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## **THE BUCERIUS SUMMER SCHOOL ON GLOBAL GOVERNANCE 2007**



Conference Report

### **Mapping the Global Future: Scenarios of Change – Challenges and Chances**

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By Cornelius Adebahr,  
Political Consultant, Berlin

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## Executive Summary

The system of global governance faces a constitutional crisis. Its rules and norms seem to fit no longer the current challenges; key institutions like the United Nations are in dire need to reform and apparently unable to do so. At the same time, new actors from the private sector as well as from civil society become increasingly powerful, without being fully integrated in a rule-based system.

Given this analysis of the present state, scenarios of possible future developments can highlight the challenges to come. The key drivers of change identified in this report are the following three:

- **Demography:** Both numerically and socially, humankind will develop in unequal ways. The young and growing populations in Asia and Africa will more than outweigh the shrinking and ageing populations in the West.
- **Environment:** Global warming and rising sea levels are a certainty. What is unknown, however, is their exact extent and different regional impact.
- **Economic Globalisation:** Unless being put to a halt by a major catastrophe, economic interdependence and technological progress will continue. While enhancing overall prosperity, they also create grave inequalities that need to be taken care of.

The main actors in global governance will remain states and International Organisations. Unfortunately, many important states (like the United States, Russia, China, and India) play an ambivalent role. The European Union would have to muster political will if it wanted to fill the gap and promote governance. Rising Asian states will also play a greater role; though it is unclear which way they will go. The growing activity of non-governmental agencies, supportive as they may be in terms of capacity, puts forward the question about the legitimacy of their actions.

From the discussions of the Summer School, the following “to-do list” to tackle the challenges ahead could be derived:

- Raise energy efficiency and invest in renewables in order to mitigate climate change and enhance energy security.
- Trade the world out of poverty and build real partnerships between donors and recipients.
- Update the non-proliferation regime to fit current challenges and negotiate with Iran rather than attack it.
- Tolerate different beliefs, and do not see religion as an ideological truth.
- Help other people grow their own democratic system, based on human rights and the rule of law.

If this sounds like a wish list, indeed it is. Yet, participants of the Bucerius Summer School also learned that the real world is much tougher to deal with and things are often unclear. As one of the speakers said: “If you don’t know where to go, put your bets on education and institution building.” The bet of the ZEIT and Nixdorf Foundations on training young leaders and building a lasting network among them is certainly well placed.

# 1 Introduction

## 1.1 The Summer School...

The Bucerius Summer School on Global Governance 2007 tried to “Map the Global Future”. In its seventh year, young leaders from 25 countries of all five continents gathered in Hamburg, Berlin, and Paderborn to discuss the challenges and chances that derive from scenarios of change. The 57 selected Summer School participants from politics, business, civil society, and academia followed a two-week program, comprising lectures, discussion rounds, working groups, case studies and simulations with roughly three dozens of speakers.

This report tries to provide a picture of the main lines of discussion at the Bucerius Summer School 2007. It would go beyond the scope of a – readable – paper to try and present the plurality of the debates in their entirety. These are not the minutes of the proceedings; for concrete reference to the speakers’ talks, the ZEIT foundation can provide the manuscripts.

To the benefit of a comprehensive understanding, the lectures and discussions are clustered around two broad elements: following a short introduction to global governance, scenarios are developed based on important drivers identified and the main actors of global governance. Then, the different challenges are spelled out, each accompanied with a set of measures that were proposed during the discussions. Finally, a very short conclusion at the end of the report looks into the role of the individual in global governance and the dilemmas a decision-maker faces.

## 1.2 ...on Global Governance

‘Global governance’ has not only been the overarching theme of the seven Summer Schools so far. Much more, it has been a defining element of the international order of the past decades.

Global governance is a “system of governance in the absence of government,” *John Ruggie*<sup>1</sup>, Kirkpatrick Professor of International Affairs at the Kennedy School of Government of Harvard University, explained in his introductory remarks. Governance, whether at the regional, national or international level, is defined as a prevailing system of rules, norms, institutions, or practices. It should not be confused with politics, he emphasised, and the United Nations (UN) certainly is not a world government.

The system of global governance was created to manage the collective affairs authoritatively, i.e. with political legitimacy. This authoritative trait is one of the essential elements for global governance to work. Another is capacity, referring to the effectiveness of governance instruments, such as treaties, customary laws, formal institutions, common rules, or informal practices. Finally, there are accountability and transparency. These four elements will recur during much of this report.

Global governance has two core features: It is state-centric, which means it is run by and for states; and that the actors within the system are separate territorial entities.

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<sup>1</sup> The names of the speakers of the Bucerius Summer School 2007 will appear in *italics*, whereas other persons’ names will be given in normal font.

'The Peoples' – as they are mentioned in the Preamble of the United Nations Charter – are not involved.

This 'modern' system has received a 'post-modern' overlay subsequent to the major UN conferences starting in 1972. Different topics like AIDS, women, or global warming – and with them their different location, i.e. within the boundaries of states – have come to the fore. Most recently, these issues have become clustered in public discourse as a result of their interdependence, such as the climate-energy-non-proliferation-complex, *John Ruggie* added.

The consequence has been a profound blurring of boundaries, followed by the emergence of new actors. While International (intergovernmental) Organisations are creatures of the modern system, trying to reach into the post-modern world, the 30.000 or so international civil society organisations bring the human interest (as opposed to the national interest) directly to the table. Another new player on the governance scene are some 78.000 trans-national corporations. Both actors, however, cannot (and should not) take over the roles and responsibilities of the state. Yet, as their actions do have global effects, some form of accountability needs to be established for them.

This system of global governance today faces a 'constitutional crisis', *John Ruggie* said, identifying two opposing trends: the integrative pull of globalisation and the fragmenting push of regionalisation. The state finds itself on the defensive and is building walls to protect its role. The 'modern' system of governance is admittedly outdated, but reforms seem all too difficult, be it within the United Nations and its Security Council or within the European Union (EU), as the ongoing debacle of institutional reform shows.

Two of the four elements mentioned above were singled out as most important to tackle in order to preserve the current system of global governance: accountability and capacity. More accountability is needed from the states not only to their own people, but also to other peoples, *John Ruggie* claimed. Private actors, both companies and civil society organisations, should be held accountable for the global consequences of their actions. Enhanced transparency will help turn International Organisations from club-like institutions into more open structures. What is more, transparency helps because most people will do good with the right information, *Catherine McArdle Kelleher*, a Senior Fellow at Brown University in Providence, reckoned. However, as accountability infringes on an institution's room for manoeuvre, it is not conceded freely but a demand needs to come from the people.

Enhancing the capacity of global governance is another important challenge, *Michael Mandelbaum*, Christian A. Herter Professor and Director of the American Foreign Policy Program at the Paul H. Nitze School of Advanced International Studies in Washington DC, noted. Global governance, in many areas, is still undersupplied, he said. Or in the words of *John Ruggie*: There is not enough global governance around to solve all problems, but still enough to arouse concern among some states and governments. *Helmut Anheier*, Director of the Center for Social Investment and Innovation at Ruprecht Karls University in Heidelberg, called it a mismatch between the problems we face and the solutions at hand. As a system of global taxation is unlikely, and government funds available for global governance are decreasing, private sector involvement could help increase the governance capacity, e.g. by providing resources for social or environmental issues.

To be sure, part of the capacity-building lies in educating the next generation of global leaders, teaching them both how the system of global governance works and how it should be adapted to best respond to the challenges ahead.

## 2 Scenarios

Mapping the global future by help of scenarios was the topic of this year's Summer School. But what exactly are scenarios if not fortune-telling? Making firm predictions is not the business of scenarios. Nor has it to do with forecasting, i.e. making a prediction based on knowledge given by an initial state, as is done for the weather (yes, climate was a frequent topic at the conference). Rather than saying resolutely "things will be like this", scenarios advise that "we can do this when that happens", *Hans von Storch*, Director of the GKSS Coastal Research Institute in Geesthacht, Germany, explained.

Scenarios develop alternative futures (or narratives) based on the major trends (or drivers) identified. This method of the forward projection of existing knowledge, as *James Thomson*, President and CEO of RAND Corporation in Santa Monica called it, dates back more than half a century. It became more widely known after its use, in the 1970s, allowed Shell to react swiftly to the oil shock. Precisely to have alternative scenarios, which need to be internally consistent and conditioned on the assumed developments of external factors, is the asset of scenarios, *Hans von Storch* added.

### 2.1 Drivers and Surprises

Two speakers were tasked explicitly to identify the main drivers that determine how the world would look like in 2020. *James Thomson* and *Nicole Gnesotto*, Special Advisor to the Secretary-General of the Council of the European Union in Brussels, took turns in presenting their American and European view, respectively. They both agreed that, distant as it may sound, the year 2020 is rather near. More time has passed since the fall of the Berlin wall than is left until that date.

The deep underlying trends that can be identified have a more long-term perspective and are likely to be overwhelmed by "surprise effects", which, by definition, cannot be predicted with any certainty. Some of the major unforeseen developments in the past 35 years were the fall of the Shah and the Iranian Revolution, the collapse of the USSR (although the underlying trends of this event had been understood by some), the 9/11 terrorist attacks (where, to say the least, warning calls were not heeded by policymakers), and the rapid growth of information technology (IT), resulting in the possibility of cyber attacks on countries or institutions. Thus, having witnessed three to four such events in the past 35 years makes at least one 'surprise' in next 13 years very likely. The best guess, *James Thomson* said, would therefore be that the next 13 years are an extrapolation of the major trends of the last 13 years ("the past as prologue"). Yet, even without developing alternative scenarios, this makes the world looks highly different, *Nicole Gnesotto* found.

*James Thomson* clustered his American view of the World in 2020 around the 'big issues' life (i.e. physical safety and security), liberty (i.e. basic human rights), and pursuit of happiness (i.e. the level of the economy and the related problem of inequality). *Nicole Gnesotto*, for her part, presented four of the five drivers that were identified in a major European study (demography, economy, energy, environment, with science and technology being the fifth identified driver).

The following structure of three drivers is based on an amalgamation of the two presentations. They are only shortly presented here as determining trends, and will be dealt with in more detail in Chapter 3 with regard to the challenges stemming from them.

### 2.1.1 Demography

Demography, or the way in which humankind will develop numerically and socially, is without doubt one of the key drivers. Overall world population will continue to increase until a peak around the year 2050, but this rise is unequally divided. The West, i.e. most countries from the Organisation for Economic Cooperation and Development (OECD) will be shrinking, whereas other regions will see continued increases. In 2025, eight billion people will populate the earth; more than half of them (4,7 bn.) will live in Asia, plus another billion in Africa, while the EU and the US combined will represent a mere 9 per cent of world population (or around 750 million). What is more, the West will become older: In the developed world, nearly a third of the population will be aged 65 or older. In the developing countries, their share will be around 13 per cent.

### 2.1.2 Environment

Another key driver is the development of the global environment in its entirety, i.e. including climate, natural and energy resources etc. Other than with human development, where linear calculation about fertility and death rates make predictions fairly easy, it is far less simple to make assumptions about something as utterly complex as climate. This is, as *Hans von Storch* explained, a nonlinear system, in which a slightly different initial state can bring about a very different outcome. Nonetheless, he confirms that all scenarios about the social and economic conditions for the next hundred years converge on two issues: temperatures will increase by between 1,5 and 4,5° Celsius (global warming) and the sea level will rise by 0,2 to 0,7 meters.

