From Bust to Boom:

New Chance for Lisbon Strategy

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BUDAPESTI CORVINUS EGYETEM

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About the Knowledge-Based Society

(Hungary and Lisbon strategy)

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Lisbon as European Strategic Answer

Complex, but contradictory answer:

- Competitive economy on global markets,
- Knowledge-based society,
- E-infrastructures, technologies
- Dynamic economic growth (improvement of macro-performance),
- Sustainability of development (environment),
- Social integration (European Social Model).

Evaluation

Diverging country performances (misleading averages): Scandinavian countries better performing than USA,

Internal convergence as important as global one (CEE and SE should converge to core Europe)

Re-evaluation of market competitiveness is needed:

In industrial products about $40bn surplus with USA, $200bn deficit with China.

Europe lagging behind particularly in service sectors.

Global Challenges – Reforms Needed

- Modernisation of structures and technologies,
- Creation of knowledge based society,
- Reforms of governance,
- Reforms of "state households",
- Reforms of public services,
- Broad social implication, reforms of social systems.

Beyond Structural Problems and Lisbon

Globally competitive markets – regulated markets,

„Socially" regulated markets – beyond state, civil organisations, local governments, or trade unions.

Regulation should market conform (separation of economic and social policies) and global conform (taking into account global determinations).

Reforms should go beyond liberalisation – social consensus is needed.

E-Services for All

Globalization creates huge income inequities,

Convergence, however, in real consumption (ICT make mobiles, televisions etc. affordable to poor),

Digital gap should be bridged:

So far supply policies favoured (cheap computers or Internet access),

Demand creation (activisation) equally important (teach Internet, bring services to peoples).

MMS model is an example.

Knowledge-based Society

Technological revolution together with revolution of sciences (physics, genetics etc.)

In social sciences – Need for scientific management of companies and macro-economy.

Knowledge as major production factor – un limited, renewable and exchangeable (scarcity overwritten).

R&D in production costs and GDP.

The qualitatively new requirements towards education.

Reform of Education

Quality education revalued. Universalisation of higher education.

Demographic processes – average age can increase to 100 years.

Bologna – convergence and mobility, but due to mass education and „reforms" with resource withdrawal from the sector, deterioration of quality. This is contrary to requirements of knowledge based society.

Reform of Education

Discussions about the content of education.

Students should be trained according to the needs of market. It is relevant in terms of practice oriented training, and the demand of skills.

But students should not be trained for jobs.

University means that all the theoretical and methodological questions of the field (economist, lawyer etc.) should be taught.

They have to be taught to think, to solve problems, and they have to be innovative, improvising, intelligent, communicative, imaginative, adaptive and enterprising.

Equal Opportunities?

But we are not equal in our personal capabilities and talents.

According Jeffry Sachs: only 15% of the world population is able for innovations, about half to adapt, and about one third unable innovate and adapt, has no relation with new technologies.

One solution: leave them in a dependent status. In an age of high productivity it would cause any problems. This is unacceptable.

We have to find solutions in education. Everybody has talents, capabilities. That should be found and developed.

Equal Opportunities?

The present educational systems are incapable to address these problems. Instead, of equal opportunities, we need *creation of opportunities*.

The *individual talent development* should be the focus of any educational system. Totally new systems should be created. And it is a little more expensive. The present „educational reforms" combined with budgetary cutting have nothing to do with these problems.

Indicators of Knowledge-based Society

Attempts of OECD and EU (Eurostat):

- Knowledge-input (stock and flow),
- Knowledge-output,
- Knowledge networks,
- Relation of learning and knowledge.

