

Thinking about Regions for the Next Generation

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Introduction

Looking into a more distant future carries risks that are already well realized. Our tools of prediction are very limited, and they are going to remain limited, due to the unavoidably blurred perception of reality. It is obviously easy to make fools of ourselves. This is not only a personal discomfort, softened a lot by the extremely short public memory. The much greater danger of a faulty recognition of the future is in channeling common resources into some ratiomorphic¹ visions (like nationalization, industrialization, globalization and other more or less well-meant but violent and totalitarian schemes).

The only comparable risks are involved in doing nothing while the incongruities in the social and economic fabric are gathering momentum. There is a whole philosophy of waiting patiently and optimistically until problems sort themselves out. It looks plausible only because the dead cannot speak for themselves. The 20th century disasters teach us both: that societies should face problems as soon, as they start to arise and that experimental approach should be used. Namely, the medicine applied should not be worse than the disease, and this condition should be tested first in a possibly limited scale.

Looking one generation ahead into the future of regions is a particularly ambitious undertaking. In the perspective of around thirty years, not only the present trends expire, but also many boundary conditions of the regional development turn to be challengeable. Still, Kukliński is right that such exercises are necessary², if only to unburden our thinking from involvement in current issues and the related personal interests.

Such considerations bring us to the concept of the “future ready regions”. Regions are smaller than states but operationally similar to them. Therefore, in a number of functional spheres, the appropriately empowered regions might serve as proper testing grounds for diverse innovative ideas and spearhead implementation of the successful ones. This is a historically proved regularity that regions and their social capital give the proper frame of reference for analysis of creative cultures. In the approaching decades, when the impact of information and communication technologies will belittle the role of administrative functions, soft cultural factors may become the main reason behind the continued existence of regions.

¹ The term coined by Conrad Lorenz to denote ideas, which are apparently, but not really, rational.

² A. Kukliński, Global development in secular perspective. The experiences and prospects of the years 1950 – 2050. Global catastrophe versus global renaissance (in:) A. Kukliński, B. Skuza (eds) Turning points in the transformation of the global scene, Warsaw 2006.

This contribution stresses the necessity of the next generation oriented attitude toward future, illustrates the practical impossibility of looking into a more distant future, assesses available tools for future prediction, enumerates the basic functions of regions and considers their durability, points on mounting stresses that will make the “future as usual” impossible in Europe, comments on present direction of regional policy, and advocates emergence of the “future ready” regions.

The necessity to provide for the incoming generation

In some aspects, the present generation of Westerners seems to be the most egoistic one in history. This has been due to the unprecedented affluence resulting both from the inherited geopolitical dominance and from the inherited innovative economy. This has been coupled with contempt for tradition, personalized by the older generation, which was not able to prevent the Great War and to appreciate pop culture. Institutions of the welfare state and trivialization of education were also helpful. New breed of politicians pandering to the whims of electorates and the brain washing machinery of modern marketing succeeded in making people believe that greed and relentless drive for personal satisfaction are enough to provide for progress and harmony.

The beginnings of this cultural shift looked pretty innocent and refreshing. The accumulated wealth and inertia of social fabric and institutions helped to mask consequences of this shift for a few decades. Only now, these consequences are becoming visible. The bills for untamed exuberance are piling up. All sorts of problems arise, while the social capital of trust, solidarity, responsibility and competence —that is necessary to deal with them — is almost exhausted.

The baby boomers generation has abused the state of law idea, to grant itself entitlements so great that they cannot be awarded to the next generation without collapsing the system. So the law is manipulated in such a way that the privileges of the new entrants will be reduced. At the same time, it is assumed that the young will work hard to provide for the claims of the old (saving for one’s own retirement schemes turn out to be confidence tricks). The potential of the great generational conflict is immense. The concept of the “acquired entitlements” leaves little room for accommodations, but the extensive package of some “Euthanasia Recommendations” remains within horizons of the present legal doctrine.

A long-term future is an absurd idea if concerns anything else than the future of our descendants. The cultures that miss this point are on their way to extinction. In the perspective of around thirty years, the main actors of present power games should be absent from the scene, and only consequences of their actions will remain, to be praised or cursed. This is a post-Keynesian perspective, in which our comforts matter not longer. Thus, the focus moves to education of our successors, providing them with a well cared for heritage and leaving them enough options to make their own choices.

One generation perspectives on the 20th century developments

Most young people asked for a vision of their own life two or three decades from now makes projections of the present with a “more, better and cheaper” bias. Yet, the one-generation scope of change might be both dramatic and disappointing, as the following examples illustrate:

- Could peaceful and affluent “Europe Felix”, which existed at the opening of the 20th century, predict the dire state of the continent in the middle of the Great Crisis with the WWI,

decomposition of empires, resurrection of long forgotten states and communist revolution thrown in between?

- Were the optimistic people in “swinging twenties” aware that their affluence will suddenly collapse and from the mist of the awesome technological and social progress the twin totalitarian specter is rising, grooming for the wildest cruelties in human history?
- Could the fans of progress in 1960s envisage that almost two generation later there will be no Moon bases, no thermonuclear power stations, and no automatic translation? Could they guess that, in the first decade of the 21st century, cancer will be still at large and the average lifespan will stagnate well below 90 years?
- Were the people concerned with containment of the “uncontrollable population explosion” in 1970s aware that a generation later their societies, which adopted the “individual success” model, will be quietly dying out?
- Were the people in 1970, when the buds of Internet and PCs were already well developed, conscious about the real impact of information technologies?
- Could the people in 1980s, scared by the military aggressiveness of the Soviet Union and sarcastic about the pitiful economic performance of China, predict that a generation later Soviet Union will be basically a bad dream, while China will be well on the way to the global economic dominance?

