

The strategical relations of the Lisbon Program

Tibor PALÁNKAI

The Lisbon Program can be considered as a strategical experiment with which the EU tries to respond to the challenges of our days. I myself relate it in a way like this. In the past decades, what caused the EU recurring troubles was directly its declining or insufficient competitiveness. The issue of competitiveness got to the centre of EU policy especially from the 1980s. It became obvious that the EU was losing ground on the global market especially in the field of high technology. Their reaction to the problem was partly the total integration of markets, which they tried to achieve by establishing the single internal market. From the point of view of economic policy an important step was taken by the Single European Act, which involved research and development policies in the circle of common policies. 'Framework programs' were launched and both the Treaty of Maastricht and the Treaty of Amsterdam confirmed that adequate 'actions' are needed for the competitiveness of industry. In 1993 the Commission published its White Paper called "Growth, Competitiveness and Employment", which was followed by the Bangemann report titled "Europe and the Global Information Society" in 1994. The Council's decision in Lisbon in March 2000 undoubtedly meant a turning point in the process. It aimed at the EU's becoming the most competitive economy on the global markets by 2010 through the realization of the so-called e-Europe program.

Key words: Lisbon Program, knowledge-based society and economy, competitiveness, modernization, sustainability, social cohesion, globalization – global integration and challenges, structural problems and reforms, reforms in the field of education

Europe under double pressure

Katalin BOTOS

In the past years the old continent has had a 25 percent backlog with its per capita GDP behind the GDP-level of the US. The Western part of Europe is developing at a significantly slower rate than the US and, concerning growth of rate, it is far behind China. Searching for the reasons for it, we can find that the high redistribution level of European welfare states lays a heavy burden on the business sphere, which weakens competitiveness. Attempts at austerity measures, understandably, cause political difficulties.

In the long run changes are to be expected in international fields. The US is on the course of a budget debt which ex-chairman of Fed, A. Greenspan himself considered to be unsustainable. The reason for it is the fact that the USA itself is aging. Social benefit-costs, which are internationally relatively low, are due to be increasing there, too.

For the time being, budget deficit does not cause operative troubles because China invests its huge currency reserves into American government bonds, thus financing the deficit.

However, in the long run, the admired Chinese growth will also become limited. First of all, the problems triggered by environmental pollution will cost huge amounts of money. What will not be sustainable, either, is the fact that the institutional social security system has not developed simultaneously with market development, and China is aging extremely fast. This might make it necessary for the country to use up the currency reserves for communal consumption, which might affect the financial situation of the US as well.

As a result of all these, considering the future of Europe and the world, it will be of key importance to keep an eye on the international financial system and the process of aging in developed and fast developing countries in Asia.

Key words: demography, competitiveness, old age income, pension schemes, state debt, monetary policy, pension funds

The Lisbon National Reform Program – Illusion and reality

Beáta FARKAS

Since 2005 the realization of Lisbon Strategy has been promoted by submitting three-year national reform programs according to the guidelines of the Union, and reporting on the achievement of that each year. The study investigates how the Hungarian reform program utilizes the incentives of the Lisbon Process to solve the problems given for the economic policy.

Comparing the reform program of 2005 with the revised reform program of 2006, it can be seen that the domestic political games influenced them; the two papers describe a very different macroeconomic situation. In addition to this, they follow the 24 guidelines of the Union and outline a lot of measures without focusing on decisive points which could give dynamism to development. These documents show the weaknesses of Hungarian public administration which reach beyond political cycles.

Key words: economic policy, convergence, competitiveness, employment

Growth prospects in the EU and in Hungary: Opportunities of the Lisbon Strategy

Péter HALMAI

Economic growth is a key indicator of the European Union's adjustment to world economy. An important factor of the new members' real convergence is the growth potential exceeding that of the developed European countries'. Analysis of the determinant factors of economic growth and their future development is a precondition of determining economic policies enhancing competitiveness and growth.

The acute structural efficiency problems of the EU15 and the slow adjustment to the globalisation processes envisage a continued decrease in potential growth rate. Paradoxically, potential growth rate of the new member states may fall below the average of the EU15 and therefore real convergence may stop. Integrated structural reforms exceeding the critical mass would strengthen each other and they would create a chance for dynamic growth, making an opportunity for new members to catch up and at the same, time to renew the European model.

