

**SPEAKING NOTE FOR MR T LENNON AT THE
BMBF-VERANSTALTUNG “REGIONEN AN DER GRENZE –
REGIONALE VORAUSSCHAU UND INNOVATIONSENTWICKLUNG
IN OSTDEUTSCHLAND“
BERLIN, 20 JUNE 2005**

Good morning Ladies and Gentlemen, my name is Dius Lennon. I am Director of Social Sciences, Humanities and Foresight at the Research Directorate General of the European Commission.

I am very happy to participate in this conference. The subject matter – The future development of Germany’s Eastern Länder – is important of course for those who live in these Länder, but also for Germany as a whole and indeed for the European Union.

In 1990 I worked in the Cabinet of the then European Commissioner for Regional Policy, Bruce Millan. I recall vividly our work with the German Federal Authorities and the new Länder in channelling the first EU funds to assist these Länder.

That was a time of great hope and optimism. Much has happened in the Länder, in Germany and in Europe since then, not least the enlargement of the Union with 10 new Member States last year when overnight regional disparities within the Union doubled. Where Germany’s Eastern Länder were once the external frontier of the Union, they are now very much at the centre of the Union.

It is a truism to say that the new Länder and Berlin have been undergoing fundamental structural change. Although substantial progress was made in the early nineties, the convergence process has slowed since. The GDP of the new Länder has increased since 1991 by over 50% in real terms. This is substantially

higher over this period than in the old Länder. Whereas GNP per capita was around half of the western Länder in 1991, it is now approaching 70%. But the unemployment rate is often more than twice as high as in the old Länder. The situation varies, of course, across the new Länder but overall there is still a major deficit in economic capacity. Since 1991, the population in the five new Länder has shrunk by 1 million (more than 7%) while that of the western Länder increased by 3 ½ million (an increase of some 6%). The important migrations over the last 15 years, often of young educated men and women, have undoubtedly had an impact on economic development and will continue to do so.

Alongside the huge internal resource transfers to the new Länder, the European Structural Funds have contributed to the reduction of deficits on the supply side of the regional economies but it is clear there is a need for a continuation of funding.

Experience with Spain and Ireland shows that the massive investments of the Structural Funds take time to assist the lift-off process. Ireland was receiving large structural fund assistance from the mid-1970s but it was not until the 1990s that the economy began to boom. Similarly in Spain, after the accession in 1986 for a decade and more the huge structural investments did not trigger immediate growth but the rapid growth is there now and unemployment, which used to be among the EU's highest, has been falling.

So the EU assistance will continue. But this will not produce growth by itself. Sound and modern financial, economic and labour market policies are needed. There is no miracle cure; it will take more years of hard work to produce the fruits.

It is against this background that I will talk this morning about the new European Research Framework Programme and the role of foresight in the regional development process.

The Research Directorate General in which I work is busy now preparing the detailed research agendas of the 7th Framework Programme. It is disappointing that the European Council in Brussels last Friday failed to agree on the Financial Perspectives for the EU for the 2007-2013 period. The Commission's proposal for research involves a doubling of the present level of expenditure of just under €5 billion a year to around €10 billion a year.

The main emphasis will remain on collaborative research but there are some major new elements compared to the current Framework Programme. The main one is the establishment of a European Research Council to manage a major new programme for basic or fundamental research. This Council will be separate from and independent of the European Commission. It will comprise eminent scientists from many disciplines in both the natural and human sciences.

Another notable feature in the context of this conference is the emphasis on research at the regional level with a new programme for Regions of Knowledge. This has two main objectives:

- To strengthen regions' capacity for investing in research and carrying out research activities;
- Maximising regions' potential for a successful involvement of operators in the regions in European research projects.

A major aim of the new Framework Programme will be simplified procedures to make it easier for the research community to apply and obtain European funding.

Turning now to foresight, perhaps first a word about definitions though later speakers will go into this in more detail.

Foresight is essentially about thinking, debating and shaping the future. It is not about predicting the future. Nobody can. It is about identifying possible futures, by understanding potential drivers of change and looking at what futures might arise from these drivers. It can even be about imagining desirable futures.

It is a process for looking ahead and examining possible futures and then exploring these scenarios. It can bring a variety of stakeholders to the debate: public authorities, industry, research organisations, NGOs, and possibly even involve the general public. Foresight can generate creative tension between stakeholders to help advance common understanding.