These experiences should not be discarded and due lessons should be taken. There are no convincing arguments that our generation is in a better cognitive shape than our predecessors were. Yet, the prevailing public attitudes do not favor this kind of learning.

The attitudes in question are building up around the concept of modernity that shows similar contempt to the past, as to the future. Not only the past is immaterial, as it is so detached from the modern comforts, mores and problems. The modern mindset and its post-modern extensions expect nothing really important also from the future. The future should bring more of the same — be it income, pensions, unemployment benefits, leisure, shopping spaces, travel, Internet, entertainment, freedom from diseases or prolonged lives. The change that modernity is feeding on and looking for is not a meaningful change. Wars and epidemics are as little expected, as the life redefining discoveries that abounded not so long ago. The enthusiasm that greeted the Fukuyama’s “end of history” declaration shows the extent of simplistic naïvety of modern brains. It might be that this mindset is the most fatal consequence of the welfare state policies. Such policies are protecting people not only from consequences of unfortunate events, but also from the consequences of their own follies. In effect, they inhibit the process of learning on the consequences of errors, which is the base of intelligent behaviors.

The ruling myth is that modern is better simply because it is new, and the post-modern is still better. No qualifying criteria, no value based assessments should obstruct the advance of novelties. True innovations are not expected also in the big high-tech firms, which were themselves innovated into existence relatively recently. They use to live in a fear of some “disruptive innovation” that would destroy their accumulated and “intellectually guarded” competitive advantage. What is looked for is a brave new design bundled with the MP3 player. The top scientists admit willingly that the general

framework of Universe is already known, and what remains is just filling in some details³. In the media space, the World Trade Centre massacre has been fast downgraded to the status of an incident, and the ensuing military conflict rewritten using the Vietnam War clichés. We live in a very complacent present so accurately characterized by Ortega y Gasset⁴. It feels no gratitude toward past that have created the comforts we enjoy; it feels no respect toward future — that may expand these comforts or annihilate them. Exultation resulting from the capacity to surf Internet leads to overconfidence bordering with ridicule. After all, using Internet now is no greater mental challenge than using of phones was in 1930s.

The lives of the modern differ from the usual modes of existence. These were either concerned mostly with past and dominated by the Myth of the Golden Age, or concerned mostly with future and dominated by the Myth of Progress. The present indifference might signify that humanity is already emerging from the exceptionally prolonged period of progress and wavers before plunging into another era of stasis. (The rebirth of traditionalism in many domains is telling too.) The problem is that humanity seems badly prepared for such a shift. In many aspects, its undisturbed existence depends on technologies that are not yet invented — especially, the environment repair ones.

The absurdity of the modern approach to the future seems obvious for these who care to take notice. Still, are there any ways to capture the future developments mentally, even if they would occur on the scale observed in the 20th century?

Conceptual tools to tame the future

The seemingly obvious response is to predict what is going to happen and to mend the future before the predicted disaster may materialize. Mending disasters preemptively would be of greater practical importance than accommodating for the “fortunate” developments. (The preferred practice is different, as it is easier to win clients and voters with “positive messages”.) Still, what are the available mental instruments to grasp the future events? The collection seems disappointingly small and unreliable. It contains approaches that might be characterized as voluntaristic, statistical and experimental. It may be observed that credibility of these approaches grows with their diminishing predictive power.

Voluntarism. Hubris and the need for caution

- Here is this particular concept of Nature, which implies that it has to respond positively to the consumer needs⁵. The most frequently expressed needs have to do with laziness, comfort, excitement and safety. It is assumed that it is enough to define the need, allocate enough resources, hire adequate specialist and the Nature will oblige. It is considered helpful to legalize such needs as entitlements. The nature does not always oblige, officially because of the scarcity of resources or unsatisfactory experts. These technical obstacles dissuade nobody, even elevated scientific and governmental bodies, from setting further priorities. What about the fact that the real progress was concerned with creation of new needs rather

³ J. Horgan, *The End of Science*, Addison-Wesley, 1996.

⁴ Ortega y Gasset, *La rebelión de las masas*, 1930.

⁵ This might be considered as a vulgar version of the fundamentalist interpretation of the Greater Anthropoc Principle.

than with providing for the existing ones? However, it was in the past. Nowadays, we are supposed to know, how to commission innovations!

- Sometimes, a simple fulfillment of needs is not ambitious enough. The opening of some “new frontiers” is sought for, like clean, cheap and inexhaustible energy sources, artificial intelligence, global connectivity, genetic engineering. The effects are usually of the “by the way” kind (like porcelain, by the way of alchemy and Teflon by the way of exploration of outer space). Again, the fact that the breakthrough innovations used to come unexpectedly impresses nobody. It was in the past!
- The top political and corporate circles generate a constant demand for the future foretelling, predicting, forecasting, delphing and foresighting (the new names come as the old ones get discredited). Their real interest might be not so much with the accuracy of prediction, as with the justification of possible failures. It is reassuring to be able to point out that unfortunate decisions were taken in agreement with predominant opinions of the best experts. Actually, all these social procedures go to great pains to eliminate marginal viewpoints. History again and again demonstrates how outsiders managed to exploit chances overlooked by expertise of the day. Naturally, these old stories make little impact on the modern minds.
- There is also a constant demand for sensational predictions on the side of the media. Eloquent “experts” are coming out with bliss or doom scenarios to the excitement of amazed public. Tetlock’s research⁶ points out that the optimists tend to be right 15% of times, while pessimists 12% of times only. This would give great odds to predicting that matters will stay as they are, if not the asymmetry of consequences in predicting boom or bust against the business as usual.

