

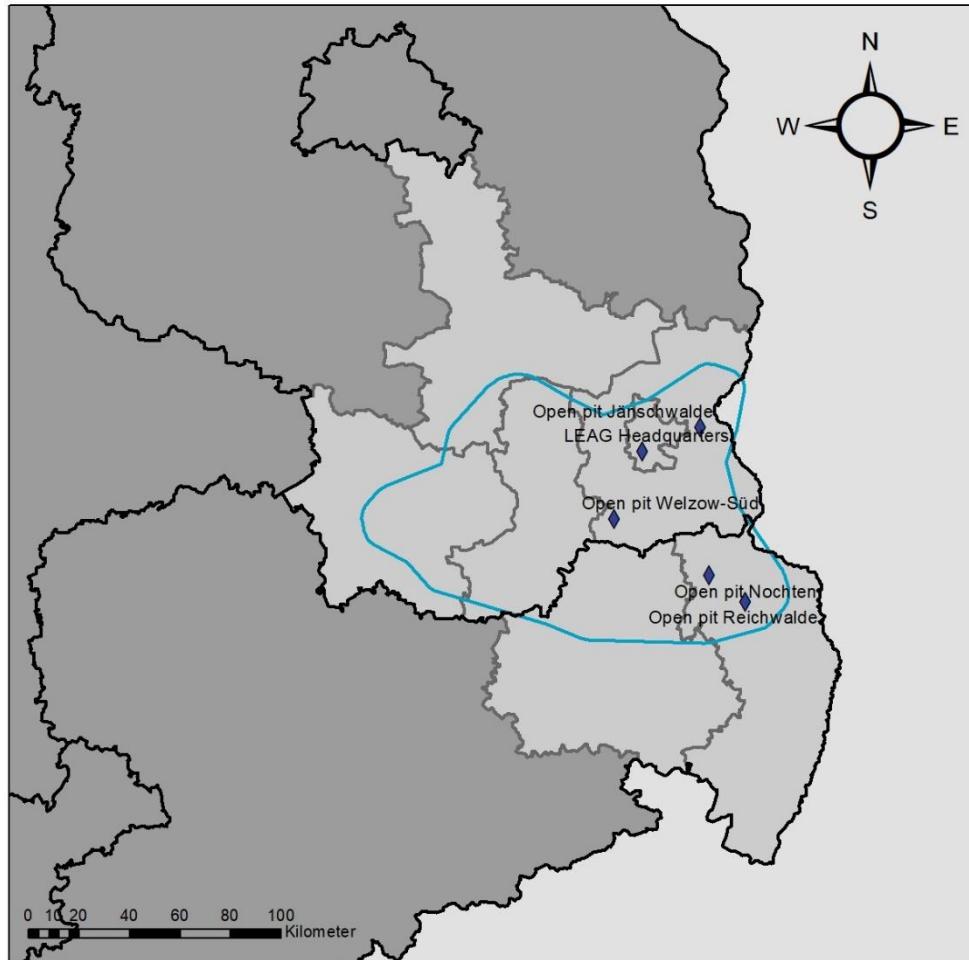


Decarbonization in Flyover Country? - Transition Management in Lusatia

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What we are talking about...

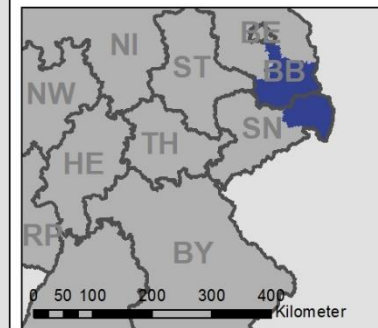
The spatial demarcation of Lusatia



Legend

- ◆ Active coal mining
- National and federal state borders
- Lusatia mining region
- District borders

