



European Commission President  
José Manuel Barroso

# Annual Report 2006



Poul Nyrup Rasmussen delivers  
The 2006 Jean Jacques Rousseau  
Lecture



Al Gore speaks  
at Lisbon Council reception  
for Belgian premiere of  
An Inconvenient Truth

# theLisbonCouncil

# Growth, Imp

## Contents

---

- 4 Timeline
- 15 Letter from the President
- 16 Members
- 18 Innovation
- 19 Human Capital and Education
- 20 Sustainability
- 21 Growth and Jobs
- 22 Forthcoming in 2007
- 23 Financial Highlights

# act and Success

In October 2003, the Lisbon Council began operations in the midst of a deep economic, social and environmental crisis in Europe. GDP growth that year was only 1% and unemployment remained a stubbornly high 14.2 million across the 15 member states of the European Union. Europe's largest economy – Germany – was in recession and 4.6 million of its citizens hit by unemployment. France and Italy were not much better off. Both countries struggled with unsustainable public finances, with France recording a budget deficit of 4.2% of gross domestic product in 2003 and Italy trying to contain its 106.3% of GDP debt. At the same time, the amount of carbon dioxide in the earth's atmosphere reached 369 parts per million, up 31% from the pre-industrial average. On top of that, fertility rates continued to decline, leaving Europe with the considerable challenge of an ageing and declining population.

# 03



Pedro Solbes

European Commission employment taskforce chaired by Wim Kok, former prime minister of the Netherlands, publishes authoritative study 'Jobs, Jobs, Jobs'

## October 03

Inaugural meeting of Board of Economists



Martin Baily

Paul Hofheinz, Ann Mettler and Tjark de Lange found the Lisbon Council.

The Lisbon Council forms its first advisory body – the **Board of Economists** – and launches the **Productivity Initiative** to focus attention on the growth- and employment-generating effects of sound economic policy making. Economic affairs commissioner Pedro Solbes joins the Initiative, participating in a Board of Economists roundtable on the challenges Europe faces – and the solutions at our disposal.

Martin Baily, former chairman of the Council of Economic Advisers under U.S. President Bill Clinton, delivers **The 2003 Robert Schuman Lecture** on “Promoting European Growth.”

## November 03



Ireland  
takes over  
EU Presidency

## January 04

The Lisbon Council convenes **Growth, Jobs and Employment Initiative**. Wim Kok delivers keynote address on “Jobs, Jobs, Jobs.”

Gerhard Schröder, chancellor of Germany, installs an Innovation Council. Ann Mettler, executive director of the Lisbon Council, uses the occasion to publish an editorial in *FT Deutschland*, calling on the government to include more entrepreneurs in the initiative.



Wim Kok

Annual EU  
summit on  
Lisbon Agenda

## March 04

The Lisbon Council convenes the first annual **Young Leaders for Lisbon Congress**, a gathering of progressive leaders from seven European countries. The group publishes a **Citizens Manifesto**, calling on EU leaders to pursue better, faster reforms that will improve the economy, shore up the European social model and get people back to work.

Guy Verhofstadt, prime minister of Belgium, introduces his proposal for a “Lisbon Plus” in a major policy speech to the Lisbon Council. His remarks later appear as a widely noted editorial in *The Wall Street Journal Europe*.

Guy Verhofstadt



Dick Roche receives  
Citizens Manifesto



Pat Cox receives  
Citizens Manifesto

Romano Prodi meets  
Young Leaders for Lisbon



Guy Verhofstadt, prime minister of Belgium, and Romano Prodi, president of the European Commission, meet with the Young Leaders for Lisbon and join the Lisbon Council debate on the future of the Lisbon Agenda.

On the eve of the European Council Spring Summit, President Paul Hofheinz and Executive Director Ann Mettler deliver the Citizens Manifesto to leaders of the key European institutions. President Pat Cox receives the document personally, on behalf of the European Parliament; Europe Minister Dick Roche on behalf of the Irish government (then chairing the European Council) and President Prodi on behalf of the European Commission.



## April 04

The Lisbon Council takes part in the Competitiveness Council Informal in County Clare, Ireland, making it one of the first civil society organisations brought directly into the top-level debate in this key policy area.

## May 04

The Lisbon Council hosts a lunch for Dominique Strauss-Kahn, former French finance minister, at the occasion of his report "Towards a Political Europe: Fifty Proposals for the Europe of Tomorrow." Among those attending are five director generals from the EU institutions and several top government representatives.