The rise of the global mean temperature, however, does not tell us much; it is the regional rise (or even, in some cases, decrease) that is interesting – and politically consequential. Water scarcity and desertification on the one hand, or increased risk of inundations on the other, are what threatens certain regions and entire countries around the globe. The signals of anthropogenic, i.e. man-made climate change, an issue that will also be discussed later, so far can only be detected on the global, not yet on the regional scale. Here, issues like urban pollution or environmental degradation are much more visible, as is witnessed by the great number of internal environmental refugees in China, *Nicole Gnesotto* recalled.

Finally, energy resources will be more and more in short supply. Demand for energy will increase by 60 per cent until 2020, *Nicole Gnesotto* predicted, two thirds of it coming from Asia. *Utz Claassen*, CEO of EnBW Energie Baden-Württemberg AG, predicted that until 2050, more than seven billion people want to be brought into energy. This incredible energy hunger over the coming years would mean that, given present resources and technology, conflict is probable. He foresaw a drastically increasing dependence until the year 2030. *Nicole Gnesotto* was more optimistic saying that there need not be any global shortages as long as investments into the modernisation and safety of the production facilities stay on par. Nevertheless, access to and competition for resource-rich regions will increase.

### 2.1.3 Economy

A third trend, no less decisive for the everyday lives of many people in the world, is what is summarised by (economic) globalisation. This process has already brought substantial benefits for the majority of people around the globe, as *Thomas Mirow*, State Secretary at the German Federal Ministry of Finance, pointed out. It has contributed to the rise of emerging countries, integrating them into global markets. Thus, despite some setbacks, he considers that there is today more, not less equality than maybe thirty, forty years ago. In the words of *Jürgen Fitschen*, Member of the Group Executive Committee of Deutsche Bank AG, globalisation simply means freedom, options, and mistakes. Equality could only be had for the price of general poverty.

There are some undeniable risks and dangers inherent in the globalisation process. One is that perceived inequality lead to a movement against open markets. Yet, not all negative effects should be attributed to economic globalisation as such, but also to the technological development of our societies. Another is that, in an interlinked economy, spillover effects from one crisis can easily become regional (as with the 1998 Asian financial crisis) or even global (as the current predicament of the US mortgage markets shows).

While most people will benefit from globalisation, there is also a danger of a growing income and wealth inequality. *Nicole Gnesotto* saw this disparity increase both at the international level – where 25 countries would produce 80 per cent of global growth – and within countries. Yet, despite that fact that extreme poverty will be reduced, *James Thomson* worried about a permanent underclass and the possibility of social unrest as a “sleeping dog”. *Utz Claassen* went even further by calling this young century, which looks like the century of genomics and nanotechnology, the century of scarcity of food, energy, and water.

Both these processes – economic growth based on more global markets and continuing advancements in technology – are likely to stay, speakers agreed. Whether this trend is forced upon or created by us was a debated issue, though. *Jürgen Fitschen* maintained that globalisation is an individual choice that starts every morning with the selection of what to buy in order to maximise one’s returns. *Benita Ferrero-Waldner*, EU Commissioner for External Relations, explained that globalisation is not optional but it is there. This notwithstanding, she also thought that a backlash against globalisation is possible in the near future, so it should be made to work in the interest of a majority. Even at the micro-level, one participant observed a globalisation of careers, and in particular an increased role of women in the global economy.

### 2.1.4 Surprises

The trends mentioned above are sure to be decisive for how the world will develop over the next decade or so. Yet they can be overruled in their short-term effect by possible surprises. Looking at the present situation, *James Thomson* thought that political instability or even regime change in countries like Pakistan, Saudi-Arabia, China, or Iran is a real possibility, as is conflict over the Iranian nuclear program or in the Taiwan Strait. A nuclear attack may hit the globe just as the serious outbreak of a global disease would create worldwide fear if not real instability. As a result of the security measures taken in such a case, the globalised market place would be shut down. Similarly, rapid global warming at the upper end of the uncertainty band as

well as a natural disaster with global economic consequences (such as an earthquake in California) fall into this category. However, surprises do not have to be negative: The peaceful resolution of the Middle East conflict or the situation in Iraq was also on the list of possible surprises, as was a technological breakthrough in alternative energies, relieving the world from much of its (fossil) energy worries.

## 2.2 Actors

Who will be the actors that have to cope with the above-mentioned drivers and to fend off negative surprises? To some extent, it is safe to extrapolate from the list of existing actors, which already includes post-modern players like international civil society organisations. This leads to a 'matrix' of global governance comprising the State, the private sector, and civil society. However, the emergence of new actors, be it as a trend (international criminal networks) or as a surprise (al-Qaeda), should never be ruled out.

### 2.2.1 State

The State, despite all its shortcomings, remains at the centre even of the post-modern international system. This was a general assumption of all speakers. In the following, some (groups of) Nation States that received particular attention throughout the Summer School will be treated, followed by a focus on some International (intergovernmental) Organisations.

#### 2.2.1.1 The United States

The United States today is a more polarised society than ever before, *Charles Kupchan*, Professor of International Relations at Georgetown University in Washington DC, deplored. This holds not only for the political level where bipartisanship is gone, but also at the socio-economic level with emerging cleavages, created by globalisation, that can no longer be gloomed over by an economic boom.

With this outlook, global institution-building will be increasingly difficult regardless of who will win the next election, *Charles Kupchan* warned. US foreign policy will most probably be erratic and unpredictable; even a post-Vietnam-type of retreat with a focus on homeland security is possible. In short, the world may turn from too much to too little America in a very short time. Looking at the United Nations, *James Thomson* presented the image of the US as the largest shareholder of a company that holds 30 per cent of the shares, but cannot deliver on its own. Unfortunately, this will not change so much until 2020.

#### 2.2.1.2 Russia

Russia's role in global governance was also seen as ambivalent, at best. Thanks to a high oil price, the country has become increasingly rich and, consequently, more assertive. Following a – what *Ronald Asmus*, Executive Director of the German Marshall Fund of the United States in Brussels called – 'romantic phase' during the 1990s, relations between Russia and the West broke down after President Putin's Munich speech in early 2007.

*Dmitri Trenin*, Deputy Director of the Carnegie Moscow Center in Moscow, timed the souring of relations even earlier. He saw the Iraq war as a breaking point, which left Russia deeply disappointed with the United States. What followed were the 'coloured revolutions' in Georgia and Ukraine and the gas crisis of 2006. Most importantly,

*Trenin* attributed the country's new assertiveness not only to its oil and gas riches, but also to a feeling of victory in the face of U.S. failure in Iraq and the EU's institutional crisis. Or as *Jürgen Fitschen* put it: Putin brought the pride back to the people.

Behind this stands a certain worldview of the Russian leadership. To them, sovereignty is more important than democracy. Mostly trained in the security realm themselves, they see relationships as essentially competitive. The country's main foreign policy purpose therefore is to be recognised as equal among the world powers. While one participant remarked that the leadership got stuck in a Cold War mentality, *Dmitri Trenin* responded that it was worse: They got stuck in the 19<sup>th</sup> century.

Its permanent seat on the UN Security Council allows the country to punch above its weight, thus it should have an interest in a functioning world body. However, like the United States, Russia does not want to be bound by multilateral arrangements. It sees itself as a free, non-aligned actor that builds its own strategic partnerships with countries like China or organisations like the Shanghai Cooperation Organisation (SCO), the North Atlantic Treaty Organisation (NATO), or the Islamic world. In one word, Russia is about business, *Dmitri Trenin* concluded: Russia's business is Russia – no revival of the Soviet Union is intended; Russia's business is business – it's all about money; and Russia is nobody else's business. Which is probably not the best premise for a post-modern system of global governance.

### 2.2.1.3 China

The one country whose rise, or renaissance, has in itself produced a global shift, is China, *Li Cheng*, Senior Fellow at the Brookings Institution in Washington DC, stated. China is not easy to understand as it presents a paradox: It is both strong and weak, rich and poor, communist and capitalist, passive and aggressive. Consequently, China represents hope as well as fear for the world. Hope comes, of course, not least from its immense economic expansion, resulting in widespread urbanisation and a rapid growth of middle class. In the long run, this could move China from being the workbench of the world to providing its largest consumer base.

At the same time, fear factors dominate the picture, not only economically but also on the side of China's role in global governance. The list of socio-economic problems is long, *Li Cheng* reminded the group: From resource shortages and environmental degradation over unemployment and poor health services to the demographic challenges of a country that represents 20 per cent of the world population, but disposes of only 7 per cent of global arable land. In response to these internal challenges, both government and companies may go global, adopting new technologies aggressively while building on a low cost of labour.

With regard to global governance, it does not help that China has two other global powers as neighbours, India and Russia, with both of which it has only started to try and mend fences. While the United States wants China to become a responsible stakeholder, the Chinese leadership itself only uses the word multilateralism in order to signal opposition to American unilateralism, *Li Cheng* explained. Its main power considerations are nationalist, which is also why China is reluctant to be included in formats like the Group of Eight (G8). Yet, China does not aggressively promote its own political system towards other countries.

#### 2.2.1.4 India

India has made the great leap from a colony to an emerging economy in no more than a lifetime, *Sachin Pilot*, Member of the Indian Parliament and alumnus of the Bucerius Summer School 2006, announced. It is one of the world's oldest civilisations with one of the youngest population, more than half of its one billion people being born after 1980. Moreover, it has, after Indonesia, the second largest Muslim population of 145 million, both Shiite and Sunni.

Being one of the founding nations of the Non-aligned Movement in the 1950s, India has a long tradition of geopolitical engagement, for example in United Nations Peacekeeping or in its strong relations with Africa. Most recently, India's relations with the US, two of the largest democracies, have improved; however, India does not share the American belief in democracy export but rather wants people to make their own choices and develop home-grown systems. The 'strategic relationship' with the European Union is still in its infancy, even though both sides share some significant traits: India officially is called the 'Union of India', sporting 22 official languages (the EU has 23) and a motto that is 'Unity in diversity' (same for the EU).

#### 2.2.1.5 The European Union

From the previous remarks it follows that no single state sticks out as a promoter of a post-modern system of global governance. For the 27-member strong European Union, political unity seems to be the greatest problem when it comes to its role as a global actor. *Joschka Fischer*, former Foreign Minister of Germany, went so far as to say that there is no global role for the EU, except in trade where sovereignty is pooled at the European level. In foreign policy, however, the EU is not a power if there is no political will on the side of the member states. This is, for example, the case of policies towards the international financial institutions where the EU could pool its positions without a change of the fundamental treaty but lacks the political will to do so. In response, countries like China prefer to intensify relations with individual member states rather than the EU as whole, *Li Cheng* said.

This weak global role is at odds both with the facts and expectations, EU Commissioner *Ferrero-Waldner* said. With half a billion people producing a quarter of the world's gross domestic product (GDP), having established a common currency and the world's largest single market, providing 60 per cent of official development assistance (ODA) and 60.000 peacekeeping troops – the EU is, by default, a global player, she said. What is more, the EU as a system of regional integration is part of the solution to the current problems of global governance. The success story of having provided security, economic prosperity, and, eventually, reunification to a continent still sets an example. Finally, many people, both in Europe and in the world, expect the EU to play such a role, so shaping globalisation in a more balanced way could be a *raison d'être* of 21<sup>st</sup> century, the Commissioner found.

To understand the EU, one has to understand history, *Joschka Fischer* explained. Europe's most important instinct is anti-hegemonic, explaining its penchant for multilateralism. More important than the global political change of the 9/11 terror attacks is the historic juncture of November 1989 ("11/9") that enlarged the European family. By its own experience, Europe knows that "democratisation is not like instant coffee" as *Benita Ferrero-Waldner* quoted her predecessor Chris Patten. The EU thus uses its transformative power on the long run, for example by extending 'Europe's gravitational pole', through a specific neighbourhood policy, to the South and East.

