

PEERING INTO THE
CRYSTAL BALL
CESEE growth ... and other
reflections on the conference

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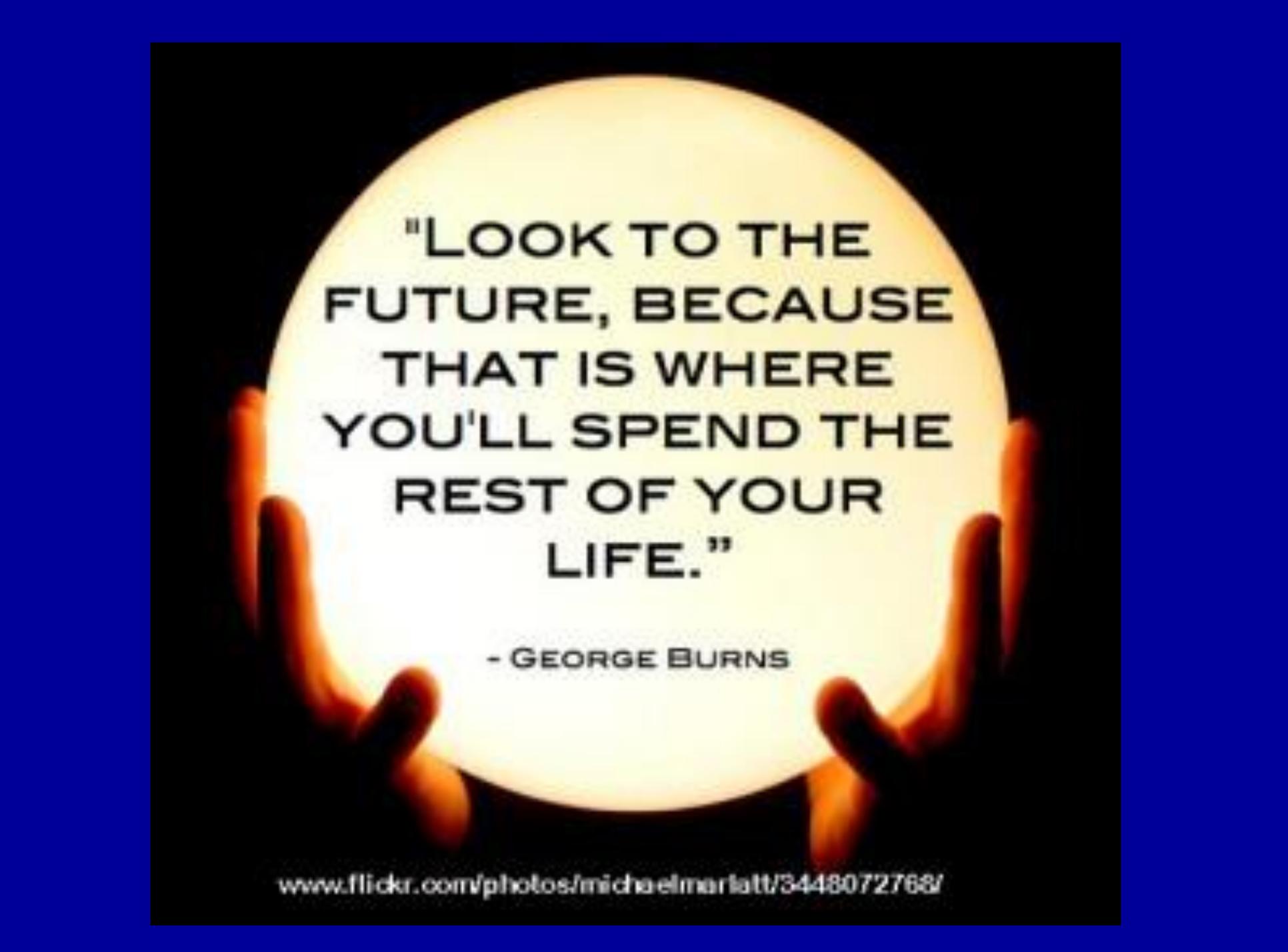
NBP/ÖNB CONFERENCE, WARSAW 16.10.2015

COMPETITIVENESS: WHO'S RIGHT?

