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## **THE BUCERIUS SUMMER SCHOOL ON GLOBAL GOVERNANCE 2009**



Conference Report

### **Reshaping the World: Nation States, International Organisations, Markets and Societies**

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# 1 Executive Summary

The world is about to be reshaped. Nation states, international organisation, markets, and societies – they all have been severely hit by the recent financial and economic crisis, in addition to some long-term economic trends that impact on global power relations. Climate change is a phenomenon that is as broadly recognised as it is seemingly irreversible. It may even induce more global migration, while many countries are still struggling with the integration of immigrants that arrived in the past. Plus, not to forget, there is still a terrorist threat out there, looming in the cities of the West as much as in the Muslim world. Is the system of global governance as we know it still fit for these challenges?

Participants of the 2009 Bucerius Summer School first took a closer look at the above-mentioned global events and trends that shape our world, questioning some received wisdoms as well as putting their fingers right to the painful problems we face. They also inquired which actors should best address them. Given the urgency of the crisis, the focus was on established actors of global governance such as states and international organisations. While it is obvious that Asian powers such as India and China are inevitably on the rise, the role they would (be willing to) play in global governance remains much less pronounced. At the same time, Latin America and Africa have advanced enormously in their return to the world scene. The United States has made a promising start with President Obama, but it is not sure whether he can live up to the great expectations put in him. The European Union, then again, has it in its own hands whether it would become a real ‘pole’ in the new global order, making it also – again – an example for other regions. As for the growing role of civil society organisations, commendable as their work may be in terms of problem-orientation, they would also need to justify their actions, just as they themselves usually hold governments and companies to account.

With regard to the global concepts that might provide solutions to these challenges, some concrete proposals came up in the discussions:

- The governance gap between the markets and public authority urgently needs to be closed. A new system of market governance might not only possibly prevent future crises, but should also and especially create a system for a fair distribution of the enormous cost of the present crisis.
- While a ‘new green deal’ may reconcile economic demands for profit and the ecologic urgency for climate protection, a more immediate concern is to reach a ‘burden sharing’ deal at the upcoming international negotiations in Copenhagen. Without a deal between the developing and the developed world on limiting CO<sub>2</sub> emissions, harsh global repercussions may hit the most exposed countries soon.
- In contrast to the search for a global deal on climate change, migration is still tackled at the national level – with very mixed results. Here as in the debate about respecting human rights while preserving (national) security, there is wide room for a sharing of good practices and, where appropriate, binding multilateral decisions.

The organising ZEIT and Nixdorf foundations are to be commended for having enabled a group of young leaders from 29 countries around the globe to discuss these pressing concerns in an open and informal dialogue. What is more, they have also laid the foundation for a lasting network among them to tackle these global issues in the future.

## 2 Global Events & Trends<sup>1</sup>

The financial and economic crisis, *the* major international event of 2008/2009, deservedly marked the beginning of discussions of this year's Bucerius Summer School. From this starting point, participants explored other trends shaping the world of today and tomorrow, like long-term economic trends, the effects of climate change as well as energy consumption, the impact of migration and demographics, and – because it is still there eight years after 9/11 – the threat of terrorism.

### 2.1 The Financial Crisis hits the World Economy

Already last year, there was talk of a “financial crisis” going on for over a year by then. Still, there was a lot of debate whether this was not just a ‘normal’ bubble that needed to burst at some point. A mere week after the Bucerius Summer School 2008 had ended, however, Lehman Brothers fell – and with it market confidence in the banking sector. Since then, we have witnessed a genuine crisis unfolding, severely hitting the real economy around the globe. After a period of high growth rates, this year the world economy is expected to contract by 1,4% of its gross domestic product (GDP) – the first contraction since World War II. The only good news is that this slump does not yet compare with the Great Depression of the 1930s.

In panel presentations and plenary discussion, participants explored the complex causes, impacts and implications of the global financial crisis. While they generally found the principal causes of the crisis to be both multiple and varied, the discussion also suggested that the widespread distortion of incentives in economic decision-making was the single thread weaving these causes together. Ultimately, this distortion achieved a critical mass of systemic risk that precipitated the crisis.

The group thus identified major weaknesses in the architecture of the global financial and economic system, where inadequate global regulation of financial markets by national and regional authorities promoted increasingly risky, short-term approaches to decision-making in the private sector. It also permitted rapid growth in the use of complex financial instruments that were created, traded and accounted for under highly opaque conditions. Such practices and instruments served to bind the real economy more tightly to the financial sector, while significantly increasing the size and influence of the latter in many countries. Over time, these forces and trends converged in the construction a pyramid of systemic risk that found its apex in the global banking system, the collapse of which became inevitable.

The crisis' aftermath highlighted further imbalances, for example, persistently high executive compensation packages, most notably in the banking industry. Participants identified these as a key issue to tackle in establishing a balance of short and long-term incentives that would better assure the overall health of the global economy. This is a particular imperative considering that taxpayers and workers are being forced to pay the vast majority of the costs of the crisis, thereby raising substantial questions of distributive justice. It also impugns the fairness of a free market

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<sup>1</sup> Major credits go to those members of the group that acted as rapporteurs for one of the sessions: Thank you Ulrik Ahnfeldt-Mollerup, Stefanie Augter, Olga Bobrova, Antoine Grand, Stina Greberg, Christian Hänel, Dirk Lechelt, Julian Ludmer, Dagmar Mora, Marusia Musacchio, Florin Nita, Natalie Ondiak, Rachel Opie, Daniels Pavluts, Susanne Riegraf, Verena Ringler, Will Shield, and Guido Wustlich! Needless to say that all opinions expressed and errors made are solely those of the author.

approach that is increasingly accused of reserving its greatest benefits for a privileged few, while penalizing the many for its greatest failures.

In a session with *Michael Klein*, former Vice President for Financial and Private Sector Development at the World Bank/IFC in Washington D.C., participants took a closer look at the current situation in emerging markets in light of the financial crisis and subsequent economic downturn. The latter affected the economies of these countries mainly through three transmission channels: First of all, there was a collapse of industrial output and trade, even though this slowdown had started already before the bankruptcy of Lehman Brothers. Around the globe, investment decisions have been postponed, and with modern trade relying on complex supply chains, the actual trade volume has been falling faster than global economic output. Secondly, a collapse of demand in commodities has strongly affected a number of countries with high dependency on commodities trade, e.g. in the Middle East and Latin America, but also Russia. Thirdly, a number of countries in emerging markets have borrowed heavily and received high levels of foreign direct investment (FDI) in the pre-crisis period. Once the financial crisis was there, these countries experienced a sudden credit stop or even outflows of capital. They now have to try hard to find refinancing from local sources where possible, but post-crisis adjustments in some countries (in particular in Eastern Europe) have been painful.

How emerging and developing economies have performed during and, if one may already say so, after the crisis varied. Asia – and here in particular China – seems to be coming out on top in terms of growth sustainability in 2008-2010. Although the continent was experiencing secondary and tertiary effects of the crisis, the increasing interconnectedness within the region (with China already being India's largest trading partner) along with high domestic savings rates and immature capital markets had successfully insulated the region from the worst effects of the crisis. In addition, there was a possible silver lining from the crisis, in that Asian firms that survived would now rise up the value chain and be in a stronger position.

Central and Eastern Europe (CEE) as well as the countries of the former Soviet Union (CIS), particularly Russia, are the most affected in terms of growth in 2009. With a severe decline and no easy rebound in sight, they have proved to be the most vulnerable region in the world. Latin America has also seen some decline (albeit slightly less severe than in CEE and the CIS) with Mexico being particularly affected by the recession in the neighbouring United States. Given its history of instability, Latin America was surprisingly well prepared for the financial crisis and is likely to bounce back economically soon.

Similar to the case of Latin America, Africa was reasonably well insulated from many of the financial impacts of the crisis, given the African financial sector's poor integration with the global economy and the extensive banking reform that took place from the mid-1980s onwards. Indeed, as *Alamine Ousmane Mey*, General Manager of Afriland First Bank in Yaounde, commented, his bank had not needed to make any changes to the credit terms with its customers. However, Africa has suffered significant damage to the real economy, particularly in those countries that are heavily reliant on the export of natural resources. Throughout the continent, FDI projects have been cancelled or redirected, infrastructure projects have been delayed, currencies have depreciated and, importantly for the impact on individuals, remittances from overseas have also gone down.

What the financial and economic crisis has not (yet) produced is actual global fallout, for example a real collapse in Eastern Europe, Dubai, or Southeast Asia. Despite

major adjustments in a number of markets, there is still enough confidence in emerging markets, so that the exchange rate collapses that could have been expected did not materialise. In fact, emerging and developing economies on average are expected to do better this year and next than the advanced economies: Figures from the International Monetary Fund (IMF) project a 1,5% grow in 2009 and a 4,7% rebound in 2010. Industrialised countries, in turn, will experience a major contraction of 3,8% in the current year and realise only minimal growth (of an estimated 0,6%) in the following year.

By now, an end of the financial crisis and the recession has been heralded. However, it is not yet clear how the ensuing recovery will translate into the real economy. In addition, there are some long-term trends, which will determine – maybe more than the crisis – the shape of the (economic) world of tomorrow.

## 2.2 Long-term Trends determining the Global Economy

From these observations of an event like the financial crisis, participants took a broader look at the general and specific trends of economic development in various emerging markets and developed regions. As a general trend, it is projected that the share of developed countries in world output is likely to shrink significantly by 2050 – it has already fallen from its high levels of 65% of world GDP around 1975 to 55% in 2005. As countries like China, India, Brazil and others emerge as global economic powers; a massive shift of economic relevance and political power is expected to occur in the very near future.

