

Lecture given by Luc De Bruyckere, Chairman of Ter Beke and Voka, on Thursday 15th April 2010 at the Belgian Ambassador's Residency in London.

Sustainable prosperity creation in Flanders in the context of increased European and international competition.

H.E. Ambassador Johan Verbeke; Mr Chairman of the School, Prof. dr. Louis Verbeke; Vice-Chairman of the Vlerick Alumni, Dirk Bontridder, ladies and gentlemen, dear friends and colleagues

'Get off the proverbial 'hamster wheel', every once in a while, so that your soul can catch up with you', says the Chinese proverb that a good lady friend once sent me. This is – if you don't mind – an ideal moment to pause a while and reflect...

The economic crisis and loss of confidence

... no one is 'absolutely right' any more

We're living in exceptional times. A global crisis of the financial system has plunged us into the biggest economic recession any of us has ever seen.

We're losing prosperity while the huge pressures of an ageing population will continue. How do we get out of this abyss? Well, I'm afraid I don't have the magic answer either. It makes more sense – in my view – to conclude that even the world's greatest economists – or most of them at least – humbly concede that the 'established truths' of yesterday have today turned out to be just as flawed as those of the day before yesterday, and so on.

At the same time, we need to realize that 'we', the business world, are held to be partly responsible for this crisis. We're accused of arrogance, greed, excessive drive, irrational optimism and self-interest at the expense of the common good. Entrepreneurship is under great pressure these days! Not for the first time.

But today, public criticism is stronger than ever. According to a recent market survey published in *De Standaard*, the general public, today, has almost as little trust in entrepreneurs and bankers as in politicians. Nonetheless I know – like you – and I am well aware that most entrepreneurs are, themselves, casualties of the present crisis, and not the cause. But many others don't see it that way and perception is a reality, too. I fear we should really be worried.

Entrepreneurs who persevere

There is no saving theory, no one concept that will solve all problems. No one is 'absolutely right' any more. Sum up today's world in a single sentence? You simply can't do that any more. Don't expect any one-liners from me, because you won't get any.

The obvious solutions of yesterday don't work any more today. We have to look for new ones.

'We are crossing the river by feeling the stones' said Deng Xiaoping. We have to reach the other side.

To get there, we will need to make some difficult choices.

We're trying, in the short term, to safeguard our future; we're rediscovering the true value of loyal shareholders and of operating capital. But there are limits and, sometimes, these limits are exceeded. I don't need to name names. We will either get through this crisis TOGETHER or become a poorer society.

What else are we doing? Well, we're reducing the cost structure. We're keeping our people motivated, we're trying to consolidate our market positions, we still invest wherever we can. We endeavour to reach the other side, stone by stone.

All of you deserve respect!

A sense of urgency

One of the main problems, both in Flanders and at the Belgian federal level, is that we're awfully slow in implementing solutions. And that slowness is our downfall. While the rest of the world beavers away and China – once again – posts double-digit growth, we – when it comes to the crunch – are economically 'paralysed'. Two current examples, taken from a list that's already too long.

It has taken ten years to officially approve the brownfield development project in Machelen, near Brussels. Twelve years for the 'Oosterweel Link', a project of capital importance to Flanders. And after all those years, it was decided last week to spend a few months more to study whether it ought to be a bridge or a tunnel.

Today, while the rest of the world is combating the crisis head on, a sense of urgency is barely detectable in Belgian political and social life. It makes you wonder how bad it has to get; how far we have to fall, before we take action.

The 'elephants' remain

I would like to touch upon what I call 'elephants'. My elephants are the concerns that are part of the 'background noise' of the employers' associations and which, as a result, are in danger of not being taken seriously any more. We shall, nonetheless, continue to strive for a reduction in labour costs, for greater flexibility, for a faster permit policy, for real administrative simplification, for the abolishment of needling municipal taxes, for keeping energy costs in check,... Gordian knots have to be cut here too.

But look at how difficult we make it for one another; how much time we cost one another; how complicated we make things for our suppliers! Is it so difficult to agree on an administrative 'best practice' that holds for everyone? So much administrative simplification is in our own hands!

History happens before our eyes!

Until recently, I never thought I'd see the kind of world in which we live today.

History happens before our eyes! Many banks have, in a short space of time, been de-facto nationalized. In several sectors and sub-sectors, industry needs state aid.

