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Sustainability and global governance

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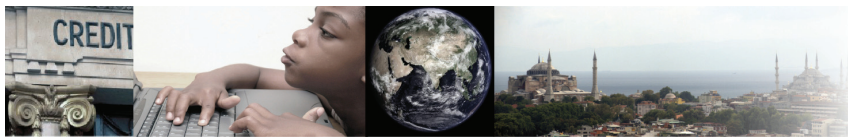
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The Global Polity

Sustainability and Global Governance

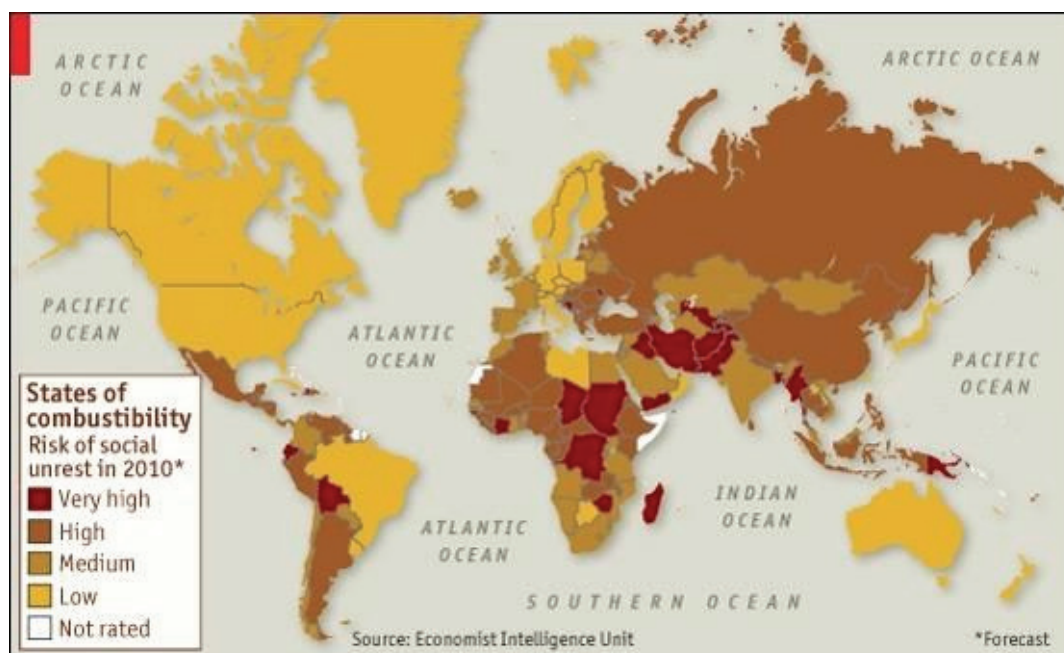
The Challenges

The following global developments are on collision course: (1) the surge in global population, currently expected to reach 8.9 billion by 2049, up from just 2.5 billion a century earlier, (2) rising demands for higher and more diversified consumption, fuelled by economic success and the celebration of wealth, (3) the rapid and accelerating destruction of our inherited natural capital (ground water, marine life, terrestrial biodiversity, crop and grazing land and our life-enabling atmosphere) and (4) deepening pockets of poverty, rapidly growing urban slums, collapsing states and uncontrolled migration, heightening the risk of new pandemics. The increasing tension between rising populations, with expanding needs and desires, and the limited, falling stock of natural capital is not sustainable.



Most new population growth will occur among the very poor, moreover, in remote rural areas and shantytowns around huge cities. Problems of ungovernability, terrorism and new migratory waves are foreseeable. The collapse of weak states will sharpen political and cultural tensions and deepen poverty.

The interconnectedness of the global economy means that, according to the principle of subsidiarity, the lowest level of organization at which the spillovers can be addressed is the supranational level. What new forms of global governance need to be developed to deal with these large, interconnected risks? Global governance must span the intellectual “silos” within which international agreements are traditionally made (e.g., trade, migration, health, foreign aid, environment, resource use). What political process and which institutions could achieve such global governance? Are new global institutions required or can the goal be achieved through a reassignment of tasks among existing organizations? What resources are required to provide such governance?