Still, another important conclusion was that the growth cycles of developing and high-income countries remain coupled. Both growth and decline periods remain closely correlated as economies become increasingly interconnected and interdependent. The news is that the trend growth rate of developing countries has decoupled from high-income countries' growth: Emerging and developing countries are catching up with developed economies by growing much faster for extended time periods. This process appears to have become unstoppable and only major setbacks like global conflicts or civil wars and the like could delay the convergence process. Some even argued that at no time in history so many countries would be growing so fast.

Again, the three 'emerging continents' Asia, Africa, and Latin America have different points of departure and may follow different lines of development. For Latin America, *Genaro Arriagada*, Senior Fellow at the Inter-American Dialogue in Washington D.C., emphasised Brazil and Mexico – which together represent 60% of Latin America's economic output – along with Venezuela as the three key countries for understanding the continent's future. Nonetheless, he offered different prospects for each.

Global economic and geopolitical realities suggest that **Brazil** is bound to become a powerful part of a reshaped world order. Not only has the country land borders to all South American countries bar Chile and Ecuador, but also increasing trade flows across its oceanic borders with Africa and the Caribbean. President Lula's pragmatic centre-left government has left the economy reasonably well insulated from the effects of the financial crisis. It has also begun to address the fundamental problems of social inequality (with one third of the population living below the poverty line), high levels of corruption, and low levels of security.

However, the question remains as to whether Brazil is actually ready and willing to take on this leadership role. As early as 1936, Brazil was already touted as the next big thing but never quite managed to deliver. Moreover, it is potentially problematic

that Brazil should focus more on global issues while being seemingly uninterested in strengthening such regional fora as the Mercosur (Market of the South). Unless the country is internationally recognised as a leading player within Latin America, it is unlikely to be able to sustain a leadership role in the rest of the world. There is thus a burden on Brazil to inspire greater political coherence in the continent and finally to take up its role as a global power.

While Brazil ambitiously looks to the furthest corners of the world, the key to **Mexico's** future lies far closer to home – i.e. along its border with the United States. With 80% of Mexico's exports going to the U.S., it was inevitable that the financial crisis would have a crippling impact on Mexico's real economy, which has been the worst affected in Latin America. But Mexico's problems go beyond the financial crisis. *Genaro Arriagada* described the country's situation as being in a 'perfect storm' of devastating drugs-related violence, a reduction both in the price of oil and in the productivity of Mexico's oil industry, and the damage to tourism caused by the initial outbreak of 'swine flu'. Beyond this, there is a 'governance deficit', with no clear mandate for President Calderon. Finally, and typical of the rest of the continent as well, Mexico lacks robust and resilient public institutions, making its future political road bumpy.

In economic terms, **Venezuela** is heading ever closer to the edge given its unsustainable over-reliance on oil revenues, and the fact that the global decline in oil prices has coincided with a decline in productivity of the domestic oil industry by around a third in recent years. President Chavez will remain a political force across the whole region, *Genaro Arriagada* speculated, but the arrival of President Obama is likely to weaken the anti-American message that has been one of the key determinants of his legitimacy.

Also **Africa** is expected to bounce back strongly from the financial crisis. But, as *Alamine Ousmane Mey* warned, such recovery will require strong leadership and good governance from within African countries themselves. Beyond the crisis, Africa still faces numerous vitally important governance challenges, touching on issues across the spectrum from disease, displacement, and migration, to climate change and deforestation, to terrorism and piracy, to economic and political governance and legitimacy. These issues will not be solved overnight, but it is clear that the solutions will need to be home grown and that, paraphrasing U.S. president Obama, Africa's future is in the hands of Africans.

With regard to good governance, *Alamine Ousmane Mey* stressed that each state would need to find what works best in its particular territory, and that one should not be prescriptive about the type of government required to effect positive change. After all, some non-democratic countries in Africa are doing well in terms of economic development, while other democracies are floundering. Foreign support will be important, but future FDI from the likes of China should include transfer of know-how. However, while agreeing that there was an increasingly negative reaction on the African street to China's heavy footprint on the continent, he cautioned against being too critical of China's role, pointing out that many of those criticising China today were the colonisers of yesteryear.

Turning to the challenges for **Asia** after the financial crisis, *Sachin Pilot*, Minister of State for Communications and IT in India, was very optimistic that the worst was now over and that the region would emerge stronger than ever. In line with the chorus of voices coming from the world's commentariat, Pilot firmly believed that the global balance of economic power was now shifting firmly in Asia's favour. As a particularly

symbolic record he cited the fact that in 2008, India had invested more in the United Kingdom than its 'old colonial master' had given in return.

Focusing on **India** itself, *Sachin Pilot* was upbeat about the political prospects following the success of the recent general election, which he called "the largest planned human activity on the globe, with one tenth of humanity going to the polls". He was more cautiously optimistic about the economy, though. India's growth in 2008/09 had merely dropped from 9% to 7% of GDP and looked set to reach 9% again by next year. Yet the real challenge is to achieve "inclusive growth" to overcome the massive income inequality in India. The prime driver for this would be technology, ensuring that all sectors of Indian society could have access to the internet. In this context, he talked of his plans to set up 100,000 kiosks across India to deliver e-governance and to increase financial inclusion through expanded mobile phone banking possibilities. (A creative idea for sure in a society with limited access to regular banking facilities, but 434 million mobile phone users and 10-12 million newcomers to the mobile market every month.)

In a broader context, there are a number of challenges that will affect the future development of **all emerging and developing nations**, with demographic issues making it to the top of this list. First of all, global population growth will put to a test the availability of necessary resources: Projections see global population growth stabilising in 2044, typically assuming 9 billion people by 2050. At the same time, all Eastern Asian countries are declining demographically. There is rapid aging in China (by 2020, China will catch up with the U.S. in terms of median age), plus growing imbalances between male and female children. The chances of a male inhabitant dying before the age of 65 are highest in Eastern Europe, in particular in Russia, where populations are also generally in decline. Among the advanced countries, the United States is the only country of size that has a replacement fertility rate (i.e. of 2,1 children per woman in industrialised countries).

Both the distribution of wealth and the availability of social safety nets are another challenge for a number of emerging markets. Given the ferment of social unrest in some of these countries, in particular China, these issues will have to be addressed rather sooner than later lest political instability prevails. The ability of governments to tackle distribution is however closely linked to a third challenge, that of governance. A minimum level of social peace, functioning institutions and market openness will be required to create growth opportunities, specifically in the least developed countries of Sub-Saharan Africa, for example.

Finally, economic diversification continues to be a persistent challenge to a number of developing and emerging countries. In particular those countries that are – still – rich in fossil fuels and other raw materials need to put their economic wealth on a more sustainable footing: This holds true for Russia and some other states from the former Soviet Union, for countries from the Middle East and in some cases even for Latin American countries. Economic policies directed at developing non-commodity sectors will have to be put in place to mitigate volatility and exposure to fluctuations in global demand in commodities.

Given the present economic crisis plus the above analysed trends, a number of future development scenarios unfold for the global economy in general and emerging markets in particular. As put forward by the IMF, one scenario is 'The World as Japan', with the global economy behaving like Japan in the 1990's: Some fits and starts, but overall stagnation as the main trend. A second scenario foresees the ultimate 'rise of the emerging markets', particularly China: These countries would



power ahead with full speed, with them driving global growth instead of the U.S. Scenario 3 is about 'fragmentation', where a retreat to protectionism produces a collapse of the global free trade regime like after the Great Depression in the 1930's. Finally, the optimistic 'bounce back' scenario rests on a V-shaped recovery, with most markets resuming good growth levels.

### **2.3 Climate & Energy – inextricably linked**

While energy has always been part and parcel of our economic activity, it is only of more recent times that the climate has entered the debate. Most importantly, climate change is about to become considered more from the perspective of its enormous economic potential (the so-called "new green deal", cf. section 4.3.1) than taking climate protection only as an economic burden.

*Ernst Ulrich von Weizsäcker*, former Dean of the Donald Bren School of Environmental Science and Management at the University of California in Santa Barbara, explicitly linked climate change and the current financial and economic crisis, going back to the early 1980's. At that time, and after the oil crisis of the previous years, prices for gas and oil decreased across the board. Governments, instead of raising taxes in order to keep energy costs steady, saw this as a welcome stimulus to their economies. As a result, for over two decades there was a lack of any incentive to save energy or to invest in energy efficiency technologies. Instead, energy consumption rather exploded.

When in 2007 energy prices worldwide reached hitherto unknown highs and American house owners could no longer afford to both pay the energy bills and repay their housing debts, the financial crisis took off. This led *Ernst Ulrich von Weizsäcker* to conclude that the addiction to oil and gas is a crucial point for the economic development of a nation and that cheap energy is rather a problem to societies.

The situation is worsened by a projected rise of global energy demand by 60% until 2030. Unless we change our current energy production and consumption, carbon dioxide (CO<sub>2</sub>) emissions will rise dramatically, even speakers from supposedly opposing ends of the political spectrum like *Reinhard Bütikofer*, Member of the European Parliament for the Green Party, and *Tuomo Hatakka*, CEO of Vattenfall Europe AG in Berlin, agreed. Global warming caused by man-made CO<sub>2</sub> emissions presents a fairly grim outlook, including an increase of global mean temperatures of 5°C by 2100 if current trends are not reversed.

Beyond this basic consensus to change consumption patterns, different solutions to the key challenges for both industry and policy makers were put forward. Policy makers like *Reinhard Bütikofer* saw energy efficiency and renewables as the most important elements of a new approach. The industry, in contrast, asked for clearer market rules and affordable energy prices, especially given that even if energy from renewable sources would continue to grow in importance, more than half of the energy used in Europe is based on fossil fuels.

