THE BUCERIUS SUMMER SCHOOL ON GLOBAL GOVERNANCE 2014

Conference Report

Times of Upheaval – Testing Global Governance

17 – 29 August 2014

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1 Executive Summary

What used to be a global crisis, or sometimes crises, in the past, has now turned into an upheaval, as this year's Summer School's title suggests. With war on the European Union's Eastern doorsteps (and possibly also within), increased bloodshed across what used to be the borders of the Middle East, and a still prickly situation in East Asia where each maritime rock can turn into a *casus belli*, the picture is more than bleak. If this is a test of global governance, it seems to be the most profound one the system of post-World War II order has undergone. Some may even want to speculate that, rather than a test for; this is the end of the world (order) as we know it.

Such gloom, however justified in the face of the news coming in even during the supposedly quiet month of August, would not befit the participants of the 2014 Summer School. Hailing from 57 countries and spanning the worlds of politics, business, civil society, academia, and the military, these young leaders from around the globe spent two intensive weeks of discussions in Hamburg, Berlin, and Paderborn. This report presents the full spectrum of their debates, each session summarised by one rapporteur.

Trying to decipher the common threads among discussions of topics as diverse as the Geopolitical Dynamics in the Near and Middle East, Cyber Governance, and Urbanisation, a number of issues got repeated attention. The idea of "gridlock", presented by David Held in the second session as a widespread perception of standstill, can help illustrate the picture. According to this concept, four factors have contributed to the current stalemate, though without clearly providing a way to overcome the situation: emerging multipolarity, i.e. the fact that there are more and more states that need to agree on an issue; institutional inertia, i.e. the resistance from the original powers to cede influence over the existing institutions to the rising powers; harder problems, i.e. interdependence making problems such as climate change, trade or security more complex and more difficult to tackle; and fragmentation, i.e. an exponential rise of multinational institutions causing ever-higher transaction costs and provoking the failure to hit targets.

First, gridlock is perceived as multiple crises of global governance. Here, a number of governance failures can be discerned:
- The persistent outbreak of violent conflicts,
- A number of unsuccessful military interventions,
- A lack of regulation of new issues such as cyber,
- And the overall systemic failure that Held's term most directly refers to.

When it comes to violent conflicts, participants naturally discussed unfolding events in Ukraine, Syria/Iraq, and Gaza. On Ukraine, the debate centred on the question of the strategy Russia's President Putin might be following (or whether he had one), and how Europe, the West, or even the world more broadly should react to his country's aggression towards its neighbour. With regard to the seemingly evaporating borders of Syria, Jordan, Iraq, and Lebanon, participants saw wide-ranging shifts in the region's political geography, geopolitics, and populations, up to the point of raising the possibility of there being no order in the region. The discussion of Iran's nuclear program and the potential regional implications of an international deal before the end of the year suddenly appeared as a mere detail in a broader picture. Devel-

opments in Egypt, in contrast, came under scrutiny for how the country's political transformation continued, and whether civil society and the media could play the critical function of holding Egypt's political leaders – and especially its military commanders – to account.

While these crises are marked – for better or worse – by a lack of military action from the West, participants also discussed the apparent failure of recent interventions to produce the desired outcome of resolving conflict and creating stability and democracy. This failure has been most visible in Afghanistan, where the West's intervention has exceeded both the duration of World War II and the money invested in rebuilding Europe in its aftermath. Still, the results remain meagre, even if one of the "lessons learned" from there is that the disenfranchisement of minorities, together with the kleptocracy of an incompetent leadership, is more detrimental to reconstruction and reconciliation than the duration of foreign troop deployment.

Another governance failure is the one not to regulate where there had better be binding rules for all actors. The Cyberspace is one such area that touches the core of our daily life – critical infrastructure, banking, trade, electricity, or consumer goods. That's because the threat from "cyber" is not mainly about large-scale operations against societies as a whole, but also about 'petty' cyber-crime that does harm on a grand scale. Moreover, there are significant risks in both the finance sector and the real economy. In the former, financial institutions are not transparent about their losses from hacking incidents, thus keeping the public in the dark about potential attacks. In the latter, companies will never be able to control all the data (of clients, their payment methods and preferences) they have. Ultimately, a persisting attack on either of those targets could lead to new financial or economic crisis.