Such ambitious foreign policy goals struggle for attention with the more ordinary sets of domestic policies and the seemingly eternal task of building a bigger European house. For many years by now, the EU has wrangled about institutional reforms. This inward-looking tendency may even be compounded by concerns about a demographic decline in Europe, potentially leading the EU away from a newly acquired global perspective to, again, internal social factors, Foreign Minister *Fischer* said. For the moment, however, the reforms set in place are part of a necessary adaptation process, *Nicole Gnesotto* said.

The model that the EU proposes is its own: sharing sovereignty, prosperity, and solidarity. It wants to shape the world order not as a soft power, but as an increasingly smart power. Once it no longer punches below its weight, it would bring an added value to global governance, Commissioner *Ferrero-Waldner* predicted.

#### 2.2.1.6 Asia

The rise of Asia represents a global shift comparable only to the rise of Europe in the 17<sup>th</sup> or of America in the 18<sup>th</sup> century, *Li Cheng* asserted. To what extent Asia, led by some emerging countries, will dominate the 21<sup>st</sup> century, however, was a point of vivid debate. First, one should not see Asia as a unitary block but has to identify different groups, *Ronnie Chichung Chan*, Chairman of the Hang Lung Group Ltd., Hong Kong, advised. In the leading group, he saw China, Japan, South Korea, Singapore, and Taiwan. A second group, with countries like Indonesia and the Philippines, is marred by bad politics, corruption, and a lack of social institutions. A third group, *Sachin Pilot* added, is formed by India, Pakistan, Bangladesh, and Nepal in Southern Asia.

Talk of the rise of Asia is premature, *Chan* advanced, whereas *Pilot* put forward that the 21<sup>st</sup> century would indeed be Asian. If this were the case, one participant remarked, Asian countries should pay attention that ‘their’ century does not turn out as bloody as the European’s 20<sup>th</sup>. *Eberhard Sandschneider*, Director of the Research Institute of the German Council on Foreign Relations (DGAP) in Berlin, argued that it would be a global century. Already in the year Seven of the 21<sup>st</sup> century, we no longer understand the growing complexity, he lamented. The danger then is a growing wish to resort to simple solutions.

Such simplifications find their expression in the ongoing talk of an Asian ‘threat’ to the West. This is far overstated, most speakers agreed. First, although China has seen a great economic run, a setback would come at some point, for which investors would already do contingency planning. Moreover, on the qualitative, substantive level all Asian countries still have a long way to go, e.g. in terms of education or resources, one speaker said. Second, talk of a “threat to the West” is nothing new as a thousand books were written in the 1950s about the alternative Communist model. After all, the question is about the attractiveness of a model, which means its capacity to solve problems, another speaker put forward. Finally, a threat could only be discerned if the economy was seen as a zero-sum game – instead, we should be aware that it is the sometimes-demonised boom in China and India that propels growth in the Western countries too, *Jürgen Fitschen* added.

The challenge, therefore, from the point of view of the West, is about managing change, not preventing it from happen. *Eberhard Sandschneider* thus foresaw, if not strategic partnership, at least constructive competition. The Western model cannot be monopolised at the global level but will have to be adapted to demands from, amongst others, Asian states. This is the case even though countries like India and

China are 'young' in terms of their inclusion in the current system of international governance, as they both opened up only in 1979 or 1991, respectively. For this reason, it would take some time for them to become more constructive players, *Ronnie Chan* said.

#### 2.2.1.7 The United Nations

The United Nations, the embodiment of global governance even in its sixtieth year of existence, is indispensable, not irrelevant, *Shashi Tharoor*, former Under-Secretary-General for Communication and Public Information at the United Nations, claimed. It is more important today and tomorrow than in 1945 – and even ordinary Americans have great faith in the UN and in multilateral solutions, he added.

The core of the UN is a system of rules, norms and procedures that are binding for everyone. This system and the organisation's universality are at the core of its legitimacy. The UN is the one international body of political nature. When 'problems without passports' arise, with which no one country can deal on its own, a universal and legitimate organisation like the UN is needed. With all the mistakes the UN has made, it is at its best and worst only a mirror of the world and its geopolitical reality. Too often it is used as a scapegoat for failure on behalf of individual member states.

Nonetheless, *Shashi Tharoor* admitted that UN reform still is very well needed. With regard to the Security Council, all parties agree on the diagnosis but not on the prescription. If this authoritative decision-making body is not reformed within twenty years, this would seriously damage the system of global governance, he predicted. However, in addition to these systematic changes, a mentality change with regard to accountability is also needed.

The UN is an international, not a *supranational* body and governments cherish their sovereignty, *Shashi Tharoor* continued. For example, in the face of the Rwandan genocide of 1994, while UN bodies demanded a military intervention, it was the individual members of the Security Council that did not want to take any risks. Thus, it was up to the citizens to demand accountability from their governments also in international affairs.

#### 2.2.2 Business

The business sector, or trans-national corporations, form the second part of the global governance matrix. Companies today are aware of the fact that they are sometimes put into a position to take over or at least support the role of the state. Much more than mere philanthropy, this includes corporate accountability as well as setting and helping establish international guidelines. Models such as public-private partnerships have become very popular due to the additional (financial) resources companies can contribute. However, these partnerships may then produce problems with accountability and transparency, it was claimed.

For most companies, even small and medium-sized enterprises, the marketplace has become global, *Jürgen Fitschen* described. Insurance companies have taken on a front-runner role in countering climate change, *John Ruggie* added. Besides, companies could contribute to global energy policies, for example by making their knowledge available more widely to developing countries, *Utz Claassen* proposed. At the same time, 'going global' means to accept the influence of different cultures, thus allowing for the evolution of a system of international economic governance, *Jürgen Fitschen* reminded the group.

### 2.2.3 Civil Society

The civil society sector – the third group of actors in global governance – has seen an enormous growth in the number of non-governmental organisations (NGOs) in the past thirty years, *Helmut Anheier* started out his presentation. Since 1975, when they were formally admitted to UN World Conferences, their number has risen by 5 per cent annually, with nothing like ‘market saturation’ in sight. Similar to multi-national companies, they span the globe, even though there is a concentration on the East coast of the United States, in Europe, and Japan. Thus, the rise of NGOs represents, to a certain extent, a primarily Western phenomenon despite the fact that they claim to advance global ideals.

Today, there is a greater awareness of the ‘dark side’ of civil society involvement than existed in the aftermath of the ‘1989 spirit’ that was prevalent during the 1990s. Not all NGOs are of course good-doers, *Lotte Leicht*, Director of Human Rights Watch in Brussels, said. Similar to markets, they are not ethical *per se*; much more like the free press, there are a lot of good and bad ones around. In particular where NGOs take over the duties of governments, the legitimacy question is raised. Consequently, just like there is a demand for corporate governance, talk is just as much of ‘NGO governance’, *Helmut Anheier* continued. He warned, however, of a narrow, technical understanding of NGO accountability focusing exclusively on internal governance or transparency. Instead, there are structural issues to take into account, like weak incentives for performance measurement, or the interests of company-affiliated or corporate-funded NGOs. It is easier to define demands for procedure than for substance, or to observe financial behaviour than effective performance, he found.

Despite such concerns for the accountability of individual NGOs, *Helmut Anheier* acknowledged that, in their totality, they provide an important social space of civility. As such, civil society balances the other two actors, i.e. State and Business.

## 3 Challenges

Turning from drivers and actors to the challenges of global governance ahead, there was broad consensus that, despite the imminent danger of terrorism, the most important challenges to tackle were environmental in their nature. Both climate change, threatening our livelihood in the long run, and the use of energy, threatening our lifestyles already in the medium term, make it to the top, not least because they are closely interrelated.

### 3.1 Climate Change and Energy Consumption

As with all other challenges mentioned, one of the most important things to do is getting the facts right. Interestingly, regarding climate change, they seem to be at the same time both well established and still highly contested – not least because predictions are made about effects that lie far in the future.

In outlining the basic methodological approach, *Hans von Storch* recalled that there are two key concepts in global warming. First, there is ‘detection’ of climate change, i.e. the question whether we are beyond range of natural variability. This can be done by means of statistical tests. Second, there is ‘attribution’ of this change to a certain cause, i.e. finding the most consistent explanation of non-natural change. Here, the final argument, based on statistics, has to be one of plausibility.

*Hans von Storch* then tried to establish what he called the consensus on climate change of the scientific world. There is agreement, he said, that greenhouse gas emissions and concentrations are responsible for a rise of earth temperature. All record hot years were witnessed in the past decades. The most plausible explanation for this phenomenon is the rise in greenhouse gases, admitting that one can only be 99 per cent sure. Maybe aiming for this one per cent uncertainty, *Manfred Lahnstein*, Chairman of the Board of Trustees of the ZEIT-Stiftung, claimed that climate change is rather the norm than the exception. To him, the natural greenhouse effect seemed more relevant than the human influence. Countering this argument, *Hans von Storch* explained, using the recent temperature rise as an example, that a) the deviation can be clearly shown by means of statistics, and b) the best explanation of the rise over the past 7 or 8 decades is both natural and anthropogenic; however, the increase of the last 30 to 40 years can be attributed to man-made factors.

Given such scientific facts, the question arises of who interprets them. Scientists are not democratically controlled, *Hans von Storch* reminded the group. They can become, by use of their findings, auxiliary troops for broader social movements, eroding the authority of science in general. Moreover, other important players have entered the debate about climate change, such as insurance companies. They, of course, have a vested interest in heightened risk perception. Therefore, he concluded that a political debate is needed to which scientists should provide 'cold' knowledge, thus limiting themselves to factual, not normative statements.

Science should be an area of peace, *Hans von Storch* continued, where individual scientists have the right to err. Only collectively should scientists provide insights. Indicating the necessary precautionary measures according to the results of their research, as one participant proposed, is not a task for scientists, but for all citizens. Referring in particular to 'tipping points', i.e. thresholds where a slight rise in the earth's temperature can cause a dramatic change in the environment and trigger a far greater increase in global temperatures, these have no factual basis, he said. While it may be for political reasons fair to scare people so they do something about climate change, this would not be a scientific statement.

To *Manfred Lahnstein*, a retired politician, such "cycle of hysteria" is not even acceptable politically. While all talk today is of global warming, he pointed to a Newsweek title announcing the danger of 'global cooling' a little over only thirty years ago. He decried a simplification by the media, helped by a research industry that suppresses doubt. However, doubt is at heart of science, he claimed, and it is better to be doubtful of whatever the mainstream of current opinion is. Yet he saw that political correctness would win it over once more.

The current debate in much of the Western world is, with regard to the arguments brought forward, not new; however, the debate itself has changed, *Reinhard Bütikofer*, Chairman of the German Green Party, said. It has been proven that one can be green and grow, so today economists are aligned with do-gooders, based on a rational calculation of risks. Add to this the everyday experiences of weather changes and one gets a widely felt impression of needed change. The days of environmental neglect are over, he posited, with environmental protection being the no. 3 issue of citizen concern, after education and jobs.

*Reinhard Bütikofer* discerned a new trend leading to a green market economy, in which civic movements demand a responsible climate policy. And he objected determinedly to the idea, brought up by one participant, that environmental protection is only a luxury topic. Rather, it is a survival strategy, and that's exactly why also

China has started to take the environment into account. The Chinese idea of a 'harmonious society' pays respect to environment, he explained. Even the cadre policy of the Communist Party has changed, now promoting economic growth and energy efficiency.

