

ZEIT Foundation Ebelin and Gerd Bucerius, Hamburg, Germany
Heinz Nixdorf Foundation, Essen/Paderborn, Germany

THE BUCERIUS SUMMER SCHOOL ON GLOBAL GOVERNANCE 2011



Conference Report

A World in Flux: Shifting Patterns of Power, Governance, and Leadership

14 – 27 August 2011

Compiled and edited by Dr Cornelius Adebahr,
Political Consultant, Berlin

Contents

1	Executive Summary	3
2	Session reports	5
2.1	Global Governance: Re-Inventing International Institutions	5
2.2	How to Run the World	7
2.3	The World Economy at a Turning Point	9
2.4	Beyond the Crisis: Accountability in Financial Markets?	11
2.5	Obama's Political Agenda	13
2.6	International Relations in East Asia	15
2.7	The Rise of Asia: Geopolitics, China and India in the 21 st Century	17
2.8	Geopolitical Dynamics in the Near and Middle East	19
2.9	Current Issues in the Arab World	21
2.10	Afghanistan and Pakistan: Prospects for Security and Stability	23
2.11	Cyber Politics and Cyber War	25
2.12	The Future of Europe: The EU, Eastern Europe and Russia	27
2.13	To Whom Belongs the World?	29
2.14	Energy Security, Nuclear Power and Renewables	31
2.15	The Vision of a Nuclear Free World	33
2.16	The Future of the Euro	35
2.17	Global civil society – changing the world?	37
2.18	Do NGOs Make a Difference?	38
2.19	The Necessity of De-Mystification	40

1 Executive Summary

“There is always hope ... for more despair”, a cynic’s saying goes. Currently on the world scene, there seems to be a certain balance between the two. Hope has been high since the beginning of the year when Tunisians overthrew their long-term dictator, with the Egyptians fairly soon following suit. Although it is far from clear whether this process of democratic awakening will continue and spread to other countries of the Middle East and North Africa – with Libya and Syria being two critical cases –, the term “Arabellion” has been common currency ever since. The West, in contrast, has been in despair due to the continuing (and worsening) woes of the double debt crisis on both sides of the Atlantic. While the Eurozone continues to struggle against the default of one (or more) of its members, the United States reached its own low point with the partisan rancour over the country’s debt ceiling and the ensuing downgrade by one of the major rating agencies.

Against this backdrop, the ‘rise of Asia’ starts to sound like a familiar feature, providing a (welcome?) constant in troubled times. This was the broad picture that presented itself to the 56 participants of the 2011 Bucerius Summer School, bringing together young leaders from all five continents to examine the current challenges of global governance.

In terms of **power**, talk was of fragmentation rather than a clear shift from the West to the East as it is often portrayed. At the global level, power is fragmented between the still influential Western states and the rising stars from the BRICS (Brazil, Russia, India, China, and South Africa) and countries like Turkey. Whether the nuclear status is a prerequisite to be counted among the powerful states in today’s and tomorrow’s world or whether economic might would be sufficient, was one of the points debated. Two different visions of the future power structure emerged: The coming decades could either belong to no one (with no new dominating power succeeding the United States), or the latter could successfully manage their decline by organising a “multi-partner world” together with the major emerging democracies.

What is clear, however, is that the process of ‘globalisation 5.0’ (counting from the times of Marco Polo) has marked the end of the Western-dominated post-war era. The fact that both the United States and the European Union are embroiled in their very own debt crises only drives home this point more forcefully. Whether the transatlantic partners will actually be in a position to (co-)formulate a new vision for this era of ‘total globalisation’, is uncertain. Whether the new powers from Asia and elsewhere will let the do it, even more so.

Up until now, the rise of Asia has been peaceful – the main question being whether it is likely to remain so given the multitude of unresolved conflicts on the continent. Moreover, a rapid pace of development has caused an array of new challenges: High disparities in income and public goods such as health and education; a weak infrastructure and social security systems; and major environmental problems threatening both the population and economic growth. Still, while the leading industrial nations have trouble recovering from the financial and economic crisis, China and India can already present high growth rates again.

The implications of the recent changes in the Arab world for the global power distribution are not yet discernable. Different regimes are experiencing different types of revolutions and offering different responses to them. With this process still ongoing, there is still no new regional power that could become a voice in the world – although

a democratic Egypt is tipped to take over, in the mid-term, the global role long held by Saudi-Arabia (e.g. through membership in the G20). Iran, in contrast, cannot be seen as a winner of the Arab Spring, despite the claims of its leadership that its Islamic Revolutions is copied around the region. In the end, Turkey – an economically thriving non-Arab country that has so far succeeded in blending democracy with Islamic values – might emerge as an even more important regional and global player.

Not only power, but also **governance** at the global level is highly fragmented. Going beyond the classical state-centred diplomacy, the role of international institutions, global regions, cities, companies, non-governmental organisations (NGOs) and different communities has increased enormously over the past two decades. In addition, the lack of an integrated international legal system hampers the further development of international law. Below the international, however, fragmentation is visible also within states where societies become more and more atomised.

While this process of decentralisation raises questions of accountability for all new powerful actors, the issue of legitimacy has been discussed most strongly with a view to the financial markets. Ever since the collapse of Lehman Brothers three years ago, elected politicians in all countries seem to care more about bond spreads and credit default swaps than the concerns of their voters. So calling for a new global financial authority to regulate the unfettered money markets is likely to only increase the accountability deficit of existing institutions such as the International Monetary Fund.

These concerns notwithstanding, it is not even clear whether old-new powerful countries like China and India, but also Brazil and Turkey are willing to take over responsibility at the global level. In terms of global security, for example, nuclear Pakistan is paramount, not least due to the country's vulnerabilities stemming from a rapidly growing population, endemic corruption, and conflictive neighbourly relations. Still, the situation there and the war in neighbouring Afghanistan seem to be regarded as a Western affair rather than a problem of global governance that is to be tackled by all major international powers.

More specifically, today's interconnected world puts the question of the "commons" on the table. This can come in the form of resistance to the patenting of seeds by multinational corporations or the (still fairly unregulated) cybersphere with both its threats and possibilities. Either way, the response from the international community would have to decide whether it wants to focus on architecture – i.e. structures and institutions – or functionality – i.e. organically evolving problem-driven approaches.

Following Jean Monnet's dictum that "nothing is possible without men; nothing is lasting without institutions", the tricky question is one of **leadership**. Where are the men and women (!) who are to put in place those lasting institutions that are to govern (in the sense of governance, not government) the world? If anything, the twin crises in Europe and the United States display the lack of responsibility in the current generation of 'leaders'. A silver lining on the horizon are initiatives such as the one for a nuclear-free world or for providing the world's energy needs from renewable sources – implausible or even impossible as they may seem, they nonetheless challenge individuals to take the future as a starting point for their current actions.

If the new generation of decision-makers (including those present in Hamburg in August 2011) were to be open to consider a plurality of futures rather than merely extrapolate current trends, while at the same time considering to the extent possible the (multitude of) consequences of their actions, then they ought to be ready to take over the lead in these changing times.

2 Session reports

2.1 Global Governance: Re-Inventing International Institutions

Speaker: *John G. Ruggie*, UN Special Representative for Business and Human Rights, Boston

Rapporteur: *Aziza Akhmouch*, France

Session 1: Monday, August 15

The Summer School's main theme points out "A World in Flux" characterized by shifting patterns of power, governance and leadership. This includes the intrinsic need to reflect on the recent evolution of global governance, its main foundational factors and the need, if not to re-invent completely international institutions, at least to rethink their scope, mandate and related expectations. In this session, participants discussed both traditional and new forms of global governance, pointed out a series of tectonic shifts in global governance as well as preliminary responses to bridge the governance gaps identified.

Global governance is generally defined as an instance of *governance* in the absence of *government*, aiming to "solve collectively problems without passports" as the former Secretary-General of the United Nations, Kofi Annan, once stated. It relies on several instruments (such as treaty-based regimes, formal organisations, norms, collaborative networks, common policy frameworks...) and enjoys a degree of legitimacy that an Empire would not.

The global governance system created after World War II generated positive implications: the creation of a security community within Europe, successful collective instruments in peacekeeping, an institutionalised international criminal court, progress in human rights, public health etc. Nevertheless, its foundation and prospects are facing three tectonic shifts:

- ***Increasing fragmentation of power***, mainly in the economic sphere (i.e. the emergence of five countries as so-called BRICS: Brazil, Russia, India, China, and South Africa) and in offshore power projection (e.g. of China). This diffused and decentred power undermines the sharing of a "common vision" and favours instead a compilation of different interest.
- ***Increasing fragmentation of international law*** with autonomous entities (such as various specialised courts and arbitration panels) operating within the boundaries of their specialised areas rather than a unified group producing coherent outcomes.
- ***Increasing fragmentation within states*** with the collapse of a common civic culture in many advanced industrial countries characterized by the proliferating digital micro-worlds and clusters engaged in their own rationality maximisation at the expense of broader social considerations. The more fragmented domestic systems become, the more difficult it becomes for international agencies to link the systems and express the public interest.

After such a diagnosis: what can be done? The first critical step is to acknowledge the huge "governance gaps" stemming from the misalignment between the scope and impact of the economic forces and the incapacity of states to manage them. These can be addressed in several ways:

i) **Integrating further** to compensate for the gaps that now exist between scope or power of transnational economic forces and the ability to manage them;

ii) **Setting-up breakers** to manage transnational economic flows while building national capacity with the International Monetary Fund, the World Bank, or the Group of 20 providing the necessary international surveillance. However, a failure to resolve these governance gaps could push political systems worldwide further to the left or right extreme depending on local circumstances;

iii) **Being modest and realistic** about what the global governance system can do. Climate change for example requires a global solution, yet it cannot be achieved through top-down mechanisms but rather through international framework agreements, international enablers of national systems etc.