Foresight is about fostering adaptability and readiness for change. The ultimate aim is to help in strategy definition and to better inform policy decisions. Foresight can therefore contribute to the democratic process.

For a successful foresight exercise, some key principles need to be respected:

- the identification and involvement of the right stakeholders;
- a clear definition of the problems and objectives of the exercise;
- a focus on issues that can be influenced;
- the involvement of foresight professionals;
- the selection of appropriate foresight techniques;

- outputs that lead to action.

Regional Foresight activities help to strengthen regional identity by building on regional strengths and creating a common vision.

We have seen an increase in regional Foresight activities and my Directorate has been active in supporting this. It is important that regions learn from each other because they are affected by the same trends, although the impact can obviously be different. In terms of methodology, there is no need to reinvent the wheel every time a foresight is conducted.

My Directorate's mission is to promote a European Foresight Area, by helping actors work together, creating networks and supporting the development of foresight methodology and tools. In the 7th Framework Programme, our work on foresight will be part of a Programme to support research in the Socio-Economic Sciences and Humanities.

To date we have not funded or carried out ourselves at the European Commission foresight exercises, but we have fostered the cooperation in foresight between Member States, Regions and the Commission. A foresight exercise at the EU level, which respected the principles I have just mentioned, would indeed be a major challenge. We are, however, currently reflecting on this in relation to the 7th Framework Programme.

It is interesting and somewhat revealing to note that the only major recent foresight exercise which looked at Europe's long-term future is one carried out by the CIA. They have put this on their web-site and it paints a rather gloomy picture of Europe's future.

One recent action we have sponsored is the establishment of the “*Blueprints for Foresight Actions in the Regions*” expert group which was set up in 2003 and delivered its results at the end of last year.

This expert group built upon the Foresight knowledge base developed at regional and EU level by involving both regional experts and policymakers active in earlier foresight activities, and stakeholders from regions contemplating or about to initiate foresight activities.

The main tasks of the regional stakeholders were the identification of questions and issues that foresight can influence in their respective regions, the mobilisation of key stakeholders and the development of suggestions for regional and trans-regional actions. A key question for the working group participants was: “what does a knowledge economy imply in my region, and how could it be achieved”?

Five working groups were established corresponding to five specific regional challenges. One of the groups, UPGRADE, concerned regions dominated by traditional industrial sectors in decline. It focused on regions facing ecological degradation, industrial decline or the rundown of military-related activity and aimed to raise skill and technological levels and encourage the transition to sustainable, eco-efficient knowledge economies.

Mecklenburg-Vorpommern was one of ten regions participating in the UPGRADE working group. It was chosen to be the “Reference Region” of the group, i.e. which all members might consider for the testing of their ideas. I understand that the work in the UPGRADE group had a very positive impact in the region and a regional foresight exercise on preventive medicine (one of the

regions' strengths) was initiated in Mecklenburg-Vorpommern during the Blueprint process.

The blueprints produced by the five groups are useful tools for regions not having participated in the groups but facing similar challenges.

This work provided a Mutual Learning Platform for regions, the process itself being as important as its outcomes. The feedback received from the participants was positive and has led to follow-on activities, including INTERREG projects and individual foresight exercises.

Parallel to the Blueprints activities, my Directorate has launched the FOR-LEARN project, consisting of two elements:

- «**foresight know how**», which will contribute to the codification, assessment and dissemination of existing foresight knowledge and know-how;
- and a «**mutual learning pool**», essentially workshops aiming at sharing and transferring lessons between practitioners, foresight programme managers and policy-makers. While this is not only about regional actors, regions can benefit from this.

In addition, we have an exercise underway which is mapping all the foresight exercises in Europe and which should produce a first inventory this autumn.

One crucial issue will then need to be followed up. We shall use the mapping exercise to try to better answer the question: is foresight useful? There is no scientific evidence that it is, or indeed that it is not. All we have is anecdotal

evidence that policymakers and other participants have found it helpful. But the growing number of foresight exercises in the EU suggests it is more than a fad.

In this context, I would be interested to learn more about BMBF's experience with the "Leitvisionen" exercise that has been introduced to determine research priorities. I understand the level of participation and inclusion has by far surpassed the traditional participation of stakeholders in agenda setting in R&D policy and thus given this policy a higher visibility.