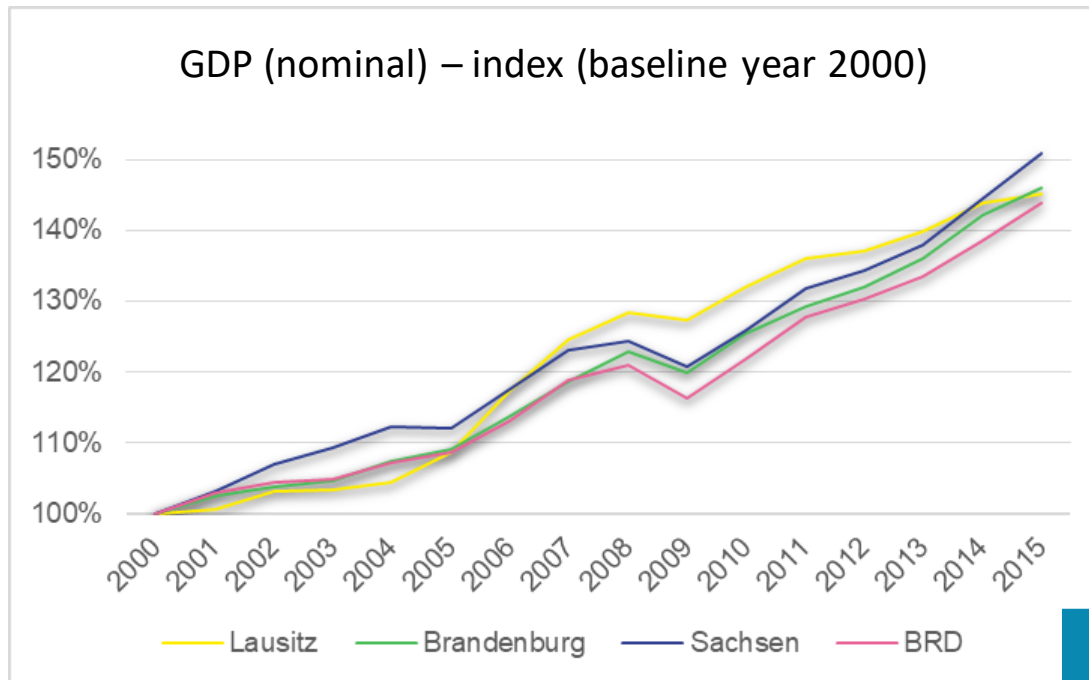
„Lusatia“ is a fragile political construction, which is mainly based on similar problems and the outlook of governmental subsidies, and not on a real regional identity.



Source: own on the basis of FIB

What we are talking about...

Some numbers about the economic performance of Lusatia



The economic dynamics of Lusatia are not behind the dynamics of Germany, ...

Source: STATISTISCHE ÄMTER DES BUNDES UND DER LÄNDER (2018B); own graph

... but the gap to the German average has not narrowed, yet.

	GDP per employed person 2000	GDP per employed person 2016
Germany	53.022 €	72.048 €
Lusatia	38.554 €	53.003 €
in %	73	74

What we are talking about...

Peripheral regions against the backdrop of conventional economic reasoning

- Conventional economics say that tax payer's money should be invested in the most productive use. In terms of regions the most productive use is a metropolitan area like adjacent regions of Berlin and the surrounding region of Dresden.
- According to this idea both involved states had a strong focus on metropolitan areas. Rural and peripheral regions don't get as much public subsidies .
- The planned phasing out of lignite put the economic perspectives of peripheral regions on the political agenda again.