Another challenge for Europe in general and the energy industry in particular is the security of supply, as most European countries depend on fuel imports. Given incidents like the Russo-Ukrainian 'gas war' from last winter, many people tend to focus on pipelines in this regard. However, real security of supply also includes the uranium that is needed for nuclear power plants as well as generation and transmission capacity within Western countries. The final good news is that resource

scarcity is unlikely to drive war, as *Martin van Creveld*, a Military Historian based in Jerusalem, admitted.

## 2.4 The People Factor: Migration and Demographic Change

In addition to (mainly man-made) climate change, the very fact how and where humans populate the earth is another factor determining the world's shape of tomorrow. In fact, migration can be seen as globalisation's human side and as the 'industrial revolution' of our generations.

Focusing on the problems of multi-ethnic societies, *Tamar Jacoby*, President and CEO of ImmigrationWorks U.S.A. in Washington D.C., gave an overview of immigration, integration and identity issues in the United States. She perceived immigration as mainly driven by economic considerations. Immigrants come to the United States to work, simply because there is no social safety net for them. In Europe, in contrast, a generous welfare state ultimately complicates overall integration of immigrants by making their insemination in the host society through the workplace less important. In addition to such economic considerations, immigration is the result of networks and where family and friends live.

Ultimately, migration is changing the demographics in the U.S.—by 2030, one-fourth of Americans will be Hispanic. 20 years later, according to forecasts by the U.S. census bureau, all groups who are now labelled minorities (i.e. those who describe themselves as Hispanics, blacks, Asians and native groups) together will make up 54% of the total population.

Given the dynamism in the world's economies, there is "no putting the toothpaste back in the tube" when it comes to immigration, *Tamar Jacoby* continued. Immigration systems should reflect the reality of people's live: policies should acknowledge circularity but also help people who want to stay. In one word, migration needs to be managed. Yet, at the moment the supply side and the demand side of economic migration are poorly synchronised. For example, there are today 12 million illegal immigrants in the United States waiting for legalisation. At the same time, she said, the U.S. is not yet doing enough to keep, and further attract, high-skilled immigrants – even though comprehensive immigration reform is one of President Obama's top policy priorities.

From a global perspective, immigration is not going away, demography will become more pronounced, and networks will draw people to new countries. This leaves also some particular immigration challenges for European countries. They had traditionally been countries of emigration until after World War II, when refugees fled from Communist countries to (Western) Europe and the 'economic miracle' needed labour. Guest workers began coming to Germany six weeks after the Berlin Wall was erected in 1961. Today, three million Turks and 800,000 Turkish-German citizens live in Germany.

Even though some countries long denied the fact that they had become immigration (and thus integration) countries, various models of integration have developed across Europe. Whether the "melting pot" or "multiculturalism" is ultimately more successful, remains to be seen, in particular with a view to the public life vs. private life dynamic they create. One example that came up in the debate was the way a society treats the display of religious symbols in public, especially the different discussions in European countries about the headscarves for Muslim women. So far, at least, societies have failed to find any accommodating mechanism for this matter.

## 2.5 Still there: Terrorism

The debate about international terrorism has become much less pronounced in recent years, at least compared to the time immediately after the 9/11 bombings in New York City and Washington D.C. Yet, terrorist threats are still there: New technologies and the liberalisation of trade have allowed for more freedom, but have also increased security risks; easier communication and open borders benefit all citizens but also criminals.

*Wolfgang Schäuble*, German Federal Minister of Interior, noted that Europe is facing a situation where terrorism is the greatest threat to the nation state. In 2008 alone, 187 terrorists had been apprehended in Europe. Importantly, terrorism threatens the state much more than the (potential) individual victim. It could therefore *not* be compared, the Minister argued, with the deaths caused by traffic accidents. Beyond the number of victims, the underlying cause is a different one: Terrorists have a motive; accidents don't. For terrorists, any victim is just a means to an end. Their aim is to harm the liberal order and to create a climate of fear. Because this fear caused by terrorist acts has wide and far-reaching effects on the entire population, the role of the state is to avoid any such climate, he said.

Still, it is not only terrorism itself but also the way it is countered that is truly reshaping the world. One dilemma to our societies is whether the fight against terrorism is overvalued and puts other criminal activities or threats in second place on the priority list. Some see organised crime, for example, as equally, if not more affecting law and order. Plus it corrodes the state by undermining its authority, thus ultimately also threatening society as a whole.

Another dilemma is that in their efforts to ensure their citizens freedom from terrorism, states (have to) limit civil liberties. Some of the steps taken, primarily in the United States and in Europe, have violated human rights and damaged the international reputation of both the U.S. and European countries. Thus, a new trend – after terrorism and the resulting response – is a general sense that countering terrorism is essentially a question of protecting and maintaining values. A key concern therefore is how to ensure accountability for eventual human rights violations, to restore the fundamental values, and to identify ways to counter terrorism in respect of such values.

## 3 Global and Regional Actors

In the context of a major global crisis unfolding, it is small wonder that the focus with regard to the actors is, first of all, on the well-known actors such as the states and the multilateral organisations they created to deal with collective action problems. Non-state actors like multinational corporations, non-governmental organisations, or indeed the media, did not play a large role in the deliberations of this year's Summer School.

The nation state is the classical actor in international affairs. Over the past decades, however, it has been complemented – on some occasions superseded – by multilateral organisations, i.e. state-sponsored bodies that possess at least a certain amount of autonomy to deal with global issues like governance, security, economic development, or climate matters. These latter organisations are an important element

in the emergent system of global governance, the underlying concept of the Summer School (cf. section 4.1), which is why they are treated here first.

### 3.1 Multilateral Organisations

The United Nations (UN) as the supreme universal organisation clearly is at the apex of the international system. However, at a time when global crises abound, it has not always fulfilled the expectations that many people across the continents have put into it. The European Union (EU) in contrast has become more and more active in world politics, albeit with (very) mixed results. Nonetheless, it still stands as the example of the most integrated – indeed supranational – organisation. Finally, the North Atlantic Treaty Organisation (NATO) is a military alliance of Western providence that is in search of a new (potentially global) role.

#### 3.1.1 The United Nations

At a time where all the above-mentioned events and trends leave their mark on the world, the United Nations has played a second-tier role on some of these issues. In sharp contrast, other groups such as the G-20 and the G-8 have become more relevant. Against this backdrop of looming irrelevance (once again), *Ambassador Thomas Matussek*, Permanent Representative of Germany to the United Nations in New York, inquired about the UN's position in the balance between efficiency and legitimacy.

First of all, he saw a number of achievements that the UN could claim for itself, notably in the area of peacekeeping. Despite some justified criticism, the 20 missions in 19 countries employing 126.000 troops with the smallest general staff possible have been an overall success. Another accomplishment is the reform of 2005, proposed by then-Secretary-General Kofi Annan and accepted with unanimous agreement by a huge summit of heads of state and government. This reform has brought, in terms of institutional improvements, a new Human Rights Council (replacing the tainted Human Rights Commission), which is getting better after a bad start and has recently received major recognition from the United States with the Obama administration now applying for membership.

The debate, however, is not only about the UN shaping the world but also about a re-shaping of the world organisation itself. Significant challenges for the UN remain in its work on the ground, especially its coherence in the field. In principle, there should be one lead agency (the United Nations Development Programme – UNDP), one programme, and one budget. This new arrangement works well in the eight pilot countries where it is implemented. However, as *Ambassador Matussek* pointed out, it is not easy to work as one organisation when some sub-organisations from the UN family do not like to be seen to be close to others. In addition to this fierce inter-agency warfare, there is the UN Secretariat in New York where a lack of trust and confidence prevail: To many people there, “efficiency” means saving money, “good governance” means meddling with internal affairs, and “gender” messes up the working culture, he reported regretfully.

Especially in the eyes of the world, UN reform is less about such operational issues but rests on whether it is able to alter the composition of the Security Council. Indeed, the UN risks becoming irrelevant unless consensus over the pending reform is reached soon. The most compelling reform proposal came from a group of four countries – Japan, Brazil, India, and Germany, all of which are contenders for a new

seat on the Council. They propose a more equitable representation, both in terms of GDP and population, allocating two more permanent seats for Asia, two for Africa, one for Latin America, and one for Europe. With each of the proposing countries having an immediate regional rival that does not like to see the other advance in status, a strategy of blocking suggestions and advancing counter-proposals prevented any consensus. In the event, the failure of the African countries to agree on which two countries joining under this scheme killed the proposal.

Participants at the Summer School felt that the reforms will be successful only to the extent that different regions have a sense of ownership over the final result. For this reason, diversity and enlargement would not make this body inefficient but would rather help to enrich it. One participant claimed that there is no natural law of higher inefficiency in larger groups, pointing to the enlarged EU where discussions about the block's Russia policy have improved now that Poland and Latvia are at the table of 27, rather than the 15 of previous times.

Ideally, the UN should be at the centre of the emerging global political system. It would need to be an institution that is both legitimate in the eyes of the West and of the East. It should work through its own agencies but also in close cooperation with regional organisations: Especially when dealing with 'difficult states' like Myanmar or Sudan, the respective regional framework has more leverage than whatever comes from New York. In the end, the UN is all of us, not just a building on 1st Avenue, *Ambassador Matussek* appealed to the group. To make the UN ultimately relevant in tackling today's problems as a multilateral body, however, it would mean to renounce to national egoisms to the benefit of working collectively at the global level.