Statistical phenomenology. The mild magic

- Extrapolation of trends is the best-researched methodology of predictions and, in the stable environments, commercially reliable. Unfortunately, it gives little or none information on how the trends start, how they end, and what new trends may emerge. The real troubles with future begin when the important trends saturate (cell phones), collapse (real estate prices) or hit the barrier of plausibility (income from intellectual property).
- Attempts to go over limitations of trends incite all kinds of theories on the higher order regularities, especially of growth cycles. The exemplifications of growth cycles are widely demonstrated, especially in economy. What remains doubtful is that they represent some inherent, systematic, casual drive that might offer some predictive capacity. As far as we know, they might be completely random manifestations of life and death cycles, reminding of the regular bubbles rising from the bottom of a kettle with boiling water.
- Another constructs concerning the dynamics of change are that of turning points⁷, path dependency and path creation⁸. Kukliński advocates integrating them into new field of trans-

⁶ P.E. Tetlock, *Expert Political Judgment: How Good Is It? How Can We Know?* Princeton University Press, 2005.

⁷ F. Capra, *The Turning Point: Science, Society, and the Rising Culture*, (1982), Simon and Schuster, 1983.

⁸ G. Schienstock, *Path Dependency and Path Creation in Finland*, (in:) P. Jakubowska, A. Kukliński, P. Žuber (eds) *The Future of European Region*, Warsaw 2007.

disciplinary research in regio-history, regio-diagnosis and regio-futures⁹. It seems that these holistic interpretations are of much better cognitive value than the earlier described approaches. Yet their power is more with interpretation of what has already happened, than with predicting what may happen. They give good enough description of the kinematic of progress, but offer a little in the way of explaining its dynamics. They provide the language for the meaningful debate but the casual mechanics is still hidden from an observer.

Experimentation. The cultural impact

- The exquisite OECD publication on knowledge management¹⁰ undermines naïve hopes that development can be profitably structured into the research – development – production triad. The analyses concentrate on the inner working of the milieus that are still highly innovative, as the Silicon Valley is. It is pointed out that their superiority is based on the cultural factors: confidence, trust, cooperation, tacit knowledge, tinkering, etc. It seems worth observing that these factors were also predominant in the innovative 19th century workshops.
- In the same vein is the concept of the experimental economy proposed by Gunnar Eliasson, who points out that the academic environment, which is often officially endowed with the mission of innovating, is not creative enough to support the truly inventive ventures¹¹. The growth of new ideas demands an experimentally organized economy, which is characterized by opaqueness, limited rationality and tacit knowledge. The real sources of innovative solutions are competence blocks, i.e. “configurations of diverse actors initiating development in some domain”.

“Black Swans”. The wild aspects of future

- The Enlightenment based concept of the predictable future was frontally challenged by Nassim Nicholas Taleb in his recently published book on “Black Swans”¹². With the impact, the book has made so far, it should provide a widely recognized point of reference. The book is focused on the out of proportion effects triggered by some extremely rare and practically unpredictable events. Such events, called “Black Swans”, might decisively influence the total outcome of the otherwise dull processes (e.g., *In the last fifty years, the ten, most extreme days in the financial markets represented half of returns*). Taleb’s reasoning sounds very convincing, especially as he is a rare blend of a philosopher and a scientist and also a very competent financial market player¹³.

⁹ A. Kukliński, The future of European regions. The problems of a brainstorming discussion. An introductory paper Warsaw Conference 2007, (in:) P. Jakubowska, A. Kukliński, P. Żuber (eds) The future of European regions, Warsaw, 2007.

¹⁰ Knowledge Management in the Learning Society. Educations and Skills Centre for Educational Research and Innovation, OECD 2000.

¹¹ G. Eliasson, Industrial Policy, Competence Blocks and the Role of Science in Economic Development: An Institutional Theory of Industrial Policy, (in:) OECD Knowledge Management, Op. Cit.

¹² N.N. Taleb, The Black Swan. The Impact of the Highly Improbable, Random House, 2007.

¹³ “Investors advised by “Black Swan” author Nassim Taleb have gained 50 percent or more this year as his strategies for navigating big swings in share prices paid off amid the worst stock market in seven decades.” <http://www.bloomberg.com/apps/news?pid=20601213&sid=aDVgqxiT9RSg&refer=home> (2008.10.15).

- The book persuasively demonstrates how poorly our minds are equipped to understand complexity and randomness that pervade our modern environment. There are compelling examples on: how even the theoretically fully predictable future dissolves due to the accumulation of errors; how specialization restricts thinking to the inside of the model; how even professional statisticians make ordinary mistakes when assessing chances in the real life situations; how unreliable is the expert knowledge, even in the well defined risk areas.
- It is argued that mental limitation is largely responsible for the simplistic model of the world, which dominates among both general population and the global decision makers. Within this model, the obsessive concentrations on the obvious opportunities of the present, makes people unaware of the tensions accumulating in the background. In this way, Taleb's book provides us with valuable hints concerning proper attitude toward future¹⁴.

