

CURTIN UNIVERSITY OF TECHNOLOGY

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In the Integrating Europe: What Should Governments Know of the Futures?

A Futures Research Project Report

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ABSTRACT

The aim of the research is to explore the driving forces and major trends that are influencing the future of national statehood in the European integration context. In addition, the study aspires to analyse policy and strategy questions that these drivers are likely to present for European national governments within the next few decades, and to suggest some solutions thereto.

To begin, the large trends and driving forces influencing the future of society in general are examined. Then, a search effort on the smaller scale is carried out to look for emergent issues, the ones that might yet rise to influence our environment. Finally, based on the above, the study concentrates on exploring and creating strategy options that a national European government could pursue to align and harmonise their nation's growth efforts with the EU strategic goal of becoming the most dynamic knowledge-based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion.

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LIST OF ABBREVIATIONS

AIDS	Acquired immunodeficiency syndrome
EU	European Union
FS	Future Studies
GDP	Gross Domestic Product
GNR	Gene-, Nano- and Robotics (technologies)
GST	General Systems Theory
HIV	Human immunodeficiency virus
ICT	Information and Communication Technologies
IT	Information Technology
LL	Lower-Left (quadrant)
LR	Lower-Right (quadrant)
NGO	Non-governmental organisation
OPEC	Organisation of the Petroleum Exporting Countries
R&D	Research and Development
SSM	Soft Systems Methodology
TQM	Total Quality Management
UK	United Kingdom (of Great Britain)
UL	Upper-Left (quadrant)
UN	United Nations
UR	Upper-Right (quadrant)
US	United States (of America)
WTO	World Trade Organisation
WWW	World Wide Web
9/11	Terrorist attack on the World Trade Centre in New York

INTRODUCTION

"What is important about the EU isn't that it is located in Europe, but that it is pioneering a form of transnational governance. Contrary to what some of its supporters and its critics say, it is not a federal state or a super nation-state"(Giddens 2000, p. 98).

General purpose

What follows on the pages below is a research effort in the field of Future Studies (FS). It is an effort that aims to look deeper into the future of what seems to the author as one of the most curious and hope-injecting phenomena in our seemingly dystopia-oriented (Slaughter 2004) world – the integration process in Europe.

However, this paper is not about forecasting the actual developments in Europe, just as the aim of FS itself is not really to forecast the actual future. The objective 'outside' observation of the future is simply not possible. If not for other reasons, then because of what is known as the 'measurement problem' in quantum physics (Marshall & Zohar 1997), implying that the act of observation itself will always change the observed future, *ad infinitum*. Hence the formulation of 'the futures' used in the title of this paper – it is to stress the core difference between the studies of future and history. Although our (present-day) interpretations of the history may vary, in itself the past is a totally fixed order, with nothing in our capabilities to undo or change it. In contrast, FS is engaged with the vast sea of future potentialities, often contradicting each other. Thus, there is a multiplicity of futures to explore.

As Slaughter (2004, p. 24) puts it: "...the twin motivations for future enquiry [are] the avoidance of danger and the pursuit of positive goals for humankind". Thus, just as FS is more about producing the means to influence the future and about opening up new alternative avenues for the future to unfold, this paper assumes the same general

goal for its assumed focus client, a national government within the European Union (EU).

Research questions and objectives

When focusing down from the general purpose towards more specific objectives, these may be outlined in two stages. Firstly, the study aims to analyse the fundamental driving forces shaping the future of Europe. Secondly, based on the result of that analysis, it aspires to explore the strategy options that policymakers at the national level could apply to meet the challenges and opportunities presented by these forces. To formulate the objectives in short, these are:

- From the point of view of a national government, to analyse the major forces that are shaping Europe's future
- As a result of this analysis, to develop a harmonious portfolio of strategies for a European national government, ensuring the most dynamic development pace for its people.

Given these objectives, the research questions to be answered in this study become formulated as follows:

1. What are the fundamental driving forces, trends and critical uncertainties that will shape the EU over the next few decades?
2. Which innovative policies and strategies could a national government pursue to align the nation's growth efforts with the EU strategic goal of becoming the most dynamic knowledge-based and socially cohesive economy in the world?

Structure

To start with, the introductory part of the report outlines the research topics, structure, context, and methodology for the study. Then, the principal research

commences in chapter one by examining the fundamental driving forces and trends that are currently influencing the future of the EU. Chapter two explores emerging issues, that is, new topics, innovative strategies and policy measures that might enter the field of wider public consciousness. Finally, in the third chapter the study attempts to build on the previous two. In search of the smoothest set of strategies, it aspires to analyse and synthesize the findings from previous chapters, to draw some conclusions, and assemble a meaningful portfolio of advice for national policymakers in the EU.

Methodological framework

The methodology applied in the research may be described in two subsets: epistemological and ontological tools. As opposed to the ontology (defined as science of being, and asking the question ‘what is?’), epistemology is defined as the science of knowing, asking the question ‘how do we know what is?’ (*Epistemology n.d.*).

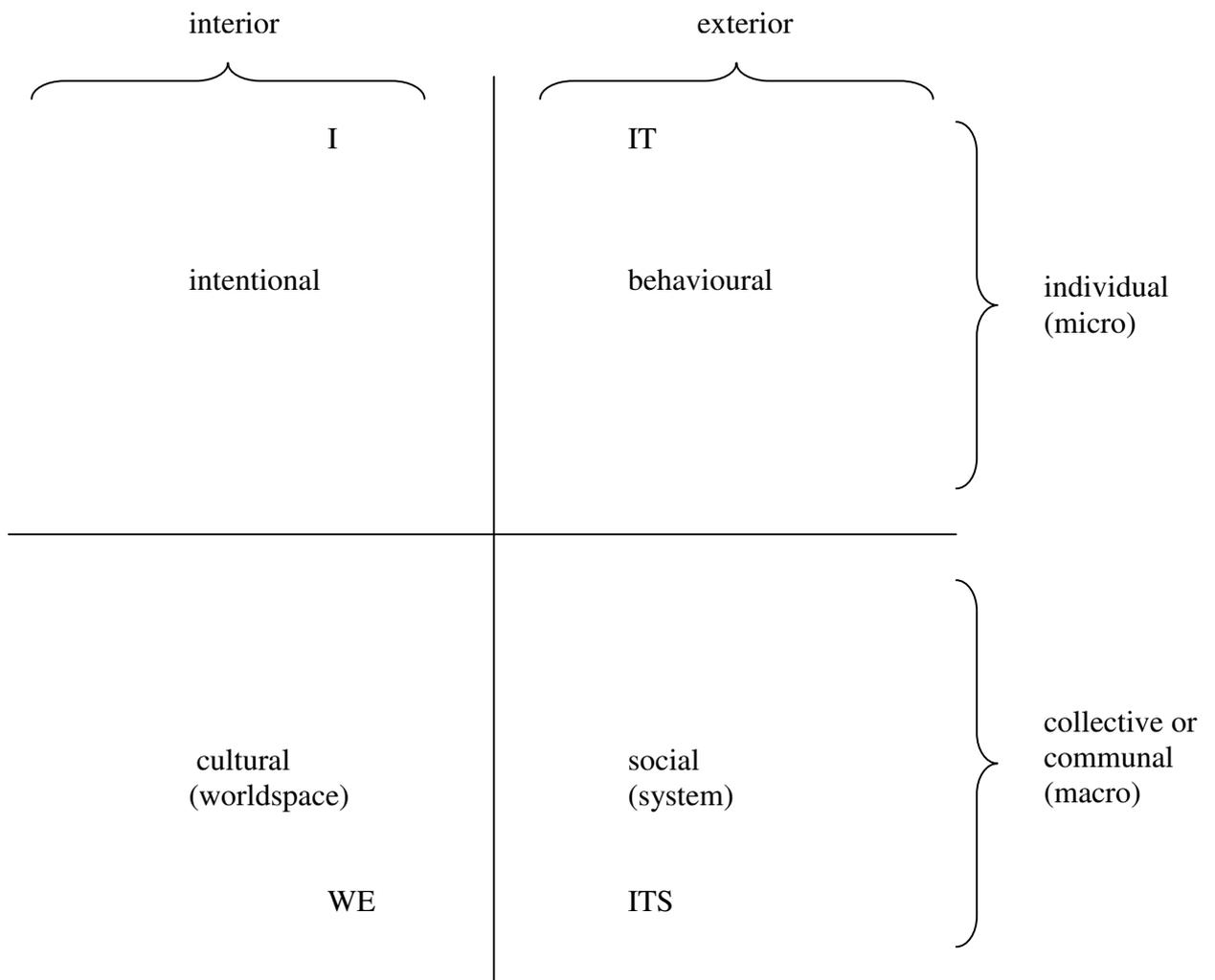
With regard to the epistemological tools, Ken Wilber’s (2000) four-quadrant worldview is assumed as the main framework for the study, a guiding principle of how to apply the ontological tools. According to Wilber (1996, p. 75) everything in reality (including any human organisation) has four basic aspects – “...the interior and exterior of the individual and the collective” – making up a matrix of four quadrants that can be used as a tool or framework to understand the world both around and within us (Figure 1). Although Wilber’s worldview comprises many more dimensions, a more simplified approach, concerned with just the four quadrants, is considered sufficient for the purposes of this paper. This means that a simple and consistent four-quadrant format is used in this project to ensure that all aspects of a particular topic are fully covered. Slaughter (2004, p. 131) stipulates the relevance of the four quadrants – upper left (UL), upper right (UR), lower right (LR) and lower left (LL) – for the FS process as follows:

"Overall, then, this [Wilber's] model quite clearly suggests four new foci [for futurists]. These are:

1. (UL) The inner world of individual identity, meaning and purpose.
2. (LL) The intersubjective social/cultural world.
3. (UR) The external world of the individual.
4. (LR) The collective external world.

... Thus, in (1) what is at stake is the level, or quality, of individual human consciousness. ... In (2) the focus is on shared collective structures. Here we will consider changes in languages, cultures, institutions, disciplines and the like. In (3) the concern is with changes in the ways people act externally, for example, voting patterns, consumer behaviour, reproductive practices etc. Finally, in (4) we are back in familiar industrial-era territory with objectively measurable changes in natural and constructed external environments."

Figure 1 The four quadrants (Wilber 2000, p.127)



Another way to describe the four-quadrant logic is the distinction between general and particular (or between the forest and the trees). Thus, in the upper quadrants, the analysis is at the level of people: what trends/forces affect human values, personal mindset orientation and language, and what is happening with the material and visible sides of people's lives, or how the trees feel and what they look like. In the lower quadrants, the focus is on society as a whole: what trends/forces affect the culture, generally accepted moral norms and prevailing worldviews, and what forms the society chooses to manifest and govern itself with (such as the economy, legal framework, technology). In other words, how does the forest feel and what does it look like? It needs to be noted that the choice of micro/macro systems' level remains, of course, arbitrary. For example when the EU is observed as a whole (i.e. the 'forest'), the national phenomena becomes the 'trees'.

With regard to the ontological tools, environmental scanning is the major technique used in chapters one and two. Using the four-quadrant logic as the guiding principle, the technique is here used to tap the trends and emerging issues. In FS, environmental scanning is one of the most widely applied tools, defined as:

“...the acquisition and use of information about events trends and relationships in an organisation's external environment, the knowledge of which would assist management in planning the organisation's [incl. the state's] future course of action” (Choo 2003).

The roots of this technique may be traced back to the 1960s when it was differentiated from other information gathering techniques to “...(1) lessen the randomness of information flowing into the organization and (2) provide early warnings for managers of changing external conditions” (Morrison 1992, p. 86). From its earlier times comes the radar metaphor: “...to scan the world systematically and signal the new, the unexpected, the major and the minor” (Morrison 1992, p. 86). Morrison (1992) also systematises the environmental scanning process across many dimensions:

according to the span (scanning the task, industry or macro environments) and depth or, in other words, level of determination and sophistication (undirected viewing, conditioned viewing, informal searching and formal searching). In the first chapter, the research starts from conditioned viewing within the macro span. Here, the search is set to tap the remotest and strongest forces behind the major trends in three levels of our environment: physical, biological, and human. In the second chapter, the search assumes a more micro scale, does not distinguish the levels, and is of a more formal nature. (Therefore, it is also presented in a more formal scanning report format). Here, the academic databases and general Internet are searched for the potential ‘wildcards’ that are outside the general attention yet, but might rise to higher importance.

Context and viewpoint

Two major events from the recent past seem to be most influential for the context of this study. The first event took place at the Lisbon meeting of 23-24 March 2000, where the highest executive organ of the EU – the European Council (in essence the gathering of its heads of states) – adopted an ambitious 10-year strategic program. This document, commonly referred to as the Lisbon Strategy, sets out the EU strategic development areas and goals for the first decade of the 21st century. To cite the document itself:

*“The Union has today set itself a **new strategic goal** for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”* (EU 2000, original emphasis).

For the purposes of this paper, the member states can be observed as interrelated subsystems of a larger system, the EU. Therefore, this upper-level EU strategy becomes, even regardless of the success in implementing it, one of the main constituents setting the context for the current study. Although every nation is free to set its own

goals, the author is not aware of any of the member states having actually formulated their national goals at such a level of generalisation. However, it can be presumed that the most rational way to set such national goals is to align them with this higher-level strategy (hence the formulation of the second research question above).

The second event took place in May 2004, when 10 new countries, mainly from the Central and Eastern Europe, formally joined the already 15-strong family of the member states. The economies of all recent entrant countries (such as Poland, Hungary, Estonia and others) are lagging far behind the EU average and can hardly be noted as 'knowledge-based'. Thus the enlargement has undoubtedly resulted in some new dynamics and a certain shift of balance inside the EU, influencing the choice of national strategic paradigm of any member.

Combining these two events leads to the idea that, in order to come up with the strategic goal that would be worthy and feasible for any nation-state in the EU to pursue, one could simply skip the words 'the most', and replace the 'world' with 'Europe', in the EU-formulated goal above. (A more developed nation could add 'the most' back to it, or edit it otherwise, depending on its ambitions). Thus, the research will assume, as one of its major contextual propositions, the following general goal that will shape the choice of future orientated policies and strategies for a EU national government:

To become a competitive and dynamic knowledge-based economy in Europe, capable of sustainable economic growth with more and better jobs and greater social cohesion.

This strategic goal is adopted as a national-level, and country-neutral, vision statement wherein the suggested policies should be anchored. In other words, the research will assume a national government in Europe as its hypothetical client, to the extent that such a government would agree and aspire to the suggested vision.

The author's roots in a small and fresh member state of the EU (Estonia) must be acknowledged as influencing the choice of perspective in this research: that is a bottom-up national government viewpoint, rather than the top-down EU perspective. However, while one's Estonian background will inevitably influence much of the interpretation of the findings, the trends and driving forces observed below are more or less country-neutral. They influence all states in the same way (although, depending on the nation's size and reaction, the outcomes of such influence vary). Therefore, the discussion below aims to avoid being country-specific, and to assume a viewpoint of a EU member state in general. Nevertheless, it is expected that the results would be more relevant to the countries that share similarities with Estonia (e.g. small size, economy in transition, not-too-rigid political traditions etc), and who can identify themselves closely with the major vision statement formulated above.