Dominique Strauss-Kahn



## June 04

Martin Baily returns to the Lisbon Council to present key conclusions of "Transforming the European Economy," his recently published work on European economic reform. Commissioner Joaquín Almunia joins Dr. Baily and the **Board of Economists** for a wide-ranging debate. Dr. Baily also meets President Prodi to discuss his ideas and present a copy of his book.

The Netherlands take over the EU Presidency

July 04



Young Leaders for Lisbon meet Members of the European Parliament

September 04



Modernising the European Social Model Initiative

The Lisbon Council launches its **Modernising the European Social Model Initiative**. Berglind Ásgeirsdóttir, deputy secretary-general of the OECD, gives the keynote address; 34-year old Czech Deputy Prime Minister Martin Jahn joins the debate. The discussions focus on demographic challenges and the scourge of youth unemployment.

The government of Denmark invites the Lisbon Council to Copenhagen to take part in a special government-sponsored meeting of Danish social partners. The topic: Denmark's draft contribution to the forthcoming Kok Report on the Lisbon Agenda.

October 04



Laurens Jan Brinkhorst, minister of economic affairs of the Netherlands, delivers the first annual **Jean Jacques Rousseau Lecture** to the Lisbon Council on the future of the European social model.



Laurens Jan Brinkhorst

The new European Commission, headed by José Manuel Barroso, begins its tenure

## November 04

The Lisbon Council launches its **Innovation Initiative**, with special guest Isaac Getz, professor of innovation at ESCP-EAP European School of Management in Paris.

Isaac Getz



Tito Boeri



Lucas Papademos



## December 04

The Lisbon Council kicks off its **Education Initiative**, with special guest Andreas Schleicher, project director of the OECD Programme for International Student Assessment (PISA). In a freewheeling debate, Mr. Schleicher presents the results of PISA 2003 to the Lisbon Council one day before the official launch of the report in Berlin.

Lucas Papademos, vice-president of the European Central Bank, delivers the first annual **Ludwig Erhard Lecture** on economic reform.

The Lisbon Council convenes the **Board of Economists** for the **Structural Reform Initiative**. Special guests include top economists Tito Boeri, Giuseppe Nicoletti and André Sapir.

Board of Economists



Andreas Schleicher





# 05

Annual EU economic summit and mid-term review of Lisbon Agenda



José Manuel Barroso



Jean-Philippe Cotis joins Board of Economists



Berglind Ásgeirsdóttir

## March 05

Guy Verhofstadt hosts Board of Economists



In his first major policy address to a Brussels think tank, José Manuel Barroso, president of the European Commission, delivers **The 2005 Robert Schuman Lecture**. In his remarks, President Barroso says “the Lisbon Council has achieved an astonishing amount in its short history, and has acted as an important forum of ideas and fresh thinking.” Later, Jean-Philippe Cotis, chief economist of the OECD, joins the **Board of Economists** for a working session on the structural reforms Europe needs.

Martin Jahn speaks to journalists at Young Leaders for Lisbon Congress



In the week leading up to the spring European Council, the Lisbon Council convenes its second annual **Young Leaders for Lisbon Congress**, and throws a party to celebrate the mid-term review of the Lisbon Agenda. Guy Verhofstadt, prime minister of Belgium, hosts the **Board of Economists** for a brainstorming session on the prime minister’s upcoming proposals for reforming the European economy. The proposals later form the backbone of Mr Verhofstadt’s submission to the European Council: “A European Pentathlon: A Community Growth Strategy for the European Economy.”

The Lisbon Council takes part in the Meeting of OECD Social Affairs Ministers in Paris at the OECD’s invitation; Lisbon Council principals join the debate with social ministers from 30 OECD countries.

## April 05

The Lisbon Council intervenes in debate on the Services Directive, the European Commission’s plan to complete the internal market in services. Berglind Ásgeirsdóttir, deputy secretary-general of the OECD, joins a Lisbon Council debate on the economic benefits of opening the economy to free trade in services – and the need for an active social policy to accompany it.

Vladimir Spidla



André Sapir



EU budget negotiations break down at June European Council

June 05

After EU budget negotiations break down, Tony Blair, prime minister of the United Kingdom and chairman of the upcoming British EU Presidency, delivers a landmark address to the European Parliament, calling for a debate on the future of the European social model, as well as an overhaul of the EU budget along the lines proposed by André Sapir, author of the authoritative report “An Agenda for a Growing Europe.” Five days after Prime Minister Blair’s speech, the Lisbon Council hosts Professor Sapir for a special policy briefing on the EU budget.

The Lisbon Council continues its hugely successful **Modernising the European Social Model Initiative**. Vladimir Spidla, EU commissioner for social affairs, delivers **The 2005 Jean Jacques Rousseau Lecture**.

