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Conference Report

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Introduction

The Bucerius Summer School on Global Governance in its sixth year focused on the challenges and opportunities, the problems and prospects of “The World Ahead”. Taking as a starting point the current situation of uncertainty characterised by a changing role of the nation state and the emergence of new actors on the international scene, participants discussed the main challenges ahead of us all. In particular, they focused on those “problems without passports” that are global in nature, that cross borders uninvited, and that can hit all of us anywhere. Terrorism, war, and armed conflict were discussed, not least due to current events, as intensively as diseases like AIDS, environmental degradation, and the rise of India and China and their effect on world governance. To see the underlying sources of global insecurity and to realise that our fates are connected and interdependent no matter where on the globe we live, is the first step to a comprehensive understanding of what kind of order should keep the world together.

This is roughly the *tour d’horizon* that was presented to the 55 Summer School participants from 33 countries in their 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 2006. It would go beyond the scope of a – readable – paper to try and present the plurality of the debates in their entirety. These are not the minutes of the proceedings; for concrete reference to the speakers’ talks, the ZEIT foundation can provide the manuscripts.

To the benefit of a comprehensive understanding, the lectures and discussions are clustered around three broad elements: at first, views on the “state of the globe” are mirrored, trying to get a grasp of the changes underway (1); following, the main actors of global governance, the State, the Company, and the Third Sector, are presented and how their role might change in the future (2); then, ideas on how the world ahead will look like are brought together, analysing the main challenges of the future (3). Some short conclusions at the end of the report are meant to bring in the individual into global governance, stimulating some thoughts about its identity and role in this order (4).

1 The World Today: Understanding the Change

Today’s world is in flux; this seems the only thing that is certain. *Irene Khan*¹, Secretary-General of amnesty international, discerned three major forces of societal change: A changing perception of security and human rights in the wake of 9/11, accounting for a greater readiness of governments to restrict civil rights, and of societies to accept such restrictions; the changing nature of state sovereignty, where states are often unable to uphold human rights and corporate actors erode the powers of state; and the changing dynamics of

¹ The names of the speakers of the Bucerius Summer School 2006 will appear in *italics*, whereas other persons’ names will be quoted in normal font.

society, creating both dividers like societal fear or income disparity and connectors like the internet, the media, and a growing civil society.

Looking deeper into these 'connectors', *Timothy Garton Ash*, Gerd Bucerius Senior Research Fellow in Contemporary History at the University of Oxford, stated that, today, more people in the world are more free than ever before. Referring to the Freedom House Index, he reported that, while in 1950 only 20 countries were considered free, in 2005 the number had risen to 122 electoral democracies.

There's more change to come, *Irene Khan* put forward, the only question is whether governments will want to control it – and how people can bring out the positive factors of change and reduce the negative ones? In the following, first some of the present insecurities looked at before a brief introduction into the concept of global governance is given. This system presently faces a crisis, just like the system of economic governance, the third part, is affected by the current crisis of globalisation.

1.1 Insecurity and Uncertainty

Many of the Summer School's speakers referred to insecurity and uncertainty as fundamental traits of today's world. *Timothy Garton Ash* called the world more dangerous today than before, predicting the use of nuclear weapons in the coming ten years. *Christoph Bertram*, the former Director of the German Institute for Foreign and Security Studies (SWP) in Berlin, saw a globalisation of insecurity. For *Jürgen Fitschen*, Member of the Group Executive Board of Deutsche Bank AG, life as a business leader has never been as uncertain as it is today. And, again on the individual level, *Anne-Marie Slaughter*, Dean of the Woodrow Wilson School at Princeton University, saw the rise of fundamentalism as a response to a loss of control, with a growing uncertainty to chart one's life path felt among people both in the United States and the Middle East. The following points highlight some of the present uncertainties.

1.1.1 Power Balance

A major (tectonic) power shift was seen in the re-appearance of Asia on the world map. In the past, the emergence of a new international actor was often violent and it is not yet clear whether the current renaissance of the Far East will remain peaceful. In this sense, *Kishore Mahbubani*, Dean of the Lee Kuan Yew School of Public Policy in Singapore, warned that, in history, problems have always appeared between the world's greatest power and the world's greatest emerging power. With the Goldman Sachs projection on the world powers in 2050 being China, the United States, India, and Japan, this clearly looks like a potential American-Asian confrontation.

In the security realm, for example, *David Lampton*, Director of China Studies at the Paul H. Nitze School of Advanced International Studies (SAIS), called for China to be integrated in security institutions rather than being the target of them. Trying to avoid a confrontation there, no Asian state wanted to choose

between the U.S. and China. Chapter 2 will deal in more detail with the growing role of states like India and China on the world scene.

1.1.2 Terrorism

Terrorism certainly is part of the greater uncertainty of today, but this includes a relative uncertainty about its real danger. *Timothy Garton Ash* put stress on the distinction between terror and different kinds of terrorism. While the former is an abstract noun (against which no war can be fought), terrorism is a means that can be employed for different ends. Terrorist groups like the IRA in Northern Ireland or ETA in Spain use terrorism to achieve clear-cut, often nationalist goals, while the universal jihadist Al-Qaeda terrorism is less clearly defined in its aims.

For *Christoph Bertram*, terrorism – along with fragile states and weapons of mass destruction, the standard combination of today's threats – is not the main danger. A bunch of terrorists cannot seriously threaten the United States, let alone the Western World, he claimed. Al-Qaeda is unpleasant and nasty but does not deserve the label 'Islamist fascism' elevating it to a worldwide movement with a global threat potential. The issue of nuclear proliferation will reappear in Chapter 3.

1.1.3 Middle East

Timothy Garton Ash saw the parlour state of the Near East – he preferred this term to the more common 'Middle East' as the former alluded more to the proximity of the problem – as a major challenge of today: There is hardly any democratic member of the Arab League; the 280 million people living in the Arab world produce a domestic income equivalent to that of Spain; and half of all Arab teenagers want to emigrate

Particular uncertainty, these days, rises from the conflict in the Middle East, with the conflict between Israel and the Lebanese Hezbollah movement having finished just days before the Summer School started (and causing one participant's late arrival as he was directly involved in the ceasefire talks). *Stephen Szabo*, Professor of European Studies at the Paul H. Nitze School of Advanced International Studies in Washington, DC, warned that Lebanon is not a 'Weberian' state, because it does not have control over its territory: "You should not try to apply Westphalian rules when you don't have a Westphalian system."

An ad-hoc lunch discussion between participants showed a certain hope for a window of opportunity opening at the end of a war in which neither side achieved its goals. The international community has to take over responsibility, trying to broker a regional arrangement, as focusing only on South Lebanon is not enough, one participant claimed.

A similar ad-hoc lunch discussion informed the participants about the current state of negotiations over the nuclear programme of Iran. Presented with a view from inside the International Atomic Energy Agency (IAEA), participants

discussed the details of this particular case of a state building nuclear energy facilities with the potential to be used for the acquisition of a nuclear bomb.

1.1.4 Energy insecurity

This leads to the question of energy (in-)security, a special feature among today's insecurities, with a link to both terror and climate. *Nicole Gnesotto*, Director of the EU Institute for Security Studies in Paris, predicted a continuing rise of energy demand in the next 20 years, mainly in Asia. But while reserves are sufficiently there, the (political) access to and the (lack of) investment in extraction and production facilities are critical factors

With regard to the future world energy consumption, *Ernst Ulrich von Weizsäcker*, Dean of the Donald Bren School of Environment Science and Management at the University of California, Los Angeles, calculated that, in order to reduce the global warming caused mainly by fossil fuels, a reduction in half of the present annual carbon dioxide emissions is needed. Given the foreseeable doubling of energy demand, a gap of 'factor 4' would open until the year 2050. 'Peak Oil', the moment when less oil will be produced than consumed, will come rather sooner than later – but whether this Peak comes in ten or twenty years does not affect long-term climate policy, he maintained.

The solution to achieve energy security is found neither in alternative energies nor in nuclear energy alone, *von Weizsäcker* claimed: alternative energies simply are not sufficiently available; nuclear energy on the one hand faces its own scarcity, the geological reach of uranium being less than that of oil, and on the other hand is vulnerable to terrorism and war. A prudent mix of energy sources should be the answer, but most of all less consumption.

Jeff Gedmin, Director of the Aspen Institute Berlin, found that the 9/11 terror attacks have fundamentally changed the U.S. debate about terrorism, energy, and oil. Today, even the U.S. President talks about reducing dependency, which he saw as the beginning of serious debate, though the government stopped short of taking on directly the oil lobby. This would need to be done one way or the other, and he underlined his recommendation to aggressively pursue alternatives to oil with the slogan: "Resources are finite, imagination is not."

Ivo Daalder, a Senior Fellow at the Brookings Institution in Washington, DC, added that the debate about energy security unites environmental with anti-terrorist concerns because "at present, we are funding both sides of the war: the U.S. military and the oil producing countries." One participant working in an oil company echoed a general feeling in this industry: that while 'below ground risks' for oil companies are mainly geological, the greatest 'above ground', i.e. political risk is U.S. policy. And another participant asked that, if terrorism is perceived as an existential threat, why isn't climate change too?

1.2 Global Governance

Contrasting the talk of uncertainties, it was *Christoph Bertram* who presented the group with two certainties: globalisation and interdependence, both limiting the possibilities of the United States as the sole remaining superpower to shape

world order. The U.S. position from the turn of century is shrinking, and he observed both a growth of the non-West and a division of West. As a consequence, the West should try to lay down its current influence in international institutions, to preserve the existing system of global governance.