In addition, the study aims to avoid fixing the exact timeframe (or, in other words, the exact viewpoint in time) because many trends, and especially the driving forces to be discussed in the first chapter, are time-neutral, or at least very long-term in nature. Hence, more hazy terms of a 'few decades' or the 'foreseeable future' are used to describe the time-scope of the paper. That is, anything between 10 and 50 years would typically suit. However, the particular context of the issues discussed below is expected to offer some more exact guidance in each case.

Significance

Given the objectives, methodology and contextual propositions, the study hopes to provide some fresh insight into the questions that national policymakers in a EU member state have to address on a day-to-day basis. Hence, there is an emphasis on innovativeness in this paper, that is, to stress that one of the major purposes of FS is to open up new avenues for the future to unfold. In the context of an integrating EU, the

research attempts to seek and establish what Peter Schwartz (2003, p. 6) calls the “inevitable surprises” or “predetermined elements” of Europe’s future. These are the basic events and processes that have already started to take place but whose exact timing, results and consequences are not yet predetermined. Consequently, one of the aspirations of this study is to provide national policymakers with a theoretically grounded and systematic (although clearly not exhaustive) outlook on the ‘inevitable surprises’ of the future, and the options these are likely to open up for them.

Having said that, it is now time to step ahead and see if the research succeeds in its mission.

CHAPTER ONE: THE BIG PICTURE

“For most of the time, until about 1750, most people accepted, with resignation, that the future would be much the same as present, with the social and economic order changing little from generation to generation; and that, basically, the future was beyond human control. From about 1700 onwards, under the influence of three great forces, namely the capitalist mode of production, technology and political emancipation, people began to believe in 'progress' and expected the future to be better than the past. But from about the middle of the 20th century, the prevailing attitude towards the future has become more one of 'post-modern' apprehension ... [i.e.] that actions influence the future but, for better or worse, we know not” (Cocks 2003, p. 145).

Adjusting the lenses

The purpose of this chapter is to draw the big picture and to establish as large and general environment for the strategic inquiry as possible. It has generally proven wise to undertake a future inquiry with outside-in direction (Choo 2003), starting from further away, with the most general and strong flows shaping the reality. Starting with an inside-out view runs the risk of some of the major, but more indirect influencers, being omitted.

However, before delving further into the field, it seems fit to define the key terms – trends, driving forces and critical uncertainties – that will be used below:

- A trend is understood as “...a discernible pattern of change, which can be linear, accelerating or decelerating. An example of a trend is: the average age of the UK population is increasing” (*Strategic trends* 2003).
- A driving force is understood as “...a factor that directly influences or causes the change. Drivers can be direct or indirect. An example of a driver that influences the above trend is: better healthcare allowing greater life expectancy” (*Strategic trends* 2003).

- A critical uncertainty arises when a driving force is foreseen to cause potentially significant but uncertain outcomes (typically a crossroad where either one or the other direction may result).

It may be noted from the definitions above that the distinction between a trend and a driving force is not an absolute. For example, improving healthcare may itself be observed as a trend caused by improving economic conditions and technological change, etc.

To follow the purpose of this chapter, it will be started by mentally distancing the observer as far as possible from the object of observation, and assuming a ‘telescope perspective’, to look for the most fundamental and remotest driving forces of the future. Next, the observation post is moved closer for a ‘naked eye’ view at the major trends and uncertainties in which these ultimate drivers might be revealing themselves. Then, the second chapter focuses even closer, and takes the ‘microscope’ perspective in search of ‘weak signals’ that might yet rise to shape the nation-state’s future in Europe.

Driving forces I: entropy versus emergence

The ‘as-remote-as-possible’ perspective forces the author to skip the more obvious drivers generally acknowledged in the FS literature, such as technology and globalisation, as there always seems to be some next force that is causing the previous one on the list. When going down this list in search for fundamental drivers, the two that seem to meet the criterion of being truly original, are the concepts of *entropy* and *emergence*. Those two are the natural processes that are not usually connected with the day-to-day events, but nevertheless appear to influence any phenomenon in our surrounding environment and, furthermore, to be contradictory by nature.

In general, questioning the applicability of the Second Law of Thermodynamics to the process of evolution is still causing one of the most fundamental disputes in modern science (notably between physicists and biologists, see e.g. Cirkovic 2002; Marshall & Zohar 1997; Wilber 2000; Chaisson 2004; Koestler 1967). However, whatever the outcome of this debate, from the point of view of FS, the relevant conclusion seems to be that the arrow of time is generally guiding the flow of affairs in two opposite directions. In the physical realm, the arrow's downward direction is determined by the aforementioned 2nd Law: towards greater entropy, that is, from order to dissolution. To use Wilber's (2000, p. 17) example: "If you put a drop of ink in a glass of water, in a day or so the ink will have evenly dispersed throughout the water. But you will never see the reverse process happen – you will never see the dispersed ink gather itself together into a small drop." Yet, in everything that concerns life as such – biology, social structures, culture etc – the direction of the flow seems to be the opposite, towards higher complexity and integration. To use Wilber's (2000, p. 19) example again: "We may see amoebas eventually evolve into apes, but we never see apes turn into amoebas." Koestler (1967, pp. 197-98, original italics) summarises the biologists' view of this phenomenon:

"[The Second Law of Thermodynamics] asserted that the universe is running down like a clockwork affected by metal fatigue, because its energy is being steadily, inexorably degraded, dissipated into heat, until it will finally dissolve into a single, shapeless, homogeneous bubble of gas of uniform temperature just above absolute zero, inert and motionless – the cosmic *Wärmetod*. Only in recent times did science begin to recover from the hypnotic effect of this nightmare, and to realise that the Second Law *applies only in the special case of so-called 'closed systems'* (such as gas enclosed in a perfectly isolated container). But no such closed systems exist even in inanimate nature, and whether or not the universe as a whole is a closed system in this sense is anybody's guess. ... Instead of 'running down' like a mechanical clock that dissipates its energies through friction, the living organism is constantly 'building up' more complex substances from the substances it feeds on, more complex forms of energies from the energies it absorbs, and more complex patterns of information – perceptions, feelings, thoughts – from the input of its receptor organs. ...The idea [is] that organisms, in contrast to

machines, were primarily *active*, instead of being merely *reactive*, that instead of passively adapting to their environment they were 'creative in the sense that new patterns of structure and behaviour are constantly fabricated'..."

This phenomenon of 'building up more complex patterns' seems to fit well as the definition of emergence. However, to fully define it, another concept – the one of a *system* – needs to be briefly introduced here. Ludvig von Bertalanffy (1968, p. 34) defined his General Systems Theory (GST) as "...a general science of 'wholeness'", and the system as "...a thing with interrelated parts". By this (almost the broadest possible) definition, the idea of interrelated parts emphasises one core similarity of all systems – they can analytically be broken down into subsystems, which are interrelated to each other to compose the system. According to GST, to understand the whole, one should besides its parts (or sub-systems) also analyse the interrelation between these parts, and the unique properties of the whole itself. Another important notion from the GST was that everything that is valid about the subsystems is valid for the whole as well, but the definition of the whole is not limited to that. In other words: "...[the] whole is greater than the sum of parts" (Marshall & Zohar 1997, p. 138). Hence: "The property of an entity or complex system is said to be emergent if it cannot be defined or explained in terms of the properties of its parts, or if it is not reducible to these properties or their relations" (Marshall & Zohar 1997, p. 137).

When the phenomenon of emergence is observed as an ultimate driving force in the context of this research, it becomes particularly relevant at the level of living systems (i.e. biological and above levels, including human systems). As such, it is the ultimate cause of new qualities or states in such systems – the appearance of something that was not, and cannot be deduced from what went before.

It is this twofold nature of the very fundamental flows in the environment, where two conclusions, perhaps trivial-looking but still extremely relevant for the paper's

purpose, may be grounded. Firstly, the planet's inert physical and natural resources are finite and will continue to be downgraded and diminished as the current exploitation continues. There is no reasonable ground for hope that someday or somehow science will find a way to reverse this process. Secondly, human society will never 'be ready', and its rulers will never have a chance to rest idle. There will be an ever-increasing flow of new and more complex issues and problems emerging to confront governments, needing to be resolved and solutions integrated into the day-to-day functioning of society. There will never be 'the end of history' in the early Fukuyama's (1992) sense. This tension between the need for ever-increasing absorption capacity and ever-downgrading resources seems to be one of the ultimate sources of change, preventing us from ever seeing something like 'wärmetod' in a human society.

Driving forces II: human creativity – wisdom versus folly

When talking about ultimate driving forces, technological change, pushing mankind from agricultural to industrial to information to knowledge society, tends to be named most often by various authors (see e.g. Schwartz 2003; *Strategic trends* 2003; Barker & van der Heijden 2000; Slaughter 2004; Naisbitt 1996; Mannermaa 2003). This seems to be often considered as the most basic driving force into which the origins of all the other major human developments (such as demography, changing values, the Internet, globalisation, clash of cultures) maybe traced back to. However, any new technology is always based on knowledge, invented and adopted by humans, and thus there are certain problems privileging technological change in the present list of ultimate drivers.

The nearest argument against the 'autonomy of technology' (Mannermaa 2003; Launis 2002), and indicating something human to be behind it, comes from the field of FS itself. When looking back on the history of FS, it may be noted that future scenarios

developed a few decades ago tend to tell us more about their time of creation than about the future that actually followed. In particular, technological change has tended to be overestimated and social change underestimated (List 2004). In that sense, one tends to agree with Richard Florida's (2002) comment that a man shifted from year 1900 to 1950 would find it harder to adjust to new technologies than a man shifted from 1950 to 2000. In the latter case, he might even ask "Why haven't we conquered outer space?" or "Where are all the robots?" (Florida 2002, p. 2). At the same time, with his potential to adjust to societal or cultural change, things would probably be the other way around. That is, it would be harder for a man shifted from 1950 to 2000 to cope with the social or cultural change than for a man shifted from 1900 to 1950.

Therefore, one would rather seek inspiration from Florida's (2002) vision and recognise *creativity* as the most recent and higher-level original driving force, unique to human systems and driving even technological change:

"Many say that we now live in an "information" economy or a "knowledge" economy. But what's more fundamentally true is that we now have an economy powered by human creativity. Creativity – "the ability to create meaningful new forms" as Webster's dictionary puts it - is now the *decisive* source of competitive advantage" (Florida 2002, p. 4, original italics).

Basically, what distinguishes this driver from the physical and biological ones is our ability to foresee and consciously influence the consequences of both entropy-growth and emergence. Although the extent of this ability is obviously limited, extending it is exactly what FS is all about.

In its very depth the reasoning behind technology as one of the most basic driving forces usually reaches either the 'technological imperative' or the 'slippery slope' argument (Mannermaa 2003). The 'technological imperative' is defined by the Finnish science philosopher Veikko Launis (2002, p. 171) as the rule according to which "...whatever scientific or technological development comes about, we shall

ultimately become to use it (or abuse it)". The 'slippery slope' argument states that whenever we adopt a seemingly unproblematic new practice, "...we will eventually end up performing or allowing something that we regard as unacceptable or at least problematic [to occur]" (Launis 2002, p. 169). Although Launis' (2002) deeper analysis reaches the conclusion that neither of these arguments in their classical form is ultimately valid, there seems to be something that makes them connected with life in general (just as we recognise the value in Murphy's Laws, although they are not ultimately valid either), and creativity in particular. It would seem that they point to certain 'boyish' characteristics in our innovation capability – 'what happens if I stick this nail into the socket on the wall'? However, to return to more serious ground, a deeper understanding of creativity and differentiating between its dimensions (e.g. technological vs. social innovation) is important for the purpose of this paper. To cite Slaughter (2004, p. 67):

"The axioms of [US] economic system have been consistently imposed on other countries by powerful Washington-based institutions such as the World Bank and the IMF. Its high-tech companies together comprise possibly the single most influential driver of technical innovation in the world next to the military (not that the two are entirely separate). Yet, if we pause a little and take stock there are some curious aspects to this process. One is that there is really little or no public demand for the increasingly sophisticated goods that emerge. This helps to explain why so much time and money is devoted to marketing, the quintessential American gift to modern culture. Yet, ...'you only have to spend billions marketing something if its worth is in doubt'. Another curious fact is that the whole process of compulsive technical innovation is not driven by any notion of appropriateness or human need. Rather, the primary dynamic appears to be that of the race between competing trans-national enterprises for competitive and commercial advantage."

In other words, people create and innovate not only to satisfy an objective need (which is essentially an attempt to influence the two fundamental drivers discussed earlier, and absolutely vital for survival), or for fun and curiosity (which is very human). We also consciously *create to create a new need*. And that seems to be quite self-

destructive in the perspective taken here (not to mention the military field in which the sole purpose of creation is to destruct). And thus, we have an economy where people with the highest creative capacity, are to be found in advertising. Yet, the current international patent and copyright framework is indiscriminate about the kind of creation it is supposed to protect. As Estonian IT analyst Linnar Viik (2004) has pointed out, it is actually empowering the self-feeding loop of pointless commercial innovation.

This interplay of wisdom and folly within our creative capability seems to be another original source of emerging new issues in human organisations, and understanding it is relevant for the present strategic inquiry because any strategy itself is a fruit of creation. A strategy's side effects (what new needs/problems is it setting up) and, as this paper will discuss below, its impact to the overall balance need to be considered. And there are undoubtedly times when the best strategy would be just to wait and see.

Driving forces III: disequilibrium

In biology, systems further away from equilibrium, and closer to the edge of chaos, have been found to be the ones more prone to the emergence of new qualities (Marshall & Zohar 1997). At the same time, total stability seems to be the surest way to avoid it, thus leading to stagnation. Also, energy dissipation speeds up in turbulent physical environments and people seem to become more inventive under pressure, when old methods become inadequate. Thus, the level of balance becomes the key variable upon which the speed of change depends in a system. As the focus of this study is on the highest level of human organisations, it is reasonable to investigate what it is about such organisations that affect their balance.