- Krugman's dangerous obsession:
 - 'a meaningless word when applied to national economies' (1994)

OR

- OECD from the 1990s > Filippo's Compnet:
 - 'the degree to which, under open market conditions, a country can produce goods and services that meet the test of foreign competition while simultaneously maintaining and expanding domestic real income'

A pair of hands is shown from the bottom, cupping a large, glowing, spherical orb. The orb is the primary light source, casting a warm, golden glow. The background is a solid, deep blue. The quote is centered on the orb in a clean, black, sans-serif font.

"LOOK TO THE
FUTURE, BECAUSE
THAT IS WHERE
YOU'LL SPEND THE
REST OF YOUR
LIFE."

- GEORGE BURNS

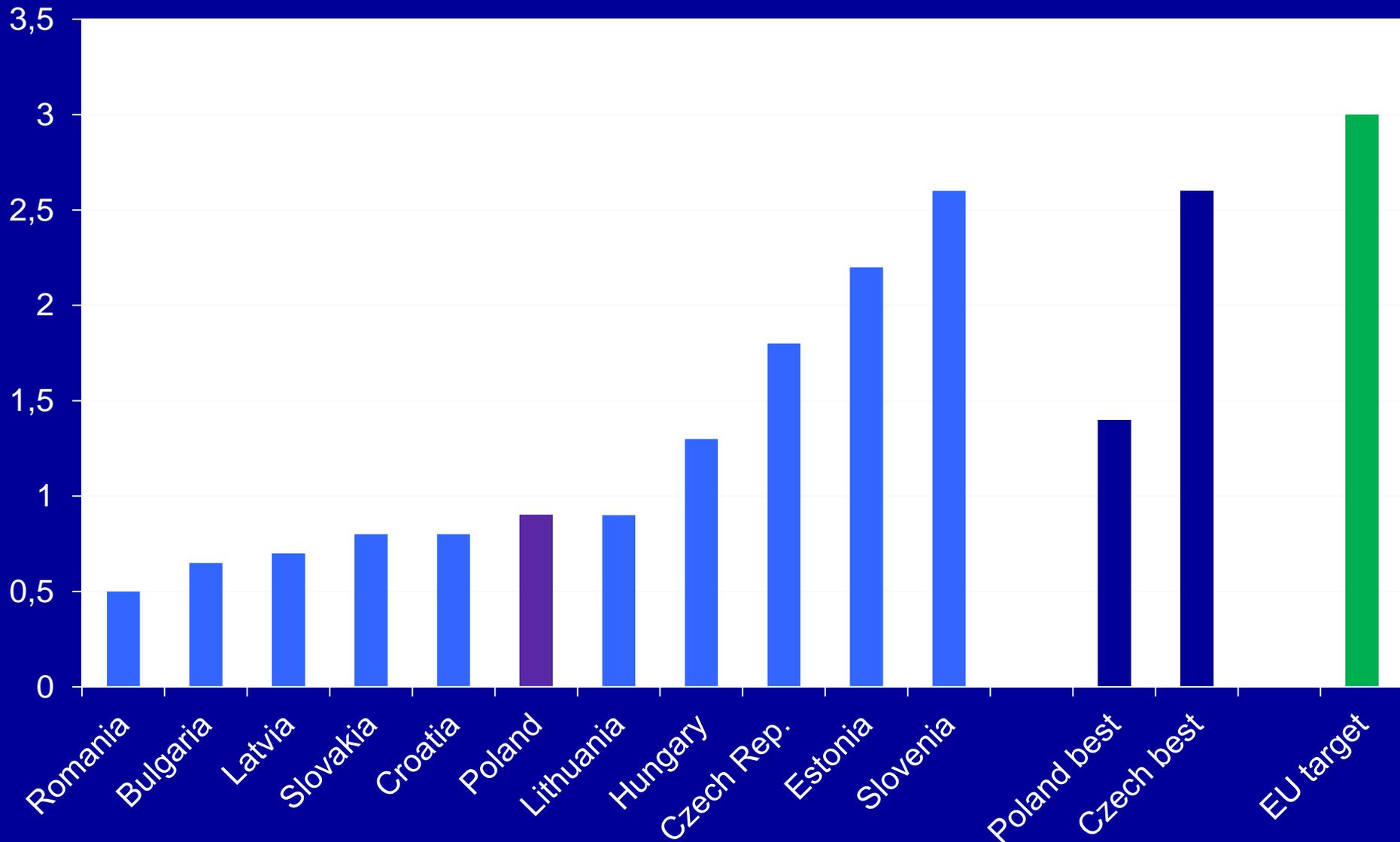
INITIAL OBSERVATIONS

1. In much of what follows 'it depends', on:
 1. The assumptions that are made
 2. How the political context evolves
 3. What Rumsfeld might call the unknowns
2. Easy answers about CESEE now:
 1. Shares of relevant variable increasing
 2. Encouraging trends in innovation
 3. Evident post-transitions resilience
3. But harder to assess coming dynamics

