German chancellor, the successful conclusion of a hard-fought deal on the European Union budget, and the launch of a better, more informed debate on the European Social Model at the Hampton Court summit.

Less prosaically, the economy ticked along. Growth reached 1.6% in the EU-25 – a worse-than-expected result that left us limping noticeably behind in the race to the forefront of 21st century global

economic developments. Most tragically, unemployment remained a stubbornly high 8.7% – a dismal result whose social implications should concern us all.

As you read these words, more than 18 million Europeans are without work – more than the entire population of the Netherlands. Nearly 4.8 million Europeans under the age of 25 are still looking for their first job – wondering if this society, in which we so often express such pride, will ever find a place for them.

The Lisbon Council believes strongly that these challenges can and do demand a better, more reasoned response.

That is why three years ago, we set out on a remarkable journey. We wanted

to see if a think tank and policy network could be formed – one that would embrace the European Union’s goals of promoting healthy economic growth as a basis for future social development, encourage investment in our human capital to face the challenge of a rapidly advancing global skills market, stand up for the EU’s internal market and other policies on which our prosperity is built and push relentlessly for greater social cohesion in our daily lives – starting first and foremost with “more and better jobs.”

Three years later, our message is being heard – and that is in no small measure thanks to the energy, passion and commitment of people like you. We might not like all that we see

happening in the EU right now, but we like what we see developing inside the Lisbon Council. It’s your energy and passion that inspire us, and I want to thank all of you who took part in our initiatives or helped us in other ways in 2005.

In 2003, we had no idea what to expect: would the world accept a think tank committed to modernization and approaching these problems in a non-ideological, non-partisan way? Today, I can say the answer is an unequivocal “oui!” Our work is vital – and so is your ongoing support and engagement. The best is yet to come.

Paul Hofbeinz
President
The Lisbon Council asbl

A handwritten signature in black ink, appearing to read "Paul Hofbeinz". The signature is stylized and written in a cursive-like font.

Innovation

In April, the Lisbon Council launched its **Innovation Initiative**, drawing on leading-edge thinking to produce the **Innovation Manifesto**, a five-page programme which served as the intellectual backbone of our subsequent innovation-related activities.

In December, the initiative culminated in a day-long seminar featuring Günter Verheugen, vice-president of the European Commission in charge of enterprise and industry. Alongside heavyweights from the European Investment Bank, Germany's Fraunhofer Institute, the ESCP-EAP European School of Management in Paris and world-class companies like Oracle, IBM, Siemens and BP, Vice-President Verheugen shared his vision of Europe's innovation imperative in **The 2005 Guglielmo Marconi Lecture**, part of our ongoing **Founding Fathers Lecture Series**.

'If we want to remain at the forefront of global economic developments, if we want a society prosperous enough to support the social system in which we take such pride, we must learn to embrace meritocracy and change, and their twin sister, competition.'

Excerpt from the Lisbon Council Innovation Manifesto



Modernizing the European Social Model

As an early thought leader on the modernization of the European Social Model, the Lisbon Council was uniquely positioned to shape and inform the 2005 debate in this field. First and foremost, **A Social Contract for the 21st Century**, a Lisbon Council manifesto, was widely consulted and did much to guide and enlighten the European Social Model debate in 2005. Social ministers throughout the Organisation for Economic Co-operation and Development (OECD) took a special interest in the document's four-point programme, inviting Executive Director Ann Mettler to present the study's findings at a Meeting of the OECD Social Affairs Ministers in Paris in May. In June, Vladimir Spidla, European commissioner for employment, social

affairs and equal opportunities, visited the Lisbon Council, where he delivered **The 2005 Jean Jacques Rousseau Lecture** and took part in a wide-ranging debate on the modernization of the European Social Model. In October, the Lisbon Council submitted the Social Contract for the 21st Century to the European Council as our input to the Hampton Court Summit – and received an invitation to visit 10 Downing Street for a discussion on the European Social Model during the UK presidency of the EU. **The Young Leaders for Lisbon**, our network of reformist civil society leaders, will continue to work on modernizing the European social model in 2006 and 2007.

'The objective of the European Social Model is a cohesive, cooperative society. The objective of reform is not to abandon the values that underpin the model, but to change the way the institutions work.'

Vladimir Spidla, European commissioner for employment, social affairs and equal opportunities, from The 2005 Jean Jacques Rousseau Lecture



'The Lisbon Council has achieved an astonishing amount in its short history, and has acted as an important forum of ideas and fresh thinking. Its whole raison d'être is to keep the spirit of the Lisbon Agenda alive and burning brightly.'