Based on the established facts of climate change, one can start looking into cross-cutting issues, like energy consumption, economic development, or migration. *Klaus Töpfer*, the former Director of the UN Environmental Program (UNEP) in Nairobi, looked into "The Economics of Climate Change." He thought that, in the 20<sup>th</sup> century, economic and environmental concerns were often seen as contradictory. This was based on a normal evolutionary process, where the first goal was to achieve economic growth, and cutting the externalisation of social cost came only second. Yet, today, the two concerns have to be seen together, which means that we have to internalise environmental costs.

This demand rhymes well with what *Hans von Storch* explained about the assumed link between emissions and economic growth. This was thought to be a rather strong and rigid elasticity of 1, which means that for one per cent more growth, a one percent increase of energy is needed. While such assumption was the basis for the Club of Rome forecasts of the 1970s, we can today assume a higher elasticity thanks to 'decoupling'. We can achieve growth with less energy and, in addition, with energy that is less carbonised. This means that economic growth and environmental protection are not antagonistic demands but can go hand in hand.

The interdependence of economic growth and environmental concerns becomes most clearly if one looks into energy issues in more detail. Scarcity is, of course, a first point. A second is that fossil energy is too cheap. One of the participants assented that, as soon as energy would be more expensive, China would invest more in energy-saving research and development. The general tendency is to use more gas instead of oil for electricity production, with a "revolution in gas affairs" potentially looming, as gas becomes more and more decoupled from oil. As a result, a global gas market might emerge, built not least around liquefied natural gas, which is more flexible than pipeline gas and, thus, makes additional regions of origin accessible.

The latter point of accessibility leads to the question of security of supply. Here, there are, on the one hand, political and geo-strategic factors to consider and, on the other, technical aspects. As for the former, *Utz Claassen* identified an "energy supply ellipse" around the Persian Gulf and the Caspian Sea, making up 91 per cent of Europe's oil and 80 per cent of its gas imports. Similarly, India imports 76 per cent of the energy resources it needs, as *Sachin Pilot* reported, thus cannot maintain its growth without oil and gas imports. At the same time, exporting countries rely on revenues from their customers, not least in order to modernise their existing production sites and pipelines and to explore new fields. In this sense, as *Dmitri Trenin* put it in a different context, Russia is more dependent on energy exports to the Europe than the EU is on its imports from Russia.

Not only do producing countries have to invest in their facilities, but also the Western countries need to enhance their power sector in order to secure supply, *Utz Claassen* continued. This relates, for example, to generation and transmission adequacy, where Europe faces an effective shortage of generation capacity already, and will see a substantial gap until 2020 or 2030. As old plants will need to be replaced, incentives are needed for investments in the power grid. He projected a need of around 167 nuclear plants, or, alternatively, 133.000 wind power plants to fill this gap.

The debate between proponents and opponents of nuclear power is often ideological, not only Germany, one of the first and only countries that has passed a law to phase out nuclear energy. *Reinhard Bütikofer*, one of the architects of the 'nuclear exit' in Germany, recounted the basic arguments against this technology. First, the existing plants do not produce energy at an efficient level. Second, security concerns have prevailed for decades now, and the more recent dangers from international terrorism and plutonium proliferation have only added to this concern. Third, waste storage is still problem, and no country has solved it satisfactorily. Fourth and finally, uranium is a finite fuel and a sustainable strategy should not be based on it. On this latter point, he was in surprising agreement with *Utz Claassen* who said that, while today's known reserves for uranium are sufficient, the need for a global surge of renewable energies is beyond doubt simply because the reserves of all fossil fuels are limited.

By renouncing to nuclear and promoting alternative energies, Germany has been made less, not more dependent on energy, substituting uranium imports by 'national' resources such as sun or wind power, *Reinhard Bütikofer* claimed. Moreover, renewables produce more jobs than fossil fuels, so their promotion also makes economic sense. He thus proposed to increase the use of renewables from 11 to 27 per cent of energy consumption by 2020. By this means, one could replace nuclear power without increasing energy imports. He proposed, amongst others, the use of combined heat-and-power (CHP) or cogeneration plants, and thermal energy. *Utz Claassen* demanded more research into solar energy in order to solve the critical issues of storage and transportation, i.e. the question of how to get solar energy from Sahara to Tokyo. Once this would be done, solar energy could help to bring about comparative advantages to regions so far excluded from economic flows, e.g. Western Australia.

This leads to other cross-cutting issues, like the global economic repercussions of a changing climate. *Utz Claassen* regretted that there is no coherent global strategy to cope with the developments brought about both by climate change and economic globalisation. He strongly advocated considering the global interplay between security of supply and climate protection. With today's technology and renewable resources, the existing energy hunger will produce a climate catastrophe. While the EU may have pledged to reduce its emissions, a climate battle will be fought between China, India, Russia, and the United States. For the post-2012 Kyoto process, it is therefore important that research on renewables is increased. Moreover, companies could contribute to this process by making knowledge available more widely, especially to emerging economies.

*Klaus Töpfer* saw serious global imbalances, as it was the developed countries that had used the atmosphere for free for their economic advancement. Today, however, in globalised world, the developing countries could no longer be allowed to do the same. The cumulative process of carbon dioxide (CO<sub>2</sub>) concentration, initiated by the then industrialising countries some 200 years ago, simply does not allow them to catch up to an equal emissions level before caring about reducing their energy intake. This puts great responsibility on the developed countries. *Reinhard Bütikofer*, too, saw it justified that developed countries are the one's to move first. He pointed out to the fact that environmental damage may cause severe social disruptions in developing countries, in the end eating away their growth potential. At the same time, already today, the rising oil price offsets the developing assistance to African countries by four, *Töpfer* told the group. In the end, there are no winners of global warming, only losers. Co-operation is needed, not inculcation.

The threat of increased global migration – by itself the natural valve to neutralise differences in development – makes prosperity in the developing world an interest of the developed world, *Klaus Töpfer* argued. Furthermore, he pointed to the dilemma between development policy and climate change, trying to aim at the ‘magic triangle’ of full plates, full tanks, and an intact nature.

What, then, should be the responses to this challenge? In principle, responses can be of two kinds, *Hans von Storch* explained: Either one chooses mitigation, i.e. to avoid or, at best, limit changes; or one is satisfied with adaptation, i.e. to live with resulting changes of the environment. Most predictions, however, make the latter impossible for most parts of the globe.

As one of the most important achievements so far, *Töpfer* highlighted the adoption, in 1992 at the Rio Earth Summit, of the ‘precautionary principle’. This principle demands that for serious, irreversible threats, lack of scientific proof ought not be a reason to procrastinate countermeasures. Similarly important is the creation of the Intergovernmental panel on climate change (IPCC), a body consisting of both scientists and government representatives, to ensure the transfer of scientific knowledge in decision-making.

One potential answer today, at least in a functioning market economy, is to adjust the price of the product deemed detrimental. As said earlier, fossil fuels are too cheap due to the externalisation of costs caused by CO<sub>2</sub> emissions, whereas alternative energies are still fairly expensive. A tax on these emissions directed at development purposes is one answer, *Klaus Töpfer* said; yet it would only work when CO<sub>2</sub> has an adequate price, whereas the present emissions trading scheme in Europe puts it still too low. For any drastic step, however, there will be no political will, *James Thomson* supposed. He expected energy to remain relatively (!) cheap, with fossil fuels remaining the chief source due to alternative energies being more expensive.

*Utz Claassen* recommended the increase of energy efficiency, not only in industry but also in private homes. These are the single most important emitter of greenhouse gases, so educating customers is what is needed. Moreover, he proposed to promote renewable energies with a view to solving the important storage issue. Even *Manfred Lahnstein*, critic of the hysteric debate, did not want to give an “all clear” but demanded global action. His preferred response was simply energy saving, as this follows from a general economic model pointing to a lower resource intake. *Klaus Töpfer*, finally, said that ‘sufficiency,’ or stopping economic development could not be the answer. Rather one should use economic knowledge to broaden supply, because economic development is what is needed for all regions and countries.

### **3.2 Economic Development and the Fight against Poverty**

A second major challenge – much more in the present than only in the future – is that of an equal economic development around the globe, which ultimately eradicates poverty. Here, discussions in the group focused on three aspects: Africa as one of the primary recipients of development assistance; China as a new player on the donor side; and possible responses to how one can deal with this particular challenge. All put together: A spirit of common responsibility is needed by African countries and the North, including threshold countries like China.

A discussion round with the Federal President of Germany, *Horst Köhler*, was a highlight for this topic. This includes not only the fact of being in discussion – or actually sitting on a podium – with a Head of state, but also the depth of discussion

with someone who is both a committed expert and knowledgeable activist. Before being elected German President, *Horst Köhler* was the director of the International Monetary Fund (IMF), a post that made him see much more of Africa than probably any other Western head of state or government.

There is good news to be spread, *Horst Köhler* said, praising the immense dynamism and the creative potential of the African continent. One participant mentioned the increase of electoral democracies and regional arrangements as well as more economic growth and less AIDS infections to this list. Tellingly, however, the question of why Africa is lagging behind in the first place, was never fully answered in the ensuing discussion. The focus was rather on what the African countries and, even more extensively discussed, what the Western countries should do to overcome this situation.

In 1960, countries like Ghana and South Korea were on par in their economic development; today, they could hardly be different. The latter has developed from the largest receiver of aid to a strong economy by opening up, *Jürgen Fitschen* claimed, whereas the former is still dependent on transfers from the North. *Michael Klein*, Vice President for Financial and Private Sector Development at the World Bank/International Finance Corporation in Washington DC, admitted that there are no simple explanations for today's differences. Visibly, growth stopped in Africa after decolonisation. Objective patterns like Northern or Southern hemisphere, hot or cold climate, landlocked country or with access to the sea cannot account for this. The answer lies in the institutional environment rather than in human or physical capital, he reckoned. It is the states and their institutional order that can make a difference in the rules of game, plus the necessary infrastructure to enable trade.

Most fundamentally, a country needs peace and macroeconomic stability to prosper, *Michael Klein* continued, quoting Adam Smith by saying that with "peace, little taxes, and justice," the rest will come from itself. With regard to the existing institutional environment, African countries do not even fare badly on reforms. However, it was less about legislation but about the practical difficulties in doing business. This is where the importance of rules and the trust in business partners come in and which are often lacking. Asked about the relevance of social factors, *Michael Klein* preferred to stay clear from any generalisations. There may exist a cultural predetermination to capitalism, he assumed, but it is not clear to what extent it matters.

The other piece of good news, then, is that growth is possible, today more than ever before. In pre-industrial times, it took centuries to double growth. Today, this can be achieved in less than ten years. And even if such growth will not do away with income inequality, it is more than acceptable as long as all move forward.

For a few years now, the presence of China in Africa has been noted – with good will by some, with fear by others. Just how extensive is the Chinese presence actually? *Gu Xuewu*, Director of the Institute of East Asian Politics of Ruhr University Bochum, first presented the basic facts. China has diplomatic relations with 48 African countries; as a rule, the Chinese foreign minister goes on a visit to Africa once a year. The political dimension is defined by a 2006 White paper on China's Africa Policy, in which Africa is judged as important for China as Europe is. In addition, there is an established Forum on China-Africa Cooperation that produces three-year action plans, the current one stipulating 5 billion US dollars of credit and a doubling of aid from China to Africa.

For African countries, China is the third most important trading partner after the United States and France. In 2006, trade volume between the two sides was estimated at 50 billion US dollars, and the Chinese side aims to double this figure by 2010, *Gu Xuewu* said. At the same time, China provides an increasing share of development assistance, offering both financial support and debt relief. Healthcare services have been a particular focus, with 20,000 Chinese medical teams having treated 240 million Africans since 1964.