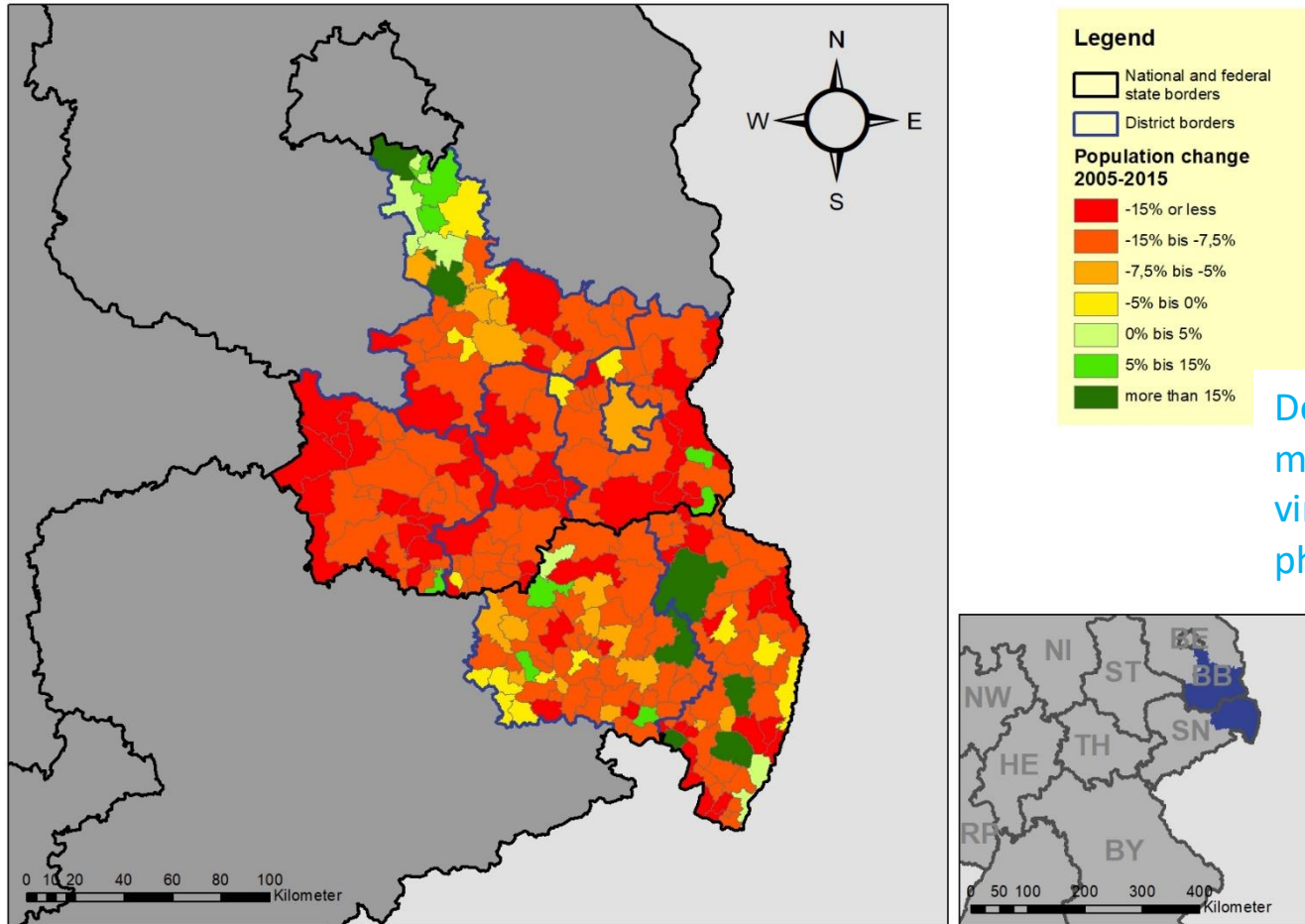
What we are talking about...
Populist tendencies in Lusatia

Results of the federal election 2017	
Election district	„Second“ vote for the AFD
Cottbus	24,26%
Spree-Neisse	28,88%
Elbe-Elster	24,20%
Dahme-Spreewald	21,40%
Oberspreewald-Lausitz	25,90%
Bautzen	32,80%
Görlitz	32,80%
Germany	12,60%

The AFD is stronger in Lusatia than elsewhere in Germany and also has a strong impact on the behaviour of the ruling regional elites and the state government.