Gross R&D in Percent of GDP

	2005
EU 27	1,84
EU15	1,90
USA	2,61
Japan	3,32
Sweden	3,80
Germany	2,48
Czech Republic	1,41
Hungary	0,94
Romania	0,41

High and medium tech R&D in Total R&D in Manufacturing Industry

EU15	89,2
USA	89,9
Japan	86,7
Sweden	92,7
Germany	92,3
Czech Republic	92,0
Hungary	87,8
Spain	77,0
Portugal	61,1

- European Innovation Scoreboard 2007

Risk Capital (Investments in Percent of GDP)

EU15	0,133
USA	0,146
Hungary	0,035
Ireland	0,039
Portugal	0,038

European Innovation Scoreboard 2007

Innovation Performances

	EU	USA	JAP	HU
IC expenditures in GDP	6,4	6,7	7,6	8,1
Patents (EPO) per 1 mill. p.	128	168	219	19
Patents (USPTO) "	49	274	274	3,5
New reg. (EU) trade marks "	108	34	13	20
New reg. (EU designs "	109	18	15	11

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Expenditures on Education in Percent of GDP in 1995 and 2005

	1995	2005
EU25	-	5,05
USA	4,56	4,85
Japan	3,24	3,52
Sweden	7,22	6,97
France	6,04	5,67
Germany	4,62	4,53
Hungary	5,39	5,45
Czech Republic	4,04	4,37
Ireland	5,07	4,77
Portugal	5,37	5,40
Spain	4,66	4,23

Eurostat.

Number of higher education diploma in 25-64 old (percentage)

EU15	24,0
EU25	22,8
USA	38,4
Japan	37,4
Finland	34,6
Germany	24,6
Hungary	17,1
Poland	16,8
Czech Republic	13,1
Italy	12,2
Portugal	12,8

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Number of diploma in science and technology among 20-29 old per 100

EU15	13,6
USA	10,2
Japan	13,4
Sweden	15,9
France	22,0
Germany	9,0
Hungary	5,1
Czech Republic	14,6
UK	18,1
Portugal	11,0
Spain	12,5

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Participation in Life-long Learning
in Percent of 25-64 old

EU15	12,1
Sweden	34,5
Denmark	27,6
France	7,6
Germany	8,2
Hungary	4,2
Czech Republic	5,9
UK	29,1
Portugal	4,6
Spain	12,1

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Number of researcher on 1000 employed

EU15	5,68
USA	8,08
Japan	9,14
Ireland	4,98
Slovenia	4,64
Hungary	3,61
Czech Republic	2,93
Portugal	3,51
Greece	3,30

R&D 2004 Yearbook. KSH.

Share of High and Medium-Tech Sectors in Manufacturing GDP in 2003 (100%)

	High-tech	Medium-tech	Together
EU25	13	31	44
Finland	24	19	43
Ireland	23	42	65
Germany	11	44	56
Sweden	12	34	46
Hungary	14	31	45
Czech Republic	7	32	39
Portugal	6	18	24
Poland	6	18	24

Science and Technology in Europe. Eurostat. 2005

Productivity per Employed
PPP calculated GDP

	1997	2007
EU27	100	100
Finland	112	113
Germany	112	107
France	109	100
Hungary	62	76
Slovenia	72	87
Slovakia	55	76
Czech Republic	61	73
Portugal	69	68
Poland	50	62

Eurostat 1997- 2008

Access to High Speed Internet
per 100 population

EU25	10,6
EU15	12,0
USA	14,9
Japan	16,3
Netherlands	22,4
Denmark	22,0
France	13,9
Hungary	4,5
Czech Republic	4,3
Portugal	10,1
Poland	1,9

European Innovation Scoreboard 2007

Publications on 1 Million Population in 2002

EU15	673
USA	774
Japan	550
Ireland	647
Hungary	374
Czech Republic	415
Portugal	339
Greece	458

Eurostat, KSH.

Summary

Gap between North-West and East-South is still substantial,

Contradictory achievements, both in information and knowledge based society.

This gap, particularly to CE, was remarkably reduced in the last 10 years,

CE (H) is relatively well placed (around EU25 average),

CE (H) is good in fields related to FDI.

END

THANK YOU