Key words: economic growth, convergence, structural reforms, productivity

The contribution of the Lisbon Process to the improvement of Hungary's competitiveness

Miklós LOSONCZ

The objective of the paper is to analyse the impact of Hungary's involvement in the Lisbon Process on its international competitiveness. The first part of the study analyses the Lisbon objectives by evaluating their relationship to reality as well as their feasibility and consistency. The second part focuses on the role of the Lisbon Process played in the improvement of Hungary's economic competitiveness. One of the major conclusions of the report is that common interests among EU member states have not been strong enough for the implementation of the Lisbon objectives. If member states fail to accomplish the agreed objectives, they do not have to face economic disadvantages holding them back from breaking the set rules. The results of the Lisbon Process achieved so far are rather controversial. The improvement in economic performance and competitiveness is related to economic policies elaborated and implemented at the level of the member states rather than to those initiated and pursued by the EU. The Lisbon Strategy and process do not have a direct impact on Hungary's international competitiveness. Nevertheless, the Lisbon objectives are incorporated in the set of Hungary's economic policy objectives.

Key words: competitiveness, economic policy, open coordination

The analysis of the Lisbon Process by means of non-linear growth theory: conclusions for Hungarian economic policy

Péter CSILLIK – Tamás TARJÁN

The Lisbon Process has set a highly ambitious target for the EU – among others, to catch up with the US in the field of the per capita GDP up to 2010; although the development level of the EU has been fluctuating only around 70 per cent of the US GDP, for the last three decades. The authors, using a growth model of theirs, try to estimate the time demand for catching up if the EU was instantly able to apply a system of institutions that makes it possible to catch up. The model shows that – even under such ideal circumstances – it would take at least half a century. Furthermore, the paper examines the backwardness in the system of institutions by comparing 8 institution types in the EU contra the US and Hungary contra the EU, and then sets the four breakout points where improvements are both possible and necessary in Hungarian economy.

Key words: European Union, growth theory

The development of Single Internal Market from a Hungarian standpoint

Sarolta SOMOSI

Several analyses have been made both about the “original” and the “new” conception of the Lisbon Strategy. They have examined the roots, the criticisms raised upon against the concept of the strategy and they even deal with the sectors affected. As we could estimate it, these analyses have some shortcomings. We think that – maybe because of the understandable reasons such as the lack of consistency and effectiveness and because of the denomination of internal market – there is an untapped field within the examinations which could deal with the relations of internal market and the Lisbon Strategy.

We believe that the topic is worth a short analysis, although the internal market itself seems to be getting exhausted as well. With this short paper our aim is to present the effect of the Lisbon Strategy on the internal market and to introduce Hungary’s position in this organic or rather guided development.

Key words: Lisbon Strategy, single internal market

Possible development strategies of different region types in the knowledge-based economy in Hungary

Miklós LUKOVICS

The key role of precise situation analysis with development purposes is beyond doubt, as the different nature of the starting conditions demands different interventions and strategies of economic development in the different regions. For the success of national regional development, it is essential to be able to assess complex spatial processes as precisely as possible. Knowledge-based economy – as a consequence of the Lisbon Strategy – seems to represent a highly important ground-gaining force – quasi becoming a trendy buzzword – that attracts increasing attention in developed countries, although its forms vary in different regions owing to the differing situation and set of conditions of the given area and the new type of international specialization emerging as a result of global competition. Based on international experience, it can be said that considering the starting position and conditions of local regions, different region types are likely to host highly different development paths, and economic development based on knowledge production can be expected to occur only in few regions. One of the possible tools to exploit the starting conditions of the given territorial unit is competitiveness analysis.

This paper aims to interpret the most important highlights of our former analysis based on a closed logical method describable by objective selection and weighing process of indicators based on the pyramid model of competitiveness. Built upon these results, this paper presents the most important relevancies of the economic development strategies of three theoretical region types, in connection with the Lisbon Strategy.

Key words: knowledge-based economic development, competitiveness of local regions, typology of sub-regions

Knowledge-Intensive Business Services and the Lisbon R&D Targets

Zoltán BAJMÓCY

It has become widely acknowledged that innovation activity and technological change are the main driving forces of economic growth, which recognition also fashioned the conceptualization of the Lisbon strategic objectives. Knowledge-intensive business services (KIBS) are able to contribute significantly to the realization of the Lisbon targets due to their role in the innovation system and because of the fact that they form a highly innovative, fast growing sector themselves. However the 3 percent R&D target, the main element of the Lisbon innovation objectives,

covers a narrower technology-policy aim that is to a large extent insensible to the exploitation of the KIBS' potential.

In present paper we argue that the exaggerated focus of the economic policy on the input side of R&D may itself hinder the realization of the proposed objectives. Hence we attempt to answer the following questions: To what extent can innovativity be embraced by the examination of R&D expenditures, and what is the role of KIBS in the innovation process. In connection with the Lisbon R&D objectives we analyze KIBS from three aspects: first, the economic significance of the KIBS, as a highly innovative sector; secondly, the role of KIBS in the intra- and inter-industrial knowledge transfer; and thirdly, the role of KIBS in the academy-industry relations.