Such close relations do not come without cultural penetration, intended or not. China has started to build 'Confucius Institutes' showing the new vitality of Chinese culture. They are modelled after the German Goethe Institutes, and the fourth such institute opened earlier this year in Harare, Zimbabwe. Moreover, drawing on the model of the US Peace Corps, China has established an association of Youth volunteers. It also offers scholarships for African students to study in China.

Finally, there is an increasing military presence of China on the African continent. In the framework of Peacekeeping operations, 1,500 Chinese soldiers are based in Africa. All in all, China regards itself as the largest contributor of UN observers and soldiers to Africa among the five permanent members of the Security Council, *Gu Xuewu* reported.

Where is all this renewed interest from? Global governance may be part of the answer, because even the superpower that China wants to be needs friends, *Gu Xuewu* quoted an official from the Chinese foreign ministry as saying. More than a quarter of UN member states are from Africa, which is an important aspect for all votes in the General Assembly. In addition, most African states support the official 'One China policy'; only five African countries have diplomatic relations with Taiwan.

Other motivations are probably more mundane, like energy resources – China produces only half of the oil it needs with one third of imports coming from Africa – or access to a new market for Chinese products. *Li Cheng* saw primarily these political and economic reasons, not altruism behind the Chinese engagement. Moreover, it is not about Africa itself, but part of a global strategy of competition with North America and Europe, he claimed. There is, however, also a moral impetus driving Chinese development assistance, *Gu Xuewu* pointed out. In addition to traditional solidarity and the international prestige gained from helping others, it is about moral gratitude. During the Cold War, Africa has always been a supporter of China, so a long-standing relationship has been built.

The Chinese approach to development assistance is different from the insistence, by most Western governments, on standards of good governance. It is based on three claims: First, not to interfere in the domestic affairs of another country, at least not to do so officially. As friends, Chinese politicians voice their criticism in private, *Gu Xuewu* assured the group. Second, ODA comes without political conditions because the Chinese find lecturing other people humiliating. And, third, there should be no package deals between politics and business.

In a discussion about the values of the Western and the Chinese approach to development assistance for Africa, *Gu Xuewu* defended the Chinese way of assisting by reference to a shared common historical experience. The starting situation is comparable for many African countries while the Western experience is too remote, so it would be easier to learn from China. The message to the Africans could be described by the following: "If China can do it, Africa can do it too!" Moreover, it would simply be good if Africans not only talk to their former colonial powers.

The Western approach, by contrast is too moralising and too bureaucratic, *Gu Xuewu* claimed. Despite 50 years of assistance, providing around one trillion US dollars of aid, there was still no success visible. *Wolfgang Schmitt*, Managing Director of German Technical Cooperation (GTZ) assented to this by saying that Western conditionality had failed, while China can deliver many services the Africans need. Thus, one should not criticise but engage China, and treat the country not as a danger, but as a respectful partner. Some participants, nevertheless, challenged the Chinese policy of non-interference by asking for a tougher stance on corruption. While China itself does take domestic corruption very seriously, it does not seem willing to help its African partners fight it in the same way.

The Chinese lack of willingness to enforce standards of good governance was the main point of criticism levelled against China. Everyone is cooperating on such standards, one participant said, except the new kid on the block. To withdraw on a position of non-interference is too simple in an interconnected world, another said. More importantly, China should take part in the drafting of governance rules that accompany development assistance, President *Köhler* said. *Michael Klein* from the World Bank expressed his hope that China starts thinking about, for example, environmental issues by itself. Project by project, investors will experiment with standards and will, in the end, come to raise these to acceptable levels.

Possible responses to this double challenge – the economic development of Africa and the entry of China on the scene – can come from different actors as discussed by the group. Africans themselves need to consolidate their states, which may be formal democracies but have usually weak institutions. Economically, the countries should make themselves attractive to investors rather than relying on aid, one participant proposed. However, there is also an identity side to it: Africa has so much to offer but does not appreciate itself, as someone said. What, therefore, also matters is leadership on behalf of the Africans themselves.

*Gu Xuewu* pointed out to the challenge, faced by China, of being accused of neo-colonialism, not only by the West but also by its African partners. It would therefore have to manage a potential clash between its principled insistence on non-interference and its own growing interest in the developments in Africa. Moreover, it would have to balance these interests with the continuing Western stakes in Africa.

These Western countries should most importantly change their assistance mentality. “How we do things matters as much as what we do,” one participant said in the discussion, and approaching the other as partner not as a beggar sets different tone. Instead of trying to build kingdoms for them, they should give the world back to the people, because sooner or later, donors will leave. The West should also enhance the effectiveness of aid, which can only work in an environment of good governance. This demand should, however, come from the Africans and not be imposed by Western conditionality, one participant noted.

The West should also deliver its promises, i.e. providing 0.7 per cent of GDP as development aid, some participants agreed. *James Thomson* of RAND proposed to reduce military aid in favour of development assistance, in order to counter the problem of social exclusion at a global level. *Jürgen Fitschen*, however, asked to stop development aid altogether as it only produces corruption and hinders ownership. Instead, companies would be ready to invest in Africa, not only from industry but also from the financial sector, offering micro-credits and the like. President *Köhler* pointed to two main steps that needed to be taken: To shape economic globalisation collectively, in order to “trade Africa out of poverty” rather than merely transfer

money; and to invest heavily in education as the most important element in development.

### 3.3 Proliferation of Weapons of Mass Destruction

The proliferation of weapons of mass destruction (WMD) was another major concern for many speakers and participants. *Volker Rühle*, former Federal Minister of Defence of Germany, called nuclear terrorism the single most dangerous conflict of the 21<sup>st</sup> century. Much of this concern focused on the country of Iran and its present dispute with the International Atomic Energy Agency (IAEA) about its enrichment programme.

Non-proliferation prescribes the possession of nuclear weapons to only those five countries with a permanent seat on the UN Security Council. Clearly, this number has already spread to eight, including both Israel (which has never recognised its status) and India and Pakistan. With regard to the latter two countries, *Volker Rühle* said that deterrence seems to work on the subcontinent. On occasions where in the past a conventional war might have erupted between India and Pakistan, in post-1997 times this was averted by fear of nuclear escalation. Likewise, Israel's possession of nuclear weapons does not destabilise the Middle East. It is rather a weapon of last resort, guaranteeing the existence of Israel.

Especially the role of India came under criticism from the group, having allegedly ceded the moral high ground on proliferation by going nuclear itself. *Sachin Pilot* defended his country by calling the Non-proliferation Treaty (NPT) unfair. It established a seemingly god-given right for a few nuclear states that had failed on their own disarmament obligations. India, despite not being a member of the NPT, had adhered to all the rules and checks stipulated by the treaty. However, India needed a bomb for minimum deterrence vis-à-vis its neighbours China and Pakistan, he continued and claimed that it had a 'no first-use policy' in place. His country's ultimate goal is a nuclear-free world, and it would give up nuclear weapons immediately, if also the 'permanent five' would disarm.

The cases of North Korea and Iran, two more would-be nuclear states, are very different; both from the three countries named above and between them, *Volker Rühle* went on to explain. Unlike Iran that claims to have no secret weapons programme, North Korea is happy to announce that they already have the weapon. While Iran is a member of the NPT, North Korea has left the NPT a while ago. And, finally, a regional dimension to solve the crisis exists in Eastern Asia but not in the Middle East. The so-called Six Party talks include the important regional and global players, and North Korea recognises Japan – unlike Iran, whose leadership continues to threaten the very existence of the state of Israel.

In fact, Iran is still in accordance with its obligations under the NPT, *Rühle* admitted. When asking Iran to give up on enrichment, the international community is asking something extra. So far, the IAEA has declared compliance to be relatively satisfactory, although the Agency cannot confirm the absence of any weapons programme, as Iran has not signed the relevant additional protocol allowing for such inspections. This is where distrust on the Western side sets in: If a full national enrichment cycle is so important to the Iranians but they do not even have a nuclear reactor yet, this creates suspicion. Even a country like Germany receives nuclear fuel from abroad, *Volker Rühle* informed the audience, and so an international enrichment programme could be part of the solution.

A second point of suspicion is the Iranian missile programme, which only makes sense if used with non-conventional weapons. These points lead many Western politicians to believe that Iran is after the nuclear option – to be safe from US pressure (a lesson they learned from North Korea), and to redraw the regional map, *Volker Rühle* said. One participant pointed to the fact that, rather than redrawing the map, Iran simply – and understandably – wanted to regain its regional position of the 1960s.

In two working groups, participants dealt with a potential worsening of the situation in Iran from the viewpoint of the United Nations and the European Union respectively. The basic question asked was whether one could accept a ‘nuclearised Iran’ or whether a military strike to prevent the country from going nuclear was the right option. The first option would change completely the political and strategic landscape of the Middle East, they said. Even though Israel would not be directly threatened due to the country’s second-strike capabilities, the conventional balance of power would be seriously altered. Potentially, the whole Middle East might be destabilised because a ‘Shiite bomb’ in Iran will trigger a ‘Sunni bomb’ in Saudi-Arabia, *Volker Rühle* warned. Still, participants considered this a “low-risk option” (in the sense that it does not mean immediate war) but with potentially dangerous consequences.

Indeed, a particular model of deterrence might be constructed for the Middle East similarly to the way deterrence saved the peace during Cold war – according to the logic of “He who shoots first will die second.” However, nuclear deterrence works only when adversaries talk to each other – which is presently not the case between the US and Iran, one participant reminded the group. Moreover, geography does not provide for a time lag, once a missile has been shot, comparable to that of Soviet times. Finally, in none of the countries the regimes are stable enough to engage in serious deterrence, *Volker Rühle* added. Rather than preventing a (conventional) war by nuclear weapons, it would render the situation more dangerous due to the potential for proliferation.

The alternative, an air strike against the Iranian nuclear facilities, does not look too promising either, participants considered. Iran has learned from the 1981 Israeli attack against the Iraqi Osirak reactor by scattering its facilities over the country and putting them underground, close to civilian settlements. Thus, it seems impossible for the American or Israeli side – the two countries likely to lead an attack – to strike precisely at all nuclear sites in the shortest time possible. Moreover, such an attack would inevitably produce a large amount of casualties among the civilian population. Worst of all, it could not even stop the process but would only unite Iranian society behind the regime. Yet some felt that, fatally, at the end of the day this is the only option to stop the country from going nuclear: “You can have war before Iran turns nuclear or after...” one participant said.

In the current situation, the United States should negotiate with Iran, not least because Iranian civil society is more critical of nuclear weapons than we think, *Rühle* advised. Only a united international community can stop Iran from having the bomb, which is why Europe and the United States should keep Russia and China involved in the Security Council, despite all difficulties. According to *Volker Rühle*, the planned system of missile defence is not the answer. If Iran wanted to attack the West, it would not do so with missiles because the sender will be clear and retaliation will be massive. It would rather try to spread nuclear material to social groups. The example of India could tell the Iranians about eventual ways of acceptance but, in order to get

there, the West should also see the security situation from a Tehran point of view, one participant demanded.

With regard to the future, *James Thomson* of RAND foresaw an increase of nuclear proliferation (e.g. a Turkish nuclear weapon), even though the Iran dossier would be decided, one way or another. North Korea, however, would still be on the table. Non-state actors, although a concern, would not possess nuclear weapons.

### 3.4 Religion and Tolerance

The role of religion in today's world and whether it can serve as a force for peace or confrontation was debated in a panel discussion. *Friedrich Wilhelm Graf*, Chair of the Institute of Systematic Theology and Ethics at Ludwig Maximilians University Munich, referred to the dynamic changes that took place in the past 30 years and that have been part of a new wave of religious awakening. On the one hand, he observed pluralistic societies that enable a global circulation of ideas, including religious thought. "Religion is like software," he said: One can copy and paste elements from one religion to another. On the other hand, there is a fragmentation of religious groups, with antagonisms arising also within religions between dogmatism, orthodoxy and liberalism. This also points to ambivalence in the software metaphor: the more you mix contents from various religions, the more you need a strong identity for yourself.