A final observation is that debates about reforming global governance so far have been too preoccupied with **architecture**, structures, and institutions. In contrast, many of the actual global governance issues have been driven by considerations of **functionality** (e.g. task forces of countries growing organically, without a secretariat) that have no legal but rather incentive requirements. The Global Fund to combat HIV/Aids and the UN Voluntary Principles on Human Rights and Security are two good examples. They define a specific problem, involve the countries most interested in solving the problem, as well as the business community and civil society quite informally and only become institutionalised when they have to.

2.2 How to Run the World

Speaker: *Parag Khanna*, Director of the Global Governance Initiative and Senior Research Fellow, New America Foundation, New York

Rapporteur: *Srinath Sridharan*, India

Session 2: Monday, August 15

The number of states around the world is increasing and a ‘new new world order’ setting in. That’s why we need to question some of the implicit political thoughts that we have held over the last two-and-a-half centuries, even though these have helped the world make substantial progress in the philosophy of governance. The fundamental premise that the state is the only actor in the global governance system is being questioned by a decentralization of power that has brought about multiple actors. This thought brings us to the view of governance beyond governments. Ultimately, there is no one single institution that can be seen as the place of theology of global governance.

Parag Khanna made a case for his arguments with three key themes:

1. Globalization is not a recent phenomenon of the past two decades – it has been around for at least over 1000 years.

In fact, the world has seen different versions of globalisation over the past centuries, from the Silk Road in Marco Polo’s time (which he dubbed ‘globalisation 1.0) to colonialism to the industrial revolution and to its 20th century incarnation with the Bretton Woods institutions established after World War II. With the rise of emerging markets like India and China, we have now moved to version 5.0, or “total globalisation”. To accommodate this new state of affairs, we need to make changes in the existing structures and systems of the present governance mechanisms. This should lead to new ideas on how global governments could look like in the future.

2. Diplomacy is a process – it is the glue that brings all the units of governance together.

The speaker’s fundamental premise that the world runs on diplomacy brings in the role of its actors. Going beyond the classical agents of diplomacy, i.e. states, he also included international institutions, global regions, cities, companies, and different communities in his list of actors. These actors shape norms, convene decision-makers, or monitor governments; in turn, only when such actors come together can they ensure that global institutions have relevance in this century. It is only when some of these global institutions reform, that an appreciation of systems change would come through.

3. We witness a decentralisation of power – which will give a boost to bottom-up empowerment across actors.

The speaker emphasized his case that with the current generation being mobile and looking for results quickly, global institutions would need to improve their decision-making process as well as the speed of decision-making. The distribution of knowledge and resources of governance tools, especially from bottom-up of the society, would lead to power being distributed across the society. Collaborations and syner-

gies between governments, governmental organizations, and the private sector have already started to drive positive changes in societal framework.

Based on this very clear-cut argument in favour of a new look at how the world is (or could be) run, the debate soon centred on the question of the legitimacy of these new actors, as well as whether they were so new at all. One argued that many of the actors mentioned already participate in policymaking processes and international organisations. Others objected that – with the exception of the state – all such groups are merely lobbyists pursuing their parochial interests. The state, in contrast, is the only unit going beyond a particular interest.

To this, Khanna replied that his presentation was an analysis of the current state of affairs, not a prescription of how things should be like. While *the* State was central to societal organisation in the past, the regulatory and provisory qualities that it should have are often not given. To increase the resilience of and to build capacities within societies, all the actors would have to contribute.

2.3 The World Economy at a Turning Point

Speaker: *Peter Bofinger*, Professor of Economics, University of Würzburg, Member of the German Council of Economic Experts, Wiesbaden

Rapporteur: *(Fred) Yu Chen*, China

Session 3: Tuesday, 16 August 2011

The session initially focused on the current state of the world economy and evolved into an in-depth discussion about its future, in particular with regard to the European economy. People should recognise that the perspective of the world economy has greatly changed. This can be observed when looking deeply into the new relationship between the world's emerging and advanced economies as well as with the rest of world.

Peter Bofinger firstly indicated that the levels of both private and public debt have reached the economic and political limits in many countries. He added that high unemployment dampens private consumption (e.g. by exacerbating an already difficult housing situation) and that rising raw material prices have led to higher interest rates in emerging markets.

It was then argued that the euro area has no inflation risk from monetary growth and is in better fiscal shape than other countries. In contrast, some large economies like the United States are still facing the severe legacies of the crisis since 2008, such as falling house prices and high unemployment rates as well as fiscal problems due to insufficient government revenues.

With particular regard to the EU summit at the end of the previous month, Peter Bofinger offered two different interpretations: On the positive side, it showed that the EU's rescue fund, the European Financial Stability Facility (EFSF), can act more flexibly in crisis prevention and that the interest rates for its loans can be lowered. On the negative side, however, there was neither a significant debt reduction nor any concrete stimulus programme for Greece. Furthermore, there is still no significant private sector contribution, and the size of the EFSF tends to be insufficient for a rescue of Italian economy. What the eurozone now needs is an enhanced integration, including an approval by the European Parliament of the national budgets of highly indebted member countries, the issuing of euro bonds by the European Central Bank, an integrated system of banking supervision, and the possibility to effectively sanction member states in case of non-compliance.

The discussion showed a rising common concern about the role of Germany on the European economic stage, and whether it would be ready to make a true contribution to the euro zone. The question of Euro bonds raised some concern, e.g. about the criteria for dismissing the member countries under the "euro 2.0" scheme. Most recently, also the leaders of the euro zone's two biggest economies, Germany and France, rejected pressure from economists and politicians to agree to the issue of euro zone bonds. Others, however, see such bonds as an increasingly inevitable means of supporting the "GRIP" countries' (Greece, Ireland, and Portugal – the countries that have received loans from the EFSF) economies.

There was no doubt that Germany should continue to take its leadership role in tackling the recent problems regarding the euro zone and to be ready to help finance any

increase in those emergency loans or any new initiatives. Some countries, e.g. the Netherlands, took a strong stance in favour of creating a European institution (a so-called European Monetary Fund) that would monitor and discipline those euro zone members that do not comply with the club's fiscal targets. Yet, the question of sanctioning member countries – including through suspended voting rights or even membership – is unresolved.

A number of participants also noted that Standard & Poor's decision to strip the United States of its triple-A credit rating triggered turmoil in the world economy. A downgrade of the U.S. is by no means comparable to a downgrade of the G7 countries in Europe, having a much greater effect on the international economy. Some thought that the downgrade would likely accelerate the trend to replace the U.S. dollar as the world's No. 1 currency. It is remarkable to see that the BRIC countries (Brazil, Russia, India, and China) for several years have been calling for a new reserve currency. China however cannot swap its U.S. dollars into other currencies at the current moment, as this may lead to destabilizing and undermining the value of its own assets.

For now, China is stuck with the United States, its dollars, and its downgraded debt. The solution for China is probably to reform its own economy. That's yet another way in which the S&P downgrade signals a coming change in the world economy. Countries that have run their economies for decades based on a firm U.S. foundation are more likely to have to find ways of adapting to the new reality.

2.4 Beyond the Crisis: Accountability in Financial Markets?

- Speakers: *Jürgen Fitschen*, Member of the Management Board, Deutsche Bank AG, Frankfurt am Main
Christine Novaković, Head of Corporate & Institutional Clients business area, UBS, Zurich
David Held, Co-Director, The Center for the Study of Global Governance, London School of Economics, London
- Rapporteur: *Moritz Pöschke*, Germany
- Session 4: Tuesday, August 17

One of the most urgent questions in global governance is the role of international financial institutions and their influence on the role of states and other players in global governance. Overall, the panellists agreed on the need for a more effective international regulation of financial markets. However, traditional players in global governance lack the power or will to enact such an international framework. Hence, we observe the creation of new institutions – like the G20 – which further aggravates the accountability deficit that traditional institutions are facing. To overcome this widening discrepancy it is urgently necessary to create a global financial authority with a strong mandate. In addition, it seems that the internal culture in financial institutions needs to be fundamentally changed.

While all panellists considered the financial crisis to be far from over, there were some nuanced differences as to its origins. The two panellists representing private financial institutions agreed on the fact that state action contributed a large part. Namely the imbalances in international trade between Asia and the United States in the wake of the 1997 Asian financial crisis as well as the governmental promotion of mortgage lending to “subprime” lenders in the United States created wrong incentives. As Jürgen Fitschen put it: Although the banks committed many mistakes, the current financial crisis would not be thinkable without the preceding state action.

The debate continued with regard to the rescue measures applied. Panellists noted the perverse incentives that exist and will remain to exist while the systemic relevance of banks often forces states to prevent them from going bankrupt. Rescuing banks with public funds leads, however, to an unjust distribution of wealth. In David Held’s words: risks are socialized, while profits are privatized. Although there was some dispute about whether the public rescue of private banks during the recent financial crisis resulted in actual costs for the respective governments, all panellists agreed that the path of de-regulation followed in the past has to be abandoned. Instead, more and “smarter” regulation is needed. However, given the globalization of financial markets and the fact that European and American banks now compete – especially in the investment banking sector – with banks particularly from China and Russia, regulation needs to be designed and implemented on a global level.

While implementation of efficient global rules is crucial, traditional players in global governance have proven to lack the power or will to enact such an international framework. Hence, we observe the creation of new institutions like the G20. This, however, further aggravates the accountability deficit that traditional institutions such as the International Monetary Fund (IMF) are facing. Demographic developments on the one hand and the shift of global economic power on the other ask for new sources

Bucerius Summer School 2011 – Report Page 11 of 41

ces of legitimacy at the international level. In light of the accountability problems and the increasing need for global regulation it seems urgently necessary to create a global financial authority with a strong mandate. How this can be done remains, however, an open question.

