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# **THE BUCERIUS SUMMER SCHOOL ON GLOBAL GOVERNANCE AND REUNION 2008**



Conference Report

## **Globalisation and Fragmentation: The Future International Landscape**

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## Executive Summary

The world appears to be in disorder. The international landscape has become fuzzy. The system of global governance as we know it no longer seems to fit the current challenges: The war in Georgia may be the advent of a new global power play; the ongoing financial crisis may bring the end of the capitalist system; and climate change may alter the very foundations of our global habitat. Yet before falling into despair, it is wise to have a closer look at how the world looks like in its different forms (issues, institutions, and geography) – which is what the participants of the 2008 Bucerius Summer School did when they analysed both the present and potential future international landscapes.

The topical landscape is determined by security issues, the global economy, societal questions such as migration, and environmental concerns:

- Beyond immediate crisis management, a major security concern is nuclear non-proliferation. Here, the focus should be on integrating aspiring powers, be it India or Iran, into the existing non-proliferation mechanisms as well as getting the nuclear haves to finally do their share of disarmament.
- Economic globalisation is bound to continue despite the recent financial turmoil. However, while enhancing overall prosperity, it also creates grave inequalities that need to be taken care of.
- Instead of focusing on the narrower question of integrating immigrants into a presumably static society, one should think of migration as a global concept that includes circular movements and the role of diasporas.
- Given the broadly established consensus about the effects of climate change, the latter may become a real security threat to countries exposed to severe drought or flooding – with additional global repercussions.

Institutionally speaking, the main actors in global governance will remain states and international organisations, although regional groupings are likely to become more important. The European Union would have to muster political will if it wants to promote governance and serve as an example for other regions. The role that the Asian powers such as India and China will play in global governance is much less clear. At the same time, Latin America and Africa have made enormous strides in their return to the world scene.

In addition, new actors from the private sector as well as from civil society have become increasingly powerful, without being fully integrated into a rule-based system. Both companies with their global investments and individual workers through their aggregate remittances often surpass what governments provide as official development aid, without being accounted for. Similarly, the growing activity of non-governmental agencies such as foundations, supportive as they may be in terms of providing innovation and building capacity, puts forward the question about the legitimacy of their actions.

It is therefore to be welcomed that the organising ZEIT and Nixdorf foundations have enabled a group of young leaders not only to discuss these pressing concerns but also to build a lasting network among them to tackle these global issues in the future.

# 1 Introduction

## 1.1 The Summer School...

The Bucerius Summer School on Global Governance 2008 made an attempt to outline “The Future International Landscape”. In its eighth year, young leaders from all five continents gathered in Hamburg, Berlin, and Paderborn to discuss the challenges and chances in the face of globalisation and fragmentation. 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 2008. It would go beyond the scope of a – readable – paper to try to present the plurality of the debates in their entirety. These are not the minutes of the proceedings. Furthermore, the attentive reader will note that the report is laced with remarks and commentaries from *Helmut Schmidt*<sup>1</sup>. His memorable speech, delivered after the end of the Summer School and as the highlight of this year’s Reunion, took up many of the issues that had previously been discussed by the group.

To the benefit of a comprehensive understanding, the content of the lectures, discussions, and working groups is clustered around three elements of the current and future international landscape: topics, institutions, and geography. Following a short introduction to the concept of global governance (cf. 1.2 below), the topical landscape (with issues like security, economy, society, environment, and ideology) is summarised in part two. Then, the institutional landscape is spelled out with regard to nation states and multilateral organisations (like the United Nations, the European Union and others) as well as business and civil society (in particular the media and foundations). In part four, a look at the geographical landscape highlights recent developments around Europe and in the Middle East, in Latin America, Asia, Africa, and the United States. Finally, a very short conclusion at the end of the report provides a daring glimpse into the future of the year 2050.

## 1.2 ...on World Disorder?

‘Global governance’ has not only been the overarching theme of the eight Summer Schools so far. Much more, it has been a defining element of the international order of the past decades. However, this ‘order’ has seemingly lost its inner structure in recent years, resulting in a yet-to-be-defined system of world disorder.

Global governance is meant to be a ‘system of governance in the absence of government’, *John Ruggie*, Kirkpatrick Professor of International Affairs at the Kennedy School of Government at Harvard University, explained in his introductory remarks. It is an answer to the question how the international community can govern its affairs collectively. The system at its core is based on the Westphalian system of nation states – where territory defines an entity’s borders, where the difference between the external and internal dimension is (theoretically) clear-cut, and the norm of sovereignty trumps any outside intervention. In this sense, governance clearly is not about government, as there is no global government: The functionaries of

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<sup>1</sup> The names of the speakers of the Bucerius Summer School and Reunion 2008 will appear in *italics*, whereas other persons’ names will be given in normal font.

international organisations like the United Nations (UN) have no authority to make decisions beyond the will of the member states. The Peoples, in fact, have not been given any role in this system – except in the first sentence of the Preamble of the UN Charter.

The instruments of global governance are based on international treaties between states, on customary international law, and on the work and deliberations of intergovernmental organisations. *John Ruggie* outlined seven main functions of this system:

- First, agenda setting and issue framing, i.e. how a problem is defined and why it is treated as a problem in the first place. In the past, inter-state issues used to be only about war and payment systems; today, it can be everything from status issues to people issues. While this function does not determine the outcomes, it effectively shrinks the discretionary power of governments.
- The system's second function, in contrast, has a more binding effect: Norm creation and diffusion regulate state behaviour without determining it but by producing costs for a violation of accepted codes of conduct.
- Thirdly, in internationalised technical areas (like telecommunications or pharmaceuticals), the system can set standards, specifying obligations for governments and companies alike that are much more precise than international norms.
- A fourth function is dispute settlement. Here, intergovernmental mechanisms exist in various policy fields although with different results: Actual interstate conflict settlement has a mixed record, whereas the settlement of economic disputes either through the World Trade Organisation (WTO) or through private investment arbitration works well.
- Enforcement, the fifth function, also has its flaws not only because of the weakness of UN institutions, sanctions and courts, but also because of the existing power cleavage between private actors and public actors.
- Sixth, collaborative governance mechanisms bring together different actors for specific areas, such as when transnational corporations (TNCs), governments, and the WTO established the Kimberley process to ban so-called 'blood diamonds'.
- Finally, and concluding his list of seven functions, *John Ruggie* pointed operational capacity building, as states tend to outsource development assistance to non-governmental organisations (NGOs), which often are cheaper, more flexible, and more innovative than governmental agencies.

Since its inception after World War II, two important transformations have impacted on this system of rules, norms, institutions, and practices: geopolitical changes and economic globalisation. The most important of the former, according to *John Ruggie*, are, of course, the end of the Cold War, the rise of new regional and global powers, and the recent surge of raw materials, bringing a continent like Africa back on the world stage for its resource riches. The resulting question is whether the traditional multilateral system of global governance can survive the rise of the emerging powers (like China, India, and Brazil) as well as the continuous emergence of new actors (i.e. companies and NGOs)? Similarly, economic globalisation – a new term for an old phenomenon, as *Helmut Schmidt* said – threatens the existing world order because the decentralised global political structure based on the nation state faces an integrated global economy. This misalignment creates a governance crisis, and as a result, the global order may indeed collapse, *John Ruggie* warned – just like the

Victorian era collapsed at the beginning of the 20<sup>th</sup> century, or like nationalism and chauvinism collapsed after World War II.

Especially the emerging new actors have introduced a different focus into international relations, rendering questions about the national interest less important and the significance of territorial borders less relevant. TNCs have an interest in making profit globally; to them, the confines of the nation state are not a cardinal principle but a minor impediment in their global activities. Similarly, NGOs rather aim at an unfiltered expression of the human interest as opposed to the national interest, bringing in the individual to a previously unheard of – and still not yet fully understood – level. Civil society in particular has created new ‘coalitions of the willing’ that lobby for transnational causes, putting pressure on both governments and corporations. As a consequence, doing business today does not only require a legal licence from the respective state but also a ‘social licence’ from the concerned community.

This shifting of power away from the state leaves most importantly the question of accountability, as the traditional Westphalian system of governance had bestowed authority and legitimacy, for better or for worse, on states only. Now that governments are no longer the sole actors in international affairs, the legitimacy of non-state actors is rightly questioned.

This is a rough picture of the broad international landscape, as it is marked by globalisation and fragmentation. The following three parts will look in more detail into its different topical, institutional, and geographical aspects.

## **2 The Topical Landscape**

Two issues were of immediate urgency at the time of the Summer School: Security – exemplified by the short Georgian war earlier that month – and the economy – as the financial crisis was unfolding. Furthermore, more long-term issues like immigration, climate change, and the (potential) return of ideology into global politics were of great concern to the group.

### **2.1 Security**

In addition to the current question of intervention and conflict management as demonstrated by the events in Georgia, the issue of nuclear non-proliferation in general and of the Iranian nuclear programme in particular ranged high on the group’s agenda of security topics.

#### **2.1.1 Intervention and Conflict Management**

The Russian-Georgian conflict of early August had set the stage for quite a number of this year’s discussions. Working groups both at the Summer School and during the Reunion looked closer at the conflict and tried to examine its origins. In general, the intentions of the conflicting parties in Georgia remained highly disputed, ranging from the assumption of a U.S.-supported Georgian offensive to the belief of a Russian attack driven by a desire to regain the country’s role lost after the Cold War. As *Lilia Shevtsova*, Senior Fellow at the Moscow Carnegie Center, noted, this was Russia’s first inter-state war after collapse of the Soviet Union. In her analysis, however, the war was not about Georgia itself but about a return to the Yalta world order of bipolar zones of influence and, ultimately, about the survival of the Russian model. Similarly,

Georgia might not have aimed at winning the war, some participants opined, but at broader political gains such as membership in the North Atlantic Treaty Organisation (NATO). However, *Janusz Reiter*, former Ambassador of Poland to Germany and the United States, considered that Georgia is now even less likely to join NATO unless it gives up the disputed territories.

Faced with what she perceived as Russian resurgence, *Lilia Shevtsova* recommended the West to switch to the 'dualpolitik' of engaging with and at the same time containing Russia. While it was clear that Russia had won the war, the question remained whether it could also win the peace. Here, the reaction of Russia's partners, in particular of the European Union and the United States, would be decisive. Given the harsh initial reactions of the United States, *Jean Asselborn*, Foreign Minister of Luxemburg, lauded the balanced stance that the EU had taken so far, in particular by not engaging into a blame game. Different from the U.S., the EU has to share a continent with Russia, plus Russia is too important for matters of international concern to simply alienate it. Therefore, the EU should try to bring America and Russia on speaking terms again, he said.

Some argued that the EU had already failed the test of unity by again sending mixed signals towards Russia. Moreover, it also failed on the question of political principle by supporting breakaway provinces in one case (Kosovo) and arguing for territorial integrity in another case (Georgia). Foreign Minister *Asselborn* replied that it was indeed not easy to reconcile 27 different national interests, yet that a weak but common position was preferable to no position at all. Only then could the EU act as a player and try to mitigate the emerging East-West conflict. In addition, the Kosovo case could not be compared to the present Caucasus crisis, followed by the recognition of Abkhazia and South Ossetia by Russia. Not only was there a nine-years time lag between the NATO intervention and the recognition of independence by many NATO countries. But also was the conflict internationalised from the beginning in that it was brought to the Security Council in 1998, which then became paralysed by the threat of a Russian veto. Up until the end of 2007, in particular the EU had tried to solve the question of independence through international negotiations – something that Russia in the present case has not even hinted at.

### 2.1.2 Nuclear Non-proliferation

Another long-standing international mediation effort in the field of security concerns nuclear non-proliferation. Participants tackled this issue in working groups both during the Summer School and the Reunion, asking two very basic – though enormously crucial – questions: How can one ensure non-proliferation compliance by those states that do not (yet) have nuclear weapons? And how should one deal with those weapons that already exist, despite the nuclear non-proliferation treaty (NPT)? The first question centred on the talks to defuse the nuclear standoff with Iran, while the second touched on another contemporary issue, i.e. that of the Indian-American nuclear agreement.

The Summer School's working group on Iran found it difficult even to agree on the frame of reference. Some felt that the Iranian position and its right to the civilian use nuclear energy are treated unfairly, while others pointed to the International Atomic Energy Agency's (IAEA) long list of Iran's breaches of regulations. This difference of perception was neatly summarised by one participant saying that it is not clear that Iran wants to build a bomb; but if you fear they might, then you are easily convinced

they are trying to do so. This leaves perceptions on both sides heavily influenced by fear and distrust.

