

‘We live in an age of constant change, of rapid developments. How can the welfare state remain relevant to people in these conditions? How can the welfare state deliver security in conditions of permanent economic change?’

Poul Nyrup Rasmussen, president of Party of European Socialists, in 2006 Jean Jacques Rousseau Lecture



Modernizing the European Social Model

On 11 October, in the week leading up to the fall European Council in Lahti, Finland, **Poul Nyrup Rasmussen**, president of the Party of European Socialists, delivered **The 2006 Jean Jacques Rousseau Lecture**, the Lisbon Council’s flagship event on the future of the European social model. In a passionate and compelling address, the former prime minister of Denmark and architect of the much-heralded flexicurity

model, laid out his vision for a “New Social Europe,” based on a manifesto he has drawn up together with former European Commission President Jacques Delors. The Lecture was part of **The 2006 Young Leaders for Lisbon Congress**, allowing Mr. Rasmussen to present his ideas and exchange views in highly interactive sessions with progressive leaders from eight EU member states.

Sustainability Initiative: Lisbon Council Hosts Al Gore

On 08 October, the Lisbon Council co-hosted a reception in honour of **Al Gore**, former vice-president of the United States and one of the world’s foremost environmental advocates. The reception was held on the occasion of the Belgian film premiere of Mr. Gore’s acclaimed film *An Inconvenient Truth*. In collaboration with the Progressio Foundation of the Netherlands and the Tällberg Foundation of Sweden, the Lisbon Council assembled an eclectic and committed audience for this special occasion. Guests included **Commissioners Stavros Dimas** and **Neelie Kroes**, as well as **Martin Baily**, former head of the Council of Economic Advisors in the Clinton-Gore administration and an esteemed member of the Lisbon Council’s **Board of Economists**. Following



Al Gore at Lisbon Council reception



From left to right: Commissioner Kroes, Al Gore, Commissioner Dimas

Mr. Gore’s visit to Belgium, Prime Minister Guy Verhofstadt, whom Mr. Gore spoke to during his brief stay in Brussels, initiated a number of far-reaching and ambitious proposals to fight climate change and put Europe on an energy efficient and sustainable path.

'The challenge is considerable and inaction is not an option. But we have evidence that the challenge is manageable. Our capacity to cope with the impact of ageing depends on our political will to apply the necessary reforms.'

Joaquín Almunia, commissioner for economic and monetary affairs, in special policy briefing on sustainability of public finances



Policy Briefing: Sustainability of Public Finances

On 09 October, **Joaquín Almunia**, commissioner for economic and monetary affairs, joined the Lisbon Council **Board of Economists** for a wide-ranging debate and delivered a special policy address just prior to the release of an important European Commission communication on the long-term sustainability of public finances. Stressing the need for greater fiscal consolidation, higher labour market participation and deeper reforms in social security systems – particularly in pensions and health – Commissioner Almunia called for urgent action to be taken at the member state level. Following up on the special policy briefing with Commissioner Almunia, Ann Mettler, executive director of the Lisbon Council, published editorials on fiscal sustainability in the **Financial Times** (“Europe must take an honest, long-term view on public finances”) and in her column on **BusinessWeek.com** (“Now what about fiscal sustainability?”). Copies of these editorials can be downloaded on the Lisbon Council website at www.lisboncouncil.net.

The 2006 Young Leaders for Lisbon Congress



On 10-11 October, the Lisbon Council convened its third annual **Young Leaders for Lisbon Congress** under the theme *How a New Generation Can Reinvigorate Europe's Social Market Economy*. Welcoming participants from eight countries, highlights of this year's Congress included a welcoming dinner with special guest **Roger Liddle**, principle adviser, economy at the Bureau of European Policy Advisers (BEPA), the European Commission's internal think tank, as well as meetings with **Poul Nyrup Rasmussen**, president of the Party of European Socialists and **Günter Verheugen**, vice-president of the European Commission.

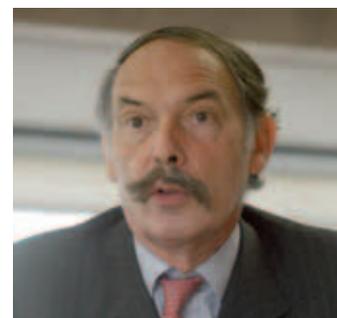
Zukunftssalon: Forum for the Future

Together with **Jorgo Chatzimarkakis**, member of the European Parliament and rapporteur of its Competitiveness and Innovation Programme (CIP), the Lisbon Council launched a new policy network for progressive, future-oriented leaders from the EU institutions, as well as business, academia and civil society. The aim of the **Zukunftssalon** is to build a political space where pertinent issues can be discussed in a forward-looking, non-ideological and pragmatic atmosphere. The first **Zukunftssalon**, held on 08 November, focused on **Skills for the Future**. The second one, held on 04 December, explored the economic and social benefits of **Consumer Empowerment**.



Financing for Innovation and Growth: Lisbon Council Hosts Seminar for European Entrepreneurs

On 05 October, the **European Investment Bank**, the European Union's financing institution, welcomed the Lisbon Council and Oracle for a day-long workshop in Luxembourg on *Financing for Innovation and Growth: Meeting the Needs of Small- and Medium-Sized Enterprises*. Thirty-five participants from 15 countries spent the day examining the challenges that small- and medium-sized enterprises (SMEs) face in securing financing, and learning about the funding opportunities offered by European institutions. Several high-level experts enriched the discussions, including **Simon Brooks** and **Torsten Gersfelt**, vice-presidents of the European Investment Bank, and **Francis Carpenter**, chief executive officer of the European Investment Fund.