Another area that could do with more rules – or, at least, good practices – is development assistance. Africa in particular has seen broadly two different streams of aid coming to its 'rescue'. The first, classical Western aid, is often perceived as alienating the continent from its own resources, by actually extracting more riches – through the present economic order and masked as international assistance – than it is giving back. In contrast, the fairly new Chinese model of development cooperation does not make demands in terms of governance and policy changes. Unsurprisingly, China and other BRICS nations have become big investors in the region, which Western outlets in turn denounce as a business-oriented approach that seeks short-term profit rather than long-term stabilisation. While the ultimate decision about which model to follow must rest of course with Africans themselves, it would plainly be helpful to have more international agreement about which kind of assistance works better.

The BRICS are, to an extent, also an expression of the systemic failure that the idea of "gridlock" describes. That's because globalisation, both economic and political, has enabled their rise, but precisely because the number of ever more economically and, thus, politically powerful states has increased – witness the rise of the G20 at the height of the financial crisis – there are now too many players at the table, making compromises more difficult. It may thus be the very success of the present system – lifting people and nations out of poverty – which might contribute to its demise. At the same time, however, it was made clear that the 'old powers' are themselves endangering the system by only playing by the rules when they please them.

Whether this upheaval of global governance means that the liberal order is in fact coming to an end or merely tested, remained contested. Still, it was obvious that we need to develop our thinking beyond old categories and paradigms in order to peacefully 'manage' the on-going process of rise and decline. This means, in particular, that institutional governance reforms have to go beyond the UN and its membership, and instead account for the rising number of non-state actors as well.

Interestingly, while the concept of gridlock refers to the level of global governance, the discussions showed that there is an equal "logjam" at the national level. That's why **the second main point is about the crises of national government**. Not only are there new problems "without passports" that cannot be solved at the national level (and not yet at the global level), but national governments also find it increasingly difficult to deal with challenges they could overcome on their own in the past, like populism, demography, or social service delivery.

Generally speaking, (political) institutions are designed to provide stability as well as the ability to adapt when needed. Many Western countries have built such institutions domestically over centuries and so still can benefit from their (though potentially shaky) presence. Emerging countries like the BRICS, in contrast, realise that they badly need them for sustainable economic growth, but very often lack them – at least in the broader understanding not as formal organisations but as a mechanism governing social behaviour. China, for example, it was explained, already has tough environmental laws, regulations and standards, but is actually weak on enforcement. It thus needs better institutions, incentives, and instruments for its environmental management, rather than a whole new set of laws.

Europe in particular is plagued by populism at the national level, which also reflects on the European level. This became clear in the recent elections to the European Parliament – the first since the financial crisis – which severely questioned the EU's legitimacy. More broadly, however, the 'populist turn' derives from a vacuum between the European people and the political elites – whether they govern in Brussels or national capitals – sharpened by low citizen engagement in politics and a steep decline of trust in political leadership. With the immigration debate being essentially about whether a state has control over its borders – witness what happened at the Mexican-American border during the time of the Summer School – it appears that populist parties across Europe successfully hijacked this topic, channelling voter frustration and gaining seats in the European Parliament.

Even a conflict that superficially appears to be equally driven by ideology, geopolitics, religion, like the current wars in the Middle East, can be read as a contest about basic human security provided by legitimate governments or not. When the existing nation state designs fail to provide an appropriate social contract with their citizens, or when national (or tribal) identity cannot be subsumed under a national identity, then countries will continue to fall apart.

It is also in the Middle East where demographics becomes a crucial factor for national governments, and one they have difficulties in dealing with. There is a Youth bulge throughout the region, but in countries like Egypt and Iran, the question of whether the young people can be integrated into the labour market is of critical importance for the stability, if not survival of the regime. In the Israeli-Palestine conflict, in contrast, the demographics of rapid population growth in Gaza and the West Bank may entire-

ly change the prospects for peace, given the chances of the Israeli population becoming a minority in Israel and the Occupied Palestinian Territories before a lasting solution is found.

Demography has become similarly important in Latin America, where a growing middle class is asking governments to provide more efficient social services. Together with the persistent inequalities in those countries, not least due to a distorted privatisation model, this may keep countries like Brazil, Colombia, or Argentina from becoming more active players in global affairs. Moreover, Europe has (at least) two demographic problems, with 'ageing societies' now superseded by the acute Youth unemployment crisis. One in four young people is presently without a job, which puts the EU at risk of losing a whole generation.

With the two levels of global governance and national governments being in severe crisis, where could a solution come from? It may be worthwhile to look at the levels between and below those two, i.e. at the regional and the citizen levels.

When it comes to world regions, Europe is still a model for co-operation. It offers – especially through the institutions of the EU – a unique combination of freedom and the rule of law, of social justice and (at least the possibilities for) democratic participation. To remain attractive, however, EU states need to reconnect with their citizens and improve their economic performance, both of which should lend the European project renewed credibility.