With regard to the actual threat potential looming from Iran's existing ballistic missile capabilities and its nuclear ambitions, some pointed to the ongoing IAEA investigations that have left many questions unanswered. Another point of discussion was the recent U.S. National Intelligence Estimate that had stipulated that Iran had halted its covert nuclear programme in 2003. However, as someone with inside knowledge claimed, not only did the classified version of this estimate express much more concern than was known in the public, but also do we simply not know what is going at Iran's nuclear facilities such as Natanz. Yet, the very best option still seemed to be to work through the UN Security Council and so-called EU-3 negotiations (of France, Germany, and the United Kingdom) on behalf of the UN.

Debating potential solutions to this particular impasse, participants pointed to the need for a broader regional framework, including a peace agreement in the Middle East and the establishment of a complex security system in the Gulf region to rebuild confidence (cf. also 4.2). If Iran were to consent to actual verification of its programmes and stop the support of groups like Hezbollah in Lebanon, it could be allowed nuclear enrichment and processing facilities under multilateral control. Moreover, an international nuclear fuel bank might help to dissuade states from following the path of confrontation over national programmes; this would also be a major step towards a renewed comprehensive NPT system.

The need for such an overhaul of the non-proliferation system was also highlighted by the imminent decision of official (civilian) nuclear states to approve the bilateral agreement of the United States and India on civilian nuclear cooperation concluded in August 2007. This deal would lift the U.S. moratorium on nuclear trade with India and instead provide U.S. assistance to India's nuclear energy program. Given that India, Pakistan, and Israel are the only countries that are not part of the NPT, critics find that this agreement seriously undermines the international non-proliferation efforts, especially the attempts to prevent states like Iran and North Korea from acquiring nuclear weapons. Indian armament would provoke Pakistan to follow suit, some argued, thus potentially setting off a nuclear arms race in Asia. It would also have adverse effects on the negotiations with Iran, thus highlighting once more the need for regional security arrangements stretching from the Gulf to the Taiwan street. Others argued that the deal was a way to bring India into a strategic alliance against China in a 'new Cold War' (though they were not referring to the rhetoric of the conflict over Georgia – cf. also 2.5).

Now that even the IAEA supported the U.S.-India agreement, the organisation should no longer be called a nuclear watchdog but rather a 'radioactive poodle', one participant argued. Instead of this bilateral deal to the benefit of a few, the NPT system would have to again rely on trust-building measures, incentives for cooperation, and effective verification. A *conditio sine qua non* for this, however, is the often forgotten 'other side' of the non-proliferation coin: While the NPT obliges all haves-not to forgo their nuclear weapons ambitions, it also compels the five official nuclear powers (that happen to be the five permanent members of the UN Security Council) to disarm. Until this latter part of the NPT is also fulfilled (or, at least, seriously embarked upon – as a cautious first step, *Helmut Schmidt* proposed that all eight (official and non-official) nuclear powers renounce to the 'first use'), it would remain difficult to bar others from wanting to acquire such weapons too.

## 2.2 Economy

When talk is of 'globalisation', it is usually referred to in its economic – and, more recently, also its financial – dimension. This has not always been the case, as *David Held*, Co-Director of the Centre for the Study of Global Governance at the London School of Economics, reminded the group: In the past, globalisation often used to be about culture and religion, today it is mainly market-driven. Recent decades have witnessed a considerable shift in economic and financial power away from the state and towards private actors. This rapidly changing landscape has resulted in asymmetric benefits where more often than not gains seem to be privatised while losses become socialised. Thus, both in its discussions with panellists as well as in working groups, participants looked, among others, at the very forms that globalisation takes, at the role for redistribution (if there is one left), and at the – still ongoing – financial crisis of that had erupted a year earlier.

### 2.2.1 Economic Globalisation

Globalisation expands the opportunities for learning worldwide, *Michael Klein*, Vice President for Financial and Private Sector Development at the World Bank/International Finance Corporation in Washington DC, said. For today's countries like Vietnam, it is possible to double their income (gross domestic product, or GDP) within ten years or less, whereas in pre-industrial times, it took about 350 years to do so. This is possible due to the learning effect from other countries, and it has rendered institutions like the World Bank, Mr *Klein's* employer, less important because countries have more choice for both expertise and money. *David Held* felt that this process was mainly shaped by what he termed the 'standard liberal approach', or Washington consensus, that focused on economic growth, liberalisation, and privatisation. In contrast, *Michel Wieviorka*, a sociologist and Research Director at the École des Hautes Études en Sciences Sociales in Paris, remarked that, due to this diversity and the rise of China in particular, globalisation was no longer about American hegemony. Indeed, today it was much more complex than many people in the 1990s thought it would be.

Even those who viewed globalisation as generally positive felt that there was a growing sentiment for protectionist measures conceivably aimed at preventing globalisation's asymmetric effects, as *Jürgen Fitschen*, Member of the Group Executive Committee of Deutsche Bank AG in Frankfurt, explained. The unskilled worker all over the world could rightfully claim that globalisation is not for them; similarly, politicians would also duly revert to protectionism because globalisation means freedom and has thus shifted the balance of power in favour of those steering capital, *Jürgen Fitschen* said. The fact that, on balance, a great number of countries benefits from globalisation – especially those with raw material and a growing pool of skilled labour – still produces uneasiness in the West, as many of these countries are not truly democratic. Yet despite the fact that the need for global solutions has effectively derailed national governments and that globalisation has produced some real income disparities, he saw a main flaw in people's schizophrenic behaviour: We go shopping for the cheapest good every day, but then complain about losing our job. One simply cannot only have the benefits of globalisation, i.e. cheap labour in global production processes, without accepting the resulting competitive pressures, he said.

*David Held*, in contrast, insisted much more on the flaws inherent in the system that had released the 'genie of capital' from the lantern. He argued that global market integration is not a condition for economic growth but that economic liberalisation and

integration at the national level are. This should in fact come as no surprise because not a single developed country grew through the economic opening that is now suggested to developing countries but first expanded its internal market. By the same token, the most successful newcomers (like China, India, or Vietnam) did not play by the rules of the liberal approach, whereas those that did (i.e. mainly Latin American countries) are worse off. This was not to say that global trade or capital investments had no role to play, he added. However, markets usually fail on three accounts: on externalities (such as environmental degradation), on public goods (e.g. infrastructure and education), and on pricing mechanisms for certain products like medical drugs. Thus, the prevailing liberal market philosophy to him appeared inapt for global interdependence, and he claimed that a new cosmopolitan, social-democratic philosophy was needed.

With regard to poverty reduction, *David Held* claimed that if one were to take China and India out of the equation, global poverty had indeed increased – contrary to what the defenders of globalisation assert. Overall, the gains at the bottom were minimal or negative, and in particular the percentage of people living from two dollars a day (as opposed to one dollar a day, which is the official definition of poor), had also risen. The argument for globalisation as bringing poverty relief thus rested mainly on China's performance, but this is for reasons other than of the liberal approach.

In the context of poverty reduction, participants also looked at the role of agriculture. A working group tackled the question whether it would be sensible to treat food just like any other economic good given that it is not only a basic need for human beings, but also an important element in environmental development. *Michael Klein* argued that, from a World Bank point of view, agricultural production does not have to be scrapped on a country's way to economic development, though its overall importance will continue to shrink. Instead, it can be supported to achieve productivity increases. He dismissed the argument that the global food crisis was caused by the destruction of local agriculture, simply because the crisis originated in other countries than the developing ones. Yet he felt strongly that the aim of agricultural development should not be national self-sufficiency but an optimal global allocation of resources.

As a solution to the negative effects of globalisation, *Jürgen Fitschen* proposed to continuously invest in education rather than trying to compete for unskilled labour. Taxation might also help, though in a free world taxation has become a competitive factor; in the absence of a global taxation system, some countries are thriving on unfair advantages from being a tax haven. If *David Held* could have his way, he would not stop at tinkering a little with the system but have broader reforms. He aimed at combining markets, democratic standards, and universal standards, i.e. building bridges between market rules, international law, human rights, and environmental standards. He did not oppose economic growth as such but its conditions, under which capital markets help only the rich, well-regulated countries. Instead, he proposed to follow the Scandinavian example of combining market friendliness with welfare orientation. Moreover, he wanted to engage companies in global standards, as the UN's Global Compact has tried to do, although it would need to have more mandatory rules for the companies – a Compact with teeth.

The remaining question, speakers agreed, is whether the process of globalisation can at all be governed. Should regulations be imposed – and, if so, how could they be enforced – or should market incentives prevail? Given the experiences, both old and recent, of how market mechanisms have failed in providing global common goods, some participants were critical of the latter, one comparing the way markets

behave to the way people drive in India (where the motto is 'might is right'). In some areas though, for example in tax policy, a rule-based system is about to emerge. However, in particular the labour markets would need reform in order to withstand the current global pressures. *David Held* demanded that labour should be as free as capital is, whereas today only capital can move to where cheap labour is. Unfortunately, politicians could not admit to the economic dependence on migrant labour in front of the electorate; in addition, given the global dimension of migration, there is no way forward nationally. He therefore pleaded for an international migratory compact for temporary work allowances, which would disconnect the migrants' wish to work from national concerns of citizenship and welfare expenditures. It would also contribute to economic prosperity – and not just brain drain – in the countries of origin in that global migrant remittances today amount to twice as much as the official development aid.

### 2.2.2 Financial Markets

In this context, participants also debated the financial crisis that had been going on for about a year and whether it posed significant global risks. To answer this question, one would first have to assess whether the crisis is something particularly unknown and new, or whether it is a simple bubble that had built on the mere expectation of future gains – just like the Dutch Tulip bubble that formed and, eventually, burst in the 17<sup>th</sup> century. Even though all market participants tend to know about the weak foundations of such a boom, they keep investing because speculating against a rising market is difficult: Individual incentives like bonuses, compensation schemes, or reputation make investors stick with a boom as long as possible. Or in the words of John Maynard Keynes, "markets stay irrational longer than you can stay solvent". This is the 'normal' scheme of a boom with positive feedback loops and an eventual bust when the mood swings.

The present crisis, however, displayed also some new elements of financial globalisation and innovation that distinguish it from previous (financial or other) crises. As *David Held* put it, global financial markets are geared towards profit anywhere; similarly, *Michael Klein* detected greed at every level of the system. Most importantly, however, there is still considerable uncertainty about the ultimate implications of the turmoil. As long as these would prevail, market participants would distrust each other and thus, ironically, work rather to perpetuate than to end the crisis. He pointed to the moral hazard of saving banks with public money; instead, those that have over-specified should go bankrupt. A system where more than half of the capital is linked to real estate is unhealthy; yet the subprime loans were politically wanted. *David Held* agreed that the subprime market was no aberration but a normal development of market instruments given the deregulation that took place in the United States after the savings crisis of the late 1980s.

In addition to the moral hazard of saving the speculators, political intervention risked over-regulating the markets after a crisis. What is more, it becomes part of the problem when it follows partisan lines rather than sound judgement. Finally, there was the feeling that such crises could not be avoided once and for all but that they were part of the system. What is important now is to avoid an epidemic into the real economy; other than that, crises like the present one should rather be regarded as 'black swans': Until these were discovered in Australia, the – empirically proven – rule was that all swans were white. Consequently, to expect the unexpected and to look for the unknown is maybe a good way to deal with reality.

## 2.3 Society

Looking deeper into the international societal landscape, three 'i' came into focus: immigration, integration, and identity. Although these are three different processes with different determinants, especially national, regional, and local imperatives, as the working group during the Reunion found, the three merge in the debate about what holds people together in a fast-moving world.

### 2.3.1 Integration and Identity

'It's the identity, stupid', working group participants coined up their discussions about immigration. At a time when a number of societies around the globe are in an identity-searching process, the question of what model newcomers should integrate into has become more pertinent. *Tamar Jacoby*, Senior Fellow at the Manhattan Institute for Policy Research in New York, felt that talk of 'identity fears' often serves as a backdoor entry to the migration topic. Indeed, citizens often react in a very emotional and irrational way when confronted with immigration issues, though many usually sober up when thinking practically about it. After all, in the talk about fears, as she said, the kernel of truth is the worry whether immigrants succeed in integrating into or assimilating to the host society? This is close to what *Michel Wieviorka* called the two faces of identity: One open and accessible, the other hidden and most often with a negative dimension that is, for example, related to social and economic issues. Similarly, *Cem Özdemir*, a Member of the European Parliament for the German Green Party, warned of the danger to reduce identity to religion. Instead, there are many different aspects to it, like race, gender, class, or any other such defining trait.