Thus, the first aspect shall be that of religion as competing ideologies; the second will be religion as an individual identity; and, finally, aspects of modernisation of religion are taken into account as well as ways to cope with the religious challenge in global governance.

*Dan Diner*, Director of the Simon Dubnow Institute for Jewish History and Culture at Leipzig University, differentiated between religion as truth and religion as belief. In the 20<sup>th</sup> century, he explained, the main threat did not derive from religion but from ideology, albeit an ideology with religious traits. The Cold War, for example, had strong religious meaning.

Western and Christian philosophers from the 17<sup>th</sup> century onwards had tried to neutralise the religious claim as ultimate truth, turning it more and more into a belief or faith. The latter comes about when religion is internalised, a process *Dan Diner* called "protestantisation" (not referring to Protestantism as a religion). A plurality of truth could be regarded as the fundament of peaceful relations, when, in a process of secularisation, no single religion claims superiority. However, just like any ideology, religion could also be used and misused.

Judaism has already gone through this process of protestantisation. The fact that its people living in diaspora had to accommodate to the law of the land made emancipation possible. Rather than calling this process 'assimilation' as it alludes to giving up one's identity, it should be understood as 'acculturation'. Today, the majority faith among Jews is reformist.

Islam does not have a distinction between religion and politics as is common in the West. The prophet was a statesman at the same time. Therefore, *Dan Diner* expected the divine Islamic law to continue to challenge the modern world, even though a process of self-secularisation is going on right now. It is easier in the United States, where protestant pluralism prevails, than in Europe with its secularism. When focusing on faith rather than truth, Islam could integrate with the other religions.

*Abdulkarim Soroush*, an Iranian reformist intellectual from the University of Leiden in the Netherlands, suggested that this process of adaptation to the environment has been going on in Islam ever since, both practically and philosophically. He drew his distinction between doctrine and identity. The doctrinal part of religion refers to its teachings about man, the universe, future, and happiness; it tells people the truth. The Abrahamic religions, i.e. the three prevalent monotheistic religions of Judaism, Christianity, and Islam, have much doctrine in common. The identity part makes for differences between believers – for example, Mohammed chose distinguishing practices for religious holiday and rites in order to foster an identity – and it is the source for most religious conflicts. Samuel Huntington's 'clash of civilisation' could, thus, be translated into a clash of identities.

*Abdulkarim Soroush* disagreed with *Dan Diner* about the merits of secularism, claiming that it indeed wants to abolish religious identities, not doctrines. While it may have brought pluralism in the past, today it has become intolerant, like a religion in itself. Fundamentalist secularism creates fundamentalist religions, *Abdulkarim Soroush* postulated. In order to avoid conflict between identities, secularism should become more tolerant towards religious beliefs.

The concept of identity, however, was contested, as the ensuing debate showed. *Dan Diner* thought it conceptually difficult to grasp, and saw identity rather as a hallmark of modernity, in which a person is no longer defined by his or her surroundings. Furthermore, he warned that identity has always been part of a discourse of ethnicity and nationalism. Thus, if religion takes itself serious, it should distance itself from that concept.

On a very practical level, participants debated just how far could tolerance go. *Abdulkarim Soroush* likened Tony Blair's statement "Those who do not respect our values can go" to the Iranian fatwa against Salman Rushdie "Leave the country and the Ummah." While this point was certainly not shared by all participants, it was also pointed out that the separation was one lesson from the religious wars in Europe: *Cuius regio, eius religio*, or who rules the region decides on its religion. Yet, in a globalised world, there are not many places left to go.

Finally, what does modernisation mean in religious terms? Clearly, it means different things to different people, and different religions. 'Modernisation' is a bad word for Muslims and Muslim clerics, *Abdulkarim Soroush* admitted, because it sounded as if intent on changing the nature of Islam. Islamic awakening movements, it appears, are rather more fundamental and not the liberal, protestant type of movements one could expect. Also in Christianity, a rebirth of ethno-religions can be observed, e.g. of Orthodoxy in Russia or the Balkans.

It was *Friedrich Wilhelm Graf* who took a more radical turn by presenting modern religiosity as 'religious economics'. How can consumers be persuaded of a religious product, he asked. His answer was in the laws of supply and demand. The quality of products and services is decisive. With the Pope, the Catholic Church holds a unique selling point, thus exerting great influence over its followers. All churches would need to foster their corporate identity in order to withstand qualitative competition.

Extending this economic logic, *Friedrich Wilhelm Graf* observed different markets. Europe, for example, has had a state-controlled religious market for the past 500 years, whereas the United States has open markets. Here, churches could also enter the education market, thus providing consumer-oriented services. His hypotheses were that, in pluralistic and open markets, participation in religious groups is higher

than in closed markets, and the winners are strong sellers. In the Americas, it is hard-line charismatic groups that are on top of religious groupings.

This market approach came under criticism from some participants, not only for its economic view on faith and belief but also because of the aggressive marketing it implies. All religions except Judaism try to convert others, one participant claimed. Moreover, in their missionary practices, religions do not respect local cultures, it was said. To which *Friedrich Wilhelm Graf* responded that the destruction of traditional understandings, identities, and cultures was indeed part of modernisation.

In order to better understand different religions, traditions, and identities, *Benita Ferrero-Waldner* proposed an intensified cultural dialogue. The principles of liberty, dignity, and mutual respect should be at the core of this dialogue. The 'clash of civilisations' should not become a self-fulfilling prophecy in the form of a clash of ignorance or intolerance. Practically speaking, education is key in this understanding. Religion is like science, *Abdulkarim Soroush* said: You should use it carefully, and therefore you need education – just as President *Köhler* put primary education and education reform on top of his development agenda.

### **3.5 Business Innovations**

In a globalised economy, certain business innovations can also pose a challenge to global governance. This is certainly true for the financial markets, where a sum worth several trillion Euros is traded each day and where a crisis can hit entire countries. Less known is the area of intelligence technology, which nevertheless has already changed many business processes worldwide, and will continue to shape the very working place we will sit at in the future. These two aspects will be dealt with in more detail in the following.

At first, State Secretary for Finance, *Thomas Mirow*, highlighted the current risks that linger in the financial markets. There is, for example, the well-known US deficit, which is compounded by surpluses in other countries, such as China. In the medium term, such imbalances could affect exchange rates. Another risk stems from hedge funds and the fact that their sheer size may affect markets negatively. In 1998, *Thomas Mirow* recalled, the LTCM hedge fund had lost five billion US dollars in five weeks, and only a year ago, Amaranth had lost six billion US dollars in just one week. These cases have shown that a systemic insight in the funds' risk-management procedures is lacking. In less benign circumstances, he warned, the impact on financial stability could have been disastrous.

Moreover, so-called 'vulture funds' buy the debts of highly indebted poor countries (HIPC), and with their aggressive litigation practices, they threaten the debt-relief efforts of the developed countries. Finally, and most recently, the US subprime mortgage markets have become known. The rationale was to disperse payment risks through collateralised debt obligations; however, this diffusion of risks led to complete opaqueness about where to expect credit failures. Whether or not the current crisis is already over, was left open; for the future, *Thomas Mirow* demanded that one should at least know the ways of contagion so as to react decisively.

In addition to new products, there are also new players on the financial market, *Jürgen Fitschen* explained to the group. He mentioned China, India, Russia, and maybe Brazil as the new superpowers, whereas the United States, Japan, and the EU are the old guard. The problem that derives from this situation is that not everyone is playing after the same rules. Russia, for example, is a winner of

globalisation thanks to the increased demand for oil. For emotional as well as strategic reasons, Russia will not cede control over its economy. Thus, it sees foreign investors with suspicion and does not offer a level playing field. In India, the lack of infrastructure is most obvious, and it is precisely what it needed for all regions of the country to participate in the economic boom. However, also India cultivates a certain adversity to foreign investors, *Jürgen Fitschen* bemoaned.

As for the political responsibility to deal with these risks and to integrate the new players, State Secretary *Mirow* referred to international financial institutions like World Bank, the IMF, and the G8. Purely national responses to global financial crises are condemned to failure, he said, so seeking a consensus in these international fora is the only way.

The G8 had just started an initiative to improve the transparency of hedge funds, aiming to promote best practices rather than establishing a code of conduct for hedge fund managers. Also Deutsche Bank's *Jürgen Fitschen* called for a refined regulation of hedge funds, not least as they have entered the lending business and, thus, should be subjected to the same rules like other lenders.

In a broader sense, *Jürgen Fitschen* called for the establishment of a framework for global financial markets. Liberalism in the face of unchecked markets is not enough, he said, and such a framework could reduce the risks of market failures and excesses. Likewise, *Thomas Mirow* envisaged an international regulation meant to enhance, not to hamper international financial activities. Regulation as such is not a problem, he posited, but different or contradictory regulations across various countries are. Therefore, he asked for more regulatory harmonisation, for example in the transatlantic market.

The political debate over how to devise such an international framework is still to come, *Jürgen Fitschen* predicted. Like *Thomas Mirow*, he warned strongly of protectionist patriotism. Only the defence sector should be exempt from international competition; for all other areas, countries should not try to take the advantages of globalisation without paying the price for it.

Intelligence technology may be little known but is widespread in the business world. Already the late Heinz Nixdorf had a revolution of the workplace in mind when he created his first computers for small and medium-sized businesses more than 40 years ago, *Bernd Klein*, Managing Director of the Heinz Nixdorf Foundation in Essen, explained. The central idea was that work should come to the employees, not the other way round. Thus, the decentralised workplace was born.

Intelligence technology will revolutionise our work further, *Simon Head*, Senior Fellow at the University of Oxford, envisaged. He used the word 'intelligence' in its business sense of software analysing performance, making process information immediately available. Other meanings are that of the intellectual functions, where artificial intelligence may one day replace human intelligence, and of clandestine investigations, where political systems spy on each other or companies may monitor and analyse their employees' behaviour.

The analysis of business processes has its roots in manufacturing, going back to the days of Frederick Taylor, who pioneered scientific management, and Henry Ford, father of the modern assembly lines in mass production. It was in manufacturing that a planning department was installed on the shop floor to enable a direct transfer from frontline workers to management, *Simon Head* explained. In addition, business processes defined as tasks and subtasks, were introduced. Thus, a monitoring

system was created that, today, is contained in huge computerised databases. The world leader of intelligence technology is the German company SAP, which helps to enhance company performance by business processing, for example through the balanced scorecard system.

In order to show how intelligence technology will shape our future, *Simon Head* used the example of managed care, or “industrialised medicine” as he called it. He foresaw that most medical decisions – about medical tasks or time spent with patients – would be transferred from doctors to management. Instead of building on a longer physician-patient relationship, patient care would become a team concept. Patients would be divided into diagnostic groups, a monitoring system would manage patient flow, and a centralised patient database should reduce mistreatments. This would additionally increase patient throughput and therefore help those who otherwise would not get treatment.

The downside of this arrangement is that it will destroy the beneficial relationship between patient and doctor. There is no more time to find out about a patient’s history when diagnoses are based on available data and relevant group statistics. Moreover, as with all sensitive private data, access is a matter of concern. In the case of a patients’ database in Indianapolis, already the US government has demanded access in the name of defence against bio-terrorism, *Head* reported.

Instead of a liberalisation of the workplace as promised about a decade ago by business gurus such as Peter Drucker, *Simon Head* witnessed a counter-revolution. Powerful intelligence regimes reintroduce control mechanisms, surveying individual work processes rather than assessing results. “Digital taylorism” has even reached call centres in India, where employees give answers only from a script and not by their own intelligence.

