



*Uudenmaan liitto  
Nylands förbund*



## **TREND LINES**

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# Trend Lines

*“To know is to apprehend the future as qualified by values which action may realize; and empirical knowledge is essentially utilitarian and pragmatic. It is a distinctive character of human action that justification of it is significantly asked for.”*

*C. I. Lewis, an Analysis of Knowledge & Valuation, 1946*

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## 1 Introduction

The purpose of this paper is to highlight some changes in our global environment that may be critically important during coming decades. In this context, what should regional authorities do or watch out for? For some changes, it is enough to understand their logic. Other actors in society will need to address them. Some changes are, or will be, within the mandate of regions to act upon.

While the future is bound to offer surprises, many changes, including dramatic ones, can be anticipated. Some such changes are currently actively researched, like climate change for example. Some changes appear to threaten our traditional vision of the world, and we will need time to adjust to their implications.

Optimism regarding the future is a necessary motivator for everyone, but improved “*future awareness*” is a practical necessity to back up such optimism. We must try to identify relevant choices and then give politician the mandate to make sometimes difficult decisions.

## 2 Taking off to the future: Tighten your seat belt

Trying to understand and anticipate future developments can be confusing. There seems to be too many options, many of them contradictory or unattractive. To simplify things, this paper is based on three basic assumptions:

### 2.1 *Global interconnectedness: The biggest change*

Perhaps the most fundamental effect of globalisation is that change processes in different parts of the world have become increasingly dependent on each other. No community is any more living in isolation, on its own terms, in its own isolated habitat. But, we do not fully understand these interconnections between, say, overfishing at the Horn of Africa and the need to send warships to protect ships against pirates, or between the housing market in Shanghai and the Euro/Yuan exchange rate. Some changes develop very slowly, imperceptibly, like for example the acidification of the oceans. We often tend to ignore these slow changes, even if we know that they are life-critical. Other changes happen suddenly, when triggered by some random event, like, for example, the current decision to abandon the use of nuclear energy in Germany. Global interconnectedness means that distant changes may affect us unexpectedly<sup>1</sup>. Monitoring and trying to understand the global operational environment is therefore essential *also for local development*.

## 2.2 Making the future or breaking it

There is an overwhelming literature about the future. A point often made is that the future is unpredictable. While the point may be true, it is not the whole truth. The laws of nature, although only partially known, set a fundamental framework for the physical environment and also for societies and for human life in general. The second assumption of this paper is that *regional planning is based on the conviction that we actually know a great deal about the future and that we can influence how it will unfold*. It therefore makes perfect sense to try to anticipate future events, and to take action to benefit from good options and to reduce the effects of bad ones. While most people would agree in principle, the timing of appropriate actions is nevertheless often an issue. Therefore, *early recognition and assessment* are necessary. This is sometimes called the Precautionary Principle<sup>2</sup>.

## 2.3 Blue-prints we make

To get better control over time- and sector-related priorities we use planning systems with different time scales. Medium term planning documents, like the EU programming periods, run typically for six years. Longer term planning documents usually look 20-30 years ahead, and more exploratory studies run to 2050. Studies of the global population and environment often cover the entire century. Generally recognized change process work on all of these time-scales. But, the further we look into the future, the stranger and uncertain becomes the picture. Therefore, the third assumption of this paper is that, for the change processes that we can identify now, we need to keep track of their time-scales and anticipated impacts. *Anticipation includes interpretation, debate, constant revision and the setting of tentative priorities*. Let's call this monitoring.

## 3 Watch out: Trends coming your way

What follows is a short list of emerging trends. In different ways, they connect the Asian destiny to the destiny of the North, to us. If they materialize, they will make a huge difference for us and for our children. To ignore them is irresponsible. But, the list is not complete. It cannot be. Add your own observations.

### **3.1 China 1: Production is moving up**

For several decades China offered cheap labour and large markets for western products. Referring to the “China effect”, many Nordic businessmen used to say that, if you want to grow, you must be in the Chinese market.

However, a paradigm shift has started. It will change our relations to China and our perceptions of the role of China in the world. A very loud “weak signal” took place on September 29 this year, when China launched into space the first module of its own all-Chinese manned space-station. China was invited to participate in constructing the International Space Station, but declined. The technological know-how behind this event should give credibility to the new Chinese strategy:

- In the next decade, Chinese companies will move from low-tech to middle- and high-tech products and market them in direct competition with the west.
- Chinas primary export markets will be the developing and the emerging economies. Exports to these markets will initially focus on heavy machinery and construction equipment but later include electronics and other high-tech and luxury products.
- China will develop its own internal consumer and manufacturing market as a way to reduce the past export-led growth.

