

Strategic Improvement of Regional RTDI Policy and Regional Development Policy Through a Systematic Use of Foresight Methods

*The case of Nordrhein-Westfalen (D) as an
example for regions which are facing severe
industrial structural change*

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BACKGROUND AND APPROACH

The current paper was prepared as an issue paper in the frame of the STRATA ETAN group "Mobilising the regional foresight potential".

The paper presented herewith will focus on regions which are experiencing a structural change (in particular industrial structural change processes). By taking the case of the so-called ruhr area in Nordrhein-Westfalen (NRW) in Germany as an example it will be analysed to what extent regional foresight (RF) activities can contribute to a strategic improvement of regional innovation policies leading to sufficient and sustainable growth and more jobs. At the same time RF provides the opportunity to overcome the inherent polarisation tendencies of innovation. Social problems and radicalisation tendencies in the society are not only politically unacceptable they also hinder interactions of the regional actors to take place. Interaction is however the basis for learning, innovation and hence eventually for economic prosperity. Polarisation thus counteracts the foundations for innovation and future growth. Here it is argued that the participative RF process can lead to economic success combined with a sound social environment. This in turn promises to be a more sustainable process since interaction and learning will not be hampered by social tensions.

The paper will begin with a brief presentation of the problem situation in the ruhr area and with a synthetic outline of the historical development of the respective policy responses to the structural problems emerged. The focus of this presentation will be major milestones and important turning points in policy development. With a SWOT analysis of the so-called regionalised structural policy (RSP), a policy conception which determined regional policy in Nordrhein-Westfalen since 1987 and which introduced a new participative role for regional actors, the reflection of the specific situation in the ruhr area will be continued. Furthermore it will be analysed to what extent RF methods have been already applied in the actual policy making in NRW. The following chapter will then discuss how a more systematic use of the RF techniques could improve regional policy making with a view to support the structural change, to ameliorate the region's competitiveness and to reduce divergences. In short it will be discussed whether and under which circumstances RF could provide the opportunity for a new generative growth policy in NRW. The policy recommendations drawn from this exercise will however not only be relevant for the ruhr area and for Nordrhein-Westfalen but also for other regions facing problems of industrial change both in the EU and in the accession states.

1. NORDRHEIN-WESTFALEN, REGIONAL DEVELOPMENT ISSUES AND APPLIED POLICY CONCEPTS

Nordrhein-Westfalen (NRW) with its 18 million inhabitants is the major Land in Germany. NRW's industrial core region is the so-called ruhr valley (Ruhrgebiet) – probably the biggest industrial conurbation in Europe (5.4 million inhabitants). For a period of a good century the ruhr valley was dominated by coal and steel which brought enormous economic strength and prosperity to the region, to NRW and to Germany as well. With the first reduction in mining in the late 1950ies and the emergence of the steel crisis in the early 1970ies the Ruhrgebiet entered into a phase of severe industrial change.

At the beginning of that process policy responses were driven by the perception the coal and the steel industries' economic problems were more or less cyclical phenomena. Thus policy actions were to a large extent to the type of protecting and supporting these industries and securing employment in the old sectors. However, from the very beginning the government's policy strategy was double fold. In addition to the support to the old industries there was a clear endeavour towards the creation and the establishment of new structures. The first ruhr programme (Ruhrprogramm) in 1968 which was succeeded by the Nordrhein-Westfalen programme (1975) focused on the improvement of the ruhr valley's infrastructural endowment. That was in particular a massive investment into the region's highway system, a modernisation of housing and last not least the foundation of universities and polytechnics. The ruhr valley had never been a location for academic research and education before. The ruhr programme therefore initiated a tremendous break through in that region. Today six universities with some 150,000 students and another nine polytechnics build up the science and innovation backbone of the Ruhrgebiet.

In 1977 the incumbent coal company RAG announced its plans to close down five coking plants in the ruhr area. Some observers regard the announced reduction of the coking capacity as a crucial trigger for an active structural policy at the ruhr. It became evident that the process of structural change was far away from being completed and that major efforts were needed in order to control the process and to avoid a social erosion.¹ In addition to that, during the late 1970ies the importance of small companies as drivers for economic change and as employers was discovered. At the same time the NRW government identified major problems for new ideas, processes and

¹ LANDESZENTRALBANK NORDRHEIN-WESTFALEN (1997), Jahresbericht 1997, p. 70.

products born in the academia to be absorbed by industry. Subsequently, the interface between university and industry, technology transfer and modernisation of SMEs (and the support of start-ups) became new and important policy issues. The development and the exploitation of the endogenous potential rather than the acquisition of exogenous resources (as in the past) came into the focus of NRW's structural policy.