### 3.1.2 The European Union

The EU is the major international organisation with the – rather successful – experience of giving up sovereignty in favour of greater effectiveness. For many other regions in the world, it is a model of peaceful regional integration and economic prosperity. This successful history of cooperation makes it also a model for the future of global governance, *Ambassador Wolfgang Ischinger* said, as he sees it as an asset for mastering the challenges of a globalised world.

National sovereignty is less of a blessing today than our grandfathers thought it to be, he explained. In Europe but also around the world, only a very small number of nation states can actually project a foreign policy capacity beyond the regional dimension. To deal with global challenges such as Iran, Congo, or North Korea, you either need to be a superpower (in the making), or you need to bundle your resources. If the Prime Minister of Luxembourg, Jean-Claude Juncker, were to raise a point, nobody in the world would pay attention. But when the same person speaks as the chairman of the Council of the European Union, the world would listen. Thus, giving up national sovereignty is a tiny price to pay for getting the ticket to the global stage.

Naturally, this process of pooling sovereignty at the EU level has not been without setbacks. For *Ambassador Ischinger*, one of the low points of EU history was the European split over the question of the Iraq invasion 2003. The major lesson from this fallout is that whenever the EU tries to define its foreign policy against the U.S., it is likely to fall apart. The EU will always need to at least take into account the respective U.S position.

This lesson of Iraq has since been applied in the question of Iran, where the “EU-3” have reached an important milestone for the EU’s growing foreign policy capacity, *Ambassador Ischinger* continued. In dealing with the country’s nuclear programme (cf. section 3.2.3), the foreign ministers of France, the United Kingdom, and Germany not only developed an EU-3 roadmap but also got the Americans (plus the two remaining permanent members of the UN Security Council, Russia and China) on board.

The U.S.’s views are certainly less welcome when it comes to the question of an eventual EU membership for Turkey. However, even without American influence, the debate about this particular enlargement is still ongoing among existing member states. Some arguments raised in favour of Turkish membership were the country’s long-standing orientation to European values on the one hand, and tangible commercial and geopolitical benefits from Turkish membership to Europe on the other. Others, however, fear that a country as big as Turkey might upset the internal balance of the Union, given the large share of seats in the European Parliament or votes in the European Council that it would get. Still, *Ambassador Ischinger* objected to the idea that the EU would never negotiate membership with a country that is more populous than any present member state.

At the same time, he acknowledges the many complaints about the EU, both from the inside and the outside. The major source of the EU’s regular failure to act is its structural nature. The EU being a Union of 27 states, it does not have the decision-making processes of a unitary body like the nation state. From his own personal experience as the Union’s Representative in the negotiations over Kosovo, *Ambassador Ischinger* recalled the difficulties in finding a common position on the province’s independence. While decision-making in the EU can at times be very difficult and sometimes inefficient, the very nature of the EU decision-making process is the essence of democratic principles. The great advantage thus is that even if processes are sometimes very slow and cumbersome, they never produce horribly bad decisions.

It is not only the process of deferring decisions to the supranational level that makes the EU a model for global governance, but also the political substance that it has produced if one is to see the EU as a smart power like *Ambassador Ischinger*. Power should not be defined in the categories of military capacity only; too often indeed, the effectiveness of military power is overestimated. With reference to Henry Kissinger, smart power is the ability to apply policies that makes others do what you want, without resorting to military means.

From this perspective, the EU wields such persuasive power. Through enlargement it has created and unleashed more transformational energy among European countries than anybody else, anytime, anywhere – without a single shot fired. Whereas military force can only solve military problems, the smart power embodied in the EU can develop sustainable solutions for various problems by providing a framework for enduring, sustainable regional cooperation. This makes the EU a unique global success story in the eyes of many.

### 3.1.3 The North Atlantic Treaty Organisation

Once dubbed the “most successful military alliance in history”, NATO has not yet emerged from a debate about its relevance for the future, in particular in a new security environment. A panel discussion highlighted the difficult questions NATO would need to tackle in order to re-define its mission (revolving around its promise of

mutual defence, enshrined in Article 5 of the Treaty, but also concerning its relations with Russia) and its membership (i.e. enlargement, solidarity, and burden sharing).

At NATO's most recent summit in April 2009, leaders commissioned a new strategic concept for the alliance to provide some guidance on these issues. There was a general sense that the evolution of the international security environment and the new security challenges that had emerged required the Alliance to transform or even reinvent itself. While NATO was not expected to go out of business, it would need to address a number of difficult questions regarding its roles and missions, and develop a common vision which it currently lacked. *John C. Hulsman*, Member of the Council on Foreign Relations, New York, went as far as to say that the question of the future of NATO is a subset to the question of the future of the West as a whole. Especially in a multipolar world with unequal poles, the Alliance is a life insurance – boring, but necessary, he said.

One of these poles is Russia, and it appears to be one of the most difficult questions for the alliance to define its relationship with this former enemy (cf. also section 3.2.2). Geography, but also many common interests, mean that the security of Europe and Russia are inescapably linked to one another and some kind of partnership needs to be built between Europe, or more broadly the West, and Russia. However, the relationship is marred with misperceptions and distrust. The source of Russia's antagonism with NATO is not, according to *Pavel Felgenhauer*, columnist for the Russian daily *Novaya Gazeta* in Moscow, a remnant of some outdated Cold War thinking. Rather it is the result of Russia's political elite perceiving NATO and the values it upholds (such as democracy, human rights and freedom of the press) as a threat to its system of government. President Medvedev's proposals for a new European security architecture could be seen in this light as an attempt to reach an agreement with the West on a Russian sphere of influence in order to create a "cordon sanitaire" to preserve the situation within the country – a "New Yalta", one might say.

This debate about Russia as a friend or foe has not yet taken place within the alliance, *Michael Stürmer*, a German Historian and Chief Correspondent of the daily *Die Welt* in Berlin, deplored. The ongoing work on a new strategic concept would also bring to the surface other difficult issues such as solidarity and burden sharing between the United States and Europe but also among European Allies. In his view, strategic solidarity is dismal among Europeans, resulting in some threatening tensions in important theatres of operations such as Afghanistan.

NATO's relations with Georgia and Ukraine were identified as some of the major points of disagreement in the NATO-Russia partnership but also as a source of tension among allies themselves. *Dimitri Trenin*, Director of the Carnegie Moscow Center, posited that Ukraine might become the hottest point on the European map for the next years. Some raised the question of whether the extension of the NATO solidarity clause to Georgia and Ukraine through their accession to the alliance would bring stability or instability to these countries. *John C. Hulsman*, for example, contended that the two countries could not be defended and should therefore not be invited to join. More fundamentally, *Michael Stürmer* argued that the mutual defence clause of Article 5 was a mere promise of support – in whichever form. During the Cold War, it was the presence of American and British troops at the German-German border that was the real guarantee of solidarity, not a Treaty reference. Others argued that the political willingness and ability of NATO to defend all of its members,

in particular those on the Eastern fringes of the Alliance, needed to be credible and defensible.

## 3.2 Nation States

Of course, the above-mentioned multilateral organisations have only limited room for manoeuvre as they are formed by nation states. The latter like to keep the larger parts of power to them. A few of them are treated here with a little more detail: the sole remaining superpower, the United States; the re-emerging great power, Russia; and the Middle East's regional power, Iran.

### 3.2.1 The United States

The United States clearly has started to portray its international position in a different light with the inauguration of President Barack Obama at the beginning of the year. Yet, whether the President's agenda really represents a new approach in international relations and, more importantly, whether Obama will be able to re-define the course of global politics, were two hotly debated questions. While there was broad agreement that Obama does represent a change of governing style both for the United States and the world, it was also pointed out that he does not have clear priorities and, as a result, is becoming over-extended. At the end of the day, whether he will achieve his goals depends on the extent of co-operation from Congress.

President Obama is hugely popular, particularly internationally, and he is offering rhetoric not heard in an American President before. *Josef Joffe*, Publisher-Editor of the weekly DIE ZEIT in Hamburg, presented a realist, Machiavellian, view of international relations, and asserted that while Obama's approach (driven by a "desire to be loved") may constitute a positive extension of the hand of the United States to other states, it will not result in an effective foreign policy because the latter will continue to act in their own interests. As such, the President will have to "walk the tightrope between realpolitik and idealpolitik".

According to *Charles A. Kupchan*, Professor of International Relations at Georgetown University in Washington D.C., however, President Obama is not interested in being loved or feared, but is a pragmatist. His governing style is one of a "grand strategist" and an "insurgent". As a grand strategist, Obama is investing in consensual international relations through a new, more integrated foreign policy, taking multilateralism to a new level. For example, he approaches Iran and the nuclear issue through moral channels, thus trying to reduce the rhetoric that has dominated throughout George W. Bush's presidency.

Obama is also an insurgent in the sense that he is reaching out to the American and global publics. No President in the recent past has got so personally involved in U.S. foreign policy. *Josef Joffe* expressed the alternative view that "politics by insurgency" are doomed to fail because institutions are stronger than individual personalities, and those institutions have been established by states to protect the interests of the state. Every time a President starts from an idealistic perspective, he is ultimately disabused of those ideals because realism wins in the end.

Specifically with regard to China, President Obama has recognised the importance of the Sino-American relationship, including the very significant mutual economic interdependence. However, while both states are playing their parts well, China is playing its part by design, and the United States is playing its by default. The



President's success in this realm will be difficult to assess; questions regarding China's geopolitical influence will only become clear after he leaves office.

While it is too early to conclude that President Obama's strategy, both domestically and internationally, is not working, he will need concrete deliverables soon, participants agreed. When he came to office, he did not have a legislative strategy. As a result, he is now over-extended. This is exacerbated because Obama, in contrast to the previous administration, runs everything from the Oval Office. Governing without a number of clear priorities, and in this centralised manner, will become more difficult once the Administration becomes fully functional.