There is also a growing appreciation that such global governance must address the needs for economic prosperity, social justice and sustainability. How are these needs to be balanced? What shared rules, principles and values can provide an adequate balance for the global community? What models of cooperation (such as the European social and market-oriented system, Asian forms of collaboration, American forms of regulated enterprise and social engagement, emerging market economic and social models, etc.) or combinations of such models, are useful foundations for this purpose?

How can equal access for countries to global institutions be ensured? How can misconduct of single nationals or national organizations be effectively sanctioned? How can supranational organizations be made accountable to the people they are meant to represent?

Proposed Solutions

Sean Cleary

Chairman, Strategic Concepts, South Africa; Executive Vice Chair, Future World Foundation, Switzerland

Global governance must span the intellectual “silos” within which international agreements are traditionally made (e.g., trade, migration, health, foreign aid, environment, resource use).

Indeed! It is more helpful to think about the necessary approach to global governance by reflecting on the five integrated challenges that we must address on a global scale:

- Delivering [environmentally and socially] sustainable economic growth—for without this, we shall not be able to achieve anything else.
- Reducing poverty and improving equity—because exceptional prosperity for the few at the expense of the many is neither morally justifiable nor politically sustainable.
- Addressing the sources of [global and national] vulnerability and promoting security—for security underpins both community and progress.
- Sharing the norms and values that enable global coexistence, and working to reconcile cultural differences—because respect for core human values and universal norms allows us to live in harmony, while appreciation of cultural diversity enriches our understanding.
- Improving the quality of global governance and our global institutions—for most of the important challenges we face in a highly-connected world can not be resolved any other way.

The familiar metaphor of the “global village” is flawed. While the global economy we have created is highly integrated and its success has increased material wealth and welfare in most parts of the world, it has not brought about a community of citizens. Our global society is fractured, and there is no global polity.

Building a sense of global community and establishing a polity to frame the delivery of global governance will not be easy as we have not invested in creating the coherent values and norms that bind communities together, allow divergent interests to be balanced, and disputes resolved.

What political process and which institutions could achieve such global governance? Are new global institutions required or can the goal be achieved through a reassignment of tasks among existing organizations? What resources are required to provide such governance?



The four pillars of the present global architecture are the United Nations, the International Monetary Fund, the World Bank and the World Trade Organization.

In broad terms, the central task of the United Nations is to safeguard world peace; that of the International Monetary Fund to maintain global financial stability; that of the World Bank to promote the economic development of the less developed (low and medium-income) countries, and that of the World Trade Organization to liberalize global trade flows by eliminating tariff and non-tariff barriers.

These are commendable and necessary objectives. If institutions to promote them did not exist, they would need to be created. Of course, these institutions must be made more representatives of humanity, and less reflective of the balance of global power at the end of the Second World War. The challenges of the second decade of the 21st century are not identical to those faced by the victorious allies in 1945!

The problem we face in addressing this need, is less one of institutional inadequacy, than of

1. overcoming compartmentalization, as illustrated by the plethora of specialized agencies in the UN family; and more importantly,
2. transcending the unwillingness of member states to cede power and authority to the relevant international organizations to act effectively in addressing the challenges of the global commons.

Until these problems are better understood and a critical mass of citizens in the leading democratic states recognize that the degree of interconnectivity we have created in the global system requires that we institutionalize the capacity to address certain challenges on different transnational scales—some regional and some global—we shall not resolve the problem.

It has proven easier to advance in this direction in regions with some cultural coherence and shared history. Europe, against the background of two devastating wars in the first half of the 20th century, was able to capitalize on its common intellectual heritage and create a Kantian condition that predisposed to sustained peace and cooperation based on reciprocal rights and obligations embodied in a series of treaties, and, most recently, a constitutional document. No other body of states has progressed this far.

At present, in both democratic and non-democratic states, leaders are, or argue that they are, accountable to their national citizens, and thus necessarily prioritize the interests of those who elect them to office, above the concerns and needs of others, however numerous, in other parts of the world.