The BRICS, in turn, may soon become a new model of cooperation, either between them or each of them in their own region. For this to happen, however, they need to overcome their central weakness – the free-rider problem – and better integrate both regionally and internationally. Only when they are seen as active contributors to a stable regional and global order, rather than rising powers bent on their own benefits, will they be able to become role models that others aspire to follow – just as the EU is still attractive to its neighbouring non-members despite all its flaws.

At the level of citizens, a "re-engaging" of governments on global issues is necessary. In the past, foreign policy was assumed to be outside the realm of domestic politics, but not only the increase in military interventions of the past decade has changed that. Just as Germany is undergoing a "review" of its foreign policy, which includes a sustained outreach to citizens, democracies worldwide have to make an effort to reach out to their populations. These often do not see the need to take responsibility on an international level, even in times of upheaval. But if governments agree they need to engage globally, they cannot do so anymore without the backing of their electorate. So, at a very practical level, the discussion on urbanism showed the importance of citizen involvement in two very different cases, city dwellers in Hamburg on one hand and the inhabitants of a Jordanian refugee camp on the other.

The young generation of today, part of it assembled at the Bucerius Summer School 2014, has a particular responsibility in this: They need to use their individual capacities as well as the opportunities offered through modern technology and people-to-people networks to participate in national and international foreign policy deliberations, advancing the spirit of cooperation with the goal of fostering the existing structure of global governance. So that the present upheaval will be a test passed rather than the beginning of the end of the liberal world order.

2 Session reports

2.1 Times of Upheaval – Testing Global Governance

Speakers: *Theo Sommer*, DIE ZEIT, Hamburg
Wolfgang Ischinger, Ambassador, Chairman of the Munich Security Conference, Munich
Eberhard Sandschneider, Otto-Wolff-Director, Research Institute, German Council on Foreign Relations, Berlin

Rapporteur: *Aleksandra Dier, Germany*

Session 1:   Monday, August 18

Setting the framework for this year's Summer School, the opening session centred on the key question of whether the current crises attest to the failure of global governance. Different views were put forward on the question of whether the current system was merely being tested, or whether we were witnessing the ultimate decline of the liberal order. Consequently, the speakers presented different assessments regarding the prospects for reform of global governance. Participants varyingly made appeals to defend the liberal order, called for the creation of new global institutions rather than mere reform of existing ones, and criticised persistent global inequalities for hampering any meaningful overhaul of the current system. The discussion made clear that the exact shape of the future global order remains unknown and it is therefore necessary to continue to develop our thinking beyond old categories and paradigms.

Reflecting back on the global situation at the time of the first Summer School, the panellists highlighted the many new challenges that had emerged within a relatively short timespan. In 2001, the war on terror had not started, relations between the United States and Russia were on an even keel, the wars in Afghanistan and Iraq had not been launched, and the Middle East appeared stable. The European Union was yet to see its membership expand to Eastern Europe, while China had not risen to its current status. Against the backdrop of these larger developments, the panellists discussed the array of on-going crises, focusing particularly on the situation in Ukraine and Gaza. The discussion then centred on the question of whether or not these crises attested to the failure of the current system of global governance.

A major issue of debate was the apparent failure of military interventions to produce the desired outcome of resolving conflict and creating stability and democracy. In light of these failures, discussants raised the question of whether or not it was indeed right to intervene in foreign countries and what the legitimate objectives of such interventions should be. While humanitarian reasons were often cited as motives for interventions, some argued that domestic considerations prevailed in the decision-making process and, crucially, that the failures of the interventions ultimately undermined the very values that they were supposed to uphold.

While some suggested that the current system of governance was being tested, others expressed concern that the liberal order was in fact coming to an end. Given the rise of new powers, it was suggested that the key challenge was for the West to 'manage' that process of rise and decline. It was urgent to recognise that economic

growth would translate into greater political power of non-Western countries and that the continuation of a liberal order could therefore not be taken for granted. Others raised critical questions, however, about the possibility of challenging the hegemonic liberal order in a situation of continued global inequality.

Continuing the debate about the possibility for reform of the current system of global governance, it was stressed that reforms had to go beyond the UN and beyond the question of institutional membership. It was also pointed out that global governance did not only concern state actors but had to accommodate the rising number of non-state actors as well.

Related to the issue of successful global governance, participants also discussed the current challenge to democracy that manifests itself, inter alia, in the form of the rise of populist movements in Europe, low citizen engagement in politics and a steep decline in the trust in political leadership. It was suggested that in trying to resolve these democratic challenges, we have focused too much on the issue of (input) legitimacy and not paid sufficient attention to effective output in terms of the ability to govern and produce solutions to pressing social and political problems.