Furthermore, Barack Obama needs the support of Congress if he is to succeed at all. This will not be easy to secure, a factor which is not readily recognised. As *Charles Kupchan* stated, Obama may ultimately be tripped up by his ability to govern at home. The mid-term elections in 2010 will be a critical moment. In this regard, his ability to reform the health system in the U.S. and the situation in Afghanistan could pose significant problems for him. Similarly, President Obama's success in addressing the nuclear issue with Iran may ultimately be dependent on whether his proffered solution is supported by Congress.

### 3.2.2 Russia

Russia is another major player when it comes to solving global problems, from climate change and the fight against terrorism to non-proliferation and the conflict in the Middle East, as *Michael Stürmer* reminded the group. At the same time, the country is a defining factor in Europe, not least when it comes to the continent's military and energy security.

*Dmitriy Trenin* described how the Russian establishment's opinion of the relationship with Europe and West has evolved. He noted that, at the beginning of the 1990s, the main message of the Russian authorities to the people was that integration into European structures should take place as soon as possible. Some years later, however, Russia had much less enthusiasm left for this idea, until, after 9/11, President Vladimir Putin totally changed the position of the Russian state. He declared that his country is no longer interested in any form of integration with the Western community, but would instead seek security co-operation, preferably among equals.

Also more recently, Russia's tensions with the West in general and the United States in particular, have not eased but rather intensified. The Collective Security Treaty Organisation (CSTO) that Russia set up together with other countries from the former Soviet Union aims to rival the Western NATO alliance. A dialogue between the two organisations, as proposed by *Pavel Felgenhauer*, has not yet begun. In addition, there are seemingly unilateral bones of contention, like the planned U.S. missile defence system in Central Europe.

High on the agenda of all European states is the question of energy security. *Daniel Pavluts*, Board Member and Strategy Director of the Latvian Chamber of Commerce and Industry (LCCI) and a participant of this year's Summer School, felt that it would indeed be difficult to say whether Europe really needs Russia. From his point of view it is Russia that needs European energy markets more and more. The construction of the Nabucco pipeline as an alternative to existing or planned Russian gas pipelines, only intensifies this process. However, he also expressed his concern that European countries are still divided by their attitude towards the Russian gas retail system, and

that Russia maintains its political influence on some Eastern and Central European democracies.

### 3.2.3 Iran

Iran's role in world politics is shaped both by its regional importance and by its nuclear ambitions that have led to it being the object of sanctions from the UN Security Council. More recently, the presidential elections reconfirming President Ahmadinejad were tainted with allegations of vote rigging. It remains an open question if and how the subsequent political crisis will change Iranian foreign policy behaviour and how Iran will accommodate the concerns of its young population. Against this backdrop, the group focused on the actual driving forces of Iran's foreign policy and how they would impact on the prospect of a solution to its nuclear dispute with the international community.

Contrary to the common view of Iran's foreign policy being inspired by ideological concerns, a discussion brought to light some concurrence about Iran being a rational actor in foreign policy. Like other states, it would strive to secure its national interests, be they territorial integrity, energy security, or economic development. *Alireza Sheikh Attar*, Ambassador of Iran to Germany in Berlin, described his country's foreign policy as that of a "status quo power", with ideological influences playing a smaller role. This put him in agreement with *Volker Perthes*, Executive Chairman and Director of the German Institute for International and Security Affairs (SWP) in Berlin, who added domestic power play to the list of determining factors. In the end, the country would play a "remarkably pragmatic role" towards its neighbouring countries.

Taking a wider look at the region, *Hans-Ulrich Klose*, Vice Chairman of the Parliamentary Committee on Foreign Affairs of the German Bundestag in Berlin, put forward that there could be no stability in the broader Middle East region without Iran: This is true for Afghanistan, where Iran acts as a partner especially with a view to combating drug trafficking. Here indeed the interests of the two countries overlap, *Volker Perthes* added. It is all the more so the case in the Middle East Peace Process, where Iran holds great sway over both Hezbollah in Lebanon and Hamas in the Palestinian Territories.

These aspects of (potential and actual) cooperation notwithstanding, it is the ongoing nuclear conflict between Iran and the international community that remains a major obstacle for Iran to reach its full potential in world politics and for the international community to regain trust in Iran's ambitions. The nuclear standoff indeed poses a severe threat to world peace as it could result not only in a regional (nuclear) arms race but also in a breakdown of the Non-Proliferation Treaty (NPT), some argued. There is a lack of confidence combined with grave security concerns both on the part of Iran and of the international community (including Iran's Arab neighbours and Israel). While *Volker Perthes* argued that Iran is driven by a combination of ambition and fear in its pursuit of nuclear technology, *Alireza Sheikh Attar* pointed to a decree by the country's spiritual leaders that in effect forbids nuclear weapons. Such a statement has more weight for Iranians than any demand from the UN Security Council, he explained.

In the end, continuous dialogue and improving the relations between Iran and the United States could play a crucial role in bringing about a solution to the nuclear conflict. A possible way to a nuclear compromise would necessitate negotiations on the nuclear track, the regional track and the bilateral U.S.-Iran track, according to *Volker Perthes*. However, with a view to the time constraints and Iran allegedly

moving closer to a nuclear breakout capability, there was little optimism on the panel as to prospect of a peaceful solution to the nuclear conflict.

Questioning whether political and economic sanctions had proven an effective tool to pressure Iran to comply with the demands of the various UN Security Council resolutions, some participants proposed to break this deadlock by re-starting global disarmament talks (especially about tactical nuclear weapons). Ultimately, renewed support for U.S.-Iranian dialogue could create a more conducive atmosphere for the on-off nuclear negotiations between Iran and the six powers (United Kingdom, France, Germany, the United States, Russia, and China) on behalf of the international community. Still, an agreement on how to re-enter into negotiations has yet to be found.

## **4 In Search of Global Concepts**

Powerful events and trends are shaping the world of today and tomorrow. Whether purely or partly man-made, they will have their impact. The question is not so much if we can stop such trends or avert similar events but how we can deal with them – and shape their consequences – in order to keep this planet (rather) peaceful and (mostly) inhabitable.

The major concept that might provide a framework for how to deal with these events and trends is global governance. In addition, some specific ideas have emerged about how to tackle particular challenges like climate change or migration, or strike the right balance between guaranteeing security and respecting human rights.

### **4.1 Global Governance – A Framework Concept**

Global governance is meant to be an instance of governance in the absence of government, *John Ruggie*, the UN Secretary-General's Special Representative for Business and Human Rights, explained in his introductory remarks. In response to the question how the international community can govern its affairs collectively, a system of authoritative rules, norms, and practices has evolved. Governance, however, does not equal politics, he stressed: While politics is competition in pursuit of particular interests, governance is about managing those interests for the broader good. Thus, the essence of global governance is not power, but authority (or 'perceived legitimacy' in the words of Max Weber). In addition, as things are bound to change, this system of governance does not aim to establish a permanent order but remains in flux.

There are a number of instruments of global governance, *John Ruggie* explained to the group: There are international treaties between states that may produce treaty-based regimes like Kyoto; there is customary international law as well as the work and deliberations of formalised intergovernmental organisations (like the UN and the World Trade Organisation); there are collaborative networks of public and private actors such as the Basle banking system or the Kimberley process to ban so-called 'blood diamonds'; and there are embedded norms, e.g. about the conduct of war.

The concept of global governance is fairly new (if looking at world history, at least). For most of the time before, a concept of 'balance of power' was the primary law of motion between states. After the end of the Cold War, a different normative environment channelled this concept towards a more rules-based system, bringing

about the International Criminal Court, the principle of 'responsibility to protect' (ultimately undermining Westphalian state sovereignty), and the Millennium Development Goals. Toward the end of this first decade of the 21<sup>st</sup> century, however, *John Ruggie* stated a considerable pushback from a number of emerging powers against some of these rules. But also former champions of the multilateral system like the United States have started to deviate from this path, e.g. by striking a nuclear deal with India in defiance of the NPT. In sum, the thin institutional layer of global governance is under growing strain, *John Ruggie* feared, and power politics are beginning to (re-)emerge.

Another indicator of change is economic globalisation. *John Ruggie* identified a markets–authority governance gap, stemming from the fact that economic actors today operate in an integrated real-time fashion, while 195 state actors are struggling to set the rules. The decentralised global political structure based on the nation state faces an integrated global economy. Under the Bretton Woods system, states had entered a bargain about open markets, liberalisation, and the ease of financial flows. In the course of the years, however, the states would no longer act as effective risk managers; in effect, government activity was lowering while overall trade increased. Today, the state is often seen as an institution squeezing industries and jobs in the interest of big business rather than protecting workers. Such gaps between markets and authority are unsustainable, *John Ruggie* warned, as it threatens to produce social unrest, populism, and xenophobia, just as in the 1930s.

#### 4.1.1 An accountability crisis

Most importantly, this power shift away from the state raises questions about accountability. The traditional Westphalian system of governance had bestowed authority and legitimacy, for better or for worse, on states only. Now that governments are no longer the sole actors in international affairs, an international “accountability crisis” is looming, according to *John Ruggie*'s analysis.

The world needs more effective accountability mechanisms for all actors of global governance, i.e. strengthening the accountability of states to their own people, of international organisations beyond a club-like circle of decision-makers, of corporations not only to their shareholders but also stakeholders, and of civil society organisations (CSOs). The latter usually tend to hold governments and companies accountable, but more recently they too have been asked to account for their actions – not least because, in many parts of the world, they have taken up basic state functions like public health or social services. This demand extends to the role of foundations, as one participant noted: The Melinda and Bill Gates foundation, for example, spends more money than the World Health Organisation (WHO), but is only accountable to its own standards – fairly commendable as these may be.