Meanwhile, the fiscal deficit is going off the rails and the economy won't start growing again until 2011. The Central Planning Bureau predicts a sharp rise of the unemployment rate which will become unacceptable in certain parts of the country (17% in Wallonia, 21% in Brussels and 7.5% in Flanders) and a budgetary deficit of 5.9% or € 20 billion in 2010. This crisis will set us back many years. And once we get back to where we were, a completely new balance of power will be in place. At this time of all times – when we're facing the biggest-ever global recession and we're sorely in need of muscle and credibility – we are, in competitive terms, severely handicapped by a paralysis of our institutional system, our national debt of (once again) 100% and by the huge costs of an ageing population.

We find ourselves in stormy weather. There's a heavy sea running and we need some experienced sailors. At force 2 on the Beaufort scale everyone is capable of sailing. But at force 7 or 8...

Aggiornamento. The plans are ready...

We need to work together to create a bright, new world. *Aggiornamento*. A new deal. To restore confidence.

So what should we be doing... or not doing? One thing we shouldn't be doing, is to contend that nothing has changed, to contend that our credibility has not been damaged, to behave as if no mistakes, serious mistakes were made.

Self-regulation has, in many places, failed badly. No one less than president Obama said: being legally in the right is no longer enough, by itself, to judge someone's behaviour. The primacy of politics is now restored, the world over. The commonwealth, local and international, regulates and re-regulates. It seeks a new balance between vulnerability and efficiency.

The pendulum is swinging back. But it will, as ever, swing too far...

The 'Flanders in Action' programme is intelligent, self-critical, with a genuine concern for the common good. But the platform for this initiative has just about disappeared, after 4 years of stagnation! It is, nonetheless, high time to execute plans. To make choices, to plan and launch specific campaigns. To cut Gordian knots...

Although the main challenge still is to keep as many people as possible in work (or find them employment), no one here today can possibly promise to create thousands of new jobs. Jobs arise when companies make more profit, as revealed by the Vlerick study of 2004. It's that simple. No one can, in that respect, bind themselves to achieve a specific result.

But we have committed ourselves to help realize Flanders-In-Action (ViA), in partnership with the Flemish Government, the social partners and civil society, in order to make our Flemish Polder model (also known as the Rhineland model) resilient and competitive. With great care for those in need of care. And with a greater effort by those who have a surplus to give.

Time for leadership

Making choices, planning and launching specific campaigns,... all this requires good leadership. In the present crisis we need good leadership more than ever. I would like to give you my personal definition: leadership is about change and the courage to implement that change.

Change is necessary in order to foster new behaviours, to create a new attitude whereby we can do business better and create new wealth and prosperity. We shall, in the years to come, have to make some brave choices.

A Chinese proverb says that if you want to plan for one year ahead, you should sow corn. If you want to plan for ten years ahead, then you should plant a tree. If you want to plan for a lifetime, then you must educate and nurture people.

We have, in Flanders, one of the world's best education systems. This was borne out in international comparative studies, like PISA (Programme for International Student Assessment). It's precisely the hardest things that we do well to very well, namely: giving young people potential. But despite that plus-point, we're not enterprising enough. We don't manage to impart that entrepreneurial mindset into young people's personalities. Many of our scientists leave to work abroad. Too few foreign scientists come to work here. Managers from these parts are in demand abroad yet, despite that, we have too few companies which have expanded internationally. We have the resources but we're not enterprising enough.

Real, lasting change has far more to do with attitudes than with money or rules. We are stuck, mentally, in a groove. In a *culture of contentment*. Of comfort, complacency and narrow-mindedness.

A new attitude

We would like to see a more open, more hospitable, more responsible, more creative, more skilled, more enterprising and, above all, a more magnanimous Flanders. A Flanders that looks upon its foreign students as future 'image ambassadors'. With businessmen who see these students as enriching their corporate culture.

I therefore warmly applaud the proposal to make Erasmus more compulsory. Send our college students abroad – but not only to the likes of Lille or Barcelona. Send them also to China, Russia or India. And also send them to companies and organizations, be they profit or non-profit.

I have called on the new Flemish Minister of Education: making Erasmus compulsory for all student teachers should be considered a top priority; broaden their view of the world so that they teach in a whole new way.

Why don't we involve our foreign students more directly in our society? If every international student studying at our universities or polytechnics, were to assume the mentoring of a final year's class at our secondary schools, then we would forge not only a tangible and international tie between people, but we would also open up Flanders a little more to the world.