*José Manuel Barroso
president of the European Commission*





Education and Competitiveness

In 2005, the Lisbon Council hosted some of the world's foremost thinkers on education and competitiveness. Building on our fruitful relationship with leading think tanks and international organisations, the Lisbon Council welcomed senior representatives from the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF). In March, Jean-Philippe Cotis, chief economist of the OECD, led a Lisbon Council **Board of Economists** working group on structural reform. In December, Raghuram Rajan, chief economist and director of research at the IMF, delivered **The 2005 Ludwig Erhard Lecture** to the Lisbon Council, and joined our Board of Economists for a fascinating *tour de table*

on the outlook for the global economy. In September, Andreas Schleicher, project director of the OECD Programme for International Student Assessment (PISA), presented early findings of his research on **The Economics of Knowledge**, the conclusions of which will appear in a landmark study the Lisbon Council will publish in March 2006.

"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, from The 2005 Ludwig Erhard Lecture



News-Driven Policy Briefings

The Lisbon Council often informs contemporary public policy debates with special news cycle-based briefings, timed to coincide with major political events.

Mid-term Review of Lisbon Agenda.

In the three weeks leading up to the mid-term review of the Lisbon Agenda, we were pleased and honoured to host two of its key proponents, José Manuel Barroso, president of the European Commission, and Guy Verhofstadt, prime minister of Belgium. Both shared their insights into, and vision for, the European reform process. President Barroso delivered **The 2005 Robert Schuman Lecture** and Prime Minister Verhofstadt convened an informal meeting in his official residence with the Lisbon Council's **Board of Economists** on the eve of the European Council spring summit.

Services Directive. In April, in the midst of the heated debate on the EU's Services Directive, the Lisbon Council hosted Berglind Asgeirsdottir, deputy secretary-general of the Organisation for Economic Co-operation and Development (OECD), for a fascinating debate on the benefits of opening the economy to free trade in services – and the need for an active social policy to accompany it.

EU budget. On 28 June, six days after British Prime Minister Tony Blair spoke in the European Parliament – and praised André Sapir's study on *An Agenda for a Growing Europe* for "showing the way forward" in the EU budget debate – the Lisbon Council hosted Dr. Sapir, professor at the Université Libre de Bruxelles and senior fellow at the think tank BRUEGEL, for a wide-ranging debate on the report's findings and conclusions.

'All OECD countries have experienced a strong shift to services over the past decade. Manufacturing employment has declined in most countries, in absolute as well as relative terms, but this has been more than compensated by a strong growth in service employment.'

From an OECD paper presented at the Lisbon Council's working dinner on services.



Research in Focus

Jobs of the Future: Leading the Way on Employment Creation

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 jointly published a landmark study on **Jobs of the Future** – an effort to chart a course for the European economy towards the forefront of 21st 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 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.



Network in Focus

Board of Economists: A Trusted Sounding Board in Challenging Times

The Lisbon Council Board of Economists deepened its activities and outreach efforts in 2005. Meeting in February with Belgian Prime Minister Guy Verhofstadt to discuss his policy paper on “A European ‘pentathlon’: A community growth strategy for the European economy,” the group reconvened weeks later for a briefing by Jean-Philippe Cotis, chief economist of the Organisation for Economic Co-operation and Development, who presented his groundbreaking study “Going for Growth.”

In December, the Board of Economists met with Raghuram Rajan, chief economist of the International Monetary Fund, to brainstorm on successful reform strategies and the state of the European economy.



Outreach and Media

The public profile and Europe-wide outreach of the Lisbon Council rose significantly in 2005. Lisbon Council representatives and principles featured prominently at major events and high-level policy gatherings, such as the Meeting of OECD Social Affairs Ministers, the Annual Meeting of the European Bank for Reconstruction and Development (EBRD), the College of Europe, the Aspen Institute, the Vlerick Business School, the Tällberg Forum and many others.



The Lisbon Council also featured prominently in the international media, with publications or quotes in numerous leading outlets, including *Financial Times*, *The Wall Street Journal*, *International Herald Tribune*, *Newsweek*, *Time*, *BusinessWeek*, *European Affairs*, *CNBC*, *BBC*, *The Times*, *Le Figaro*, *Le Monde*, *La Tribune*, *France Culture*, *the Irish Times*, *Handelsblatt*, *Die Zeit*, *Het Financieele Dagblad*, *Borsen*, *Kauppalehti*, *El Pais* and many others.