Not everyone shared this pessimistic view on business, though. As one participant said from his own experience, a more human workplace is possible because management have realised that top-down approaches do not work. Thus, employees are empowered. Everything comes down to the human element, he continued, and to leadership and emotional intelligence rather than abstract processes. As a proof, he offered that fact that unions are losing importance across the board. This, however, was opposite to what *Simon Head* advocated, i.e. a strengthening of the legal framework through the unions. Discipline can be taken too far if employees accept control by computers too easily. Intelligence technology can strengthen and supplement our natural intelligence, but should not substitute it. Because there is one thing that computers will never have: a gut feeling.

### **3.6 Regional Conflict Patterns**

According to *Nicole Gnesotto*, the integration of all countries and regions into a global order is an important challenge for all those who want to shape globalisation positively. From the EU’s point of view, she mentioned three regions of concern: Russia, Africa, and the Middle East, making the EU surrounded by unstable regions. While she was optimistic about Russia’s integration, she drew negative conclusions for Africa and the Middle East, notwithstanding individual countries from these regions being successful on their own. But what are the problems that have befallen these regions so severely that they may seem excluded from participating in global governance for a long time?

### 3.6.1 Afghanistan

Afghanistan was high on the agenda in Germany at the time of the Summer School, not only because the extension of the Bundeswehr's mandate in the country was up in Parliament, but also because suicide attacks with ensuing casualties had shown the German public the ugly side of what they thought was another mission by armed social workers. In the very room where the group met, State Secretary *Reinhard Silberberg* used to defend his governments policies vis-à-vis the questions from the members of the Bundestag's foreign affairs committee.

Recalling the history of Afghanistan, *Reinhard Silberberg* explained that, after three decades of war against different invaders, in 2001 for the first time the Afghans called foreign troops into their country. This was in itself extraordinary for this fiercely independent people, and therefore the legitimacy of the international presence largely depends on the 'Afghanisation' of the operation. At the same time, foreign troops should not leave too quickly, smashing Afghan hopes for peace and stability and such basic things as education, health, and infrastructure again, as the international community did in 1989. A comprehensive military-civilian approach is needed, as there can be no security without reconstruction and vice versa. NATO troops should leave as soon as the Afghan Army can provide security and the country is embedded into a regional security arrangement.

*Tom Koenigs*, Special Representative of the UN Secretary-General for Afghanistan, explained that no less than 60 countries are behind the so-called Afghan Compact, a development plan that has already pledged 12 billion US dollars to rebuild a country of 30 million inhabitants and the size of France. However, in particular the build-up of the Afghan Army and Police Force have been too slow, thus failing to provide critical security in areas outside the capital Kabul. An EU Police mission, for example, has only brought about 200 police mentors, while 2.000 would be needed.

The most laudable achievements so far have been in education (more children, including girls, go to school than ever before), public health (child mortality has been significantly lowered), and improved economic prospects. However, these achievements stand against the tremendous problems faced by a huge drug sector, equal to 40 per cent of official GDP, financing the Taliban resistance, and a worsening of the security situation, which saw an increase in suicide bombings from five in 2001 to around 250 per year today.

The political challenge of who will lead Afghanistan politically is more important than the current allied military operation against the Taliban insurgency in the South of the country. The Taliban cannot be defeated in military terms only, and certainly not by the international force alone. The Afghan National Army would need to be included and a broad political concept developed, but it is a long-term fight with strong regional implications, *Tom Koenigs* said.

After all, the conflict in Afghanistan spills over into neighbouring countries just as much as these influence the developments there. Effectively, the problem of a 'Talibanisation' is the same in Southern Afghanistan and Northwestern Pakistan. Pakistan has been in a state of denial about their involvement, *Tom Koenigs* regretted. After the culture of jihad was long overlooked, President Musharraf only now realises that the Taliban pose problem to his country too. Nonetheless, Pakistan has from the beginning supported the international effort with troops, the organisation of a peace jirga, and tripartite commissions bringing together the main players.

Iran as another neighbour has been constructive despite the international isolation they face over their nuclear programme, *Tom Koenigs* claimed. Iranians have provided development aid, given political support to President Karzai, and exerted moderate influence on Shiite groups in Afghanistan. So far, he did not have proof of Iranian weapons export to the country but rather attested that Iran does not fuel sectarian strife in its neighbour country. Other neighbours such as Turkmenistan, Uzbekistan, and Tajikistan have only limited influence, despite their minority populations; and neither Russia nor China take on the role of superpower in this conflict.

### 3.6.2 Iraq

Another conflict scenario dealt with the future of Iraq and what would happen once the US troops leave the country. *Christoph Bertram*, former Director of the German Institute for International and Security Affairs, warned that an imploding Iraq is the greatest nightmare. It would dwarf all other problems, affecting nearly every country in the region. Any withdrawal scenario should therefore be carefully timed according to the situation on the ground.

Unfortunately, he continued, clocks are ticking differently in Iraq and in the US. The Baghdad clock is going backwards; pending disintegration, there is even more need for US troops now. The Washington clock, however, is going forwards; an election year is looming, and the willingness to help the 'ungrateful Iraqis' has diminished. Thus, the question is not whether the US leaves, but how and when. While the Baghdad clock demands certainty that there will be no rush, the DC clock may exactly impose the latter, with chaos following.

Among the regional implications, one should expect massive movements of people, comparable to what happened after the end of Ottoman Empire. Moreover, Islamist fighters would spread to other countries, like the Afghan mujahedin did after 1989. Many a 'jobless Jihadist' would probably move to Afghanistan, destabilising this country further. At the global level, an energy crisis would be looming. Moreover, the weakening of American leadership would be bad for the world as a whole.

Asked about any positive effects of a US withdrawal, *Christoph Bertram* replied that an announced withdrawal would have had positive effects two years ago. At that time, it could have helped the country stay together. Iraq used to be secular country with functioning state and middle class, but today it is a sectarian state with a failing government.

In order to prevent a chaotic withdrawal of American forces, *Christoph Bertram* called on the Europeans to show their US partners that 'Iraq matters' also to them. All EU countries have an interest in an integrated, not an imploding Iraq. If EU leaders told the Americans that they want them to stay, they could also make a difference in the US domestic debate, he said. Together, they should aim at a predictable and staged withdrawal, projecting a gradual drawdown until the year 2011. Such engagement by the Europeans might also include sending troops either to support and protect the UN in Iraq, or to relieve the Americans from duties in Afghanistan – tough choices in either case.

On the political side, *Christoph Bertram* recommended to engage in negotiations about a federal Iraq by talking to and including different people. Letting the country disintegrate is dangerous because the Sunnis would have no place, thus turning into a constant source of turmoil. After all, federalism and autonomy can be defined

differently for different countries. Trying to keep Iraq integrated does not, however, mean forcing it upon the people. One should also include the neighbouring countries into talks about a federal Iraq, which means approaching both Iran and Syria. Iran is central to most burning security issue in the Middle East, *Christoph Bertram* acknowledged, and thought it a misguided policy to threaten the country with sanctions. Syria is the destination for many of the four million Iraqi refugees (out of a total population of 25 million). All these parties, including the global Islamic community, should therefore come together for a permanent regional conference on the future of Iraq.

### 3.6.3 The Middle East

The dispute between Israelis and Palestinians is a key conflict for all others, *Reinhard Silberberg* stipulated. Solving, or at least pacifying it, would have positive effects in other regions. Therefore, the German Presidency had relaunched the Middle East Quartet (consisting of the United Nations, the European Union, the United States, and Russia) in the first semester of 2007. And for this reason, the planned US peace conference in the fall is also a good idea. The possibility of talks about a way to agree on a final status should be seen as a sign of hope; in this sense, the Gaza coup, despite worsening the intra-Palestinian situation, may also have opened a window of opportunity.

In order to achieve a settlement, a stable Palestinian government is paramount, for which again progress on the ground is needed, he continued. This, for example, means a dismantling of Palestinian militias in return for a closure of Israeli checkpoints. The illegitimate Hamas regime in the Gaza strip should not be tolerated. Consequently, the EU refuses to talk to Hamas ministers. Yet for humanitarian work on the ground, you have to talk to Hamas mayors, he admitted. One participant suggested that red lines such as the exclusion of Hamas are okay, though at some point one has to include even the extremists if one wants to achieve an agreement.

The overall Middle East Peace Process should also include Lebanon, which is still marred by civil strife with the Hezbollah and faces another election in autumn. The present UNIFIL mission that aims to eliminate weapons supplies to Hezbollah is important, but a long-term political process is needed. This would include the cooperation of all players. Even if the prospects were not very bright at the moment, one should never lose hope, but undertake practical steps and seize the opportunities once they are there, *Reinhard Silberberg* concluded. *James Thomson*, however, predicted even greater conflict for the Middle East, making Israel's situation even more precarious. Jihadist terrorism is also here to stay, with more large, but sporadic attacks.

### 3.6.4 Russia

Russia's mention under the rubric of regional conflict patterns may need an explanation. After all, the country figured already as one of the important state actors of global governance. However, Russia role is seen as ambivalent, not least by some European countries and, recently, also by the United States. This may, in the end, not fully be justified by its actual behaviour – one could think of other great powers that are not always entirely constructive in global affairs – but resonates with the blatant differences between today's Russia and the Russia of the 1990s. From a Western point of view, the latter was a comfortable partner to deal with, whereas the former proves increasingly difficult to come by. Even the upcoming Russian

presidential election does not promise a turn for the better, as they might in the case of the United States. Putin will make sure to pick his successor, so an unknown man will follow known policies, *Egon Bahr*, Former Federal Minister of Germany for Special Affairs, said. So what is it that puts Russia in this category?

On policy issues such as the settlement of the future status of the Kosovo province, Russian and American interest clash. Russia is fearful of setting a precedent for its own separatist movements and at the same time threatening to use it as an example for the breakaway republics of Abkhazia and South Ossetia in Georgia. The US, in contrast, feels the legacy of past positions (it promised independence to the Kosovars a while ago) and would like to leave the Balkans as soon as possible, *Ron Asmus* explained.

In particular, German policies towards Russia drew some heavy criticism, both from some participants and speakers. First, *Egon Bahr* presented the historical closeness that, for good and bad, tied Germany and Russia together. For nearly 40 years, the countries have had long-standing political relations, based on the 1970 friendship treaty. For many Germans, the Soviet threat disappeared already with the IMF treaty of 1987, abolishing intermediate and short-range nuclear missiles. Then, bilateral negotiations between the United States and the Soviet Union led to the unification of the country, he recalled.

Today, Russia is still considered a European neighbour, large, strange, and sometimes unpredictable. Media commentaries are increasingly critical of Russia, while the United States are allowed more leeway in pursuing its interest, *Egon Bahr* criticized. Just as chancellor Brandt had said with regard to the US during the Vietnam War, "You should go easy on a friend in trouble," this should also apply to Russia today. Establishing the rule of law in Russia is more important than holding elections in a country that has both a tsarist and chekist but no democratic tradition.

Some saw this German special relationship with Russia as detrimental to both European and American interest. Based on historical nostalgia, it is out of date and fails to take into account Russia's recent divisive role, one participant said. In particular, Germany should not negotiate individually with Russia, as it did over the Baltic Sea pipeline project, but in concert with the other European states. *Egon Bahr* replied that the German-Russian partnership has never harmed anyone. When the wall was built, he recalled some saying one should not negotiate with the enemy and rather accept the status quo. The Helsinki conference of 1975 started a process of rapprochement, and again Germany was criticised for recognising Soviet claims. Yet, cooperation was necessary to bring down the wall. In the end, it is clear that without an American-German alignment on Russia, there will be no common Western policy towards Russia.