An important milestone in the further development of the Land's structural policy in the ruhr area was marked by the ruhr area conference (Ruhrgebietskonferenz) in 1979. The conference was initiated by the government and can be seen as an attempt to bring together a broad range of relevant societal actors.² It was in particular that "social dialogue" amongst all partners which the Land regarded as a necessary precondition for successfully managing the process of structural change. This social dialogue was an early step towards more partnership and participatory regional policy making in NRW. Evidently the whole dialogue was still very much top-down orientated and driven by government action. Seen from today's point of view the Land more sought to organise a broad societal consensus amongst all relevant actors on what had been conceptualised in the capital Düsseldorf rather than invited regional actors to contribute to the development of a common strategy. However, the Ruhrgebietskonferenz and the subsequent action programme started to open the door for territorialisation, participation and partnership.

The result of that co-ordinated social dialogue was the so-called action programme ruhr (Aktionsprogramm Ruhr) which was endowed with some 6.9 bill. DM for 1980-1984. The ruhr action programme was not only the biggest regional funding programme in Germany (by that time) it also for the first time came up with an integrated approach. The programme intended to combine a bundle of different measures, which went beyond the scope of measures traditionally applied in economic development programmes:

- direct subsidies for coal and steel;
- support for SMEs;
- new services;
- R&D and technology transfer;
- improvement of the qualification structure;
- protection of the environment;
- infrastructure;

² HEINZE, R.G., HILBERT, J. et al (1996), Strukturpolitik zwischen Tradition und Innovation. Nordrhein-Westfalen im Wandel, Opladen 1996, p. 26.

- urban development and improvement of housing conditions.

The cumulation of both the structural decline and the world wide recession caused by the second oil crisis at the beginning of the 1980ies led to an increased problem pressure. In 1980 in the Ruhr valley 104,000 unemployed people were counted – compared to 13,000 in 1970 (this represents an increase of 800 per cent within one decade!). And until 1984 unemployment figure shot up to 271,000 - representing an unemployment rate of 14.2 per cent.³ The hitherto unseen high level of unemployment and the accelerating crisis in the iron and steel industry finally revealed the structural dimension of the Ruhr area's economic crisis and the need for new policies.

In 1987 the NRW parliament unanimously agreed upon a resolution claiming for new future orientated initiatives which would support the Ruhrgebiet in creating new economic opportunities outside the traditional sectors of coal and steel. It took the government three months to turn the parliament's resolution into concrete policy action: The so-called future initiative coal and steel regions (Zukunftsinitiative Montanregion, ZIM) which was kicked-off in early summer 1987 and which was succeeded 1989 by the future initiative Nordrhein-Westfalen (Zukunftsinitiative Nordrhein-Westfalen, ZIN). ZIN in contrast to ZIM was covering the whole territory of the Land.

The central element of both initiatives was the so-called regionalised structural policy (RSP) approach. As compared to the ruhr conference (1979), the social dialogue and the subsequent ruhr action programme which historically opened the door, the new policy approach brought the break through for regionalisation and participation.⁴

As a result of the ZIN initiative 15 economic regions were defined according to the territorial borders of the 15 districts of the chamber of industry and commerce (IHK Bezirke). The regional actors were asked

- to organise a so-called regional conference with all relevant actors,
- to conduct a regional analysis,
- to formulate a regional development plan and

³ Figures taken from KVR (several years). Städte und Kreisstatistik Ruhrgebiet.

⁴ Some readers may ask whether it is appropriate to refer to "regionalisation" of policy approaches within the Land Nordrhein-Westfalen as NRW itself is a (NUTS 1) region. NRW is however bigger than most of the EU Member States and it consists of various different regions. As far as I am concerned that is the reason why we can address geographic structures below the level of the Land as regions.

- to build a regional consensus on priorities for future regional development projects (whereby these projects were mainly financed by the Land with co-financing resources from the federal level and the EU).