This leads inevitably, on occasion, to what Garrett Hardin, in 1968, styled “The Tragedy of the Commons” (Science, Vol. 162, No. 3859): A situation in which multiple individuals, acting independently, rationally consulting their own self-interest, will ultimately deplete a shared limited resource even when it is clear that it is not in anyone’s long-term interest for this to happen.

There is also a growing appreciation that such global governance must address the needs for economic prosperity, social justice and sustainability. How are these needs to be balanced? What shared rules, principles and values can provide an adequate balance for the global community?

The biggest challenge we have faced throughout history is balancing the rights and the obligations of the individual against those of society. This challenge has engaged philosophers and jurists across the ages, and lies at the heart of the great religions. Ensuring that the pursuit of human welfare and happiness does not destroy the ecosystems in which societies are embedded, has become a second great challenge.

All successful civilizations have attempted to harness human creativity by balancing individual freedoms with responsibility for the welfare of communities, and with respect for the ecosystem upon which they depend.



The glorification of markets and the unfettered focus on individual freedom over the past thirty years have disturbed this balance. In pursuit of wealth and status, we have cavalierly depleted the stock of natural capital with which we have been endowed, while growing the stocks of financial and technological capital. This is not sustainable.

To take climate as an example: 2010 is the hottest year on record in recent memory, in both ground and ocean temperatures. In August, the worst floods in the history of Pakistan displaced 14 million there. In the north, 500 forest fires blazed near Moscow, the smoke of which has raised temperatures to 40°C. In China torrential rains caused mudslides which killed more than 1,500 people, and in Greenland, a section of the Petermann Glacier, four times the size of Manhattan Island, detached and floated free <<http://edition.cnn.com/2010/WORLD/americas/08/07/greenland.ice.island/index.html?hpt=T1#fbid=4LGEglzoVd6&wom=false>>.

In reality, however, climate is but one part—albeit a critical one—of our global ecosystem. Johan R  ckstr  m et alia have introduced the important concept of planetary boundaries, with different inflection points, to help us grasp the challenge and research it more adequately. (Planetary Boundaries: Exploring the safe operating space for humanity in the Anthropocene, *Nature*, 461: 472–475, 24 Sept 2009). In addition to climate change, and the related questions of atmospheric aerosol loading and ozone depletion, they highlight ocean acidification, the rate of biodiversity loss, chemical pollution, changes in land use, biogeochemical (nitrogen and phosphorus) loading and the unsustainability of freshwater usage in many parts of the world.

To restore the equilibrium needed for our long-term survival, we must abandon the illusion that human happiness flows from unbridled acquisition and excessive consumption. We must manage our inheritance better if we are not to destroy it.

What models of cooperation (such as the European social and market-oriented system, Asian forms of collaboration, American forms of regulated enterprise and social engagement, emerging market economic and social models, etc.) or combinations of such models, are useful foundations for this purpose?

All systems that explicitly embody the aim of balancing individual freedoms—essential for innovation and creativity—with responsibility for the welfare of our communities, and with respect for the local and global ecosystems upon which we depend for growth and survival, are useful foundations.

These principles find different forms of legal and institutional expression in different cultural contexts, but are common to animism, the three Abrahamic traditions, Buddhism, the Tao and Confucianism, the Bhagavad-Gita and other Upanishads, and the Platonic and Aristotelian schools of Greek philosophy that underpin the Western legal system.

The core challenge in a highly interconnected, and in many ways, interdependent world, is to define an explicit normative framework to underpin global governance, to allow us to avert the tragedy of the commons.

As Hedley Bull reminds us, a global society must consist of “...a group of states, conscious of...common interests and common values...conceiv[ing] themselves to be bound by a common set of rules in their relations to one another.”

We will only achieve this if we accept that no ethical singularity is available within the cultural constructs of a single civilization. No people, no state, no civilization will always be right, morally or scientifically. Benefiting from the advances flowing from renaissance, the Age of Reason, the Enlightenment and the Industrial Revolution, Britain and other European powers, and later the United States, were able to impose their values, principles, and legal and institutional preferences on the world for just over one hundred years between 1870 and the dawn of the 21st century. This is no longer sustainable.