It is in the interest of all to bind Russia to the West, not forcing it into the arms of China and the SCO, *Egon Bahr* declared. *Dmitri Trenin*, for his part, was less sceptical about this Asian perspective. The Shanghai organisation is no rival for NATO, he said, asking what countries like Uzbekistan could give to Russia. Moreover, Russian-Chinese relations are very strained, not least along the Sino-Russian border, and both powers seem to engage in a sort of "friendly balancing," he added.

Whether a balance of power still exists (or should exist) between Russia and the West, and how the building of a missile shield might affect it, was another debate. Engaging into power balancing needs pessimism about the necessity of balance in

the first place, *Dmitri Trenin* said. For the past 17 years, the Bush-Gorbachev agreement establishing a strategic balance in Europe has held. However, a military balance cannot be replaced by political agreements alone, he said.

*Dmitri Trenin*, by way of historical account, added that missile defence started already in the 1950s, when Russia had developed missiles that put the US under threat. This was a shock similar to that of 9/11, and in response, US strategy was changed from massive retaliation to flexible response. America would simply not risk New York for something happening to Berlin. The next step, the space defence programme SDI, never materialised. The now proposed US missile defence shield might shake up the military balance, *Egon Bahr* warned. The future military benefits would be far minor than the political fallout produced today. It would put the West's strategic partnership with Russia under severe pressure, potentially provoking re-armament on the Russian side.

As a solution to the present missile crisis, *Egon Bahr* proposed a common defence developed by the NATO-Russia Council. *Ron Asmus* therefore proposed a new policy framework based on five points: the domestic situation that the West thinks desirable for Russia, knowing that the old policies of democracy promotion will not work; the broader strategic cooperation the West wants with Russia, acknowledging that cooperation has largely failed on issues such as Iran, Iraq, the Middle East, or Kosovo; the importance of arms control and non-proliferation, and whether it is worth endangering such measures by building a missile defence; the extent to which European countries in particular are actually energy dependent on Russia, and whether this should constrain their policies on Russia; and, finally, how changes within Europe, such as the effects of EU and NATO enlargement or the relations with Georgia, Moldova, and Ukraine might impact on Russia. Russian expert *Dmitri Trenin* was more pragmatic and simple in his recommendation: Try to open up Russia as much as possible, he said, then change will come from the inside.

### **3.7 Promotion of Democracy and Human Rights**

As the last – certainly not least – challenge, and one that affects many of the others by its fundamental character, the promotion of democracy and human rights should be mentioned. Ultimately, the two should come together, even though at times they can be treated – and thus promoted – differently.

In his presentation, *Michael Mandelbaum* developed a two-fold structure of democracy. Historically, democracy is a merger of two trends, liberalism and popular governance, he said. Liberties were introduced in different stages: Economic liberties in ancient Rome, religious freedoms in the Treaty of Westphalia, and political freedom with the Bill of Rights in England. The hallmark of popular sovereignty is the French Revolution. In its ideal state, when the two components are established in a country, then democracy tends to be peaceful, whereas violence and war often occur on the way to becoming a democracy.

Once these two ideas, or concepts, were out in the world, it was nevertheless difficult to implement them. Indeed, establishing popular sovereignty through elections is fairly easy, *Michael Mandelbaum* said. Establishing liberties, however, is far more difficult. The diffusion of values, such as the respect for the rule of law, the essence of liberty, takes time, at least a generation, he reckoned. This further complicates the establishment of democracy in a given country, because ideally liberties should come before elections. *Egon Bahr* even went so far as to say that the rule of law is a

precondition for democracy. In practice, however, people do not want to wait to have their say.

Human rights are, of course, an integral part of the rule of law, even though they come under threat in established democracies too, *Lotte Leicht* said. Her organisation, Human Rights Watch (HRW), bases the work of its worldwide offices not on morals but in international law. Its emergency team can fly in to investigate ongoing conflicts, interview people and crosscheck information on the spot.

She demonstrated their work by a recent case. In the Uzbek city of Andijan, in May 2005, 14.000 people gathered spontaneously to protest against the trial of a Muslim community that was thought to be the victim of government policy. When security forces started to crackdown on the peaceful demonstration, they massacred hundreds of people. HRW conducted an emergency investigation, and its own report agrees on the actual events with that of international organisations like the OSCE and the UN. Putting pressure on Russia, an ally of the government in Uzbekistan, was in vain, but the EU could be lobbied into imposing an arms embargo and suspending, for the first time ever, a partnership agreement. Since then, however, pressure has eased and the EU, most notably Germany, have been eager to mend fences with the regime in trying to bring about a Central Asia strategy for the bloc.

While this serious human rights violation took place in an authoritarian state, some of the enormous challenges *Lotte Leicht* identified also come from democratic governments. The United States, a self-proclaimed promoter of democracy, is itself not serious on human rights; indeed it becomes a human rights violator through the treatment of prisoners in Guantanamo. A complete legal black hole has emerged from the action against 'illegal combatants,' she said. China and Russia, for one, are dominant powers that do not even declare respect for human rights. In this situation, the EU could provide leadership, *Lotte Leicht* said – and it does, according to *Benita Ferrero-Waldner*. The EU integrates tolerance and human rights into its policies, she said – neither out of blue-eyed idealism nor liberal imperialism, but because without freedom and human rights, there can be no security nor development, she said.

The chances and ways of spreading democracy to other countries were estimated differently by some speakers. *Michael Mandelbaum* declared that democracy could not be imported nor imposed; it must be homegrown from the necessary social preconditions. He saw only two exceptions to this rule: India, which had been ruled for 100 years and then was free to chose; Germany and Japan, which, in 1945, both had a previous democratic experience and welcomed the occupying forces. This notwithstanding, outsiders could help the process by removing obstacles, such as a tyrant. Democracy promotion programmes, as they have become widespread following the third wave of democratisation in the 1980s, might be helpful, he said, but they rely ultimately on other, more fundamental factors they cannot influence. In one word, 'building' democracy is not architecture, but horticulture. The driving force behind its diffusion is not imposition but the democratic example.

What helps spread democracy in an indirect way, though, are economic markets, *Michael Mandelbaum* claimed. Through the establishment of private property, they bring at least economic freedom. They breed civil society, and they cultivate the habits of trust and compromise, all needed for a democracy to function. Historically, he saw a strong association between the market and democracy, making it a necessary but not sufficient condition. *Shashi Tharoor*, however, was not convinced by this argument citing India as a counter-example, a country that first became a stable democracy before becoming a market economy. *Nicole Gnesotto* asserted

that there is no causal link between the economic development of a country and its level of democracy, referring also to China, where an increase in economic prosperity is likely to bring even more power to the Communist Party. *Jürgen Fitschen* saw the relationship the other way round. For him, globalisation depends on democracy; economic freedom does not function without personal freedom and globalisation only works with social stability. Markets should not be elevated to a democracy-promoter; they function according to rules, not ethics.

Asked about the future of democracy, again speakers differed in their views. *Michael Mandelbaum* started out by saying that, in 2007, we could observe two trends: Looking at particular countries like Iraq, Somalia, Haiti, Bosnia, or Kosovo, we would conclude that democracy is doing poorly; looking however at the quantitative spread of democracy from ten countries in 1900, thirty between 1950 and 1975, to 100 in 2005, we would presume that it is doing well. Most clearly, still, one can see democracy lacking in Russia, China, and the Arab world.

Russia's chances would not be bad, as it has less social barriers to democracy. *Egon Bahr*, however, thought that some countries, like for example Russia, might simply not be prepared for democracy and that, despite some public demands for democracy, the West's priority should be stability based on the rule of law. China already is more ambivalent, where economic forces (such as the emerging middle class) are struggling with the political power (lying in the hands of the ruling party). While *Michael Mandelbaum* recognised an increasing pressure for democratisation, he also thought that concern for the stability of the country is understandable.

Democratic prospects for the Arab world are poor due to inherent features such as ethnic, national, and religious divisions, *Michael Mandelbaum* continued. The region is 'blessed,' i.e. cursed with oil, and presently does not see Western democracy as a model. The spectre of a democratic revolution puts pressure on Arab rulers and in order to escape this pressure, the image of an external enemy comes handy.

Also *James Thomson* of RAND felt that the world has reached a temporary peak in the spread of democracy, making further democratisation unlikely. Security concerns prevail in the Middle East and Central Asia, conflict and economic backwardness impede development in much of Africa. Even the 'old democracies' will have difficulties both with populist movements and with persisting tensions between security and civil liberties, *Nicole Gnesotto* prognosticated.

The upcoming multipolar world should not be formed along an ideological bipolarity, for example pitting the West (or the democracies) against Islam, China, or any other party. Instead, there should be a "civilised multipolarity" with negotiated rules, norms, and collective governance. The present changes signalled the end of Western hegemony, *Nicole Gnesotto* confirmed. This is a historical evolution, not a catastrophe, not even for the West itself. Yet we need to take this loss of control into account, and we will have to share power if we want to keep it, she concluded.

## 4 Chances, Dilemmas, and a Conclusion

After having developed some future scenarios and pointed out the challenges ahead, the chances mentioned in the conference's title should not be missed out. Many proposals for action have been listed under the respective points before, so it may be fair to say that chances for a global future are good if only the advice were followed. However, politics, and so global governance, take place in the real, not in a perfect world, and little works according to plan.

Thus, in lieu of a conclusion, a few generally applicable points from the discussion shall follow, taking account of the decision-making dilemmas that leaders today and tomorrow face.

In a discussion that followed the workshops held by *Joschka Fischer* and *Shashi Tharoor* respectively, the difference between a think tank and the real world opened up. In the real world, you have to make tough choices, *Joschka Fischer* reported from his own experience as German foreign minister who decided in favour of the Kosovo war but against participation in the Iraq war. In science, you analyse the past, he said; in politics, you decide into the future. For such decisions, you need advice that is consequential, i.e. that outlines all conceivable effects of your choice. Ultimately, however, you need instincts that go beyond scientific advice.

*Shashi Tharoor*, who helped steering the United Nations through the same and other events as *Joschka Fischer*, said he valued think tankers for their ability to conceptualise the long term. In the real world, however, parameters are not clear, actors are not always rational, and politicians have a short-term horizon. What often follows is that people make bad decisions for what they think are good reasons.

*Klaus Töpfer*, who as former German minister of the environment and former head of the UN Environment Programme knows both sides, pointed to an inherent dilemma of political decisions. In open democracies, politicians need to be re-elected. At the same time, scientists never know things exactly, least so in a sphere like climate forecasts. Thus, human decisions are always based on incomplete knowledge. This necessarily involves risks. How can you as a politician decide in this situation? The easy way out is what he called the 'three D strategy' – deny, delay, do nothing – but the responsible answer would be to resort to 'non-regret measures.'

We need to remind ourselves that the knowledge of today may not be the truth of tomorrow, *Klaus Töpfer* said. Or in the words of the philosopher Karl Popper: We should not seek verification, which only helps to build an ideology, but falsification, which is the nature of science. In this sense also, *Manfred Lahnstein* encouraged the group to never stop doubting things, to always ask questions and, consequently, to keep the debate open.

*Catherine Kelleher* proposed to see Berlin as a prism for what you want to achieve. One lesson she drew from German partition was that technology would not save us but political will is needed. To her, politics is not art of the possible but of the considered. And whether individual change could influence political change at all, was answered by *John Ruggie* who pointed to the difference between power and significance: Of the former, you can have a lot and still may not get what you want; the latter comes in small doses but can have great effect.