The initiated regional conferences were designed as new forums for territorial development and social dialogue at the level of ZIN regions. The Länder government regarded the RSP as a new methodology or tool which facilitated the integration of different policies (primarily economic development, labour market and RTDI policies) into one comprehensive regional development strategy. The regional level was regarded by the Land as the most appropriate layer for that type of policy. The explicit hypothesis was that at regional level strategies and in particular major projects (with a structural dimension) could be tailored much better to the specific problem situation than at Länder level. Equally it was assumed that at regional level it would be easier to mobilise the relevant actors and relevant groups to participate at and to commit themselves to the whole process.⁵

During the 1990ies this regionalisation became the pre-dominant feature of structural policy in NRW and in the ruhr area in particular. The approach was also taken on board when the Land conceptualised and conducted programmes which were co-financed by European Structural Funds (mainly objective 2 and the community initiatives RECHAR and RESIDER) as the structural funds regulation requested for their programmes a participation of the social partners, an analysis of the status quo situation and a partnership approach. The RSP approach was thus very much compatible to structural funds philosophy.

From an analytical point of view the concept of RSP had some striking similarities with the foresight approach as defined by FOREN (Foresight for Regional Development Network).⁶ The experiences in NRW with the RSP policy approach hence can be and should be taken into account when new regional innovation policy approaches will be conceptualised and when the role foresight techniques could play in these new scenarios will be discussed.

⁵ LANDTAG Nordrhein-Westfalen (1999), 10 Jahre regionalisierte Strukturpolitik in Nordrhein-Westfalen, Drucksache 12/4357, Düsseldorf October 1999, p. 9.

⁶ EUROPEAN COMMISSION, JOINT RESEARCH CENTRE IPTS, et. al. (2001), A practical guide to regional foresight, 2001.

2. FROM SOCIAL DIALOGUE TO A BROADER PARTICIPATION: LESSONS FROM THE REGIONALISED STRUCTURAL POLICY APPROACH IN THE RUHR AREA

As has been pointed out above, as a consequence of the increased problem pressure emerging from the sharp structural collapse mainly in the ruhr area, the Land constantly further developed and tuned its structural policy making. With the RSP approach which was developed in the late 1980ies and from thereon became the driving element for decision making regarding structural policies at regional level, the Nordrhein-Westfalen government developed and introduced a new policy strategy. This new concept already had on board major constitutive elements of regional foresight. According to FOREN's definition foresight involves five essential elements: (1) anticipation, (2) participation, (3) networking, (4) vision building and (5) action. In the current chapter the actual implementation of the RSP will be discussed. The focus of this presentation will be on RSP's strengths and weaknesses. Equally, it will be analysed to what extent the elements of foresight, which were implicitly on board of the concept, were actually implemented in practice. Finally it will be discussed which lessons for future policy making can be derived from the RSP exercise in NRW.

2.1 REGIONAL DIMENSION

Following the launching of the future initiative Nordrhein-Westfalen (ZIN) some 15 development regions (ZIN regions) were defined. Five out of these regions concerned the ruhr area. The regions' geographic boundaries were set up more or less by chance. As it was mentioned above, the ZIN regions are mirroring the regional responsibilities of the districts of the chambers of industry and commerce.

The ZIN regions were defined in contrast to the established political and administrative sub-structure in Nordrhein-Westfalen. The whole Land is divided into five governmental districts (Regierungsbezirke). The Regierungsbezirke itself consist of the major towns/cities and the counties (Landkreise). The head of the government district is the so-called district government (Bezirksregierung)⁷ which is acting as supervisory authority for the towns and counties in its territory. The Länder government on the other hand is channelling most of its activities via the district

⁷ The term "government" is somewhat misleading in that context. The district government is an **administration** installed by the Land. It is not acting at town/county level nor at Länder level. It is thus being referred to as "middle administration".

governments to the towns and counties and to the citizens. The administrative structure from the Länder level via the districts governments to the towns and counties is highly institutionalised, interfaces are generally working well and almost all policy issues (schools, traffic, budget, spatial planning, economic development etc.) are being handled in these administrative structures. On the other hand, the territorial responsibilities of the district governments do not reflect territorial borders of geographical (e.g. the Sauerland region or the rhine land region) or economic regions (e.g. the ruhr area or the rhine belt). ZIN regions usually combine a number of either major towns or counties into one new region.