Simply put, during the next decades, China will transform itself from a customer and subcontractor into a formidable business competitor in all major markets.

### **3.2 China 2: Nation building**

China’s first business adventures in the Nordic Countries have not gone very well (Kalmar, Kouvola, Baltic Pearl). South Korean projects have done better (STX Finland). As a result, Asians have learned the lesson that the Nordic Countries are a demanding market with limited potential in volume terms. Additionally, in this market there has been constant criticism of Chinese work practises, product quality, social and business ethics. Seen from afar, the Nordic region initially looked attractive, but a closer look gave a less inspiring impression. Chinese business people are learning fast about the competitiveness of other markets and projects too - in Africa, Australia and America.

Exposure to Europe and North America has also offered other lessons. One is the importance of cultural values and identity. For China, its own history is a treasure store, going back thousands of years. Looking back at its own history has generated a debate in China regarding what is the true cultural identity of China. What are true Chinese values? Is democracy, freedom of speech, equality, etc. really “Universal Values”,

shared by all mankind? Or, are they only foreign and Western values, forced upon China when China was weak? Maybe the teachings of Confucius and other ancients represent a deeper and truer Chinese identity. Cultural identities and their complex relations to other global cultures is one of many deep divides in the Chinese Society that will influence the role China will have as a global superpower. In almost every sector China can offer outstanding achievements, resources and partnership and be justly proud of it. However, excessive pride has in history been a blue-print for ultimate conflict - internal or external. Has this changed in our interconnected world? The Chinese Republic was established in 1911, but modernisation and the fast change initiated by Deng Xiaoping 1979 are still going on and there are still many lessons for China to take<sup>3</sup>.

**Watch out:**

- Chinese cultural identity and its relations to the rest of the world
- Chinese perceptions of the Nordic Countries and their culture.
- Presentations of Chinese Identity in the Nordic Countries

### **3.3 Big cities: The great attractors are attracting more**

According to UNHABITAT, the world's urban population now exceeds the world's rural population. Urbanization will continue during the next decades and probably not level out before the entire world population levels out. This is expected happen towards the end of the century at about 9-10 billion. 2050 about 75% of the world population are estimated to live in cities. Obviously, for the public sector, city development, city administration and global city networks are key priorities.

Several of the biggest and fastest growing megacities are in Asia. At the same time we are witnessing a new kind of inequality emerging in big cities, Urban Divide: In many megacities people living in the urban slums are worse off than people living in poor rural areas. Urbanization is extremely fast in China, but China has also been one of the most successful countries in limiting the growth of urban poverty. The Nordic Countries do not have cities even close to the size of many Asian megacities. Therefore, Börje Ljunggren, in his speech during the BASAAR final conference, said that CCSR planners may have very little to offer the megacity planners in terms of experiences and advice. Nevertheless, the Nordic Welfare model is still the most valuable contribution we can make to Asian development. The target, he said, should be small and middle size cities where management models from the Northern Europe can be applied.

Recently, Nordic cities have tried to make "sister city" arrangements with cities like Shanghai, Hong Kong and Beijing. This may result in



interesting visits, cocktail parties and nice cultural exchanges. But focusing public sector contacts according the advice of Ambassador Ljunggren may become more fruitful for both parties. Building contacts with smaller cities and specialized organizations like the *Chinese Academy of Social Sciences* may also generate cooperation projects for actors outside the Nordic capital regions.

**Watch out:**

- [Performance of sister city networks.](#)
- [Establishment of new contacts in Asia.](#)
- [Innovation and city development in Asia and Europe<sup>4</sup>](#)

### 3.4 Population: Eroding pyramids

Only boys inherit property because only they will develop the land. Girls represent a cost to the household, so they need to select a rich landowner fast and then marry. This is how it used to be in Europe a hundred years ago. But brave suffragettes fought it out and equal rights to property and life are now core values of our society. Asians (like many other parts of the world) are behind us in this process. And, unfortunately, the 1-child policy in China has made things worse for gender equality and population structure. According to some estimates there are now over one hundred million more boys than girls in China, Nepal and India<sup>5</sup>. These boys may inherit farm land or a village shop, but the majority will never be able to form a family. In China the imbalance seems to be getting worse, because of the ease of early abortion and because the attractiveness of modern lifestyles motivate young educated girls to stay unmarried and build a high-life career.