Global governance is a 'system of governance in the absence of government', *John Ruggie*, Kirkpatrick Professor of International Affairs at the Kennedy School of Government of Harvard University, explained in his introductory remarks. Governance, whether at the regional, national or international level, is defined as a prevailing system of rules, norms, institutions, or practices. This system is created to manage the collective affairs authoritatively, i.e. with political legitimacy, and with instruments like treaties, customary laws, formal institutions, common rules, or informal practices. Nation states freely allocate responsibilities to international institutions, *Karl Kaiser*, Ralph I. Straus Visiting Professor at the Weatherhead Center for International Affairs, Harvard University, added.

'Modern' global governance has two core features: It is state-centric, which means it is run by and for states; and that the actors within the system are separate territorial entities. "The Peoples" – as they are mentioned in the Preamble of the United Nations Charter – are not involved.

This system has received a 'post-modern' overlay subsequent to the major UN conferences starting in 1972. Different subjects like AIDS, women, or global warming – and with them their different location, i. e. within the boundaries of states – have come to the fore. The consequence has been a profound blurring of boundaries, followed by the emergence of new actors, for example civil society organisations (CSOs).

While International (intergovernmental) Organisations are creatures of the modern system, trying to reach into the post-modern world, the 30.000 or so international CSOs directly bring in the human interest as opposed to the national interest. This enlargement of the public interest is the major contribution of civil society organisations, *Ruggie* claimed.

Another new player on the governance scene are trans-national corporations (TNCs). To these companies with a global interest, boundaries do not matter much. Today one can count some 78.000 TNCs with about 800.000 subsidiaries. Such corporations have gained more and more rights in the past 20 years, yet a still open question is as to how far companies should also have new obligations, for example towards human rights.

This system of global governance today faces a 'constitutional crisis', *John Ruggie* said. The current system still based on the Westphalian model of 1648 but with various post-modern forms, is no longer sustainable. The internal and external have become blurred, and the intermingling of roles has led to a fragmentation of governance structures. And he added that it is not yet clear whether the changes we currently observe mean progress or regress.

The present crisis does not, of course, involve a constitution as a paper, *Ruggie* explained. It has been caused by a contradiction of the basic (constitutive) principles of global governance: Nationalism prevails on the side of the states, and 'uncivil society' (such as criminal and terrorist networks) has gone global.

Moreover, he diagnosed a 'democratic deficit' at the global level, that is that global governance today often comes without global legitimacy. However, a system of effective multilateralism is needed today more than ever, *Karl Kaiser* said, as none of the present challenges can be dealt with by just one country.

Part of the system's crisis has to do with one of its main sponsors turning away from it. The United States has played a critical role both in the establishment of a system of global governance after 1945 and in the emergence of the current crisis. After World War II, they invented a liberal-internationalist hegemony that gave everyone a seat at the table. And when the U.S. felt it had to act unilaterally, it was made to look acceptable to the others. This helped to keep up the legitimacy of the rules even when they were not obeyed. Today, the U.S. has started to define the rules unilaterally, which makes it more difficult to punish other rule-breakers. This has put the whole system at risk, many speakers felt.

1.3 Economic Globalisation

The increased role of companies in global governance is directly linked to the process of economic globalisation. For *Jürgen Fitschen* of Deutsche Bank, things are relatively simple: "Globalisation is freedom," he posited. In order to enjoy this freedom, you need rules. And the most important rule is 'allow competition', he added.

The role of the State lies in a division of responsibilities. The State itself cannot create jobs; only the private sector can do this, *Fitschen* claimed. What is more, open market economies are better equipped to care for those left behind: In China, for example, it is not the State but international companies who will change the deplorable living conditions of Chinese workers. He conceded that globalisation is a threat to some and an unprecedented opportunity to others. However, he could see no alternative systems.

Dennis Snower, President of the Kiel Institute for the World Economy, defined globalisation as a new division of labour, affecting the standard of living, the economic security, and the social identities of all. It is based on a market mechanism of voluntary exchange. A market cannot be centralised; in fact, decentralisation is its main virtue as it helps the market to master informational problems. However, a market needs to be supplemented by an economic security system – this used to be the family and now is, more or less successfully, the State.

After millennia of zero growth rates, the past 350 years have seen enormous economic growth because people discovered the market mechanism, *Snower* continued. In the last 20 to 25 years, then, companies have taken over from countries as main agents of trade, making trade more and more independent of national boundaries. The most recent change has come through the internet allowing individual access and exchanges on a direct level.

Timothy Garton Ash points out that, while people are richer thanks to globalisation, many of the advantages are only available to a "privileged one billion people". He perceives a structural unfairness of current world trade system, yet argues that globalisation is *the* chance for developing countries.

Who the winners and losers in this process of globalisation are, would depend on the rules of the game, *Snower* added. The system needs institutions to turn losers into winners, for example through education, migration, or training. For *Jürgen Fitschen*, not only the real effects matter but also perception: if the negative perception of the consequences of globalisation does not change, then this will exacerbate to the current crisis. Therefore, the biggest challenge for borderless business is, ironically, to create an identity within national boundaries, to be no longer regarded as unpatriotic given the increased outsourcing of work places.

Going beyond this problem solvable at the company level, some speakers and participants alike asked for global rules for the economy. *Ernst-Ulrich von Weizsäcker* recalled that, until 1990, capitalism had remained inclusive in order to fend off communism. The old 'Western package', a synergy of market economy and democracy, worked as long as the rich wanted to finance democracy. The West rightly beat the Eastern system of Communism, but after the collapse of the Soviet Union, this incentive has gone. 'Globalisation' was invented and with it came victory of the strong over the weak, or of the advantaged over disadvantaged, in the words of *Charles Kupchan*, Professor at the School of Foreign Service at Georgetown University. Profit maximisation is the rule of the game, *von Weizsäcker* lamented, and this has damaged the word and the concept of democracy, as it is associated with globalisation.

A fundamental weakness of the present economic system is that markets are global, but regulation is still national. What is worse, today markets can tell national regulators how to better business results. In the countries of the Organisation for Economic Co-operation and Development (OECD), corporate tax rates have fallen steadily over the past 15 years so governments can no longer pay for social security, *von Weizsäcker* claimed.

He concluded that free trade is good for the strong, and that civil society organisations can help the state re-establish the balance between the public and the private good, between the State and the Company.

These three are the main players of the 'matrix' of Global Governance. They will be explored in more detail in the next chapter.

2 Old and new actors

2.1 The State

The State is still the centre of the international system. This was a general assumption of all speakers. For one, *Peter Eigen*, founder and former President of Transparency International, called for an improvement of governments' capacity and to develop a voice against bad governance. *Anne-Marie Slaughter* joined him asking for a strengthening of the state precisely to support the existing structures of global governance. *Steven Szabo*, for example, called upon the United States to understand the changes to the nation-state that have become most visible in the European Union.

In the following, some (groups of) Nation States that received particular attention throughout the Summer School will be treated before the International (intergovernmental) Organisations are focused on.

2.1.1 The United States

For *Karl Kaiser*, the United States is the only remaining superpower. It has enormously shaped international institutions, from after the Second World War to President Bush senior: because the Cold War could have very well ended in a blood bath. Looking from this point of view on the terror attacks of 9/11, *Kaiser* saw what he called a "Truman situation". Unfortunately, President Bush junior did not use the historical moment to create new international institutions, but instead preferred to go it alone. *Timothy Garton Ash* explained these current unilateral policies with the shock of 9/11 combined with the most nationalist, isolationist, and ideological government the U.S. has had for a long time.

Tod Lindberg, a research fellow at the Hoover Institution, Washington D.C., and editor of 'Policy Review', sees two components in the current U.S. Grand Strategy: First, the protection of what he calls 'the liberal space' (the 'West', in other words), and second, the extension of this liberal space. The first component for him is of real importance to U.S. foreign policy: Other than just glossing the U.S. interest, it is meant as a protection of a way of life, including democracy, capitalism, and human rights. The second implies more than simply spreading democracy in the sense of holding elections (like in Palestine or Iraq), but includes the establishment of a liberal society. He was confident that even the current failed extension of the liberal space in Iraq will not lead to a U.S. withdrawal there, because the impulse to extend the liberal space is soundly grounded in the American society.

In the aftermath of both 9/11 and the Iraq war, *Ivo Daalder* perceives a debate in the U.S. about American engagement in or disengagement from the world. Yet, he warns that the world is not disengaging from America; the question therefore should be how, not whether the United States themselves should get engaged. *Charles Kupchan* stated that Roosevelt's bipartisan consensus on foreign policy is over. Domestically, one should try to re-establish the political centre, linking for example the evangelical right to environmental groups.

Andrew Moravcsik, Professor of Politics at Princeton University, presented two scenarios on U.S. Foreign Policy after the Presidential election of 2008. In the best case, the U.S. and the EU would agree on 90 % of their interests and instruments (including the use of military force), with the only one disagreement since the end of Cold War being the 2003 Iraq invasion. In a worst-case scenario, they would still reach agreement on 90% of their interests, however not on the important issues. Views on instruments diverged mainly on the use of military force, where a structural difference translates into normative difference: In the U.S., the military plays a prominent role making it easier to have a war in Iraq than to spend an additional 20 million dollars on development, he said.

