



Aspen Institute  Germany

Laboratories of Democracy Initiative

Structural Change and the Revitalization of
Post-Industrial Areas:

Recommendations for the State Level
and for Transatlantic Cooperation

⋮ Policy 
⋮ Recommendations

Preamble

Germany and the United States are experiencing massive structural change, which poses great challenges to the societies and economies on both sides of the Atlantic.

Structural change refers to the transformation and evolution of the way a country, industry, and market operates. It involves shifts in the relative contributions of sectors such as agriculture, services, and industry to the overall output. This dynamic process is influenced by societal values, preferences, and historical insights. In addition to job losses and changes in job skills, social foundations and the health of political systems can be threatened.

Drivers of this deep-reaching transformation are – among others – technological advancements, market forces, demographic trends, climate change, migration, international competition, as well as increasing domestic and geopolitical frictions. Some of these drivers are at the same time the cause and consequence of structural change; they can accelerate and be accelerated by structural change.

Areas that accelerate transformation the most include digitalization, artificial intelligence, the change from fossil fuels to renewables and from conventional to fossil free technologies in the transportation sector, as well as the move of whole industries to other countries because of regulation, workforce availability, and/or labor cost.

It is necessary to develop long-term strategies and innovative approaches on how to positively shape the current transformation processes. This requires open and productive dialogue between different stakeholders, consideration of different opinions with an open mind and empathy, and the willingness to work together on effective solutions. Both the prospect of change and change itself can create justified and unjustified fears in societies. Good leadership is necessary to ensure successful transformation processes and to prevent political movements from exploiting fears in societies and thus destabilize societies and economies.

The state legislators from Germany and the United States who participated in the Laboratories of Democracy Initiative 2023 are proposing the following recommendations for the economic, the social, and the environmental dimension of structural change. The recommendations are guided by the goal to shape structural change in a way that is socially just, economically viable, sustainable, and future-oriented. All three dimensions carry equal importance and are interconnected. The recommendations need to be adapted to the respective circumstances, and their successful implementation depends on local specifications as well as cultural sensitivities.



State Level Recommendations

Economic Dimension

- 1. Invest in research and development using entrepreneurial strength as a driver of innovation for structural change.**

Action Points

- ▶ Encourage the public and the private sector to partner in order to foster innovation.
- ▶ Invest significantly in research and development (R&D) activities through special partnerships between higher education and small- and medium-sized businesses.
- ▶ Establish partnerships with private investors, developers, and organizations that specialize in site reclamation and repurposing for the needs of the 21st century and invest public and private money in refurbishment of industrial sites.

- 2. Create future opportunities by reclaiming industrial sites for business and community use and utilize those grey and brown fields after remediation for new construction rather than using farmland or natural areas.**

Action Points

- ▶ Improve strategic planning to identify industrial sites that require current or future transformation or improvement.
- ▶ Revitalize downtown areas and existing industrial and commercial sites.
- ▶ Implement a transparent and accessible monitoring and evaluation system to track the progress and impact of the industrial site reclamation initiatives to ensure effectiveness and sustainability.

- 3. Invest in and support fossil fuel communities in order for them to remain successful energy hubs supplying the economy with affordable, reliable, and renewable energy.**

Action Points

- ▶ Encourage state lawmakers to utilize federal resources to support and drive energy transition for their local economy.
- ▶ Develop sustainable transportation infrastructure in accordance with stakeholder needs, encourage combined logistical solutions (intermodal transport; eco-efficiency; flexibility), and ensure that all road users (i.e. EVs, motorists, etc.) contribute to the sustainable upkeep of the transportation infrastructure.
- ▶ Assign and develop sites for green energy production.





State Level Recommendations

Social Dimension

1. Address labor shortages and future workforce requirements by providing educational opportunities for all generations.

Action Points

- ▶ Make good education a priority (from primary to higher education) and promote students and apprentices to be career-ready, obtaining the qualifications required by the work market.
- ▶ Promote life-long learning by offering incentives to those individuals and companies investing in their professional education and provide training opportunities with a special emphasis on digital literacy and future technologies.
- ▶ Provide affordable childcare infrastructure and also support family-friendly working models in order to enable more people to join the workforce.

2. Strengthen collaboration with all stakeholders in order to increase support and acceptance while securing the appreciation of cultural and regional differences.

Action Points

- ▶ Especially in highly affected communities, policy-makers need to make sure that there is room for discussion and social exchange, being ready to explain change, understand fears, and offer support.
- ▶ Make the integration of legal immigrants into the labor market a success story by implementing better regulation, education, and communication while highlighting the opportunities to communities.
- ▶ Establish a commission to review, recommend, and develop policies for new technologies, such as Artificial Intelligence (AI), and autonomous driving.

3. Create, preserve, and give access to affordable social infrastructure and ensure affordable housing.

Action Points

- ▶ Make sure that social infrastructure and the education system support families and help to improve quality of life for all.
- ▶ When providing infrastructure, be considerate of the demographic discord and allow younger generations to be heard as well as foster the dialogue between them and the older generations.
- ▶ Exchange best practices for communities to enable access to remote and hybrid working spaces.



State Level Recommendations

Environmental Dimension

- 1. Facilitate collaborative opportunities that stimulate private and public sector investments focusing on environmental issues, energy efficiency, circularity, and regenerative practices that reduce and remove emissions.**

Action Points

- ▶ Identify and support industry stakeholders which may need public resources in their transitional process and incentivize private sector investment focused on overcoming transition costs.
- ▶ Invest in research entities and enhance collaboration between universities and companies in order to take scientific breakthroughs to market.
- ▶ Highlight best practices and facilitate ways to replicate and/or scale.

- 2. Increase the engagement of people in long-term environmental planning – from the development of a vision up to the implementation – and ensure aligned support and policies at every level of government.**

Action Points

- ▶ Establish new, innovative formats for stakeholder engagement and public input to inform legislative processes.
- ▶ Raise awareness among citizens for potential adaptation or mitigation efforts related to environmental changes.

- 3. Ensure that environmental measures are effective towards reaching community goals by setting transparent and accountable standards.**

Action Points

- ▶ Implement better warning systems for extreme weather events and take measures to increase the community resiliency.
- ▶ Make sure discussions about future energy policy decisions include all relevant stakeholders so that multiple perspectives are heard and decisions are supported by the majority of the community.





Transatlantic Level Recommendations

Economic Dimension

Strengthen transatlantic supply chains and identify areas of mutual interest for the development of common standards with the goal of shaping structural change in a socially just, economically viable, sustainable, and future-oriented way.

Social Dimension

Strengthen and/or adapt transatlantic councils and commissions to address post-pandemic structural change driven by new technologies, demographics, and new industries, while creating more opportunities for transatlantic collaborations, exchanges, and partnerships fostering the resilience of transatlantic relations.

Environmental Dimension

Join forces to tackle environmental challenges (such as pollution, climate change, water scarcity, soil erosion, deforestation, and species extinction), as well as strengthen transatlantic partnerships in areas such as research and development, the energy transition, the development of circular economies, and disaster management.

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About the Aspen Institute Germany

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Federal Ministry
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: — Policy
: — Recommendations



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