On the other hand, Christine Novaković gave a very detailed report on the mismanagement within UBS prior to the financial crisis. This ultimately led to write-offs of 50 billion Swiss Francs within UBS – the largest write-off by a European bank and the third largest worldwide in the financial crisis. Becoming the world's largest investment bank had been the core of UBS's strategy prior to the financial crisis. It was supported by the implementation of a compensation system that rewarded increasing volumes, but completely neglected the risks incurred. Early indications of the upcoming crisis were ignored and discussed away; critical voices were neither welcomed nor listened to. In addition, the bank's risk management system had fundamental flaws: Risk analysis was piecemeal rather than comprehensive and the bank was unable to assess its overall risk profile. The underlying risk models were very static and therefore failed to adequately transform early indications of the upcoming dynamics in the market data into the model.

Against this background Christine Novaković argued that also the internal culture in financial institutions needs a fundamental change in order to prevent developments like the current financial crisis in the future. UBS has revised its internal risk management in this spirit and has tried to create a culture of critical feedback and independent review.

2.5 Obama's Political Agenda

Speakers: *Charles A. Kupchan*, Professor of International Affairs, Georgetown University, and Senior Fellow, Council on Foreign Relations

Michael Werz, Senior Fellow, Center for American Progress

Rapporteur: *Charles Landow*, United States

Session 5: Tuesday, August 16

This session focused on U.S. domestic politics, U.S. foreign policy, and the evolving American role in the world. According to Charles Kupchan, President Barack Obama has radically scaled back his ambitions for a number of international and domestic factors. He said the next world era will belong to no one, making consensus difficult. Michael Werz argued that the United States could be forging a “multi-partner” world based on relationships with major emerging democracies. As moderator, Wolfgang Ischinger added that the United States would be the dominant military power for a long time but noted that the Libya military intervention marked a major change because Washington did not take the lead. The speakers also discussed U.S. policy toward Asia and Iran.

Charles Kupchan began by defining a theme for his talk about President Barack Obama, which he called “the shrunken presidency.” He said Obama’s foreign and domestic ambitions are only 20 percent of what he planned upon taking office, giving three factors for this: an international pushback against U.S. power, which is unprecedented since 1941; the economic downturn, which has made governing harder; and a malaise affecting all major industrialized democracies.

The domestic politics of U.S. foreign policy have changed markedly, Charles Kupchan continued, with few internationalists left in the Democratic and Republican parties. For the 2012 elections, he argued that Obama has no choice but to govern from the centre and appeal to independent swing voters in large states. But this leaves out Obama’s core supporters from 2008—committed Democrats and young people. Obama simply hopes to be seen as the “adult” who reached out to Republicans but was spurned. He will have to mount a new “insurgency” in the campaign in order to reach average American centrists, he concluded.

Michael Werz gave two reasons for the decline in American power: first, the rise of soft power, and second, changes in Western societies after the end of the Cold War, which were more profound than changes in the former Soviet countries. The loss of a systemic enemy and the lack of a new model to follow led Western countries to become less cohesive. In this context, he said, accomplishing 20 percent of one’s goals is not bad.

Michael Werz foresaw a “multi-partner” world, in which the U.S. works closely with the major emerging democracies, as coming about based on Obama’s vision. Some disagreed with this, saying that democracy should not be a guide for foreign policy because the United States needs to work with all powers and other democracies do not necessarily support U.S. policy. Michael Werz, however, argued that emerging democracies have influential middle classes that have an interest in global stability, so they are more likely to partner with the United States.

U.S. leadership in today's evolving world was one of several issues discussed after the presentation. Many participants wondered how Obama could overcome U.S. politics to continue engaging in the world, or how a less influential America will affect the world. Wolfgang Ischinger said that, for him, the Libya intervention signalled a major change because the United States has never before allowed European countries to mount a military action without strong American command. Charles Kupchan said the world is in a transition moment in which countries still rely on U.S. power, but the United States is tired and economically stressed. Such situations cause instability, and the central question is how to get to the next global phase without a collapse of the international system.

On U.S. domestic politics, one participant cautioned of conflating two separate phenomena, ideological disagreement and partisanship. While partisanship was rising, there was no evidence that this corresponded to an ideological division on foreign policy. Instead, structural factors such as campaign finance laws and U.S. Senate rules underlie the partisan rancour. Charles Kupchan disagreed, saying that partisan and ideological divides have merged, with surveys showing voters from the two parties far apart on issues. Overall, he suggested, greater partisanship means that U.S. leadership will be less steady and U.S. policy more variable between presidents of different parties. Michael Werz said that cultural conservatives such as Tea Party members, now dominant in the Republican Party, are driving a system traditionally based on consensus toward a more adversarial parliamentary-style system.

With regard to U.S. engagement in Asia, Charles Kupchan said that the United States would sustain its presence there. However, it will have to make a difficult choice when China achieves enough naval capability to challenge U.S. dominance in the region. The hope is for an understanding to emerge by then. And on Iran, he said Obama is Tehran's best chance for a suitable partner. Therefore, he advised Iran's leadership to pursue a deal on its nuclear program.

Finally, addressing the future, Charles Kupchan said the next 50 years would belong to no one, making it difficult to build international consensus. Michael Werz added that the Pacific would be the world's power centre and the testing ground for new ideas about world order. Ischinger concluded by noting that the end of the American superpower era and the rise of other countries were clear trends, but that the United States would remain the uncontested military superpower for a long time. He argued that the perception of a power decline was due not to the rise of other countries but to the lack of a unifying policy vision in the United States and Europe, which share the challenge of defining such a vision in the absence of a Cold War-like rival.

2.6 International Relations in East Asia

Speaker: *Patrick Kollner*, Director, Institute of Asian Studies, GIGA
German Institute of Global and Area Studies, Hamburg

Rapporteur: *Yaping Wang*, China

Session 6: Wednesday, August 17

The session covered the topics of the rise of Asia in general and the rise of China in particular. The major question was whether this rise would remain peaceful given the number of flashpoints in the region. The debate also touched upon one of these trouble spots more specifically, i.e. the foreign policies of the two Koreas.

Patrick Kollner set out by saying that the numbers of conflicts, of wars and of deaths in battle in Asia have all been declining since 1946. This peaceful regional environment has made Asia's economic miracle possible. It also indicates that Asia's rise is a relatively peaceful one.

However, opinions from the audience suggested that Asia could potentially be the most dangerous region in the world, due to a number of reasons. First of all, most of the "irregular" regimes are located in Asia, such as North Korea and Iran. Secondly, there are several flashpoints or so-called "unfinished business" in Asia that could potentially escalate from tension to conflicts, such as the Taiwan issue, territorial disputes on the South China Sea, the Korean conflict, China-India territorial disputes, and the list could go on. Thirdly, the majority of Asian countries are not resource-abundant. Seeking resources externally could potentially turn into aggressive foreign policies.

On the rise of China, the speaker pointed out that the rise and decline of great powers, and whether this indeed happens peacefully, is an ultimate research topic of International Relations (IR) studies. In fact, it constitutes a test case for IR theories. China is already a regional power, and maybe will some day be a global power. But how much bigger can China get, and how fast can it get there? What happens if China becomes the biggest power in the world, and can China find her new place in the world peacefully? These are the questions to which the studies of IR try to give answers.

Patrick Kollner opined that until today, there is no genuine destabilization in East Asia. The rise of China has taken place in relatively peaceful terms. He gave the following explanations based on different schools of thoughts. Neo-realists believe that relevant states are too small to counterbalance China. Only Japan is, with the support of the United States, a counterbalancing source. Therefore, powers in the region have remained at a relatively stable equilibrium. Constructivists, in contrast, explain the peaceful rise of China from a national identity point of view. Specific national identities of East Asian countries and a lack of fear of China explain the accommodations that neighbouring countries have made to China's rise. Lastly, the school of "Constructivism plus" argues that a strong China stabilises the region and keeps outside powers from moving in.

One participant challenged the speaker on China's irresponsible behaviour in Africa and China's newly emerged "assertiveness". Another posed the question of how tolerant the West can be with China's rise.

On the Korean peninsula, Patrick Kollner argued that there would be a day when the two Koreas will unify. However, that will bring formidable challenges not only to the Korean peninsula but also to the entire region. The geopolitics of East Asia give South Korea the disadvantage of being a middle power in-between a rising China and a still powerful Japan. Keeping the United States committed, protecting and expanding its overseas economic presence, and increasing its prestige and international standing are some of South Korea's foreign policy priorities.

2.7 The Rise of Asia: Geopolitics, China and India in the 21st Century

Speakers: *Wei-Wei Zhang*, Senior Research Fellow at the Centre for Asian Studies, Geneva, and Guest Professor at Fudan University, Shanghai, and Tsinghua University, Peking

Sunjoy Joshi, Director, Observer Research Foundation, New Delhi

Isabel Hilton, CEO, Chinadialogue.net, London

Rapporteur: *Yasmin Fargel*, Germany/China

Session 7: Tuesday, August 17

The balance of power in the world will shift to the East as China and India evolve. India and China together now already represent one third of the world's total population. Major changes in both of the two countries therefore will affect the whole world. According to the speakers, both countries are emerging economically and politically, but are also suffering from major internal tensions. Other topics discussed included the new political role of both countries in the regions and the world, the overall geopolitical stability in Asia, the economic, political and social development as well as future challenges for both countries. The discussion revealed the contradicting views of the speakers on some of the topics, such as the political situation in China. The discussion also showed how complex certain geopolitical issues in India and China are, making it very challenging for the respective governments to find quick and easy-to-handle-solutions.

The panellists began by outlining the current geopolitical, social and economic dynamics in China and India. While the leading industrial nations are still recovering from the consequences of the financial crisis, China and India can already present high growth rates again. In the third quarter of 2009 China's economic growth was 10.7 percent; India's was slightly lower at 7.9 percent. Both countries are therefore often seen as the growth engines of the global economy. But despite this positive economic development the speakers pointed out that both countries need to address social and geopolitical issues through sustainable solutions. Major challenges are also the "one million unresolved conflicts in both countries", as one speaker said.

All speakers shared the view that India and China together will reshape the world order. Both countries have a lot in common, e.g. a huge population, high economic growth rates, strong disparities between rural and urban areas, poverty among large parts of the population, yet also a constantly improving social situation of the population and a rising middle class. At the same time, there are many differences too, such as – most prominently – the political system and the average age of population.