The US National Intelligence Council in *Global Trends 2025*, released in November 2008, notes among its core conclusions:



“The whole international system—as constructed following WWII—will be revolutionized. Not only will new players—Brazil, Russia, India and China—have a seat at the international high table, they will bring new stakes and [new] rules of the game.”

To address the challenge of governing an interdependent world in which new players are asserting their right to advance new rules, we all need to re-examine our premises and work to craft a new, inclusive normative framework—what Hugo de Groot (Grotius) sought to address, from a Western (Roman-Dutch) perspective in “De iure belli ac pacis,” and Henry Kissinger might have called a comprehensive doctrine of limits—without compromising our deeply held values, or requiring others to do so.

While the values of the 18th century Western Enlightenment will play an important role in shaping the future, the next hundred years will not be made solely in the Western image. Humans are reverting, out of necessity, to a search for new, common, reference points that will allow us to share the earth.

Three strands of this debate are emerging: a revival of faith, challenging, but not displacing, the post-Enlightenment paradigm of scientific modernity; the need to accommodate a set of different—and sometimes divergent—cultural claims and societal forms in a more comprehensive weltanschauung; and a syncretistic search for that which is common across cultures.

On the way to reaching agreement on that synthesis, competing belief systems are clashing, and will continue to clash, in the struggle to define it.

These will impact directly on many challenges, four of which are already evident:

- energy security in the context of sustainable resource usage;
- containment of proliferation of chemical, biological and nuclear weapons’ technologies and revision of the nuclear non-proliferation bargain;
- the conflation of economic marginalization and cultural disaffection in parts of the world, leading to state failure and the strengthening of non-state actors; and
- the ethics of bio-technology (and congruent information and nano-technologies), which has the potential to divide secularists from religionists in all developed societies.

These issues pose strategic and normative challenges and will be hotly contested. A conscious decision to tackle them openly in an inclusive global debate, showing respect for the diverse perspectives such discussions will elicit, may help reduce tension and enhance understanding.

Stefan Empter

Senior Director, Bertelsmann Stiftung

Global megatrends and change processes do not only have an impact on national economies and social systems—they also pose completely new challenges for a sustainable world economy. The German model of the social market economy or the European system of checks and balances in a social market-oriented economy can offer an orientational framework for the vision of a global, sustainable economic and social system which is characterized by economic efficiency, social justice, the elimination of economic asymmetries over the long term, environmental viability and political stability.

New approaches to global governance along the lines of a multilateral system can make a contribution to fair competition and more sustainability at the level of the world economy. Shaping and designing such a system requires a new quality of supranational cooperation and transparency, but also that selfish national interests be overcome and that there be a willingness to delegate regulatory competence to supranational institutions or international NGOs. To this end, national states (just like the European Union) have to accept binding international



rules and procedures set out in treaties and international law to guide their actions (e.g., through so-called “open methods of coordination”) as well as independent supranational institutions which have real power.

1. A regulatory framework for international financial and capital markets: Stable international financial markets need a regulatory framework. The International Monetary Fund should no longer restrict its focus solely to developing and transformation countries and instead devote equal attention to the developed industrialized countries. It must be able to prevent future crises by means of preventive measures and not have to play fireman with injections of liquidity after the building is already on fire.
2. Fair world trade conditions: The WTO needs to be developed further so that the world economy does not revert to protectionism. Enabling countries to participate in world trade is the best development policy. This also creates opportunities for developing countries in the sense of “participation for everyone”—a precondition for “prosperity for everyone.” National or European regulations in the form of anti-trust, mergers and acquisition controls are needed if we are to prevent the market economy from degenerating into a world economy where only power counts—the WTO needs to be reinforced with rules governing international competition.
3. Guaranty of inalienable employees’ rights: In the quest for a socially balanced, fair global economy, the task must be to carefully build a bridge between the WTO rules and the minimum social standards of the ILO. It must be ensured, however, that social responsibility does not serve as a pretext for new forms of protectionism.
4. Sustainable economics and use of resources: Preserving natural capital requires international guidelines and suitable procedures and institutions to spell out and monitor agreed-upon targets and objectives. The failed attempts in Kyoto and Copenhagen have shown how far away the world economy still is from adopting truly obligatory principles and long-term targets and objectives at the supranational level, however.