Obviously, some societies have long been integration societies while others have only recently started to approach these questions in a more conscious way. And while this difference is not so much based on decisions of politicians but on the demographics and economic necessities both of sending and receiving countries, fears of a two-tier society are real, *Tamar Jacoby* conceded. Yet this reduces the somewhat loaded question of identity to the more practical problem of how to manage the integration process. Just like people were seriously afraid of the awful conditions of early industrialisation before they learned to manage this new phenomenon and to grow rich on it, one should alleviate fears of immigration and integration because in reality, migration most often brings economic vitality to the host society.

*Tamar Jacoby* compared the European and American models of integration by saying that the EU has the 'words' (in terms of policies and programmes) while the U.S. has the 'music' of integration based not so much on a policy but on a 200 years-old tradition. She identified four key factors of the successful American way of integrating immigrants.

- First, immigrants simply have to work because they would get only little social security. Thus, the work place is the crucible of integration.
- Second, the U.S. combines the 'melting pot' with multiculturalism in a two-tier model: In private, i.e. at home or in church, life is multicultural; in public, however, neutrality and equality under law reign.
- Third, and in extension of the previous point, there are minimal but transformative demands: As an immigrant, you have to subscribe to the fundamental American political beliefs, but you need not worry about your culture and customs.

- Fourth and finally, citizenship means citizenship. You can become a full-fledged American, and your son or daughter can become President of the United States.

Multiculturalism, in fact, was debated as to what is its exact meaning. Some seemed to think that it means an ‘anything goes’ type of relativism, *Cem Özdemir* said, whereas he saw it rather as a description of the society that we have. This would not only include culture in a very narrow sense, but a broad idea of liberalism, including divorces or same-sex marriages. In this sense, politics would start only after accepting a multicultural society as a given. *Michel Wieviorka*, in contrast, did not accept multilateralism as a fact but thought of it rather as the answer to deal with migration and cultural differences within the nation state. The concept could conciliate reason, right, and the respect for religion and tradition, though he admitted that this is easier to conceive at the abstract, national level than for the individual. Both agreed, nonetheless, that individual rights should not be infringed on by giving cultural rights to groups, for example by letting religious groups run certain civilian affairs. Ultimately, *Cem Özdemir* maintained, the state might have to protect individual members of minority from their own community.

Constructing the broader framework of migration rather than that of *immigration* and integration would also help to understand the complexity of the phenomenon, *Michel Wieviorka* proposed. The term ‘migration’ is open for different models of mutual integration and mobility. Instead of focusing only on classical assimilation, there is also circular migration; there are diasporas and people regularly crossing the borders of their home state. All this leads to different models of transnationalisation or deterritorialisation that modern societies have to cope with. Nonetheless, the nation states will not fade any time soon. While the nation state may not be the only frame of reference, it has until now proven to be the only framework to grant political rights to societal groups, *Tamar Jacoby* argued. To maintain borders, to grant citizenship to some individuals – and not to everyone arriving on a country’s shore, as it was the case in the 19<sup>th</sup> century – i.e. to simply regulate immigration is therefore justifiable. However, the management of migration would need to be done a whole lot better, she said.

### 2.3.2 Immigration and the State

With regard to how immigration could be managed, *Cem Özdemir* advocated a three-point approach: Every immigrant needs to accept the basic constitutional and political structure, to learn the language, and to adapt to the mainstream education system and working environment. To him, this latter point of education was very crucial, saying that children should attend mainstream educational institutions earlier (i.e. at a younger age), longer (i.e. for a full-day rather than just four to six hours) and with a better quality (i.e. more individual care for children with a migratory background). The school is the place where the young people learn about the workings of the host (and their new home) society. For adults, it is necessary to give them an introduction to society and tell them about what is expected of them.

This approach refrains from asking for full assimilation, instead only demanding the observation of political and social rights. An ‘anything goes’ approach would be destructive for the societies, *Tamar Jacoby* said, which are built on certain – valuable (!) – values. One should ask for integration into these fundamental values but not into cultural peculiarities, thus making what *Cem Özdemir* called ‘hyphenated identities’ much more common in the future. However, the term ‘integration’ is also part of a

discourse from reactionaries, *Michel Wieviorka* warned, and that some only talk about integration and the resulting obligation of immigrants but without giving them the means to do so. Yet in reality, there does not exist a static society to integrate into, but migrants contribute to the host society and thus change it.

The way in which a society deals with immigration is also a function of the role attributed to the state in a multi-religious society, a working group found. How far a secular state should get involved in religious issues and how it could deal with religious actors are questions high on the agenda in Western European states with a considerable number of Muslim migrants. To re-negotiate the support of the state for certain churches, thus putting Islam on equal institutional terms with Christianity, would open an unpredictable process, some feared, not least because there is no organised Muslim Church. Still, they saw this painful transformation process as a necessary one in which the state should stay out of the inner regulations of religious groups but at the same time stand up against anti-democratic movements. This would (or should) ultimately help to de-link the immigration debate from the religious issues that often come with it.

Going from different national debates to the international implications of migration, *Michel Wieviorka* reminded the group of issues such as 'co-development' and 'brain circulation'. The former is the attempt to link migration policy to development policy, trying to ease migratory pressures in certain developing countries (and on some developed countries) by directly tackling the socio-economic conditions in those countries. The latter is not only a word play on the negatively connoted term of 'brain drain' but also an element within the overall concept of co-development: Circular migration can alleviate the real cost of economic development, first by giving room for remittances of the emigrants, later by them bringing back money, education, and experience to their home country. This actual going back and forth should be regarded as a serious engine of development.

## **2.4 Environment**

Climate change and its impact not only on the globe itself but also on global governance have been a long-standing issue at the Summer School. This year, the issue of climate security had crept on the agenda, following serious consideration, both in the EU and the U.S., of the potential implications of environmental effects such as droughts and rising sea levels on the security of states.

### **2.4.1 Climate and Energy**

Much of the debate about climate change has focused on global warming and on the grim outlook that it presents, including an increase of global mean temperatures of 5°C by 2100 if trends are not reversed. In contrast, *Utz Claassen*, Chairman of the Innovation Strategies and Knowledge Management Initiative of the Federation of German Industries in Berlin, claimed that global warming would not continue as it has until now. He predicted that natural cooling effects – e.g. particles in the atmosphere that produce a kind of 'global dimming' – would be bigger than so far expected. *Helmut Schmidt* warned of outright hysteria, given that the globe had seen ice ages big and small and warm ages in the past.

This notwithstanding, *Utz Claassen* did not dismiss the dangers of the present CO<sub>2</sub> consumption. He advocated a call to burn less coal, gas, and oil, and instead use more renewable sources and more nuclear power. At the same time, higher energy

efficiency should be aimed for. Here, visibility could help: If you see what you use, you use less. He predicted a 50 to 100% increase in global energy demand over the coming years, originating mainly from China, India, Indonesia, and Brazil. Just as important as the question of overall supply is that of access to energy, he continued: While only one billion people have unrestricted access, two billion have restricted or insufficient access to energy and another two billion have no access to energy at all. Renewables, in his view, are only part of the answer here, most of all because of their (presently still higher) cost and fundamental problems with storing capabilities, but also because of recently emerging contradictory goals of producing food and energy (i.e. biofuels) from the same substance. Nuclear energy, in contrast, is cheap and has a great base-load, as *Wolfgang Schmitt*, Managing Director of German Technical Cooperation (GTZ) in Eschborn, admitted. Indeed, some estimate the risk of running into a global climate crisis by refusing to use nuclear energy as higher than the risk of nuclear accidents.

Regardless of which technology should be favoured, the elementary question remains to find the right incentives for action in the absence of a hegemon that is willing to pay for adjustment cost. Until now, there is much reason for pessimism, participants discussed in one workshop: There is no global agreement on the target goals to achieve, despite a scientific consensus established around the dangers of global warming if things go unchanged. Worryingly, the dispute over whether to look at per capita emissions (where the U.S. is top of the list, followed by Europe) or at absolute emissions (where China and India already fare quite badly) has still not been resolved. The absolute minimum of limiting temperature increase to 2°C until 2050 is accepted only by the European Union, while the United States refuses to commit to any such goals. *Jean Asselborn* therefore called the EU a front-runner in climate policies, having introduced in 2005 a 'cap & trade' system of setting absolute limits on emissions and trading the remaining 'pollution permissions', as well as passing the 2007 climate package that commits EU countries to further reduce their emissions by 20% until 2020. In contrast, *Utz Claassen* found the trading system with 27 different emissions targets in Europe irrational because climate change does not stop at borders. Instead, he called for a global system of emissions trading.

Any global scheme is preconditioned on including China and India into the agreement. Having built their present economic growth on the classical energy-intensive model of developed countries, this means that new economic models are needed for these countries. Both *T. N. Ninan*, Editor of the Business Standard in New Delhi, and *Frank Sieren*, China Correspondent of the German Weekly DIE ZEIT in Beijing, pointed to the fact that the West had been a free-rider on energy for the past 150 years and now has to pay its share. *Shashi Tharoor*, the former UN Under-Secretary-General for Communications and Public Information, recalled that the benefits of the green revolution in traditional India from the 1960s have begun to fade, and that the government is now handing out subsidies to alternative energies. The United States might be brought into a deal, some participants thought, by alluding to their vital interests, with energy independence as the strongest argument. Establishing a carbon-free economy would be equivalent to putting a man on the moon, and if only the U.S. decided to do it, they would be able to.

On an equally optimistic note, *David Held* felt that the current climate change debate could bring about more fundamental change in global governance: Given the questions of urgency, technology development, and fair burden-sharing, a successful deal on climate would be a paradigm for global problem-solving.

## 2.4.2 The Geopolitics of Climate Change

A completely different focus on climate has emerged recently with the growing discourse on climate security. In early 2008, the European Union's top diplomat, Javier Solana, published a paper on 'Climate change and international security'; later that year, the U.S. intelligence community followed up on this by publishing its first ever National Intelligence Estimate on the implications of global climate change for national security. Given potential security implications, effective climate policy may soon be seen as an investment insurance against dramatic risks and thus, especially compared to the military budget, may override the present (and narrow) economic arguments against costly action.

*Gareth Evans*, the President of the International Crisis Group, a think tank in Brussels with offices worldwide, explained that climate change is primarily a 'threat-multiplier' rather than a cause of deadly conflict in its own. Given the climate's long-term trends, its impact is of only limited explanatory power with regard to current conflicts. However, a few general connections exist between the two, and it is developing countries that are and will be particularly affected – a view he shared with the Luxembourg Foreign Minister *Jean Asselborn*. Firstly, there is diminishing access to water with a resulting increased competition for this precious element. In general, and secondly, access to resources may be declining, thus increasing migration both within countries (i.e. to more frugal areas) and across boundaries (i.e. to countries generally better off). Thirdly, an increased climate variation may result in economic shocks that hurt employment. And fourthly and finally, all this may lead to 'environmental migration' from the global South to the North, resulting in anything from social destabilisation to an increased threat of terrorism.

The limitations of climate change as an explanatory factor for violent conflict lie in the phenomenon's general and long-term nature, *Gareth Evans* explained. So far, climate scientists have tried to forecast how carbon emissions and other physical phenomena change at the global level; they have not focused on specific regions. Yet to know exactly where the impact of climate change will unfold would be important to know for the contingency planning of the intelligence community. Moreover, the projected trends are not certain, leading to very different accounts about who is really at risk. As a result, the linkage between climate change and human security is nowhere near any certainty that policymakers would need. He therefore cautioned that talk about resource wars would be oversimplified; with every conflict having its own dynamic, climate variation is insufficient to explain large-scale violence. For example, the conflict in Darfur, according to *Gareth Evans*, is not the first climate war as some have recently claimed. While the source of conflict is indeed found in the droughts of the 1970s that turned settlers into nomads, the present situation has become much more complex than that. Instead, all factors of conflict should be taken into account, and climate change should not dominate the conflict debate.

Again, there was also a positive note to this, as climate change might just as well trigger cooperation between rivalries, an aspect too often not looked at. Despite all their mutual difficulties, countries like Pakistan and India are in dire need of common water management. Such trust building at the more technical level might then, some hope, evolve into the political sphere.

Trying to mitigate climate change at the global level is therefore one part of the solution, but the other is adaptation and the improvement of societies' ability to react – jointly with their neighbours – to a changing global environment.

## 2.5 Ideology

The ideological landscape also is in turmoil, it seems. Two terms have gained prominence over the past decade or so, despite regular claims by politicians that they are actually not an apt description of the world. As recurrent features in the discussions of the group, they merit a short mention here.