What we are talking about...

Demographic development

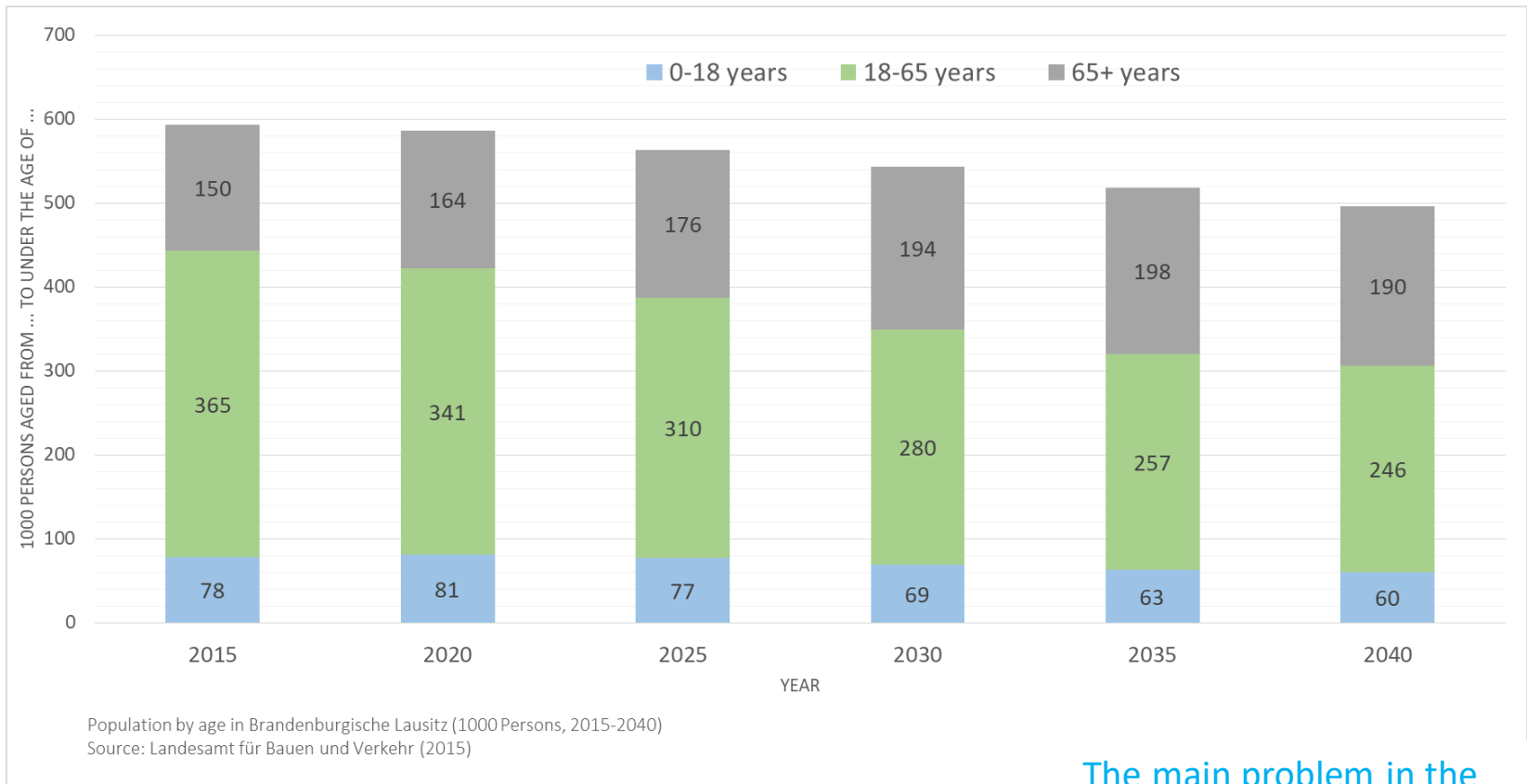


Demographic development is a stronger driving force in Lusatia than phasing out of lignite.