However, somehow this imbalance will be resolved. How? Mass emigration? Social conflict? Human trafficking? In fact, baby girls in Africa and Asia are already sold by their parents, chokingly, for less than the price of a pig. During the next decades, when these boys grow up, there will be social unrest in many areas in Asia. There is no reason assume that the shock-waves would not reach the Nordic Countries. What will the local guys and dolls in downtown Helsinki think about it? The problem will be with us for most on this century. The unbalanced global population is one piece in our future awareness toolbox. While the public sector cannot do much to eliminate the roots of the problem, we should be ready to smooth the local effects.

**Watch out:**

- [Human trafficking and prostitution](#)
- [Xenophobia and ethnic fundamentalism](#)

### 3.5 Food: Show me the money

The “Food Crises” has been getting quite a bit of attention in the past few years, and with good reason. The problem is complex because there are so many different reasons for increasing food prices: water shortage reduces crop output in India and kills cattle in Argentina. Farmers move to energy crops because producing raw material for bio fuels is more profitable. The food industry itself is amazingly inefficient. A staggering 30 - 50% of actually produced food is wasted on the way from storage to the dinner table<sup>6</sup>. Some researchers claim that if this inefficiency could be reduced, then the current food production could actually feed nine billion people - the UN estimate for the world population at the end of the century. There is also a growing distrust in the efficiency of the world food market itself. Saudi Arabia, Kuwait, China, South and North Korea are renting or buying large land areas in Africa, North America, Mongolia and Russia for food production. These crops will be exported directly to the foreign land owner, thus reducing total world market volume and putting further upward pressure on world market prices.

With their large populations and large, but declining agricultural sectors, China and India are key players. Land contamination in China and lowering ground water levels in India will make these countries even more eager to “grab” farm land elsewhere in the world. The Nordic Countries are expected to gain from global warming as agriculture further north becomes more competitive. Production volumes are therefore expected to increase in the North. Foreign direct investments in Nordic farm land will become increasingly attractive.

However, even if total output increases, local food prices in the Nordic Countries will still be rising, because of the growing demand from a growing world population competing for a decreasing or at best stable total volume. Since 2007, global crop prices have increased by 5-10% annually. Of course, this is unsustainable. A tipping point approaches when the cost of food becomes the dominating share of disposable income. This is already the situation for a growing minority in Finland. Ultimately, state interventions putting a cap on food exports, seems unavoidable. Russia did this recently. We can live without many commodities. But we cannot live without food.

#### Watch out:

- Local cost of food in relation to local income by type of consumer
- FDI in local agribusiness
- Efficiency of the local food industry



### 3.6 Communication: Orbits in idea space

Many books have been written about how the speed of communication has been a critical success factor in the creation of societies and empires in the past. Today, Internet has made communication instantaneous and global. There may still be some digital have-nots, but the interconnectedness of today is something new for mankind. Most major countries have global TV-channels broadcasting in English in the Nordic Countries. China has two such satellite channels: *CCTV News* (competing with BBC) and *CTTV9 Documentary* (history and culture). South Korea has *arirang* focusing especially on young global citizens. Japan offers *NHK*. Indian TV can be watched through internet.

Although there are many obviously excellent aspects of growing global communications, the ultimate effects of this mega-supply of information is unclear. But typically, when there is an oversupply, consumers tend to become selective and buy their standard brand. You can already subscribe on a channel that matches your established views and ignore the rest.

For the local public sector this may have some difficult implications: it may become increasingly hard to reach local communities who may have different specialized interests. Will the public sector be able to compete for voters attention? Leading politicians have their personal blogs, and debates in the Parliament are regularly televised. *A fundamental and critical condition for democracy to work is that there are informed voters.* Lack of or distorted communication has always been the Achilles heel of democracy, as history has shown many times over. Information oversupply may, for some audiences, reduce debate and strengthen preconceived opinions. Take a look at [www.e-democracy.org](http://www.e-democracy.org). It offers a “glocal” approach, balancing local and global issues.

#### Watch out:

- Are there target groups not reached by the local public sector?
- To what extent is the public sector present in social media where political objectives are formed?
- Are there models for making the political debate more participative

### 3.7 Job market: Why not a global job this time?

For those entering a day care centre or primary school today, will there be a nice job waiting 20 years later when they finish their studies at university or polytechnic? After access to food, employment may be the next critical question for sustainable development.