Talk of a 'clash of civilisations' had been around ever since Samuel Huntington wrote a seminal article with that title in 1993. Later, the terror attacks of 2001 became a symptom of religious hatred, *Helmut Schmidt* explained, before the 'superfluous' Iraq war has since aggravated the situation. He pleaded that religion should never be abused by politics – admitting that this would be easier to say for Europeans than for Muslims, as the separation of Church and State was a primarily Western idea that had yet to be appropriated by other religions. In the end, religious tolerance would be more important in the 21<sup>st</sup> century than it had been in the 20<sup>th</sup> century.

A subset of this confrontation between civilisations is sometimes seen in a 'new Cold War' resulting from the confrontation between the United States and China, the probable superpowers of the 21<sup>st</sup> century. However, as *Shashi Tharoor* described, there is no alliance around China, and China is not the leader of (East) Asian nations. Recent events such as the reasserting of Chinese rule in Tibet or the strong show in the Peking Olympics are much more about Chinese nationalism than about imperialism. There had been similar talk of a 'new Cold War' after the Russian-Georgian skirmish over the two breakaway provinces and the resulting frostiness between the United States and Russia – usually with people instantly declaring that this was not what they wanted. In a discussion, participants assessed whether Russia is actually strong enough for such a confrontation. They found that, given its demographic problem, its economic strength built only on high prices for oil and gas, and a fairly low military budget, Russia could not seriously confront the West but only assert its influence in what it perceives as its 'near abroad'. Going one step further, participants asked who would have an interest in any Cold War rhetoric? To them, the main beneficiary was Russia, as it would bring the country back at the world table. The U.S., in contrast, would not benefit from such rhetoric: After the end of the Cold War, it had been focused on China; since 9/11, it has shifted attention on the 'war against terror'. Now, renewed conflict (if only so far verbal) with Russia would only distract it from the real security threats.

## 3 The Institutional Landscape

Global governance, naturally, is about institutions. First and foremost, it is about institutions created by nation states to deal with their common affairs, like the UN and, a more special case, the EU. As pointed out in the Introduction, however, the discourse about global governance has been transformed – in deed fuelled – by the emergence of new institutions – non-state actors like companies and NGOs. Two particular examples of the latter group are the media and foundations, which were for the first time prominently discussed.

### 3.1 Nation States and Multilateral Organisations

The present multilateral system so far has saved the world, *Jean Asselborn* of Luxembourg claimed. Consensus is the essence of multilateralism despite the fear of

taking decisions only at the level of the minimal denominator. This principle is also the basis of EU integration, which – despite often being portrayed as dull or even ineffective – has successfully managed the emergence of 15 new states in Europe after the demise of the Soviet Union and federal Yugoslavia. Should multilateralism fail, then unilateralism – and with it conflict and war – would be back again, he feared.

### 3.1.1 United Nations

Ironically, however, it might not be the historical Westphalian states (i.e. of Europe and North America) that will decide about the future of the state-based international system. Instead, the behaviour of India and China as emerging states will be decisive, *Shashi Tharoor* said. China is a defender of the post-1945 status quo not least due to the position it is granted on the UN Security Council and the UN's founding principle of non-intervention. Despite this principled stance, China is only beginning to get involved in UN operations, having deployed more soldiers to protect its businesses in Sudan (around 4.000 troops) than it has given to UN peacekeeping (a mere 500 men). While China is destined to become a superpower in this century, he thought that India would remain a soft power – the 'Indian DNA' is not made for great power politics – and would rather spread its culture through Bollywood movies, yoga, or Indian music and cuisine. Still, both should have an interest to keep the system of global governance.

The question of a fair representation of newly powerful states and regions in international organisations like the United Nations, and in particular within its Security Council, is at the heart of the debate about the future of the multilateral system. If governments do not feel adequately represented in these institutions, they will one day turn away from them and thus destroy one of the UN's greatest assets, i.e. their universality. In a workshop, participants wondered whether the UN system would literally survive based on its post-1945 structure and seemingly 'Western' values. While some claimed that these should be indeed regarded as universal, others expected that they would in the future be defined by more powerful regional organisations. Even if and when the UN achieves to set the agenda by consensus, the implementation of its decisions would be different from region to region. Thus, a struggle between global decisions based on 'universal values' and actual regional interests and capabilities would be fought in the future.

In a personal statement, *Vaira Vike-Freiberga*, former President of the Republic of Latvia, described the flawed system of how the UN Secretary-General is elected. She herself stood as a candidate in 2006 against, among others, *Shashi Tharoor*, then UN Under Secretary-General for Communications and Public Information (with Ban Ki-Moon from South Korea as the successful candidate). With her candidature, she said, she wanted to show how absurd the election process had become with objectionable deals being made between UN member states and their regional groupings up to a decade in advance, involving also money being spent for certain posts. Most important of all, she deplored that half of humankind (i.e. women) has never been represented at the helm of the UN – worse still, there had never been a serious female candidate before. All in all, she derided the UN's inability to take decisions if dysfunctional states sit at the table.

### 3.1.2 European Union

The European Union can still be regarded as something unique and as the only global project that has succeeded, both *Lilia Shevtsova* and *Vaira Vike-Freiberga* posited. It was created on the ruins of Europe when a place like Hamburg, including the very place where the group was meeting, was totally devastated, the former Latvian President recalled from her personal experience as a refugee child in the city. What followed was the 'Wirtschaftswunder' (economic miracle) where the continent managed to grow economically despite the diminishing global power of countries like France and the United Kingdom and its generally shrinking population. However, the East-West divide as a global political and ideological division was actually running through Europe. The Eastern part of Europe behind the Iron curtain was kept in servitude. One should not fail to mention though, she continued, the great amount of U.S. patronage that had helped the Western part. The transatlantic alliance proved to be essential to this half of the continent's development, in particular because it was not just about charity but built on a profitable partnership.

Today, the EU covers a much larger terrain than at the times of the Cold War. Its 27 member states stretch from the Bay of Biscay to the Baltic, and from Lapland in Northern Sweden to the Mediterranean islands of Malta and Cyprus, just off the North African and Near Eastern coast. With its 500 million inhabitants, more than those of the U.S. and Russia combined, the EU is certainly a big global player, *Jean Asselborn* declared. Indeed, the recent enlargement by 12 mostly Central and Eastern European states has provided an added value to the Union, President *Vike-Freiberga* claimed: It has brought renewed commitment to a common cause and it has at the same time extended the EU's reach – a success story, as *Lilia Shevtsova* concurred. Having now common borders with Russia, Ukraine, Moldova, and, across the Mediterranean, with all states from Lebanon to Morocco, the EU has developed a distinct Neighbourhood Policy. This is designed to stabilise these countries and can, in the case of those countries on European soil, ultimately serve as a pre-step to future enlargement.

In this context, *Jean Asselborn* reminded participants of the stabilising power that the EU projects. While the Union had certainly failed to bring peace to the Balkans in the 1990s, it had learned its lessons from this debacle and is now the dominant player for the stabilisation and economic development of these countries. What is called the 'EU perspective', i.e. the prospect of becoming a member one day, is paramount in all countries both in Southeastern and Eastern Europe. For the young generation there, the EU is a symbol of peace. The Union, in turn, should keep its promises made to these countries and start to convince the public in member states of the benefits not only of the past but also of future enlargements.

Asked whether the EU is actually a player in world politics and not just a payer, Luxembourg's foreign minister replied that, in the past, the EU's contribution had often been confined to economic and humanitarian means. Due to the unanimity principle, real foreign policy decisions are at times still difficult. However, he maintained that the EU has had a consistent position on the Middle East since its 1980 Venice declaration and that, consequently, today the Union is an active and important member of the Middle East Quartet (next to the United Nations, the United States, and Russia). Furthermore, the EU is presently active with ten different military or police operations in the Balkans, the Middle East, and in Africa. Finally, he believed that because the new global threats demand a multitude of instruments in response, the EU with its foreign policy tool box ranging from political and economic

measures to police and judicial support to even military interventions is well suited to become even more relevant in the future.

The EU's actual performance in the Georgian crisis found differing judgment from speakers and participants alike. *Lilia Shevtsova* felt that the Union had become more and more pathetic, having no policy for the Caucasus and becoming virtually invisible as a foreign policy actor. *Vaira Vike-Freiberga* explained that in particular the Eastern European member states demanded a strong reaction to the Russian invasion, not because these countries were not 'traumatised' by their own Soviet experience but because they are more knowledgeable about the Russian system than their Western partners. *Jean Asselborn* declared that mitigation of Russia is impossible if the EU is disunited, and expected a clear signal about a future EU membership of, for example, Ukraine. Whether this implied an actual defence guarantee from the EU (and not only by NATO, if and when Ukraine became a member of this organisation) was left an open issue.

With regard to the future drivers of both European integration and enlargement, *Vaira Vike-Freiberga* detected both an inner drive (the principles and values like tolerance and openness that bind the countries together) but also external drivers: What happens anywhere in the world matters to us, she said. However, engaging the citizens of Europe remains one of biggest challenges. According to *Erhard Busek*, former Special Coordinator of the Stability Pact for South Eastern Europe in Brussels, there is no European public except in football and for the Eurovision song contest. In addition, despite broad support for the EU idea in general, there is a lot of scepticism of and frustration with many of the EU actions, participants found in one workshop. They identified a lack of leadership and, probably related, a lack of communication both at the national and European levels. Inquiring about the possibilities to build loyalty for the EU without becoming a nation state itself, they proposed 'identity projects' such as a common defence policy (which receives widespread support in all polls), leadership in climate policy, more democratisation, and socio-economic convergence. As President *Vike-Freiberga* concluded, the people may not yet be ready for a federation like the United States of Europe because people are very attached to elements of statehood, but the fact that people gave up their traditional currencies, some more than 2.000 years old, for the common benefit of having the Euro, also showed the strength of these common projects.

### 3.1.3 Other multilateral institutions and arrangements

The conflict in Georgia had set the stage for a vigorous discussion of the role of the transatlantic alliance in Europe and, particularly, of NATO enlargement. *Lilia Shevtsova* expected that so-called membership action plans (MAP) would soon be offered to Ukraine and Georgia as a response to the war, even though NATO enlargement is perceived in Russia as a threat to the latter's zone of influence. For this reason, and for fear of a vicious conflict circle, some saw the time come for a more conciliatory approach that considers Russian sensitivities. Just as much as some felt that no non-member should have a veto over who can join the alliance, others thought it important to choose one's allies carefully: Rather than asking for permission from Russia, they pleaded to think of the potential ramifications of one's decisions, including for the stability of the European continent. Others, for the sake of the latter, demanded that NATO should disband on its 60<sup>th</sup> anniversary in 2009, for its failure to build inclusive mechanisms in the 1990s by pushing enlargement down Russia's throat.

Very concretely as to how future enlargements might work, *Vaira Vike-Freiberga* recalled the EU's Copenhagen criteria as a combination lock with 32 keys (which is the number of political, economic, and administrative chapters in which a candidate country's merits are tested). NATO, she proposed, should have similar criteria for the area of security and defence. Still, the two organisations should each consider candidates on their merits and not see themselves as 'stepping stone' to one another. Most importantly, no geographical games ought to be played with the membership question – which is what *Dimitri Trenin*, Deputy Director of the Carnegie Moscow Center, had proposed when he said that Ukraine is free to join the EU but not NATO.

With a more global view, though not security-related, participants also discussed potential reforms in other multilateral organisations. According to *David Held's* analysis, global institutions are locked into the post-World War II *Pax Americana* and apparently unfit for the present (let alone future) global challenges. Reforms have so far been extremely difficult due to power plays and a persisting focus on the nation state. However, fair representation and rule enforcement at the global level are desperately needed. Interestingly, emerging powers like China and India seem to have different commitments to multilateralism, discussions showed: India is a classic multilateral player simply because it is relatively weak; China, in contrast, has usually had a penchant for bilateral deals, though this appears to change. With regard to a possible extension of the group of industrialised countries (G7/8), China is less enthusiastic than India or Brazil because of its exclusive position as a permanent member of the UN Security Council. In addition, as *Shashi Tharoor* warned the group, such an extension of an exclusive club of rich countries might endanger a legal institution like the UN.

Whether or not the Mercosur is ready to imitate the European model of integration and become a powerful regional multilateral setting, was part of the discussion about Latin America. The general feeling was that the region is just not yet there. First of all, there is a split within Latin America between countries adhering to the liberal model of representative democracy and those opting for the populist model of participatory democracy. This divide would need to be overcome in order to integrate around a common model of democracy and economic order. In addition, energy is not yet about to become for Latin America what steel was for Europe. A proposal to this effect by President Hugo Chávez of Venezuela appears to be rather divisive, with countries in the region fearing the example of how Russia uses its gas and oil supplies to put pressure on its neighbours.

