

Welcome Address by

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Ladies and Gentlemen,

On behalf of the BMW Foundation Herbert Quandt I welcome you warmly to the 14th Munich Economic Summit in the Bavarian capital! Together with our partner CESifo Group we are thrilled that more than 200 participants from business, science, politics and other sectors of society have accepted our invitation this year. The fact that you represent four continents is a reflection of our intention to transform the Munich Economic Summit from a forum of European exchange into a global platform, to widen the dialogue between business and politics into a triologue including other sectors of society.

We follow this course because we are convinced: only if governments, business and civil society work together, we will be able to successfully tackle the complex challenges ahead of us. Working in silos will no longer be sufficient. Multi-sector alliances are needed to drive the transition towards sustainable and more equitable national and global development. A sustainable basis of trust between Europe and the other world regions must be built to allow us to arrive at solutions acceptable for all.

This years' gathering takes place during a period of dramatic transition, a time of great instability in almost all parts of the globe. Francis Fukuyama was certainly mistaken when he proclaimed the end of history 25 years ago. On the contrary, what we observe today is a return of nationalism, an increase of failing states, often characterized by fundamental challenges to national and international order.

We live in an unprecedented phase of global uncertainty. Europe is surrounded by more conflicts than

during the Cold War period: Ukraine, the belt of terror extending from Pakistan *via* Iraq and Syria to the battle grounds of Boko Haram in Nigeria, not to forget the so-called Arab spring which has turned into a fall of stability before spring even started. Hundreds of thousands of refugees are driven out of their homelands, many of them trying to reach the seemingly safe shores of Europe, a phenomenon which will challenge our societies for many decades to come.

And what is our answer? The United States - the only remaining global power - is taking a more isolationist course after the paralyzing experience of Afghanistan and Iraq. The Russian Federation is on a backward course towards the geopolitics of the 20th century. The other BRICS, the emerging economies, including China, will need much more time to become active stakeholders of a new global order than many have forecast only a few years ago. And the EU is deeply engaged in internal strives over national debt, the euro crisis and structural reforms, for the time being unable to take on a more responsibility at the global level.

Our multipolar world is in delay, to say the least it will come, but not overnight. And in the meantime we are confronted with a dangerous power vacuum which caters to the interests of all disintegrative forces challenging our societies. This is the background against which we will discuss the topics of our Munich Summit. We need to have these geopolitical trends in mind when we reflect about Europe's ability to keep its competitiveness in the global market.

We have to reflect about Europe's role in the world, its relationship with the United States, and in particular with the new global actors. To analyse and understand their respective interests and trends of development is an essential prerequisite for safeguarding or even increasing Europe's competitive advantages in the market. Only if we Europeans understand the radical changes in the world and draw the right conclusions, will we be in a position to defend our rank as a leading economic power in the 21st century.

The Munich Economic Summit wants to contribute to this necessary global dialogue between major stake-



holders from all sectors of society. Understanding the nexus between competitiveness and innovation requires to analyse the interface between different disciplines and sectors. I am convinced that important innovative processes which create comparative advantages both in technology and in social areas happen exactly at these interfaces. For almost one hundred years, the common understanding of an innovative society was that it needs a vital interplay of government, business and academia. Today, we still agree that these actors do play an important role, but we understand that another actor of equal importance has entered the stage: civil society. Why? What has changed?

For various reasons which range from the spread of education to the emergence of new digital technologies, it is more feasible for almost everybody today to participate in innovation, to shape and design their world. This development can be observed in science where citizen science is a new and rapidly expanding field. By using the power of the internet, science is no longer limited to specialists and academia but increasingly involves volunteers and non-specialists.

Or take a look at the market innovation system where similar trends are obvious. Through ideas of user-based design, open innovation or sharing-economy the understanding of innovation processes in industry has fundamentally changed. Ideas are being realized which are essentially imported from the civil society.

But this is a process in two directions: while the third sector gains by applying innovative management and digital design instruments as well as sustainable and creative business models from the economic world, enterprises support or adopt social innovations that relate to their core business and thus increase their competitiveness. This cross-sectoral, and often times innovative interaction becomes one of the main drivers of change. With changing innovation systems in both science and industry, and civil society entering as the new actor of the innovative society, the role of governments will change and has started to change already.

We will have an opportunity to discuss some of these new trends tomorrow in our third panel 'Economy and Civil Society: How Innovation Drives Change'. We will look at key changes in society, trying to understand the respective roles of economic and social actors as well as government. Before that, in our second panel 'EU and the World: Out-Innovating the Competition', we will look in a more general way for

key factors determining success in a functioning culture of innovation.

But we will start our discussions with a first panel analysing the state of affairs of the European economy: 'EU and Competitiveness: What Has Gone Right, What Has Gone Wrong?' I am looking forward to exciting, open and if necessary controversial discussions not only between our eminent panellists, but also with active participation of many of you. Let me again thank you all for coming. In particular, I would like to cordially thank the French Prime Minister for giving us the honour to be our special guest. *Monsieur le Premier Ministre, merci pour votre presence à Munich aujourd'hui.*

I wish you all two enriching days at the Munich Economic Summit and would now ask our partner, Professor Sinn, to take the floor.