The mechanisms that should bring more legitimacy may vary, but they revolve around the idea to fully account for one's actions. Corporations thus might undergo a 'human rights due diligence' for their businesses. They should also try to anticipate adverse effects on the communities in which they are active. A similar notion of boundary-spanning could be applied to state-state relations. All this could be done in the absence of a macro-framework of legitimacy, i.e. some kind of established global governance.

#### 4.1.2 eDemocracy for all?

A special session was devoted to politics and democracy in the digital age, highlighting the impact of technological advancements like the internet on national democracy and, potentially, global governance. *Stephen Geer*, Vice President New Media of OMP in Washington D.C., described the enhanced role and use of new media in the Barack Obama presidential campaign 2007 and 2008, of which he was a part. He argued for the new media to be treated seriously, as they had by now achieved an adult role in campaigns in the U.S. *Claus Leggewie*, Director of the Institute for Advanced Studies in the Humanities in Essen, took the more distanced stance of a social scientist. Recalling the history of communication between policymakers and citizens, he pointed out that European audiences – especially the German audience – are less active in politics as such and thus also less active with new media than the U.S. audience. His key message was that the new media seem to be strong only in extraordinary times of a political system; in ordinary times, the established media bulldoze over new activities immediately.

The adult role that *Stephen Geer* had identified is best symbolised by the prominent role that his new media team received in the presidential campaign structure as an equal department besides policy or finance. With 90 staff in Chicago and 170 across the country, the team operated like a start-up company in the centre of the campaign: They had professional staff and adequate resources, providing a well-done analyses of the audience along social and cultural segments plus careful testing of all activities, from messages to give-aways. His team drafted emails to supporters and crafted the online strategy of the campaign; they dealt with branding Obama (from the design of his plane to website icons), with Obama blogs, videos, cell phone text messages, online advertising, analysis, and regional work. In the end, they celebrated the fundraising return of 500 million U.S.-dollars on a 5 million U.S.-dollar investment in the new media team at the beginning of the campaign. That said, new media only boosted the campaign but certainly did not win the election.

While acknowledging the success of the Obama new media efforts, *Claus Leggewie* raised doubts whether a similar campaign would work in Germany or many European countries. First of all, presidential systems zoom in on one person while parliamentary systems – widespread in Europe – do not. Secondly, he felt that the continental audience is currently in a state of disempowerment rather than empowerment in political life. Television has arguably led to a passive “viewers’ democracy” with an entertainment aspect rather than an implication for action. Third, he saw rather a fragmenting than unifying impact of the new media in Europe with the internet indicating more of a deficit than an enrichment of political life. He summarised his sceptical stance suggesting that democracy lives from distrust, rather than trust—a statement leaving new media in an ambivalent position.

The full potential of the new media for a kind of global eDemocracy remain to be explored. They seem to work effectively once voters have taken ownership of the political process. Yet, they remain a mere add-on to campaigns in places where voters lack ownership of democracy. Plus, it still needs to be shown how they can enrich democratic processes during the four or five years between elections. This also holds true for the acclaimed Obama team: At the time of the Summer School, they were still struggling with the transition of new media aspects from campaigning to governance, *Stephen Geer* admits – if only because, in the Obama White House, six people now do the work of a formerly 170-strong team.

## 4.2 Saving the Global Economy

The global economic crisis also puts to a test the – public or private – institutions governing the financial sector. Participants of the Summer School, while acknowledging that periods of economic decline are a reality of free market systems, also agreed to the need for greater regulation and more robust corporate governance. These have two functions: They should not only limit systemic risk and possibly prevent such severe crises in the future, but also ensure that in any future crisis the costs of its remediation are more equally shared.

### 4.2.1 Some responses

Looking first at the lessons of the financial crisis for monetary policy, the key challenge for central bankers around the world is how to avoid creating the next asset price bubble. The solution proposed by *Gerhard Illing*, Professor of Macroeconomics and Monetary Economics at the University of Munich and Research Director of the Ifo Institute for Economic Research in Munich, is a mix of monetary, fiscal and regulation policy. Using such instruments in a carefully balanced way should spare us the choice between going for more inflation (the ‘Zimbabwe model’) or for deflation (the ‘Japan model’).

With regard to the monetary side, *Gerhard Illing* made it clear that the Fed’s monetary policy had been too loose for too long after the busting of the dotcom bubble (in clear violation of the ‘Taylor rule’ of economists). Worse, this easy monetary policy co-existed with a lax regulation of the shadow banking system. Both factors led to excessive risk taking, limited liability, and finally, to bubble busting, a privatisation of gains and a socialisation of costs. The Fed’s current exit strategy runs the high risk of an interest rate trap: Low interest rates lead to excessive debt, which, in turn, builds up structural imbalances, incentivises speculation and high risk-taking, thus leading to the next bubble. Excessive reliance on the liquidity provided by the market might turn the virtuous circle into a vicious one. In addition, the political willingness of governments to avoid the next financial bubble is low due to the short-termism of political cycles.

In fiscal terms, *Gerhard Illing* reminded the group of the importance of automatic stabilisers like tax revenues or transfer payments. In the U.S., trust in such stabilisers has eroded, yet they ought to be made to work despite the short time horizons of politics. For the next three to five years, he foresaw a deflation, with inflationary trends afterwards. The right fiscal answer, however, would depend on how much of policy rationality and political sacrifices policy makers are ready to embark upon.

Regulation, finally, is the new buzzword when it comes to countering the present crisis and preventing the next one. Indeed, it was the weakness and not the failure of existing regulation of the shadow banking system that was one of the key drivers of the ongoing crisis. Thus, new rules need to be designed for the market. These should not come from the Federal Reserve, which is captured by key actors in the financial market, *Gerhard Illing* argued, but directly from the U.S. government or international institutions. The regulator itself also has to be under transparent scrutiny, and should act according to very clearly defined rules. However, he thought it unlikely that there would be comprehensive regulation of the financial sector any time soon, and we would thus run a high risk of a race to the bottom in terms of competitive regulation.

Any corrective action would need to include all key market participants, i.e. both states and companies: The relevant governmental authorities would need to increase

regulation, while private enterprises should improve their corporate governance. Plus, both ought to pay greater attention to the broader socio-economic impacts of the crisis as well as the distribution of its costs. Notwithstanding the need for a greater balance of market freedom, state oversight and the distribution of both gains and losses of liberalisation, the responses to the crisis should continue to support the basic principles of the free market.

#### 4.2.2 What about the next crisis?

In considering how best to respond to the crisis, participants of the Summer School also addressed the potential risks of failing to respond adequately. These included continuing economic volatility and decline, the possibility of equally or more severe crises in the future, and ultimately, the threat of “de-globalisation.” The latter means that we would see a reversal of global economic integration and the potential rise of economic nationalism and protectionism. In such context, it is critical that national and regional authorities respond in a coordinated manner to the crisis, as any new national or regional legislation and regulations may otherwise conflict with those of other countries or regions, thereby disrupting the capacity of global economic and financial markets to function in an integrated manner. It is also vital that models and tools for the assessment of systemic economic and financial risks be further strengthened and developed. Importantly, Summer School participants expressed the view that the measures to be taken in response to the crisis must restore confidence not only in the markets, but also in the actors most responsible for their stewardship.

More positively, the group recognised that policy responses to the crisis have largely been both aggressive and appropriate, which demonstrates that policy makers have effectively learned the lessons of the Great Depression. This, in turn, gives cause to hope that in the future, policy makers will be able to as well successfully integrate the lessons to be learned from the current crisis. Others, however, like *Gerhard Illing*, were less optimistic. Given the short-termism of political cycles and the tough competition of regulatory systems, he cautioned expectations of achieving the above-mentioned equilibrium between monetary, fiscal and regulatory policy instruments, saying that we need to get prepared for the next financial crisis. This one would then be even more severe.

### 4.3 Climate negotiations as a test case for Global Governance

The current economic crisis has also sparked a renewed debate about its implications for the environment. Luckily, this debate focuses not so much on environmental protection as being too costly for suffering economies to afford, but on finding new synergies between a fundamental reorientation of the economy and new opportunities for profit-making (‘new green deal’). However, money still is a factor when it comes to making concrete steps towards saving the climate from overheating through CO<sub>2</sub>. That’s why a fair ‘burden-sharing’ between developed and developing countries is the key word to success in the upcoming negotiations in Copenhagen about a follow-up to the Kyoto protocol.

#### 4.3.1 The ‘new green deal’

As a way to both get out of the economic crisis and advance a less polluting economy, a ‘global new green deal’ has been proposed by a number of politicians, including the executive director of the United Nations Environmental Programme

(UNEP), Achim Steiner. According to this logic, states should focus their policies on promoting green technologies like renewable energies as well as technologies with higher resource productivity or energy efficiency.

*Ernst Ulrich von Weizsäcker* presented investments in these green technologies as investments in the future that do not only lead to an economic, but also ecologic benefit. The economic benefit of green investments is also essentially necessary to combat climate change. Climate change is a scientifically proven phenomenon as well as an enormous threat to the global environment and welfare. Thus, either the next growth cycle will be green, or there will be no more growth cycle at all, he warned. The 'green parts' of the economic stimulus packages in the current crisis, however, are, in his opinion, insufficient even if some individual countries like China or South Korea have recently done fairly well in promoting green tech.