## **3.2 Business and Non-governmental Organisations**

### **3.2.1 Business**

The key question for participants discussing the relationship of business and society in one of the Reunion's workshops was whether the corporate drive for profit creates social tensions? Against this backdrop – and without delivering a definite yes or no answer – they discussed how social needs could be integrated into corporate calculations. One oft-heard answer is Corporate Social Responsibility, or CSR; a catchword of the past decade or so that is meant to reconcile the business imperative of making profit with a respect for social needs. However, there was scepticism about the genuineness and sustainability of CSR: Is it not just window-dressing for companies? Would it work with cost-sensitive consumers? Participants figured that

the success of CSR is still very dependent on a number of factors, such as the size of company (it is easier for big ones than small ones); the type of market (Germany is more conducive to CSR than, say, China); the political pressure exerted (from either governments or civil society organisations); and the economic environment (it is simply easier in a boom than in dire straits).

Some felt that CSR only comes into play when regulation is weak, i.e. when the state does not set a regulatory framework. *John Ruggie* called 'state de-capacitation' what he saw as an unfortunate consequence of CSR: When it is companies that build schools, hospitals, and the like (for want of government action in this field), then the state becomes even less willing to engage. Therefore, it is important to engage in public-private partnerships to ensure sustainability and political accountability because even for their – voluntary – CSR actions, companies need to display at least a basic level of responsibility.

In addition to CSR that all companies can do, a particular aspect of the discussion focused on social enterprises. These are entities that perform their business-like function for the provision of public goods. On the spectrum ranging from profit-making companies over government to the moral high ground of NGOs and charities, social enterprises figure somewhere between the first two. They receive their financing from business and government, and some companies even 'outsource' their CSR to such social enterprises.

### 3.2.2 The Media

With this as a precursor, one might wonder whether the media is not (or should not be) a kind of social enterprise: After all, they provide what many people regard as a public good (freedom of speech and democratic information might qualify), and profit-making has been quite difficult lately, to say the least. Indeed, many print media are riding through tough times, as *Daniel Vernet*, Director of International Relations at 'Le Monde' in Paris, told the group. While global newspaper circulation increased by 2.5 % last year, it decreased by the same amount in the United States and Europe that same year. Some U.S. papers are losing circulation in two-digit numbers, *Christoph Keese*, President for Public Affairs of Axel Springer AG in Berlin, reported. In France alone, circulation has halved in the past sixty years. In addition, the financial situation is worsening: Despite millions of Euro of state subsidies, French newspapers are running huge deficits due to a rise in production cost and a fall in advertising revenues. Already since the 1980s, daily newspapers have no longer been making any profit.

So the financial situation is an obvious first challenge for the print media, to which *Daniel Vernet* added an editorial challenge not least produced by the advent of the internet. Even though the decline of the print media had started long before the rise of the internet, this challenge is different from previous one's (e.g. from radio of television) because the internet is not only a different vehicle, but also a new media. It offers more than any newspaper could: real-time information and analysis that reach millions instantly around the globe. Still, it is difficult to make people pay for good media online when, so far at least, most news content has been free. Thus, financial investors are needed, although they can be dangerous when only looking at profit, *Theo Sommer*, dean of the Bucerius Summer School and editor-at-large of DIE ZEIT, said. Moreover, it is difficult to make money in the media business, *Daniel Vernet* added: One has to have a political goal for investing in print media, just like *Serge Dassault*, one of France's media moguls, is a businessman and politician.

The debate about editorial quality then centred on the – perceived or declared – differences between online and print journalism. News is produced, not simply found, *Daniel Vernet* explained; therefore, good information has a cost. The same editorial principles should rule in print and online, just as the Axel Springer publishing house has now merged its print and online editorial teams. The online issue of the daily DIE WELT is very successful, *Christoph Keese* claimed, and though it runs a small deficit he was optimistic that it will be profitable at some point. For him, the internet is an opportunity much more than a threat, for example because a search engine like Google brings new customers (about 50% of traffic) to WELT online. This enables a paper to break out of the 12 million newsreaders' cage and deliver content journalism to those previously not reached.

In this vein, participants debated the benefits and drawbacks of a potential 'democratisation of information'. In the internet, people can publish what they want, *Daniel Vernet* deplored. If this means democracy by discussion, then he would worry about the quality of discourse, *Theo Sommer* added. Information on the internet cannot simply be trusted but users would need to be educated about how to judge it. With the gate keeping and channelling function of the media gone one can easily get bogged down in irrelevant news, one participant assented. Moreover, whether user comments can replace editorial opinion remains an open question.

Still, in the context of globalisation, the internet has a political effect. News can reach a much larger share of the population than could ever do the press alone. By making people more aware and – potentially, at least – more involved, this can help democracy by lowering the entry threshold, *Christoph Keese* reckoned. In addition, while some in the West may loathe to accept blogs as a balancing force without quality control, these are certainly viewed more positively in a place like Russia where usually all other media are controlled by the state.

In Russia, political control of the media is exercised either by governmental agencies or by loyal oligarchs, *Ilya Krieger* a journalist from 'Novaya Gazeta' in Moscow, reported. In this city, everything belongs to either Gasprom or the Mayor or his wife. There are only a few more or less free media, and none of them is profitable. The state, in contrast, uses the sharp weapon of bureaucracy, not the police. Living in such an environment of constant threat may be dangerous but is also exciting, he said. While his paper considers itself independent, it lacks money and thus was turned, two years ago, into a shareholding company: Employees hold 51%, former President Gorbachev 10%, and Russian oligarch Aleksander Lebedev the remaining 39% of shares. The latter has declared he will not interfere in editorial policy, nor does he seem to regard his share as an economic investment but as good for his reputation in the West.

Looking beyond the media repression in Russia, participants inquired about the global corollaries of a changing media landscape. The Arab television channel Al-Jazeera is now firmly established as an alternative to global Western media, some reckoned. Nonetheless, the expansion of Western media can go beyond money-making and include an element of exporting democracy: Springer has strong values and, making profit rates of 27% in print, they can afford being good guys, *Christoph Keese* explained. However, such expansion would not lead to a flattening of cultural barriers; instead, Springer media work according to their (local) market, e.g. attending to Polish tastes in Poland rather than trying to impose German views over the border.

Ultimately, *Christoph Keese* reassured the group, newspapers will never die: A paper covers 80% of your vision and is much easier to read from than from a screen; it is also emotional: It looks pretty and can be touched; in addition, print is final – unlike with ever-changing websites, its status can be determined, which is important because political impact is about the frozenness of a story. Finally, *Theo Sommer* added, you cannot kill a fly with laptop.

Despite this positive outlook (except for the fly), it may be that, in the future, quality websites and papers will need the support from foundations rather than from financial investors simply to survive, some reckoned. What else good (and potentially bad) foundations can do is part of the next section.

### 3.2.3 Foundations

Foundations have become more and more important players in global governance, which is why this year, for the first time, they were the subject of one afternoon's debate – in addition to two of them being the hosts of the whole two-week course, that is. In his introductory remarks, *Michael Göring*, President of the co-organising ZEIT-Stiftung Ebelin und Gerd Bucerius in Hamburg, elaborated on the rationale of foundations as the possibility to follow one's aims beyond death. 'Do ut des' (Latin for 'I give so that you may give') is their underlying assumption, with the award received for giving money can be anything from absolution or commemoration to philanthropy or tax evasion. One should not quarrel about the initial motivation of a founder but instead welcome a mechanism that works – or in the words of *Gerry Salole*, Chief Executive of the European Foundation Center in Brussels: Reciprocity is the basis for things that work in a free society. One cannot expect people to be just altruistic.

To *Gerry Salole*, foundations are 'black swans', a pretty much undiscovered entity. They are by nature elitist, and strong on international issues, even though they are essentially homegrown, organically bred organisations. (Others objected to the term 'elitist' by referring to the great number of community foundations at the citizens' level, or the fact that the Compagnia di San Paolo started as a community foundation before turning into a powerful bank.) No two foundations are the same, which is why there is no point trying to typologise foundations. As a rule, they play the yeast role, creating leverage to open doors for new developments given the necessary resources, independence, plus public good. However, foundations cannot do this alone but have to work in conjunction with other actors, usually the state but also companies. Certainly, foundations should not, by design, replace the state. Yet, while one participant thought that, ultimately, foundations should not be necessary when the state fulfils this innovative grant-making function, *Michael Göring* said that today's world needs more and more foundations.

And indeed, foundations are on the rise all throughout Europe, though in a 'small is beautiful' way, according to *Gerry Salole*: Today, there are as many as 6.000 foundations in Italy, 9.000 in the United Kingdom, and 15.000 in Germany. However, many of them are small with respect to their capital, which exceeds one billion Euros for only six of the German foundations. Internationally, foundations spent 750 million U.S. dollars annually in 1990, a figure that has risen to five billion U.S. dollars today. With 18 billion Euros in assets, the German foundations make grants of only about one seventh of that sum. In the field of education and science, for example, the foundations' annual 800 million Euro expenditures rival (or better: have no chance of rivalling) the state's 140 billion.

Their comparatively small funding base is one of the reasons why foundations should take on a model function, *Michael Goring* conferred. They should be innovative, not swim with crowd; they should look for new topics like climate change or demography and migration. To make a difference, they should be ready to take more risks, tackling issues that are too controversial for the state. The latter takes care of centre, while foundations should work on the fringes of a society. *Steve Gunderson*, President of the Council on Foundations in Washington DC, joined him by saying that our liberal market societies cannot survive without philanthropy as it creates an ethical component in the economy, a vehicle for giving back to society. In his presentation, he pointed to the difference between charity and philanthropy, an important differentiation that sometimes gets lost in the predominant discussion about 'global philanthropy'. Charity, he said, is a one-time giving of heart, while philanthropy is a strategic investment of the mind. Or, more practically speaking, the latter is not about giving fish to those in need but teaching them how to fish.

Still, the power of foundations raises important questions about their accountability. In some developing countries, the inflow of foundations' money well surpasses that of official (i.e. state-given) development aid (ODA). Regardless of whether this private money may be more efficient than public money (or just complementing the latter), some found it difficult that the development policy of a democratically elected government now needs to be harmonised with the practices of unaccountable foundation in order not to duplicate efforts or confuse priorities. Others feared a politicisation of the foundation scene: The way that the foundations of the billionaire George Soros work has had repercussions for not only for NGOs, but also for a respected organisations like the international Red Cross.

In response, *Gerry Salole* reminded the group that foundations were the first to admit to lessons learned, thus opening up and improving their programmes – something that governments have only reluctantly adapted to. With a view to global economic relations, the money that foundations provide for international aid is in some developing countries dwarfed by diaspora remittances. He thought this is an important kind of philanthropy, though not by the rich but by the cook, the waiter, and the migrant. Still, these money flows are much less accountable than any of foundation support can ever be, as they are directed to family members and friends and – except for the aggregate – go largely unpublished.

Linked to this question of accountability is the 'who to fund-dilemma', as one participant called it. In Central and Eastern Europe (CEE) and the Western Balkans, two areas that have received enormous sums from foundations over the past two decades (since 1990, 6.5 billion dollars have gone into CEE countries alone), most of the funding has been, somewhat naturally, directed to civil society organisations. However, despite all good intentions, this can create difficulties: Staff of grant-receiving NGOs become remote from society due to higher-than-average salaries, and they become sceptical of the state in countries where it is exactly the state that needs to be built. When foundations want to be a constructive part of global governance, they would thus have to take into account such unintended consequences as well.

## 4 The Geographical Landscape

Geography certainly goes most easily with the term landscape. Nonetheless, the previous sections have shown important links of the world's changing geography with topical issues (like the need for regional security arrangements in the Middle East) and institutional question (like the role of China and India in global governance). In the following, some selected regional issues are treated in more detail.

### 4.1 The EU's 'Neighbourhood'

The most graphic description of how the EU's neighbourhood has change in recent years came from former Latvian President *Vaira Vike-Freiberga*: She reminded participants that the European Union used to end near Lübeck, less than 100 kilometres away from the conference venue. Today, it has already extended to Russia's doorstep; it encircles the Balkans; and it stretches deep into the Mediterranean Sea. While Luxembourg's *Jean Asselborn* was careful enough to stick to the official jargon that beyond Turkey and the Western Balkans, there is no membership perspective at present, *Vaira Vike-Freiberga* was candid enough to bring Ukraine and the countries of the South Caucasus into play. However, what they both agreed on was that the EU's borders will only be determined by the Union itself and the readiness of applicant countries, not by neighbouring Russia. This notwithstanding, some workshop participants felt that Europe will be defined precisely by how it deals with this Russia.