In closing, it was agreed that the future of the global order would be multipolar but that in creating this new order, we would face massive challenges in the years to come.

2.2 Gridlock – Why Global Cooperation is Failing When We Need it Most

Speaker: *David Held*, University College Durham, United Kingdom

Rapporteur: *Jürg Weißgerber*, Germany

Session 2:   Monday, August 18

David Held displayed his analysis of gridlock in global cooperation. Gridlock is ubiquitous in international negotiations paralyzing for example international trade or climate change conferences. It paradoxically results from the extraordinary success that the western-shaped institutions had in providing prosperity in most parts of the world. More states are now demanding their share in global governance, making it harder to come to multilateral agreements. It is rather unlikely that gridlock will be overcome in the near future. Expectations and ambitions need to be lowered.

The more successful post-war global institutions have been in providing global cooperation, the more gridlocked global cooperation has become. Examples for gridlock are the recent failure of the WTO Bali agreement by India's veto and the inability of the on-going climate change conferences to define binding CO_2 reduction objectives. The governance of the European Union can also serve as an example of gridlock, as the large range of unsuccessful European Council meetings show.

There is an analogy between gridlock in terms of global cooperation and, in the literal meaning of the word, in terms of transport infrastructure. Building more roads encourages more and more people to drive, eventually resulting in congestion and gridlock. The previous success of the infrastructure system fundamentally altered the nature of the problem that it was meant to solve and undermined its own utility. The same holds true for international cooperation.

After World War II, there was an unprecedented era of prosperity in most parts of the world like Asia or Latin America, with outstanding economic growth rates, drastically reducing poverty rates within 25 to 30 years. This success was facilitated by a complex system of international institutions established by western states in the aftermath of the war, e.g. the United Nations and the Bretton Woods Institutions. Developing countries profited to a high degree from the liberal world order with its rule based approach. They could easily log into these institutions.

This period has come to a halt in recent years. There are four pathways that have led to gridlock:

(1) Emerging multipolarity: The absolute number of states has risen by a factor of three. So has the number of states that matter and have to agree. The G20 process is a good example for this.

(2) Institutional inertia: There is large resistance from the original powers to change the existing institutions such as the UN Security Council or the International Monetary Fund in favour of more influence by the rising powers.

(3) Harder problems: Interdependence between states makes problems such as environment, trade or security more complex and harder to tackle.

(4) Fragmentation: With an exponential rise of multinational institutions, fragmentation takes place, causing ever-higher transaction costs and provoking the failure to hit targets.

David Held's outlook was rather pessimistic. A further deepening of gridlock is more likely than less, he argued. Compared to the situation in 1945, the challenge today is much different: What was appropriate in 1945 – like building new roads – is not now. One participant, however, argued that in 1945 problems were even more complex than today, but that a kind of glue among the states helped to solve them. This glue is missing today.

The crucial question now is how to overcome gridlock. There was no consensus between the speaker and the audience. David Held assumed that one big institutional breakthrough might be helpful for other breakthroughs to happen. Instead, one participant felt that expectations and ambitions needed to be lowered. Incremental change might be more successful than bold institutional reform. Everybody agreed that gridlock is a major issue to be tackled in order to revive global cooperation in many fields.

2.3　Geopolitical Dynamics in the Near and Middle East

Speaker:　　　*Volker Perthes*, Director, German Institute for International and Security Affairs (SWP), Berlin

Rapporteur:　*Maya Malkani*, United States

Session 3:　　Tuesday, August 19

Reflecting on the tremendously dynamic situation in Middle East, Volker Perthes noted that the hypothetical regional situations proposed during the last Bucerius Summer School now contained elements of reality. The new hypothetical for consideration today amidst rapidly evolving events is the prospect of evaporating borders of Syria, Jordan, and Lebanon, and the resulting implications for governance in the region. The century-old Sykes-Picot Agreement that created the Middle East of the 20th century may unravel in the context of changing political geography, geopolitics, shifting politics, and population shifts, raising the possibility of there being no order in the region.

In Volker Perthes' view, the underlying roots of current Middle East conflicts can be attributed to near and mid term challenges, such a lack of human security and a desire for a viable social contract between governments and citizens. One must also consider longer-term geopolitical tectonics, which can be loosely characterized as the intent and impact of the Anglo-Franco Sykes-Picot state system on forging the character of the Middle East.