Asked about what the U.S., as a 'declining-dominant' power should do, *Ivo Daalder* said that to restore trust is paramount and constraining its still existing power is one way of doing it. *Charles Kupchan* recommended that the U.S.

should work hard now for the next world in which it may no longer be the superpower, trying to determine international habits, institutions, and customs. But how can a nation set the rules at all if it finds itself in decline, a participant asked critically.

Stephen Szabo wants the U.S. to realise that it is, by now, only one in many powers. It should pull back and allow for more multilateralism. Just like George Kennan after World War II, it should work with the regional powers in a multipolar world instead of being a global hegemon. *Charles Kupchan* added that unipolarity is the best world, and multipolarity is ugly and difficult – but, unfortunately, inevitable.

2.1.2 India

From the dominant democracy to the largest: *Raul Gandhi*, Member of the Indian Parliament and a participant of the Bucerius Summer School 2005, introduced participants into his view on two existing Indias: 'Empowering India' and 'Aspiring India', those who have opportunities and those who have not.

Historically, the caste system is India's social structure. It stratifies the social system hierarchically and, in most of India, it is life defining. In the recent past, major changes took place at a deep level of Indian society, not primarily in the economy, but through the collapse of caste system. Indeed, the causation is the reverse, *Gandhi* explained: Growth happens where the caste system is dissolved, which is in the South, not in the North of India.

On the political level, the establishment of "Panchayati Raj" (government by the village council) through the 1993 constitutional amendment empowered village representatives to a previously unknown level. Today, there are three million elected leaders, of which one third are (as are required to be) women, and who include even lower castes like the formerly untouchables.

Alluding to often-made comparisons with China, *Gandhi* claimed that democracy is not a hindrance to development. To the contrary, more growth is taking place in the more democratic states of India. So the main achievement of India is in India herself: In the last 20 years, 250 million people have been lifted out of poverty, and a suppressive system has been peacefully and democratically cracked, *Gandhi* claimed, quoting Mark Twain as saying „India is the cradle of the human race, the birthplace of human speech, the mother of history, the grandmother of legend, and the great grand mother of tradition“.

The Rise of India on the global scene was underlined by some figures presented by *T. N. Ninan*, editor and publisher of Business Standard Ltd. He first provided something like a cold shower to Indian ambitions: The country only produces 2% of the world's GDP, and its contribution to world trade in goods is only 1%. India ranks 72nd in corruption out of 91 countries surveyed by Transparency International, and 127th out of 172 on human development. India moves at an elephant's speed, he said: In 60 years, it has moved from poor to lower middle income; in 2020, the per capita income is estimated at 2,000 US\$ - or 5% of Germany's.

But size does matter, he added: India is also the 10th largest economy of the world, even the 4th largest in power-purchasing-parity terms. It has doubled the income per head in a decade, and the size of the Indian middle class has grown from 26 million in 1995-96 over 61 million in 2001-02 to 101 million at present. And while India may seem chaotic, it is indeed stable: Crises tend to erupt elsewhere, in Thailand, Indonesia, Mexico, Brazil, Argentina, or even Turkey.

Yet *Ninan* conceded that there is still a long way to go, especially with regard to the delivery of public services (like health care, education, and community services), or the physical infrastructure. So far, economic growth has worked as a shock absorber; the country needs such growth in order to simply sustain its stability.

It is, however, not only the economy that makes India a global player, *Gandhi* added. General elections there are the largest democratic exercise of mankind. His country has the third largest standing army, and is a strong supporter of multilateralism. India is now looking for adequate representation in the world councils, like the G8 or permanent membership in the UN Security Council, *Ninan* explained. Being an official nuclear power herself, India is concerned about proliferation and in favour of complete disarmament, *Gandhi* added. As a country that, never in its history, has invaded any other country, India is not set to become a dominating regional hegemon. Also concerning democratisation efforts, the country does not want to get involved in the internal affairs of other countries.

With regard to the relations between India and China, *Ninan* saw a certain wariness about each other, but no hostility. The two countries would form no alliances against each other, trying to move away from border conflict. Indeed, while some countries in the region want Indian to counter-balance the perceived Chinese dominance, India herself does not want to be a counter-weight, a view that *Kishore Mahbubani* supported.

2.1.3 China

Looking 600 years back in history, China was the leading country in the world, *Bernd Klein*, Managing Director of the Nixdorf Foundation, said in his opening statement. At the time of the dark Middle Ages in Europe, the Chinese were travelling the globe. Today, China is on the rise again, though the eventual impact of this rise is not yet entirely clear.

Eberhard Sandschneider, Research Director of the German Council on Foreign Relations, opened up his remarks by saying that both talk of China as a superpower and of its imminent collapse are ‘black and white’, whereas the reality usually tends to be a bit more grey. The Chinese government itself, for example, avoids the term “rise of China” speaking rather of a recovery – both as a reference to her historical position and in order to be less threatening to others, as *Kishore Mahbubani* explained.

China is indeed learning fast about the benefits of multilateral institutions, acquiring agenda setting powers. In the end, China may even challenge the “Western values”. What *Sandschneider* lamented is the fact that neither the German government nor the EU has a security perspective on China. We in

Europe do not see the rivalry, he said, and we do not have Taiwan as a security problem. Instead of co-ordination, he observes competition among the EU member states.

At the same time, the list of potential conflicts is long. China plays an increasing role in Asia and Africa where she appears as a neutral actor to many governments: easy to deal with, friendly, they just want to do business, he continued. It has become a growing competitor for the West for example with regard to resources and is a strong supporter of failing states, not democracies. Moreover, China is the origin of pandemics such as SARS and the avian flu, where the government has proven to be unreliable in information politics. On climate change, China is a culprit next to U.S.

Kishore Mahbubani looked at China from an Asian perspective. While he recognised a combination of scepticism and fear in Western societies, he saw much more confidence in Asia. Most countries would welcome the rise of China, after the rise of Japan and the Asian Tigers. It is seen as part of the great tide lifting up Asian societies; the centre of gravity is moving to the region, and China, in anticipation of a potential U.S. blocking effort, pre-emptively shares her prosperity with her neighbours.

Today, the fastest growing trade flows in the world are within East Asia: South Korea's No. 1 trading partner is now China, no longer the U.S. In April 2005, Sino-Japanese trade exceeded U.S.-Japanese trade. Therefore, Asian countries have a vested interest in China's continued growth.

Some obvious tensions nevertheless do exist in the region. Inter-state conflict is a real danger, *Mahbubani* admitted, so that "Europe's past might be Asia's future". This is true for Sino-Japanese tensions, where two rivals with a hierarchical worldview collide; the Taiwan question, where only the status quo is supportable and Taiwanese independence would lead to an immediate Chinese intervention; or North Korea, where none of the neighbours, including China, has an interest in letting the country acquire a nuclear weapon.

With regard to China's relations with the United States, he saw China keeping quiet on geopolitical issues in order not to scare the U.S. *David Lampton* added that a base line of Chinese policy is to minimise problems with the U.S. in order to focus on the domestic problems. China knows that it wields power only if it is strong inside. So far, it has kept a low profile and has not aimed at global leadership. China wants to assure the U.S. of her being a responsible power, for example through the support of the recent resolution of the UN Security Council on Iran, *Mahbubani* reckoned.

He too could not see a consensus in the West on how to manage the rise of China. At the same time, this decision would have a huge impact on world history. So far, the Chinese themselves want to work with present international system. What would happen once China becomes a real superpower and raises her voice in international affairs is difficult to predict; it would depend on the correlation of forces then, he said. If the United States turned inwards renouncing to global leadership, then the EU should be powerful enough to maintain a system of checks and balances – "a huge market opportunity for Europe", *Mahbubani* announced.

What exactly the position of the United States vis-à-vis China could be, whether it should be engagement or containment, was the topic of *David Lampton's* talk. He thought that containment is not a remote possibility for U.S. policy, being neither in the interest nor in capabilities of his country. The dispute over the arms embargo showed that China was trying to drive a wedge between the EU and the U.S. With regard to Africa, the U.S. for example criticised the Chinese policy in Sudan, pressuring China to behave responsibly. While Chinese co-operation in the war on terror or on proliferation is better today than it used to be, the U.S. government is more worried about Sino-Iranian relations; indeed it is "most worried about what we don't know", *Lampton* concluded.

2.1.4 European Union

The European Union as a Union of Nation-States was another actor in the focus of discussion. The former Dutch Prime Minister *Wim Kok* saw a changing role for and relevance of the EU, which is no longer a free trade area but has a global responsibility to live up to. However, it is not the 'United States of Europe' but rather the United Europe of States, with the Member States as a fundamental feature, one should aim at, he cautioned.

The current stagnation in the EU integration process has partly to do with the past enlargement that needs to be digested, *Kok* said. He perceived something like an 'enough is enough' attitude for example towards the Balkan countries or Turkey. This, however, is misguided because both from a geopolitical and economic point of view, enlargement has been a success. This needs to be communicated better, he demanded.

Moreover, the EU should offer a sufficient perspective to newcomers, where (rightly) being cautious in preparing the accession would not be taken as an excuse for not going ahead with the necessary internal reforms. And while he thought it a mistake to give the Constitutional Treaty such a name, *Eberhard Sandschneider* said we do not need a constitution but an efficient decision-making process. *Andrew Moravcsik* called the whole constitutional process a misguided effort simply because there is no democratic deficit. The EU is a very stable organisation and not in crisis, he claimed. In any case, neither the U.S. nor China are waiting for Europe to sort out its internal affairs, *Eberhard Sandschneider* reminded the audience.