Together with the Vlerick School of Management and the coordinating umbrella of private Catholic Education, we're currently preparing this project. The Vlerick School is also elaborating a 'Vlerick Giving Back' plan, in which students – after their training – do a month's social work, for example at an NGO or educational establishment.

And VOKA (the Chamber of Commerce for East Flanders) is the driving force behind BRYO – a learning network to help young, talented, enterprising men and women with ideas and expertise or simply to give them the hunger to show initiative. We have, since last week, secured an undertaking from all the Chambers of Commerce to roll out this programme across the whole of Flanders. Initial results are very promising.

Aggiornamento. The courage to embrace change...

All these proposals are aimed at sustainable behavioural change, which leads, eventually, to a change in attitude and a change in corporate culture. It will make Flanders more self-confident and less cramped. But without tolerating unjustifiable inefficiencies, wherever they may be.

We too – the entrepreneurs and companies – have to improve and make our people better and more skilled. Openness, initiative, assuming responsibility and entrepreneurship, in all areas.

We would like to have politicians who are above all suspicion in their pursuit of what's good for the commonwealth. We want political parties which dovetail seamlessly with that... although we realize that that's only a pipe dream. The price of democracy is that every election calls for tactical maneuvers – that's just the way it is! Politicians have to handle power in the same way as businessmen handle money. To implement plans, you need money and power. Implementation is what we want. So you won't hear me saying that politicians don't have the right to gain power. It's their damned job after all. But once acquired we would like to see them use that power for the common good, quickly and efficiently. Time is short!

... everywhere...

Courage to embrace change. *Aggiornamento*. Also among the social partners. When are we going to move away from the old strategy of confrontation? We need to find a solution to the economic consequences of an ageing population, among other things. When are we going to get round the table to talk, with an open mind, about a new, second pact on solidarity – and about all the big steps that have to be taken on that score?

Leadership, the courage to embrace change. *Aggiornamento*. At the governmental level too. Even our own Flemish government. Flanders is a newly-formed sovereign authority, which needs to learn how to control its urge to pass regulations and to improve its quickness of action. Banish the Emperor-Sexton syndrome. Put more faith, instead, in your own administration, in town and district councils. Foster real subsidiarity at the Flemish level. That, after all, is what we, ourselves, expect of the Federal level, so let's set a good example. An internal state reform, in other words.

...throughout the country

I am pleased to hear that in Francophone Belgium too, more people are calling for a more efficient government. These are exciting times as ex-premier Dehaene will, in the near future, be submitting his motion on BHV (Brussels-Halle-Vilvoorde). It's a crucial yardstick for our country's future.

A more efficient institutional system, a more efficient and more effective government... We realize that this has to come about pragmatically but our patience is wearing thin. I have called on my Walloon and other Francophone friends to help set this up, in the same positive way as happened last year with the pact on solidarity formulated by Voka, BECI and UWE and which was promptly endorsed by the VBO, Unizo and UCM. The confidence that we have built up on a personal level over the past few years will, hopefully, help trigger the re-engineering of our structures which is needed badly. As, currently, everything is paralysed and that's a very uncomfortable position to be in.

After all, a country cannot be governed against the wishes of the majority of the electorate.

Aggiornamento. An exciting, new perspective for Flanders

... attitudes make the difference

I wouldn't go so far as Churchill by only promising you blood and tears but it won't be easy, believe me. There's a real danger that we will descend into a disastrous pseudo-collectivism based on jealousy and envy towards all those whose affluence is above the norm.

We will have to fight hard, as a community, to ensure that that pendulum doesn't swing too far.

We're stumbling into a world of rival truths, in which we will have to look, step by step, stone by stone, for new and better formulas, new solutions, new paths to reach the other side. We don't know the way and there are no maps of that virgin country. But we do know one thing: cultural factors will be crucial. Attitudes make the difference. That new approach and that new corporate culture need a broad social base: not only among young people, not only among businessmen but also among employees, unions, opinion-makers and decision-makers, in government, education and in the media.

Prosperity can only be achieved by doing business better and by fostering good enterprise through a better combination of factors. A cohesive, well-oiled constitutional state, transparent and incorruptible. A high-performance education system. An open society. An entrepreneurial culture.

That entirety, that combination, .. that's what I like to call: *the educated society*. A society of 'skilled' people who assume responsibility and think innovatively. To bring that about we have to change. *Aggiornamento*.

And as a behaviourist who believes that behaviour does lead to a change in attitude, I conclude with what Ghandi once said:

'We have TO BE the change we want to see!'

Thank you.