The founding myths and artificiality of that system bred power struggles, fear, and greed throughout the region, with many countries today blaming the West for the plight of the region. In the current environment, for example, though most Sunnis detest the Islamic State (IS) and the notion of the caliphate, IS could become attractive for the disenfranchised when existing nation state designs fail to provide an appropriate social contract. Furthermore, the 2003 US intervention in Iraq as well as the ongoing activities of Saudi Arabia and Iran have played a role in shaping the new dynamics in the region.

The speaker offered the following elements for consideration in conceptualizing the future of the Middle East:

-   The degree to which national identity is aligned with state identity;

-   The spread and adoption of competitive regional and religious ideologies;

-   And the role and level of willingness of external political actors to engage in the region.

Illustrative examples of these elements include:

-   The significant regional youth bulge;

-   The strong national identities of Egypt, Tunisia and Jordan in contrast to those in Syria and Iraq;

-   And the shift from active engagement by external powers, to one that attempts to contain current challenges than resolve them.

Volker Perthes questioned the viability of the current Middle East-North Africa state system. Instead, he suggested the possibility of a shift towards more decentralized, confederalist nodes of governance within state constructs. For example, the Kurdish regional government already operates as a state within Iraq.

A significant and complicated challenge is dealing with the rapid spread and territorial gains of IS. This "state" has hegemonic ambitions, does not adhere to or recognize international norms, nor has intent to establish diplomatic relations as a traditional state entity would do. As a way forward, the speaker noted that the change in leadership in Baghdad was a positive development, suggesting that Iran is postured to play a role in forging regional stability.

2.4 Debating Current Issues in the Near and Middle East: Iran; Syria, Israel and Palestine; and Egypt

Speakers: *Cornelius Adebahr*, Associate, Carnegie Endowment for International Peace, Washington, DC
Alastair King Smith, Head of Strategic Campaigns and Planning, Communication Directorate, Foreign and Commonwealth Office, London
Ashraf Swelam, Director, Cairo Center for Conflict Resolution and Peacekeeping in Africa, Cairo

Rapporteur: *James Perry*, United Kingdom

Session 4: Tuesday, August 19

The wrap-up session brought together the discussions from three parallel working groups on a particular country or conflict in the Middle East. Iran's relations with the region and the wider world were thought to be focused on the nuclear issue. Resolving Iran's nuclear ambitions offered the chance to normalize Iran's international relations, strengthen the world's non-proliferation regime, and catalyse progress on critical regional conflicts in Iraq, Syria, and to an extent, Israel / Palestine. Discussion on the Levant was, in light of recent events in Gaza, dominated by Israel and Palestine. Overall, hope for a transformative solution was judged to be fading: there was scarce prospect of achieving a two state solution and international opinion was now heavily polarised. Israel's real and perceived insecurity meant there was little chance its government would temper its current stance. In Egypt, the country's political transformation continued. Civil society and the media continued to play a critical function in holding Egypt's political leaders to account but were under increasing pressure. The role of the country's army remained crucial.

The group's initial discussion highlighted the breadth of issues that shape current perspectives on Iran, inter alia: the negotiations on the nuclear issue and the impact and efficacy of economic sanctions; the significant demographic and social changes in the country; Iran's relationship with the United States, the EU and Russia; Iran's role in Afghanistan; and the nature of political decision making in the country. This wide scope was also borne out by the breadth of issues encompassed in recent media coverage of Iran.

Uncertainty over Iran's nuclear programme and the country's subsequent negotiations with the E3+3 / P5+1 were, however, judged the overriding questions. Participants agreed that concerns and delays to the nuclear negotiations over the last 15 years had marginalised Iran's role in the region and prevented regional and international actors from engaging meaningfully with Iran. Nonetheless, Iran retained significant strategic and political importance in the region. In particular, the country continued to influence events in Syria and Iraq. Iran's isolation reinforced its motivation to play a regional role to protect its interests. In contrast to its religious and political rhetoric (cf. its role as protector of Shia Islam), Iran was prepared to strike a pragmatic approach to its regional relations, hence its co-operation with Sunni groups in Iraq and its alliance with Bashar Al-Assad's Syrian Alawite regime.

There was some evidence that the impact of sharpened American and European sanctions on Iran (in particular those targeting Iran's financial institutions and oil markets introduced in 2011-12) had shifted Iran's domestic political landscape to a more

moderate (though not reformist) outlook. President Rouhani had been elected on a normalisation ticket and had linked his – and Foreign Minister Zarif's – domestic political survival and success to resolving the nuclear issue. Calls for political reform at home would remain unheeded while the nuclear negotiations stayed unresolved.