Aoife Hanley

Kiel Institute for the World Economy

Dealing with primary-causes

The problems emanating from a mismatch between the needs of the world’s population and the growing incapacity of the earth’s natural resources to meet these needs have to be addressed by identifying the primary cause, i.e., overpopulation and ever scarcer resources. The primary cause and not the effects of this primary cause (global unrest, need for supranational institutions, policing of these institutions) must be addressed as a matter of urgency. This will mean that governments will need to adopt measures to create incentives for people in their jurisdiction to have smaller families (better incentives for mothers to work outside the home, improved family planning education, improved childcare, educational subsidies for only a limited number of children, etc.).

On a second front, governments must make provision to adopt international best practice in limiting wasteful consumerism. Although there is arguably a natural tendency for the private sector to reduce energy and materials use in order to cut costs, if consumers are prepared to pay for superfluous and wasteful packaging, etc., the market can not be said to provide solutions and government intervention is necessary (reward schemes for compliant firms, imposition of standards of practice, etc.).



Dealing with secondary effects

Assuming that adequate care is being taken to address the primary causes of overpopulation/dwindling resources in some countries, what about countries that are disinterested/unwilling or unable to meet the more ambitious waste reduction/population control targets set by countries who do take measures? This suggests policing at some supranational level.

To see whether the creation of a supranational institution is desirable/workable, the collective experiences of existing supranational bodies when dealing with rogue states need to be considered. Such a collective brainstorming by senior members of existing supranational bodies might reveal “international carrots” which such supranational institutions could offer and which would induce rogue states to comply with international population and efficiency targets. Analogously this might reveal sanctions in the past which have worked in enforcing discipline among member states.

Terry Hill

Transport Market Chairman and Chairman of the Trustee Board, Arup Group

Cities: The majority

Today the most common form of human existence is the City—more than half of humanity now live there, and rising. Yet cities are not perfect, most are seriously flawed. None are without poverty, crime, congestion, pollution, ill health, poor housing or education. It is now 7,500 years since we started to settle in cities (Eridu) so surely we should have learnt by now.

Whilst most nations are defined by an accident of history, colonialism or random fragmentation and consolidation, a city usually has some geo-economic rational logic for its existence. All nations have formal ways of cooperating, sharing or even agreeing to help or even intervention: The G8 G20 OECD UN World Bank IMF and so on are all multi-national organizations. No such structures exist for cities. How should the ideal city be governed, financed, developed. Unlike companies, there is no common understanding on how a city should be run. There is no workshop manual for cities, and neither should there be. For many mega-cities, nations get in the way. As cities grope for ways of becoming more sustainable, there is a crying need for the efficient lesson sharing.

Wolfgang Schüssel

Member of Parliament and Former Chancellor, Austria

We are living in a world that the CIA coined VUCA—times of volatility, uncertainty, complexity and ambiguity. If one looks at the nature of the recent commodity price crisis (2007), financial crisis (2008), economic recession (2009), public debt crisis and oil spill disaster in the Gulf of Mexico (2010) one can arguably identify a “transgression problem” (Pascal Lamy) at their root. Humanity is transgressing thresholds at two levels:

1. **Humanity is transgressing reasonable limits of debt.** The recent recession was to a large degree caused by the collapse of an asset bubble that inflated financial values well beyond the true value of underlying economic resources just for the sake of stimulating demand. Once the asset price bubbles burst and increased public borrowing was needed to protect the banks and to fund economic recovery, public sector debt and gross external debt rose sharply. According to IMF calculations the total cost of the financial crisis will amount to the astronomic figure of US\$12 trillion or 20% of annual world output.
2. **Humanity is transgressing “planetary boundaries.”** Under the weight of both the growing size and the intensifying activity of humanity, human impact is no longer only at



local levels. Global natural systems are being affected. Climate is the most visible system that is being destabilized, but others are equally critical (oceans, fresh water, biological diversity etc.). Earth systems scientists are working on nine planetary boundaries where dangerous tipping points into less favorable conditions for human survival are highly likely.

