

Press release  
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## Unlocking Europe's dynamism

Better access to financing, imbuing an entrepreneurial spirit in the young, spending more on targeted research and development and concentrating on Europe's innate strengths were just a few of the conclusions that emerged during the first day of The Future of Europe Summit in Andorra on Thursday.

The event, which is bringing together policy makers, academics and executives in this tiny mountain state, will send a set of proposals to policy makers to improve Europe's "brainpower."

The conference was declared open by Albert Pintat, the prime minister of Andorra, who pointed to the need for more resources in research and development and the creation of centres of excellence between universities and companies "In Andorra sometimes we say too much analysis leads to paralysis" he said.

"There is no absolute truth, but we hope that this summit will bring some light and help us identify the engines to drive us in the right direction."

The opening session proved to be a provocative one, entitled, "The global brainpower contest: identifying the key challenges for Europe."

"For 100 years, the Western world (and to an extent, Japan) had a monopoly on knowledge creation and technological innovation," said Claude Smadja, President of Smadja & Associates, Switzerland, who moderated the panel. "This monopoly is already becoming a matter of the past."

On the panel, Enrique V. Iglesias, Secretary-General, Ibero-American Cooperation Secretariat, called for Europe to work hand in glove with Latin America on mutually beneficial policies: Latin America has abundant resources in manpower and commodities and is enjoying growth rates of 5%; Europe, meanwhile, needs labour, he said.

"We need cooperation programs," he added. Without more sensible two-way flows of ideas, labour and investment "we may have tensions between the regions."

Also on the panel, Kishore Mahbubani, Dean and Professor in the Practice of Public Policy, Lee Kuan Yew School of Public Policy, National University of Singapore, said that the 21st century will belong to Asia.

"Asia has worked out the 7 pillars of Western wisdom," he said.

He listed these: Free market economics, which is now being perfected in Asia. Take the case of China, it joined the WTO in order to raise its own standards to the highest possible level. Science and technology. According to some estimates 90% of all PhDs in science and engineering will be Asian in coming decades. Meritocracy: Asian countries are now looking for talent in all parts of society. Pragmatism: Mahbubani quoted the late Chinese leader Deng Xiao-Ping as saying, "It doesn't matter whether a cat is black or white. If it catches mice, it's a good cat." Culture of peace. In a once volatile region, tensions have subsided. Rule of law; China is learning that it cannot compete in the free market without rule of law. Education. "The hunger for education in Asia is phenomenal."

In a question-and-answer session, he added that democracy is not a panacea for advancement, citing the example of the Philippines, which has been a democratic state in recent years but has lagged its peers in terms of growth.

"Asian minds have opened up and there has been a huge explosion of cultural confidence – a conviction that tomorrow belongs to them. It will be very hard to resist."

During lunch, Edmund Phelps, winner of the 2006 Nobel Prize in Economics, gave a sobering keynote speech on the outlook for Europe. There will have to be a sea-change in the attitudes of government, workers and businesses in Europe if the Continent is to make up the ground that it is losing to its competitors in the global economy.

He also questioned the validity of the current reforms being undertaken by President Nicolas Sarkozy of France "I'm perfectly in favour of them, but the inspiration for trimming welfare entitlements and changing retirement ages a bit came from some sort of neo-classicism or Protestantism according to which work is good and saving is good... I don't think that's the heart of the problem."

After lunch, Ann Mettler, who co-founded the Lisbon Council, took issue with the speech by Phelps. Europe is doing much better than the bleak portrait painted by Phelps, she said, productivity growth for example is higher than in the US. What Europe urgently needs, she added, is a stronger focus on education skills and human capital, which are the defining way to raise your competitiveness.

A subsequent session, "Discussion with the next generation: a fresh perspective on European revival" looked at how to foster a risk-taking spirit in Europe.

The panel had a decidedly youthful feel including Carles Flamerich, President of the Circle of Technology of Catalonia (C-Tecno), Spain, Andrea Gerosa, Founder, Think Young, & Former President, JADE-European Confederation of Junior Enterprises, Holger Hartmann, Founder and CEO, BadenSolar, Germany, and Karoli Hindriks, Founder, Goodmood, Estonia.

There was a general agreement that the EU's Lisbon agenda in creating a more dynamic economy is far from a reality. Panellists agreed that the most entrepreneurially driven countries are those with the most hunger, where people have been poor and want to lift themselves and the next generation. There was also a sense that children start their life with an entrepreneurial bent but they get it "beaten out of them" as they go through the education system.

Another theme discussed was that Europe must proactively exploit its talent pool of women, while actively managing immigration to help plug the holes in the skilled labour market. On the subject of clusters, there was agreement that an active regional policy – as is the case in Germany – can benefit companies. Finally, the question of research was broached and there was agreement that more targeted funds are needed particularly in the sectors where Europe is strong, like health and renewables.

A discussion on higher education in Europe looked at the challenges facing universities, and how they could close the gap with U.S. institutions in particular. Ian Cloete, President and Professor of Computational Intelligence, International University, Bruchsal, Germany, noted that the "Bologna" process of reforming graduate study was a good start but that implementation has fallen short of its goals.

Mathieu Carenzo, Managing Director, IESE Center for Entrepreneurship, Barcelona, called for schools to "really interact with firms and bring value." Mahbubani, of the Lee Kuan Yew School, said to succeed needs "Three Ms": Money, meritocracy and motivation.

The final session of the day: "More than just statistics: how to encourage creativity, innovation and risk-taking in Europe" looked at the steps needed to help small and medium sized firms emerge as engines of growth.

"What is needed is one word: trust," said Jacques Attali, Author and Chairman, Attali & Associés, France. "I trust Europe. I do not believe that Europe is in decline. I don't believe that Europe is going to be dominated by Asia."

"Don't discount Europe," he said. "If you discount Europe, you discount yourself. We are no 1 in a lot of dimensions and we have a lot of trumps." He listed ecology, tourism, transport logistics, sewage, water and energy.

What is needed, he added, is a new breed of investor who is willing to retain an interest in a start-ups over 10 years. "There is a danger if we are not able to find a way to finance the people who want finance in Europe, it means that we will fail."

Philippe Li, President of the French Korean Chamber of Commerce and Industry and Attorney at law, Kim & Chang, Korea, said he feared that Europe lacked "heated competition" and "a sense of struggle."

Lucy Marcus, Chief Executive Officer, Marcus Venture Consulting, UK, argued that Europeans are losing potential entrepreneurs in the school system, even as young as kindergarten. “ I don’t think we’re trying hard enough, we’re lazy as a generation. Make it fun, educate about risk-taking. Rote-learning is not working.”

Ziga Turk, Minister for Growth of Slovenia, gave a view from a country that will be chairing the European Council next year. He expressed faith in the general premise of the Lisbon agenda, but agreed that areas could be improved.

“There are niches where Europe can draw on rich cultural legacy,”he said. “The problem of Europe is turning the knowledge into money.”

From the floor, Claude Smadja intervened, calling for an overhaul in the way that credit is given in Europe: “As long as our mentality remains bank-centered, we have a tremendous problem and as long as this is not changed, all that we can say about entrepreneurship is that it will continue to advance at a snail’s pace in Europe.”