The recent convergence of Iran and US interests, and in particular events in Iraq, meant there was now a window of opportunity for some form of progress in the nuclear negotiations. Notwithstanding that for the United States resolving Iran's nuclear ambitions had become a domestic political issue, cracking the nuclear question offered a chance to catalyse progress on other critical conflicts in the region. It was right it remained the dominant consideration at this point.

Given the deterioration in Gaza, discussion on the Levant was dominated by the Israel / Palestine conflict, both in the session's breakout discussion and in the plenary. Latent hope for a transformative situation in the Middle East was now fading and the prognosis, both in the immediate and longer term, was gloomy. There was now a growing need for all sides in the conflict to take risks and raise ambitions if there was going to be any prospect of a lasting solution or indeed if a further worsening of the conflict was still to be avoided. The demographics (that is, rapid population growth in Gaza and the West Bank) meant there was a real chance the Israeli population would become the minority in Israel and the Occupied Palestinian Territories before a lasting solution was found.

From Israel's perspective, real and perceived insecurity was fuelling its government's concern over short-term security, seemingly at the expense of any kind of meaningful progress in the peace process. Regional and external actors (Iran, Syria, Egypt, the United States) continued to effect events in line with their interests. But both their influence, and events on the ground, were squeezing the political space for moderates on both the Israeli and Palestinian side. Furthermore, the increasing influence of Hamas' military wing was now entrenching the Palestinian position, with recent polls saying a majority of Palestinians favour continuing the conflict rather than seeking a negotiated compromise. Worryingly, Israel was now also beginning to doubt the support it receives from Washington and Brussels.

Despite efforts to boost people-to-people links between Israeli and Palestinian communities, the distance and disconnect between the two sides only seemed to increase. The region's current generation no longer knows people or their leaders from "the other side". Soft or economic approaches to peace building did not offer a sustainable solution either. To ensure any progress, the UN and other global actors needed to play a major role. Israel would need to be persuaded that its long-term security would be best served by a two state solution that established a peaceful Palestinian state in line with the process that forged Israel in 1948.

In Egypt, the country's political transformation continued. Democracy and its institutions had found a lasting, if fragile, role in Egypt's political system. Some concern was expressed at the arrest and detention of journalists and activists. There was evidence civil society and the media in Egypt were under increasing pressure and that space for political dissent was being reduced. President Sisi's election, in the wake of the removal of Mursi's Muslim Brotherhood government, demonstrated the continuing influence of the Egyptian military on the political process. However, the army continued to enjoy widespread public support and would likely continue to do so. The focus now was on consolidating Egypt's democratic transition, strengthening the country's economy and re-establishing Egypt's leadership role on the many critical issues affecting the region.

2.5   Afghanistan – After the Drawdown

Speakers: *Graham Stacey*, Air Marshall, Deputy Commander, NATO Allied Joint Force Command, Brunssum
Husain Haqqani, Senior Fellow, Director South and Central Asia, Hudson Institute, Washington DC
Sediq Sediqqi, General Director of Public Diplomacy, Spokesperson, Ministry of Internal Affairs, Islamic Republic of Afghanistan, Kabul

Rapporteur: *Katja Schöberl*, Germany

Session 5:   Wednesday, August 20

Panellists and participants discussed three main issues: First, the International Security Assistance Force's (ISAF) contribution to Afghanistan's security and stability since the mission's creation in accordance with the Bonn Agreement in December 2001; second, Afghanistan's future prospects following ISAF's transition to a NATO-led "Resolute Support" mission in 2015; and third, Pakistan's past and future role in Afghanistan's development.

Noting that ISAF's mission to Afghanistan by now has already exceeded both the duration of World War II and the money invested in rebuilding Europe in its aftermath, panellists and participants first critically reviewed ISAF's achievements. Some progress was acknowledged, in particular with respect to elections and the strategic development of Afghanistan's (security) infrastructure, most importantly of the Afghan National Security Forces (ANSF). However, speakers also voiced concerns regarding ANSF's operational capacity, including its high casualty rates, as well as the general lack of good governance, accountability and rule of law. Moreover, the unresolved issue of a Bilateral Security Agreement (BSA) and Status of Forces Agreement (SOFA) between Afghanistan and "Resolute Support" contributing nations was emphasized.

These factors challenge the sustainability and irreversibility of the progress achieved, even when recognising the political and societal change of the past decade. Considering past experiences, especially the drawdown from Iraq completed in December 2011, it was argued that the disenfranchisement of minorities rather than the duration of foreign troop deployment could impact negatively on the consolidation of progress. "Lessons learned" from Afghanistan regarding ISAF's shortcomings arguably include a lack of understanding of Taliban fundamentalism, the loss of an information struggle as well as more generally "too many expectations in too little time".