Pointing to the new challenges the EU is facing, State Secretary *Georg Boomgarden* mentioned the EU Security Strategy as a means of responding to them. With this document, the EU has shown its willingness to take on greater responsibility, to prevent the emergence of an international crisis while at the same time promoting an effective rule-based international order. To do this, the EU had given itself the whole gamut of crisis prevention and management instruments, with the use of military force not excluded but confined to a last resort, employable under a UN mandate.

Given the growing possibility of global EU missions, Prime Minister *Kok* deplored the lack of courage on the side of EU politicians to explain the new constellation to the public. A weak EU leadership is leading a defensive discussion instead of making the people aware of the global realities and their

impact. *Nicole Gnesotto* echoed this later when she said that EU leaders must tell the public that the future will not be as comfortable as the past.

With regard to democratisation policies, *Stephen Szabo* said that he favoured the less intrusive EU approach over the military-oriented U.S. approach. This notwithstanding, he also saw the EU becoming more 'realist' with regard to the Security Strategy or the engagement in Lebanon, hoping that the influence would go both ways. *Christoph Bertram* saw the EU emerging in a new security architecture where the traditional division (the EU doing regional, the U.S. doing global business) no longer works. Therefore, the EU has to get its act together, e.g. regarding conflicts like over North Korea. Paradoxically, the United States (through NATO) used to block the EU from acquiring its own defence capability. Today, it demands more from the EU than it wants to allow it to have in terms of capabilities.

Irene Khan saw Europe as a region of great hope, though it has not always lived up to such hopes in the field of human rights. The EU should do more to check human rights domestically, because being accused of 'double standards' is the worst what can happen to the reputation of EU governments.

Nicole Gnesotto presented a study on what the EU should do in order to better prepare for the future. The EU should promote the international system of governance: Not the bipolar version in which there is an alliance of democracies opposed to the 'others', be they China, the Islamists, or anyone else. This simplistic view does conform neither to EU values nor to global complexity. Instead, Europe should work for a multipolar system with an effective multilateralism. This would mean to look for inclusive and holistic solutions, for example advocating a regional approach to Lebanon or Iran, approaches that are more in line with the European foreign policy tradition.

Further enlargement, e.g. to the Balkans or Ukraine, is important, but not the key challenge, she said. The EU has to become a pole in the upcoming multipolar world, and it has to influence the other poles (the U.S. as well as China) to keep the international structure. For this, the EU25 (or 30 or even 35) need the necessary political will, including for military operations. An army is useless if you are not willing to use it, she opined.

2.1.5 Africa

The African continent as a whole was in the focus of a whole seminar day, and it was of course an issue in many of the other discussions throughout the two weeks. The importance of talking about Africa starts with the way one sees the continent: *Cord Jakobeit*, former Director of the Institute for African Affairs, Hamburg, in his introduction on how the media portray African countries said that this perception tells us more about media selectivity or consumer preferences than about the complexity of these countries.

Nonetheless, trying to look straight at the facts, *Jakobeit* stated that, recent developments in economic issues notwithstanding, the continent has fallen behind. 33 of the poorest countries in the world are in Africa, and this is likely to stay that way: The interim report on the UN Millennium Development Goals

estimated that Africa would reach these goals not before 2150 – instead of 2015!

A new interest in African commodities, both from Western and Asian countries, has done few good there: The ‘resource curse’ provides governments with only little incentive for sustainable growth, *Jakobeit* said. In general, he hardly saw any effort by the African elites who just do what is needed to keep the aid flowing.

While democracy has indeed spread, as more countries are now politically “free” in the Freedom House sense, the substance of democracy remains more difficult to achieve. Building local institutions is still one of the main challenges, demanding patience and the insight that, in the West too, there has never been a straight line on the way to democracy.

One difficult question, *Jakobeit* explained, is about the reasons for Africa’s poor performance. Some still refer to exogenous factors like the slave trade and colonialism, though it is difficult to make this argument some 50 years after decolonisation. Moreover, this past is not unique to Africa but was present in Southeast Asia too. The latter today is much more competitive while countries like Ghana and South Korea were economically equal in 1960. Besides, to explain wars and conflict in Africa today with the drawing of borders at Berlin conference in 1886 is a little short-sighted too. The borders as such do not pose the problem, but African leaders who have manipulated ethnic divisions, he said.

To blame endogenous aspects like bad leadership and a lack of good governance is also a very popular argument, for Africans and outsiders alike. *Jakobeit* detected a strong rejection of modernisation and meritocracy, a “culture against high performers” where individual success is not honoured. This, however, also has a positive side: The social “cushioning” obligation to share with your families brings 10 billion US-dollars of remittances each year, more than the official development assistance from other countries combined.

Peter Eigen saw systematic bribing at the heart of the African problem, which places half of the responsibility for the crippling of African governments on the North. The best the West could do for Africa is to stop bribing. He called for a zero tolerance policy knowing that it would be difficult to really prosecute both money-givers and money-takers.

This leads to another element in Africa’s malaise, i.e. the ambivalent role of the West. Western nations are unlikely to improve the situation, *Jakobeit* complained referring among others to the recent Doha trade liberalisation round and fifty years of both development assistance and market restrictions. Others argued that trade liberalisation would help Africa feed itself and not rely on food imports or donations. Trade – much more than aid – is the means for Africa to revive, said *Timothy Garton Ash* deploring what he called a “shameful North-South discrepancy.” *Jakobeit* concluded that to engage in Africa was not so much a moral obligation for the West and for Europe in particular, but in its own interest.

2.1.6 United Nations

The United Nations is, in its sixtieth year of existence, “renewed, not retired” *Shashi Tharoor*, Under-Secretary-General for Communication and Public Information at the United Nations, claimed. It is more important today and tomorrow than 1945 – and even ordinary Americans have great faith in the UN and in multilateral solutions, he added. So how come the organisation has been under such strain recently?

The core of the UN is a system of rules, norms and procedures that are binding for everyone, *Tharoor* quoted the US-President of the time of the UN’s foundation, Franklin D. Roosevelt. This system and the organisation’s universality are at the core of its legitimacy. The UN is the one international body of political nature. “Problems without passports” arising, with which no one country can deal on its own, a universal and legitimate organisation like the UN is needed.

Yet, the UN at its best and worst is a mirror of the world and its geopolitical reality. Though believing in ideals, as the Charter formulates them, the organisation has to be rooted and work in the real world, *Tharoor* added. And it can only be as good as the member states want it to be. This makes the UN the world’s greatest scapegoat, *Anne-Marie Slaughter* deplored. She asked for pressure to be put on national governments to bear responsibility for the organisation of which they are a part.

The United States is an indispensable part of the UN, *Shashi Tharoor* added, referring also to the weakness of the League of Nations caused by the absence of first, the U.S., followed later by the withdrawal of Germany and Russia. Moreover, regional organisations like the European Union are of great importance to a global organisation like the UN. Indeed, the EU is an indispensable partner, not only because of the members’ combined contribution of 41% to the UN budget but because the two organisations share the same view of an international rule-based systems. *Tharoor* went as far as to call the UN a “global emanation of EU ideals”.

Looking at the past, the UN did not fare so badly, he recalled: The UN regulated the Cold War; it has helped in finding peace settlements, developing treaties and international norms, or humanitarian actions. Things like election observations, intrusive inspections, and international tribunals were all unimaginable some 30 years ago. Although the UN is not good for fighting wars or even irrelevant to a war (as the Iraq war of 2003 demonstrated), it has at the same time shown to be indispensable for peace. The UN has proven to be a highly adaptable institution that evolved in reaction to outside changes, *Tharoor* assessed.

Yet, despite these merits, there is a consensus that the UN is in need of further reform, both institutionally and politically. It should take on this challenge proactively, *Tharoor* reckoned: the word “crisis” in Chinese symbolises both danger and opportunity, so the UN should see the former and seize the latter. *Anne-Marie Slaughter* put the need for reform in the most direct way by predicting that either we fundamentally reform the UN by 2010, or the UN will be no more by 2020.

Even more radical was the proposal made by *Ivo Daalder* who proposed to create a new institution bringing together the democracies not just across the Atlantic (which is what, for example, NATO does) but around the world, i.e. including countries like Japan, India, Brazil, and South Africa. Without forgoing UN reform, he wanted to “crack the UN monopoly” by providing an alternative to the present system, by establishing a so-called “Union of Democracies”. The question is how to make this Union as attractive to the world as the EU was to the Central and Eastern European countries, *Tod Lindberg* posited.

The new organisation should be built by and around democracies because these states have more legitimacy than non-democracies, and they will agree on more things than they will disagree on. This latter point, however, was questioned by other speakers like *Christoph Bertram* who asked why should states work better in the new “Union” than in the present UN?

Regardless of these institutional questions, *Timothy Garton Ash* joined the choir of proponents of liberal democracies. To him, liberalism is “the only major future-oriented ideology of modernity with mass appeal” and no challenger in sight. While this may appear ‘normal’ to us, he reminded the audience that, in the 20th century, three ideologies (communism, liberalism, and fascism) competed and that the victory of liberalism was by no means determined historically. Things could well have happened the other way round.

To continue to spread democracy to all countries in the world therefore is the right general policy. However, “transfer” or “export” of democracy is the wrong concept, as a social-political system cannot simply be transplanted, he said. Instead, the (so far not yet democratic) countries themselves should look for own traditions linking up to the broad concept of democracy, while the West should be ready to offer the toolkit of its own experience to support transition if needed and desired.