Francis Carpenter,
chief executive officer of the
European Investment Fund

Lisbon Council Co-hosts International Social Security Forum in Rome

Together with IBM, the Lisbon Council co-hosted the **International Social Security Forum** in Rome on 22-24 October. Convening under the theme *The Social Sector: Meeting the Challenges of a Changing Society through Innovation*, highlights of the meeting included an intervention from **Corazon de la Paz**, president of the International Social Security Association and president and CEO of the Social Security System of the Philippines. The event is part of a larger project on the implications of future demographic developments that the Lisbon Council is working on with IBM. This study will culminate in a publication entitled **Living Longer, Living Better** to be launched in 2007.

The European Human Capital Index



On the occasion of **The 2006 Young Leaders for Lisbon Congress**, the Lisbon Council launched a new policy brief entitled *Innovation at Work: The European Human Capital Index*, a leading-edge ranking of countries by the state of their human capital development. Written by **Dr. Peer Ederer**, director of the human capital project at the Lisbon Council, the study was carried out by **Deutschland Denken!**, a leading think tank in Germany. The report generated an extraordinary amount of interest from policy makers across Europe, as well as the media. In January 2007, the European Human Capital Index will be presented at the Centre d'Analyse Stratégique, the think tank of the French Prime Minister. Copies of the policy brief can be downloaded in English and French at www.lisboncouncil.net.

'Nobody has worked out the impact of knowledge like this before.'

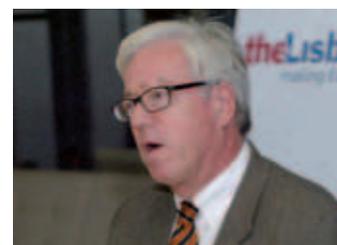
The Economist, in full-page article on the European Human Capital Index

Putting Consumers First: Europe's Next Frontier

On 04 December, the Lisbon Council invited **Dr. William W. Lewis**, founding director of the McKinsey Global Institute and one of the world's foremost authorities on productivity, to deliver **The 2006 Guglielmo Marconi Lecture**, its flagship event on innovation. Paying tribute to recent policy shifts in Brussels towards better serving citizens' interests, Dr. Lewis shed light on the economic benefits of consumer-oriented policy making, drawing lessons from countries as diverse as Japan and the United States. Special guests at the Lecture and policy roundtable were **Tom Mayer**, chief European economist at Deutsche Bank and **Thilo Bode**, executive director of foodwatch, a German consumer advocacy group.



William W. Lewis,
founding director of the
McKinsey Global Institute



Thilo Bode, executive director
of foodwatch and former
director of Greenpeace
International

'Innovation is a hunger for modernity and a lust for the future.'

Ann Mettler, executive director of the Lisbon Council, in Wall Street Journal Europe editorial



Outreach and New Website

In September, the Lisbon Council launched its new website www.lisboncouncil.net, designed to make our organisation easier to understand and our ideas more readily accessible. The new website has received terrific feedback and has managed to significantly increase our web traffic and international visibility. In addition, and in an effort to raise the standards of our visual presentations, we redesigned and re-launched our newsletter.

The Lisbon Council also redoubled its speaking engagements and outreach efforts in the last half of the year. Lisbon Council principals took part in several high-level conferences and seminars, including at the College of Europe, the Ministry of Health of Japan, EBS Symposium (Germany), the Creativity World Forum (Flanders) and a joint OECD-Dutch Economics Ministry conference on Open Innovation (Netherlands). In addition, Paul Hofheinz, president of the Lisbon Council, was invited to provide testimony in a hearing on the future of the internal market, organised by the European Commission's DG Internal Market.

Coming Up

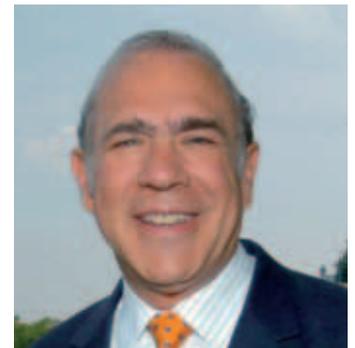
Events

The 2007 Growth and Jobs Summit

The 2007 Growth and Jobs Summit will take place in the week leading up to the Spring European Council, where progress on the Lisbon Agenda is evaluated. Highlights include The 2007 Ludwig Erhard Lecture, to be delivered by **Michael Glos**, minister of economy and technology of Germany, and chairman of the Competitiveness Council under the German EU presidency. In addition, **Angel Gurría**, secretary-general of the Organisation for Economic Co-Operation and Development (OECD) will give The 2007 Robert Schuman Lecture.



Michael Glos



Angel Gurría

Publications

Skills for the Future

Following the successful *Jobs of the Future* study, this report, published jointly by the Lisbon Council and Accenture, will examine the imperative of bringing government, business and individuals together to develop the skills and human capital we need to compete in a fast-moving global economy.

Growth and Jobs Monitor: Indicators for Success in the Knowledge Economy

Developed jointly by the Lisbon Council and Allianz SE, this leading-edge study will benchmark EU economies according to criteria decisive for success in a knowledge economy, with particular focus on growth, employment and public finances.

Putting Consumers First

William W. Lewis, founding director of the McKinsey Global Institute, will build on his extensive knowledge of the economic and social benefits of consumer-oriented policy making and apply lessons from around the world to the contemporary policy context in Europe in a special policy brief.

L'indice du capital humain européen

On the occasion of the presentation of our immensely successful policy brief at the Centre d'Analyse Stratégique, the French prime minister's think tank, the Lisbon Council will publish a French language edition of the European Human Capital Index.

The Lisbon Council for Economic Competitiveness and Social Renewal asbl

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