#### 4.1.1 Russia

Whether and how Russia could be included into global governance was one important question with regard to how the geographical landscape would look like. *Lilia Shevtsova* envisaged a new collective leadership triad of the United States, the European Union, and Russia to address the threat from China. Russia and China, she said, are 'dating on the basis of mutual suspicion', and while China is undoubtedly bigger, Russia still pretends to be equal. The EU, for its part, should start to think in these strategic terms and not just about the Balkans, one participant added. However, such an approach is made difficult by the fact that Russia takes seriously only the U.S., not the EU as a supranational entity.

More fundamentally, however, the debate then centred not on whether such a leadership triad could be formed by the efforts of the EU but on whether Russia should actually be seen as, put bluntly, friend or foe. One group argued that the West basically shared with Russia its values, and that there has been no real aggressiveness with Russia: Indeed, it was Russia that was humiliated by the West after the collapse of the Soviet Union and never given a real chance to integrate decently into European or global structures. On energy, there is mutual dependence, and not even during the Cold War had Russia used its resources as a weapon. At bottom, it is a weak country where the monopoly of the state is still no reinstalled; ironically, the main danger in Russia is the weakness of the state, not its strength, this camp put forward. As a means to open up towards Russia, the West should abolish NATO in exchange for a new inclusive, pan-European security structure, free the visa restrictions, and support civil society within the country.

Others felt much less positive about Russia and regarded it more as an opponent pole. There is a 'Russian way' of doing things – alone, they said. With its newfound self-assertiveness the country would not accept to play second fiddle to anyone. In

what they described as a natural sense to move away from the West, it is now forging its own group of countries, looking at the Abkhazias of the world and creating its own mechanisms like the Shanghai Organisation for Cooperation of mainly Russia, China, and the Central Asian states between them. When Russia engages with Europe, this is not done for friendship but because the Russian leadership perceives the Europeans as the weaker link in transatlantic relations. As one participant said, when European and Russian leaders meet – and the Russian government does prefer to talk to the heads of big member states rather than EU leaders –, talk is about the U.S.; when Russians and Americans meet, they do not even mention the EU. Finally, this camp claimed that Russia had indeed used its energy weapon, though not against a Western state but against Ukraine and Poland. In order to contain Russia, the West should therefore impose sanctions, such as freezing the elite's money or suspending negotiations on Russia's entry into WTO.

#### 4.1.2 Turkey

In contrast, the European Union and Turkey have had a much less critical, though certainly not conflict-free relation over the past decades. *Ebru Ağduk*, Deputy Country Director of the Turkey Office in Ankara of the National Democratic Institute for International Affairs, first presented the current situation in Turkey before touching on the dominating issue of her country's prospects for EU membership. What is often portrayed as a struggle between secularism and Islam is indeed one between classes, she said. On the one side there is the ruling elite from the military, the administration, and academia; on the other there is a new class formed by an emerging business-driven middle-class from Anatolia. The latter is the main base of support for the governing Justice and Development Party (AKP in Turkish). While the party itself has a religious background and most of its leaders are pious Muslims, there is nothing like a hidden Islamist agenda to it.

Negotiations about an eventual membership of Turkey in the European Union started in 2005 and have experienced a number of ups and downs since. In fact, *Ebru Ağduk* claimed that Turkey needs these kinds of reforms anyway that are now demanded by the EU. For some of her countrymen and particularly for some politicians, EU membership is the ultimate goal, whereas it should be the reaching of EU standards itself. The process as such is important, although she acknowledged that the membership perspective is a formidable – and necessary – driving force. After the issue of membership had been discussed for decades, it is important that the current negotiating framework remains intact – and this includes that the EU does not backtrack on its pledge to conduct open-ended negotiations with Turkey. (This emphasis on the 'open end' of negotiations is, indeed, already a weakening of the membership promise as, in the past, all negotiations started with a country have been successfully concluded.) Thus, in addition to Turkey's obligations to pursue reforms, EU governments have a responsibility to convince their publics, she said.

The enlargement debate in the EU revolves around some key fears related to the accession of Turkey: Demography is one (Turkey would be the most populous member state by the time of entry), culture is another – although this latter only comes up with Turkey, whereas all other candidates are measured against tangible criteria, *Ebru Ağduk* complained. If culture is just a code word for religion, then proponents of Turkey's membership turn the argument around by saying that the country could build a bridge between Islam and Christianity. On this, however, some argued that Turkey is a secular country (indeed highly so) that happens to have a

majority Muslim population; thus it could not serve as a model for truly Muslim countries.

Regardless of the actual outcome of membership negotiations, what the optimists hoped for in this process is learning: By engaging with Turkey, Europeans should learn more about Europe and themselves, as well as about the Turks. Some say this is a major driver in the debate about an EU identity that they felt was needed, even though it could mean to lose a window of opportunity – for Treaty reform as much as for Turkey's accession.

#### 4.1.3 The Balkans

The Balkans today present a totally different map from the one after 1991 when the Yugoslav wars of succession broke out, *Erhard Busek* stated. Even though not all the countries of what is now called in EU jargon 'the Western Balkans' (i.e. Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Macedonia, Albania, and – for those that recognise it as an independent country – Kosovo) have official EU candidate status, they all have been granted the perspective of becoming members one day. Like Switzerland, a country that they share not much more with, the Western Balkan states have become encircled by the EU through the 2007 enlargement that brought Bulgaria and Romania into the Union.

The EU's involvement in Balkan affairs is marked by the way it has learned about its responsibility: When the wars started, the EU did not have the ability nor the instruments to respond, which is why the U.S. were in the lead, *Erhard Busek* explained. In the late 1990s, when stabilisation had set in, the main failures were made in fields where the EU has no competence, like education, reconciliation, or the reform of the social systems. The EU has only started to engage in state-building with the Stability Pact for Southeastern Europe that was created after the Kosovo war in 1999 and that he headed from 2001 until its dissolution (and transfer to a regional organisation) in the spring of 2008. When judging the EU's success, one should therefore take into account this period of not even ten years – compared to World War II, one should thus think of some time in the 1950s.

As for the concrete perspectives of enlargement for this region, some noted that the two most recent new entries – Bulgaria and Romania – had been let in too early and that this would slow down the process for all other hopefuls. Also the most probable next enlargement by Croatia, though being a positive sign to the whole region may just as well create new borders in an area where regional cooperation is still highly underdeveloped. Similar to the Turkish case, some felt that precise dates for entry are not needed but that the process should be kept going, e.g. by creating business and cultural links through visa facilitation and investments in knowledge. Apparently, however, the Southeastern enlargement is not a central priority for EU leaders. In addition, while regional stabilisation had certainly been a success, governments have broadly missed the opportunity to explain this to their electorates at home.

Again, the optimists argued that also this enlargement could be seen as a step forward in the development of Europe as a whole. First, it would be a valuable learning process that the Western Balkans is indeed a part of Europe. Second, it would also open up the EU's focus on the Black Sea region, which has only become more pertinent by the recent events in the South Caucasus. In this sense, it might not be merely called another 'enlargement' but the completion of the EU.

## 4.2 The Middle East

A neighbouring region of the EU as well as a potential source of global instability, the Middle East received a great deal of attention during the Summer School's discussions. Participants debated specific conflicts such as the one between Israel and Palestine (that actually extends to Lebanon and Syria) but also the broader picture of how stability could be achieved in the wider region, in particular with reference to the volatile situation in Iraq and the increased ambitions of Iran.

### 4.2.1 The Middle East conflict...

Looking at the geopolitical challenges that derive from the Middle East in general and the Israeli-Palestinian conflict in particular, *Volker Perthes*, Executive Chairman and Director of the German Institute for International and Security Affairs in Berlin, provided a rather bleak picture. He saw no reason for hope, despite some serious undertakings for peace and reform over the past years. The 2003 Iraq war destroyed the old regional order without creating a new one. Nor did the Lebanon war in the summer of 2006 shape a new Middle East but it only ended the dominance of U.S. unilateralism with a rediscovery of diplomacy in the region. At the same time, he witnessed an increase of sectarianism and confessionalism, i.e. a growing distribution of political and institutional power among religious communities. By defining the Other as the enemy, these groups undermine the cohesion of entire states. Europeans, he deplored, have difficulties in dealing with this political behaviour: Equipped with post-1648 instruments of statecraft, they have largely unlearned how to deal with non-state actors (of the non-'peace-loving NGO-type').

The Israeli-Palestinian conflict is the main source of regional instability and the biggest test for American and European credibility. *Majid Al-Haj*, Vice President and Dean of Research at the University of Haifa, saw Israel and Palestine like an unloving couple in a typical Arab marriage. *Abdel Bari-Atwan*, Editor-in-Chief of *Al-Quds Al-Arabi* in London took up this image and said that Israel is now talking of divorce. However, neither of the two could envisage a two-state solution, with some cynics in fact speaking of a 'two-state solution' within Palestine. He derided what he called a system of apartheid in Israel directed against the Palestinians, and said that Israel is responsible for much of the terror and extremism in the region. *Avi Primor*, Director of the Center for European Studies at the Interdisciplinary Center Herzliya, recalled that, when Jewish people are fearful, they become aggressive – for historic as well as cultural reasons. To him, the two-state solution is the only possibility. What is more, everybody already knows how an eventual peace agreement could look like. He pleaded for an international force to replace the Israeli forces in the Gaza strip and explicitly asked the Europeans to give their support to this force. Being a little more cautious, *Volker Perthes* opined that, while the EU could certainly not actually solve the conflict due to a lack of instruments and capabilities, with the right diplomatic skill it could at least prevent the process from breaking apart.

### 4.2.2 ... and Stability in the wider Region

The American invasion of Iraq in 2003 amounts to a geopolitical revolution for the Middle East, according to *Volker Perthes*. For the first time since the region's independence phase in the middle of the 20<sup>th</sup> century, a country had been occupied by a foreign power. At the same time, the persistent difficulties to keep together and pacify this country also show the limits of power to create a new post-war order. At the ideological level, secular forces throughout the region received a severe if not

fatal blow; everywhere, various shades of political Islam are re-emerging. Importantly, Saudi-Arabia is not in line with U.S. policies despite being America's strongest ally, having embarked on a containment strategy – very much like Western Europe during the Cold War – towards Iran. The latter is among the non-Arab states that have gained more power in the aftermath of the war.

As a consequence of the Iraq war, Iran has gained enormous influence on its neighbour, displaying a mixture of ambition and fear, *Volker Perthes* said. The country has serious security interests there: It is concerned about the amount and location of U.S. forces (which are also stationed in Iran's East, i.e. in Afghanistan), and it feels that it needs a deterrent: nuclear power. Therefore, achieving a nuclear enrichment capability is very important to the country, even though – he believed – a decision over its potential military use (in either defence or attack) has not yet been made. *Peter Ammon* too felt that Iran could be a regional stability factor, and he regretted that the government had decided to follow other policies. The response to these latter policies should not be limited to sanctions, but should ultimately lie in a system of regional integration.

European engagement in the whole region is more necessary than ever, *Volker Perthes* insisted. For one, geography is a reason: The Middle East is in the EU's immediate neighbourhood; instability and tension there cannot leave Europeans indifferent. Secondly, it is a resource-rich region, sporting oil and gas; calming conflicts will directly increase the continent's energy security. In addition, people play a role: The region is very populous and very young; 60% of the population are younger than 20 years old. This rapidly growing Youth, however, is not just a risk – given the region's current economic situation, they are likely to be unemployed and frustrated – but also chance. By helping these countries to develop, business opportunities abound for European companies.

One attempt of an EU policy is the so-called Barcelona Process directed towards the whole Southern Mediterranean region, including countries from Morocco over Egypt to Israel and Syria, State Secretary *Peter Ammon* from the German Foreign Office in Berlin explained. It builds on the European experience of cooperation and aims at strengthening political, economic, and cultural ties. Such institutional strengthening of the state is important in a region with extremely weak governments, be it in Israel, Lebanon, or the Palestinian Territories. In Lebanon, militias are competing with the state about the latter's right to make war or peace. Egypt, the traditional diplomatic facilitator, cannot play this role now due to its economic and political stagnation. However, the Barcelona Process that should bring long-term stability is not very concrete and, certainly, not a framework for active crisis management.

To make matters worse, the United States does not have an overall policy towards the Middle East either, *Volker Perthes* continued; it only has divided policies for certain regions. In addition, nothing more would happen under the current administration, so the earliest time for any new initiative from Washington would be March or April 2009 when the new one has settled. This presents a challenge as much as an opportunity for the European Union. Already with its initiative to negotiate with Iran over that country's nuclear programme, the EU has produced a big change in its posture and received, ultimately, support from the U.S. for the negotiations. But so far there has been a mismatch between an increased engagement and a lack of impact on the ground.