2.1.7 NATO

The North Atlantic Treaty Organisation (NATO) was already mentioned as one organisation uniting the transatlantic community in security affairs. This may be both a strength (unity of purpose) and a weakness (exclusivity) at the same time. For a country like Germany, NATO is the prime security actor, State Secretary *Boomgardien* said in his introductory remarks. It is a wonderful toolbox, but it is useless if it is reduced to such.

Christoph Bertram replied that NATO is indeed more than a toolbox: The organisation did not only fight off the Warsaw Pact in the past and does engage in crisis management today. Through enlargement of its membership, it has taken on the role as security provider for the whole of Europe without firing a single gun. *Bertram* granted that it is easier for NATO to enlarge than for e.g. the European Union. This would lead to the temptation of using membership for political short-term goals. But while the concept of stability production through extended membership is generally valid, NATO should not widen too much, still holding the West together.

During the Cold War, there were quasi-automatic ties between NATO member states, enforced by the Soviet threat. On the institutional level, the “constant

conference of members” created trust among NATO states. There simply is no other forum for EU-U.S. exchange but within NATO, given that the existing EU-U.S. summits are a farce, as *Bertram* said. NATO is the place where the West thinks about the world.

The question, thus, is about today’s mission of NATO and whether this mission should be enlarged, too. This, however, would mean putting the cart in front of the horse, one of the participants contested. First, there should be the mission, then the institution and not the other way round, he argued. But *Bertram* replied that it is not easy to create international institutions. To have one in a world where there is want for co-operation is precious, so one should not destroy it but use those elements that are useful.

One of these elements is the system of collective defence. Western governments should emphasise this system that is at the core of NATO, *Bertram* proposed. The wars of the future will not be in the Atlantic, but elsewhere. And NATO will not fight wars of choice but only wars of necessity, simply because 25 (or more) countries will not agree on a war of choice. Only its most important member, the United States can fight any war alone if it wishes to do so.

Given the number of global problems, NATO members share an interest in solving them collectively, *Bertram* posited. For such global action, NATO can get legitimacy only from the UN. He said that the West as such is not anathema to the rest of the world but that the way it sometimes presents itself is the problem. Whether acting globally or in the European neighbourhood, NATO should therefore avoid any colonialist attitude.

2.1.8 WTO

Finally, the World Trade Organisation (WTO) was another International Organisation at the centre of many a discussion. This was partly due to the fact that the current round of trade liberalisation negotiations, the Doha round, had been suspended only shortly before the Summer School. This breakdown, *Jürgen Fitschen* predicted, would hurt poor countries and small companies the most and would result in a rise of bilateral agreements. While probably not agreeing on a lot of other things, *Ernst-Ulrich von Weizsäcker* concurred on this point saying that, despite all its shortcomings, the multilateral WTO is much better than the “spaghetti pot of bilateral agreements”.

His general criticism was directed at how the overall system of trade regulation works. Global regulation shall not make life for companies more complicated but keep villain companies from breaking the rules. Not patent protection as such is bad, but the system devised by the WTO (TRIPS) is. And, finally, he is very much in favour of free trade and against protectionism, *von Weizsäcker* claimed, as long as there is no distortion from subsidies. His call for more sophisticated mindsets among economists was seconded by *Anne-Marie Slaughter* who also saw the need for reform in global institutions like the UN and the WTO.

2.2 The Company

Companies, the second part of the global governance matrix, are often asked to take over the role of the state, participants discussed in one of their working groups. This is so because the private sector often has additional (mostly financial) resources that the modern state sometimes lacks. Moreover, companies place greater focus on goal-orientation and profitability, therefore they are oftentimes more efficient. Yet participants also saw a number of limitations within the private sector, e.g. little patience, differing shareholder interest, or less (long-term) knowledge. Generally, they did not see a dichotomy of public vs. private but rather a – potentially fruitful – exchange between the two. However, they did express a certain uneasiness about the state withdrawing and corporations taking over.

With regard to global governance, companies today are aware of the fact that they have a role to play. Much more than mere philanthropy, this includes corporate accountability as well as setting and helping establish international guidelines. As one participant put it, rather than building kindergartens, this role is about influencing the government of China on IT or labour standards.

2.2.1 Corporate Social Responsibility

“The business of business is *good business*”, *Uwe-Jean Heuser*, Editor-in-chief of the Economic Section of the German weekly DIE ZEIT, in a slight but important variation of Milton Friedman’s famous dictum, gave as his bottom line statement on corporate social responsibility (CSR). In addition to its basic responsibilities towards the State, i.e. to obey the laws (not only by the letter, but by their spirit), to pay taxes, and to stay short of corruption, there is something more that a company can do for society. This is often referred to as CSR: a voluntary activity toward the society within which a firm prospers.

There is a lot of bad CSR, and bad (i.e. nonsensical) talk about CSR, *Heuser* said in his introduction, with the no. 1 hype indicator about CSR being the World Economic Forum in Davos, Switzerland. Like there, too often managers paid only lip service to CSR, thus posing three problems: First, CSR has to be at the core of your business, it has to be an investment. So either it is good business, or it is not – but then don’t do it, *Heuser* expressed it. Second, CSR overshadows bad management. A company’s biggest social responsibility is to secure rising sales and profitability, thus securing long-term employment and customer relationships. Failing in these, some managers resort to giving themselves a good CSR outfit. Third, *Heuser* warned of turning good intentions into institutions. Putting good ideas into laws can be dangerous, he said with reference to the German co-determination law. Enforcing the generalisation of a good practice does not work well in the real world, he let it be known.

Referring to his first point, *Heuser* claimed that CSR could indeed be good business when responsible behaviour is at the core of business. It should not be a donation but a (long-term) investment into value creation; not just on single issues (like anti-corruption or environmental protection) but an overall concept of doing business. *Jürgen Fitschen* followed a similar line when he said that CSR only makes sense when it contributes to the business of a company. Its

purpose is to improve the image of the company and to create good customer relations. “Do good and talk about it”, both agreed, is a fair motto as public relations and CSR go hand in hand.

Interestingly, one of the objections towards the Global Compact after it was created in 1999 was to be nothing but marketing under the UN logo. Yet the Compact was invented to bring transnational companies into global responsibility and to promote UN goals in the corporate world, *John Ruggie* explained. The world’s largest and most inclusive corporate citizenship activity does not intend to regulate TNCs, but to find global allies for UN. Members agree to uphold ten principles deriving from international frameworks such as the Universal Declaration of Human Rights, the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

In addition to this normative agenda, there are many practical initiatives like public private partnerships in the UN framework. Asked how successful this Compact really is, *Ruggie* replied that some 2.200 companies are actively involved, more than half of which are from developing countries.

2.2.2 Corruption

If only all companies followed their basic responsibilities as announced by *Uwe-Jean Heuser* (and presented above), there would be no corruption. Instead, corruption does exist and it is the greatest obstacle to the capacity of governance, *Peter Eigen* said. More than one billion US-dollars are stolen every year, creating damage to society and political culture.

While some may find it difficult to see a difference between lobbying, the above-mentioned CSR, and bribery, *Eigen* thought that most people know exactly where the borderline is, i.e. when decision-making shall be influenced. Admittedly, different rules may apply in different contexts, e.g. for tax authority employees. Thus, the same gesture may earn a different meaning in another situation: giving a cohiba cigar to the minister is courtesy; giving it to the customs officer is bribery, he explained.

In reality, however, corruption is not about petty bribes but about multi-million dollar projects proposed at donor meetings, but which have no market and no direct use. They only produce huge environmental damage. When such projects are nodded through thanks to corruption, they become what *Eigen* called “millstone for the economy” taking money away from schools, hospitals and the like. In such a situation, the question of corruption can become perverted: Would you bribe to have a gigantic, but useless project prevented? He vividly recalled a situation when deputies were bribed in order to get an anti-graft law passed.

Another perversion is to play off anti-corruption measures against other important policies, such as asking to either reduce poverty or fight corruption. The end goal of anti-corruption policies is reducing poverty and providing better services, one participant explained. The paradox of anti-corruption, however, is

that you have to fight corruption to overcome capacity constraints while at the same time you have to build capacities in order to fight corruption.

Confronted with the accusation that fighting corruption is a new form of “cultural imperialism”, *Eigen* replied that anti-corruption is not an inherently Western policy. Whenever a bribe is paid, it takes away the contract from an honest company, something all cultures disapprove of. Moreover, in countries like Indonesia people took to the streets to fight corruption.

2.2.3 Relocation

More than corruption, the relocation of production sites or whole companies and, thus, of work places from one country to another is a major topic in the industrialised world. In a case study, participants analysed how the traditional German company GROHE pondered relocation of one of its facilities, making it to the headlines of all major newspapers in the country.

What made this recent case so controversial was the fact that the company was bought by international private equity investors without a stake in local community. These investors had been labelled as “locusts” ahead of the past general election there in 2005 as they were accused of merely soaking up the good of a company leaving hoards of unemployed behind.

At the beginning, the GROHE case showed a similar pattern: Despite being a medium-sized business, it is heavily export-oriented making some 80% of its sales abroad. The Germany labour costs, however, are not competitive with production cost abroad being up to 90% lower. Therefore, in the restructuring debate at GROHE, the question about potential Asian production sites rose.