The following issues were addressed during the discussion, which describe current challenges in both China and India:

- High disparities in income and public goods such as health and education;
- Weak infrastructure in rural areas and weak social security systems;
- Major environmental challenges threatening the population and also economic growth.

According to one of the speaker, India will have a more sustainable economy than China in the long run. That is not least due to China's one-child policy and its effect on the economy. So the speaker asked, "Will China grow old, before it grows rich?"

Another very interesting question during the discussion was whether 2.5 billion Chinese and Indian citizens would be able to live "the American dream" and how the world economy and ecology could deal with this. This also led to the question whether the world can withdraw from globalization. All speakers agreed that the growing population in both countries and their economic influence would lead to even greater challenges in global governance.

The discussion during the session was vivid, extremely interesting and also contradictory. Moreover, the complexity of the issues left many questions still open, e.g. which political role in the world and region should China and India play in the future, or what are the expectations of the other Asian countries? It would be extremely interesting and fruitful to continue the stimulating discussion.

2.8 Geopolitical Dynamics in the Near and Middle East

Speaker: *Volker Perthes*, Executive Chairman and Director, German Institute for International and Security Affairs, Berlin

Rapporteur: *Tim Stapleton*, Australia

Session 8: Thursday, August 18

The session focused on how the Arab Spring is impacting geopolitical dynamics in the Middle East. In a thought-provoking keynote address, Volker Perthes summarised how key regional players such as Egypt, Iran, Turkey and Saudi Arabia had responded to recent developments in the Middle East. He proposed several principles to guide U.S. and EU policy in supporting transition in Middle Eastern countries towards political openness and socio-economic reforms, which were thrashed out in the ensuing discussion.

Volker Perthes likened the significance and impact of the Arab Spring to the fall of the Berlin Wall and decline of Communism in Eastern Europe. Its geo-political relevance extended beyond the region. Demands for change in Tunisia and Egypt had very quickly assumed regional and international dimensions. The varied responses of regimes in the region to the demands of the Arab Street would result in the emergence over the coming decade of divergent political structures in the Middle East. In broad terms, the responses could be grouped into four categories:

1. In Egypt, Tunisia, Lebanon and Palestine, there exists the potential for genuine democratic consultation processes to develop;
2. The ruling monarchies in Morocco, Jordan and Oman had demonstrated a willingness to accommodate the demands of activists for socio-economic change, by implementing steps towards political openness;
3. The ruling regimes in Libya, Yemen and Syria were violently resisting democratic change;
4. Resource rich monarchies including Saudi Arabia, Qatar and Emirates sought to preserve their hold on power by buying the support of their populations.

Volker Perthes framed the geopolitical dynamics in the region in terms of:

1. the battle for hegemony over the Persian Gulf, which pits Iran against Saudi Arabia, its allies from the Gulf Cooperation Council (GCC) and international players including the U.S., and;
2. the Israel–Palestine conflict, the resolution of which, he argued, is a necessary precursor to greater political and economic cooperation in the region.

Further, he identified Egypt, Iran, Turkey and Saudi Arabia as the four key shapers of the region's geopolitics. His presentation and the subsequent plenary discussion identified the following implications of the Arab Spring for these countries:

- **Egypt** would emerge as a more active, self-confident player and reclaim its role as a regional leader and trendsetter. Should it successfully transition into the most populous democracy in the Middle East, it could garner greater influence in Washington and European capitals.
- Conversely **Saudi Arabia** – which had gained regional clout and recognition (e.g. G20 membership) at the expense of Egypt in recent decades – had become increasingly inward-looking and preoccupied with internal security. The

ruling monarchy had signalled its intention to preserve its hold on power and defend its counterparts in the region, including by intervening in Bahrain to repress the Shia uprising and by seeking to bring Jordan into the GCC fold. But such an approach risked damaging Saudi Arabia's regional legitimacy. The West needed to lean on Saudi Arabia to encourage reforms toward political openness. However, the continued sale of arms to Saudi Arabia sent the opposite signal. Participants reflected on the German Government's approval of sales of Leopard tanks to Saudi Arabia, describing the public rationale as either inaccurate, unconvincing or both. The German Government must have anticipated that the Saudi military would likely utilise the tanks to repress unrest in Saudi Arabia and other GCC countries.

- While **Iran** remained the most powerful regional player in the Persian Gulf, it was not a winner of Arab Spring. Contrary to Iranian claims, the Arab revolutions had not emulated Iran's Islamic Revolution. Iran was preoccupied with internal conflict and would struggle to come to terms with more pluralistic politics that was emerging in the region.
- **Turkey** was considered the country to watch. It had reacted quickly to the Arab Spring and chose sides more prudently than the EU or U.S. Activists in the Middle East looked to Turkey's political scene for guidance: some Islamists looked to the ruling Justice and Development (AK) Party while some secularists saw the National Security Council (MGK) as a potential model for addressing the military's role in politics. Turkey had been adept at utilising soft power effectively – including by significantly increasing its trade with the Middle East. Europe should leverage Turkish soft power in the region under the framework of the EU Neighbourhood Policy.

Volker Perthes suggested the following principles to guide for U.S. and EU policy toward the Middle East, which were warmly welcomed by participants from the region in the ensuing discussion:

1. Refrain from seeking to shape outcomes of the Arab revolutions. In Libya, NATO had adopted a very liberal interpretation of UNSC Resolution 1973. The intervention in Libya should cease once Gaddafi's regime crumbles.
2. Avoid picking winners based on perceived national interests.
3. Encourage a resolution to the Israel-Palestine conflict: Palestine had made enormous strides forward in state-building in the past two years. But demographic changes would make a two-state solution increasingly difficult to implement, and Israel's Arab neighbours could adopt a more antagonistic position towards Israel as democracy takes hold and governments seek to be more responsive to the Arab Street.
4. Embrace the concept of "dynamic stability". The political stagnation that characterised Middle Eastern politics prior to the Arab Spring did not equate to true stability.
5. Support the transition of Middle Eastern countries towards political openness and socio-economic reform. The democratic narrative had received a boost from unexpected quarters and the West was obligated to support it. Europe's social market narrative was an attractive one. Europe should focus on supporting the efforts of Middle Eastern governments to strengthen social policy frameworks and stimulate economic growth and job creation. Germany's proposal to offer apprenticeships/on-the-job training to Tunisians was a promising example.

2.9 Current Issues in the Arab World

Speakers: *Vali R. Nasr*, Advisor to the Obama administration and Professor of International Politics, Fletcher School of Law and Diplomacy at Tufts University, Medford/Somerville, MA;
Michael Thumann, Journalist, Middle East Bureau Chief, DIE ZEIT, Istanbul
Muriel Asseburg, Head of Research Division Middle East and Africa, German Institute for International and Security Affairs, Berlin

Rapporteur: *Mahmoud El-Ashmawy*, Egypt

Session 9: Thursday, 18 August 2011

How do the three main axes of the 2011 Summer School – democracy, development and security – relate to the Arab world and the Middle East? According to the speakers, the advent of the revolutions in Egypt and Tunisia was not only driven by democratic aspirations but mainly by demands for dignity and social justice. The panel acknowledged that the structures of every Arab society and regime are distinct, suggesting that the path of regime change and transition might be different. There was a broad agreement among the speakers that poor economic conditions represent the main challenge to the transition process in Egypt and Tunisia. Additionally, other topics have been discussed such as the Middle East peace process, nuclear proliferation in the region, as well as the impact of the Arab spring on Iran.

The discussion showed an agreement among the panel that the economic grievances of Egypt and Tunisia's middle class led to the revolution in both countries. For example, two thirds of Egypt's unemployed are young in a country where the youth make up 40% of the population. Nevertheless, the uprisings' slogans were not only about dignity, social equality and freedom, but also demanded broader political participation and the establishment of democracy.

Although the revolutions in Egypt and Tunisia have been inspirational for the entire region, the speakers agreed that regime change will be much harder beyond Egypt and Tunisia, and that other Arab countries will probably follow other trajectories. Vali Nasr particularly explored this topic by saying that while the regimes in Libya and Syria would attempt to hold their power grip amidst bloodier events, Arab monarchies would rely on a combination of limited reforms, repression and increased social spending. What reinforces such scenario is that even Morocco and Jordan are being granted subsidies from the Gulf countries to sustain their growing social expenditure programs while conducting a set of limited political reforms. The discussion also showed the importance of the structure of the autocratic regimes among the Arab republics. The basis for a regime's rule (be it family, party, or clan) is likely to determine its reaction to the demonstrations (brutality or negotiation) as well as how the future transition will play out.

The panellists had some disagreement regarding the role of the middle class in the Arab spring as emphasized by Vali Nasr. Muriel Asseburg, in contrast, pointed out that this is not the case in Syria. Here, the disaffected socio-economic classes are taking to the streets rather than the middle class.

The speakers agreed that the most important challenges to the Arab Spring are economic ones. Egypt and Tunisia face a rise of aspirations and demands, while tourism has not yet come back and foreign investors are still ambivalent about the future. Though the Western democratic countries are expected to help stir growth and create jobs in the Arab economies, the striking difference with the 1989 transformative moment in Eastern Europe is that the “West” still suffers from the consequences of the global financial crisis and cannot substantially help the region.

Additionally, Michael Thumann highlighted other types of challenges that the transition in Egypt faces. Most notably, he referred to the brutality that some of the protesters were subject to, and the omnipresence of the remnants of the old regime. Nevertheless, he insisted on some encouraging signs such as the concessions the Egyptian military made in response to the persistent protester’s demands. The other challenge regarding the split of the revolutionary forces into liberals and Islamists might equally harm the process. According to Michael Thumann, though, the Muslim Brotherhood has been through lengthy discussions to address challenges such as building coalitions with non-Islamist parties and participating in non-Islamic governments.