Once more, Wilber's (1996; 2000) work seems to offer a comprehensive and practical framework for such observation. According to him, all systems (although he

uses Koestler's (1967) term *holon*, to emphasise the system's inner dimensions overlooked by the GST, the concepts of system and holon remain essentially the same) "...display four fundamental capacities: *self-preservation, self-adaptation, self-transcendence and self-dissolution*" (Wilber 2000, p. 48, original italics). From an external point of view, through self-preservation the system aims to preserve and increase its individuality or wholeness, and through self-adaptation it aims to adapt with its neighbours and super-system. From an internal point of view, the self-transcendent capacity of a system enables and forces it into constant merging with others to form higher-level systems, while through self-dissolution, a system is capable of dissolving into its constituent sub-systems again. This four-directional framework should provide a universal and logical environment to weigh any systems balance: one simply needs to evaluate the path a system has gone through on the line of its development on each of the four directions. To provide a human example, if a person is extremely skilful in basketball (i.e. the system has strong individualistic or self-preservation development) but is not able to play in a team (weak self-adaptive and self-transcendent development), he or she can't play at the highest level. That is, the system is out of balance, and for a while that person either has to concentrate on developing communication and team-playing abilities (i.e. developing the system towards more balance), or to choose another more individualistic sports to engage with (i.e. the system collapses and a new balance in some completely different pattern emerges).

Lessem and Palsule (1997) in their book *Managing in Four Worlds* set this idea of four capacities into a global organisational context. It seems quite evident that the West, North, East and South archetypes they talk about, are the very same thing as the four aspects of a holon, only in a less abstract level. As they write:

"So the four worlds simultaneously exist on all levels both 'out there' and 'in here'. On the one hand the quaternity of forces are distinct and separate. Yet each of these worlds contains the other three enfolded in it.

... What we are saying is that the four cultural forms are like the quaternity that exist in each one of us as four forms of knowledge. What we need to do is first become aware of their existence and develop the skills and the art of tapping into those modes. ...The four worlds, then, represent a universal archetype of organization. This archetype recurs and replicates itself at all levels, from the psychological structure of a human being, to a physical and economic structure of a corporation...” (Lessem & Palsule 1997, pp. 10-11).

In order to link Wilber’s (2000) four capacities with the four organisational archetypes proposed by Lessem & Palsule (1997), a brief overview of them is required.

According to Lessem and Palsule (1997, pp 12-13) “[The Western] organisation derives its identity from its separateness from the environment”, and this mode is prevalent in typical US or (more softly) UK business organisations. The force driving such an organisation is usually *pragmatism*, which “...as a philosophical mainstem, rooted in individual self-consciousness, is often linked to both *empiricism* and also to *individualism*” (p. 21, italics added). Also: “...whereas thinking implies a separation from things thought, experience [i.e. *empiric* encounter] is a stream of life which bathes the individual at every moment in a well of practicality” (p. 22). In that sense this mode appears to be best characterised through its reaction to the outside world, aiming to separate itself from it. From Wilber’s (2000) four capacities of a holon, self-preservation is the one most clearly corresponding with this archetype.

Opposite to Western pragmatism, is *rationalism* that is said to be the driving force behind the Northern way of thinking (Lessem & Palsule 1997, p. 12). Here, the organisation is more concerned with its maintenance and consolidation as an entity. “Unlike his or her more individualistic Western counterpart, whose dictum is ‘do well’, the Northerner is motivated by deep sense of ‘doing right’ and that of a collective good” (p. 41). This rational mode is usually considered to reveal itself strongest in Scandinavian organisations, and generally in continental Europe. It is about seeking out

external coherence in systems, and a sense of uniformity and order (p. 35). From the four capacities of a holon, self-adaptation is the equivalent to this.

East and South do not present themselves so easily for observation and recognition as West and North. They represent the 'view from within'. East prevails in Asian enterprises, and is seen as the opposite to the West:

“While the West seeks to affirm, the East seeks to dissolve; while the Western archetype is about outwardly directed movement, the Eastern one is inwardly directed. While Western knowledge is masculine in character, because of its complete dependency on abstraction and logical consistency, Eastern knowledge is fundamentally feminine because of its intrinsic lack of division and categories” (p. 46).

East is said to be “...about dissolving one’s finite and local identity in order to discover one’s infinite and global ‘non-entity’ or universality. Akin to the regenerative healing system that continually destroys old cells and tissues and creates new ones” (p. 13). The Eastern driving force is continually striving to dissolve the organisation’s identity, or to subsume it within a higher order (p. 15). In that sense, strangely, the Eastern type appears to be the most postmodern of the four. Again, the most obvious counterpart from the four capacities of a holons is evident – self-dissolution.

The Southern archetype is probably the least familiar to a Western/Northern observer and, therefore, seems the most intriguing. Lessem and Passule (p. 14) generally associate it with (South) African organisations, and see it turning smoothly over the Arab world towards the Eastern mode in India and further east. The ‘heart’ is the core metaphor here, as opposed to the Northern ‘head’. In the Southern mode, “...one exists as a part of a larger family or a community to which it is bound by forces of evolution” (p. 14). In the literature there is even a special African term for it – *ubuntu* – essentially meaning that a person can only become a person through connection with other people (Tutu 1996). Indeed, one key feature of this perspective seems to be a certain inner force, often revealed in the form of rhythm in African culture. “While in

Western and Northern terminologies, an organization may ‘have’ force, the native perspective maintains that the organization is force himself. To be part of an organization is therefore to partake in its potency” (p. 60). Also:

“The purpose of rhythm is force itself and to apply it is to transform what you are doing from being an act of triviality to one of vitality. That is the reason why in African poetry, a poem is not considered complete if it is not accompanied by at least one percussion instrument. Meaning is achieved not by climax, which is usually the case in the linear Mental mode, but through repetition, whereby the multiplicity of recurrent rhythmic tensions transforms the word by infusing it with power. The poem, when it is sung and danced to the beating of a drum, is then not just a string of words, but a centre of power. Once again, the transformative intensity emerges from attitude” (p. 61).

It seems quite obvious that, from the four capacities of a holon, the last remaining one – self-transcendence – links perfectly with this organisational mode.

To summarise the combined arguments of Wilber (2000) and Lessem and Palsule (1997) for the purpose of this study: there obviously is no society (nor a system in general) that develops in only one direction. The four archetypes are ‘recurring and replicating’ themselves at all levels of any society. Yet, as Lessem and Palsule (1997) conclude, a generally prevailing orientation of a particular organisation or culture may usually be distinguished. No society is in complete balance in that sense. Overall, their arguments seem to point towards a subtle energy source determining the intensity of emergence in human systems (such as a society or national state). It is the continuous *disequilibrium* and interplay between these four drivers.

In the context of European futures, this discussion highlights three major insights. Firstly, at the global level, it offers a deeper understanding of the European role in a globalising world, and particularly of the present worldview differences between the EU and the US. For example, why the American invasion of Iraq seemed so irritating (or *irrational*) from the European perspective, and so *pragmatic* and

empirically right thing to do from the American point of view. This is not to say that the European (Northern) perspective is better or more correct than the American (Western) one. Europe has bitter experiences of being too tolerant, negotiating too long and compromising too deeply (e.g. with Nazi-Germany before World War II, or in the Balkans' conflict in 1990s). Secondly, when focusing more narrowly on Europe itself, one is able to see the same forces acting inside it on a smaller scale. And again, the reasons behind many large-scale watersheds – for example the differences between UK and continental Europe or between Northern and Southern Europe – become much clearer. And thirdly, it is the spreading (relative) equilibrium in Europe that has throughout the last fifty years enabled self-transcendent forces to build up the next level system, that is, the EU itself. This equilibrium has replaced the earlier prevalence of national self-preservation forces that pushed the continent towards a more revolutionary mode of change. The mode that, as the same European experience so bitterly has taught us, usually means war.

To conclude the review of driving forces: the relevance of entropy, emergence and creativity might seem too remote with regard to Europe's future. However, the purpose of this chapter was to draw as big a picture as possible, and to analyse the indirect (but powerful) forces at work in the macro environment. Because these are the forces that inevitably influence everything on the micro scale too. Without such an overview, the picture of the environment would simply be incomplete.

Finally, the application of systems thinking here also points to the biggest complication or even threat to the integration process in Europe. A system can successfully emerge at the higher level only if it has harmoniously integrated its constituent parts, not regressed or repressed them in its initial self-preservation efforts (Wilber 2000). Therefore, the EU will have failed fundamentally if it is reduced to some

sort of new super-state (such as the United States of Europe), and its members' sovereignty and statehood is lost in the process.

Trends I: behavioural sphere (the UR quadrant)

With this overview of ultimate driving forces, the observer can now move closer and try to see how they are appearing in more recognisable forms of large trends and drifts in the world around and within us. In the micro-exterior quadrant (UR), the paper's main focus is on the observable aspects of people's lives, such as changes in their living conditions, consumer habits, population statistics. Three large trend-groups emerge here from the literature: changes in population, welfare, and behavioural patterns.

Population trends: growing numbers vs. aging population. These two are perhaps the most widely acknowledged global trends nowadays. While entropy is causing the aging process, nature has equipped us with reproductive instincts to compensate it on the biological level. Then again, on the human creativity level we are trying to fight entropy with such things as better healthcare and healthy lifestyles, and have invented contraceptives to combat population growth caused by the reproductive instincts.

In general, global population growth is slowing. It is expected to peak at roughly 9 billion people around 2050-2070 and then start to decline (Raskin et al. 2002; *Strategic trends* 2003; *EarthTrends*). However, the worldview differences between generally young communities in the developing nations vs. old citizens of the industrialised West may yet become a distinctive trait of the 21st century (Viik 2005). And in that sense, the Europeans and Japanese, with their already unsustainable birth rates, might give us a hint of what to expect at the global scale in even further future. In

Europe for example, the population of the EU-15 group (i.e. the members before May 2004), is expected to fall from the 376 million in 2000 to 334 million in 2050 without migration (Lutz & Scherbov 2003), and in some scenarios even to 271 million (Lutz & Scherbov 2002). Even with migration, the total population of the EU is expected to stabilise rather than increase over the next several decades.

Another widely acknowledged trend in developed countries is the general aging of the population. Two drivers are at work here: declining birth rates resulting in relatively smaller, younger generations, and improved healthcare and lifestyles resulting in an increase in life expectancy. If the trend continues, a lifespan of 100-120 years is expected not to be a rarity for our children's generation (Schwartz 2003).

Welfare trends: growing general wealth vs. growing inequities. Here, the entropy might be seen behind the most basic needs originating from hunger and cold. At the biological level, nature has turned us towards the external environment to compensate. However, by now the creativity has provided mankind with so powerful means to exploit this environment, that the same source is busy inventing new measures to protect it from ourselves.

In this sphere, general economic wealth has undoubtedly grown for centuries, and the process seems to be speeding up rather than slowing down. Despite existing economic problems in the developing world, this trend is at work even in the poorest sectors: "...the poverty has decreased more in last fifty years than it had done in previous five centuries" (Mayor & Blinde 2001, p. 57). On a shorter time-horizon, recent technological innovations are expected to provide productivity gains in three areas: techno/economic efficiency, improved infrastructure, and communication. This is resulting in total GDP growing on a global scale, and that growth, characterised as the 'long boom' is expected to last for at least a couple of decades into the future (Schwartz

2003). There are increasing amount of benefits resulting from the technological innovations and an increasing number of people accessing these benefits. In Europe, the integration process itself has produced significant welfare gains for people (Mooij & Tang 2004).

However, while personal welfare in general is mounting, so too is the gap between the richest and poorest. Both on a global and local scale, the differences in living standards are highly variable and increasing (Barker & van der Heijden 2000). The ratio of income of the richest 20 per cent to that of the poorest 20 per cent in the world rose from 30:1 in 1960 to 82:1 in 1995 (Mayor & Blinde 2001). So, when compared to the absolute historical standard, the techno-economical well-being of people is generally improving. When compared to the relative and contemporary standard (i.e. to one's pairs and neighbours), it might well seem to be decreasing.

Evolving social patterns: growing individualism vs. growing activism. Even in the field of social behaviour we might discover entropy-growth behind what is going on, for example, in tiredness either from an old partner, a set of clothes, or a way of doing things. Emergence might be behind our restless nature, and the countless fruits of creativity we can see every day on the streets and TV screen.

The major trends in this sphere, again, seem to be twofold. Firstly, people seem to be growing more and more individual and separated. At home, the traditional family structure is increasingly replaced by cohabitation, single-parenting and varying sexual behaviour (*Strategic trends* 2003). Outside home, "...[work] environments will become even more "darwinistic" when the people are hired for short term project vacancies" (Mannermaa 2003, p. 9). New technologies will require organisations to "...instigate self-managing teams, decentralise decision making, reduce layers of management, and empower employees to make critical decisions together with suppliers and customers"

(Christidis, Hernandez & Lievonen 2002, p. 18). The locally isolating and globally connecting influence of new information and communication technologies (ICT) on these trends deserves special recognition.

On the other hand, globalisation, defined as "...the increasing integration and interdependency of societies through the interchange of ideas, capital and people" (*Strategic trends* 2003), will continue to connect and unite people behind various goals. Paradoxically, the anti-globalisation movement is a good example of that phenomenon.

To cite Raskin et al (2002, p. 53):

"Unleashing wellsprings of energy and activism, the new civil society is beginning to discover itself as a globally connected force for change, experimenting with different forms of alliance and networking. Yet, as a global movement, it remains fragmented and responsive, lacking a cohesive positive social vision and coherent strategy."

Nevertheless, in relative terms, power is expected to continue its shift away from governments and states towards other actors in business and civil society. Both the amount and influence of social activism and NGOs in the world is increasing (*Strategic trends* 2003), fed by the continuing evolution of human, children, and indigenous rights.

In the long run, the most critical uncertainty in this quadrant seems to arise from population trends: how smoothly will the aging population in the developed world and the cohorts of youth in the developing countries manage to cooperate when solving the emerging global issues of the 21st century (Viik 2005)?

Trends II: techno-economic and organisational environment (the LR quadrant)

In the macro-exterior quadrant (LR), the focus is on the most commonly discussed aspects of change, such as new technologies, scientific revolution, environmental problems and the organisational landscape. Thus, the list of trends noted

in the literature is probably the longest here. Again, three subgroups will be formed to achieve general coverage of the area: the environment, techno-economic sphere, and organisation and governance.

The environment: competing with time. Here, the entropy at work is most visible in the form of degrading natural resources and physical environment. And while human innovativeness seems to succeed well at technical and micro levels, it turns out quite powerless when things reach the truly macro scale. In this sphere, global warming, changing climatic belts, and climatic instability are the most commonly noted phenomena. Another distinct issue is the growing scarcity of water that may even lead to military conflicts or turn water sources into terrorist targets (*Strategic trends* 2003). In Europe, virtually all climate modelling efforts point to the growing scarcity of water in the southern parts of the continent, while in the northern parts (Scandinavia, Baltic Sea region and North-East) downpours will grow substantially by the mid 21st century (Henrichs & Alcamo 2001; Lehner, Czisch & Vassolo 2004; Semmler & Jacob 2004). Deforestation, industrial pollution, and destruction of biological habitats are becoming more and more problematic in the developing world, while the situation in Europe and other developed regions, is improving slowly. For example, the level of gases in the ozone layer is expected to return to 1980s level by 2050 (*Strategic trends* 2003).