This specific regional definition of the ZIN regions (in contrast to actual administrative regional definitions and in contrast to generally perceived geographic or economic regions) increased the complexity of the whole system of regional policy making. It also led to sometimes severe tensions between the different municipalities in one region. Sometimes conflicts between northern and southern parts of a ZIN region turned up, since –for example – there had never been any significant economic relation between these two parts of the region before. In other cases tensions between the central and peripheral municipalities emerged as the centre tend to dominate the RSP process and the decision making.⁸

2.2 REGIONALISED STRUCTURAL POLICY AND ITS FORESIGHT ELEMENTS

It was argued above that the conception of the regionalised structural policy (RSP) has major similarities to regional foresight activities in the definition of FOREN. It is evident though, neither the Land nor the ZIN regions regarded RSP as a foresight exercise. However, the common features in the conception of both approaches provide the opportunity to asses, to what extent the major elements of foresight have already been applied, to identify obstacles and drivers, and to draw lessons for future policy making. For analytical reasons, in the following parts each constitutive element of regional foresight (concerning the FOREN definition) will be discussed distinctly. Many issues which will be presented under one specific element may however also be relevant for other foresight elements.

⁸ INWIS et al. (1997), Zwischenevaluierung des operationellen NRW-EU-Ziel-2-Programms, Phase III-EFRE-Teil (1994-1996), study on behalf of the Ministry of Economic Affairs in Nordrhein-Westfalen, p. 143f

2.2.1 Anticipation

A structured anticipation and projections of long-term social, economic and technological developments and needs, which represents the first element of FOREN's foresight definition, was and still is far out of the scope of the regional conferences and their activities. From the very beginning the idea behind RSP was to improve decision making by analysing the regional actual status quo. The objective was to identify projects which would help the region to overcome identified actual deficits in specific fields of structural importance. All this with a view to improve the actual situation.

In the actual RSP process a deficit was for example identified in the region's portfolio of industrial sites it could offer to potential regional or external investors. The straight solution agreed upon by the actors was then a priority label for developing new industrial sites. As a result new green sites were developed or derelict "grey" sites were reconverted with the financial resources given to the region by the Land. It was however not that much an issue for the regional conferences to forecast in a structured manner, potential future demands on sites (size, quality, specific endowments etc.). As a result site supply tended to go beyond saturation.

Another example are technology centres. The status quo socio-economic analysis may have revealed deficits in the co-operation between the university sector and industry. The regional development plan thus prioritised the funding of such a centre. As a structured and systematic analysis of the region's potential future technological demand had not been conducted, the centre's thematic focus could not be derived from such an analysis, leading to non-optimised decision making. The lack of strategic orientation delegates a wide range of manoeuvre concerning that issue to the centre management. Two consequences can be made out: On the one hand one can observe that most of the centres built up during the late 1980ies and during the 1990ies provide a similar mix of services to their tenants (information about funding schemes, some marketing support, secretarial support). On the other hand – and probably more important – centre managers tend to regard the "square meters rent" as their indicator for success. Not worth mentioning that under these circumstances technology centres' structural impact might be somewhat limited. Links between regional centres and the regional economic tissue could thus not systematically be established. Territorialisation did not take place.

2.2.2 Participation

One of the important elements of regional foresight activities is the broad participation of actors. According to FOREN, successful foresight exercises would have to involve all leading players from the local system, including regional governments, universities, businesses, chambers of commerce, local media, industry associations, NGOs, citizens and so on.

The RSP approach is also based on a co-operation of the regional actors in the so-called regional conferences. With that co-operation of the regional actors the instrument of the "social dialogue" was further developed. The social dialogue concept was first introduced by the government in 1979 with the ruhr area conference. The dialogue was however more to the type that the government informed about new policies and the regional actors could comment. With RSP the actual level of participation was increased. The Länder government delegated the decision and the responsibility concerning the actual composition of the regional conferences to the ZIN regions itself. The regions were not even forced by the Land to install a regional conference and to develop a regional development plan. The Land always stressed the voluntary character of the exercise. It is however not surprising that all 15 regions followed the RSP approach and they all established their regional conference. The reason was quite simple: the Land intended to improve its decision making on where and on in which projects it should spend its money for structural development. Regions not following the RSP would thus risk to loose money.

Generally the regional conferences consisted of representatives of the municipalities concerned, unions, chambers, welfare organisations, environment associations, the churches, equal opportunity bodies and other NGOs. In the five regional conferences which covered the ruhr area one can make out striking differences in the actual number of participants in the conference ranging from 179 participants to only 27 participants. An active and direct participation of citizens and firms was not foreseen.