On the Israeli-Palestinian conflict, Muriel Asseburg mentioned the importance of these transformative events in the region in pushing both Palestinian factions, Fatah and Hamas, towards achieving the reconciliation process. She also stressed the need for a quick activation of the peace process, in a time where the propensity to create two democratic countries living side by side gradually fades away.

With regards to the consequences of the Arab Spring on Iran, the discussion reflected two opposing analyses. On the one hand, Iran could be perceived as benefiting from the United States’ diversion of focus towards change in the region rather than Tehran’s nuclear program. In addition, the Arab regimes are more inward looking and thus could become less keen to cooperate with the American administration on containing the Iranian influence. On the other hand, Iran’s stature in the Middle East could weaken given its backing of the brutal Syrian regime and the emergence of democratic alternatives in the region.

In conclusion, the speakers agreed that the process of transition might be difficult in the Arab region, much of it depending on the evolution of the transition processes in Egypt and Tunisia. They suggested that the West help in terms of economic advice and recommendations for economic reforms, but refrain from siding with specific parties or groups.

2.10 Afghanistan and Pakistan: Prospects for Security and Stability

Speakers: *Roland Kather*, Lieutenant General, German Military Representative to the Military Committee of NATO & EU, Brussels; *Alastair King-Smith*, Former UK Provincial Representative for Punjab, British Mission in Pakistan, Lahore; *Christian Buck*, Deputy Head of Unit, Task Force Afghanistan-Pakistan, German Foreign Office, Berlin

Rapporteur: *Milena Wendering*, Germany

Session 10: Friday, August 19

The session dealt with the current and future challenges of Afghanistan, Pakistan and the wider region. To attain security and stability in this part of the world a comprehensive approach is needed. There is no military solution to the conflict in Afghanistan no matter how many troops are deployed. Instead, education is a key element in order to give young people an alternative to radical Islamism. Furthermore, the international community could grant market access and provide a solution to the conflict between Pakistan and India over the Kashmir region.

The panel discussion put the challenges the West currently faces in Afghanistan and Pakistan right at the table: How can there be military success in such a huge country with artificially created borders that do not respect the different ethnicities? How legitimate will a single government be? Do the people in the region have any perspective for their future? Why is the public majority in troop-deploying countries against any engagement in Afghanistan?

Stating that there is no military solution for Afghanistan, General Kather focused mainly on the current strategy of a comprehensive approach. The latter consists of three pillars: security, governance, and economy, based on the principle of “helping the Afghan people to help themselves”. Using this approach he was fairly optimistic vis-à-vis NATO’s engagement in Afghanistan and convinced this would be the right way to continue. One visible element will be the handing over of responsibility to the Afghan government by 2014. However, he made it clear that the international community would stay engaged in Afghanistan even after pulling out the troops, giving further support in the three areas of the comprehensive approach.

Christian Buck talked mainly about the Afghanistan conference that will be held in Bonn in December 2011, exactly ten years after the first conference in 2001. It will have three agenda topics: Definition of the role of the UN, EU and other international players in the transition period until 2014; engagement of the international community in a long-term perspective; and support by the international community for an Afghan-led political process with all relevant groups of the society.

Alastair King-Smith pointed out the decisive security role Pakistan is playing in the whole region: This country has a rapidly growing population and will soon be the largest Islamic country in the world. It possesses nuclear weapons, violent Islamism is on the rise in some parts of the country, and there is endemic corruption. Furthermore, Pakistan was in the past exposed to natural disasters such as the floods in 2010. Finally there is the conflict with India over the Kashmir region that – if not

solved – will increase instability in the whole region. He pleaded for using the 'assets' that Pakistan has: There is a large young population that could contribute to the country's future. Therefore education is key in order to use the potential of this group of the society. Democracy will be the way out of the vicious circle: Pakistan should be supported to work for better governance, it should get trade and market access and not just aid, and finally should receive support in finding a solution to the conflict with India.

The following discussion touched upon further challenges in the region. Taking into account that Afghanistan's economy mainly relies on drug trading, a different way has to be found to establish a sustainable economy for the country. According to General Kather, this is difficult as long as there is a market for drugs. Some participants identified the Madrassa schools as one of the roots for radical Islamism in Pakistan. It is the failure of the state to build up a national education system, they argued, which makes parents send their children to a Madrassa where they get at least a warm meal every day. All agreed that women should be included in peace talks and that there should be a strategy to assure further participation of women. One participant raised the question of how possible compromises could look like – “girls can attend school, but must wear a burqa”?

As a conclusion, the intervention should follow the comprehensive approach: The training of the military and police forces is crucial for security in Afghanistan, but the West must also give perspectives to the people in the region by strengthening the state education system and providing access to the markets. Furthermore, a solution of the Pakistan-Indian conflict over Kashmir is crucial.

2.11 Cyber Politics and Cyber War

Speakers: *Celina Realuyo*, Adjunct Associate Professor of International Affairs, Georgetown University School of Foreign Service, Washington DC
Gábor Iklódy, Ambassador, NATO Assistant Secretary General for Emerging Security Challenges, Brussels
Michael Hange, President, Federal Office for Information Security Germany, Bonn
Sandro Gaycken, Senior Researcher, Institute of Computer Science, Cyber warfare, Free University Berlin, Berlin

Rapporteur: *Žaneta Vegnere*, Latvia

Session 11: Monday, August 22

All critical infrastructures of modern societies are powered by cyberspace. The threat of cyber crime, cyber espionage and cyber war is growing and real. While governmental and inter-governmental actors are struggling to define cyber defence strategies, multiple challenges lie ahead of them and many questions remain open: how to establish a valid partnership between public and private sector for awareness raising on cyber crime? How to respond to a cyber attack knowing that it is difficult or sometimes even impossible to identify the attacker? How to strike a balance between safety and privacy? Is there a need for international norms to regulate the behaviour of government in the cyberspace? How to secure the existing information systems given their complexity and high interconnectivity?

The speakers agreed that cybercrime is one of the biggest security threats in the world of today with two billion Internet users and 70% of all information exchanged in cyberspace. According to Gábor Iklódy, cyber threat has been changing from mainly espionage to include large-scale disruption. He named cyber attacks on Estonia and Georgia as well as the Stuxnet computer worm attack on Iran's nuclear centrifuges as three milestones of cyber warfare. Sandro Gaycken insisted on classifying the threats according to their importance and potential real damage. Stuxnet attack was by far the most sophisticated one that caused serious damage to Iran's uranium enrichment infrastructures.

Germany records five to ten cyber attacks per day, according to Michael Hange. Criminals are well organised in developers and distributors of the malware. More worrisome attacks are still to come once actual terrorists (rather than criminals) will have found the means to conduct sophisticated cyber attacks, Gábor Iklódy warned.

Both NATO and the U.S. have recently defined their cyber defence strategies. NATO's strategy focuses on defence. Regardless of the type of the attack (be it by land, air or in cyberspace) on a member country, NATO should be able to provide assistance in accordance with its mutual defence clause. Rapid reaction teams are already in place and will be reinforced in 2012. They provide assistance to member nations in investigating cyber attacks and dealing with the damage (emergency assistance) as well as in raising the level of preparation to the threats.

Given that 80% of all cyber infrastructures belong to the private sector, all governmental speakers advocated for a partnership between international, regional,

governmental and non-governmental actors that are exposed to the cybercrime. Awareness raising is the key to more safety in the cyberspace. Along the same lines, Michael Hange suggested to concentrate on the prevention of attacks. This should be done through the identification of malware that is a real threat, through awareness raising and a call for better security products from IT producers and internet providers. "With a 50% increase in the efforts on security we could avoid 80% of attacks," he argued.

This idea resonated somewhat in Sandro Gaycken's speech. He argued that the key problem lies with completely insecure infrastructures. "Militaries worldwide as well as criminals hooked themselves on insecure technologies that are easy to hack." Securing existing systems is not as easy as building secure systems from the start,, as the former have a great degree of complexity and interconnectivity, making them hard to secure. In parallel, he advocated for a reduction of dependency on cyberspace when it comes to critical infrastructure such as energy, water, and communication grids.

The problem of the attribution of an attack is one of the biggest challenges in dealing with cybercrime. Sandro Gaycken called it the "man-machine gap" meaning that an attack can be launched from whatever computer on the world, which would not necessarily lead to the person behind the act. This is especially true for sophisticated attackers who actually present the highest threat. He argued that it should be forbidden to react to cyber attacks unless one has conventional proof as to their origin. "Hackers can use non-friendly nation codes, making it very easy to fake an attack and mislead the attacked. Cyber war could be used to initiate conflict between countries," he cautioned.

In addition, sophisticated cyber attacks can be very hard to detect as skilful hackers aim for great impact but keep a low profile. An attack can last for several years. Some malware is programmed to deliver several consecutive strikes, ruining the host system gradually or continuously retrieving information. For example, it is impossible to know if the Stuxnet attack is actually over – beyond the damage that the worm has already done, there may be more to come.

During the discussion, several participants showed concern regarding NATO's role in developing global cyber policy or coordinating its own measures. Gábor Iklódy clarified that NATO is only monitoring its own networks and that responsibility for cyber defence strategies of the member states lies with those individually. A question on using cyber attacks as a part of military operations still divides NATO, but some strategies such as eliminating the opponent's command, control and communication systems have been used since long ago. Gábor Iklódy insisted on the defensive character of NATO's cyber policy. "The cyber industry is of course enhancing the capacity of both positive and negative actors," Celina Realuyo said confirming that "there is a question of using and developing cyber weapons."

Speakers agreed that there is a thin balance between freedom and security when it comes to monitoring Internet. Any norms to regulate the cyberspace should be developed by a competent international body and should be global. In parallel, investments should be made in educating children on how to use Internet and in what could be called "personal cyber hygiene". This includes changing passwords regularly, thinking about which photos or other data to publish online, locking one's Facebook profile, etc.

Participants agreed that the issue of cyber security is little debated in global or national political institutions.