One way to step up European involvement would be to support the establishment of a security system in the Persian Gulf. Already, some regional powers like Turkey,

Qatar, and Saudi-Arabia have become increasingly active, realising the dangerous situation of the region as a whole and wary of a growing Iranian influence. However, any such new regional arrangement should not put the post-colonial borders into question – as unfair as this may be, including in the case of Iraq. Such a move would open a new Pandora's box, *Volker Perthes* warned.

### 4.3 Latin America

For much of the past years, Latin America has presented itself as a success story, *Genaro Arriagada*, Senior Fellow of the Inter-American Dialogue in Washington DC, began his talk. Democracy has flourished, with as much as fifteen free and fair elections in the past three years; human rights are respected, as torture and disappearances have ceased; and even the economy looks less vulnerable today to the shocks from globalisation. What he did see, though, was a much larger political divide between countries of the centre right (where he counted only three, i.e. Mexico, El Salvador, and Colombia) and those on the centre-left (all others, the more radical ones being Cuba, Nicaragua, Venezuela, and Bolivia). However, even the five radically left-wing countries are very different, and between them they do not share the same kind of socialism.

#### 4.3.1 Different governments...

Mexico is the second-richest Latin American country after Brazil, *Genaro Arriagada* started out his country presentations. The latter is seen by some as the 'Utopia of energy', with successful state-owned companies like Petrobras, the country's oil firm, and an estimated oil production of 4.5 million barrels per day by 2015. Mexico, in contrast, has huge problems such as a declining oil production with a resulting fiscal deficit. With a 15% share, the country is still the United States' third largest oil importer (after Saudi-Arabia and Venezuela), but forecasts predict that there will be no more oil to drill in about ten years. Moreover, while the country enjoys a vibrant democracy, it suffers from poor governance: Because a simple majority suffices to the President, it happens that 64% of the population did not vote for the incumbent. The latter thus faces strong opposition in the Parliament and Senate, and therefore reforms are very difficult.

The 22 (mostly tiny) Central American and Caribbean countries have little oil and food commodities, but geothermal resources. Their main sources of income, however, are the remittances of migrant workers from abroad. With transfers of about 60 billion U.S. dollars worth, these often surpass the amount of taxes collected by the government. The current slowdown of the U.S. economy is thus felt hard in these countries, and reliance on such payments is a recipe for instability, *Genaro Arriagada* warned. He also spotted the potential for geopolitical competition of two alliances in the region: While Mexico and Colombia promote the use of hydroelectricity and gas, Cuba and Venezuela provide direct support of oil.

The latter two countries are part of the Latin American's radical left wing. Cuba has the chance of either becoming a new China (in terms of combining a market model with a Communist regime) or of having a genuine democratic transition. The U.S. policy on Cuba has so far been counterproductive, *Genaro Arriagada* judged, not least because the Cuban exiles in Miami lack the ability for compromise. Just like a compromise had to be found with Pinochet in Chile, the old Castro guard would need a place in the new Cuba – and this rules out any large role for the exile community.

Venezuela, in contrast, is mainly build on its oil riches, though it is weaker than the world believes. President Hugo Chávez is grossly mismanaging the country's resources, looking only at production and output but not at reserves. Moreover, the country lacks the refinery capacities for heavy and sour oil; because these are only in the U.S., 60% of Venezuelan oil exports go to its opponent in the North. In terms of governance, Venezuela should not be called a dictatorship, because mass media exist, demonstrations take place, and torture does not. Still, the regime is a menace to democracy, according to *Genaro Arriagada*, as the President has total control over the legislative and the Supreme Court, as well as over all oil revenues.

*Francisco R. Rodríguez*, Assistant Professor of Economics and Latin American Studies at Wesleyan University in Middletown, Connecticut, reported on the social changes that have been under way in Venezuela. The overall consensus about Hugo Chávez' programme of sharing wealth with the poor comes at a heavy cost to democracy and economic development, he said. Much of the poverty reduction that took place is only due to the rise of the oil price, and even then has there been less poverty reduction than people expected. Also on education, the picture is less rosy than some want it to be: In October 2005, the President declared the country an 'Illiteracy Free Territory'; however, household surveys have shown that this is only a (demographic) reduction, not an actual eradication of illiteracy.

Colombia, quite the reverse, represents the fundamental dilemmas of neo-liberalism, he continued. Growth in that country has not been 'pro-poor', and there are around three million internal refugees from the raging civil and drug war. Ironically, Colombia is the largest producer and the U.S. the largest consumer of narcotic drugs, and at present the cure these two countries have offered is worse than the illness, *Julia Buxton*, Senior Research Fellow at the Center for International Cooperation and Security of the University of Bradford, thought. The recent violent confrontation between the two countries was deplorable, but not the harbinger of a major confrontation, *Francisco Rodríguez* said.

Finally, Bolivia, the poorest country in South America, is also governed from the left wing but not necessarily 'chavista'. It is a country divided along ethnic lines and along regions, fuelled by a conflict about the management of natural resources.

#### 4.3.2 ... or same Movements

Given this somewhat black-and-white distinction between countries on the left and on the right side of the political aisle, is it true to say that Latin America actually has a choice between two models or movements, i.e. that of Alvarez Uribe of Colombia or that of Hugo Chávez of Venezuela? *Julia Buxton* described the 'Uribe model' as U.S.-oriented, focused on the war on drugs and terror, and liberal both in terms of economy and democracy. The 'chavista' model, in contrast, rejects liberal democracy and instead proposes an increased participation and power redistribution through informal and new forms of governance. It promotes the state's role in the economy, and in foreign policy it favours anti-imperialism. So the two movements have very different conceptions of citizenship and of the global order.

Still, the two movements do not really present a real choice, *Julia Buxton* said; it was like saying to the Eastern Europe countries to choose between Saakaschwili of Georgia and Medvedev of Russia. Instead, each movement is unique to its country context and cannot simply be transplanted to other countries. Even though some remarked that indeed President Chávez is trying to take influence in neighbouring countries, she found that these countries tried to balance their needs pragmatically,

and not based on a certain ideology. To the really decisive question of how to address poverty and inequality – Latin America is the most unequal place on earth –, neither movement has an adequate answer. With regard to economic policy and regional development, the Chávez model wants to bring the state in, while the Uribe model rests on foreign direct investment (FDI). A sustainable model for the ownership of commodities is still lacking.

Some felt that the question is not one of left or right but of populism, which would in fact unearth certain similarities between Presidents Chávez and Uribe. The latter, while being economically orthodox rather than populist, certainly tries to appeal to the people with his rather unsubstantial political style. In terms of undermining the political system, *Francisco Rodríguez* claimed that Uribe is doing much the same things in Colombia as Chávez does in Venezuela, i.e. effectively limiting the checks and balances on his government, though the former receives much less focus from the West. Others compared Venezuela to Iran, with both countries having a populist president trying to cater to the poor without necessarily substantiating it. More importantly, some saw general inequality and not just poverty is a problem in the region, and neither movement had any answers to race or gender discrimination. Social exclusion does remain a problem, *Genaro Arriagada* acknowledged, not least fostered by the neo-liberal ‘Washington consensus’ approach of the past. He saw a need to invest in institutions because markets without adequate institutions have proven to be a disaster.

The broad regional recovery has brought countries like Brazil, Argentina, and Mexico back on the scene and made U.S. influence less predominant. The high commodity prices helped the region get back on its feet, although it has not yet fully recovered from the ‘lost decade’ of the 1980s. With a recession in the U.S. looming, decline is also imminent further South. In particular the policies of the Bush administration have brought the latter the lowest standing ever in Latin America, to the indirect effect that this makes these countries think more independently. Still, the region is not yet quite visible as an international actor: Only Brazil would have the power to be such an actor but it lacks the temper; Chile is too small, and Venezuela too divisive.

#### 4.4 Asian Renaissance

A power shift towards the East is what *Shashi Tharoor* and with him many other speakers determined is taking place at the global level. India and China are both nuclear powers with more than one billion inhabitants each, *Helmut Schmidt* told the audience. Moreover, the Asian couple among the four countries usually referred to as the ‘BRIC’ (the others are Brazil and Russia) is destined to take over the United States as the dominant economic powers. China, already number four in the world, will probably be the largest economy by 2020. India, then, might surpass the U.S. economically by 2050, assuming a steady growth of 8 to 10% as it was over the past years. While *Shashi Tharoor* thought it likely that India will rather use its soft power, he expected China to also use its hard power, as it has done by launching its first space mission this year.<sup>2</sup>

The rise of the East does not necessarily imply a fall of West, however, but a mutual rise was viewed possible. Already two centuries ago, China and India together accounted for half of all world trade. So, the West and the East, and in particular the

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<sup>2</sup> By the time of writing of this report, India had also launched its first rocket to the moon – though with much less fanfare, certainly in part due to the ongoing financial crisis.

United States and China, should aim for a healthy balance. Their relations will not be like the American-Soviet standoff, people hoped: With the U.S. being the biggest investor in China, and China holding huge amounts of U.S. reserves, a degree of economic interdependence exists that should preclude any new such Cold War. Still, there might be a fallacy with the BRIC countries, *T.N. Ninan* warned: Not only does their economic outperforming come at the cost of a devastating ecological footprint and looming energy shortfall, but a global power shift might just as well enhance threat perceptions in the rest of the world.

#### 4.4.1 China and India...

When Westerners discuss the rise of China, they tend to focus on the country's weak points like the weak banking system or environmental degradation, *Frank Sieren*, took the opposite view. This might bring some relief in the short term, but it clearly bears the risk of underestimating one's competitor. However, Chinese banks' bad loans could just as well be seen as subsidies that the government could write off anytime. In addition, environmental problems are solvable, and the Yangtze River is 'only' as polluted as the Rhine was in the 1970s. (Other participants felt that pollution had reached a point-of-no-return, to the extent that it had become an issue even in rural China.)

Instead, the secret of China's success lies in what he called its 'concubine economy', i.e. the selling of market shares in return for technology and know-how. This would work because Western companies need markets and growth, which makes them form joint ventures with Chinese companies even at a high cost in terms of technology transfer – otherwise the next company would step in. This way, China saves a lot of time, development-wise, for example compared to Japan: A city like Shenzhen has turned from a fisher village to a boomtown within only a decade.

The Western response to China's rise would therefore need to be more determined, *Frank Sieren* urged, though not confrontational. For (Western) values to be universal, they need to be adapted to Eastern understandings, which means that they will ultimately change somewhat. Instead of imposing a 'follow or punish' rule, the West should enter into a discussion about this, not least because China has shown to be fairly resistant to outside pressure, even during the recent Olympic Games. Instead of bashing China, the West should try to build trust, for example through a dialogue about the rule of law.

Generally, people were cautious about the chances for a democratisation of China. As long as the unwritten contract about progress in return for accepted power holds, the government might hold, *Frank Sieren* estimated. *T.N. Ninan* said that the government is trying to avoid a volcano building up, with allowing independent candidates at least at the local level. *Shashi Tharoor* felt that through the dramatic transformation, China had become a much more unequal country despite being a 'People's Republic', although he acknowledged some palpable changes in the human rights situation. *Michael Klein* pointed to the fact that China is not a unitary state but has different regional entities that also invest and act abroad. Not all of these are under tight control of the national authorities, which are generally more wary of reputational issues than its regional constituencies are.

A good story to capture the rise of India, in contrast, is that of the elephant, the tiger, and the cell phone, *Shashi Tharoor* explained. For long, India has aimed for a combination of the elephant's steadiness and the tiger's agility. The cell phone comes into play as a metaphor of the economic boom of recent decades. 30 years

ago, India had 600 million inhabitants but only two million landline phones. A minister of that time is on record as saying that in a developing country phones are a luxury not a basic need. By 2007, seven million cell phones were sold in India – per month, which is a world record. Farmers, workers, cab drivers – they all have cell phones to receive relevant market information faster and thus do their business better. Much more than 40 years of talk about Socialism, it is the cell phone has empowered the Indian underclass.

This success story notwithstanding, India still has a large poor population (of about a quarter) plus an even more numerous illiterate population (of about 38%). *T.N. Ninan* pointed to the fact that India had embarked on the reform path thirteen years later than China: While China started reforms in 1978, it took India until 1991 to do the same. Thus, the India we could see today roughly equals the China of 1995: Infrastructure deficiencies are the same, as is the poverty level. Likewise, he predicted that, by 2020 the latest, India's economy would be where China's is today.

#### 4.4.2 ...makes 'Chindia'?

In the past years, people have consistently spoken of 'China and India' as the new world powers, so much so that the two have even been lumped together in a single word, 'Chindia'. Whether this is viable, and whether commonalities or competition prevails, was part of the discussion during the Summer School.