The United Kingdom takes over the EU Presidency

July 05

Andreas Schleicher on the Economics of Knowledge



September 05

Andreas Schleicher, head of the OECD’s Programme for International Student Assessment, presents leading-edge research to a special Lisbon Council debate on education. His policy recommendations will be published months later as a Lisbon Council policy brief. Wallonia’s Minister of Education Marie Arena takes part.



Marie Arena

Visit to 10 Downing Street



Ageing and Employment Debate

The UK Presidency convenes the Hampton Court Summit, focusing on globalisation and the future of the European social model

## October 05

President Paul Hofheinz and Executive Director Ann Mettler are invited to present the Lisbon Council's work on the European social model at 10 Downing Street; the two meet with Prime Minister Tony Blair.

Expanding its work on modernising the European social model, the Lisbon Council hosts a special session on Ageing and Employment. The event serves as a kick-off platform for the OECD's Ageing and Employment Synthesis Report, a ground-breaking study which the OECD formally publishes a week later.

Executive Director Ann Mettler is asked to contribute an essay on the European social model to a special UK Presidency publication entitled Moving Europe Forward. She also publishes a widely noted editorial in *The Wall Street Journal Europe* entitled "Reform Assassination."



## November 05

The Lisbon Council and Accenture publish a landmark study on **Jobs of the Future**. Published days before the November Competitiveness Council, the report is received by Ian Pearson, minister of state for trade and investment at the UK Department of Trade and Industry (DTI), who calls it "a very useful contribution to the ongoing debate about how to promote growth and employment in the EU."



## December 05

The Lisbon Council kicks off a speaker series on innovation. European Commission Vice-President Günter Verheugen delivers **The 2005 Guglielmo Marconi Lecture** to the **Innovation Forum**.

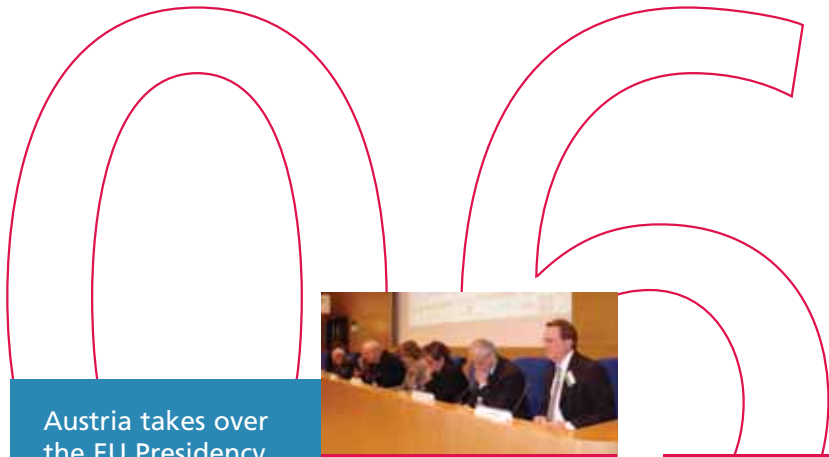
Raghuram Rajan, chief economist of the International Monetary Fund, delivers the second annual **Ludwig Erhard Lecture** to the **Board of Economists**. His remarks focus on "Concrete Proposals for European Reform, Prosperity and Renewal."



Günter Verheugen



Raghuram Rajan



Austria takes over the EU Presidency



Paul Hofheinz joins French Senate Debate



ING House

## January 06

Christian Poncelet, president of the French Senate, invites President Paul Hofheinz to join a top-level debate on the European social model in the French Senate. Other panelists include Jacques Delors, former president of the European Commission; Catherine Colonna, Europe minister of France; and Jacques Barrot, vice-president of the European Commission.

Leszek Balcerowicz, president of the National Bank of Poland, delivers **The 2006 Robert Schuman Lecture**. The **Board of Economists** convenes for a wide-ranging debate on Europe's economic future with President Balcerowicz.

Board of Economists



Leszek Balcerowicz

## February 06

The Lisbon Council holds its first conference outside of Brussels. Together with the OECD and ING Group, it convenes a timely seminar on **Globalisation and the Economics of Knowledge** at ING house in Amsterdam, Netherlands.

Annual EU summit on the Lisbon Agenda



Karl-Heinz Grasser

## March 06

In the run-up to the spring European Council, the Lisbon Council convenes the **Knowledge Summit**. Andreas Schleicher, head of the OECD's Programme for International Student Assessment (PISA), leads a working group on the Economics of Knowledge.