The evolutionary approach

- In absence of reliable and focused theories of development, the general Darwin's theory of evolution might be used as a source of inspirations concerning progress. After all, its explanatory powers, relating to the development of species, are practically unchallenged, and the complexity of evolved solutions is yet to be matched by technology. As Konrad Lorenz pointed out: *the effect the mind strives to achieve is approached by the process in which trial and error, hypothesis and falsification play a similar role to that of mutation and selection in the game of the organic coming into being*¹⁵. Yet, the idea is not very popular, as some feel repulsed by the alleged "cruelty" of Darwinian forces (the fatal over interpretation of the *survival of the fittest* principle), some are too proud to admit that blind random forces may shape the human future, and some think that evolution is about genetics only.
- It is enough to experiment with a simple model of Darwinian evolution¹⁶, to notice its appropriateness. Simulations reveal a number of emergent properties that correspond not only to the obvious, but also to the paradoxical aspects of the real life development. In particular, even if evolutionary mechanisms work continuously with the same pace, the emerging evolution is clearly a two-phase process. One is apparent: evolution progresses in a burst of successive improvements, producing directional and practically irreversible shifts of traits. The other is latent: evolution stagnates in some quasi-equilibrium; where no trend emerges and no permanent improvement occurs. This stagnations ends only when some breakthrough innovations initiates another active phase. In effect, contrary to the popular understanding that treats "evolutionary" as a synonym for "gradual", the simulated evolution exhibits the typical revolutionary dynamics¹⁷.
- Evolutionary approach offers insight into the basic dualism of developmental processes, i.e. in the interplay of freedom and perfection in innovative endeavors. The same competition increasing methods that prove very efficient in the active phase of evolution make the breakthrough innovations practically impossible.

¹⁴ R. Galar, On the "Black Swan" Inspired Attitudes toward Future, **in the same Volume.**

¹⁵ K. Lorenz, *Der Abbau des Menschlichen*, R. Piper co. Verlag, München, 1983.

¹⁶ R. Galar, Simulation of local evolutionary dynamics of small populations. *Biological Cybernetics* 65, 1991.

¹⁷ R. Galar, Knowledge Economy and Evolutionary Traps, (in:) A. Kukliński, W.M. Orłowski (eds), *The knowledge based economy, The global challenges of the 21st century*, Warsaw, 2000.

The conceptual toolbox of a “future-mender” is really limited. The first two approaches provide precise quantitative predictions which usually turn out to be false (voluntarism) or limited to the phase of unperturbed growth (statistics). The remaining three approaches give next to nothing in the way of predicting what and when may happen, yet they offer valuable insights into the phenomena of qualitative change. The practical consequences of these insights will be pointed out in the last chapter.

Pragmatic and cultural functions of regions

When considering the future of regions, it seems sensible to reflect whether regions have a future at all. It might be that regions are following a path of irrelevance and are passing out from the scene to be replaced by some more modern entities. In some aspects, it can be true. Yet, same rationales seem to favour the continuing existence of regions in the general network of the socio-geographical relationship. There is a number of different facets of regions that deserve to be considered.

Regions as cultural „standing wave” generators

- There is something in regions that used to make them often more stable than the encompassing states and even dividing borders. This might result from a unique and somehow meaningful history; from a community of fate in the still living memory; from a founding myth; from some locally appreciated deviation in customs and language; from some traditionally dominating technologies, etc.
- The geographic scale can be important too. Regions tend to be big enough to support the stereotype of homeland and small enough to be contained in the span of personal experiences. All such factors add to regional identity, which is the key reason for the civic engagement in regional matters. Regions used to have their specific modes. The hallmark of vital regions is their ability to tune up newcomers to their modes. Some regions lose their mode and dissolve into “normality”.

Regions as feudal fiefs

- European regions are often remnants of feudal princedoms. To a smaller or greater extent, the basic rules of the vassal system are still operative. The authority and protection goes downward. The due, but conditional allegiance goes upward. The fair degree of autonomy remains.
- The subsidiarity principle (this elusive aim of the EU) is naturally ingrained in the effective regional system. Thus the wealth created in the princedom stays largely within the princedom; as the post-medieval richness of European provinces still testifies. The matters work best when people and authorities treat their region as a common heritage, which should be protected and improved for generations to come.

Regions as basins of attraction

- Region as the leading city plus its zone of influence used to be a good practical definition. It treats the region’s main city as an attractor and the rest of the region as its basin of attraction. This attraction used to consist on the access to a range of higher order goods not readily obtainable in the lesser places (banking services, specialized medical services, cultural

entertainment, higher education, legal settlements, luxury items, scientific research etc.). The practical reach of the region is often decided by people's preferences to visit this city more than another one.

- This scheme is now being destabilized by progress in communication technologies (procedural competences available on distance) and logistics (goods delivered to the doors of the final customer). Another destabilizing factor is the excessive competitiveness, which destroys the regional bonds. Lesser localities tend to regard the regional capital as a greedy broker that captures an excessive share of the common resources (especially these that come down for deployment). They prefer the direct dependence on central authorities, which, with the maturing of information technologies, is becoming technically feasible. The main city, in turn, tends to disregard the vital interest of localities, treating them as the area of brain drainage and dachas. Regional capitals are fond of exalted modern ideas that their geographical base is of little significance and their true destiny is the global network of metropolises. In the Polish context, it often means another clash of the insular rapacity with bossy complacency.