Especially speakers from India felt that the two countries had, in fact, little in common. First of all, the two countries' systems are very different: India is democracy with decentralised provinces, village councils, and a high degree of women participation in politics; China has none of that. *T.N. Ninan* alluded to these differences when he compared a unitary, homogenous China to a federal, heterogeneous India. The former is better at the macro level and more single-minded, e.g. when embarking on large national projects where China topped the nation's medal list and India came 50<sup>th</sup> with only one gold medal. The latter is better at the micro level, e.g. it has good companies but a weak government, and usually follows multiple objectives. In one sentence, India has individual excellence despite the system, whereas in China individual excellence is the product of the system.

Despite these basic differences, there also is a long history of cooperation between the two countries, *Shashi Tharoor* declared. While the 1962 border war had soured relations, today China comes top of India list of trading partners – even before the United States. Chinese companies are winning contracts in India, while Indian ones are setting up factories in China, so bilateral trade continues to grow rapidly. Very often it looks like China has the hardware, to which India can provide the software. At the same time, there is also natural competition: While China is way ahead on many issues with a city like Shanghai boasting more skyscrapers than all of India (or even Los Angeles, for that matter), its growth model is viewed critical by its Indian neighbour: The breakneck speed of economic growth means that some necks have been broken, *Shashi Tharoor* concluded. Huge environmental damage, constant human rights violations, and a 40.000-strong cyber police are the side effect of this economic success. India, in contrast, is more entrepreneurial, it has world-class companies like Tata or Infosys (and unlike China), and it has more outgoing FDI than incoming FDI. Also *T.N. Ninan* saw certain advantages on the Indian side, such as a demographic dividend (because China's population is ageing), a healthier banking system (with only around 2% non-performing loans, compared to China's 50%), and, most of all, a functioning democracy and a free press.

So be it for cooperation or (healthy) competition, the elephant is dancing with the dragon, at least in economic terms. Because as soon as it comes to geopolitical questions, the two are rather conflict-prone: Being three times bigger than India, China is a global, expansionist power, while India is at best a regional, status quo-oriented power, *T.N. Ninan* said. The two countries share the longest disputed border in the world (China still claims an Indian province as its own), and tensions flare up with any routine operation near the border. In Beijing, zero-sum thinking prevails, and the country would not hesitate to use force if it saw its resources threatened, *Frank Sieren* replied. It wants to restrict the neighbouring countries' room for manoeuvre, whereas in India, the anti-colonial impetus is directed not only against Western intrusion, but also against Chinese domination.

The two countries compete for regional influence as much as for resources. In resource-rich Myanmar, China moved in after India had started to support the democracy movement in the 1990s. Feeling that it was losing the country in its backyard, India even shied away from denouncing the military junta in the recent crisis there. On a broader scale, India has succeeded in excluding China from the regional Association of South-East Asian Nations, while China resists any move to give India (and Japan) a permanent seat on the UN Security Council. Still, India would not view itself as a counterweight to China in the way, say, the United States does, *Shashi Tharoor* cautioned.

Despite all differences, both the Indian and Chinese model of development bears some lessons for other parts of the world. In Africa, China offers itself as different model, providing aid with no strings attached. Sino-African trade has multiplied from 5 billion dollars in 2000 to 73 billion dollars in 2007, with mainly oil, diamonds, and timber being exported to China. At worst, China offers a model of development without democracy, of an economically very successful autocracy, *Frank Sieren* said. India is a different story, simply because the country had been much more integrated for decades, *Shashi Tharoor* explained. With a volume of only 30 billion dollars annually, Indian-African trade has more modest numbers, but in the long run, democracies can deliver better. Thus, his country also has the more accessible model: "If India can succeed, so can we" is what many people believe. However, most importantly – and here Indian and Chinese views concur – this model character should be only about learning, not about telling Africans what to do. India's past experience as a former colony and China's principle of non-interference are thus much preferred over the Western system of conditionality.

## **4.5 Africa**

Independent of either Western or Eastern support, Africa has produced some remarkable changes on its own. The continent is at a crossroads of its old self of war and despair and a new Africa of growth and education, where a new generation is taking its own destiny.

### **4.5.1 New and Old Africa**

There is light in Africa, *Francis Appiah*, Executive Secretary of the National African Peer Review Mechanism in Ghana, started out his presentation. Deep-lying social changes like an emerging middle class and a vibrant press have started to show, only to be reinforced by the expatriates when they return. As a result, he saw Africa on the path of change, even though the road would not be smooth but bumpy and, occasionally, disappointing. This latter, less rosy picture was at the centre of *John*

*Makumbe's* presentation, a former Member of the International Board of Transparency International and a citizen of Zimbabwe. He exemplified his account with pictures of violence from his home country, but also from neighbouring South Africa hit by a recent wave of xenophobia. In contrast, 'ZANU-phobia' reigned in Zimbabwe, aptly named after President Mugabe's ruling party ZANU-PF. In addition to a shrinking economy (inflation is running at 11 million (!) per cent per annum) and a collapsed social sector (the country is experiencing one of the worst AIDS epidemics, killing scores of teachers, policemen, and nurses), there is widespread government persecution against the democracy movement. Like in many other African countries, the liberation forces have still not handed over power – something that the old generation is virtually allergic to. Ultimately, this generation has to die out before real changes can take place, he opined.

At the multilateral level, the transition from the old-fashioned and weak Organisation of African Unity (OAU) to the more active African Union (AU) has received broad support. Specialised regional arrangements such as the New Partnership for Africa's Development (NEPAD) have provided a vision of the new Africa, focusing on building state capacity – a 'Max Weber' approach is needed in Africa, *Francis Appiah* said – and on democratisation processes at the country level. One important instrument is the African peer-review mechanism introduced by NEPAD: It helps to raise awareness of the difficult situation some countries face, and for the first time African leaders admit to (some of) their failures. This is only possible because of the 'can do' spirit among friends and the ownership of the process; however, there is no leverage of African countries over each other to really embark on reforms.

For some, this lack of peer pressure is at the heart of the problem. They diagnosed a crisis of leadership with rulers viewing regional groupings like the AU or the South African Development Community (SADC) as mere clubs for constant discussion without feeling the need to deliver results. Others admonished the West of not being interested in democracy and human rights but only in stability. However, human rights are the quintessence of globalisation, *Michael Klein* said, because everyone should have freedoms. To link civil liberties with economic freedom should therefore be the way to lift the 'bottom billion'.

#### 4.5.2 It's the Economy, still

By way of fact, *Michael Klein* reported, Africa is not so much worse off than other parts of the world. Tariff barriers are comparable to those of China and other middle or low-income countries. Trade is strong in manufactured goods, remittances abound as in other developing countries, and FDI (relative to GDP) is in some countries even higher than in China. While there remain higher debt obligations, these have decreased over the past years. To him, the turning point was in the mid-1990s when discussions started to focus on sophisticated economic challenges and not just war. One of these challenges is weak inter-African trade due to higher trade barriers between African countries and some peculiarities of the physical infrastructure: In most African countries, roads lead from the inland to ports on the seaside in order to export to former colonial powers.

Given this improved macro-economic outlook – at present, Africa is doing much better than Latin America, for example – some countries could reach the level of the latest EU entrants by 2050. This would amount to an escape from poverty within a generation, *Michael Klein* reckoned. Already, there are a number of success stories to be told, like of the Kenyan roses shipped everywhere around the world, or the

Nigerian film industry (termed 'Nollywood') producing more films than Bollywood or Hollywood. Just like in India, the mobile phone has revolutionised small businesses that no longer have to rely on a landline in an office with bribes and long queues, *Francis Appiah* said. However, the micro economy is often marred with problems: Rules and regulations are more complex than in rest of the world, so that transport regulations and the resulting monopolies become a more important factor delaying imports and exports than infrastructure and road conditions.

These optimistic estimates notwithstanding, a reversal of the development is of course possible. Africa has still the highest number of conflicts in the world; it has a demographic problem due to low life expectancy rates (among other sources caused by the AIDS epidemic); and the natural resources that it boasts are too often in the hands of ill-inclined governments. Thus, change could not come from the outside, neither from Western or Eastern countries nor from institutions like the World Bank, *Michael Klein* pleaded. Financially, aid has largely become irrelevant compared to private investments, and transparent regulation is of much better help than redistribution. Only when the people inside country want to change, then outsiders can lend support.

#### **4.6 United States**

The United States is not only part of a changing international landscape, *Charles A. Kupchan*, Professor of International Relations at Georgetown University in Washington DC, said, but it is about to experience some tectonic changes in its internal policies too – with potential implications for the world as a whole. U.S. society today is more polarised than ever before: Bipartisanship is gone, and what is worse, while polarisation used to be about domestic issues ('partisanship stops at the water's edge' used to be the saying), today it is about foreign policy.

The model of liberal internationalism formed by President Roosevelt after World War II with a strong bipartisan centre has given way to a reliance on military might on the side of Republicans and on diplomatic means on the side of the Democrats. This cleavage translates into the current presidential campaign where both Barack Obama and John McCain claim to represent centre (and change, by the way), but the common international framework is gone. As a result, a heavy fight over U.S. engagement in the world will break out after the elections, with a President Obama relying on tough diplomacy, trying to build partnerships and reclaim American moral standing, and a President McCain lying somewhere between a pragmatist and a Bush-ideologue, he predicted.

Such difficulties emerge at a time when it is likely that the U.S. will never again be the sole superpower, as *Helmut Schmidt* said. Indeed, some saw a long-term American weakness, as did *Stephen Szabo*, Executive Director of the Transatlantic Academy in Washington DC. The U.S. had been humiliated in the recent conflict over Georgia, and the problem list of the incoming president would be longer than ever: From nuclear issues with North Korea and Iran to the conflicts in Afghanistan and the Middle East to economic challenges such as the financial crisis and world trade. Others reminded participants that one should never underestimate the American capacity to rebound. That said, a major priority for the post-Bush era should be to redefine the U.S. role in the world, including a different style of leadership.

Finally, European-American relations will become more important than they were over the past years – with two caveats, however: First, such intensification requires a

more coherent EU foreign policy, which is far from certain. Secondly, transatlantic relations will not be exclusive anymore: The United States already focuses a great deal of attention on the rising powers. So if the EU fails to cough up, then it will rely on India, Brazil, and other newcomers.

## **5 A Black Swan is a Mobile Phone in a New Landscape – A Conclusion**

Black Swans were introduced in the Summer School's discussions on both a positive note (with regard to the role of foundations) and within a negative scenario (the unknown impact of the financial crisis). In principle, black swans are about highly improbable events with huge effects that humans fail to predict (if they can predict at all, that is). More recently, the mobile phone may qualify for being such a black swan: Different from the Western countries where its technology was developed, it has sparked a business boom for small enterprises and in rural areas of Africa and India. Trying to look out for these Black Swan events and developments – whether good or bad – is therefore of utmost importance to leaders anywhere in the world – especially for the young generation, as they may be able to see things that the elders do no longer recognise. (The reverse is just as well possible, though.)

In this spirit, participants engaged in trying to conceive of what the world might look like in the year 2050. Institutionally speaking, while many felt that the nation state would remain the essential building block of the international system with the U.S., China, and India dominating the scene, it would be regional (potentially supranational) groupings that would emerge as important actors (the EU being just one, though major example). Rather than the UN becoming a kind of overarching world government, different organisations for a variety of global issues like migration, environment, nuclear proliferation, international trade, and poverty reduction would become crucial. The key drivers to these more issue-based, ad-hoc forms of cooperation are climate change and in particular a rising sea level, a growing scarcity of resources sparking migration, a potential spread of diseases, and an increased expectation of the provision of public goods like education and health care.

What remains is that, contrary to what some scholars proclaimed, the world is *not* flat but of an increasingly mountainous landscape. The West is no longer able to write the global rules on its own, yet the pluralisation of political discourse will depend on whether and how we will be able to understand the other. In an optimistic scenario, one group of participants saw regional integration fora developing that provide prosperity and stability, and a common global understanding of the underlying rules and norms. The pessimistic scenario, however, envisaged a world polarised on values, with a large number of different actors (regional groupings of states, large corporations, and potent NGOs) that undermine the system of global governance based on the nation state. Still being optimists, they judged the latter case not as likely as the first scenario.

Either way, to some up with the message that *Helmut Schmidt* conveyed to the young generation: They would need courage and commitment for what has to be changed, but also serenity to figure out the things that cannot be changed – and the wisdom to distinguish between the two. That said, the elder statesman paid his excuses to have his long-overdue and well-deserved cigarette.