The EU, for example, has agreed to reduce its greenhouse gas emissions by 20%, to increase the share of renewable energy to 20%, and to boost energy efficiency also by 20% – all till the year 2020. According to *Reinhard Bütikofer*, energy efficiency is the most important topic to focus on because here we need a technology revolution that could also lead to a more competitive Europe. His vision is to have a 100% renewable energy in Europe by 2050. *Ernst Ulrich von Weizsäcker* also asked for more action at the national level, e.g. for measures to reduce the carbon intensity of energy, to reduce the energy intensity of wealth and – ultimately, though only to a small amount – to reduce wealth.

Speaking on behalf of the energy industry, *Tuomo Hatakka* of Vattenfall Europe AG welcomed the EU's clear goal but also pointed out the necessity of a price on carbon emissions to reach it. *Reinhard Bütikofer*, in contrast, was not sure which incentive system were to be used and suggested that Europe and the United States should exchange experiences. The competitiveness of European companies is also an important factor to consider and it was argued that the European industry needs affordable energy prices to be competitive. So far, climate change has mostly been seen as a burden on the economy, but a change of mindset is needed to see it as an opportunity for economic and ecologic reorientation.

In the end, a broad mix of energy resources and innovations are needed to reach this ambitious goal. The EU's move towards a common energy market is seen as a positive development in this regard, with *Tuomo Hatakka* calling for a common incentive system for the market. Regarding carbon capture and storage (CCS), he argued in favour of investing in this new technology, while *Reinhard Bütikofer* questioned its sustainability and the time needed to make it functional.

Despite a broad agreement on the need to develop such green technologies, some participants warned that these might also lead to structural advantages for the industrialised countries. Be it their better knowledge of high-tech, their power over global market relations given their current power status, or their attempts at 'greening' the WTO – all this might give these countries a structural competitive advantage. Nonetheless, there was a consensus that the promotion of new green technologies would also lead to enormous chances for developing countries. All in all, participants stressed the importance of price signals, i.e. making future technologies more profitable and internalising external costs. Whether this should be achieved through the establishment of a global emissions trading scheme, was part of a controversial discussion.



### 4.3.2 On 'burden-sharing'

While with green technology it is always possible for some countries to advance on this way if they like regardless of what others do, the cutting of global carbon emissions can only be achieved if at least the major emitters agree on reduction goals. This is what makes the current international climate talks an exercise in global governance. Because the main problem before a follow-up agreement to the Kyoto Protocol is the burden sharing between North and South, or more precisely, how the industrial countries are going to financially support climate protection policies in the developing world.

A panel discussion with representatives from both sides showed a certain degree of disillusionment about the negotiations leading to the international climate conference in Copenhagen in December 2009. The initial optimism, caused by the arrival of the new U.S. President Barack Obama, has meanwhile turned into frustration about the likely outcome of the envisaged follow-up agreement ('Kyoto-II'): The negotiation process is in a stalemate, commitment from all countries is missing, or, as *Sudhir Vyas*, Ambassador of India to Germany, put it: "If an environmentalist had fallen asleep in 2002 and would wake up today, he would not see much change".

While there was no disagreement on the importance of combating climate change, different opinions emerged on the responsibilities involved. *Paul F. Nemitz*, Head of Maritime Policy Development and Coordination in the Directorate-General for Maritime Affairs and Fisheries of the European Commission in Brussels, stressed the need for global emission targets, to which the developing countries also have to contribute a fair share. *Yiwei Wang* on the other hand, scholar-in-residence at the Mission of the People's Republic of China to the EU in Brussels, pointed out that the economic development of poor countries should not be stopped for the sake of climate protection. Ambassador *Sudhir Vyas* argued that India so far belongs to the low-carbon economies, that its per capita emissions are only a fraction of those of the industrial countries, and that the latter have thus an historic responsibility to cut emissions first.

The way forward, speakers agreed, would be sustainable development of the developing countries helped by the industrialised nations. Investment in clean energy and efficiency are key issues, but technological innovation is not enough – it needs to be affordable. Helping India and China for example to use its energy more efficiently would require technology transfer from countries such as Germany, the world's biggest exporter of clean tech. The German industry on the other hand, already highly involved in projects around the world, asks for intellectual property rights to protect their innovations. A solution would be to decouple economic growth from climate change – which is what the 'new green deal' should achieve.

Participants identified a need to focus on low-tech as well as high-tech solutions, regardless of the outcome of the Copenhagen negotiations. It is not enough to rely only on big projects such as the recently inaugurated Desertec initiative, which brings solar energy from North Africa to Europe. Such one-off initiative is predominantly beneficial to the energy diversification only of the states concerned. Instead, also small-scale solar systems electrifying remote villages in Africa, for example, should find more prominent support. In addition, one participant felt that too little attention is paid to adaptation policies. Given that the global temperature will rise anyhow even if emissions are stopped immediately – leading to rising sea levels, desertification and weather extremes that will harm the developing countries most – it is important for

many coastal areas and islands to invest in dams, while other countries have to think about their future drinking water supply.

Lamentably, the climate change debate was seen to be high-jacked by interest groups of all kinds – environmental groups and renewable energy providers on the one hand, heavy industry and conventional energy suppliers on the other. Both national governments and international organisations show little determination to address the global challenge adequately. Consequently, the estimates for the upcoming Copenhagen summit varied: *Ernst Ulrich von Weizsäcker* outlined different possible results (“voluntarism”, “Kyoto plus” or “per capita equal emissions rights”), strongly supporting the last option, although he raised doubts whether it could really be agreed on by then. *Reinhard Bütikofer* feared that the targets to be fixed were likely to be insufficient for the needed change and that the Copenhagen summit thus would be a failure. In contrast, *Paul F. Nemitz* was still “reasonably optimistic” – if only because he trusted the Swedish presidency of the EU to provide some “environmental enlightenment” at the time when the climate conference takes place in neighbouring Denmark.

#### **4.4 Immigration & Integration, Citizenship & Identity**

Even if the outlook for the approaching climate negotiations may be bleak, with regard to the underlying rationale the climate change is at least one step ahead of migration: The former is recognised as a global problem that needs a globally agreed solution; the latter is also seen as a global phenomenon, yet the concepts dealing with it – immigration and integration policies, citizenship and identity – remain within national frames.

##### **4.4.1 Different underlying concepts...**

Whereas migration could be seen as an answer to some urgent societal or economic problems like aging or labour shortages, a number of speakers felt that the “real underlying problems” are mostly not addressed in their complexity. One aspect is how concepts of ‘belonging’ and participation define the (ethnic) borders between people within a society. Others include differences in the respective point of view: Many people in the recipient countries of the (political) West or (geographical) North might see migration as a threat to social coherence, while others regard it as necessary to address social and economic problems. From the (geographically speaking) Eastern or Southern point of view, migration is often perceived as a potential brain drain. Today’s realities, however, do not exactly match either perception. For example, first remittances help to sustain the economy back home, then flows of FDI follow the returning talented entrepreneurs to their (developing) home countries.

*Aydan Özoğuz*, project director of the Körber Foundation in Hamburg, outlined the situation in Germany, where many politicians still reject the real need of immigration for the German society and where there is still no official immigration policy in place even after lengthy and polarising political discussions. This is particularly ironic, as the country has been a major port for immigrants already for decades, with a tendency of far fewer immigrants arriving in the past decade. She portrayed German society as not being ready to accept immigrants as equals, as “real Germans” – even in the third generation. Companies on the contrary often have a different, more open concept in their search for talent, although also the migrants themselves have their

share in the difficult situation. The main issue the German society has to face today, she said, is integration, not migration.

The United States is in a quite contrary position when it comes to cohesion, as *Michael Werz*, Adjunct Professor at the BMW Center for German and European Studies of the Edmund A. Walsh School of Foreign Service of Georgetown University in Washington D.C., explained. Experience with immigration has been public policy for over the centuries. Integration did not need public support in the form of language classes but rather worked through the 'pull factors' of American society. The cultural image of the U.S. and their economic attractiveness are working strongly, he said. Here, descent and destiny are seen as disconnected.

One major difference between Europe and the United States is how their societies treat religion with a view to designing a peaceful society. The two differing concepts date back to the end of the Thirty Years' War in 1648, but they still define the respective approaches between the individual and society on either side of the Atlantic. In the U.S., religion is meant to be a purely individual faith, not a social primer. European countries, in contrast, see their strength in guaranteeing freedom from religion for everyone. This may lead to conflicts with immigrants of supposedly more 'expressive' religions like Islam. Because this concept also establishes a direct link between immigration and religion, migration debates may easily develop a religious undertone when 'Islam' and 'the West' are constructed as opposing elements at the centre of conflict – as the group itself could experience in their discussion.

#### 4.4.2 ...produce different actual policies

Beyond these more philosophical, though of course highly relevant aspects of the migration debate, for policy makers actual integration boils down to the question of who and how many people to admit to their countries, *Tamar Jacoby* described. For immigrants, the goal is to become productive and fully participating citizens in the new country. They cannot live to their full potential if they are second-class citizens, so smart integration policies are an imperative of our time.

*Tamar Jacoby* delineated three different ways how integration could be handled: First, one could assume that everyone is transnational: No one settles anymore but people live between worlds. Under this scenario, there would not be much to do for a policy maker. However, this assumption about transnationalism is normatively and factually wrong, she argued. Only some people are circular, but many want to stay and settle in their new country. This leads, secondly, to the melting pot or assimilation model, which assumes that immigrants must fully adapt to the host country's ways. This model, however, can lead to a rejection from migrants and to social exclusion. The third model for her is the multicultural model in which host countries will not ask immigrants to change as long as they follow the rules. This leads to parallel societies and institutions, which are tolerated until the basic values of the host society and the immigrant groups get in conflict.