BBC WORLD

Le Monde

HET FINANCIEELE DAGBLAD

Kauppalehti

EL PAIS

DIE ZEIT

FT
FINANCIAL
TIMES

CNBC

Handelsblatt



Financial Highlights

Balance Sheet*

ASSETS	2004	2005
Fixed assets	€ 10.709,80	€ 8.886,70
Net equipment	10.020,53	8.369,75
Net furniture	689,27	516,95
Current assets	€ 30.379,81	€ 43.870,42
Accounts receivable	15.246,80	40.000,00
Cash or equivalents	13.664,36	2.378,53
Deferred charges	1.468,65	1.491,89
LIABILITIES	2004	2005
Retained earnings	(€ 28.480,76)	(€ 45.702,97)
Current liabilities	(€ 12.608,85)	(€ 7.054,15)
Accounts payable	(9.609,10)	(3.971,98)
Current account	(2.999,75)	(3.082,17)

Income and Expenditure Statement**

	2004	2005
Income	€ 184.591,60	€244.504,46
Donations	184.591,60	244.504,46
Expenditure	(€ 170.275,32)	(€ 227.282,25)
Office	(31.934,79)	(45.109,67)
Administration	(96.916,25)	(123.671,43)
Travel	(9.021,49)	(16.685,05)
Events	(27.806,08)	(36.525,99)
Depreciation	(4.596,71)	(5.290,11)
Surplus/deficit	€ 14.316,28	€ 17.222,21
(reserves)		
Surplus/deficit brought forward from previous periods	0,00	0,00
Net surplus/deficit carried forward	0,00	0,00

Auditor: BVBA Accountantskantoor Vandenbranden (Grimbergen)

*As of 31 December 2005

**Covering the 12-month period ending 31 December 2005

Members and Officers

The Lisbon Council would like to thank the following companies for their support in 2005:

Accenture, Allianz Group, Roland Berger Strategy Consultants, Electronic Data Systems (EDS), ExxonMobil, IBM, ING Group, Kapp Nederlands, Microsoft, Morgan Stanley, Oracle, Royal Dutch/Shell Group and Umicore.

The Lisbon Council is also thankful for donations it received from individuals, none of which exceeded € 2,000.

The Lisbon Council is an independent, non-partisan association. Financial support for the Lisbon Council does not imply acceptance or endorsement of any view, opinion or statement expressed by the Lisbon Council or any of its individual members or associates.

The Lisbon Council is a non-profit, non-partisan network of private citizens committed to making Europe “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,” a vision first spelled out at a landmark European Union summit in 2000. All members of the Lisbon Council – who are elected by the Board of Directors – have a proven track record of reform leadership and share a commitment to full employment, fiscal sustainability and economic growth.

In alphabetical order:

- **Martin Baily**, senior fellow, Institute for International Economics, USA
- **Alja Brglez**, founder and director, Institute for Civilization and Culture, Slovenia
- **Ben Butters**, director, smallbusiness|europe, United Kingdom
- **Koert Debeuf**, senior adviser, Prime Minister Verhofstadt, Belgium
- **Daniel Dettling**, executive director, berlinpolis, Germany
- **Peer Ederer***, director and co-founder, Deutschland Denken!, Germany; director, human capital project, The Lisbon Council, Belgium
- **Isaac Getz**, professor of idea, involvement and innovation management, ESCP-EAP European School of Management, France
- **Francesco Grillo**, president, Vision, Italy
- **Paul Hofheinz***, president and co-founder, The Lisbon Council, Belgium

- **Tjark de Lange***, chief executive officer, Kapp Nederlands, Netherlands; treasurer and co-founder, The Lisbon Council, Belgium
- **Jean-Pierre Lehmann**, founding director, Evian Group, France
- **Elisabeth Lulin**, director, FuturBulences, France
- **Ann Mettler***, executive director and co-founder, The Lisbon Council, Belgium
- **Bernard Spitz**, secretary-general, En Temps Réel, France
- **Joeri van den Steenhoven***, executive director, Kennisland, Netherlands; board member, The Lisbon Council, Belgium
- **Jörg Tremmel**, founder and director, Foundation for the Rights of Future Generations, Germany

*Individuals who take an active role in the Lisbon Council, either through membership in the executive board or through responsibilities for specific policy initiatives