Regions as corporations

- This is a modern concept that seems to be attractive for regional clerks and regionally operating global companies, as it promises to get rid of nuances of local politics and to replace them with the straightforward commercial rules.
- Such a seemingly rational approach is rich in paradoxes and inconsistencies. Should inhabitants be treated as employees? Then, who is the employer? Residents as participants in a kind of an employee share ownership? What about the Schumpeterian creative destruction in the “corporate regions”? Can regions go bust, sell parts of them out, take over other regions, etc.? One thing seems certain — some regional officials would welcome the corporate pay rates and promotion schemes.

Regions as platforms of creative cooperation

- Innovative cultures used to have a regional reach and regional roots. Regions seem to be spatially and socially appropriate for the “face to face tinkering”, which is the precondition of innovating¹⁸. Ancient Attica, Renaissance Tuscany and the modern Silicon Valley share similar characteristics.
- The necessary ingredients of creativeness remind of the atomic piles. To start an innovative chain reaction a critical mass of competences and resources plus the high intensity of spontaneous personal contacts (collisions) are necessary. The political and cultural assertiveness, expressed by the confidence in local abilities and skeptical reserve toward alien solutions is also helpful.

Regions as subunits of hierarchic governance

- Communication barriers of triple nature used to make regions the necessary components of power structures in bigger countries. First, there were physical limits on the speed of the

¹⁸ Knowledge Management in the Learning Society. Educations and Skills, op. cit.

information transfer. Information concerning developments in distant places, as well as the appropriate decisions were too retarded to allow for efficient administration, especially for crisis management. Delegation of authority to local centers was an obvious solution. Second, there were biological limits concerning the brain's processing power. It was necessary to decompose administrative tasks to manageable units. It was feasible to locate problem-solving capacity in places where problems arise. Third, there were anthropological limitations concerning the nature of power. For human brains, the ruler is a kind of a primeval alpha-male incarnation, whose presence should always be felt. Therefore, it was feasible to provide people with the personifications of power that might be accessed daily.

- Presently, all these factors are losing their significance. The transfer of information becomes instant. Computers offer practically unlimited processing power. Electronic media fill homes with the lively simulacra of the top politicians that talk, blog, charm, and even dance. Yet, it comes with the price. These new solutions are good only as far, as the reality might be subordinated to procedures. They create an environment, in which the reach of the living human intelligence is severely restricted.

Region as units of experimental policy

- In the wake of the planned innovations fiasco, some attention was given to the idea of experimental economy¹⁹. A similar approach should be used with regard to regions too. Discussion concerning the division of competences between regions and states tend to present the issue in terms of power struggle, with one or the other side winning or losing. This seems unreasonable, as the properly functioning system of regions may be a precondition of an efficient state (or union of states). The reverse is also true. The main challenge to governments is administering the change, i.e. finding appropriate reactions to new situations. Relying on the existing expertise is not enough, as expertise, by definition, relates to the known situations and problems. The proper solution must be sought on the way of trial and error, which is a painful but also the only fail-safe way. Experimenting on the scale of a state involves great risks. Such risks might be greatly reduced if experimentation is scaled down to regions.
- The scale of regions makes them, in many aspects, similar to small countries. The regions of the same state tend to be of similar size, have similar problems and similar means to deal with them. What more, they tend to share the common cultural platform and the system of values, which facilitates communication and exchange of experiences. In effect, the solutions that work in one region can be relatively easily adapted by the other ones. For this reason, the proper decentralization of a state, i.e. allowing free initiatives and actions in the bounds of the well-defined commonwealth, releases its adaptive potential. Such systems of regions may at the same time optimize the current situation, detect changes in the situation and produce original solutions of the innovative kind. The analogy to the market, with its free competition under the rules, and its ability to translate individual benefits into common good, seems obvious. In such perspective, the opposition: state – regions turns to be false. If the system is organized properly, synergy dominates.

¹⁹ G. Eliasson, *Industrial Policy, Competence Blocks and the Role of Science in Economic Development*, op.cit.

Regions as “Black Swans” traps

- Remaining in the sphere of the Taleb’s metaphors it seems plausible to assume that “Black Swans” can be of the hopeful or of the disastrous kind. It may be argued that the properly run regions provide a good ground for breeding the first and avoiding the others.
- One of the central constructs of Taleb is the distinction between “Mediocristan” and “Extremistan”. Mediocristan might be interpreted as a somewhat traditional, limited environment that our atavistic brains are able to grasp. Extremistan denotes the modern, global, all-inclusive environment, with complexities beyond human comprehension. What makes Extremistan different from Mediocristan is the scalability of human achievements. In Extremistan the “winner takes all” effect prevails, what leads to tremendous disparities (be it personal income, books sold or scientific citations).
- In terms of the “Black Swan”, regions belong to the realm of Mediocristan. Successes are on the lesser scale and so are disasters. The common cultural platform makes them easier to predict and to contain. Prizes and punishments tend to be in proportion to merits and failures. The experiences of the neighboring regions might offer useful advice on how to develop successes and avoid troubles. In addition, in the world where the sought for careers would have regional rather than global dimension, the total amount of available human satisfaction should greatly increase. In such conditions the regional cultures might flourish, greatly augmenting the cultural deposits of humanity.

Potential challenges to the dominating trends — “Grey Swans”

The arrival of Black Swans is by definition unexpected, but some of them can be sensed coming from behind horizons of the usual. Especially so, if they are hatching from tensions that the system is unable to unload systematically. It might be impossible to predict when and how the discharge will happen, but the ultimate effects could be guessed, and one can only hope that there will be enough time to react.