Second, panellists and participants reviewed possible challenges following the withdrawal of combat troops and ISAF's final transition to "Resolute Support" on 31 December 2014. The reduction of troops to 10% of the original force (i.e. to 12,000 soldiers) was expected to lead not only to a strategic shift from combat operations to the training, assisting and advising of ANSF. It is also likely to have wider security implications, including for civilian personnel operating in Afghanistan. Next to political reforms, Afghanistan's relations with Pakistan, the wider regional stability, and the initiation of an Afghan peace process with Taliban participation were considered the determining factors for Afghanistan's future after the drawdown.

Hence, the third issue addressed was Pakistan's past and future role in Afghanistan's development. Panellists argued that Pakistan's regional power struggle with India influenced Afghan-Pakistani relations in many ways, not least by reinforcing the power of the Pakistani armed forces and intelligence community within Pakistani society. They criticised a lack of efficiency and resolve in addressing cross-border threats emanating from Taliban insurgents in Afghanistan and Pakistan respectively – and noted the absence of a coherent Pakistani position. Finally, the discussion stressed the potential benefits of increased regional trade for Afghanistan, especially through the implementation of the Afghanistan-Pakistan Transit Trade Agreement (APTTA).

2.6   It's the reforms, stupid! Institutions and Economic Structures for a strong Europe

Speaker: *Wolfgang Schäuble*, Federal Minister of Finance, Berlin

Rapporteur: *Benedikt Sturm*, Germany

Session 6:   Thursday, August 21

Mega forces such as the growth of developing markets, climate change, and issues of energy and water security are among the forces that currently exert tremendous pressure on all continents, nation states, and institutions. In this context, some countries succeed – whereas others do not. Those who manage to develop, improve, and adapt their institutions will prevail. Thus both stability and the ability to adapt and change are needed. With Fukuyama's dictum "institutions matter" as a background, Wolfgang Schäuble's speech and the following discussions led from deep analyses to innovative ideas on reforming institutions and economic structures in Europe.

Today, political institutions have a dual role in our political order. First, they ensure that political processes operate on the basis of rules. Thus, they stabilise the political order. Their second task is to adapt and change both themselves and these rules to provide answers and solutions to the arising challenges.

In this context, Europe and the European Union (EU) face two questions:

1) Which political institutions and economic structures are necessary for a strong Europe?

2) Why should we need a strong Europe at all?

To answer them, one has to acknowledge that both globalisation and economic competition are not zero sum games. One's benefit is not the other's loss and vice versa. Moreover, we can all benefit from global competition, as long as strong and fair rules are in place.

This demand for fair and equal rules is one of the most important reasons why a strong Europe is needed. As globalisation progresses, nation states are increasingly incapable of solving global challenges by themselves. Europe, in contrast, offers – through the institutions of the European Union – a unique combination of freedom and social justice, of democratic participation and the rule of law. It has given up on the thought that it can dominate the globe. Rather it is able to contribute (together with an increasing number of international actors such as NGOs) to global solutions, prosperity and public goods and thus to further improve conditions for growth – one of the most important tasks during the rest of the decade.

To do so, the expanding European Union should also pursue another primary objective during the next five years: to further strengthen its institutions. In this regard, the fact that the new President of the European Commission was one of the lead candidates of the 2014 European Parliament Elections may be considered a major step forward to a higher legitimacy of decisions on an EU level. The rules set in order to overcome the continuing financial and economic crisis, such as the European Financial Stability Facility, the European Stability Mechanism, and the European Fiscal

Compact, represent major steps towards a more stable institutional architecture of the European Monetary Union.

The two objectives of improving growth conditions and of strengthening institutions are inter-related. Growth can be achieved by continuing the reforms of labour and financial markets; to do so, stronger institutions and fiscal rules have to be in place. This means overcoming the EU's democracy deficit and weaknesses in its decision-making processes.

Two possible solutions to achieve these goals were discussed. First, one suggestion to ensure efficiency in the European Commission's decision making process would be to redefine the hierarchies within the Commission, especially with respect to the role of the Vice-Presidents of the European Commission. A limited number of Vice-Presidents could carry the overall responsibility of combined policy areas. The remaining Commissioners would then report to those Vice-Presidents. A second idea discussed among the group was to set up the legal basis for direct elections of the President of the European Commission. This could lead to a higher acceptance and thus legitimacy of EU-level decisions among the public.