Again, there are several different global change processes that, in various ways, are restructuring the future job market. Take one: there is an enormous oversupply of university graduates coming out of Chinese and Indian universities. Already now, the number of Chinese students graduating annually equals the entire population of Sweden. The Chinese government will pay for the university education if the student takes up a job outside the industrial zone in a rural area in China. This is good policy, but there may still be a problem of oversupply or interest among students.

However, there are other reasons for an emerging mismatch between jobs and job seekers<sup>7</sup>. By automating many office tasks, information technology may be “hollowing out” a large number of middle-grade jobs from the traditional job market. This polarizes the job market into well-paid expert jobs and lower-paid service jobs. This leaves a large number of young job seekers - *in all countries* - at risk, even if they have a degree.

Additionally, a separate international job market seems to be forming where language and cultural skills are essential. Internet services like [www.Odesk.com](http://www.Odesk.com) and [www.Glassdoor.com](http://www.Glassdoor.com) do on a global level what Eures tries to do for the European job market. Through the global internet-based job market, Asian students will increasingly compete for jobs in the Nordic Countries and Nordic students will look for similar opportunities in Asia and elsewhere.

**Watch out:**

- [Employment and unemployment statistics for young job seekers](#)
- [Structure and growth of the International job market](#)
- [Education and international jobs](#)

### **3.8 Fundamentalism: Taking your heart as hostage**

Negative attitudes to immigration are increasing in Europe. In an interconnected world cultural understanding and cultural skills are not only helpful skills. They are absolutely necessary skills. However, isolation or openness is a political choice. Younger citizens are often thought to be more mobile and global than older generations. But extremism and isolation also grow within younger communities. Concern for competition from abroad often takes rescue in extreme forms of localism: emphasizing national or local culture, local language, “pure” race and real or fictive history.

The Nordic Countries are not immune to various forms of fundamentalism. Growing global interconnectedness will further increase the awareness of cultural, ethnic, religious and linguistic differences and thus emphasize and expose the cultural identity of you as a citizen. Taking local values and local history hostage as tool to

prevent the integration of foreigners is counterproductive, dangerous and must be addressed. But confrontation is not the only and certainly not the best way.

#### Watch out

- Abuse of culture and local identity to promote xenophobia
- Ways to improve intercultural exchange and cultural learning
- Best practise in making cultures meet without confrontation

### 3.9 The global economy: GDP growth, genuine growth and degrowth

During the past five years unregulated globalization has become under fire by action groups and international economists<sup>8</sup>. For example J Stiglitz and Raghuram Rajan<sup>9</sup> have issued strong warnings and detailed analysis implying that unregulated growth will lead to a collapse of the global economy. GDP as a measure of economic performance is questioned also in Europe. The French President Sarkozy has initiated a debate about how to measure development and the quality of life in a more comprehensive manner than the traditional GDP. New measures of “genuine growth” as opposed to “nominal growth”, will become key tools in the monitoring of, for example, future EU programmes. A proper understanding of these measures and the objectives for introducing them is therefore needed.

The current economic crisis has also emphasized the need to assess “slow life” and “slow growth” as possible development trajectories. The global DeGrowth movement, also active in the Nordic Countries, is making the point, that as global natural and biological resources are finite, unrestricted growth is unsustainable and must be stopped now. Related to DeGrowth is also the American Awakening movement that exploded this fall on Wall Street, USA. This movement is driven by high unemployment and the prospect of “jobless recovery”, i.e. even if the economy recovers employment will not improve for reasons mentioned earlier in this paper.

Criticism of unregulated economic growth is still relatively weak in China. The Communist party has raised 400 million people out of poverty, which, by any standard, is a historic and outstanding achievement. However, low wages and weak or no health and other insurance are increasingly criticized by workers.

Income distribution is becoming increasingly uneven in the Nordic Countries too. Both the group of very rich citizens and very poor citizens are growing. In addition, a new social category, probably a weak signal, may be forming. This is the class of superrich individuals and, among them, superrich foreigners (many of them Chinese) buying businesses, property and land in the Nordic Countries.

It is unclear if, how, and when, the uneven income distribution will be resolved. But, if the mid-job market is further hollowed out through automation and off-shoring of middle-grade jobs, many young educated job-seekers will feel that society has deceived them. They will protest. This is another unsustainable trend. Local regional authorities cannot stop the growth of these global imbalances in income distribution and job market polarisation. But monitoring the trends is necessary, and so is a debate about genuine growth and its values.