Catastrophic climatic changes due to the global warming

It is still arguable if they are real. If so, it is impossible to say when they will happen. However, once they happen they can be very rapid. Some models predict that changes might develop into full-blown catastrophes in just few years since they become undisputable. Dramatic effects on the global scale might follow. Many urban and agricultural areas may become no longer sustainable, being hampered by food and energy shortages, failing transport, population shifts, economic and military conflicts. Serious attempts to counter the resulting worldwide crisis might demand that a kind of war economy replaces the present consumer economy (e.g. severe restrictions on cars).

Global financial crisis

The recent years have seen many attempts to create market economy with the risk removed. Banks in particular have turned into strongholds of the welfare state, with risks covered by public money. Stock investors largely disregard the Warren Buffett's advice: *stay away from businesses that you do not understand*. Investing has become a formal game, which is feeding on noises in the stock exchange quotations and contributes to increase of such noises. Due to the new, complex tools of risk distribution, the opacity of financial systems has become debilitating. Disproportion between

money and goods seems appalling. The falling dollar demonstrates chasms of incompetence in the global economy. Attempts to play another round of “economic poker”, in order to postpone the day of reckoning, increase the cost of the unavoidable return to reality²⁰.

Bloody conflicts as the last recourses of losers

Globalizing world provides little opportunity to abstain from the global game, which rules are alien to many people living outside the consumer culture. They also must play in the game they have never opted for. As the game is all-encompassing, they can become the total losers. At this moment, the conventional, transactional game might turn into a bloody conflict. In such a conflict, the losers may have a real chance to win, as long as they are ready to die for their cause. This is because consumers are evidently not ready neither for dying for any cause, nor for inflicting the ultimate damage. This difference in attitudes produces capacity for a great instability.

Sudden demise of the Western advantage

China and India, while still poor in the GDP per capita category, emerge as the top global players. Their consumer aspirations put great strain on the available resources, what is already felt. The Western concept to outsource arduous efforts and live from the intellectual property can misfire. The expected creative advantage of the West turns out to be somewhat illusory. Western societies have become trapped into addiction to cheap Asian products and seem unable to respond competitively. If the trend continues, the standard of living might slide down — from the exclusive to the statistically average. East Asia plays, according to the Western rules, to re-establish its historical dominance. Will it keep to the Western rules after succeeding?

Rejection of the individual success model

Other than commonly believed, natural selection works rather through reproduction rates than atrocities. Evolutionary losers are these who do not pass their traits to the next generations. The egoistic generation of the 1968 revolution starts to be wiped by age from the public scene. Due to natural selection, the increased fraction of next generation will carry genes of the people who preferred family to career. Burdened with necessity to pay for exuberances of the success people, young people might opt for the more responsible modes of life.

Possible failure of the European homeostat

The tendency of the EU to smooth rather than face problems resembles the attitudes in the SU during the late Brezhnev era (Fundamental reforms? — Not in our lifetime!) This leads to accumulation of strains and rising costs of maintenance of the European comfort providing system. As abilities to name and solve problems are severely limited by political correctness and complexities of bureaucratic jargon, the possibility of wide-ranging breakdown cannot be excluded. In effect, this can lead to a more subsidiary Europe built of components that are more self-reliant.

²⁰ This paragraph was written in the spring of 2008 and provoked skeptical reactions. Presently, at the beginning of autumn there is hardly a more obvious observation. Nassim Taleb has classified the incoming financial crisis as so obvious as being „White Swan”. It escaped attention only because the majority of experts were determined to look the other way.

In all these cases, an appropriate system of creative regions might help to compartmentalize disasters and alleviate their consequences. Participation in the current benefits of globalization notwithstanding, maintenance of a rudimentary regional autarky seems prudent and advisable.

Determinants of the regional policy

The EU trajectory of development is assumed to be generated by the great principles, such as equal opportunity, solidarity, subsidiarity and sustainability. In practice, some lesser but more easily implementable principles yield more influence, such as legal uniformity, common space, mobility, welfare. The future of the European construction seems blurred, certainly more blurred than its initial vision in 1950s. The blur includes the fundamental question: is it going to be a new quality, or just another incarnation of the Great Power Concert? It is depressing that such topics are so rarely discussed in Poland, with the prominent exception of Antoni Kukliński's example and initiatives²¹.

Reflecting on motivations of the regional policy in the EU's Poland, in the first decade of 21st century it seems obvious that the two perspectives are overlapping: one is institutional and real, the other is civic and somewhat potential.

Institutional and real-politic dimension

The self-governing regions were introduced in Poland at the end of 1990s, when the perspective of accession to EU was becoming clear. The earlier existing regional administration served as a direct transmission of the state policy. Presently, the state authorities tend to treat regions as an interface providing access to the pool of developmental resources distributed by the European Commission. They are not eager to lose control over these resources; and they have serious arguments to justify such policy. What the government willingly passes to regions, are the tasks that are politically troublesome and promise little success (roads, health service, employment). The regional self-governance is still largely a dummy. This is best expressed by the principal legal rule regulating autonomy of Polish regions, which emphasizes that what is not explicitly allowed is prohibited.

The European Commission seems to use regional policy to bypass authority of nation states and to realize the European priorities, as it seems fit. This is often an open minded and sensible policy. Yet, it is also the time-honored policy of supremacy building, once used by the European monarchs — reaching to the nobles over the heads of aristocracy, reaching to the citizens over the heads of the nobles, etc. Regions confronted directly with the EU's administration are less assertive and easier to patronize than states. This is stimulated by the creative favor winning policy. The cooperating regional actors enjoy the benefits accompanying European programs (travel, accommodation, tax exemptions). In some countries of origin, the extent of such perks might have been perceived as bordering on corruptive. From the perspective of Brussels, it may look as enhancing emergence of Euroelites.