Having said what we in the European Commission do in relation to foresight, a word of caution. Foresight is not a panacea, a recipe for understanding the future. It is only one of the tools that might be used in reflecting about the future. It is important not to over-sell foresight and to recognise that it will not always be useful. There is always a risk that it will simply confirm what you already know, highlight an issue about which you can do nothing or produce an answer which you do not believe sufficiently to act upon. Foresight is not a substitute for Regional Development Planning but can assist in the planning process.

The European Community's strategic cohesion guidelines for the 2007-2013 period will encourage regions to develop strategies building consensus on the objectives to be achieved through regular and systematic dialogue with key stakeholders. Partnership is essential in the elaboration and the implementation of development strategies and relies on consultation and participation of stakeholders. The guidelines will indicate that a better use of existing R&D potential could be encouraged through the use of regional foresight implying regular and systematic dialogue with key stakeholders. In other words, the new Cohesion Policy will recognise foresight and the costs of foresight exercises could become eligible for co-funding.

For a foresight exercise to work, it is essential to have the backing, support and active involvement of policymakers. If not, you risk having a wonderful exercise which you may well have great difficulty “selling” to policymakers who, if they have not participated, would not understand the process that has produced scenarios for the future. So the question of ownership of the process is crucial.

Another key issue is how to depoliticise the process. We live in democracies with government and opposition at all levels of governance. Foresight exercises should as far as possible be non-political. They are about looking a decade or more into the future. Short-term political considerations should not hinder attempts to imagine visions of the medium-term future. In other words, foresight exercises should not become a political football.

Obviously the medium-term future of the eastern Länder is closely linked to Germany’s future. It would be easy to be pessimistic about the medium-term prospects if one looked at recent performance. But there are reasons for optimism.

Although Germany’s annual average real GDP growth of only 1.3% in the period 1995-2004 was the weakest in the EU, falling short of the EU-25 average by a full percentage point, Germany remains the EU’s most powerful economy producing almost a quarter of the EU-25’s total GDP, although the Federal Republic accounts for some 18% of the EU population. Germany remains highly competitive with a highly innovative economy and a strong export performance. Germany is the most important trading partner for many EU economies so all the Member States have an interest in seeing the German economy do well.

Data shows that the education level in Germany is considerably higher than the EU-15 average. Low education levels are much less common than in the EU-15. In principle, these good education levels represent a clear advantage for Germany's medium-term growth prospects.

The overall picture regarding Germany's R&D and innovation performance is impressive indeed. In particular with regard to applied research, Germany is world class. The German economy is traditionally highly innovative: investment in R&D and innovation as a percentage of value added is among the highest in the EU, the share of small and medium-sized enterprises that innovate in-house is the highest in the EU and the share of sales with new products in manufacturing is among the top three in the EU. The number of patent applications per inhabitant is the highest among the large EU countries.

Germany is doing reasonably well in the current European research framework programme. Its share is around 20%. The new Länder have some excellent capacities: first-class universities like Jena, Cottbus, Frankfurt an der Oder or the Wirtschaftsforschungsinstitut in Halle. The reputations of the Max-Planck-Institutes in Jena for nanotechnology, in Dresden on microelectronics or the Institute in Greifswald in nuclear energy and the Adlershof for aeronautics, are of the highest level.

The EU's cohesion and research objectives can be combined to help support regional innovation strategies. Synergies can be developed through complementary funding for research infrastructure and the Research Framework Programme's Regions of Knowledge initiative can help support regional research strategies.

The Regions of Knowledge initiative, under the current Research Framework Programme, has in its pilot phase been of some small benefit to some of the new Länder. Mecklenburg-Vorpommern is participating with Cambridge and Stockholm (two high tech regions) in exploring ways of transferring technology and expertise to a less-favoured region. The aim is to see whether clustering models in developed regions can be successfully transplanted and adapted elsewhere. Similarly, another pilot project recognises the potential that chemical industries have to stimulate regional development. Sachsen-Anhalt is a participant and the project will address the revamping of the chemical industry.

Ladies and gentlemen, foresight is an interesting tool. More and more Member States and regions are showing an interest in using it. If it is not done seriously, it will simply be a gimmick and quickly fall into disrepute. But, if done in a professional manner, abiding by the principles I mentioned earlier, it is a worthwhile exercise. It can help in the regional-planning process but it is not a miracle solution to all our problems.

Thank you for your patience.