

Lisbon Strategy 2.1 in the Context of Global Mega trends

**Address by dr. Žiga Turk, minister
Government Office for Growth, Slovenia**

**At the Lisbon Council
The 2008 Growth and Jobs Summit
Brussels, March 4th, 2008**

**DRAFT!
Check against delivery**

Dear X, dear Y, ladies and gentleman,

it is my great please to be able to address this summit. In less that two weeks the Spring European Council will launch the second three year cycle of the renewed Lisbon Strategy for Growth and Jobs. Too often the Lisbon Strategy is discussed in closed political circles instead of being promoted among the many stakeholders that can contribute to its success. Lisbon Council is definitively one of them. There is a long day ahead of us will allow us to discuss the past, present and future of the Lisbon strategy, how it is performing, how it is contributing to the economic growth in Europe and to new quality jobs.

During this introduction, however, I would like share with you a narrative that places the Lisbon strategy into a broader social, economic and scientific context and how the updated Strategy is addressing them. This context includes:

- **globalisation**
- **communication revolution**
- **industrial revolution**
- **transition into the conceptual age**

1) At the time that European was beginning to think about its growth strategy, about the Lisbon Strategy, we understood **globalisation** mostly as Europe's competition with the USA and Japan. Since then, the US is ceasing to play the role of the main engine of world's economy. Important new players have emerged on the world stage that are driving up the prices of commodities and oil. On the one hand they are rivals on the other, partners. Be that as it may, they demand a fresh consideration of what Europe can contribute to the globlized multipolar world and where its real competitive advantages lie.

2) Since the late 1980s the world is witnessing a **communication revolution**. In my previous job, where I taught students of engineering and architecture about technical

communication, I called it the second communication revolution. The first – affordable paper and printing, approximately 500 years ago – utterly changed the modus operandi in science, technology and politics, since it democratised access to knowledge and made available the communication on paper. Paper and print introduced a significantly wider circle of people into the **creative** process. They paved the way for the European dominance in the fields of science, technology and culture that we have witnessed in past centuries.

The second communication revolution is happening just now and is making efficient electronic communication possible for the masses. Creativity and innovation are no longer limited to rigid organisational schemes. Through open innovation and creativity, we are drawing broad masses of talents into the process. eDemocracy is bringing changes to the method of political decision-making and the roles of government institutions.

3) We are on the threshold of the **third industrial revolution**. In the first two, the development of the world was based on energy accumulated over billions of years in the form of fossil fuels. We are facing a challenge of significantly reducing our dependency on non-sustainable resources and making the transition to a low-carbon economy. A challenge comparable to Manhattan or an Apollo Projects. To achieve this we have to mobilise all our scientific, technical, economic and political potential, and we also have to change our values.

4) After the agricultural age, the industrial age and the information age, we are moving into an age which Dan Pink has called the "**conceptual age**". An age in which the greatest challenge is no longer providing food, industrial products or even information but an age in which our economic life is increasingly shaped by values, when we are no longer interested in satisfying basic needs, in the mere usefulness of a product or service but in its design, brand, quality and many other intangible attributes.

Look at your watch? Does it only tell time, or does it mean something more to you? Your shoes? Do they keep your feet dry, or there is something more to them. How much costs

a device that tells time? The price is near zero! How much a something to keep your feed dry? About 10 fold less than the shoes you are wearing!

The point is that in the price of a product the price for a function that the product is providing is getting smaller and smaller. But the price for the meaning you attach to a product is getting higher and higher. And the meaning cannot be attached to a product by some Asian engineer or worker, who has no idea of the values and meanings close to our hearts. Values such as whether the product was produced or manufactured in a fair way, without improper exploitation of, for example, children. Whether a product is local, healthy, environmentally friendly and people friendly. These are the characteristics we are willing to spend some extra money on and which are fundamentally connected to our values and cultural background.

The common European blueprint for reform, for changes, is the Lisbon strategy. The Slovenian Presidency would like the Spring European Council in March to launch an ambitious new cycle for the Lisbon Strategy under the 4 priority areas. The priority areas can be summarised as follows:

1. Europe needs to become more innovative and creative, capitalising on the **information revolution** to be ready for the **conceptual age**.
2. Europe needs to become more entrepreneurial to shape rather than respond to **globalization**.
3. Europe has to care for people so that all can take advantage of the trends.
4. Europe has to care for nature and kick start the **third industrial revolution**.

About becoming innovative and creative: Placing creativity alongside knowledge and innovation is how Lisbon is responding to the transition into the conceptual age. In his book "The rise of the creative class" Richard Florida stated that talent is the most valuable economic resource of the future. Europe must raise its talents, but it must also be able to attract them from abroad and keep them within Europe. We are therefore launching the idea that knowledge should become 5th freedom in Europe. Not only should the talents - engineers, researchers, students and professors be able to move more freely, the innovation paradigms should be complemented with that of open

innovation; the access to knowledge too should become more open. And, in this European knowledge space, there should be an efficient and common policy for the protection of intellectual property and innovation.

A key enabler for open innovation and improved education is the communication infrastructure. We must make sure that by 2010 all schools in Europe have high speed internet access and that it will be increasingly available to the citizens. We must continue to develop top-flight science and technology, invest in R&D infrastructures and improve the synergies among the EU and national R&D funding schemes.

We Europeans must become more entrepreneurial. There is a shortage of highly innovative and creative small enterprises, and therefore special attention must be devoted to the formation and growth of small and medium-sized enterprises and their access to development resources: to knowledge and research infrastructure and to sources of equity finance. We must not skip any opportunity to deepen the internal market. We should not forget that the world class companies emerge in a competitive, not in a protected environment. If biology can give us any lessons, fastest birds and most efficient predators did not evolve in a protected environment of the Galapagos islands and competitive companies not behind the iron curtain.

We Europeans must maintain care for people. Flexicurity enables a dynamic search for a balance between an economy which wants a functioning labor market, in which it can bring the right people to the right jobs, and security for people by enabling them to find a new job quickly. Strengthening education, in particular higher education and life long learning is important in this context.

We Europeans care for the environment. The year 2007 was the year in which we adopted ambitious, very ambitious... promises in this field. In 2008 we are putting Europe on track for the third industrial revolution. Reducing CO2 emissions to sustainable levels may cost 500-1000 billion Euros/year. It will be someone's cost and someone else's income. We must make sure Europe is the first to develop next

generation technology related to hydrogen, photovoltaic as well clean coal and nuclear energy.

Ladies and Gentlemen,

Lisbon is delivering and the economic upswing in 2006 and 2007 in the European economy is not only cyclical, it is also a result of structural reforms. But given the current economic situation in the world, with a possible economic downturn looming, Europe must keep the momentum of the reforms. The Community Lisbon Program is so far perhaps the most complete to-do list that we had to date and all stakeholders need to do their part of the job. We should make sure that also the Social Partners, regions and the civil society institutions such as the Lisbon council would continue to play an important role.

Member states need to proceed with the national reform programs. The presidency of Slovenia to the European Council symbolizes the beginning of an end of a period in which Europe became a whole again, overcoming the divisions created by the iron curtain after the WW2. In the last 20 years the former communist ruled countries went through extensive changes and reforms. Some countries were starting from scratch, they did not even exist. This too provides a message to Europe as a whole that reforms **can** happen, that changes are possible.

We have three more years for Lisbon Strategy. We should push forward with reform and at the same time start thinking about the strategic framework for the post 2010 period.