Lisbon Agenda:
A Chinese Perspective[1]

Zhiyuan Cui
School of Public Policy and Management
Tsinghua University
cui-zy@tsinghua.edu.cn

---

[1] This is the first part of my joint paper with Zhou Hong.

Three Pillars of the Lisbon Agenda

- An economic pillar preparing the ground for the transition to a competitive, dynamic, knowledge-based economy

- A social pillar designed to modernise the European social model by investing in human resources and combating social exclusion

- An environmental pillar, which was added at the Göteborg European Council meeting in June 2001

In this article, we provide a Chinese view of the Lisbon Agenda. Let us begin with Henry Kissinger's joke in 1970s: "When I call Europe, who will answer the phone?" Unlike Kissinger, we in China want to see the European integration to be successful. But, "success" in what sense?

Qualitative v.s Quantitative Success

Our view is that it matters not so much if the quantitative targets of the Lisbon Agenda will not be matched in full by 2010. However, it matters a great deal if the Lisbon Agenda is a qualitative success in the sense of generating institutional innovations in property rights, social and environmental policies.

Let us explain what we mean by a "qualitative success". We can carry further Kissinger's joke and work out the implications Kissinger himself did not realize. Indeed, the EU's success story is based on a new, qualitative different model –not the traditional nation-state, but a new type of "network". We hope the Lisbon Agenda will also succeed in a similar, qualitative way. Here, we will use "Open Source Code" (Linux) as an example of institutional innovation in the intellectual property right regime. In contrast to the traditional copyright, Linux is based on a new property right concept— "copyleft". It is essentially a "public" intellectual property. Microsoft cannot easily fight Linux, since Linux is not a firm, but a network of millions of software developers all over the world. It is not possible for Microsoft to takeover Linux in the same way as it has brought many other competitive firms. It is very significant that Apache, a foundation based on the same philosophy of "open source code" as Linux, already occupied 2/3 of the world market of web servers. This kind of new innovation is very good for the developing economies like China, since "open source" makes it easier for the developing countries to jump to the frontier. Theefore, we want to see Lisbon Agenda to succeed in the new, "qualitative" sense.

The Washington Consensus v.s The Beijing Consensus?

As proposed by John Williamson, the "Washington Consensus" consists 10 proposals for the developing countries:

Original Washington Consensus	Augmented Washington Consensus
1. Fiscal Discipline	11. Corporate governance
2. Reorientation of public expenditure	12. Anti-corruption
3. Tax Reform	13. Flexible labor markets
4. Interest Rate Liberalization	14. Adherence to WTO disciplines
5. Unified and Competitive Exchange Rates	15. Adherence to international financial codes
6. Trade Liberalization	16. "Prudent" capital-account opening
7. Openness to FDI	17. Non-intermediate exchange rate regimes
8. Privatization	18. Independent central banks/inflation target
9. Deregulation	19. Social Safety Nets
10. Secure Property Rights	20. Targeted Poverty Reduction

But, the "Beijing Consensus" only has three elements:

- Experiment and Innovation

- Equity

- Asymmetrical Defense Strategy

We hope that China's "Beijing Consensus" and EU's Lisbon Agenda share the same vision of the "qualtitive" institutional innovation!