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

Iain Begg
European Institute, London School of Economics

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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’
“Look to the future, because that is where you'll spend the rest of your life.”

- George Burns

www.flickr.com/photos/michaelmarlatt/3448072768/
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
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…

Figure adapted from Tekin, F., 2012, *Differentiated Integration at Work*, Baden-Baden: Nomos.
...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

EURO AREA 19

SHALLOWER INTEGRATION

REMAINING EURO 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)