2.2.3 Networks

According to the Länder government the RSP approach was and is a success, in particular regarding the establishment of social networks. When summarising the results of ten years RSP in 1999 it stated: "Between all participants a new culture of

dialogue was developed. The intensity and the quality of the co-operation have been improved considerably".⁹

The picture is somewhat different when one goes into detail. Admittedly, in most of the regions the RSP approach was embraced more or less enthusiastically and the process started with a rather optimistic sense. The intensity of co-operation however eroded during the years. In 1997 the evaluators of the objective 2 programme (which was implemented to a large extent on the basis of the RSP) observed that the formal procedures of the regional conferences and the decision making on priority projects were more or less existing in the five regions. However, in some regions the actors got tired because of a lack of fresh ideas, in other regions the conferences were dominated by a handful of powerful stakeholders and in others conflicts between different interests of the participating municipalities blockaded the process.¹⁰

Another interesting point is the frequency of the regional conferences' meetings. In three out of the five regions concerning the ruhr area, the regional conference came together considerably less than once per year. Namely twice, five times or seven times between 1989 and 1999! In one region there were 13 meetings in this decade and in another region 29 meetings of the conference were reported.¹¹

Under these circumstances the creation of new networks in the meaning of voluntary interactions between the relevant actors at regional level was rather limited. However, even though the objective 2 evaluators made out an intensified social dialogue in the regions.¹² This shows the huge potential that can be exploited by improving the framework condition for networking at regional level.

2.2.4 Vision building

The fourth element of FOREN's foresight definition is the elaboration of a guiding strategic vision for the region's future development. The RSP approach requested from the regions a so-called regional development plan (RDP).

The RDPs are usually based on a detailed regional SWOT analysis. The plans' objective (or vision) was mostly to overcome the identified deficits rather than exploiting regional strengths. When the RDP was up-dated (which was normally in the advent of a new phase of the objective 2 programme) the regions did not up-date their

⁹ LANDTAG Nordrhein-Westfalen (1999), p. 11.

¹⁰ INWIS et al. (1997), p. 143f.

¹¹ LANDTAG Nordrhein-Westfalen (1999), annex A, p. 23.

¹² INWIS et al. (1997), p. 144.

socio-economic analysis. Thus, even huge projects could not systematically be derived from the SWOT analysis. Equally, the impacts of major projects financed in the preceding phase were also not systematically taken into account. That is the reason why it became more and more difficult to assess the structural relevance of new projects. As a consequence priority projects turned out to manifest political desires rather than to fulfil regional needs.

2.2.5 Action orientation

The FOREN guide pointed out that foresight exercises must not simply formulate utopia. "There has to be explicit recognition and explication (of the foresight exercises) for present day decision and actions."¹³

The RSP approach in Nordrhein-Westfalen by its very conception actually intended to come to better decisions on which projects to be financed within the budget devoted by the Land to a specific region. Seen from that angle, RSP evidently fulfilled FOREN's request for an explicit action orientation.

The range and type of actions a region could propose to the Länder government to be financed was however pre-determined by the Land's financing instruments and measures. During the years the Land developed an enormous bundle of different measures with structural relevance: SME support schemes, start-up support, programmes providing aids for technology orientated infrastructures and so on. This portfolio of measures was the "menu", the regions could pick the specific measures for their territory from. The result was, that all regional development plans mirrored exactly the range of possible measures provided by the Land. What generally did not take place (and could not take place because of the lack of vision building) is a selective combination of only those measures which would best meet the regional demand.¹⁴

2.3 SUMMARY AND SWOT ANALYSIS

The discussion of the elements of foresight and their actual application in the regionalised structural policy (RSP) approach was summarised in the table below.

¹³ EUROPEAN COMMISSION, JOINT RESEARCH CENTRE IPTS, et. al (2001), p. 4.

¹⁴ INWIS et al. (1997), p. 151.