EVOLVING NATIONAL ROLES

- Future direction of FDI
 - Could (some) CESEEs become net investors
 - Lessons from what Linda told us about China?
 - Implications for position in supply networks
- What about a cognitive dimension
 - CESEE as models for, especially, EU-South?
- Time to rethink sectors and specialisations
 - Making sense of the knowledge economy
- Source of innovation, but not just R&D

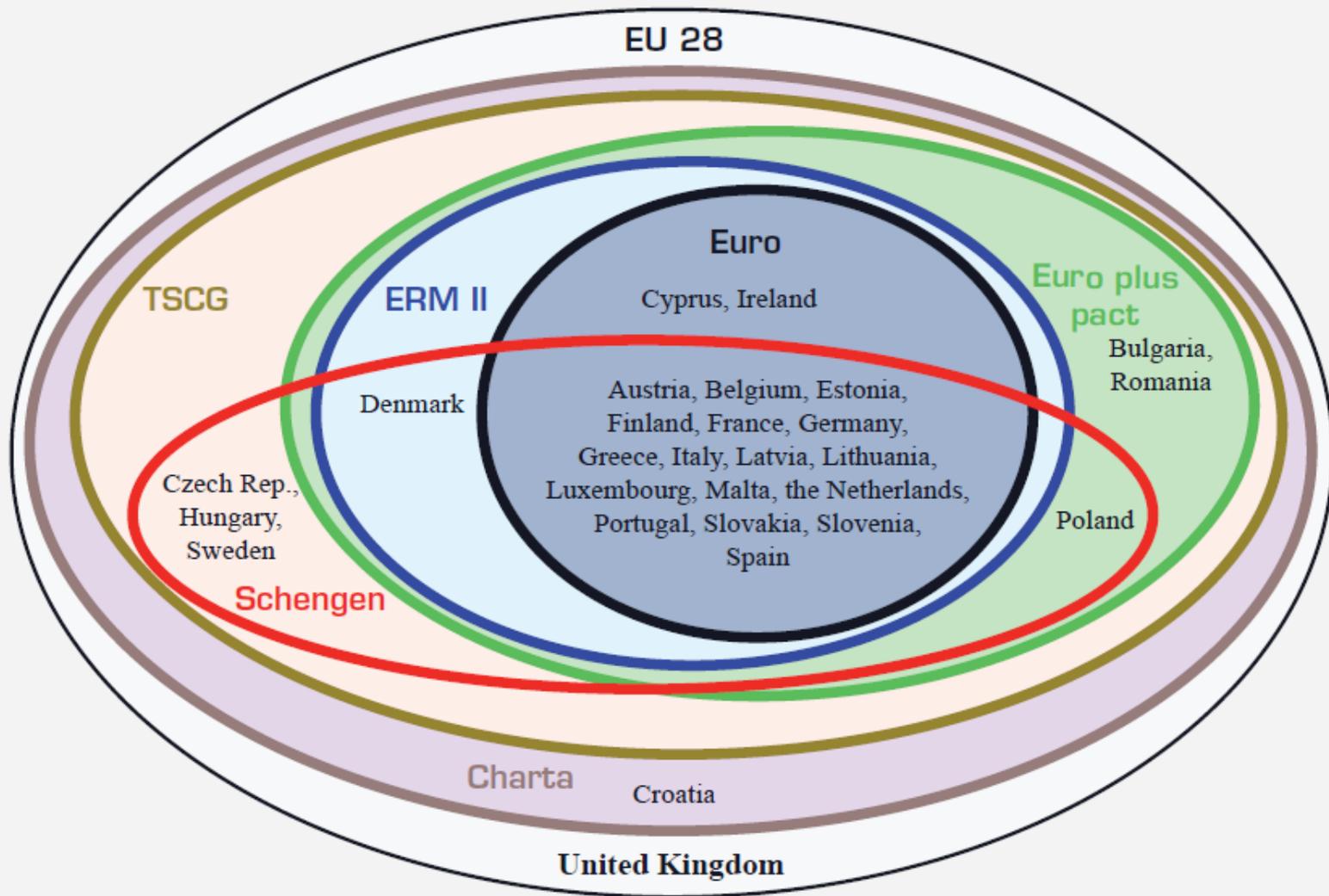
R&D AS A % OF GDP, 2012



KEY AREAS OF UNCERTAINTY

- Migration and human capital
 - Brain drain
 - (for plumbers in the UK.....”drain gain”!)
 - Brain ‘squandering’ from over-qualification
- Nature of employment contracts in future
 - Time to overturn standard/atypical dichotomy
- Debt dynamics and credit conditions
 - Reconciling risk reduction and risk-sharing
- And then there is us: the awkward Brits