Techno-economic field. Initially aimed at overcoming cold and hunger, and then assisting people to survive the phenomena of emergence (nature and climate), during the past few centuries human creativity has exploded in this field. And the problem is not that technological innovation is too rapid, but rather that humankind risks significant disequilibrium if development in other areas (i.e. in the other three quadrants) does not follow quickly and coherently enough. After all, starting with the Nazi's and Stalin, 20th century history is rich with examples of crimes committed with modern technical

innovations in the hands of pre-modern, morally underdeveloped minds (see for example Wilber 2000, p. 690 and Slaughter 2004, p. 161 for further comment on this matter).

Perhaps the most widely discussed trend (see e.g. Joy 2000 – the article that generated an upsurge of polemics in the US) is the emerging wave of GNR (gene-, nano- and robotics) technologies. However, nanotechnology is considered unlikely to mature until well beyond 2015 (*Strategic trends* 2003). Biotechnology is expected to evolve more rapidly, but the parallel ethical debate is also strengthening and setting limits for its development (*Strategic trends* 2003). On the other hand, in some fields that have been in focus already for decades, such as nuclear fusion energy, the hope of major breakthroughs before 2030 is considered low (*Strategic trends* 2003). More or less similar seems to be the case with robotics. In the most general sense, technical innovation is expected to remain high, with commercial imperatives increasingly directing R&D efforts. Against this background, it will be increasingly hard to control the pace and direction of new technologies. With regard to global competition: “It is almost certain that the US will dominate technical innovation in most areas, and in particular defence, until at least 2015 ... India and China may become significant competitors by 2030” (*Strategic trends* 2003).

On the resource side, global energy consumption is expected to grow together with GDP at an annual rate of 2-3 per cent (i.e. a total increase of 50 per cent from 2000 to 2015). Oil is expected to remain available throughout the next several decades but is likely to cost more and suffer larger price variations after 2015 when production should reach its peak. Also, OPEC is expected to increase its share of global production above 50 per cent in this time horizon, enhancing its strategic leverage (*Strategic trends* 2003). Gas will become increasingly important, will remain plentiful and probably experience fewer price variations (Perner & Seeliger 2004). In the absence of better alternatives,

nuclear power, having a viable engineering track-record and no greenhouse gas emissions, is likely to restore its importance on the global energy market (*Strategic trends* 2003).

Organisation and governance: globalisation vs. localisation. The first of this pair (globalisation) is probably best witnessed by the growing size and power of trans-national corporations. There are also a growing number of global NGOs who aim to match the spread of trans-national corporate activity and exert control that neither national governments nor the UN are able to provide (Molleda & Quinn 2004). However, in many ways (such as in publicity campaigning, lobbying, power-plays, etc) global NGOs resemble their targets' behaviour. In addition (at least in a financial reporting sense, because the requirements are often applicable to stock-listed business entities only), their own transparency and control systems might be weaker rather than stronger when compared with the corporations they are supposed to overlook. The growing role of the global media (*Strategic trends* 2003) should also be mentioned in this context, as yet another destination whereto the power is shifting from governments. These trends seem to sum up in a slow, but distinctive global shift towards declining sovereignty and growing interdependence of states (*Strategic trends* 2003; Ogilvy 2002). Power is said to be shifting from states to both private and supranational actors. This process is noted to be as sizeable in scope as the medieval shift of power from the church to the state. However, just like the church has not disappeared, but only lost its dominant position, the same destiny is foreseen for states: "The old institutions do not die; they just recede in historical significance" (Ogilvy 2002, p. 22).

Finally, ongoing economic integration and internationalisation should be mentioned in this group, of which the EU and WTO are the two most well-known examples (Mooij & Tang 2004). Yet, central world governance as such (in the form of a

more powerful UN or similar) is likely to remain only an abstract idea in the foreseeable time horizon, while the variety of wide-membership international treaties and organisations will grow to fill the gap (*Strategic trends* 2003). With regard to the EU, the current momentum of integration is likely to continue, both in span (it is estimated that there will 35 EU members by 2030) and depth, without major surprises (*Strategic trends* 2003, see also Wilber 2000 for further discussion of the concepts of span and depth in a human system). From the American perspective, things look quite straightforward:

“The inevitable surprise about Europe, in particular, is its introversion - which will continue for at least the next twenty years. The task of forging a single constitutional federation out of such disparate cultures, including former Iron Curtain satellites, is taking most of the political skill and concentration on the continent. They are trying to do what the United States did two hundred years ago: to federalize the continent” (Schwartz 2003, p. 116).

On the other hand, even the special term ‘devolution’ has been recently introduced to refer to the process of transferring responsibility and authority over natural resources from national to local to non-governmental bodies (O'Brien, Pike & Tomaney 2004). And indeed, as the government’s absorption capacity is stretched and new issues emerge, more and more of its tasks will need to be delegated downward, closer to the actual consumers of public services.

In this quadrant, one critical uncertainty for Europe’s future is the level of the government’s interference or participation in citizen’s lives. How will European states respond to the growing issues of aging, wage division between low and high-skilled workers, increasing social heterogeneity, and the growing cost of taxation (Mooij & Tang 2004)? Will they be able to maintain the European social security traditions, or will they have to retreat and move closer to the US model with higher personal

responsibility and vulnerability? Another uncertainty concerns success in international cooperation: "...to what extent are nation states willing and able to cooperate within international organisations like the WTO and the European Union" (Mooij & Tang 2004, p. 15)? Will the current relative success stories (WTO and the EU) continue and set the lead for new forms of governance, or will the momentum be lost?

Trends III: cultural worldspace (the LL quadrant)

In the macro-interior quadrant (LL), the focus is on collective worldviews and cultural exchange. Even here, the results of entropy at work may be noticed with empires and old cultures fading into history. And, even more so than in the LR quadrant, it seems that when the scale grows truly macro, human creativity has little control over the emerging flow of affairs (although Hollywood and the global media are making a strong effort).

On the most general level, the trends in this quadrant are summarised by Naisbitt (1996) as the move from Western Influence to the Asian Way, and from male dominance to female caring. On the more particular level, there are parallels with the organisational trends discussed above. On one hand, globalisation is shaping a new form of global culture. Here, the American expectation seems to be that globalisation will take on an increasingly non-Western character, and particularly the European influence will weaken (*Mapping the global future* 2004). Other sources foresee the American, and generally Western influence to retain their dominance:

“Cultural globalisation will increase the intensity and breadth of outside influence on all cultures. Increased interaction will develop understanding and tolerance in many societies, especially those with a tradition of openness. It will nevertheless challenge traditional frames of reference, exposing more instances where shared understanding and dialogue are hard to achieve. The breadth and intensity of interaction will potentially cause social tension and instability within conservative (including some European) societies. ... Western culture, and particularly America, will remain the dominant global influence although

there will be increasing interchanges directly between other cultures. This will spread Western values but will also serve as a source of tension with disparities being more clearly visible, and the West being viewed as both a threat and a direct cause of national, regional and local frustrations. This is likely to increase the frequency and range of extremist attacks on Western interests, particularly from some members of strong, internally focused cultures” (*Strategic trends* 2003).

On the other hand, besides negative tensions, the pressure towards a unified global monoculture is also triggering the revival and cherishing of local cultural content and differences (Raskin et al. 2002). In Europe, the emerging pan-European culture and resurgent regional traditions seem to be co-developing quite successfully. One reason for this may be that the latter is often supported from the EU budget, even bypassing national governments that have not always been as tolerant in this regard (*Scenarios for the future of Europe's regions* 2004).

But national cultures are not the only ones reframing themselves. The same phenomenon is at work in the new extreme sports or ways of artistic expression that get invented every day. For example, there is continuous pressure to increase the number of sports represented in the Olympics. On a larger scale, the distinctions between the world’s major cultural/religious areas are also growing sharper (Huntington 1996). Finally, the 9/11 events, and the subsequent war in Iraq, have drawn into plain light the subtle differences between the European and American worldviews. Instead of the previous ‘one big West’, we can now see the contours of two different worlds – the North and the West, to use the classification of Lessem and Palsule (1997) – outlining themselves.

The critical uncertainty in this quadrant is the likely reaction of internally focused and isolated cultures as they are forced to confront the emerging global culture.

How will they react when widespread contact is finally inescapable? The options could vary between anything from violence to creative integration.

Trends IV: individual consciousness and values (the UL quadrant)

In the micro-interior quadrant (UL), the aim is to observe general changes in personal values and mindsets. And, again, one can detect all three major driving forces engaged here. Entropy is at work as we forget things. There is also a constant flow of new thoughts emerging in our heads. And to deal with this realm, our creativity has come up with the discipline of psychology

At the most fundamental level in this sphere, the flow of change seems to be determined by the process of moral and consciousness development. Many maps have been developed to describe this process. For example, from magic to mythic to rational, or from tribal- to nation- to world-centric (Wilber 2000). Another comprehensive and intriguing view is given in Beck's and Cowan's book *Spiral Dynamics* (1996). They offer a map of different levels (or 'memes'), from archaic-instinctual ('beige' meme) through rationalist-achiever ('orange' meme) to globalist-holistic ('turquoise' meme; see Beck & Cowan 1996, p. 41 for a more detailed map). With regard to the objectives of this research, the important thing about these maps is that, while we all are different individual characters, our minds do not stand still, and the direction of human development in that sense is generally predetermined: towards higher and higher cognitive capabilities and moral norms.

In this quadrant, the growing value of education must be mentioned. Besides the growing number of universities and time spent studying, the main trends are taking us from distinct school years to spreading the learning throughout the life-cycle (Busse, Wurzburg & Zappacosta 2003), from education to training (Barker & van der Heijden 2000), and from on-campus to distance learning (Kriger 2001). Primary education was

the norm a century ago, and tertiary education has become more or less compulsory nowadays in developed countries. Following this development it may well be that, in a few decades, the bachelor degree will become a generally accepted minimum for a human being to adapt in more advanced societies.

Another emerging trend in Western societies is associated with the growing number of different roles being assumed in everyday-life, leading to a kind of ‘fragmentation of personalities’:

“Increasing individualism, and a broader number of influences through globalisation, is leading to a more complex way in which many people perceive themselves. The extent to which there was ever a single overriding identity for example as a ‘white British Christian’ is increasingly questionable. Nevertheless, many sociologists suggest that there is a trend towards multiple identities through which people associate themselves with more causes and more strongly with different causes at different times. At certain times, for example, being from a certain region will be more important than being English, at other times being English will be more important than being European, and at other times it will not” (*Strategic trends* 2003).

Besides access to education and professional development, people’s social skills and their ability to fill a number of roles will be of increasing importance for their success in life:

“...the ongoing reorganisation of firms has favoured individuals with certain *idiosyncratic* characteristics, in particular, high versatility and ability to take initiative and co-operate with others in the production process. ... In societies with rigid relative wages, demand shifts in favour of skilled workers and workers with specific personal characteristics are bound to create unemployment problems...” (Lindbeck 2004, pp. 47-48, original italics).

Thus, the critical uncertainties in this quadrant appear involved mostly with the increasing gap between high and low development groups (e.g. in terms of wealth or education), and the behaviour and the speed of development at the lower level. For example, what would be the low-skill workers’ reaction to the increasing income in the

high-skill segment, and what (if any) efforts might they apply to close or bridge that gap?

Conclusion

The first chapter set out to draw the context of this study's strategic inquiry. It started from the most fundamental driving forces behind the evolving future, and then reviewed the major trends in which these forces are revealed in the EU environment. The result of this very generally scoped exercise is not an exhaustive picture of the future trends. However, it has offered a fresh insight into the remotest and strongest forces in the global environment. And these are the forces that ultimately shape the issues confronting national governments on a day-to-day basis.

The first conclusion to be drawn from the discussion above is that trends tend to emerge in pairs, and this results in the increasingly paradoxical nature of the organisational environment (see for example the list of strategic paradoxes in Lindgren & Bandhold 2003, p. 145). In that sense we live in the universe that is expanding in all four quadrants. Within this universe, no force remains without a counterforce, and whenever there is a trend, a countertrend is likely to evolve. Wilber (2000) explains this dialectic nature of development, noting that there is a continuous process of *differentiation* and *integration* of new and higher systems' levels taking place in the world.

Another curious thing that seems to be evident from the trend review is that, when generally thinking about the future, people overestimate technological change and underestimate social/cultural change (List 2004). Because indeed, where are all the robots?

CHAPTER TWO: EXPLORING THE EMERGING ISSUES

“One winter night during one of the many German air raids on Moscow in World War II, a distinguished Soviet professor of statistics showed up in his local air-raid shelter. He had never appeared there before. “There are seven million people in Moscow”, he used to say. “Why should I expect them to hit me?” His friends were astonished to see him and asked what had happened to change his mind. “Look,” he explained, “there are seven million people in Moscow and one elephant. Last night they got the elephant”” (Bernstein 1996, p. 117).

Noting the minor things

This chapter attempts to look for ‘weak signals’ – the issues that have not reached general attention yet, but might have the potential to do so within next few decades. In addition, the chapter aims to find innovative policy benchmarks from around the world that might be worth exploring in the context of this study. As it represents the results of a small-scale environmental scanning exercise, a more formal reporting format is adopted for this chapter.

The need to see small and peripheral things arises when the environment is growing turbulently and the information flowing into an organisation from outside is too voluminous to be interpreted accurately. A common human reaction in such a situation is to ignore it and keep doing what has been done before (like the professor from the above example). In organisations, adherence to the ‘dominant logic’ – continuously applying the model that has worked earlier – often serves like blinders on a horse, blocking peripheral vision (Prahalad 2004). However, this approach cannot be sustained over time. The only way to avoid it is to consciously note the minor details as they emerge in an organisation’s periphery, and deal with (or build upon) them before they grow too large.

The list of such peripheral issues reported below, is the result of a sole scanning effort and, thus, certain subjectivity on what has been identified as significant must be

acknowledged. The search was carried out mainly in academic research databases and on the general World Wide Web (WWW), targeting the sources and issues either outside mainstream public attention, or hidden under the surface of more widely acknowledged phenomena. The criteria used to recognise a finding were its novelty, importance, relevance and timeliness. Thus, the more commonly understood trends that might have fitted in chapter one above, did not qualify as a 'hit' here.

The findings discussed below are systematised in the four-quadrant framework, already familiar from chapter one, and grouped as potential benchmarks (a policy approach that might be adopted, if suitable), trends (an already emerging trend in the periphery), emerging issues (a potential trend, but unclear yet), or 'wildcards' (an issue with a high degree of uncertainty but the potential to have a high impact).

Findings I: behavioural sphere

Evolution of retirement behaviour

Source: Dychtwald (2004).

Nature: trend.