It is evident that a number of key persons involved in the regional policies perceive reality in such pragmatic categories. From their position, all considerations concerning economic, social and cultural

²¹ E.g. A. Kukliński, Towards a new model of regional policy (in:) A. Kukliński, K. Pawłowski (eds) Europe – the strategic choices, Nowy Sącz, 2005. A. Kukliński, The transformation of European Regions at the turn of the XX and XXI century (1985-2025) (in:) A. Kukliński, B. Skuza (eds), Turning points in the transformation of the global scene. The Polish Association for the Club of Rome, Warsaw, 2006.

role of self-governing regions belong to a smoke screen that covers a real game of interests and influences. They are supportive to such divagations if they are medially functional. They tolerate them as long as they are not challenging the game itself.

If the real politic dominates, then the self-governing regions may turn out to be transitory beings, not longer needed when the power struggles abate. Especially so, when the progress in information and communication technologies will make their administrative existence unnecessary.

Civic and potential dimension

The civic interest in regional policies is motivated by concerns about the future of communities ranging from a fraction of million to several million people and inhabiting some consistent territory. The crucial questions are: do such communities really exist, do they matter and are they viable enough to survive? It would be illuminating to consider what is the place of regional communities in the newly emerging hierarchy of human affiliations.

This hierarchy will have to spread somehow between the flat 100% egoism, admitted by some success people, and the amorphous togetherness of all living creatures, postulated by ecological fundamentalists. Some levels of this hierarchy seem assured. As long as the evolved capacities of human brains remain as they are, it can be safely assumed that the fundamental tribal circles (family, friends, and acquaintances) will survive. Some global affiliations are also necessary to provide a general stability. What about usefulness of the other affiliations: neighborhoods, localities, regions, states, associations of states?

Technological progress eradicates technical limits on communication that have made certain types of administrative solutions indispensable (hierarchy and delegation of responsibility). The coming decades will show if this dissolution of barriers is also psychologically feasible.

Considering pragmatic and cultural function of regions, there are reasons to expect that the factors deciding about the continuing existence of regions will have much softer character than the present administrative regimes. Cultural and sentimental issues, based on biological and anthropological invariants might turn out to be more significant than the economical and political factors.

Stimulating emergence of the “Future Ready Regions”

The perspectives of the Polish regions are embedded in the perspectives of Poland and EU. The Poles are usually exposed to the three somewhat naïve clichés:

- **Joining the leaders.** It is a widely expressed hope, based on emotions reminding of sports. Yet, the trajectory of the maximal probability seems to be pointing to the reconstruction of the traditional center – periphery arrangement of Europe. Economic progress in the newly joined countries is powered by differences in standards of living (employment costs, social aspirations, ecological norms, etc.). With the diminishing differences, the developmental dynamic is bound to stagnate. Catching up with the best is hardly conceivable, also because of the brain drain. Putting the matters in categories of sport: it is possible to get better results but hardly the better position. At least, as long, as regional progress will be imitative.
- **Getting rich on the EU money.** The general public is charmed to believe that the European funds will become the main facilitators of their future prosperity. The real dimension of the

support funds escapes attention. Many exult that in the budget perspective of 2007-13 our country may expect the inflow of about 10 billion euro per year; a lot, as it is about 5% of the domestic GDP. Few realize that it is less than 0.1% of the EU GDP — not much in the way of improving the relative position. It is enough to mention that at the beginning of 2008, Great Britain had used similar amount of public money to bail out just one big bank in troubles²². Poles are excited that the EU funds will help to build a motorway system in their country. Few notice that rebuilding of roads and streets devastated by heavy trucks, which were allowed into the country in effect of some general EU regulations — may involve similar amount of money.

- **Becoming a “tiger”**. The favorite example used to be that of Ireland, as a country (of the size of a region) demonstrating that “it is possible”. Yet, is it really possible to copy the Irish example, or was it a unique Irish experience? A lot points at the second option. Ireland position was largely due to its role as a bridgehead of the US business in Europe. Possibly Slovakia or perhaps a cluster of Czech, Slovakian and Polish border regions might play the similar role for Asian corporations. Anyway, in just few months of 2008, the Irish example has lost a lot of its luster. Ireland is in crisis and on the way to repent for its earlier successes that are turning out to be follies. Finland, with its breathtaking technological advance, should be another favorite, but it is significantly less publicized. It might be because this is an example of success, which resulted from the intrinsic innovative drive rather than from external support. A pity, as the lesson from the Nokia story²³ is very telling. What is not publicized at all is the example of the Brandenburg region, which demonstrates that great resources may be wasted in the well-meant effort to stimulate development without stimulating people.

These attitudes, which might be generally characterized as imitative, largely define thinking on many future issues, also on the regional ones. Assumption that all things worth inventing are already invented²⁴, and can be at most improved and redecorated, sets a scene for the hierarchy of pursuits. Regions tend to identify superior regions, which evoke envy, and try to copy their institutions, procedures, ways of life even public events, calling this modernization. Dissenters looking for a deeper understanding are labeled as the third way deviants. Everybody is supposed to know there are only two ways: backward and forward. Historic arguments showing the predominant innovative role of the “deviants” are rejected because they recall the past — and experiences of the past are supposed to have nothing to do with modernity. Little attention is given to differences in the boundary conditions (income, geography, climate, culture etc). Scant regard is given to the creators and causes of the desired opulence. Contributions of the present generation toward its maintenance are rarely reflected upon. The trend is to copy superficial exterior of a process or system without having any understanding of the underlying substance, what is sometimes described, after anthropologists, as the Cult of Cargo²⁵.