Table 1: Overview of foresight elements in RSP

	Strengths	Weaknesses	Opportunities	Threats
Regionalisation	<ul style="list-style-type: none"> • with the ZIN regions a regional layer below Länder level was established 	<ul style="list-style-type: none"> • randomised regional definition • weak regional identification 	<ul style="list-style-type: none"> • > 10 years experience in regionalisation • ZIN regions as starting point for more adequate regional definition 	<ul style="list-style-type: none"> • intra regional conflicts deteriorate the process
Anticipation	<ul style="list-style-type: none"> • not relevant as anticipation was no element within RSP 	<ul style="list-style-type: none"> • concrete actions/projects may not meet regional needs 	<ul style="list-style-type: none"> • not relevant as anticipation was no element within RSP 	<ul style="list-style-type: none"> • decision do not gain in quality → this will be perceived by the actors through weak results → erosion of process
Participation	<ul style="list-style-type: none"> • new forms of active participation introduced by RSP • rather broad partnership 	<ul style="list-style-type: none"> • no firms, no citizens! • de facto political pressure from the Land on the regions to participate 	<ul style="list-style-type: none"> • > 10 years experience with participative approaches 	<ul style="list-style-type: none"> • exclusion of firms and citizens reduces "relevance" of the exercise • also: limited awareness and visibility of the exercise
Networks	<ul style="list-style-type: none"> • new forms of networks were established • new types of interaction emerged 	<ul style="list-style-type: none"> • rather low frequency of meetings • latent lines of conflict between the partners 	<ul style="list-style-type: none"> • even under weak framework conditions good results (new and intensified dialogue) were yielded 	<ul style="list-style-type: none"> • the whole approach may fall asleep in certain regions • high degree of frustration for those motivated
Vision building	<ul style="list-style-type: none"> • conduction of regional socio-economic SWOT analysis • elaboration of regional development plans 	<ul style="list-style-type: none"> • weak up-dating of regional analysis • plans were pre-determined by policy strategies of the Land 	<ul style="list-style-type: none"> • > 10 years of experience to be exploited 	<ul style="list-style-type: none"> • lack of "shared" vision leads to deficits in decision making ("wrong" projects, inadequate bundle of measures etc.)
Action	<ul style="list-style-type: none"> • RSP's objective was to improve present day's policy decisions 	<ul style="list-style-type: none"> • plans were pre-determined by policy strategies of the Land 	<ul style="list-style-type: none"> • identified weakness of RSP in that respect is the main driver for developing new and more adequate policy concepts 	<ul style="list-style-type: none"> • wrong projects • inadequate conceptions

What is obvious at first sight is the RSP approach introduced a clear regionalised approach (below Länder level). Furthermore, the RSP was based on regional networks and further developed participatory elements. The regional development plans, which were elaborated during the course of the RSP process, as a nucleus of a vision building dimension comes in as well. The RSP's action orientation is also quite evident. Our initial hypothesis the RSP having major similarities with FOREN's definition of

regional foresight has thus proved to be valid. The pool of experiences gained from more than one decade of actual implementation of RSP in an old industrial regions hence can be exploited for the conceptualisation of new foresight based regional innovation policies.

3. THE POTENTIAL ROLE OF FORESIGHT FOR A NEW POLICY CONCEPTION

As it was outlined above Nordrhein-Westfalen was and still is facing tremendous problems of industrial structural change which are accumulating in the industrial heartland of NRW, namely in the ruhr area. The basic idea of the Länder government's policy strategy implemented during the last 15 years was to overcome the regional development deficits in the ruhr area by preferential measures both at infrastructural level and at individual company level. This policy of the Land was co-financed to a large extent by the federal government and the European Commission (via the structural funds).

Although structural change in the ruhr area made significant progress in the last decades, the economic situation still is unfavourable: GDP growth rates are increasingly lagging behind West German average and unemployment remains high or even rises in specific regions. It is time thus to re-think the policy strategy and to come up with more adequate policy conceptions and policy making. This is not to say that NRW needs to totally reconvert its policy approach. However, the discussion of the regionalised structural policy approach and its actual implementation in the regions revealed major deficits which need to be overcome in order to lead the economy back to a sustainable growth path.

3.1 FROM RE-DISTRIBUTIVE TO GENERATIVE GROWTH

As COOKE and DE MARCHI¹⁵ are pointing out in their contribution to the current STRATA expert group, successful regions are those which manage both interactive learning processes within the region and an integration of local clusters into global value chains. They are arguing furthermore that sufficient generative growth is feeding

¹⁵ COOKE, P. and DE MARCHI, B. (2002), Generative Growth, Knowledge Economies and Sustainable Development: Implications for Regional Foresight Policy, paper prepared for the STRATA ETAN expert group "Mobilising the regional foresight potential"

off these interactions whilst an incentivised and regulated transfer from jobs and capital from locations where these resource are abundant to those where they are not (like in the ruhr area), revealed to be inefficient, as it rather brought sufficient or sustainable growth to the regions.