These phenomena are similar in nature and have impacts that go far beyond the financial and ecological systems: When assessing the progress that has been made on the Millennium Development Goals, Secretary General of the United Nations, Ban Ki Moon, had to admit in June that improvements in the lives of the poor have been unacceptably slow, regionally uneven and that some hard-won gains are being eroded again by the climate, food and economic crises. In fact all phenomena are related to governance failures:

1. Failure of governance to limit debt levels in relation to GDP.
2. Failure of governance to acknowledge planetary boundaries and to decouple GDP from energy and resources.
3. Failure of governance to meet globally accepted targets in redistributing GDP for the benefit of the most vulnerable persons in the world.

This development path is unsustainable and prone to destabilization and conflict, passing on to future generations vast and perhaps crippling financial, ecological and social debts. What is needed is a higher degree of systemic resilience. Therefore, governance agendas should be transformed from single issue-objectives to multiple, integrated social-ecological ones:

1. As to the finance system governance should aim at higher levels of bank capital and liquidity and at taking precautionary measures to prevent risks without endangering sustainable growth. As to national budgets the task is to reduce the increasing levels of public debt.
2. Concerning planetary boundaries the time is ripe for identifying scientifically endorsed resource and emission caps, and for establishing reduction targets associated with these caps ("contraction and convergence" strategies). There is also a strong case for getting prices right in order to properly account for energy and material flows.
3. As to global poverty governance needs to reinforce the MDGs and Rio Process and deliver tangible results.

In a way one of the key challenges for economic governance is to devise broader measures of well-being to assess the right things along the triple bottom line of people, planet and growth in the right way, so that policy makers know towards what they should steer and what progress they are making in that direction. "What gets measured gets done." This is a task that has begun with the Istanbul declaration of the OECD world forum in 2007. To monitor the state of an economy, there should be an accepted set of performance indicators to help diagnose the state of the system. Today one single indicator prevails—GDP growth. Growth is essential. But the question is—what kind of growth. To tackle this question involves a twin effort in governance: To complement GDP growth as the principal indicator of economic development with other indicators of ecological and social progress and to refine GDP so that it covers much more than material growth. Today this is no longer an academic exercise. It is key for a governance system that is responsibly addressing the integrated social-ecological challenges and adequate to the volatility, uncertainty, complexity and ambiguity of our times.



David Tuckett

Professor of Psychoanalysis, University College London

Understanding emotional obstacles to supranational organization

For those, such as many at this meeting, who work at understanding and seeking to resolve many of the major problems facing the world in 2010, the need to give significant powers to institutions which can develop global responses is obvious—to sustain human life within planetary boundaries, to manage the spread of disease, to manage the global economy and so on.

The central implication of this conclusion is straightforward—individuals and states are dependent on each other and must, therefore, arrive at compromises with each other. Moreover, the basis of such compromises has ultimately to be dictated by reality. It is not enough just to reach agreement. The agreements reached have to have a reasonable chance of achieving the desired goals.

My central point is that dependency produces complex feelings rooted in historical experience. To give up autonomy people must feel it is safe and desirable to do so. They can then accept and comply via norms and values (the feeling it is right to do so) rather than by laws and rules (fear of sanctions). [Consider this issue in relation to a state like Israel accepting disarmament.]

Economists have hitherto discussed these issues unhelpfully. For instance, they have spent a lot of time trying to show under what conditions co-ordination and collective action can happen without anyone giving up or restraining anything and have also treated interactions between agents as unimportant—externalities. In fact and inconveniently economies, like biological systems, are essentially about interactions and feedback effects.