The Lisbon Council publishes its first policy brief, **The Economics of Knowledge: Why Education is Key to Europe's Success**. The policy brief generates widespread discussion and debate throughout the world, including in North Korea, where local papers refer to the study based on a BBC report. The author of the hugely successful publication is Andreas Schleicher of the OECD.

Karl-Heinz Grasser, finance minister of Austria and chairman of the Ecofin Council during the Austrian EU Presidency, delivers **The 2006 Ludwig Erhard Lecture**.



European Commission launches Citizens Agenda, calling for a review of the single market and a social reality check

## May 06

The Lisbon Council hits another landmark in its ongoing **Education Initiative** by hosting the launch of a widely publicized OECD study on “Where Immigrant Students Succeed.”



Poul Nyrup Rasmussen

## October 06

The Lisbon Council kicks off its **Climate Change Action Group** with an event honouring Al Gore who used the occasion to introduce his Academy Award-winning film *An Inconvenient Truth*.

The European Commission publishes a special communication on the long-term sustainability of public finances. Days prior, the Lisbon Council welcomes Joaquín Almunia, European commissioner for economic and monetary affairs, for a special policy address on this crucial issue. Executive Director Ann Mettler follows up with two editorials on fiscal sustainability in *Financial Times* and *BusinessWeek.com*.

Poul Nyrup Rasmussen, president of the Party of European Socialists (PES) and former prime minister of Denmark, delivers **The 2006 Jean Jacques Rousseau Lecture** on the future of the European social model.

Young Leaders for Lisbon



Al Gore



The Lisbon Council publishes **The European Human Capital Index**, a one-of-its-kind ranking of European countries based on their ability to develop and expand their human capital. *The Economist* devotes a full-page article to the ground breaking study, and adds “nobody has worked out the impact of knowledge like this before.”

The Lisbon Council convenes its third **Young Leaders for Lisbon Congress**. Highlights include a private meeting with Günter Verheugen, vice-president of the European Commission, and a wide-ranging lunchtime discussion with Poul Nyrup Rasmussen, president of the PES.

Hosted by the European Investment Bank, the Lisbon Council and Oracle organise a seminar on **Financing for Innovation and Growth: Meeting the Needs of Small- and Medium-Sized Enterprises** in Luxembourg.

theLisbonCouncil  
Policy Brief  
Innovation at Work:  
The European Human Capital Index  
By Peter Ester



Joaquín Almunia



Seminar on SME finance  
at European Investment Bank



## November 06

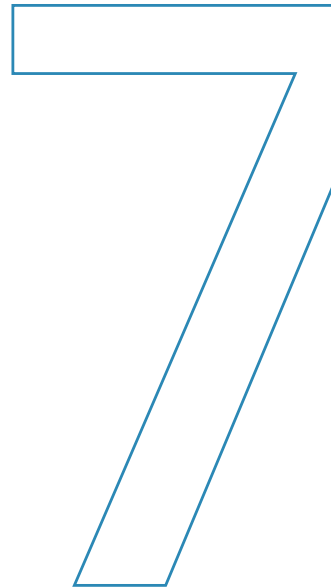
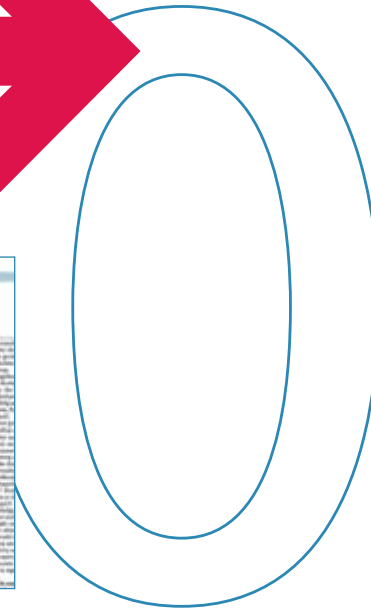
The Lisbon Council kicks off a new policy network, **Zukunftssalon: Forum for the Future**. The first Zukunftssalon focuses on Skills for the Future.

## December 06

The Lisbon Council launches the **European Consumer Initiative**. The highlight is **The 2006 Guglielmo Marconi Lecture**, delivered by William W. Lewis, founding director of the McKinsey Global Institute, who chooses the economic benefits of “Putting Consumers First” as his theme.



William W. Lewis and Thilo Bode



# Dear Friends,

Wow! What a year! Just as the naysayers were warning that Europe's future would be anything but a shiny one, the economy roared back with a vigour and sense of purpose that only the visionaries imagined possible six years ago when the Lisbon Agenda was signed. The economy grew by nearly 3% in 2006, pushing many government budgets back into balance and helping Europe to resurface at the leading edge of the global economy. Even better, nearly 3 million jobs were created in the European Union, bringing millions of people back into the active labour force and putting the oft-maligned Lisbon employment targets within reasonable grasp. Amazingly, inflation weighed in at 1.9% in the eurozone – under the European Central Bank's target – while productivity grew faster than the United States in four countries (Belgium, Germany, Sweden and the UK) for the first time since the 1990s.