In their discussion, participants weighed up an investment in China against one in India. Among other things, they concluded that being a democracy (which India is and China not) is something you can sell. What states trying to attract investors should however not “sell” are their labour and environmental standards. The company representative present backed this claim saying that his company applies the same standards in all production plants and that only labour costs differ.

2.3 The Third Sector

The so-called Third Sector is also the third part of the Global Governance matrix introduced at the beginning. Like the corporate sector, it has tended to take over state functions in the absence of a state, sometimes even against the state – which is at least interesting, if not ironic given that the re-emergence of civil society in Central and Eastern Europe in the 1980s happened under the label of ‘anti-politics’. But, apart from individual and ad-hoc examples, what can the role of the Third sector in global governance be, alongside the still dominant state and powerful corporations?

2.3.1 Non-governmental Organisations

Peter Eigen, who used to work for the World Bank before he founded the most potent anti-corruption organisation, Transparency International, highlighted the importance of non-governmental organisations (NGOs) in shaping globalisation and governance – notwithstanding the existence of some bad NGOs like the *Ku-Klux-Klan*. Which leads to the heart of the matter, i.e. the question what *is* an NGO? *Richard Sennet*, professor of sociology at the London School of Economics and Political Science, in his introduction into the topic, presented three models of Civil Society, each creating its own type of NGO.

First, there is the ‘enlightenment model’ based on the French philosopher Jean-Jacques Rousseau. In this model, people are constantly and actively engaged in exchange creating mutually supportive relationships. The political, economic, and cultural areas are fused, and the state organises the exchange between people and areas. In this ‘world’, one could not imagine an NGO.

The second model is based on Alexis de Tocqueville, the French statesman who travelled the United States in the early 19th century. In this ‘paralysis model’, people have withdrawn from society, lacking the energy for constant exchange; individualism enervates society, thus making the state more powerful. As a remedy, the modern conception of an NGO as a ‘voluntary organisation’ is born. People develop the ability to do things by joining an NGO, thus creating ‘social capital’.

Finally, the most recent model is the one that emerged in Eastern Europe after the Second World War, the ‘parallel model’. In it, NGOs appear as parallel organisations, as a substitute government in face of repressive government. While the state wants society to be silent, in an NGO people can be heard; they ‘empower the voice’ as *Sennet* quoted the famous Polish former dissident, Adam Michnik. Not political action, communication between people is the main goal of such NGOs.

The latter point also refers to the often-difficult relations between NGOs and the State. NGOs are rooted in Civil Society, *Sennet* reminded the audience, and they are not midway between the State and Civil Society. Yet while being *non-governmental* by nature (i.e. the only thing that nominally defines them), it sometimes happens that NGOs and governmental organisations are two sides of the same coin: Governments may deliberately use NGOs in areas where they don’t want to (or cannot) be active any longer. In Bosnia-Herzegovina, for example, NGOs often are embryonic political parties, one participant pointed out. On the other hand, the case of Lebanon has shown that, another participant remarked, NGOs alone could not solve the problem of a dysfunctional state.

Whether NGOs should accept government money for their activities was another question discussed. While some argued that this was against basic principles, others thought that it was a pure necessity given the scarcity of private donations (let alone the interests behind corporate money). Generally, a (financial) investment in NGOs was seen as an investment in a democratic society; therefore, some argued there should be no need to refuse government money but only to keep funding transparent in order to uphold one’s independence.

Such questions of transparency and accountability have become more important proportionate to the rise of NGOs both at the national and international level. *Irene Khan* from amnesty international reported on an Accountability Charter developed by International NGOs for such organisations. By setting sector-wide, global standards, this Charter containing a voluntary code and reporting obligations aims at dissecting good NGOs from bad ones through social control. Given ample information, a free (global) society will balance truths and non-truths, she hoped, thus controlling global civil society.

Like in governments or business, *Khan* said, there are bad NGOs riding on the tailcoat of good NGOs: 'But you don't shut down all businesses because of Enron'. Similarly, *Anne-Marie Slaughter* recalled that 'social capital' (as popularised by Robert Putnam in his book "Bowling alone") is not good *per se* but can be used for better or worse purposes. Moreover, even the very best NGOs are typically single-issue organisations, not looking at society as a whole. Which leaves us with *Richard Sennet's* remark that NGOs are rather a tool than the solution.

For a tool to work, you need other components, too. *Irene Khan* explained whom amnesty is working with: with both domestic and international governmental and non-governmental organisations, with businesses and private actors, and even with armed groups, if necessary. She saw in these new alliances as much competition as coalitions thus bringing back the question of the end of such co-operation.

Looking at global NGOs, *Sennet* saw another, very practical problem of their work: their ignorance of local knowledge. He observed that big NGOs rather apply a standard body of knowledge to a problem or crisis than look at local differences. This is not entirely their fault, he admitted, as money often comes in only when it is clear on what it will be spent, i.e. the standard procedure. As a response, he called for NGOs to always be 'light' in their personnel and 'foot print', to be facilitators working with the people on site rather than being big agents themselves. *Sennet*, a sociologist of the urban sphere, likened the discovery of locality to the recovering from the great urbanist illness of the 20th century in which even highways into cities like Beirut can contribute to social sickness.

2.3.2 Media

The media are part of the third sector too, even though one would normally not count them as NGOs. In all societies, they play an important role at the intersection of state, business, and civil society. *Peter Eigen* said that the media could be both helpful and obstructive for civil society: it can be its strongest ally, but it can also convey egoist or distorted messages to society. This is even more so the case when it comes to reporting on foreign countries, as the media often is our only means of information.

Taking Africa as an example, *Bartholomäus Grill*, Africa correspondent of DIE ZEIT, highlighted the media's misperceptions of a continent. He blamed his fellow journalists for seeing only people in masses, tribal warfare, and refugees. While they are interested only in disaster, the vast majority of Africans live in

peace; famine is not the order of the day. However, this is not being reported on, and even the few positive reports still contain stereotypes and repeat folkloristic clichés.

It is the perception of Africa, not its reality that counts. You cannot describe European reality by only looking at Bosnia, *Grill* said. It is therefore not so much a question of media attention but of quality instead of quantity, of a calm and thoughtful analysis instead of a quick and sensational bulletin. If Africa is always portrayed in bad news, then we can never accept them as a partner, he concluded.

The question was asked, however, in what way Africa is really treated differently than any other news object? 'Good news is no news' everywhere, one participant said, and another added that a crisis reporter, by definition, reports on a crisis. A third mentioned that there is lots of positive reporting about South Africa because the country is performing well. Bad news and bad performance might therefore be a question of hen or egg – which had been there first?

Looking at the African Media itself, *Tom Mshindi*, Managing Director of The Standard Media Group in Nairobi, said that media freedom is still a challenge in some countries but that, in sum, the media has done very well in Africa. The way African media look at themselves is not so different from media elsewhere, to the extent that coverage of Africa is poor even in the African media. The definition of news is a Western one: 'news is what sells', he explained. Their consumers, however, are the elites, i.e. those who can read. Thus, poverty is a real challenge to African media makers.

Peter Eigen saw one significant correlation: the more newspapers a country has, the better its transparency index. *Irene Khan* from amnesty added that the media can be an ally, but it can also work against their objectives. The challenge is to keep the media's attention to less known areas.

One could think the whole of Africa, the real Africa, is such a 'less known area' for most people in the West.

2.4 Global Public Networks

The three preceding sections each highlighted one of the three parts of the global governance matrix: The State, the Company, and the Third Sector. This last section gives space to an innovative idea by *Anne-Marie Slaughter*, who has developed a new picture of governance at the international level: She proposes global public networks.

Conventional talk about global governance and networks stresses the 'vital importance of international non-governmental institutions', *Slaughter* started out her introduction. Global civil society is something like 'apple pie and motherhood' in the U.S, she said: build it, harness it, and use it, is the motto of the day. Unusually though, she calls for the revival of the State on the global level, adapted to the new circumstances.

We need government, i.e. entities that make decisions and implement them, not governance in the sense of more processes and talks, she said. Diseases and global warming have become national security threats but they cannot be fully

addressed by global institutions, simply because their source is in nation states. To combat e.g. the avian flu, you do need the World Health Organisation (WHO) and NGOs, she admitted. Yet most of all you need a network of national health officials responsibly taking care of the situation and reaching out to NGOs, businesses, and global institutions. Challenges from such “problems without passports” over terrorism to climate change all need national and local authorities to take and implement decisions. Therefore, these state institutions should be strengthened, *Slaughter* made her point.

Moreover, neither NGOs nor business can ever take the place of government. Instead, all three dimensions are needed to solve any of these problems. Government is the indispensable core of a network with NGOs and business, balancing competing interests like climate protection and economic development. ‘New government’ increasingly means managing relationships, and state officials need to be trained for this.

From this starting point, *Slaughter* developed her picture of a deeply networked world with networks of government officials at the core (‘the spine of global networks’, she called it). This new way of government does not need new bureaucracies but can work in virtual networks and with videoconferences. In this regard, governments can learn a lot from NGOs, she said.

The current problem with over-bureaucratic institutions is not that government did take on too many tasks, but that it took on too much to handle in a command and control mode. By doing things differently, i.e. by managing networks and scaling up solutions, the focus ought to be on problem solving. The government of the future is horizontal, *Slaughter* predicted.

3 The World Ahead

Based on the description of the old and new actors in the system of global governance, discussion centred on how the world ahead might look like and whether the said actors are equipped to meet the coming challenges.