**Watch out:**

- [Income distribution in the Nordic Countries](#)
- [Job market, education and young job seekers](#)
- [Quality of life values](#)

### **3.10 The Nordic dimension: A new coming?**

Climate change is taking place. There seems to be a widespread consensus regarding this, but, there are also vocal dissidents among influential researchers. Even if the planet would indeed be warming globally, there are still different effects locally. For example, if the Arctic Sea is warming and melting large areas of sea ice, this may slow down the Gulf Stream with a dramatic cooling effect in the North. Because of the unprecedented importance of this issue, research into climate change is now a priority for all nations. It is reasonable to assume that, ten years ahead, the complexities of climate change will be much better understood, and it will be easier to target actions.

For the Nordic Countries climate change may bring new threats, but also considerable benefits. A warmer climate may improve agricultural output, as already mentioned. However, geographer L.C Smith<sup>10</sup> expects economic activity in the Northern Rim (Canada, Greenland, Nordic Countries, Siberia and Alaska) to grow considerably as new natural resources become more accessible and living conditions become competitive in comparison to other parts of the planet. A recent study, carried out by prof Anatoly Shidenko<sup>11</sup> at IIASA for the Prime Minister Office in Finland, came to similar conclusions. In addition to improved crop yields, forest productivity will also accelerate and industrial activity will expand. There are also adverse effects and mitigation programs will become necessary. Clearly, there are also social effects resulting from increasing immigration. The over-all picture is therefore complex. Climate change has consequences on all sectors of society, some will gain, some will lose, but none will be unaffected. While every region, every community will have homework to do, the Nordic Countries will face similar pressures and a time may come for renewed cooperation.

**Watch out**

- Over-all effect of climate change, globally and locally
- Mitigation programmes and best practise
- Exchange of know-how regarding environmental protection

**3.11 Uncertainty**

Many critically important aspects of the coming decades seem surprisingly undecided. There is no clear economic or political leader: China and USA are serious candidates, but the emerging market countries are challenging them. The debt crisis in Europe has revealed a deep vulnerability of the European financial sector, but, perhaps worse, it has also revealed the weakness of the political system itself. Global climate change is under attack by researchers claiming that the sun, and not the CO<sub>2</sub> emissions, is the critical factor affecting the climate. The claim that oil and gas resources are being depleted is also questioned by the explorers of new oil wells. Even the need for energy conservation is questioned by researchers claiming technological breakthroughs will soon provide unlimited power resources.

For the local public sector responsible for regional development these uncertainties are problematic. If the global risks outlined in this paper are real, then it would be inappropriate to make only short term and “business as usual” decisions. Acting early, only to find that the threat was exaggerated, is easily seen as wasteful and unprofessional. Therefore, *resilience planning* is used as a way to address uncertainty<sup>12</sup>. Improving awareness and readiness are necessary steps in this direction. Underlining the urgency of this type of work, Jared Diamond has shown how political decision making can catastrophically fail to take relevant action, even when both the problem and the solution are well known<sup>13</sup>. The reason for this lack of capacity to act is often a lack of communication, a disregard for empirical and pragmatic know-how and the paralysing effects of ideology, pride and prejudice – all addressed in this paper.

**Watch out:**

- Resilience planning methods
- Resilience plans in Europe
- Resilience plans in CBSR

## 4 Hoisting sails and setting course

This paper has in a tentative and somewhat random and personal manner outlined possible changes in the future environment of the world. These changes may take place whether we like it or not. They must be addressed. Therefore, now is the time state what we want, where we want to go and why. This is the tasks of politics, but a starter could include things like these:

### Genuine growth

The European Commission has already take steps to develop Genuine Growth indicators for Europe. A Genuine Growth project would provide a solid platform for monitoring many of the issues in this paper, instant benchmarking and a European network for sharing ideas. It would be surprising if the Nordic Countries would not be in the forefront in this process.

### Public sector and Social media

Communication and debate is in the core of democracy. Social media is increasingly the channel for communication. The public sector cannot remain an outsider. The needs of immigrants and fundamentalists must be addressed.

### Key contacts in Asia

Asia, especially China, is entering a highly critical stage of nation building. It is in the interest of the entire world that China takes up the model of the Democratic Welfare State. The Nordic Countries should contribute to the delivery of this model. There are many positive *local* side effects.

### Resilience planning

Organise a conference about resilience planning in the Baltic Sea. Such a conference would increase awareness, define what, when and why to monitor global change and provide information about best practise in the anticipation and mitigating of climate change and other threats to sustainability.

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