The Lisbon Council grew, too. On the fundraising side, we raised €312,132, helping us broaden and deepen our range of activities and take our work in important new directions. Most notably, we convened 12 highly-successful meetings, including two summits – **The Knowledge Summit** and **The Young Leaders for Lisbon Congress** – and three meetings outside of Brussels – in Amsterdam, Luxembourg and Rome. We also published our first two policy briefs – **The Economics of Knowledge: Why Education is Key to Europe's Success** and **Innovation at Work:**

**The European Human Capital Index.** Both of these reports provoked excellent discussion and reflection throughout the European Union, and received unprecedented press coverage in the member states.

We also re-invested heavily in the organisation. In September, the Lisbon Council launched its new website [www.lisboncouncil.net](http://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, we re-designed and re-launched our newsletter and annual report to raise the standard of our visual presentation.

Our networks were active, too. The **Board of Economists** met twice – once for a memorable exchange on Europe's economic future with Leszek Balcerowicz (then president of the National Bank of Poland) and later for a half-day brainstorming on the sustainability of public finances with Joaquín Almunia, European commissioner for economic and monetary affairs. The **Young Leaders for Lisbon** were also busy, meeting privately for a wide-ranging discussion on a new social Europe with Poul Nyrup Rasmussen, former prime minister of Denmark and president of the Party of European Socialists, as well as Günter Verheugen, vice-president of the European Commission. And the **Innovation Forum**



Board of Directors, left to right: Paul Hofheinz (president), Ann Mettler (ex officio), Joeri van den Steenhoven and Tjark de Lange (treasurer)

convened for an outstanding day-long debate on the challenges of entrepreneurship.

So let me thank you – all of you, for it is our collective achievement which made this possible – for making 2006 such a successful year. Together with you, we have succeeded in building a one-of-its kind forum for progressive, committed Europeans who want to help build a more sustainable, more prosperous future for our continent. It's your energy, passion and commitment that drives our work, and I want to thank you from the bottom of my heart. The best is yet to come.

Paul Hofheinz  
President, The Lisbon Council asbl

# Members

- Senior Fellow  
Peterson Institute for  
International Economics,  
USA
- Member since 2004



Martin Baily

- Founder and Director  
Institute for Civilization  
and Culture,  
Slovenia
- Member since 2005



Alja Brglez

- Director  
smallbusiness|europe,  
Belgium
- Member since 2005



Ben Butters

Paul Hofheinz



- President and  
Co-Founder  
The Lisbon Council
- Founding Member  
(2003)

Tjark de Lange



- Treasurer and  
Co-Founder  
The Lisbon Council
- CEO Kapp Nederland,  
Netherlands
- Founding Member  
(2003)

Jean-Pierre Lehmann



- Founding Director  
The Evian Group,  
France
- Member since 2005

Elisabeth Lulin



- Vice-President of  
the Advisory Board  
Aspen Institute France,  
France
- Member since 2004

Ann Mettler



- Executive Director  
and Co-Founder  
The Lisbon Council
- Founding Member  
(2003)



- Author  
Towards an  
Open People's Party,  
Belgium
- Member since 2004



Koert Debeuf

- Executive Director  
and Founder  
berlinpolis,  
Germany
- Member since 2004



Daniel Dettling

- Director, European  
Human Capital Project  
The Lisbon Council
- Member since 2004



Peer Ederer

- Professor of Innovation  
Management  
ESCP-EAP European  
School of Management,  
France
- Member since 2005



Isaac Getz

- President and  
Co-Founder  
Vision,  
Italy
- Member since 2004



Francesco Grillo

Marcello Palazzi



- Founder and President  
Progressio Foundation,  
Netherlands
- Member since 2006

Bernard Spitz



- Secretary-General  
En Temps Réel,  
France
- Member since 2004

Joeri van den Steenhoven



- Chairman  
and Co-Founder  
Kennisland Foundation,  
Netherlands
- Member since 2004

Pawel Swieboda



- Founder and Director  
demosEUROPA –  
Centre for European  
Strategy,  
Poland
- Member since 2006

Jörg Tremmel



- Founder and Director  
Foundation for the  
Rights of Future  
Generations,  
Germany
- Member since 2005



'People thought we were crazy when we started up a social network software company three years ago. It was tough getting resources in a world where nobody thought ahead. Raising the first £10,000 was the most difficult. Then, all of a sudden, doors that I was banging on a year ago started to open.'