In the end, a society needs more than just tolerance, *Tamar Jacoby* maintained. Instead, countries should ask, "what is the glue holding our nation together?" In the U.S., there is a 'third way' that falls between the melting pot and multiculturalism. It says that there is a distinction between private and public life. In private, immigrants can do whatever they want to do. In public, everyone is equal under the law and certain values must be upheld. These ideals include tolerance, democracy, the separation of church and state, and loyalty to a larger whole. Praising the American

model, he said that ethnic differences have made the country great and that what Americans have in common is more important than their differences. In essence, the U.S. presents a bargain where the rank and status of your parents do not determine your life. Anyone can become an American, which does not happen anywhere else in the world. Citizenship is open to anyone.

Could other countries adapt this model? The fact that European countries are welfare states and are not traditionally immigration countries complicates any attempt of model transfer. They are rather good at integration policies, whereas the U.S. does very little for immigrants: "Europeans are better at the words, and the United States is better at the music", *Tamar Jacoby* concluded.

## 4.5 Civil Liberties & Human Rights

The question of how to guarantee civil liberties in a world of terrorist threats has been a recurring one all over the past decade. Very often, the debate is reduced to a simple balance that more security means less freedom, and vice versa. Whether or not this image is true, there is the more fundamental concern about human rights and the rule of law, which also provides a conceptual link for the declared dichotomy of freedom and security.

### 4.5.1 Freedom vs. Security?

For *Wolfgang Schäuble*, it would be too easy to just pit freedom against security. The former, if left unrestricted, is prone to self-destruction, he warned. For everyone to enjoy freedom, you need rules. At the same time, true freedom could only be enjoyed if and when the state ensures security. In other words, freedom needs to be protected by rules, order, and security. The central role of a government in a democracy is to ensure that it is not just the strong that enjoy freedom. In an unsafe and chaotic context such as Somalia, he added, nobody is able to enjoy freedom. Freedom and security are the two sides of the same coin. They are not mutually exclusive; rather, one depends on the other.

The real threat to our freedom does not come from the rules and regulations adopted by governments, but from terrorists, *Wolfgang Schäuble* continued. Civil liberties in Western societies are not gradually restricted; they are rather being adapted to the current threat context in order to be better implemented. Individual liberties sometimes have to be individually curtailed in order for the government to fulfil its obligation to protect its citizens, the minister's credo went. Should torture be authorised in certain specific circumstances, he asked bluntly? The answer may be different from one country to another, from one individual from another; the important thing is to be able to discuss this question publicly and transparently, he answered his own question.

The German Minister of the Interior also proposed a number of measures how to deal with terrorists. First of all, one cannot rely on deterrence only, which indeed rarely works with terrorists. Instead, governments must rely on prevention, mainly through intelligence gathering. There has to be a legal framework in place whereby states can gather the required information, including through the monitoring of e-mails and phones. But international cooperation is also a must in order to find terrorists wherever they may hide. Thus, multilateral decisions and actions are needed in this field. Thus, new technologies are needed to fight terrorism: Not

because governments are obsessed with collecting data, but because they are indispensable to prevent terrorist attacks.

Central in maintaining freedom while limiting certain civil liberties is the rule of law, including mainly the involvement of the judiciary and the moderation of the security apparatus in using new powers. In the end, if we do not respect the rule of law, we would lose the war on terror, *Wolfgang Schäuble* added.

Prompted by the question of one participant, the minister added preventive measures at the source, in poor and unstable countries, to his list of tools against terrorism. Such measures are equally important to combat terrorism, he conceded, not without adding some conditions: Any such measure would take time, years or rather decades. With an imminent terrorist threat, however, governments cannot afford to wait. Thus, preventive and pro-active measures are both needed simultaneously.

Some questioned whether the fight against terrorism is really so different from the fight against other serious crimes that new rules needed to be made. Over the years, they argued, governments have developed rules for the use of witnesses, open trials, the divulging intelligence, and the means by which intelligence is gathered that would work also in other sensitive areas. Also *Lotte Leicht*, EU Director of Human Rights Watch in Brussels, argued that many of the tools needed are already in place and are used in the fight against international organised crime and drug related crimes. It was accepted however, that the “nitty gritty” work of prevention and investigation could be adapted in the fight against terrorism.

Finally, the debate also hit the link between terrorism and integration (cf. previous section 4.4). The integration of Muslim communities living in Western countries is a key element in the fight against “Islamist terrorism”, *Wolfgang Schäuble* argued. Not only did this particular terminology provoke a heated discussion, as many participants felt it was an unhelpful stigmatisation of an entire, peaceful religion. (The group thus encouraged the Minister to use the word ‘terrorism’ without further qualification in order to avoid ostracising Muslim communities in Europe.) But also should integration be seen as an end in itself rather than making it a means in the fight against terrorism. By doing so, we would risk countering all other integration policy efforts.

In the end, the debate between freedom and security is a question of balance: By adopting laws and regulations, the governments aim at striking such a balance. As long as the restrictions to civil liberties are proportionate and adopted transparently and legally (approved by parliament and sanctioned by the court), there is not reason to believe that freedom and security are conflicting concepts, *Wolfgang Schäuble* concluded.

#### 4.5.2 Human Rights and the Rule of Law

Straddling the supposed divide between freedom and security, human rights are a core element of our values. Both freedom and security need to respect them, and it is a fallacy to believe that one could sacrifice them for more security (or more freedom, for that matter). Al-Qaida may argue that the end justifies the means when carrying out acts that are clearly prohibited by Islamic Law – the fight against terrorism should not adopt the same argument, thus falling into a moral trap. Symbols of injustice such as the prisons of Guantanamo and Abu Ghraib only work as recruitment tools for the terrorist organisations, a number of speakers argued. In addition, one participant remarked that the treatment of terrorists would not sway them in either direction –

they would still be terrorists and would still pursue their objectives if released. Others were convinced that those outside the terrorist hard core could be persuaded that, while they may not like the West, they would still have a feeling for justice and the rule of law.

There was a general sense that a counter-terrorism strategy based on violations of human rights is ineffective not only on the broader value side but also tactically. Democracies have become less inclined to share intelligence with allies that engage in human rights violations such as torture and extraordinary renditions. That said, it was noted that European countries had widely participated in U.S. renditions, either by allowing use of their airspace, using information obtained from rendered individuals once tortured, or hosting secret CIA prisons. Some lamented the lack of accountability for these acts as much as the unwillingness of European countries to stand up to their American partners in this regard. It was frustrating to many that the public takes liberties for granted and that there has not been more of a public reaction to their government's role in violating human rights.

One of the clearest examples of counter-terrorism tactics going against our basic values is the use of the Guantanamo base, including the possible use of military commissions to try terrorists. There was a broad disagreement about whether such extra-legal bodies are the right tools in the fight against terrorism. *Ken Gude*, Associate Director of the International Rights and Responsibility Program at the Center for American Progress in Washington, D.C., stressed that there was nothing inherently wrong about military commissions, but that they had been tainted by the previous U.S. administration as being unable to provide justice. The human rights community now faced an option of either criticising the Obama administration from the sidelines in its efforts to improve the system, or to engage actively in finding a workable solution.

*Ken Gude*, for one, accepted that there is a need to maintain a few individuals in preventive detention, as they could neither be prosecuted nor released. Others expressed their concern that such a form of 'legal preventive detention' would be a slippery slope. *Wolfgang Schäuble* also noted that for European countries that are in principle willing to take a number of detainees that are deemed safe, there remain a number of difficulties. Among them is the fact that the U.S. insists that former detainees be kept under surveillance if accepted by a European country. This, however, is against the rule of law, supposing that they are of no threat.

With regard to the accountability of American officials for the torture of detainees, *Ken Gude* believed that a non-adversarial, bi-partisan commission should be asked to investigate, though without judicial verdict. He feared that a prosecutor would only be able to get to the low-level officials who carried out torture rather than to the mid- and senior level officials and politicians who had made it possible in the first place. *Lotte Leicht* disagreed, saying that there is a need to hold senior officials accountable in court for their illegal acts. Some participants argued that establishing a commission would be setting up for failure, as the commission was likely to find violations of both national and international law which would then have to be either pursued by the courts or, more likely, ignored. Others highlighted the potential wider domestic implications, as they found it likely that both prosecution (especially of senior officials) and a commission would prevent the possibility for bi-partisanship in any other policy issues in the U.S.

## 5 Conclusion

To conclude two weeks of intensive plenary debates, workshops, and night time discussions on just a few points is neither easy nor fair. Each participant will take home his or her own reasoning on what are the most urgent issues for them to tackle in their daily work, on what might be some promising solutions. No less important, they know now whom to call in some far away country or in the international organisation next door when they need a specific piece of information or just someone to talk to about the frustrations of not being able to get to the real problems.

*John Ruggie*, the ‘inventor’ of global governance and a long-standing friend of the Summer School, put this dilemma into a nice metaphor. He explained that there are two kinds of problems in the global house of world politics: There may be fire in the attic; this is visible and usually mobilises fire brigade. Then there may be termites in the basement; often unrecognised, they gnaw away the foundations until house comes down. He called himself a termite watcher, but committed also to helping build solid foundations. Many of the participants are likely to sympathise with this description of their work.

Ultimately, there is no silver bullet for the world’s challenges. They are too complex, involving too many variables and cultures. So there cannot be any substantive blueprint to magically solve all problems. Instead, one needs to rely on accepted procedural norms like consultation and cooperation within agreed frameworks that can be applied to whatever the issue is. Such rule-based procedures can ultimately also help to channel balance of power concerns.

In that sense, the Summer School 2009 was also a good exercise in playing by the rules, respecting your counterparts and their arguments, and trying to find ways for positively reshaping our world.