2.12 The Future of Europe: The EU, Eastern Europe and Russia

- Speakers: *Nadia Arbatova*, Head of the Department on European Political Studies, Institute of the World Economy and International Relations (MEMO), Moscow
Paweł Świeboda, President of demosEUROPA – Centre for European Strategy, Warsaw;
Mark Leonard, co-Founder and Executive Director of the European Council on Foreign Relations, London
- Rapporteur: *Deren Derya*, Cyprus
- Session 12: Tuesday, August 23

The focus of this session was twofold, looking at the EU's integration process in general with its main achievements and difficulties as well as at EU-Russia relations, especially regarding the two sides' competing or corresponding aims in the post-Soviet region. On the former topic, the discussion touched upon the success or failure of the EU's three big projects: the Euro currency, the Schengen visa area, and the development of the EU's foreign policy as well as the EU's 2004 enlargement and the European Neighbourhood Policy (ENP) towards Eastern Europe. On the latter topic, perceptions of power and spheres of influence were emphasized as well as the importance of cooperation and the development of common projects. More precisely, a partnership for modernisation with Russia could help promote the future stability and prosperity of the region of the Community of Independent States (CIS).

The presentations made by the speakers and the discussion that followed showed a detailed understanding and analysis of the EU's internal and external dynamics and how they shape its foreign policy, and its relations with Russia, as well as its policy towards Eastern Europe and South Caucasus countries. While Nadia Arbatova and Paweł Świeboda focused on EU-Russia relations and Eastern Europe, Mark Leonard concentrated on the EU itself.

The main idea that emerged from this session was that the EU and Russia would need to work together in order to guarantee a peaceful and prosperous environment in Eastern Europe. Since the collapse of the Soviet Union, there has been a 'power vacuum' in CIS countries, which the EU and Russia have been competing to fulfil. However, there were opposing views about the role that the EU and Russia have been playing in this region and their strategies towards each other. One point of agreement in the discussion was that neither party has had a clear strategy and structure for addressing the pressing issues and problems in the CIS states, and both have shown certain weaknesses in their policies.

The Russian government, after the collapse of the Soviet Union did not understand the regionalisation and localisation of power to the CIS states. Successive governments in Russia have had difficulties to come to terms with the new dynamics and develop bilateral relations with most of the newly independent states. Meanwhile, Russia has "missed the fast train to globalisation" and has been slow in modernising itself. This also meant that it could not present a powerful economic model and / or a point of attraction for the CIS countries. On the contrary, the development of strong national identities in these countries started being seen as synonymous to being anti-

Russian, and the legacy of the Soviet Union is still present in Russia and CIS countries' international relations, especially with the EU, the U.S. and NATO.

The European Union, in contrast, used its policy of enlargement as a powerful foreign policy tool in order to consolidate its influence in the countries that became its Member States. However, it failed to develop a strong Neighbourhood Policy that could successfully help increase prosperity in the region and help solve the frozen conflicts. The EU's approach to develop its policy without consulting or considering Russia, and its policy of luring the CIS states into close cooperation by offering trade or visa benefits in return for an application of certain rules and regulations in the CIS countries, was seen as a hostile move by Moscow. Successive Russian governments interpreted the EU's policies as an effort to dominate a region which it deemed under its own 'sphere of influence'.

In reality, a general view emerged that the EU and Russia have been wasting time in competing on 'planting flags'. Instead, working together for common projects and strategies would be a more beneficial option, not only for the EU and Russia but also for the CIS states. Russia has been seeking legally binding assurances that the development and strengthening of security structures in Europe or by the U.S. should not lead to hostile approach towards Russia. The EU and the U.S. tried to push for the modernisation of Russia and its entry into the World Trade Organisation (WTO), as well as meaningful cooperation in the field of energy. These would all be positive ways forward for the whole region.

However, the success of these efforts is also very dependent on political change within Russia. It was underlined that the people living in the CIS countries have a legitimate right to decide their own future and should not necessarily be seen as a region 'up for grabs'. That's why the importance of local politics and the development of democracy in this region should not be ignored.

On the EU's integration process, the three most important developments were the creation of the Euro currency zone, the Schengen area of visa-free travel between the participating EU Member States, and the EU's Common Foreign and Security Policies. Through these projects, the EU has become one of the most important players in trade, politics and security in the world. However, the mistakes made in the EU's governance are now leading to multiple crises within the EU and are weakening its role as an international player. Also the 'fatigue' of the people about the EU's integration project, which is seen as the work of the European elites and is perceived as a highly and incomprehensively bureaucratic process, combined with the 'fatigue' of enlargement, are the two factors leading to a halt in the development of the European project. The long and challenging process of European integration and the EU's enlargement process are making the European people lose their will to see the Union become more powerful and play a more important part in the world.

Under these difficult circumstances and crises that the EU is facing, it is becoming increasingly hard for the EU to develop and implement a foreign policy. If the leaders in Europe do not 'get their act together' the EU project might be disappearing soon, together with the 'appeal factor' it presents to the CIS states.

2.13 To Whom Belongs the World?

Speaker: *Vandana Shiva*, Philosopher and Environmental Activist, New Delhi

Rapporteur: *Nadav Kedem*, Israel

Session 13: Tuesday, 23 August 2011

Vandana Shiva presented the concept of the commons and how it applies in certain specific cases, such as agricultural seed production and use. Globalization and trading rules are infringing on the basic well-being of people around the world. She focused her speech on the problems generated through international intellectual property (IP) laws that enable seed companies to patent seeds and thus, in fact, life. The ensuing debate dealt with many more anti-globalization and environmentalist issues as part of an overall worldview. The main argument was that some types of property do belong to the commons and will be best handled by the commons rather than private companies.

Vandana Shiva reviewed various problems arising from contemporary IP laws. These laws enable the patenting of the property of the commons and of life. Her main example revolved around seeds. Over the years numerous kinds of seeds were cultivated over thousands of years by various people. Through relatively minor genetic engineering changes, seed companies managed to patent seeds that should have been the property of the commons, she claimed. Instead of having a large variety of seeds for free (or for no substantial costs), today we have a very small selection controlled by a cartel of five companies. Prices are substantially higher, while farmers in developing countries are the main victims, as the high suicide rates among them illustrates. Moreover, these trends infringe food and bio-diversity, and as a result, also food security (including in Europe) and sustainability of society. According to Vandana Shiva, seed sovereignty is a prerequisite for food security.

National laws would not allow for such injustice. However, globalization enables Western countries to enforce IP rights through the World Trade Organisation (WTO). The imposition of Western IP laws became a prerequisite for international trade. In fact, the United States imposed rules favourable to her economy and companies through the WTO. The creation of genetically modified organisms (GMO) facilitates the grave injustice as it enables patenting.

Vandana Shiva founded the Navdanya network in 1991 to deal with such issues. One of its core activities is establishing community seed banks. The organization tries to claim back the commons for the communities. Shiva supports the theories of Nobel Prize laureate Elinor Ostrom, who analyzed the commons. In laymen's terms, the main argument is that the commons can successfully manage common resources such as air, lakes, forests etc. According to Shiva, this method is to be preferred over privatization, which she compared to theft.

We are moving from a world of the Haves and Have-nots into a world of the Living and Dead, she continued. People without sufficient financial resources will simply die. Life has become a commodity. In contrast, she advocated the subsidiarity of governance. We should try to manage our life at the local level as much as possible. Urbanization is not necessarily the way forward.

Vandana Shiva concluded by saying that our motivations and worldviews should stem from life rather than trade. Trade cannot be the focal point around which such fundamental issues are organized. In sum, she advocates bailing ourselves from the hand of the corporations and regaining our property.

2.14 Energy Security, Nuclear Power and Renewables

Speaker: *Thomas Birr*, Vice President Group Strategy, RWE AG, Essen;
Reinhard Bütikofer, Member of the European Parliament, The Greens, Brussels
Takahiro Shinyo, Ambassador of Japan to Germany, Berlin

Rapporteur: *Zoryana Vovchok*, Ukraine

Session 14: Monday, August 24

Among the issues that concern today's and tomorrow's secure and sustainable supply with energy, there are the use of nuclear energy in Japan following the accident at the Fukushima nuclear power plant in March 2011; the use of energy from renewable sources; the role of energy companies and the implementation of governments decisions with regard to energy use; nuclear non-proliferation and disarmament; and the risk of a use of nuclear weapons. According to the speakers, the main problem of the use of nuclear energy is its safety aspect. Renewable energy, in contrast, has other shortcomings, such as storage and base load.

Takahiro Shinyo noted that following the Fukushima accident, Japan was working to ensure public trust to nuclear energy. Ensuring maximum safety of its nuclear power plants was the top priority in Japan. He added that regardless of the accident, nuclear power was still a part of the energy mix in Japan, together with fossil fuels, renewables and other new types of energy. Attention was paid to nuclear non-proliferation and disarmament as very important aspects in Japanese foreign policy. The ambassador stressed that Japan and Germany were sharing common values in the area, and therefore the two states could further strengthen their cooperation in the field of non-proliferation, disarmament and nuclear energy.

Reinhard Bütikofer outlined the Green party's general vision in energy policy. He stressed that there was a very realistic possibility to provide full energy supply from renewable sources by 2050, an option viable not only for Germany. He added that such a model could be also supported by energy efficiency improvements and energy saving. For this to be reached, he suggested establishing an intergovernmental institution to promote renewables in the way Euratom promoted the use of nuclear energy. The speaker saw a realistic perspective for such a policy given that 50% of the Germans trust the Greens in the energy policy and do not support nuclear energy. He argued that with the optimal support of the energy companies in the EU, the share of renewables would reach 35-38% of the energy mix by 2020 and would boost employment. In addition to all the praise, Reinhard Bütikofer also mentioned the problems that renewables have – issues of energy storage, transport and efficiency, of developing the supporting infrastructure, and of public support for the construction of wind power stations, solar panels, and related installations.