*Charles Armstrong, chief executive officer, Trampoline Systems, United Kingdom, speaking at the Financing for Innovation and Growth Initiative.*

# Innovation

## **Innovation is crucial to remaining at the forefront of global economic developments.**

Without innovation, we will not be able to sustain high-wage jobs, preserve the environment and maintain social equity. While there is much talk in Europe about innovation, there is still too little public engagement and popular understanding that innovation is first and foremost about doing things differently. Put simply, we need renewal and change in all areas of society – public and private. Against this backdrop, the Lisbon Council is committed to leading a campaign on the role and importance of innovation, to shedding light on innovation's intricate dynamics and to providing a platform where innovative minds can connect and exchange ideas.

### **Financing for Innovation and Growth**

The Lisbon Council held an event on **Financing for Innovation and Growth: Meeting the Needs of Small- and Medium-Sized Enterprises**. Held at the headquarters of the European Investment Bank in Luxembourg, and organised in cooperation with Oracle, the event brought together entrepreneurs from across Europe.

### **Consumer-Driven Productivity**

Dr. William W. Lewis, founding director of the McKinsey Global Institute and one of the world's most renowned authorities on productivity, delivered **The 2006 Guglielmo Marconi Lecture**, the Lisbon Council's flagship lecture on innovation. Author of the book "The Power of Productivity: Wealth, Poverty and the Threat to Global Stability," Dr. Lewis spoke about the economic merits of "Putting Consumers First."

### **Innovation, Innovation, Innovation**

Executive Director Ann Mettler published a widely noted editorial in *The Wall Street Journal Europe* entitled "Innovation, Innovation, Innovation." It commented on the efforts of the Finnish EU Presidency to push forward Europe's innovation agenda, and called for a more sophisticated analysis of the true causes behind Finland's economic success.

### **Europe in the World**

The Lisbon Council hosted Professor Enrico Giovannini, chief statistician of the Organisation for Economic Co-Operation and Development (OECD) for the launch of 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, particularly with regards to innovation, research and development, as well as productivity measures.

# Human Capital and Education

**Human capital and education are at the centre of a knowledge economy.** More than ever, our level of education and skills will determine future social cohesion, prosperity and sustainability. Europe was once a beacon of educational achievement, and a model for other countries to follow, but much has happened in recent decades to undermine Europe's education record. Too few resources are spent, too little self-responsibility is given to our schools and universities, and too little attention is being paid to other regions that are rapidly advancing their own education systems. Against this backdrop, the Lisbon Council deems it of utmost importance to strengthen and broaden the debate surrounding European educational systems.



## The Economics of Knowledge: Why Education is Key to Europe's Success

In a landmark study, the Lisbon Council detailed the economic and social costs of under-investment in education, skills and life-long learning. Written by world-renowned education specialist Andreas Schleicher, head of the Programme for International Student Assessment (PISA) at the Organisation for Economic Co-Operation and Development (OECD), the study was a timely wake-up call for Europe to step up its efforts in this all-important field.

## Innovation at Work: The European Human Capital Index

With a new, leading-edge methodology, the Lisbon Council weighed into the current debate surrounding innovation by looking at the way Human Capital is developing in 13 European countries. Based on a methodology devised by Peer Ederer, director of the **European Human Capital Project**, the study predicts major challenges for key countries – such as Germany and Italy – that do too little to invest in and develop their human capital. If current trends are not reversed, the study says

citizens of Sweden and Ireland (which invest heavily in their human capital) could enjoy a living standard up to twice as high as citizens of Germany and Italy – a trend which would turn the traditional economic hierarchy of Europe on its head.

## Skills for the Future

The Lisbon Council kicked off a new policy network, **Zukunftssalon: Forum for the Future**, with a discussion on Skills for the Future. A platform for progressive, future-oriented leaders from the European institutions, as well as representatives from business, academia and civil society, the Zukunftssalon:

Forum for the Future is an eclectic meeting space, where discussions are conducted in a non-ideological, pragmatic and solution-oriented spirit. Speakers at the December meeting included Mark Spelman, chief European strategist at Accenture, and Ester Basri, skills and migration expert at the OECD.

## Where Immigrants Succeed

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's PISA programme, 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.



# Sustainability

**The Lisbon Council supports environmental sustainability and believes that its principles must also apply to other policy areas, such as public finances and social security systems.**

Against this backdrop, we are working to promote and encourage a broader understanding of sustainability and a deeper awareness of the need for sustainability in all policy areas: environmental, social and economic.