Data from the statistic offices of Saxony and Brandenburg

What we are talking about...

Future Development of Labour Market



The main problem in the future is not unemployment but a deficit of skilled workers.

What we are talking about...

Mental mindset in Lusatia

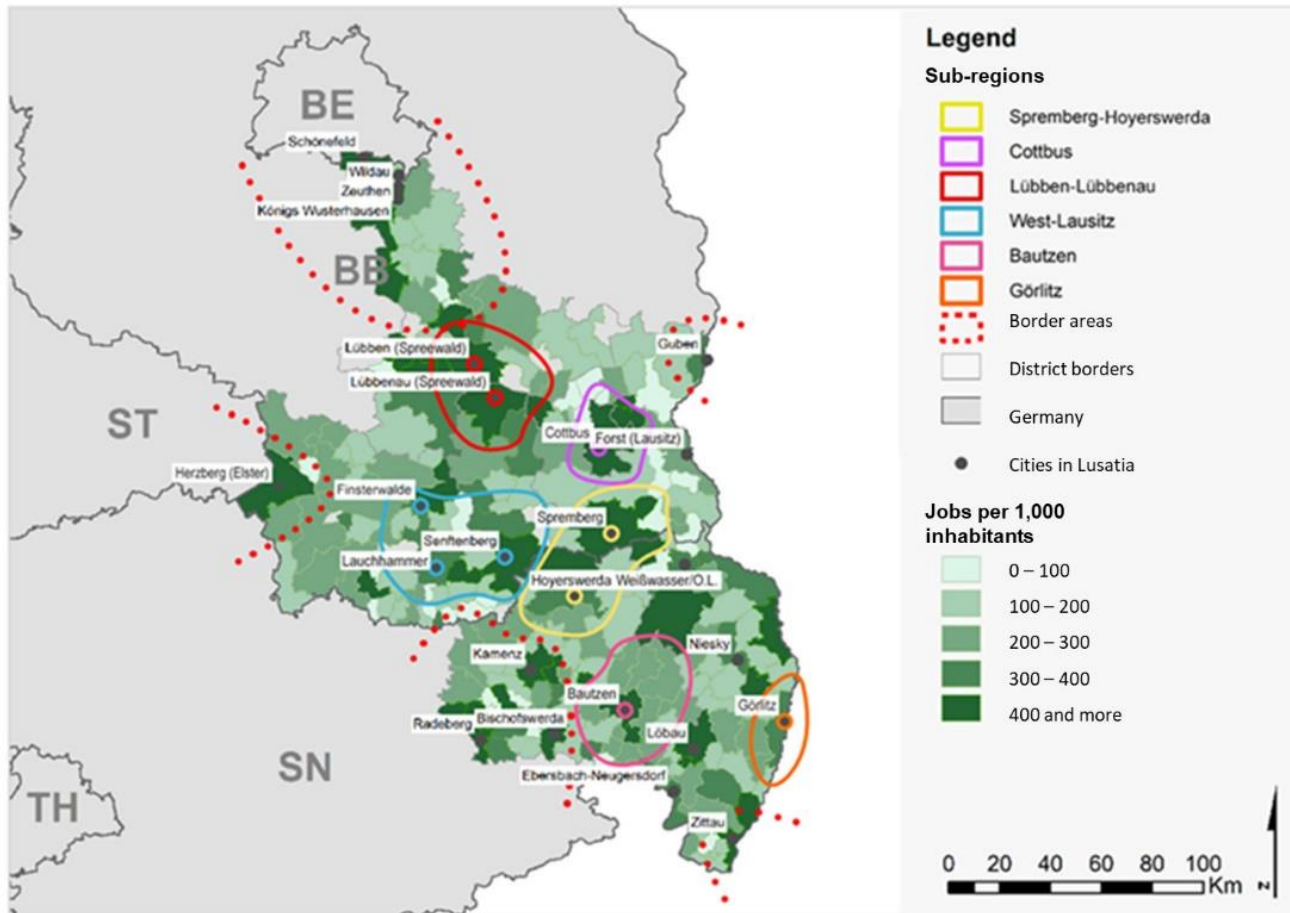
- The mental mindset of the population in Lusatia is strongly influenced by experiences of the past, i.e.
 - the experience of large scale unemployment in the wake of the unification of Germany in the early 90ies
 - the experience of a strong decline of the working force in mining and generation in Lusatia which bring down the number of employees from 80'000 to 8'000.
- These experiences were labelled as structural collapse (“Strukturbruch” in German) and shaped the expectations of the upcoming events.
- These expectations are not justified against the backdrop of numbers:
 - The unemployment has been strongly decreasing in the last 20 years.
 - Mining and generation represent 5% of the GDP in Lusatia and 3% of the total working force (direct + indirect effects). Lusatia is not a monostructured region anymore.
- Nevertheless the regional identity as a region of mining and generation still steers the public discourse.