A simple re-distributive growth policy obviously needs a strong top-down approach with a say national body deciding on which region transferring what kind of and how many resources to which other region. A policy approach which is focussing more on the generative aspect of growth would rather be bottom up and would have to stimulate interaction, learning processes (both at individual level but more importantly at organisational level as well), possibly the development of a joint regional development vision as well as institutional capabilities. Recent literature is describing this kind of regional interactive structures as regional innovation systems (RIS), learning regions or regional innovation and learning systems (RILS).¹⁶

Obviously, the role of the regions and of the regional policy makers in the fields of economic development and innovation policy will change significantly in a model of generative growth. The regional actors' policy making capabilities and capacities need to be adapted to the new challenges, new tools need to be identified and provided to the actors.

Foresight tools which have been used during the 1990ies to a considerable extent at national level may also apply at regional level and provide an opportunity for regions with structural problems to return to a generative growth path. In the knowledge based learning economy the capacity to learn and to innovate can be regarded as a crucial determinant for the success in managing the process of structural change, for growth and economic prosperity. The FOREN¹⁷ research showed that RF techniques cannot and should not be regarded as a miracle remedy. However, the socio-economic processes that have to be managed by old industrialised regions on their way to regional learning, innovation and generative growth are rather complex and challenging. RF as a technique has a clear process orientation which is rather similar to the processes of learning and innovation. Seen from that angle, RF exercises directly contribute to the emergence of regional innovation and learning systems. Even if foresight exercises objectively fail in the sense of mobilising optimal action in an ex-post view, they strengthen the regions through the creation of regional social capital and by supporting RILS.

¹⁶ See e.g. OECD (2001), *Cities and Regions in the New Learning Economy*, Paris 2001, p. 21ff.

¹⁷ EUROPEAN COMMISSION, JOINT RESEARCH CENTRE IPTS, et. al (2001).

3.2 REGIONAL FORESIGHT AND GENERATIVE GROWTH POLICY IN NRW

RF thus promises to be an interesting tool for regional policy makers to handle processes of structural change. The discussion of the regionalised structural policy approach in NRW showed that the RSP implicitly had on board major elements of RF. However, some elements like the future orientation were missing and others like participation and networking turned out to be weak in practice. Now it needs to be discussed whether and how a more explicit and systematic use of RF techniques could provide NRW with a more adequate generative growth policy.

3.2.1 Main factors

Based on the SWOT analysis of the RSP implementation some important issues which need to be tackled in order to come to a more systematic application of RF can be identified:

- An adequate definition of the territory covered by the exercise is necessary. A wrong geographic definition constitutes a severe obstacle for gaining regional identity as an important momentum in foresight.
- Although it may sound trivial: future-intelligence-gathering and anticipation are crucial elements and quality drivers for foresight exercises. Future scenarios are always uncertain, and specific stakeholders may tend to discredit these or even try to reject future thinking generally. Regional policy makers - but also the Länder government - therefore have to marketing the idea of future-intelligence collection and to provide arguments for reluctant actors.
- Alibi participation is counterproductive. A minimum devolution of power to the regional level is therefore necessary. If regional actors realise that they can only "comment" on what has been decided at a higher level, their active participation will be limited.
- Networking effects turned out to be strong even under inadequate framework conditions. What can be learnt from the NRW experience is that regional networks should include the business sector (if not the general public as well). The firms are the drivers for innovation, growth and employment, they are thus important players in the regional innovation system. Policy makers hence have to open the networks for businesses and they have to motivate firms to participate (arguments, incentives, PR). Furthermore, the NRW case shows that network activities – even if they were started enthusiastically – need some external moderation and animation.

- The formulation of a development goal or vision is not a singularity. It is rather a process and it is necessary to adapt the vision not only to novel external (extra-regional) incidents but in particular to regional changes which occurred as a consequence of recent policy decisions.

3.2.2 New forms of participation

The existing models of partnership both in a vertical (regions/Land) and in a horizontal (intra-regional) dimension lost their drive. Although the models developed in NRW were innovative and comparably participative by the time of their implementation, we now have to regard the regional conferences as inadequate means for a generative growth policy. They are more or less closed shops for selected players, they are not open for the firms, their competence for developing truly territorialised measures is limited and they simply allocate available funds to projects which are politically desired. If NRW wants to return to a sustainable growth path, the old models of partnership need to be abandoned or significantly reformed.