To offer solutions to problems Economists have also tended to imagine that behavior can be constrained by well-drafted contracts (laws, treaties) and that decisions can be forced by creating constraints so that only the “well-behaved” survive. In this way they get rid of subjectivity and emotional conflict and all the anxieties it introduces into any scientific modeling.

All this is unhelpful not because the standard analyses and theses are uninteresting or irrelevant or because we should not have well drafted contracts and treaties—but because they focus attention and effort in the wrong place. When it comes down to it agents are human—which means that they make fast and frugal subjective decisions, based on the thoughts they have about the situations they experience and they do so in human groups. Context is almost everything as neuroscientists are increasingly finding out. Accepting interdependence requires a context of emotional maturity.

In 1914, Sigmund Freud set out his view that the human psyche is greatly challenged emotionally by the task of accepting reality and, in 1930, he set out his idea that there is an inherent conflict between what he called the “life” and “death” instincts at the heart of the human psyche which has major implications for human society. The ideas were set out in a language which was not very accessible and at the time had very limited scientific support. But both sets of propositions are highly relevant to thinking about the emotional obstacles to creating supranational organizations. Large numbers of people are not at all keen to accept the need for economic constraints on their activities and supranational institutions like the EU or the IMF have proved easy targets for conspiracy theorists and basic assumption groups interested in feeling good but not in facing external facts.

From a psychoanalytic perspective recognizing the reality of dependency requires considerable emotional maturity and a process which could be called “mourning”—giving up the belief one can have everything one wants in situations where that is impossible, facing the fact that one’s own wants may have a deleterious effect on others, and being able to feel guilty and



engage in reparation when mistakes have caused damage to others. Such processes create what I call an integrated state. But at any time it can very easily be disrupted by the symptoms of a divided state—blaming others for all problems (even killing them), denying facts, turning a blind eye and inventing paranoid conspiracy theories to feel better or to defend oneself against the enemies one first created. An integrated state faces reality; a divided state creates ignorance of it but not in a comfortable way—creating a nonspecific paranoid anxiety and dread which repeatedly requires the creation of enemies. Large groups and their ideologies interact with these individual issues.

Freud's apparently fanciful idea that a conflict between “life” and “death” instincts lies at the heart of the human psyche emphasized how murderous cruel hatred as well as sexuality are issues for individuals and groups. He can be understood today as suggesting there is an evolutionarily driven tendency within the individual both towards combination (belonging to the group based on love of the other) and division (wishing to get out, based on hatred of the other or xenophobia). Groups manage these ambivalent emotional drives—for example directing hatred outside the group to enemies. In situations of extreme deprivation and trauma in which catastrophic anxieties about survival are mobilized these core drives are intensified and easily played on.

The silos that Sean Cleary draws attention to are evidence of divided state thinking and basic assumption systems splitting responsibility to deny and project blame. Breaking down silos requires awareness of the danger of division—it is like driving with one's eyes closed. But awareness can create panic and the consequent recognition of dependency is emotionally frightening—threatening identity and the sense of security. Awareness is hated—so one solution is to attack it and the facts. Insofar as external enemies are not available, opportunities for externalizing conflicts (for example, over income distribution) are reduced, potentially intensifying conflicts inside the group.

This contribution is light on solutions. This is because the amount of effort so far devoted to understanding subjective emotional experience and group functioning has been negligible. My basic point is to warn that neither the intellectual nor political conditions exist to support further delegation of authority to supranational institutions—in fact the reverse.

GES Solution 1. Recognize that rational solutions to governance must include understanding the problems of large group anxiety that may prevent their acceptance. The creation of global institutions stirs up dependency anxieties and loss of autonomy as well as interfering with established ways of managing emotional and social conflicts. When anxieties approach catastrophic levels they provoke divided states and extremist movements.

GES Solution 2. Create “Truth and Reconciliation” commissions guided by emotionally sophisticated investigators (on the South African model) to take ownership of the issues in areas where transgressive behavior has occurred and encourage understanding of what went wrong at a system (inter-linked) level in every involved organization rather than by blaming individual perpetrators and “dividing off” the problem—for example the past financial crisis, the gulf oil spill.