Summary: Up to the early 20th century there was no retirement – people worked until they were no longer able to do so. When introduced, retirement was a short leave before death. Then, as life expectancy and the economic situation improved, retirement became something that was deserved and worth aspiring to, an entitlement. However, in recent years, retirement has evolved into a “...new blend between learning, working, and leisure” (Dychtwald 2004). Even the special term ‘middlescence’ has been invented to reflect this more active attitude that retirees are assuming these days:

“It is the period between your 50s and 70s when you have to find a new identity. While disorienting and confusing, there is tremendous opportunity. Rather than winding down, retirees are reinventing themselves. Rather than wandering off to society's sidelines, they're

having fun and embarking on new careers. It's not the end of life but really just the third quarter" (Dychtwald 2004).

Relevance: Combined with the general aging trend, it indicates a shift in the needs for public services (e.g. housing and recreation). In addition, elderly people are becoming more a resource than a burden to the state.

Population trends in Russia

Source: Eberstadt (2005), Earthtrends.

Nature: trend.

Summary: Russia is going through a 'demographic shock'. With current birth rates halved and mortality rates doubled from the late 1980s, its population is expected to fall from the current 143 million to around 119 million by 2030 (*EarthTrends*). The generation of young men aged between 15-24 is expected to decrease from 13 to 6 million by 2025 (Eberstadt 2005). While declining birth rates correspond with general European population trends, the increase in mortality (current life expectancy for males is only 60 years), the increasing share of cardio-vascular diseases as a cause of death, and high infertility are noted as extraordinary phenomena in this context. While both birth and mortality rates are expected to start improving with economic growth (the effect has already been incorporated in the figures above), the potentially heavy impact of HIV is yet unclear and to be counted for.

Relevance: Russia is the EU's largest neighbour, and one of its main energy sources. Potential disequilibrium in its society, caused by these population trends, may have a strong and unpredictable impact on the EU.

Overparenting

Source: Marano (2004).

Nature: trend.

Summary: There is a growing tendency of parents hovering and protecting their children from stressful experiences, both in early childhood (no messing around or skinny knees allowed) and throughout the school years (e.g. protesting their children's marks at school). This is resulting in growing rates of child-depression and, unsurprisingly, in psychologically more fragile and detached adults:

“Using the classic benchmarks of adulthood, 65 percent of males had reached adulthood by the age of 30 in 1960. By contrast, in 2000, only 31 percent had. Among women, 77 percent met the benchmarks of adulthood by age 30 in 1960. By 2000, the number had fallen to 46 percent” (Marano 2004).

Relevance: On one hand it points to the increasing helplessness in the younger population – a kind of contra-trend to the retirement behaviour above. On the other hand, parallels might be drawn with the European social welfare system, and the excessively protective legal system in most developed countries. In Europe, one of the welfare state's inevitable consequences is the reduced capability of its people to take responsibility and initiative for their lives. In the legal system, the growing amount of damage-compensation lawsuits seems to be suffocating entrepreneurship, increasing costs, and ultimately prices (e.g. the impact of insurance premiums in medical services). This originally American trend is now spreading in Europe (Fleming 2004). It is feeding an expanding class of lawyers, and polluting consumer consciousness with warnings like “This product moves when used” and “Do not use for personal hygiene” (the latter was found on a toilet brush, Wilner 2005). These seem to be the two main examples of ‘overparenting’ in the public sphere.

Emerging new professions

Source: Jobs of the future (2003).

Nature: emerging issues.

Summary: Just as terms such as internal auditor, computer analyst, IT department, etc, were unfamiliar a couple of decades ago, new professions will continue emerging in the future, leading to a whole range of new job titles. Some of these, as foreseen by the US Department of Labour, might be the following:

“Children's Advocate – provides a voice for children regarding their legal and social needs and rights;
Geographic Information System Specialist – researches and designs digitized imaging maps of the world using satellites and other equipment;
Ethics Officer – ensures that businesses act in accordance with moral standards;
Human Factors Engineer – designs facilities and resources that enhance users' comfort and minimize stress” ('Jobs of the future' 2003).

Relevance: Future employment needs might be pre-empted and addressed in public education and training programmes.

Findings II: techno-economic and organisational environment

Global water trade

Source: Clayton (2004)

Nature: emerging issue.

Summary: The first signs of corporate interest in large-scale and long-distance transport of fresh water are emerging. The first projects are already taking shape in the Mediterranean area (from Turkey to Israel and Cyprus).

Relevance: With climatic change evolving and rainfall patterns changing in Europe, water pipeline infrastructure, similar to today's oil and gas pipelines, might be envisioned to cover the continent in the future.

Crash of the US dollar

Source: Maass (2005), Gross (2004).

Nature: wildcard.

Summary: After abandoning gold-parity during the 20th century, global currencies are in essence now relying on each other to hold up their value. Except in a few countries with a 'currency board' system (of which Estonia is one), there is always more money in circulation than can be covered by the worth of the assets backing it up in the central bank's accounts. And even these existing assets are usually in the form of another global currency, and so it goes on as a self-supporting circle. Thus, as Rushkoff (2003) notes, in essence all global currencies have by now become purely social constructs – their value depends entirely on our collective belief in them. In that sense, the US dollar has traditionally been the most trusted currency, although this position has recently been challenged by the Euro. In addition, the US has created lasting budget and trade deficits where its imports exceed exports almost by half (Maass 2005). This is a sign that would undermine any other currency in the world. The deficit is being financed through increased borrowings from the global market (main donors being Japan, China and the EU).

Relevance: If lenders' beliefs falter, the value of the US dollar might fall drastically, with quite unpredictable consequences for the global economy.

Measures to raise the birth rate in Singapore

Source: Burton (2004).

Nature: potential benchmark.

Summary: Unlike traditional welfare states, Singapore has been reluctant to support families through extensive paid maternity leave or subsidised day-care centres. Even hiring a nanny is taxed with a special levy by the state. However, the more remote

attempts to modify people's reproductive behaviour are applied. For example, the government has campaigned to bring singles together "...by sponsoring rock climbing trips and love-boat cruises" (Burton 2004). In addition, Singapore's Social Development Unit is sponsoring matching services for university graduates.

Relevance: According to the source, these attempts have not proven very fruitful. Nevertheless, Singapore has a tradition of modifying the behaviour and worldviews of its people, not without tangible results. Therefore it is a practice that other governments might want to copy. At least in Estonia, such behaviour-modification efforts have so far been observable only in the framework of election campaigns, although there might have been issues or times other than that when a conscious interference would have been needed. After all, one of the lessons from systems thinking discussed earlier was that if people can suffer under stress and depression in turbulent times, so can nations. And for most fresh members of the EU (at least those from Central and Eastern Europe), the past 15 years have been turbulent indeed. There is a thin line between healing and brainwash in this case, however. Therefore, a clear ethical code of practice and democratic control mechanisms should be in place – the things that seem to be missing in Singapore's case.

Blurring borders between military and civil affairs

Source: Cebrowski (2004), Peters (2003).

Nature: trend.

Summary: One widely acknowledged trend that the 9/11 events surfaced was that of the changing form of war. In particular the new concept of 'asymmetric war' has been in focus:

“New threats are emerging from societies and people who remain disconnected from the larger evolving global system. Great power war has been taken off the table, and we have become so proficient in

conventional state-level conflict that the locus of violence has shifted to the level of the individual actor. This is a more nuanced threat, one defined by the vague, the inconsistent, and the irrational dimensions that we are still at a loss to measure” (Cebrowski 2004).

Yet, another parallel trend, seemingly going hand-in-hand with this one, is the blurring distinction between traditional military and civilian realms. On one hand, to fight the new terrorist threats, domestic military activity has become tolerable and even desirable in some cases. Higher integration of armed forces’ activities with police and security structures is occurring. An example is the new Homeland Security Department formed recently in the US (Peters 2003). On the other hand, military forces are often deployed to provide humanitarian aid and relief in crisis regions, a task traditionally of a civil nature.

Relevance: By definition, armed forces have traditionally been the most undemocratic pillar of democratic societies. Although subordinated ultimately to civil control, the militaries’ external orientation and strict command-line culture have clearly distinguished them from other bodies of government. Thus, in the long run, the disappearance of the civil/military dichotomy in society will undoubtedly have some consequences for both the command line (weakening the obey-the-order culture?) and the nature of ultimate civil control over the army. Nevertheless, the trend also indicates a deeper integration of this purposefully non-democratic structure with the rest of society, thus eliminating the threat of alienation.

Findings III: cultural worldspace

Open source democracy

Source: Naughton (2005), Rushkoff (2003), Cohn (2005), Viik (2004).

Nature: emerging issue.

Summary: The voluntary work culture, which has so far been producing free computer software (such as Linux) to compete with Microsoft products, is spreading to other areas, such as science and society. Yet, it still seems to contradict any contemporary economic logics. Naughton (2005) provides an example of Wikipedia (see <http://www.wikipedia.org/>), an on-line encyclopaedia with over 450,000 articles (the number is growing rapidly) that is written, edited and maintained solely by its readers. Still, it arguably makes a quality and reputable reference source, comparable to traditional sources such as Britannica and others. Despite predictions saying otherwise, the overall work-attitude and self-control in such virtual work-communities has so far proven strong. In addition, quality is assured by extensive application of pair-reviews (i.e. one's work is scrutinised by a member of the professional community he or she belongs to), a format that has proven at least as effective as any formal authority:

“Members of an open source community are able to experience how their actions affect the whole. As a result, they become more conscious of how their moment-to-moment decisions can be better aligned with the larger issues with which they are concerned” (Rushkoff 2003, p. 60).

Relevance: As this trend unfolds, such practices could potentially redefine the concept of democracy. For example, this approach could be applied to writing laws or formulating next year's budget.

Worldview divide and emerging silent fundamentalism within the US

Source: Mertes (2004).

Nature: trends.

Summary: Closer examination of the political debate going on inside the United States reveals signs that might not be expected in this ultimate stronghold of freedom and democracy. Firstly, at its core, the political debate is over unilateralism vs. multilateralism in the world. According to the polls, US public opinion is unmistakably

judging that the country "...should accept the jurisdiction of the International Criminal Court and the World Court, sign the Kyoto protocols, allow the UN to take the lead in international crises..." etc (Chomsky 2005). At the above-tabloid level it is quite impossible to find an article supporting the (unilateral) invasion of Iraq, and the criticism against it seems even sharper and better argued than the critics outside the US have been able to produce. Yet, the 2004 presidential elections gave victory to those who were responsible for the invasion.

Secondly, the above divide is largely coinciding with electorates for the Democrats and Republicans respectively. Although one has strong doubts as to whether the Democrat attitude towards uni/multilateralism issues would differ significantly from the Republican, had they have been elected to the White House, this seems to be the state of play right now. The electorate divide reveals a strikingly distinctive geographical pattern: Democrats prevail on the Pacific shore and North-East region (New York, Boston, and the Lakes) and Republicans in the inside continental heartland (see the map in Gastner, Shalizi & Newman 2004). This picture might reveal the macro-results of the intra-US migration flows that Florida (2004, p. 39) calls "The Big Sort", the process where people with similar economic, racial, and cultural backgrounds are gathering in the same communities. It also points to the large number of voters from rural and economically less developed states backing the Republicans – a seemingly irrational behaviour of what Mertes (2004) calls the 'Republican Proletariat'.

Thirdly, religion seems to have a much more important place in these discussions than it would be expected from the European perspective. America seems to have departed even more from the separation of church and state principle after 9/11 (McClay 2004). Although the principle remains fully in force in the legal sense, in the sphere of social debate, religious arguments are in the spotlight of many political discussions (the abortion issue being perhaps the best-known example).

Relevance: These are clearly notions that will influence the traditional alliance/competition relationship between Europe and America, and that might raise some new cautiousness in the European perspective. In a way, they point to a certain fundamentalist dimension evolving in the US worldview. This is a paradox, because fighting fundamentalism is the very course their leaders are claiming to pursue.

Giddens (2000) defines fundamentalism as a ‘beleaguered tradition’ or, in other words, defending one’s values with rituals, not reasons:

"What is distinctive about tradition is that it defines a kind of truth. For someone following a traditional practice, questions don't have to be asked about alternatives. However much it may change, tradition provides a framework for action that can go largely unquestioned. Traditions usually have guardians – wise men, priests, sages. Guardians are not the same as experts. They get their position and power from the fact that only they are capable of tradition's ritual truth. ...

Fundamentalism is a controversial word, because many of those called fundamentalists by others wouldn't accept the term as applying to themselves. ...I would define it in the following fashion. Fundamentalism is beleaguered tradition. It is tradition defended in the traditional way – by reference to ritual truth – in a globalising world that asks for reasons. Fundamentalism, therefore, has nothing to do with the context of beliefs, religious or otherwise. What matters is how the truth of beliefs is defended or asserted” (Giddens 2000, pp 59 and 67)

In this light, the American approach to Iraq appears fundamentalist indeed. When democracy and freedom are turned into a dogma, people become blind towards such small details that enforced freedom can never be truly free, and imposed democracy can hardly be democratic.

Integrating national cultures into the global culture

Source: Bird and Stevens (2003).

Nature: emerging issue.

Summary: As was observed in the previous chapter, the emerging global culture, although it might seem overwhelming, is also creating a kind of counterforce

(re)vitalising local or national cultures. In this context, Bird and Stevens (2003) detect the threat to national cultures coming not so much from the outside but from a potential divide in the local culture itself. On the one hand, some people who have risen to the global cultural level tend to forget or reject their initial cultural origins, ‘cutting off their roots’. In this situation, members of the national culture inevitably take such an egalitarian and cosmopolitan stance as an act of treason. On the other hand:

“... the fabric of national culture is being torn as tension between members and nonmembers of the global class increases. Tension grows between such members and nonmembers because those not in the global class recognize that in various ways they are not connected to the larger world, nor do they necessarily want to be connected. This tension also grows because those not in the emergent global class are not informed regarding the larger world and may develop a sense of alienation and fear of the influences from the broader world. As a result, even greater differences between members of national culture and global culture are likely to emerge” (Bird & Stevens 2003, p. 403).

Relevance: A lesson from systems theory discussed in the first chapter was that, in order to successfully emerge on a higher level, a system has to include, and transcend, its parts. The same rule is valid for the global culture. Furthermore, on a smaller scale it also applies in the context of pan-European vs. national cultures – one cannot truly be a member of European culture without simultaneously partaking in for example French, or Swedish, or some other national culture. There is a proverb in Estonia that seems to characterise the situation well. Formulated by Gustav Suits, (a writer from the early 20th century): “Let us become Europeans while remaining Estonians” (Olesk 2005).

Another conclusion from this discussion is that the best thing a national culture can do to adapt to the rising pressure of global (or European in the case of Europe) influence, is, while taking measures to keep its own cultural integrity intact, opening up new channels for as many of its members as possible to get linked to this new and higher cultural level.

Findings IV: individual consciousness and values

Increasing moral autonomy of the individual

Source: Eckersley (2004).

Nature: emerging issue.