## Al Gore at Lisbon Council

Together with Progressio Foundation and Tällberg Foundation, the Lisbon Council hosted a 90-minute reception for former US Vice President Al Gore. The Vice President was in Brussels for the premiere of *An Inconvenient Truth*, his Academy Award-winning film on the imminent perils of global climate change. Commissioners Stavros Dimas and Neelie Kroes also joined the event.

## Long-Term Sustainability of Public Finances

On the eve of a major European Commission communication of the long-term sustainability of public finances, Commissioner Joaquín Almunia delivered a special address to the **Board of Economists**. He warned that economic activity could be halved progressively between 2030 and 2050 due to demographic developments and said that the effects of an ageing population could cause Europe's potential annual growth to fall to 1%, less than half the current rate. Public

spending in pensions and health care is projected to increase by about 4% of GDP between 2005 and 2050, putting strong pressure on the public finances of most member states.

## Climate Change Action Group

The Lisbon Council launched its newest policy network: The **Climate Change Action Group**. Comprised of individuals and organisations that offer tangible solutions to the climate crisis, the group is committed to pro-actively contributing

to the policy debate surrounding global warming.

## 'Europe Must Take an Honest, Long-Term Fiscal View'

In a *Financial Times* editorial, Executive Director Ann Mettler argued that the principle of environmental sustainability, a hallmark of European leadership, be applied to other policy areas, such as public finances. In the face of an ageing and declining population, social security systems must be made sustainable for today's young people and future generations.

# Growth and Jobs

'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 The 2006 Jean Jacques Rousseau Lecture.*

**Jobs and job creation are at the centre of every successful, sustainable and socially cohesive economy.** With many countries in Europe experiencing high unemployment, particularly among the young, the Lisbon Council pays great attention to the issue of job creation and labour markets. Linked with our human capital and education agenda, the Lisbon Council contributes to leading-edge thinking on the Lisbon Agenda, laying out pragmatic, solution-oriented policy options to address Europe's growth and jobs challenge.

## A New Social Europe

In a special briefing, the president of the Party of European Socialists (PES), former prime minister of Denmark and architect of the "flexicurity" model Poul Nyrup Rasmussen shared his vision of a Europe based on inclusion, opportunity, sustainability and innovation. Speaking to the **Young Leaders for Lisbon** network, a group of social innovators, think tankers and activists from eight European member states, Mr. Rasmussen presented key points from the PES manifesto on "A New Social Europe."

## The Lessons of Catching Up

Leszek Balcerowicz, president of the National Bank of Poland and one of Europe's most respected and successful reformers, delivered **The 2006 Robert Schuman Lecture** on "The Lessons of Catching Up."

One and a half years after Europe's historic enlargement to the East, Professor Balcerowicz met with the **Board of Economists** to discuss the progress of convergence and the policy lessons to be drawn in the old and new EU.

## International Social Security Forum in Rome

Together with IBM, the Lisbon Council co-hosted the International Social Security Forum in Rome. 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.

## Globalisation and the Economics of Knowledge

Together with the OECD and ING Group, the Lisbon Council convened a seminar on **Globalisation and the Economics of Knowledge** at ING House in Amsterdam. The programme had three main focuses – globalisation and demography, education and social inclusion, and creativity and innovation – which were introduced by internationally renowned experts: Hans Rosling, professor of international health, Karolinska Institutet in Stockholm; Berglind Asgeirsdottir, deputy secretary-general of the OECD; and Emilio Fontela, dean of the faculty of law, economics and business, Antonio de Nebrija University in Madrid.

# Forthcoming 2007

## The 2007 Growth and Jobs Summit

On the eve of the Spring European Council meeting, the Lisbon Council will convene a one-of-its-kind rally of progressive, pro-reform forces from throughout Europe. Highlights will include keynote addresses from Michael Glos, minister of economy and technology of Germany (and acting head of the competitiveness council under the German EU presidency) and Angel Gurría, secretary general of the OECD.

## Board of Economists Summit

The **Board of Economists** convenes for its annual summit. Highlights will include a working lunch with Jean-Claude Trichet, president, European Central Bank and Martin Baily, senior fellow, Peterson Institute of International Economics.

## Climate Change Action Group

This new Lisbon Council network will take a leading stand on the challenge of climate change – and the solutions at our disposal.

A high level intervention is expected from Stavros Dimas, European commissioner for the environment.

## Entrepreneurs in Europe Initiative

Entrepreneurs from around Europe will gather in Brussels for the **Innovation and Entrepreneurship Day**, an event intended to highlight the vital role entrepreneurs play in a healthy, well-functioning economy. An earlier seminar will focus on entrepreneurship education.