Two speakers in particular were tasked with looking into the future. *Nicole Gnesotto* presented a study commissioned by the EU on ‘the world in 2020’. Like the ancient Cassandra, she foretold that it would not be such a safe world. Towards the end of the summer school, *Karl Kaiser* presented his scenarios on the world in 15 years. Included (but of course not limited to these) were some catastrophic scenarios on the way to this new world: first, the use of nuclear weapons by terrorists (imagine New York being wiped out); second, a war over Taiwan (improbable, but if it happens, it will be disastrous); third, another war in the Middle East (e.g. on Iran); and, finally, a global pandemic, in which public order might no longer be sustainable in many countries.

Looking less at singular catastrophes and more at sure trends, *Nicole Gnesotto* expects the structure of international system to be multipolar; and she made it clear that this is a fact, not (by itself) a virtue. Whether and how this multipolar world can be organised is the job for the EU, she said. Moreover, she identified three regions of concern from a European point of view: Africa, the Middle East, and Russia. The main question is whether these regions will they be able to modernise? Africa and Middle East probably not, she said, but Russia might.

The definite answer, however, will be decisive for the future of democracy, she warned: not just for the promotion of democracy elsewhere, but also for its preservation at home, on European soil.

Looking at these scenarios of the world in 2020, first the future actors will be outlined, before three of the major challenges to come will be analysed in more detail: climate change, the spread of pandemics, and demography.

3.1 Future Actors

Who will be acting then in the world ahead? Will the United States still be the dominant power? What role will China, India or Russia play? Where does Europe find itself? And all the other nations and regions that are not usually attributed world power qualities?

By identify and extrapolating current trends, *Karl Kaiser* wanted to give a picture of who the future actors on future events might be. First of all, he foresaw an opening up of the traditional state, in line with the three-pronged matrix introduced before. Although the state remains the core actor, he can no longer shape the world. With one third of world trade being internal company trade, business will be an increasing factor, as will be NGOs.

By 2020, the United States will have receded, but still be indispensable for world affairs. U.S.-driven globalisation will have doubled the GDP of today, but at the same time the benefits will be unequally divided, both between and within countries. Nowhere will it produce more inequality than in the U.S. itself, thus creating more internal conflict. American military power, however, will remain. The open question is whether the United States will join other countries to create an effective multilateralism, the pet subject of the European Union?

The EU, then, will stay rich but be surrounded by the known unstable regions (Africa, the Middle East, and Russia), *Nicole Gnesotto* analysed. In particular with regard to its energy supply, the EU will depend more on these shaky regions, with an estimated 80% of its oil and 60% of its gas needs being imported from there.

By 2020, China and India will have overtaken most European countries in economic terms, *Karl Kaiser* said. Economic dynamism is already centred on Asia, and more and new technologies will emerge there. China will be restored as the Middle Empire. Asia will be the centre of the world, featuring three out of the five largest economies, *T N Ninan* claimed. This, *Kishore Mahbubani* added from an Asian perspective, will present a much more normal state of affairs in balance of power in the 21st century. A rebalancing is already under way, with Asians being as successful as Western societies.

The rise of Asia, *Karl Kaiser* warned, would only be stopped by pandemic or nuclear war. Unfortunately, increased proliferation of weapons of mass destruction is near certain, he continued. The number of nuclear weapon states has already increased from the original five to nine (including Israel, India, Pakistan, and North Korea). Iran might soon add itself to the list, with more to follow. Restricting state proliferation is therefore the answer, and he deplored that the non-proliferation treaty is in such a bad shape after direct and indirect

attacks from important members like the United States. Yet, while nuclear states still somehow appear manageable, a nuclear terrorist attack is the ultimate, though preventable catastrophe, *Kaiser* supposed.

3.2 Climate change, sustainable development, and global risks

Regardless of the actor question, climate change will for sure be there for us. *Ernst-Ulrich von Weizsäcker* reported that in scientific publications, there is no doubt whatsoever about the reality of greenhouse effect. The concentration of carbon dioxide can be proven back some 650.000 years, and it has risen steeply in the past centuries, *Peter Höppe*, Head of the Geo Risks Research Department at Munich Re, explained. We cannot know what the effect of this will be, but we do know that it is an anthropogenic, i.e. man-made change, he added.

The reinsuring company Munich Re, who often either directly or indirectly insures economic losses caused by catastrophic events, has analysed the damage done by extreme weather events related to global warming, *Höppe* clarified. This damage has increased steadily and considerable over the past decades, culminating in the most extreme events in the past years like the heat wave in Europe (summer 2003 with more than 35.000 deaths), the tsunami in Southeast Asia (December 2004, the largest tsunami event ever), a flooding in India (in July/August 2005, with the highest ever 24-hours-rainfall), and the hurricanes Katrina and Wilma (September/October 2005) being the most costly or strongest hurricane ever, respectively. Overall, Munich Re has established a database of disasters with more than 22.000 data sets, covering all global loss events since 1980.

The reasons for the increasing losses are many, *Höppe* explained: The rise in population and a better standard of living; the concentration of people and values in large conurbations; settlements and industrialisation in exposed regions; and, certainly not unimportant from an insurer's point of view, an increased insurance density. However, one major factor is change in environmental conditions, or climate change.

The ten hottest years ever were all recorded within the last 18 years. There is scientific evidence of a link between global warming and extreme events, thus making climate change visible to everyone. A 100% proof of this is not possible because the world cannot be modelled completely, but scientists have advanced from association to plausible hypotheses to probable causation. Even in the U.S., sceptic scientists have changed their opinion, and rightly so, *Höppe* said: It may simply be too late to wait for 99,9% certainty instead of 98%.

For the 100 years from 1980 to 2080, an overall temperature increase is forecast, causing more precipitation and a sea level rise between 20 and 100 cm. The melting of the Arctic and Antarctic ice would contribute another 9 to 90 meters, thus making it likely that places like Italy, Egypt, or Bangladesh will simply be gone one soon day if current processes persist.

In addition, warming increases the vulnerability of big ocean streams: the melting of the Greenland ice would reduce the salinity in the North Atlantic, thus interrupting the pull of the Gulf Stream. Ironically, Europe might cool down

considerably in the face of global warming. However, not only of the Gulf Stream affecting Europe but the worldwide system of conveyor belts is endangered by this.

These two examples of sea level rise and an interruption of the conveyor belts make it clear that a new agenda is needed, *von Weizsäcker* said. We have to think of the demand side of energy, i.e. making better use of energy, not only of its supply side. At present, energy is (still relatively) cheap, thus it can be a wise business decision to buy kilowatt-hours and to lay off people. A true change of economy would need to increase the cost of energy or water, and to reduce labour cost, therefore setting the incentives differently.

In lack of efficient energy taxation, the present European emissions trading scheme is a good scheme, *von Weizsäcker* said. It should be made a worldwide scheme, i.e. both the U.S. and emerging economies would need to subscribe. Emissions trading would best be done on a per capita allowance, thus producing an automatic income for India, Bangladesh and others, he said. However, in order to really achieve a change in energy consumption and emissions, a 'factor of 4' (doubling efficiency while halving emissions) is to be aimed at.

To reach these and other goals, climate policy should take place in a multi-stakeholder world, *von Weizsäcker* proposed: NGOs and the scientific community raise awareness among both the general public and politicians; the latter take the right decisions on subsidies and energy prices. Businesses will then make the right investment decisions with investors providing money for forward-looking programmes. Asked about what individuals can do and how far we need to change our behaviour, *von Weizsäcker* replied that individual behaviour should be addressed too, both through market signals (prices matter to the individual) and through accompanying education (explaining why change is necessary).

A combination of these aspects was presented in the Fish Bank simulation, an interactive game in which the participants were tasked to run a group of fishery businesses. The need to earn a living while at the same time seeing to a stable environment providing the fish exemplified the need for a 'sustainable development'. In 1987, the Brundtland Commission of the United Nations has defined this as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

In its discussion following the simulation, the group highlighted both the inter-generational and inter-regional aspects of the definition. To achieve such sustainable development, different perspectives, systemic thinking, motivation and solidarity, reflection, co-operation, and action are all needed.

On a very practical level, again, was the presentation by *Jochen Zschau* from the German Task Force Committee for Earthquakes at the National Research Centre for Geosciences in Potsdam. Based on a project undertaken in the wake of the Christmas tsunami of 2004, he presented the components of a tsunami early warning system. First, a real-time earthquake monitoring system is needed, determining the location and magnitude of an earthquake that could cause a tsunami. Second, real-time monitoring of the sea surface is essential in order to detect the build-up of any wave. The third step is done on a computer

based on the data received: tsunami modelling can help determine the velocity, approximate arrival time, and probable amplitude of the monster wave. However, the “last mile”, i.e. reaching the people within a few minutes is the most important – and the most difficult to achieve, *Zschau* said. Unfortunately, such a system is nowhere in place today, and planning its implementation is still in its infancy. Nevertheless, thinking of the technology available tomorrow, he was optimistic that tsunami early warning systems can be put in place.

Yet even if the technology may be there, the human factor still remains. In Turkey, for example, earthquake-safeness is low due to bad governance, corruption, or theft during construction. Generally, more people die from natural catastrophes in developing countries than in industrialised world, thus making the response to global risks also an issue of good (and global) governance, *Zschau* concluded.

3.3 AIDS and other Pandemics

Further global risks are pandemics like the immune deficiency syndrome AIDS and other diseases. *Christina Schrade* from the Global Fund against AIDS, Tuberculosis and Malaria explained why pandemics control is a global governance issue.