Summary: The term ‘moral autonomy’ refers to people’s increased capability and desire to make moral decisions based on their own needs, rather than relying on traditional sources (e.g. religion, public opinion, government, media). Despite apparent egocentrism in this shift, these new more autonomous choices are not becoming less moral from the public point of view, because the general aims of ‘making good’ and ‘having a good life’ still remain. Instead, the direction is more towards something called ‘altruistic individualism’ (Eckersley 2004), a stance where an individual’s service to the community is motivated by the personal satisfaction gained from the altruistic act. However, instead of relying on authoritative prescriptions on how the service should be performed, the choice is made autonomously by the individual.

Relevance: For governments (as for the management of any organisation), the predictability and control over the moral decisions and behaviour of individuals is likely to become less detailed. However, while the predictability of every single decision is likely to fall, the governments’ general influence (e.g. through setting up a common mission or goals for society) might even be amplified, as the more autonomous decision-making tends to bring along also the higher motivation and devotion of the decision-maker to the cause.

Changing notion of citizenship

Source: Froese-Germain (2004), Desforges (2004)

Nature: emerging issue.

Summary: While in a strictly legal sense the definition of citizenship remains one of the most fundamental concepts of statehood, the meaning of the word in public discussions is changing. The concept is extending from legalistic frames, and is now conceptualised more as a set of social processes of negotiation between individuals and social groups, to claim and practice rights, responsibilities and acquire the sense of belonging to a community. This process is drifting towards a model of citizenship that is based on the active participation in the particular community, and not so much on the geographic place of birth. “This participatory citizenship doesn't simply demand action from existing citizens; it makes action at once the condition and the task of citizenship” (Froese-Germain 2004). In this context, notions like ‘corporate’, ‘global’ or ‘European’ citizenship have been rising in the literature, but they still remain “...in formation and largely open for contestation” (Desforges 2004, p. 553).

Relevance: Citizenship is a fundamental concept to the nation-state. The changing notion of citizenship may at some stage necessitate updating and reinterpretation of this concept also in legal terms.

Arts trends

Source: Aquirre (2004).

Nature: trends.

Summary: Two general trends can be observed in the arts. Firstly, from being an illustration, description, or reaction to the world, art is becoming defined more and more as an experience. That is, instead of being a phenomenon created by an artist in the outside world, art is becoming something that is individually experienced inside the viewer's mind:

“The value of aesthetic products (among these, works of art) lies in their capacity to show us indefinite aspects of our own subjectivity in an organised manner. Thus, the final aim of all aesthetic exploration is not

knowledge in itself, but rather to enlighten experience and values” (Aguirre 2004, p. 260).

Secondly, this trend seems to go hand-in-hand with the constant drift towards integrating the ways of artistic expression (paintings, music, architecture, theatre etc), towards one big ‘audiovisual culture’. The lines between different forms of artistic expression are becoming fuzzier.

Relevance: In historical experience, art has clearly been an early-advancing field of human civilisation (the renaissance is a good example), indicating later shifts in the rest of society. “The constant transgression of the limits...” (Aguirre 2004, p. 258) seems to be innate to the arts. Therefore, arts trends may well serve as a lead indicator of developments in other more tangible fields.

Conclusion

Given that the ‘microscope’ perspective was applied on a truly macro field of information, this list of findings is obviously not exhaustive. Basically, it represents a series of snapshots, a series that could be supplemented further and further. Yet, the 14 ‘hits’ provided above seem to offer valuable hints of the emerging issues both outside and within us.

A major side-finding of this scan was that there appears to be surprisingly little large-scale innovation in public governance itself. The main trends observed in the literature are those towards e-government, public-private partnerships, and from cash-based to accrual to triple (and most likely to multiple) bottom-line reporting and budgets. Those have been the buzzwords for some time now, and they can be mostly associated with the LR quadrant only. However, while the search found many award-winning (and, on their own scale, definitely innovative) projects, which involved local

governments and private partners in community affairs, the scan failed to identify any new significant items to add to this list of three.

Yet, not only technological, but also social and cultural innovation is booming in the world outside the public service. It is visible in new forms of organisations (networks, alliances, etc), communities (e.g. the open-source concept), and cultural phenomena. Perhaps, some signs of emerging innovation in public service can be seen in the drift from traditional bureaucracy towards public-private partnerships, towards tripartite (and possibly towards multi-partite) governance. This is typically associated with a project-based approach, and involvement of multiple stakeholders, such as employees, environmentalists, businesses or NGOs in resolving the common problems. The World Commission on Dams (see <http://www.dams.org/>) might be provided as an example here, the organisation that arranged itself as the need was sensed, and disbanded as the work was completed.

It is noteworthy that social innovation, at least in American eyes (Schwartz 2003), is considered the ultimate strength of Europe, as opposed to the technological innovation being the strength of Northern America. And indeed, the creation of the EU itself is a prime example of such social innovation. It is also noteworthy that despite the lack of any copyright or patent protection in the field of social innovation (who'd think of patenting the concepts of the EU or the networked organisation?) creativity is still thriving. This removes a lot of ground from the common claim that a strict intellectual property rights regime is the precondition for innovation to flourish.

CHAPTER THREE: STRATEGY AND POLICY OPTIONS

“We shall never be able to escape from the ultimate dilemma that all our knowledge is about the past, and all our decisions are about the future” (Wilson 2003, p. 75).

Introduction

Now equipped with an analysis of the most basic driving forces that are ultimately shaping the future, major trends evolving both within and outside us, and a selection of emerging issues and peripheral trends, the purpose of this chapter is to return the reader to be seated on a government chair of a nation-state in the EU. So, what are the implications of the above? What could European countries do to adapt in such an environment, or even turn it to their advantage, and move ahead boldly? How could national governments use this information in order to develop optimal strategies for a nation’s development?

To answer these questions, this chapter first attempts to interpret some key issues and findings from the text above, and derive some general directions or guidelines that the strategies should be pursuing. Then, a tour of Wilber’s (2000) four quadrants is undertaken once more, to outline a suggested course of action in each quadrant. However, before moving ahead, the key terminology used in this chapter needs to be defined.

The first important concepts are those of ‘policy’ and ‘strategy’. On the most general theory level, Mintzberg, Ahlstrand and Lampel (1998) identify 10 broad understandings of strategy, from the Design and Planning schools at one end to the Cultural and Configuration schools at the other. Overall, the main differentiation between these approaches seems to arise from the level of consciousness or form of management’s participation in the strategy creation – for example the distinction

between strategy as an art or science, and between deliberate and emergent strategies (Parnell & Lester 2003), between mechanistic and organic strategies (Farjoun 2001), and between strategy as being [something in place] or becoming (Styhre 2002). The focus of this research is on the broadest level of public affairs. Therefore, as the conscious interference here is of the most general nature, its approach to strategy needs to stem more from the ‘art’, ‘emergent’ and ‘becoming’ end of that scale. In that sense, the definition of strategy as “...a *posture*” (Farjoun 2001, p. 563, original italics) seems to fit best with the paper’s purpose. After all, what other expression could better describe the nature of ‘policy’ on this level than a ‘posture’ too? Thus, the terms of ‘strategy’ and ‘policy’ become more or less interchangeable in this context and are treated as synonyms. This also implies that the strategies suggested below are not something like a directly applicable action plan but, indeed, describe the general ‘posture’ a government should assume in the particular domain.

The second group of important concepts was introduced in the discussion of the EU strategic goal above. These are the terms of ‘dynamic’, ‘competitive’, ‘knowledge-based’ and ‘social cohesion’ included in this statement. However, the Lisbon Strategy (EU 2000) itself does not concern the definitions of these terms, and the in-depth discussion of them would most likely consume the rest of this paper. Therefore, one would withhold from such discussion here, and simple common sense meanings are assumed to be enough. Yet, two features of these concepts must be mentioned. Firstly, there is a difference between the concepts of ‘the most dynamic’ and ‘the most wealthy’. Although the public debate over the Lisbon Strategy usually concentrates solely on economic issues, the interpretation here is that the aspiration towards a ‘dynamic’ and ‘cohesive’ society applies in all four quadrants, not in the economic/technological realm alone. In other words, ‘dynamic’ means vigilance, and ‘cohesion’ means harmony, within and between each of the quadrants. Secondly, the

term 'knowledge-based', as understood here, incorporates not only the explicit (i.e. recorded and/or written) form of knowledge, but also tacit (i.e. living in people's mind) knowledge.

General guidelines for the strategies

The first guideline comes from the vision statement formulated in the beginning of this paper:

To become a competitive and dynamic knowledge-based economy in Europe, capable of sustainable economic growth with more and better jobs and greater social cohesion.

The study has now reached the stage where, in order to follow its purpose and to allow the vision's full meaning to be translated into strategy, it needs to interpret this vision more deeply. To achieve this, the three key subgroups of terms in it need to be discussed to provide direction for the desirable movement in all four quadrants. In the interpretation assumed here, the terms *competitive*, *dynamic* and *growth* set the aims of competing and winning against other (external) players, maintaining (internal) vigilance, and achieving greater scope and depth in society. It might be noted that interstate competition (again, not only in the economic sense) is a strong factor of the dynamism at the EU level. *Social cohesion* implies an aim to avoid internal discrepancies in society, to behave and to advance in a harmonised manner. On this point, it is appropriate to emphasize the distinction between cohesion and unity – cohesion does not necessitate everybody being equally rich and beautiful. To illustrate: a soccer team of eleven Peles, or an orchestra of first violins only, would probably not be the best things to have around. Finally, *knowledge-based* establishes the aspiration to rely on human knowledge, as opposed to natural or industrial resources, in the societal growth.

The trends and emerging issues observed above seem to come in pairs. This necessitates perhaps the most controversial task for the development of strategies – to cope with the paradoxical nature of change (globalisation and localisation, growing wealth and inequality, individualism and social activism, etc). Maintaining cohesion in society, under the conditions of increasing social, economical, cultural, and mental diversification, might seem like a ‘mission impossible’ at first sight, but must inevitably be addressed in any strategy of such scope. It is worth bearing in mind that this duality of trends also opens up new options for the strategies to pursue.

One of the main lessons that can be drawn from the text above is that the strategies should aim to ‘ride’ the driving forces and trends in the environment, rather than trying to fight against them. The observation made earlier in this paper was that human creativity is quite capable of influencing the flow of affairs at the micro scale, while being less influential at the macro scale. This means that while, to certain extent, a government can indeed bend the direction, or slow down or speed up a major trend, ultimately it needs to adapt and integrate its policies and attitudes with it. And the sooner this is done, the less painful the process will be. This is not to say that the efforts to influence the flow of events should be given up. Quite the opposite – exerting an influence is what ‘riding’ a trend is all about. However, the strategy should be guided by the aim of integrating new issues into the tissue (and mind) of society rather than simply fighting them. For example, most European countries have traditionally been redistributing large proportions of wealth in society to reduce income differences, and have generally achieved high solidarity and cohesion in their societies. However, the gap between rich and poor is still growing even in Europe, and just increasing redistribution through taxes, is not going to offer the ultimate solution in the future.

Another lesson might be that any ‘grand’ strategy, if aiming to succeed, needs to address all four realms of society in a balanced manner. It should not concentrate on the

right-hand quadrants alone, which seem to be the most common shortfall in contemporary public policies. A strategy, like any system, will always have facets, or consequences, or correlates in all four realms. An influence in the cultural domain will have some consequences on economic competitiveness, and vice versa. This conclusion is supported by the findings of Richard Florida (2002; 2004) who concludes that regional economic success is not contingent on the availability of technology and capital resources alone. Instead, it typically results from the favourable combination of talented people, tolerance towards different life styles, and innovation. Thus, a region's ability to not only form innovative industry clusters (Porter 1990), but also provide for 'cultural clusters' that embed multiplicity of fields and subcultures, and attract creative people across borders, becomes crucial

In public governance, it is quite common to apply the 'three E' criteria to evaluate any new policy measure. Is it an effective, efficient, and economic one? As a result of this research, it is suggested that innovativeness be added to this list. The first argument to support this idea is that, in chapter one, creativity was concluded to be one of the original macro driving forces of the future. Thus, it becomes a major resource to survive and thrive in a world of entropy and emergence. Consequently, a strategy, that does not apply creativity in full strength, can't possibly cope with these forces in the long run. However, being creative or innovative does not mean becoming irrational, because the other 'three Es' still remain.

The second argument to include innovation as a criterion for judging public policy effectiveness comes from a more empirical source. To use the European welfare state example again, this 'enlightened' stance has generally been thought of as coming with the price of lower economic growth and competitiveness compared with the 'less elitist' US. The emphasis on collective satisfaction (self-adaptation) and the individualistic drive (self-preservation) are outweighing each other in these two

cultures. And it is the individualistic drive that is traditionally assumed to be the engine of growth. However, as the French economist Robert Boyer (2004) points out, in the Nordic countries the ICT-related economic growth in the 1990s occasionally even exceeded that of the US. Yet, those countries are traditionally considered the most social-democratic ones in the EU. That is, they should be the most community-oriented and, by logic that connects economic growth with individualistic development, lagging far behind in global competition. There is another area, however, in which the Nordic countries have traditionally been known for excellence: social innovation and openness. They are forerunners of creativity in both the EU and on the global stage, and in that sense are positioned well to compete with the US in terms of economic growth (Florida & Tinagli 2004). Boyer's (2004) conclusion from the situation is that, even when benchmarking, public policies and strategies need always to be reinvented and to assume the national viewpoint:

“The adoption of an ICT-driven technological paradigm ... does not necessarily infer importing the institutional architecture of the financial market variant of capitalism [i.e. the one of the US]. A *hybridisation* method which operates by adapting and amending (in order to reflect domestic constraints and traditions) the innovations produced in other economies seems much more promising” (Boyer 2004, p. 148, original italics).

Finally, the *competitiveness* and *dynamism* aspirations in the vision imply that a strategy needs to have an active cooperative-competitive approach towards its surrounding subjects. It also needs to be clearly distinctive in this environment, to be able to assume the competitive stance at the first place.

Strategies I: Behavioural sphere

Here, in the UR quadrant, the trends of population growth and aging, growing wealth and inequality, individualism and activism were observed. And, with reference

to the vision statement, this is the realm where *social cohesion* should mainly be fought for.

The best way to describe the recommended approach here is ‘bridging the gaps’. As the general trends of growing economic inequality and individualism advance, the existing gaps will deepen and new ones will emerge in society. But there usually are countertrends. For example, growing general wealth and activism provide new means to deal with growing inequalities and individualism.