## Living Longer, Living Better

In order to raise awareness of the challenges – and opportunities – of an ageing population, the Lisbon Council will convene a seminar and publish a study on the advantages and dilemmas of keeping Europe's workforce active and engaged.

## Skills and Human Capital Summit

The Lisbon Council will highlight and develop its work on skills, seeking to show the importance of human capital in Europe's development strategy.

## European Consumer Initiative

In a number of activities, the Lisbon Council will shed light on the important contribution consumers make to boosting productivity, enhancing competition and fostering a dynamic, innovation-driven society.

## More Research and Policy Briefs

**European Growth and Jobs Monitor, Skills for the Future, European Human Capital, Towards a New Kyoto Treaty** and more.

# Financial Highlights

## Income and Expenditure\*

## Balance Sheet\*\*

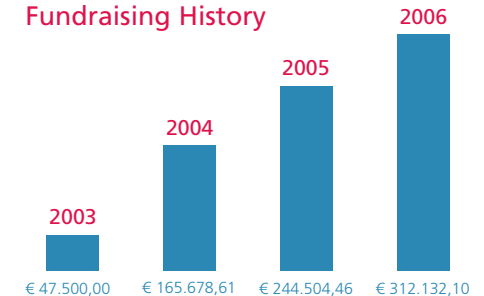
2005 2006

2005 2006

<b>Income</b>	<b>€ 244.504,46</b>	<b>€ 312.132,10</b>
Donations	244.504,46	312.132,10
<b>Expenditure</b>	<b>(€ 227.282,25)</b>	<b>(€ 304.955,44)</b>
Office	(45.109,67)	(38.790,93)
Administration	(123.671,43)	(158.425,15)
Travel	(16.685,05)	(20.414,84)
Events	(36.525,99)	(47.085,67)
Publications	0,00	(29.610,70)
Depreciation	(5.290,11)	(10.628,15)
<b>Surplus/deficit (reserves)</b>	<b>€ 17.222,21</b>	<b>€ 7.176,66</b>
Surplus/deficit brought forward	0,00	0,00
Net surplus/deficit carried forward	0,00	0,00

<b>Assets</b>	<b>€ 52.757,12</b>	<b>€ 75.641,16</b>
<b>Fixed assets</b>	<b>€ 8.886,70</b>	<b>€ 16.866,90</b>
Net equipment	8.369,75	16.522,26
Net furniture	516,95	344,64
<b>Current assets</b>	<b>€ 43.870,42</b>	<b>€ 58.774,26</b>
Accounts receivable	40.000,00	55.579,07
Cash or equivalents	2.378,53	1.878,15
Deferred charges	1.491,89	1.217,04
<b>Liabilities</b>	<b>(€ 52.757,12)</b>	<b>(€ 75.641,16)</b>
<b>Retained earnings (reserves)</b>	<b>(€ 45.702,97)</b>	<b>(€ 52.879,63)</b>
<b>Current liabilities</b>	<b>(€ 7.054,15)</b>	<b>(€ 22.761,53)</b>
Accounts payable	(3.971,98)	(22.761,53)
Current account	(3.082,17)	0,00

## Fundraising History



The Lisbon Council would like to thank the following companies for their support in 2006:

Accenture, Allianz Group, Electronic Data Systems (EDS), ExxonMobil, IBM, ING Group, Kapp Nederland, Morgan Stanley, Oracle, Royal Dutch/Shell Group, Swift and Tesco. 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.

\* covering the 12-month period ending 31 December 2006

\*\* as of 31 December 2006

The Lisbon Council for Economic  
Competitiveness and Social Renewal asbl

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

[www.lisboncouncil.net](http://www.lisboncouncil.net)

### About the Lisbon Council

Founded in 2003, the Lisbon Council is a Brussels-based think tank and policy network committed to making a positive contribution by engaging political leaders and the public-at-large in a constructive exchange about Europe's economic and social future. Incorporated in Belgium as an independent, non-profit and non-partisan association, the Lisbon Council is among Europe's most authoritative voices on economic modernisation and social renewal.

### Environmental Responsibility

The Lisbon Council supports sustainability across the board – in the environment, in public finances and in social security systems. As part of our commitment to environmental sustainability and in an effort to reduce our climate footprint, the Lisbon Council offsets all greenhouse gas emissions stemming from its office operations and travel.

This annual report is printed on paper grown under a certified forestry management system using chlorine-free pulp.

Photography:  
Bernard Foubert,  
Alexis Haulot,  
Thierry Monasse,  
Anna-Maria Romanelli.  
Photo on page 20 courtesy  
of NASA.