In order to overcome this main deficit of RSP and in order to reinforce in particular the networking activities at regional level, the Länder government has recently started to introduce the concept of competence fields. Competence fields do have at least two dimensions: the region and a specific technology orientation. The objective is on the one hand to a shift of the policy focus: away from a policy which aims at overcoming identified structural deficits towards a policy which fosters and exploits regional strengths. On the other hand the regional partnership and the networking will be improved: broader partnerships (in particular participation of enterprises) and a higher degree of devolution of strategic decision making competencies are currently being discussed.

3.2.3 Governance issues

The re-orientation in regional development policy towards competence fields or clusters is a good step towards more foresight. However, the full potential of RF can only be exploited if one makes foresight exercises an explicit element in the development strategy of the clusters. The Länder government should thus organise respective awareness rising activities for the regions. Furthermore, RF should not become a new isolated measure within the pool of different policy tools already available in NRW. RF should rather be incorporated in wider policy approaches (RSP, cluster approach).

The regional actors and institutions are lacking specific competencies and know-how in the field of RF. The Länder government should help the regions to build up

respective capacities, to learn from international good practice and to participate in international networks. The financial resource currently available within the on-going Objective 2 programme 2000-2006 may be used for these kind of measures.

More importantly, RF only makes sense if it can be conducted as a result open process. The RSP experience showed that if the range of actions and measures that can be chosen through the regional decision making process is pre-determined (e.g. by the Länder government's policy), regional actors tend to formulate needs and demands for all of the measures in offer rather than trying to pick the ones which are most suitable for the regional circumstances. For the regional actors this behaviour is rational as it promises high rates of consumption of the funds provided by the Land. The Land on the other hand uses the regional consensus as an exculpation argument in the case a major development project in a region is failing. This infertile alliance must be broken up. One possible solution would be the Land devoting global grants to the clusters (competence fields) rather than providing a menu of measures from which the regions have to select specific measures.

4. A BROADER PERSPECTIVE: RF A POLICY TECHNIQUE TO IMPROVE REGIONAL POLICY IN OLD INDUSTRIALISED REGIONS

The paper presented herewith is much focussing on the specific situation in Nordrhein-Westfalen. However, the findings and recommendations derived from the NRW case can be generalised at least partly and hence inspire policy conceptions in other industrial regions as well.

Old industrial regions generally suffer from a decline in economic activities in one or more sectors of industry which used to be the pre-dominant economic drivers in the past. Declining industrial output, insufficient growth and rising labour market problems are usually the consequence. The policy challenge is thus to support the creation of new (innovative) and sustainable income and employment opportunities.

In the knowledge economy the innovation performance and the economic prosperity increasingly depends on the regions' capacity to successfully organise and implement learning processes. Regional innovation and learning systems (RILS) thus were made

out as crucial stimuli for generative growth.¹⁸ This paper also argued that the interactive process induced by RF exercises is very similar both to learning and innovation processes. RF thus fertilises learning and innovation, and vice versa. Socio-economic policy development should thus increasingly exploit the synergies between RILS and foresight.

Against this background, regional foresight may also be an interesting tool for the emerging regions within the accessing states. As RADOSEVIC is pointing out, a core problem for the integration of Central and Eastern European countries into the European Innovation Area is the virtual non-emergence of national and regional innovation systems.¹⁹ Foresight processes provide the potential to develop in a broad partnership approach joint visions for desirable future scenarios in regions which are often suffering from an inherited industrial mono-structure. The process itself can support the emergence of new regional structures and systems, new interfaces - in particular the hitherto weak university/industry links – can be created. RF thus contributes to the creation of regional innovation systems and by that to the creation of an enlarged European Innovation Area.

With regard to participation and networking RF is of particular interest in Eastern Europe. While networking - without doubt – is a necessary pre-condition for organising regional learning systems, in Eastern Europe this approach is facing the risk to revitalise the gangs of the old communist guys. The broad participation (policy makers, universities, firms, institutions, NGOs and so on) which is a crucial element of RF, will however help to reduce this risk. Participation assures a policy milieu with rather high degrees of transparency, in which fraud, corruption and nepotism can hardly be hidden.

¹⁸ COOKE, P. and DE MARCHI, B. (2002), p. 20ff.

¹⁹ RADOSEVIC, S. (2002), Regional Policy, National and Regional Foresight in Central and East European Candidate Countries, paper prepared for the STRATA ETAN expert group "Mobilising the regional foresight potential", p. 1.

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