Pandemics kill far more people than wars and conflicts: Between 1915 and 1919, 16 million people died in World War I, but the Spanish flu of 1918/19 killed 50-100 million people. In 2003, the death toll of all global conflicts was 100-500.000, whereas AIDS, tuberculosis and malaria accounted for six million deaths.

The spread of the human immunodeficiency virus (HIV) and the resulting disease AIDS is the largest pandemic in human history, undermining the stability of entire world regions, *Schrade* told the group. The human impact is enormous: 65 million people are infected, of which 40 million in Africa while number are growing most in India, Russia, and China. In 2005, more than three million people died of AIDS, while five million have become newly infected; in certain hard hit areas, life expectancy has been reduced to some 45 years.

At the same time, there is a considerable economic and social impact: The loss of annual GDP in Africa is estimated at 2 to 4%; a complete collapse of the economy is possible within three generations. Socially, what used to be the disease of ‘white male gays’ has now become feminised: Women are affected in particular by HIV/AIDS due to social inequities and sexual violence, *Schrade* explained. They are marginalised and misused, the author *Henning Mankell* added: AIDS is corroding the societal fabric because women are neglected.

Moreover, the already fragile health systems are overburdened, *Schrade* continued. They lose their staff to the disease, and there are to date already 15 million HIV/AIDS orphans, estimated to be 18 million by 2010. Similarly to hospital staff, military and police services are affected, thus producing a clear security impact as recognised by a UN Security Council resolution in 2001. With in some areas more than a quarter of all soldiers being AIDS infected, this may have an impact on the willingness of Western nations to send troops.

These figures underline the assumption by *Cord Jakobeit* that HIV/AIDS is the real challenge to Africa's future. *Henning Mankell*, the famous Swedish author who spends half of his time in Mozambique, a country in which more than 700 people die of AIDS per day, gave a very personal and moving picture of what he plainly called a nightmare. In African hospitals, half of the patients and half of the nurses are affected by AIDS, making doctors and nurses leave for the West by the thousands. More Malawian doctors work in Manchester than in Malawi, he said, though one cannot blame them for their individual decisions but we in the West have to blame ourselves for such discrepancy. Quoting UN Secretary-General, Kofi Annan, he deplored that we have "unlimited resources for the war on terror, but not for this virus terrorist".

Resignantly, *Mankell* presented his two laws about AIDS: First, whatever we do, we do it too late. Second, how much ever we do, we do too little. Moreover, the collective 'we' from the West is well intended, but often wrong. Instead of bringing unfitting solutions, we should help the victims to ask questions; they will find their solutions. Finally, when we help, we are not really giving something but only giving back what we took before, he appealed.

Reinhard Kurth, President of the Robert Koch Institute, the federal German institute for disease control and prevention in Berlin, presented another disease, one which has always been with us but may (or even will) hit us hard in the future: influenza.

The next influenza pandemic will come anyway – the only question is when, *Kurth* sobered expectations right from the beginning. Bird viruses normally transmit the disease, an outbreak happening roughly every 30 to 40 years. Given that the last such influenza pandemic was the Asian flu of the 1950s, the next one is long overdue. It will probably again emerge in Southeast Asia because the relevant H5N1 virus is rampant there with wet markets spreading the virus easily.

The recent cases of avian flu have highlighted some problems with fighting the flu in Southeast Asia, *Kurth* elaborated: There are competing interests between animal health (veterinarians) and human health experts, between different UN agencies (like the World Health Organisation on the one hand and the Food and Agricultural Organisation of the other), and between different countries about the sequencing and stockpiling of vaccines.

The latter point poses a particular challenge to an effective governance regime of pandemics control. The usual cycle of vaccine development is from February to November, trying to predict the strain of viruses of the annual flu in the following winter. Vaccines are most efficient in healthy young adults and much less so in older populations, thus raising ethical questions on whom to vaccinate first: old people, the working population, or medical personnel? So far, there is no general plan on which to give drugs to preferably simply because it is not known how the disease will spread.

The same ethical question applies to sharing vaccine resources within a country (i.e. between federal states like in Germany) or between countries. *Kurth* believed that only limited assistance is possible, as no one would give away drugs when the first cases appear in one's own territory. This would be true for the German federal states as well as for neighbouring countries within the

European Union. As for international co-operation, it has been proposed that the industry should give out licences for generics (e.g. of the vaccine *tamiflu*) to poorer countries.

In the case of an outbreak of the disease, economic and social consequences will be predictably high. For Germany, a scenario foresees 13 million infected people with 360.000 hospital cases and 96.000 deaths. Estimates for the global level calculate 70 million deaths and some 1,25 trillion US-dollars of economic loss.

Despite these horror scenarios, *Kurth* claimed that there is no reason to panic, but always a reason to be careful. International coordination could still be improved, e.g. through an exchange of learning experiences at the WHO. *Christina Schrader*, too, called for more pandemics control as a global public good. Diseases are the literal expression of problems without borders, making all nations vulnerable.

3.4 Demography and Migration

A third future challenge will be demography. *Timothy Garton Ash* provided some illustrative figures to explain the exponential population growth: For humanity to reach its first billion, it took 20.000 years, another 123 years for the second billion. The sixth (and so far last) billion was reached within the twelve years between 1987 and 1999. In 2025, *Nicole Gnesotto* predicted, some eight billion people will inhabit the earth, though populations will decline in Europe, Japan, and Russia.

The West will be shrinking, and the EU within the West even more. By 2020, half of the world's population will live in countries with a fertility rate below reproduction. This population decline will produce the known problems with internal redistribution, and social tensions will increase too, she said.

Karl Kaiser agreed that demography will put a growing strain on the welfare system, as we know it. Instead of seeing immigration as the only solution to this challenge, he called for better adaptation, i.e. a restructuring of the social systems and getting more elderly into work.

This policy advice notwithstanding, global migration will be decisive for decades, *Kaiser* said, contrasting the ageing populations of the West with a youth bulge elsewhere. He sees a combination of push and pull factors at play, e.g. with lots of young people in Northern Africa and the Middle East ready to migrate to an ageing European Union. As a consequence, the Muslim population in Europe will probably increase over the coming years, thus raising identity questions in a more urgent way. This point of identity leads to the last part of the report.

4 Conclusion

The Bucerius summer school being an educational exercise for the motivated and aspiring leaders of tomorrow, no winding up of the contents of two weeks of intensive discussions took place. In this last section, therefore, only some thoughts are presented *in lieu* of a formal conclusion.

On Identity

Speaking on a boat on the river Spree in Berlin, *Catherine Kelleher*, a former director of the Aspen Institute Berlin and now professor at the Naval War College, made 'identity' a defining theme. Like this city, we have to rediscover our identity, she said. At the population level, Berlin is used to dramatic changes: Only in the ten years from 1870 to 1880, the populace more than quadrupled from 400.000 to 1,7 million. Another drastic change took place after the return of the capital: Within a little more than a decade, more than a quarter of the city's population had changed, one million people moving to Berlin and one million leaving the city. And politically, of course, this formerly divided city is a symbol of the unification of East and West.

On the international scale, *Kelleher* recognized a crisis of identity. Global brands seem to threaten local identities; this would make it even more important to put a human face on globalisation. Yet, religion has become the no. 1 topic, not the economy. Even in the United States, her own country, 40% of the citizens put their religious identity before their national allegiance, she described. This is dangerous as soon as these identities are used to separate one from the others. By contrast, the re-establishment of a German identity has not been directed against anyone thus could serve as an example.

Who is 'we'?

After he listed the things that needed to be done for a better world, *Timothy Garton Ash* rightly asked the question: by whom? The answer, of course, is 'by us' though who exactly represents this 'we' needs explanation. First, there is a 'moral we' representing all humankind. Then there is an 'operational we' meaning the states, companies, NGOs, and international organisations – all actors from the global governance matrix, in fact. This 'operational we', however, may change. *Garton Ash* saw the world moving from 'the Free World' of the Cold War to 'a free World' in a *Kantian* sense: a community of democracies, of free countries. We, i.e. all those living in these countries, should tackle global problems acting 'as if' there was such a community of democracies. This means to unite, for each major global challenge, the largest group possible: the 'Old West' plus the democracies from the region concerned.

The People

Finally, who will be the individuals that shall act? *Catherine Kelleher* saw a transition generation in the group of participants: They were born in the 20th

century, but will spend their professional lives in the 21st. The good news is that they will live longer, she joked, but the bad news is that no one has prepared them for what is coming. Which is not entirely true because *Timothy Garton Ash*, at the outset of the school, warned the group that there is always a trade-off between security and freedom, and the we have to be prepared to live less securely in order to be more free.

Anne-Marie Slaughter was even more concrete when she referred to individual job preferences. When analysing global problems, we tend to single out weak government, she said. However, where do most students want to work? In NGOs and businesses, she deplored. Therefore, if we want global governance, then we should spend part of our career in government, serving both national and global publics, she called upon participants.

Among the leadership skills necessary for the next generation, *Slaughter* counted the ability to speak various languages and to understand the culture of the three different sectors. Moreover, she highlighted the ability to take account of different interests, not necessarily reconciling them but being able to make a decision in due process and explain it. The single most important trait, however, she said, is courage.

This appears not too far from what *John Ruggie* answered when he was asked which people he would choose to lead a new, revived UN. People from civil society, he replied, because they are non-partisan and have the character to resist.

At least some members of the group should feel addressed by these points...