The gaps here are those between individual human beings (and the organisations they set up) and their belonging to different sub-categories defined by social class, education, profession, family type, sexual orientation, computer literacy, hobby, belief, residential suburb, etc. The degree of differences between such subgroups is growing, and this process is known as fragmentation or the ‘hollowing out’ (Ogilvy 2002) of society. Given the duality of differentiation and integration (Wilber 2000), this is the differentiation aspect. Governments are hardly capable of eradicating the barriers between emerging fragments or disallowing the emergence of new fragments. Furthermore, dissolving the newly emerged system violently (i.e. breaking a new fragment back to its parts) is hardly the solution here. The *integration* is. So, what governments can do about the situation is keep the barriers between societal fragments low, enhance communication and people’s movement from one fragment to the other, integrate the newly emerging fragments within the total network of society (e.g. by assisting to find their role in it, and linking them up with others), and coordinating this ‘network of fragments’. The metaphor of an orchestra seems suitable to describe the approach: to achieve symphony instead of cacophony, but a symphony that is performed by the constantly growing amount of instruments having different nature, size, and tune from each other.

This way, for example, the early radical environmentalist movement from the 1960s and 70s has found itself a solid role in society. In another example, to deal with wealth disparities, rather than simply redistributing all the wealth from the rich, the situation should be aimed where ‘a newspaper boy can still become a millionaire’, but also that the millionaire can fall to be a newsagent again. Both would have an equal moral value in the eyes of community, that is, the millionaire is not *better* than the newspaper boy, only richer. In other words, there should not be a position in society that is taken for granted. Community members (especially youth) should be encouraged to ‘bath’ themselves in as many positions as possible. This is not to say that the redistribution of wealth should end. Societies will continue choosing taxation levels according to what is considered fair in their particular cultural context. However, taxation should not remain the most important topic in the societal debate forever, and the measures that are discussed here are simply those that could be applied beyond the simple reallocation of economic assets.

At an even more practical level, three types of measures could be identified to advance this bridging effort.

The first is the consistent avoidance of admitting public privileges to certain groups in society. As any coin has two sides, the counterpart of privilege is discrimination. The approach taken towards any fragment of society by a government should, first of all, be unbiased. Again, not all privileges (e.g. wealth-related) are under government direct control, but many are. Perhaps the best example of the sphere under government’s traditional influence is education. ‘Greenhouse’ private schools, accessible by members of certain social classes only, inevitably raise social barriers and undermine bridging efforts in society. Another example typically under government control is infrastructure, which tends to differentiate between urban and rural areas. In that sense, not only road connections, but also electricity, mail, phone, and banking fees,

as well as access to the Internet and public services should be uniformly available as much as possible throughout the country. To avoid barriers, the availability and price of such services should not distinguish between where or by whom the services are used. Other typical examples are special retirement schemes, non-monetary benefits (free housing, etc) to some civil servants, and discounts in public service prices. Even income tax levels and any members-only schemes (such as the fly-by points-earning systems in supermarkets) segregate the community to a certain extent, and are thus undesirable in the long run. Government's usually have at least remote tools to discourage these. However, it has to be noted that we are talking about a strategic posture here. Obviously, not every ideal solution is 100 per cent accomplishable, and tactics may sometimes necessitate exceptions. Yet, at least the intolerance against such exceptions becoming the rule should be in place. Perhaps the best way to illustrate the generally desirable approach is turning Jack Welch's famous concept of a 'boundary-less organisation' (see e.g. Kets De Vries 1996) into a 'boundary-less society'.

The second type of measures is the stronger emphasis on education itself. As repeatedly emphasized by Boyer (2004, e.g. p. 137), and Florida and Tinagli (2004), education was another key feature (besides their inherent social innovativeness) that led the Nordic countries to their relative success in the 1990s ICT-related economic boom. Although education is merely an enabler in the process of bridging, it makes it possible (but does not guarantee it) for both the newspaper boy to become the millionaire and the millionaire to see the world through the eyes of a newsagent. In economic terms, the payback time of this approach might be long but, as the Nordic example has shown, it is likely to be extremely fruitful.

Thirdly, while acknowledging that traits and capabilities of every single human being are not identical, what governments can do is to ensure an equal starting position (through education) and the establishment, through social security, of a baseline or

safety net below which it would be impossible to fall. Again, the choice of how high or low such thresholds should be, may vary depending on what is considered fair in the particular culture. Combined with the argument against segment-based privileges discussed above, the more important aim would be to keep the system simple and avoid segregation. Instead of different arrangements for each fragment of society (such as the unemployed, poor, students, handicapped) the direction should be towards more general and stronger norms, towards unified basic principles rather than detailed and differentiated procedures. The growth in detail would come as decisions move downwards to lower and local levels.

In conclusion, especially in the context of a new member of the EU, the bridging effort is not only an intra-state exercise. With reference to Bird and Stevens (2003), and the discussion about their article in chapter two: the more governments can manage linking up the different segments of their own society with other networks in Europe, the stronger its domestic society-network will be. Basically, the strategic ‘postures’ described above also apply on the next system level, that is, that of the EU and its community of member-states.

Strategies II: Techno-economic and organisational environment

In this domain (the LR quadrant), environmental and techno-economic trends and globalisation/localisation issues were discussed. With reference to the vision statement, this is the sphere where *competitiveness* is at stake.

For a national government in Europe, this realm of human activity is the one that the vast majority of its policies and regulations address already. It is the most explored sphere of the four, and thus it is hard to add some original content of strategic value here. The needs to create industry and innovation clusters (Porter 1990), deregulate (and in some instances re-regulate) the economy, reform EU institutions, revise pension

systems, enhance sustainability, and launch carbon trading are all at least acknowledged by governments. These are all very relevant and necessary strategic efforts to respond to trends observed in this quadrant. And they all seem to fit well with the general guidelines that were phrased above. Therefore, they will not be explored in more detail in this study. However, one new broad strategy idea still arises from this realm, which seems sufficiently innovative to be presented here.

The strategy arises, on the one hand, from the increasing amount and scope of issues confronting governments under conditions of limited absorption capacity, and from the globalisation/localisation trend-dichotomy on the other. Typically, governments would have early-warning mechanisms in place at the ‘entrance door’. As new issues are detected, they are resolved and introduced into legislation. The problem is that the amount of regulations, thus, increases endlessly. There is nobody opening the ‘exit door’ to allow obsolete regulations to be removed from the system. And, just like money is inevitably devalued when the central bank prints more notes to cover deficits, the rule of law is subtly undermined with this legislative mounting process. Besides, it also provides fruitful ground for the more ‘hunting-around’ or parasite modes of the legal profession to flourish. And finally, the increasing amount of regulations has a reverse impact on transparency in society. Even in a tiny state like Estonia, at the time of writing this paper, 22025 different legal regulations (including 2011 laws), issued either by *Riigikogu* (the national parliament) or Government of the Republic, were currently in force (*Estlex õigusaktide andmebaas*), and on average 11 new regulations, including those at the ministerial level, are issued every single day (Andre n.d.).

The strategy that a government could adopt in such a situation is twofold. Firstly, in the process of building up the EU, two fundamental principles have surfaced that should very explicitly be followed at the national level too – those of *subsidiarity* and *proportionality* (EU n.d.). Subsidiarity means that decisions should be made on the

level, which has the best information, i.e. as low as possible and as high as necessary (*Subsidiarity n.d.*). Proportionality means that “...any layer of government should not take any action that exceeds that which is necessary to achieve the objective of government” (*Proportionality n.d.*). However, as was observed above, there is a constant flow of emerging issues that governments need to confront, and their scope is typically growing larger rather than smaller. Therefore, these issues are not static with regard to the two concepts (i.e. subsidiarity and proportionality), and the appropriate level is constantly moving. In the context of nation-states in Europe, it means that, to follow the globalisation trend, the scope and generality of legislation at the highest level (i.e. the national parliament) needs to increase. At this level, there should be a conscious effort to move from exact and rule-based towards more general and principle-based laws. For example, instead of stipulating detailed decision-making procedures for some questions, the law could emphasise the two principles (i.e. of subsidiarity and proportionality) and offer the criteria that such a decision should follow. From this point, the lower level (e.g. the government) could take over.

Secondly, to capitalise on the ‘devolution’ trend discussed above, routines should be put in place at the ‘exit door’ to delegate the tasks and authority (together with the relevant resources) downwards, from parliament to government to local governments, from there to private actors, the non-profit sector, etc. For example, two quite fundamental laws in the Estonian legal environment – the Government of the Republic Act and the Commercial Code – have been amended respectively 23 and 25 times by the *Riigikogu* during the past five years (*Äriseadustik; Vabariigi Valitsuse Seadus*). The same continuous ‘repair’ rule applies to a vast majority of legislation, while belonging to the minority might well be a sign that the particular act has become irrelevant. In any smaller-scale human organisation, returning to the same question six-seven times a year would be a clear sign for the manager that there is a need for a new

lower-level routine. In the case of Parliament, ignoring these signs is simply a waste of the nation's most precious human resources.

To handle the situation, one could start by looking at quality management tools widely adopted in companies and NGOs. Besides, the Total Quality Management (TQM) is already spreading within the public sector (at least in Estonia). Although there are now more advanced organisational development techniques on the market, TQM seems appropriately robust for first steps, and its emphasis clearly coincides with the LR quadrant. In particular, two basic practices from quality management could be adopted. First, typically a unit or employee is appointed for each section in the quality manual, responsible for monitoring the manual and updating the section as the need arises. Secondly, a date is fixed when the section will be either updated or removed (if it has grown irrelevant) from the manual. These two practices ensure that the quality manual remains a 'live' document, reflecting the actual needs of the organisation at any given moment. As any state's set of laws and regulations performs actually the same function as a quality manual, only at a more complicated and higher level, having a routine that automatically removes obsolete acts, and monitors the system with the purpose of simplifying or delegating functions downwards, seems indeed to be a good substitute for the current ad hoc approach. It would reduce the bureaucratic distortions of democracy, increase government's absorption capacity and, ultimately, national competitiveness.

Strategies III: cultural worldspace

The trends observed in the cultural domain, the LL quadrant, were those of rising global and reviving local cultures, and differentiation of the distinctively European and American worldviews from the earlier 'one big West' stance. In relation to the arts and moral autonomy, previous chapters also noted the increasing significance

of the interior domains in general, i.e. the increasing relative importance of things going on ‘in here’, rather than ‘out there’.

Many of the emerging gaps in society are cultural, associated with different worldviews. Therefore, ‘bridging the gaps’ largely means conversations between these worldviews, the conversations that take place in the cultural realm. The dynamic and intersubjective (Wilber 2000) debate is another precondition (but not a guarantee) of social cohesion.

Thus, in this quadrant, the main strategy for a national government is associated with initiation, encouragement, and coordination of the conversation, or the process of cultural exchange, within society. There are no practical ‘hard’ strategies or policy measures applicable here. Instead, the government’s main tools would be leadership and attitude. Active, constructive, and probably to a certain extent optimistic or even an idealistic approach seems the one needed to achieve the main goal – *dynamism of the conversation* – in this quadrant. Governments need to engage their citizens in a continuous and self-empowering interchange of worldviews, and ensure that there is no voice silenced in the discussion. In other words, the government needs to inspire.

This intersubjective realm may be governed through a code of ethics and pair-reviews, rather than through legal regulations or enforcement. These are the mechanisms that, as was seen above, have already proven their power in open source communities. Thus, the government doesn’t need to control the media, but to ensure that these mechanisms of ethics and pair reviews are in place within the media. Governments also need to evaluate and strengthen these capabilities so that no other party (such as the owners and advertisers) exert their power to determine the media content.

Another critical issue in this sphere, probably needing more tangible measures to support the ‘soft’ approach, is language. As was concluded earlier, under increasing

globalisation (and pan-European) influences on national cultures, European governments are encouraged both to enable their citizens to link with the higher-level culture, and to maintain the integrity of the national one. The aim is to *integrate* the national culture into the global one, not to get *diffused* in it. In that sense, just like with physical borders that define the area of a country's jurisdiction, governments have to act to define and maintain the cultural borders that frame the national culture. Language is one of the main enablers and determinants of the national culture, often defining the unique collective thinking patterns that evolve within it. Thus, it remains the government's task to protect the language as the medium of intra-cultural exchange, within a context where inter-cultural exchange is increasingly taking place in English.

Strategies IV: individual consciousness and values

The trends observed in the UL quadrant were related to consciousness development, increasing moral autonomy of an individual, and the increasing number of multiple identities people need to assume. From the strategy point of view, this is also the quadrant that connects with another key term in the vision statement – the aspiration towards a *knowledge-based* society.

Knowledge, in this quadrant as opposed to information, is something that we know inside us rather than data stored on computer discs or paper. Before information can be acted upon, it has to be known. Thus, in broad terms, it is knowledge that constitutes the content of the public conversation process that was just discussed in the LL quadrant. The author's interpretation of the vision statement above was that the aims of *cohesion*, *dynamism* and *growth* do not apply only in the right-hand (social and techno-economic) dimensions, but also in the left-hand cultural and moral spheres. And whereas the emphasis in the cultural area was on dynamism of the conversation, here, in

the individual intentional domain, the emphasis is on *cohesion and growth* of the *content* of this conversation, i.e. the knowledge.

As with the cultural sphere, governments can best influence the intentional realm of society through ‘soft’ approaches rather than ‘hard’ coercive measures. It is a field where one must *lead* rather than *manage*. When focusing on content, the government’s task is not only to follow the shifts in people’s opinion, and shape its policies in response (governments tend to give serious attention to polls already). If the goals of cohesion and growth of knowledge are to be seriously pursued, a conscious effort to influence the debate in these directions must be undertaken. With regard to cohesion, the intervention should be of a healing and ‘gap-bridging’ nature. Much can be learnt from the field of psychology. As systems’ thinking has taught us, if humans can have schizophrenia, in their own way, communities can too. With regard to growth, the intervention should probably carry a more inspiring character, towards greater knowledge (which hooks up with the emphasis on education in the strategies above) and higher cognitive levels. Yet, so far, at least in the author’s own domestic experience, an ad hoc approach is typical for a government in this field. Furthermore, the time-span of the democratic debate itself seems to be decreasing, and we seem to be moving away from long-term vision-led governance towards a more incremental and piecemeal type of decision-making (Karlsson 2005).

With regard to cohesion, one practical approach that governments might look at in their search for inspiration is the Soft Systems Methodology (SSM, see Checkland 1981; Checkland & Scholes 1990; Checkland 1999). In short, SSM offers a general framework to deal with fuzzy or ill-defined human-related problems in organisations. Put very shortly, SSM aims to describe the most relevant issues (parts) of the problem situation, and then build a mental model of how these parts should perform in the real world. These models are based upon the different worldviews of stakeholders in the

problem situation and, because of worldview differences, there will be many different models for the same issue. Then, through the comparison of these models with the information of how the issue (the problem-part) actually performs in the real world, all participants accumulate new knowledge about the problem situation as a whole. Reiterating this process then leads to increased understanding of the whole problem situation and to adjustment between the worldviews of different stakeholders. In other words, it leads to greater *cohesion* of worldviews, i.e. the very aim that was set out here. Overall, its authors distinguish two major capabilities embedded in SSM: "...seeking the accommodations which enable 'action to improve' to be taken [on a problem situation]", and performing "...as a sense-making approach" to understand fuzzy situations at first hand (Checkland 1999, p. A21).