Key words: Lisbon R&D targets, Knowledge-intensive business services (KIBS), Evolutionary economics, Systems of innovation

The reform of Hungarian university management in the light of the Lisbon Strategy

Gabriella KECZER

The European Council set a strategic goal for the European Union at its Spring Summit in Lisbon in 2000 – to become, by 2010, 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. Knowing that education plays an important role in the Lisbon objectives, education – including higher education – was given a great emphasis in the Lisbon Strategy from the beginning.

Analyzing the documents, reports and communications launched by the European Commission, in the first part of my paper I present the development of ideas and guidelines for member states concerning the reform of university management. In the next part I summarize the most important tendencies in university management in Western-European countries recorded in their country reports. And finally I present the history of the Hungarian initiative for reforming our university management. I also list the most important experience that can be obtained from the failure of the initiative.

Key words: Lisbon Process, higher education, university management, Hungarian reform of university management

**The evaluation of the situation of Hungarian employment
in the light of the Lisbon Strategy**

Katalin CSUHAJ

One of the main goals of Lisbon Strategy is to boost European employment. This study shows how Hungary performs compared to other EU members and according to the objectives of Lisbon. It summarizes the main problems of Hungarian employment: the situation of low skilled people, the small activity of women and the elderly, regional disparities.

Key words: rate of employment, unemployment, inactivity

**Means of Making the Labour Market more Flexible,
Especially of Flexible Worktime**

László GULYÁS

One of the most important ecological problems of EU members is high unemployment rate. That is why, according to the experts, one of the most important tasks is to reduce unemployment. According to their opinion it can be reduced by making the labour market more flexible. The first part of this essay presents the methods which have been used so far by West-European countries to enhance flexibility. The second – longer – part deals only with time sharing in details.

The results of this essay are: first of all, it presents the characteristics of time sharing systems and the circumstances helping their development, secondly it presents some - German, Danish, Greek and Swiss - examples. Thirdly, it briefly presents the situation of job sharing system in Hungary.

Key words: labour market, flexibility, atypical jobs

**Sustainable growth? – The critical analysis of the new Lisbon Strategy
from the viewpoint of sustainability**

György MÁLOVICS

The European Union's document, "Time to Move up a Gear: The New Growth and Employment Partnership" sets the aims of economic growth and sustainable development simultaneously. In my study I wish to point out that sustainable growth is not necessarily a feasible aim either in a technological and economic or in a political

sense. I discuss the inconsistency within this Lisbon system of objectives through the critical analysis of the theory of weak sustainability.

Key words: sustainable development, weak sustainability, natural resources, substitution, sustainable growth

Emission quotas, renewable energy sources, environment-friendly traffic, the prevention of natural resources: the environmental duties and possibilities of Hungary on the grounds of the Lisbon Strategy

Anita PELLE

The Lisbon Strategy does not deal with the protection of the environment directly, it places competitiveness into the focus. Thus the question is raised whether competitiveness is compatible with environment at all.

The question is even more relevant for Hungary, one of the less prosperous Member States of the European Union that acceded in 2004. In the case of these countries, where the necessity to catch up economically often prevails over environmental aspects, the issue to be handled is the following: what solutions may help reach the target of serving economic development and the protection of the environment at the same time? Of these solutions, after the introduction of the state of the environment in the new Member States, we examine the possibilities lying in renewable energy sources and the EU's emission trading scheme, from Hungary's perspective.

Key words: Lisbon Strategy, European Union, environment, Hungary

Environmental Reforms in Hungary in the light of the Lisbon Strategy

Ferenc SZABÓ

Accession of Hungary to the European Union offers remarkable opportunities for the country to catch up. Our lag behind more highly developed regions of the world is still considerable, especially in terms of infrastructure development aimed at environmental protection. European funds became available even in the period of the accession process. Several significant projects were prepared and launched within the framework of the ISPA Initiative as early as four years before de facto accession, in 2000. As an interesting and perhaps not accidental coincidence, the EU set out its Lisbon Strategy of development and job creation also in 2000. The environmental objectives of that strategy were by and large identical to those of Hungarian envi-

ronmental infrastructure development projects implemented on the basis of ISPA support.

On the basis of the “Szeged Regional Waste Management Programme” project launched in 1999 and implemented with support by the EU, I intend to provide an assessment of the domestic reform activities aimed at environmental protection from the viewpoint of the Lisbon Strategy. Project managers have faced a number of obstacles hindering project elaboration and organization in order to achieve successful implementation. These obstacles bear weird resemblance to the difficulties referred to by experts and analysts involved in the evaluation of the Lisbon Strategy of the European Community on several occasions.

Key words: Waste management, environmental development project, ISPA, Lisbon Strategy