Money makes the world go 'round – recommendations of the “coal-commission”

- A total of 40 billion euros for the affected regions, spread over around 20 years, of which 1.3 billion per year for measures by the federal government or with federal participation, particularly in the areas of infrastructure development, economic and innovation promotion and the establishment of public authorities and research institutions.
- In the next 10 years, the federal government is to set up up to 5,000 new jobs in federal institutions in the districts
- Financial compensation for LEAG due to the political depreciation of their assets, amount actually unknown
- Never since the unification a peripheral region like Lusatia has been debated this much on the national level and never before since the unification has this much money been promised for a peripheral region.

Perspectives in Lusatia...

Different visions for different parts of the region



There is no valid common vision beside the fact that all districts are affected by phasing out lignite.

There will probably be more than one vision for the future based on the characteristics of partial spaces .

- Most of the proposals for managing structural change are based on (regional) economic policy using conventional instruments:
 - the "large" new industrial settlement,
 - Establishment of R&D facilities,
 - Improvement of infrastructure
 - special investment conditions (e.g. shortened approval times, tax concessions, etc.)
- These proposals make sense with certain restrictions. For example:
 - The adaptation to the local economic conditions is important in order not to create structures without regional ties.
 - Lusatia will not attract high-quality jobs to the region in a competition between locations that is mainly conducted with favorable special financial conditions.
- It is an open question whether "more of the same" can compensate for the lignite phase-out, or whether further measures are needed.

Perspectives in Lusatia...
And new ones with more brain

- There are also a number of rather unconventional considerations that tend to focus on endogenous development potentials, such as
 - smart specialisation
 - Special economic zones (rather problematic)
 - New concepts of knowledge transfer and innovation promotion
- For some of these proposals there is relatively little empirical evidence of their effectiveness. From a scientific point of view as well as from a political point of view we are breaking new territory.

Some concluding remarks

- Never since the unification a peripheral region like Lusatia has been debated this much on the national level and never before since the unification has this much money been promised for a peripheral region.
- This is a chance that can be wasted or be used. That depends amongst other factors on
 - whether people change their minds and see the chances of the ongoing development,
 - whether the political elites are able to create convincing regional mission statements for subregions
 - and whether policies, strategies and measurements are adapted to the specific conditions of Lusatia.
- There will probably be more than one vision for the future based on the characteristics of partial spaces in Lusatia.
- It is an open question whether "more of the same" of conventional regional politics can compensate for the lignite phase-out, or whether further measures are needed.
- Lusatia is a laboratory for new ideas for peripheral regions in developed industrial countries. From a scientific point of view as well as from a political point of view we are breaking new territory.

THANK YOU FOR YOUR ATTENTION!
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