With regard to growth and dynamics, the simplest hands-on strategy could come from the practice of applying mission, vision and value statements in strategic management. This practice has been developed to guide and unite organisational members around common goals, and this should be quite a worthwhile objective at the national level too. The drift towards shortening time horizons in democratic decision-making can be reversed by bringing long-term visions back into it, but using them more as tentative and general guiding signs in the debate, rather than undisputable norms of the totalitarian state (Karlsson 2005). When talking about mission, vision and values, one must be aware, though, that (especially in Europe) there tends to be a common resistance in the public service to adopt such unorthodox practices from the 'unholy' private sector. These sectors are said to be too different. However, this private/public dichotomy itself represents one of the gaps in society, needing to be bridged. And, to return to systems theory for arguments, a higher-level system (e.g. a nation-state) cannot be defined *only* in terms of its parts (such as business entities) but it cannot also be defined *without* them. To deny this relationship is to behave like an airplane pilot who

disregards the wheel, gas and brakes in his cabin because these are instruments associated with a car.

Returning to mission, vision, and values, the first one of these terms is commonly used to set out the basic purpose of an organisation and a general area in which it is active (Wilson 2003). In a state's context this is typically stipulated in the first few sentences of its constitution, and then forgotten. (This is similar to the typical business management mistake of formulating the firm's mission and then keeping it in the box of the manager's worktable). Next, the vision is generally understood as a "...coherent and powerful statement of what [the organisation] can, and should, be [x] years hence" (Wilson 2003, p. 56). It is a description of a desirable and realistic future state of affairs. As was discussed in the Introduction to this study, the Lisbon Strategy (EU 2000) can be provided as an example of such a trans-national vision statement for Europe, while at the national level vision statements of similar scope are generally missing (although there are plenty of strategy-efforts in fragmented fields like education, defence, health, anti-poverty, etc). Finally, the value statement is used to equip the organisation with guiding moral principles, such as ethical norms, management style, and culture, to follow when pursuing its mission and vision of the future. Although these issues are often raised in public debate, the author cannot recall a good example of a government's conscious and systematic involvement in the values debate on a national level. Again, the ad hoc approach prevails.

The conclusion from the above discussion is that, in order to achieve cohesion and growth in the intentional domain, governments need to systematically engage the public in a conversation over the mission, vision, and values for that national culture. It is not enough just to have them formulated and published (like with the constitution example above). The process of their cultural interpretation must be alive and ongoing. Luckily, the benchmark – the Lisbon Strategy – in this case can be taken from the

above-national rather than sub-national level. Despite, in a strictly economical sense, its goal of ‘catching up to the US in ten years’ is likely to fail, and the EU Commission is currently aiming to narrow its focus (EU 2005), the very existence of the Lisbon Strategy and, furthermore, the debate around it, has undoubtedly increased both cohesion between European nations, the dynamics of the continent’s development and, ultimately, its competitiveness.

Conclusion

In general, the shift towards a balanced and conscious approach to all four realms has been argued above. It was acknowledged that a majority of current strategies at the national governmental level tend to be focused on techno-economic issues (i.e. the LR quadrant). At the same time, governments’ activity in the interior domains of knowledge, culture and values largely follows from ad hoc signals, and is usually once-off in nature. Yet, to cite Thomas Friedman (2005, p. 62, original italics):

“The ideal country in a [globally connected] world is the one with *no natural resources*, because countries with no natural resources tend to dig inside themselves. They try to tap energy, entrepreneurship, creativity, and intelligence of their own people - men and women - rather than drill an oil well.”

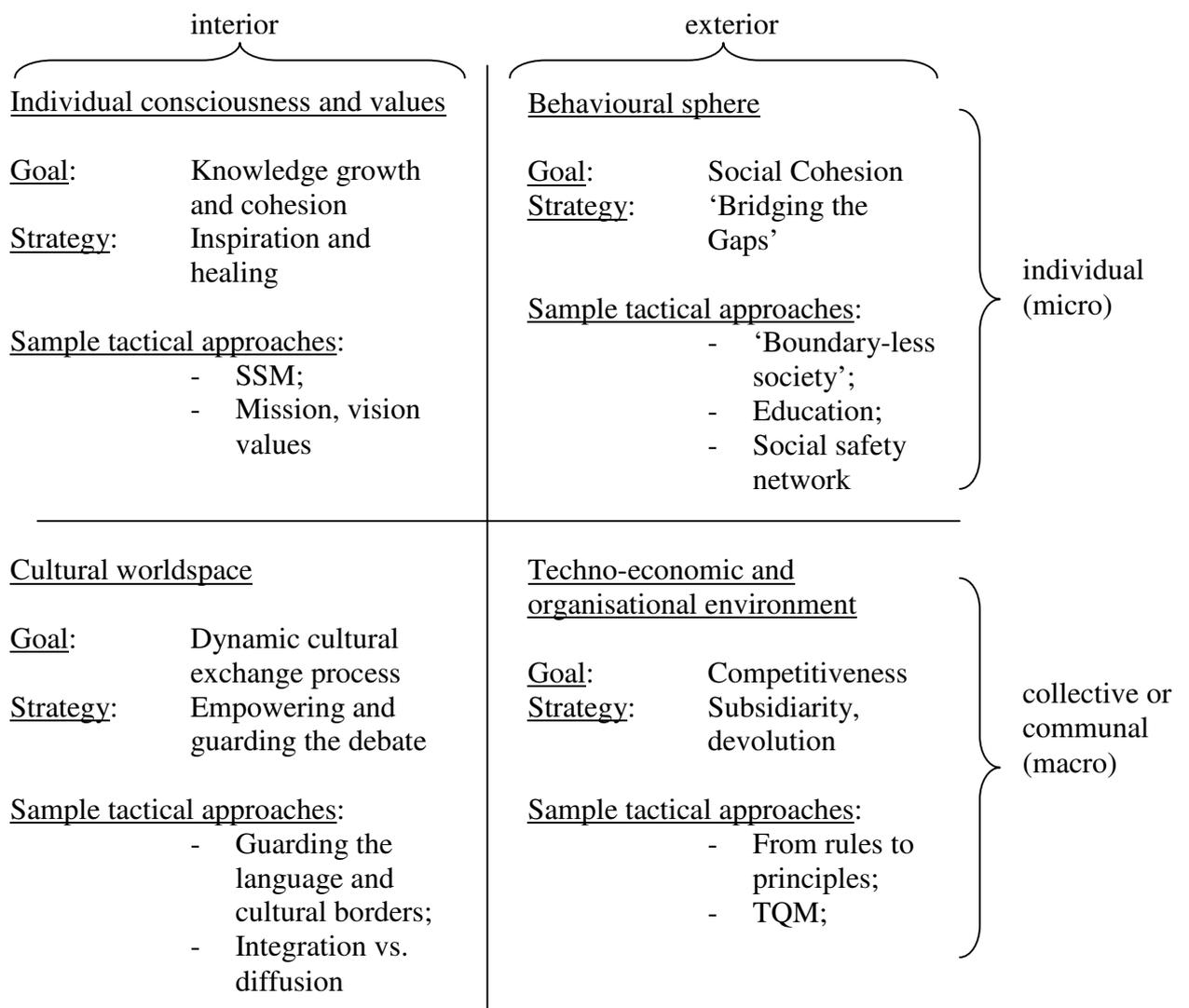
Therefore, in search of a robust strategy, one should probably start by ‘bridging the gaps’ between the four realms themselves. That is, by acknowledging that future strategies need to address our inner domains at the first place.

Another major conclusion is that measures to tackle many new issues confronting governments actually exist already. The same issues have often been faced and solved already at sub-national levels in society. The solutions from these levels, indeed, cannot be simply copied on the national scale. Neither TQM, SSM, the mission/vision/values trinity, nor any other organisational development tool as such can

simply be taken up and applied to public service. But the general principles embedded therein remain valid. In agreement with Boyer's (2004) conclusions, creative benchmarking is definitely possible and desirable. And it is desirable not only within the horizontal plane (from government to government), but also in the vertical direction, 'recurring and replicating' (Lessem & Palsule 1997) the same principles at all levels of society.

To wrap up this discussion about strategies, Figure 2 provides a summarised picture of the conclusions reached therein.

Figure 2 The strategies in four quadrants (based on Wilber 2000, p.127)



CONCLUSION: FROM FIGHTING TO DRIFTING TO DRIVING THE FLOW

“All of us need moral commitments that stand above the petty concerns and squabbles of everyday life. We should be prepared to mount an active defence of these values wherever they are poorly developed, or threatened. Cosmopolitan morality itself needs to be driven by passion. None of us would have anything to live for if we didn't have something worth dying for” (Giddens 2000, p. 68).

With the imaginary client – a national government in Europe – in mind, this research-paper has explored the major trends that are currently shaping the global future, and analysed the most fundamental driving forces acting hidden behind those trends. The paper has also introduced a number of emerging issues that might yet rise to influence the future on a global level. Finally, the research analysed the impact these future forces are having on national governments, and offered some strategy suggestions thereto. This conclusion reflects on these findings to summarise the main issues that European governments should keep in mind regarding the futures.

While there are trends and driving forces at work shaping our common future, a trend that grows substantial enough, becomes a driving force on its own. This can be said for example about the accelerating technological change of the past few centuries, driving a variety of trends around us (a growing economy, improving healthcare, advancing infrastructure, etc). However, the paper has pointed to three fundamental driving forces in the environment that seem to be the most original or fundamental by nature. The first of these, *entropy growth* introduced in the 2nd Law of Thermodynamics, implies the continuous downgrading of physical resources. This driver becomes active from the most fundamental physical levels, and is pushing mankind further and further into the environment for resource renewal. Secondly, *emergence* – a phenomenon that becomes visible to the human eye in biological

(including human) systems – acting like a kind of counterforce to entropy, is ensuring that there will be an ever-increasing complexity in our lives. This is the main force behind the continuous flow of new issues to be tackled by governments. Finally, *creativity* – a capacity characterising the human level of development – is again balancing the picture, allowing us to cope with the two more primary forces. However, besides using creativity as an aid to survive the first two, mankind often tends to apply it in the opposite direction too, that is, to reinforce them. Thus, at some future stage on the developmental ladder, new drivers might be envisaged emerging to balance our creativity too. Whether this will be the case or not, these three seem to be the principal future drivers active at present.

The power of these forces, determining the speed of events in society, depends on balance. As total balance leads the system towards stagnation, the opposite pulls it towards the edge of chaos. In this context, a certain status of ‘balanced disequilibrium’ seems to be the most desirable state of affairs. By combining the works of Lessem and Palsule (1997) and Wilber (2000), this paper suggested a qualitative four-dimensional framework to assess the state of equilibrium in a society. The framework is based on the observation that the four basic aims or capacities embedded in any system – self-preservation, self-adaptation, self-transcendence and self-dissolution (Wilber 2000) – drive a society in diverging directions towards four society-archetypes, respectively labelled West, North, East and South (Lessem & Palsule 1997). This framework led to the insight that recent worldview differences between the EU and US are pointing to the differentiation of the Northern archetype (the self-adaptive, rationalist and integrative ‘European’ way) from the earlier common Western culture (the self-preservative, pragmatic and empirical ‘American’ approach).

In the perspective this paper assumed, the architecture of the nation-state, the EU, and the world in general, is essentially systemic, consisting of interrelated parts at

different levels of integration (physical, biological, human etc). The major trends evolving in this system tend to come in pairs – such as globalisation and localisation, growing wealth and inequality, towards higher individualism and social activism – with the general direction of development being towards both increasing *differentiation* and *integration* at all system levels (Wilber 2000). From a national government's perspective, it means ongoing efforts are needed to integrate the continuously differentiating fresh issues into society. Laws and regulations are the traditional tools to handle such a situation and, with relevant monitoring routines in place, governments are achieving reasonable success. However, it also implies the need for national governments to avoid micromanagement, to move from rule-based to principle-based legislation, and to pass detailed decision-making downwards. In this area, ad hoc activity still seems to prevail over a conscious and planned approach.

The four-quadrant perspective assumed in this study differed from traditional systems' thinking mainly by its acknowledgement of the interior dimensions of the system. This perspective led to the insight that the interior domains of society – those associated with culture and values – need to be *led* rather than *managed*. This points to another area of governance where the ad hoc and once-off attitude still prevails. The vast majority of governments' efforts are still spent on the exterior dimensions, ensuring techno-economic development, improving legal frameworks, developing organisational structures etc. Yet, a more conscious approach towards the interior domains would open many unexplored and innovative ways to pursue the major goals set in the Lisbon vision for Europe's future (EU 2000) – dynamic growth combined with increased social cohesion. These strategies would be attractive even from a traditional point of view as they involve investing in human qualities rather than material resources, which should simply be less costly for taxpayers. This paper has suggested a number of such strategies.

One of the biggest ‘inevitable surprises’ (Schwartz 2003) that was discussed is the fact that the concept of the nation-state is itself changing, especially inside the integrating EU. In this regard, the trends observed may not seem very encouraging for national governments at first sight. Indeed, in relative terms the power of the state was seen declining, while that of corporations, supra-national bodies, and activist groups is increasing. The state’s functions are being delegated upwards through increasing cooperation and international treaties, and downwards to local authorities and private actors. Even national physical borders are disappearing in Europe. However, in absolute terms, the picture looks slightly different, again. Besides the integration signs just listed, the differentiation process is there as well. It may be seen for example in the ever-increasing number of issues and fields that need to be regulated at the nation-state level, and the increasing control the state thus exerts over its citizens and organisations. Or it may be seen in the increasing number of issues where the state needs to define its distinctive position on the international arena. In the future, the state may probably be more identifiable through its activities in ‘soft’ areas, such as defining the cultural borders, or catering for the unique cultural content that distinguishes the intra-society debate from its neighbours. The ‘big picture’ drawn in this paper would not allow the nation state to be easily written off in the future. However, its role will indeed change as new structures grow above and beside it. In the discussion above, Ogilvy (2002) compared this process with the medieval shift of power from the church to the state. Another comparison might be drawn with media, where newspapers were supposed to disappear with the arrival of radio, and radio to disappear with the arrival of TV. In reality, both have lost their dominance in the media world, but kept their distinctive, while relatively less important, position.

Finally, the analysis of the ‘big picture’ of which European national governments find themselves part of, led to another major conviction that the author

accumulated throughout this study. Namely, that enlivening the vision of many writers (e.g. Haseler 2004; Schwartz 2003) of Europe as the future federation – the United States of Europe – would be a step backwards. Firstly, instead of integration, such a path would mean dissolution of nation states in Europe. Secondly, because there is a general trend in the world from strict hierarchy towards flatter networked organisations, there are more advanced choices available nowadays than the simple federation/confederation dilemma. And, last but not least, it would simply be a too pragmatically Western (i.e. American) move for the continent that has just started actively differentiating its true Northern (Lessem & Palsule 1997) nature.

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