Thomas Birr confirmed the necessity to commit to the transformation of the energy business in the way that would enable the pledged reduction of CO₂ emissions. Therefore, energy companies should accept regulations through government policies, as RWE does. Yet, he noted the dissatisfaction that energy companies may have with regard to some government decisions. He stressed that the development and use of the renewables requires sophisticated technological support and new ap-

plications, which make enormous investments necessary. With regard to nuclear energy, he said that the biggest issue in this field is not to lose out on existing market shares in a climate where some countries consider phasing out nuclear energy. The decision to suspend or even cancel previous plans to embark on nuclear energy programmes will naturally affect electricity suppliers as the governments may decide to stop tenders for the construction of nuclear power plants, etc.

During the debate, the participants discussed technical challenges faced by the renewables, the issues of liability for nuclear damage and insurance policies for nuclear industry, the potential establishment of solar panels in Libya, the environmental aspects of the energy use from renewables, and the sustainability of renewables and nuclear energy. They also addressed the issue of government subsidies being channelled into renewables and nuclear energy, and the efficiency of such subsidies.

2.15 The Vision of a Nuclear Free World

Speaker: *Richard Burt*, Ambassador, U.S. Chair, Global Zero Commission, Washington DC

Rapporteur: *Tomasz Sadzinski*, Poland

Session 15: Wednesday, August 24

The session presented the Global Zero Commission's efforts in nuclear weapons disarmament. According to Richard Burt, the current international legal framework, established during the Cold War, is inadequate to address contemporary challenges related to nuclear weapons. Today's world is characterized by fragmentation and diffusion of power. In this context nuclear weapons have lost relevance for nuclear states as a means to tackle the most pressing challenges. Instead, more attention must be paid to the risks related to nuclear proliferation and the potential use of radioactive materials by non-state actors in asymmetric warfare. A growing number of states are interested in acquiring nuclear technologies, and they already possess the technological and financial capacity to achieve that.

In his presentation Richard Burt emphasized the current flux in international security relations. Achieving outcomes in the global arena is becoming increasingly dependent on geo-economics not geopolitics. In many ways economic power has become as decisive an element of foreign policy as military power. Accordingly, the rise of China's influence has been accelerated mostly by its economic clout, though it is the U.S. military spending that is higher than that of the rest of the world combined. At the same time military interventions undertaken in recent years have proven to be ineffective and counterproductive in achieving long-term policy goals. Hence, although the U.S. still plays a crucial role, several regional centres of power are quickly emerging. The most challenging risk is not a war between nuclear powers but the proliferation of nuclear weapons and the possibility of their acquisition by non-state actors.

The above analysis underscores that nuclear technology will cease to be a "weapon of the strong". Increasingly, it will be economic prowess influencing the global standing of states. The use of nuclear technologies, including their military applications, has to a large extent become merely dependent on the availability of financing and nuclear fuel.

There was actual progress in disarmament efforts when the U.S. and Russia signed the New Strategic Arms Reduction Treaty in April 2010. In addition to that, U.S. President Barack Obama announced his support for the long-term goal of a total elimination of these kinds of weaponry. Furthermore, in April 2010, the U.S. in its Nuclear Posture Review signalled, for the first time in history, that it would not use, or threaten to use, nuclear weapons against non-nuclear weapons' states that are party to the Nuclear Non-Proliferation Treaty (NPT) and in compliance with their nuclear non-proliferation obligations.

Global governance, however, cannot keep up with the contemporary challenges in the security arena, Richard Burt continued. Therefore, initiatives such as the Global Zero Commission, aiming at the elimination of nuclear weapons, are of great importance. It advocates that in the first phase the U.S. and Russia should cut their arsen-

als to 1,000 total warheads each, while all other countries with nuclear weapons freeze their arsenals. In addition, the international community should conduct an all-out global effort to block the spread of nuclear weapons. These steps would be followed by the first multilateral negotiations in history for stockpile reductions by all countries possessing nuclear weapons.

At a more general level, there is an urgent need for a new NPT that would be non-discriminatory, inclusive and transparent. It should stipulate the regular exchange of information, enhanced verification mechanisms (such as inspections to civilian and nuclear facilities) as well as a substantial threat of sanctions for offenders. Such a treaty would probably need to be negotiated outside the UN framework, allowing the talks to be more effective, Richard Burt estimated.

One major challenge is to increase the transparency of existing nuclear weapons stockpiles, which are estimated to exceed 20,500. The U.S., Russia and the UK have already declared the number of their weapons. Other nuclear nations should follow suit. This would be a confidence-building measure, especially in the Middle East as well as in South and East Asia, helping to avoid regional arms races. Another issue to be addressed is the security of present nuclear arsenals. It is a challenge especially for Pakistan, which for many years has been politically unstable. In addition, the country lacks transparency concerning the role of the intelligence services, and its security is being challenged by numerous internal and external threats. Such conditions create opportunities for non-state actors to acquire nuclear weapons or fissile materials.

The following discussion showed there was a wide agreement that it is the U.S. and Russia that share primary responsibility to lead the global nuclear disarmament efforts. It also highlighted opposing views on the contemporary relevance of nuclear weapons. A number of participants expected nuclear weapons to remain a crucial element of national security policies in the long term. Their importance might even grow, especially as a deterrent used by undemocratic regimes or failing states against efforts by international community to intervene in their internal affairs. The case in point was the NATO intervention in Libya, a country that had previously abandoned its nuclear programme. In this context, achieving a nuclear free world remains a very challenging goal.

2.16 The Future of the Euro

Speaker: *Jörg Asmussen*, State Secretary at the German Federal Ministry of Finance, Berlin

Rapporteur: *Lea Ruscio*, United States

Session 16: Wednesday, August 24

The ongoing Euro crisis and potential ways forward were at the centre of this session. The key message was that the situation in the Eurozone is not as bad as often portrayed and that the Euro does have a future. However, significant structural reforms and an increased Eurozone integration are needed in the near-term in order to save it. Here the devil is in the details: A comprehensive package of reforms is required rather than standalone instruments addressing single aspects, and political will for these changes must be found. The current crisis presents an opportunity to implement the necessary changes, which are in the best interest of Germany as the major stakeholder.

Jörg Asmussen argued that while the situation in Greece, and by extension in Europe as a whole, is quite serious, it is not truly a crisis of the Euro itself. The Euro has a relatively stable external value (e.g. its exchange rate to the U.S. dollar) and a better overall situation than the Yen or Dollar. It is increasingly used globally as a bond and reserve currency. In addition, inflation is low in the Eurozone. Germany, for one, experienced less inflation in the ten years of the Euro than in the previous 50 years with the Deutschmark.

The Euro should therefore be considered a success story. However, the banking, financial, economic, and now sovereign debt crises have highlighted existing weaknesses in the overall system. Part of the sovereign debt is due to the crisis response by countries, but much of it stems from longer-term budgetary and oversight issues which must be addressed.

Heads of State or Government in the Eurozone are working on a reform and stabilization strategy built on four pillars.

- Firstly, sounder budgetary principles: A reform of the Stability & Growth Pact should introduce additional, more comprehensive and 'quasi-automatic' sanctions, as well as expanding the review criteria that would trigger the application of sanctions.
- Secondly, sound economic policies: These would help to earlier identify and improve domestic competitiveness issues, such as the EU 2020 Strategy and the EuroPlus Pact.
- Thirdly, sound financial markets: This has been partly addressed with measures such as the new EU supervisory agencies, capital and liquidity requirements and bank stress tests, but more effort is needed.
- Finally, solidarity measures: Both the temporary rescue fund (European Financial Stability Fund – EFSF) and its permanent successor (European Stability Mechanism – ESM, from 2013) are meant to preserve the stability of the Eurozone as a whole in times of crisis.

The overarching question remains how to deal with the governance of the Eurozone. Further integration is necessary though increasingly unfashionable. People should keep in mind, Jörg Asmussen argued, that the economic advantages of the Eurozone outweigh the fiscal cost, for example the millions of jobs reliant on exports amongst Eurozone members. However, the current approach of trying to pursue three goals at the same time – i.e. those of local democratization, national sovereignty, and a global economy – is not feasible. A high-level decision to prioritise them is necessary but difficult given conflicting philosophies amongst different stakeholders in society. Until this “trilemma” is resolved, current efforts only buy limited time, moving the problem down the road and increasing the long-term cost of a solution.

Germany was recognized as having a role and responsibility to provide leadership, strength, and stability, but must work in close cooperation with other European partners – it cannot hope to resolve the situation on its own. Jörg Asmussen concluded with the striking point that although we may still lose the fight to save the Euro, the fight needs to be fought; we can no longer sit and wait.

The subsequent plenary discussions touched on several key areas. The lack of market confidence in the measures taken to date relates largely to fundamental differences in timeline expectations between the markets, where billions can be moved with a single click, and the political systems, which need time to discuss issues and build consensus. The ongoing Eurobond debate needs to move from discussing a single instrument in isolation (which would create wrong incentives) to focusing on the broader reform issues within the Eurozone. The quasi-automatic sanctions of the reformed Stability & Growth Pact, allowing the Council of Ministers to block the application of sanctions only by a Qualified Majority Vote, is not a perfect system, Jörg Asmussen admitted. (Previously, it was the decision to apply sanctions that needed a majority among ministers, which was hard to achieve anyway.) However, it was the only feasible approach in the current political climate.

Recent banking stress tests deliberately ignored the possibility of sovereign default in order to avoid undermining the ongoing efforts to prevent such a default. Despite this decision, stress test results contained enough level of detail for others to estimate the first-order effects (i.e. bank exposure) of a sovereign default of any specific country. However, even that level is not sufficient for estimating the indirect effects due to contagion, parent/subsidiary bank relationships, and the effects on the real economy in the defaulting state (including pensions, health care, education, etc.).

Discussions also highlighted the differences between the Euro situation and that of the U.S. Dollar and Yen. Japan has excessive debt but finds itself in a relatively stable situation because the debt holders are mainly her own citizens who continue to buy Japanese government bonds regularly. The U.S., on the other hand, is unlikely to change its fiscal situation significantly before the next elections, and is arguably undertaxed to the extent that cutting expenditure alone is insufficient to solve the problem. The country is in an ideal situation to devalue its currency and inflate out of its debt, but likely won't do that and is running out of other options.