IT'S LONELY ON THE OUTSIDE...



...AND BECOMING MORE SO

BANKING UNION

- Poland
- Sweden
- and?

MIGRANT QUOTAS

- Ireland
- Denmark
- and?

FOLLOW-UP TO FIVE PRESIDENTS' REPORT

THE UNDERLYING DILEMMA

DEEPER
INTEGRATION

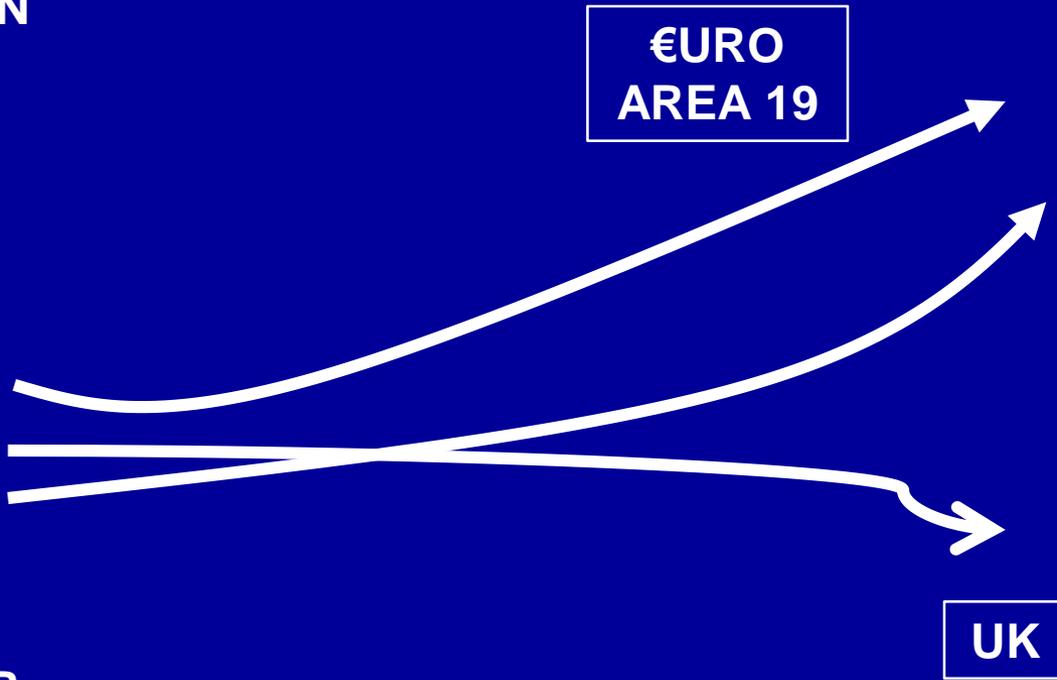


SHALLOWER
INTEGRATION

€URO
AREA 19

REMAINING
€URO OUTS

UK



PROVOCATIVE QUESTIONS

APPLE (OR GOOGLE)

Manufacturing?
Service industry ...or
Knowledge sector?
...or creative industry?

SKILLED LABOUR

Does it still matter for
Competitiveness?

Should it be central
to migration policy?

MEASURING INNOVATION

What indicator makes sense for
knowledge-intensive services?

POLICY?

ESIF or
EFSI?

**An economist is an expert who
will know tomorrow why the
things he predicted yesterday
didn't happen today (anon)**

**You can only predict things after
they have happened (E. Ionesco)**