²² Nationalizing Northern Rock. A bank by any other name. The Economist, Feb 21st, 2008.

²³ R. Galar, The path dependency and path creation concepts related in terms of evolutionary adaptations, (in:) P. Jakubowska, A. Kukliński, P. Žuber (eds) The Future of European Regions, Warsaw, 2007

²⁴ "Everything that can be invented has been invented." Charles H. Duell, Commissioner, U.S. Office of Patents, 1899, <http://www.cs.virginia.edu/~robins/quotes.html>

²⁵ http://en.wikipedia.org/wiki/Cargo_cult, 2008.04.17

Perspectives of regions depend obviously on the national, European and global context. Yet, if regional perspectives are to exist at all, a degree of regional autonomy must be assured to enable learning by doing. Without right decisions turning profitable and wrong decision turning painful, regions can only follow the trajectories decided by the grater external bodies. On such trajectories, regions are devoid of strategic initiative and may fell prey to the far away developments that are neither expected nor understood.

As an alternative to passive regions, which drift with the current of external developments, the future ready region can be proposed. This should be a region with personality, which is conscious of its values, possibilities and responsibilities. This should be a region aware that predictability of future developments is very limited, so the horizons of predictability have to be constantly scanned for new trends. Such region should be careful with committing its resources to grandiose priorities; they should opt rather for a harmonious development. Such region should be aware of the Taleb's "Black Swans" that might carry unexpected disasters and unexpected fortunate developments. It will try to have reserves to endure the former and an innovation stimulating policy to lure the latter.

The above proposition seems to be very remote from the current practice of Polish regional administrations. Yet it can be the only way to get out from the passive region predicament and to advance to the status of the creative region. On this way, some transformations of social fabric seem necessary:

Creating a regional attractor. Formation of a regional identity involving regional values. Identity that is both strong and open. A real, holistic identity, not limited to sports. Values that are attractive enough to compensate the crucial people for lower wages. Securing space for the comprehensive regional policy.

Creating a regional society. Transforming consumer masses and careerists into society. An organic, down-top approach is necessary. Involving people in public matters. Retreat from the *panem and circenses* policies. Building trust on fulfilled promises not inflated promises. Regional authorities and top players loyal to the region. Region as a responsibility rather than a career opportunity. Region as a small homeland. Consistent allegiances to the country, Europe and civilization.

Enhancing adaptive skills. Creative confidence and initiative. Skepticism toward modernization trough imitation solutions. Risk management in place of risk avoidance. Experimental economy. Accepting costs of sustaining diversity. Deproceduralization of the creative sphere. Increasing efficiency of education (shorter, more intense and much more diversified). Considering attainments more important than certificates.

Keeping options open for the next generation. Sustainable development. Preferences for the organic growth. Avoiding grand schemes of doubtful usability. Ban on debts that would burden the future generations. Training the young to take over.

Conclusions

The main body of this text was composed in the spring of 2008, in preparation for the Warsaw Conference on the future of regions²⁶. Few months later, it is already evident that a big “Grey Swan” of the global financial crisis has landed and the Future is not going to be the same, as it was.

There is an urgent need to think about future. The developing global crisis is clearly a result of concentrating on the short term economically profitable issues, and escaping from fundamental problems (nature, culture, education). Two generations at least have been charmed to believe that the progress will solve all these problems automatically. This did not happen, we are in the social and environmental mess, and the time of reckoning seems near.

Thinking about future should be focused on the ascending generation. It should be unburdened from paying debts of the descending generation both in financial and environmental dimension. It should be prepared to cope with modern technologies and intricacies of human interactions. It should inherit the world still rich in possibilities, not jammed by consequences of our present obsessions.

We should get rid of illusions that future may be programmed. Fortunately, it is not possible due to the blurred nature of reality and the finite processing power. If not these fundamental limitations, we might have been living in cruel reality formed along the criteria of Joseph Stalin, Adolph Hitler and alike, or in the stupefying reality of financial speculators.

The “Black Swan” effect demonstrates that future depends critically on very rare and practically unpredictable events. In the long perspective accommodating for such events is of much greater importance than profiting on the well-recognized advantages. The experimental approach emphasizes the importance of learning by doing or, putting it bluntly, learning by errors.

Globalization restructures reality in a way that is in many aspects advantageous and in some aspects necessary. However, its complexity leads to emergence of “Extremistan” that is the perfect breeding ground for the disastrous “Black Swans”. Were the global systems more decomposed and scaled down, the effects of the winner takes all rule would be softened and the learning abilities restored.

Regions, as “Mediocristans”, which are able to encompass most aspects of human existence, seem to be indispensable in a viable global system. Recognizing necessity of states, a significant transfer of authority toward regions would offer a chance to get over historical animosities and superstitions dividing historical nations, which have repeatedly brought havoc upon relatively innocent people.

To rise to their potential, regions should become the future ready regions. This implies decisive shift in administration of resources. The leading metaphor is that of the “war of manoeuvre” versus the “war of position”. The strategies should concentrate not on exploitation of recognised opportunities, but on building capacity to deal with unexpected. Regions should be able to do both: resist unfortunate events and to stimulate fortunate, innovative developments.

²⁶ Ministry of Regional Development Conference on “The future of regions in the perspective of global change”, Warsaw, June 2008.