Finally, for other regions considering monetary union such as East Africa, the overwhelming advice was to proceed cautiously. They should not rush into a monetary union until the more fundamental issues relating to cheap and quick movement of goods, services, and people across borders have been addressed through regional integration, including by forming a trade union first, later a customs union and so on.

2.17 Global civil society – changing the world?

Speaker: *Thilo Bode*, CEO Foodwatch, Berlin

Rapporteur: *Vani Tripathi*, India

Session 17: Thursday, August 25

The session focused on what civil society in general and non-governmental organisations (NGOs) in particular can do in the present scenario. It also looked at issues related to governance as well as its relationship with today's civil society movements. One example mentioned was that of India and the Anna Hazare movement presently in full swing.

The landscape of civil societies has considerably changed over the years. As civil society activists mostly engage in issues of public interest such as fighting against poverty or for peace, they play a very important role in democratic societies by complementing the work of governments. Yet, a discussion about the legitimacy of these actors has set in.

Civil society groups have to remember that they are not elected, are not in power and will never be. While some of the major international NGOs are indeed tied into global decision making processes, many more small organizations which are taking a stand and making opinions are often not in the limelight.

In addition, non-democratic societies challenge the very existence of NGOs and civil society movements acting from within them. For example, counting the victims of the latest earthquake in China was like fighting against the government for most NGOs trying to do so.

To be close to the government is not a viable situation for an NGO, as it will be captured and eventually managed from or integrated into state bodies. An extreme position would be saying that to maintain their independence, NGOs should not take money from either government or industry, as it would lead to manipulation.

Another point mentioned was that NGOs missed many chances to keep the financial markets in the dock. However, sometimes NGOs do not enjoy the freedom to act, or to campaign on the damaging developments of the financial markets, it was argued. Also, the protection of private and personal data was mentioned as an important point.

Finally, the NGO scene remains fragmented. A number of organisations have reorganised not only to become more legitimate but also to create more awareness around them. Still, there remain hundreds of NGOs working in similar fields who have not created synergies with each other. Many NGOs perform in ways that are not necessarily transparent. If global civil society really wanted to change the world, it would also have to tackle such internal challenges.

2.18 Do NGOs Make a Difference?

- Speaker: *Gerry Salole*, CEO European Foundation Centre, Brussels
Robert Parker, Head of Policy and Advocacy, Saferworld, London
Lotte Leicht, European Union Advocacy Director and Director of Human Rights Watch's Brussels Office, Brussels
Haki Abazi, Program Officer, Western Balkans, Rockefeller Brothers Fund, New York
- Rapporteur: *Mai El-Kinawi*, Egypt
- Session 18: Thursday, August 25

Non-governmental organisations (NGOs) do make a difference. They are not all the same; they cannot be grouped into one entity. However, they do face common challenges, and do share a common list of success factors. The world of NGOs is multi-faceted, and it keeps changing with the changing world around us. Interactions between NGOs, the broader civil society, government and corporations will continue; yet the nature of that interaction changes.

The panel discussion highlighted a number of key points with regard to the role of NGOs. First of all, there are several types of NGOs:

1. The Small NGOs: These are small, often local NGOs that are not noticed in the bigger scene. They are often referred to as 'movements'.
2. The International NGOs: These are headquartered in the Northern hemisphere, fundraising mainly for the Southern hemisphere.
3. The Private Foundations, such as the ZEIT Foundation: These are self-resourced organisations that are independent, using their funds for the public good.

That's why it is fair to say that the world of NGOs is multi-faceted.

Secondly, both panellists and participants enumerated a number of success factors for NGOs:

- Partnership, or finding the right local partner: Success and impact are usually a lot more powerful with the insights and support of a local partner.
- Project management, i.e. clear mission and purpose as well as mechanisms for strategic planning, monitoring and applying the lessons identified. This also includes opening up to two-way communication with donors, enhancing the transparency of an NGO.
- Representation, or who is it that the NGO represents? An organisation does not have to (or even cannot) represent everyone, but its constituency has to be clear.
- Funding and independence: While the sources of funding need to be defined as funding, NGOs still need to maintain their independence.

Or as Robert Parker put it: "We work with whoever it takes, to get the job done."

Still, these points are exactly those where some of the major challenges arise that NGOs face.

- There is the credibility issue, as highlighted by the “free-for-all” following the crises in Bosnia-Herzegovina, Kosovo or, most recently, Haiti.
- There are also questions of legitimacy, concerning whether the money NGOs rely on is given or earned?
- Then there is funding and the question of how an organisation can maintain its independence from government and corporate donors.
- Plus, finally, the question of proper monitoring and evaluation to define how successful an NGO is in its work.

Another major point were the ‘costs’ that especially human rights NGOs try to raise in order to put pressure on perpetrators. Whereas in today’s world, it seems that there is an understanding that “crime pays”, NGOs try to change that calculation, Lotte Leicht said. The cost to pay for crime can come from the following: 1) Naming & shaming; 2) Political isolation; 3) Financial costs, i.e. assets could be frozen; 4) (National or international) Justice; or 5) Military intervention.

Finally, looking at the security end of the international development efforts, the debate highlighted a number of successes. These came about when programs that are implemented on the ground, in conflict-affected areas, could be transferred to influence policy-making and advocacy at national and international levels. Some examples where NGOs made a difference are:

- International policy regulating global arms trade, which started 10 to 15 years ago with a handful of NGOs. Now, it is a full-fledged coalition between North and South, including civil society organisations, lawyers, and governments.
- Partners in Somalia to establish free non-trade actors, where one of the main challenges is getting the right governance in place. It is not just giving a voice to Somalis in Somalia, but it is also to provide well-established fora facilitating access for and an exchange of views between all participating groups.

Other successful initiatives include the International Criminal Court, the Protocol banning the use of child soldiers, and the Optional protocol on Torture.

2.19 The Necessity of De-Mystification

Speaker: *Manfred Lahnstein*, former German Minister of Finance, Chairman of the Board of Trustees, ZEIT-Stiftung Ebelin und Gerd Bucerius, Hamburg

Rapporteur: *Horst Wieshuber*, Germany

Session 19: Friday, August 26

There is a compelling need for demystification to reveal reality lest we are misled on important decisions, Manfred Lahnstein pointed out at the beginning of his lecture. Some of the myths of the current political discussion he highlighted are the steady rise of Asia through a constant decline of the West, the superiority of Asian values, the U.S.-American decline as the world's leading power, and the so-called European weakness. To clarify the problems and possible solutions of responsible decision-making processes, participants discussed the relationship between leaders and institutions, investigating different kinds of values between the East and the West as well as weaknesses within certain institutions and the role of leaders in them.

The complexity and speed of our times overwhelm all of us. Most people get lost in the mass of events, looking for steadiness and stability. That's why, Manfred Lahnstein argued, there is a compelling need for demystification in order to debunk false attitudes and have a clear look on reality as it is. The world's available knowledge increases twofold every three years; therefore a flexible short-term knowledge is better than 'eternal' and fixed answers that tend to mislead important decisions.

Given the lack of sustainability, any leader (actual or soon-to-be) ought to take the future as a starting point of their thinking and try to foresee the consequences of one's decisions, Manfred Lahnstein demanded. However, future being considered as a plurality of futures, we have to remain open to change. This is the only constant element in life. In addition, the lack of (real) leaders – or the prevalence of the so-called "leader jet-set" – underlines the strong need for stable and effective institutions to better manage society in the absence of leaders. Transnational institutions will be the only chance for good governance in an international and globalized world.

For one, Manfred Lahnstein argued, the myth of the steady rise of Asia fuelled by a constant decline of the West results from a superficial view on the dynamics of a growing world. While the GDP growth-rate in Asia is indeed higher than in OECD-countries, this view does not take in account the far more higher GDP per capita rate in the Western countries. Furthermore one should not neglect the EU's achievements of the last decades. Asian values, which in nowadays discussions are claimed to be superior to occidental ones, often lack a consistent philosophical system, of which there are so many within the Asian world. And if they are promoted as holistic and practicable approaches such as Confucius' teaching, one should have a close look whether those values are really applied in a consistent way. We should respect them, but not accept everything what is done in their name.

Also the myth of America's decline as a world leading power is easily to be debunked. Already Khrushchev, Castro and others proclaimed it several decades ago – with the U.S. still there. For more than half a century we saw a world under U.S. dominance and a world without it could hardly be imagined, he claimed. Europe, in

contrast, has always developed in a way of success and crisis, making this weakness a characteristic of this continent and part of its strength. Unless there is an actual and serious lack of integration within the EU, the common market and the political union have been one of the best achievements during the last decades. Concluding his analysis on Europe, Manfred Lahnstein pleaded for the end of a national identity model, for deeper integration (such as a European Security Union), for proper and legitimized institutions as well as for a coherent foreign policy strategy and for strong transatlantic cooperation.

The discussion focused on the relationship between leaders and institutions. Some participants argued that leaders have to think about problem-avoiding or problem-solving strategies, while institutions have to implement decisions. This is what it means to carry out leadership. Or as Jean Monnet, one of the EU's founding fathers put it: Nothing comes into life without men, and nothing survives without institutions. On the one hand, we cannot govern without leaders, but we should be aware of their "magnetism". Visions are risky, if they are not attached to reality. Charisma is necessary to keep institutions together, but ought not to be used to sideline basic democratic principles. Obama's failure to lead institutions has nearly led to a collapse of the U.S. On the other hand, institutions have to grow and to change. Concerning the EU, some maintained that the necessary institutions have been created, but that the implementation of decisions through them is a problem. In addition, the delay of long-term decisions by political systems has to be taken into account.

Finally, with regard to the variety of values some participants pointed to the difference between respecting and accepting them. While one can discuss whether democracy is the best political system, it is the rule of law that seems most important. After all, following Winston Churchill's dictum, democracy is only the worst form of government – with exception of all others.