As for the economy, the so-called "new normal" of low interest rates provided by central banks in order to accommodate both companies and private households is considered inherently unstable. Instead, sustainable growth is needed. To achieve this, the group discussed four priorities during this session:

First, confidence in public finances has to be strengthened among both investors and the public. This goal can be reached by sticking to the "golden rule", i.e. that government spending must grow at a lower level than GDP. For this to happen, the European Commissioner for Economic and Monetary Affairs and the Euro should be provided with more power over the budgets of the EU member states. Consolidating public finances will reduce dependencies on financial markets and will give politicians the flexibility to make "smart investments" in infrastructure and research.

Second, new ways of financing useful, but costly investments have to be found. Rules and incentives to encourage investors such as insurance companies and investment funds to invest in public infrastructure should be established. This also includes investments in education – also outside universities, such as in vocational training. The current situation of low interest rates in the market (and thus high amounts of liquidity) and the simultaneous high levels of unemployment could serve as an incentive for new ways of public-private partnerships. The intermediary role between demand and supply of capital is a key role of financial markets. Cross-border laws and regulations have to ensure that financial markets are built effectively towards this core function. The Banking Union, the Single Supervisory Mechanism and the Single Resolution Mechanism will play a central role in ensuring this efficiency.

Third, structural reforms of labour markets are needed, as the levels of youth unemployment in some EU member states are just not acceptable. Short-term measures have to be introduced in order to avoid a "lost generation". At the same time, structural causes of unemployment have to be solved. Most of them can be seen in mega forces such as technical innovation and globalisation, bringing a constant shift of labour markets towards high-qualified jobs. Reforms in the EU's education systems should increasingly satisfy the needs of the labour markets, and discussions and rules on (minimum) wages should take individual productivity levels into account.

Fourth, the European Union's internal market has to be deepened, the group agreed. It is precisely that the free movement of goods, capital, services, and people has – despite the crisis – led to tremendous successes in output growth and export quota during the last ten years.

With reforms towards strong institutions and economic structures, Europe can build up on these successes. To again quote Francis Fukuyama: It's still not the end of history.

PS: Due to the application of Chatham House Rules, this summary is unfortunately not able to provide the reader with the minister's irrepressible sense of humour. All in all, these 90 Minutes were, at the same time, one of the most interesting and entertaining sessions during the 2014 Bucerius Summer School on Global Governance.

2.7   Germany and Europe – Discussion on Foreign Policy

Speaker: *Frank-Walter Steinmeier*, Federal Minister for Foreign Affairs, Berlin

Rapporteur: *Irene Weinz*, Germany

Session 7:   Thursday, August 21

The session dealt with the most topical crisis of that day, the conflict in Ukraine, which the foreign minister was trying to mediate just prior to the meeting. In addition, Frank-Walter Steinmeier touched on other issues such as the situation in the Middle East and the IS in Iraq. He stressed the fact that Germany had to live up to its responsibility in international affairs, underlining that cooperation within Europe was central in order to resolve conflicts at the borders of Europe as well as on an international level.

At the beginning of the session, Steinmeier gave participants an insight into his work day so far: He described that, directly before the meeting, he had been in contact with his colleagues from Europe, Ukraine and Russia in order to avoid an escalation of the situation at the Russian-Ukrainian border. As reported by international media, Russia had organized a convoy to provide humanitarian aid for Eastern Ukraine. However, Ukraine's President Poroshenko announced that the trucks would not have the right to pass the border, as it was unclear to Ukraine what they actually contained. The Russian government reacted by announcing that if the transport did not pass on that same day, it would look for a unilateral solution. Steinmeier made it clear that an agreement had to be found with the help of other states in order to avoid an escalation and violence.

On a more abstract level, he then explained that currently on-going crises close to – or even within – Europe's borders were extremely dangerous. This referred not only to the Ukraine crisis, but also to the conflict between Israel and the Palestinians, the war in Syria, and the situation in Iraq. He had visited Erbil, the capital of Iraq's autonomous Kurdish region, some days before and described two aspects of the conflict with the Islamic State (IS): the humanitarian side with lots of refugees, fleeing the brutal IS movement and needing food and shelter; and the political side where he feared that IS might overtake power in Iraq which then could result in a melting of the three conflicts into a broader one.

Steinmeier explained why, the day before, the federal cabinet had taken an extraordinary step by deciding to support Kurdish troops with weapons in order to defeat IS. "We do not want to serve the world with weapons," he said, but at the same time made it clear that Germany felt committed, even if parts of the German population did not understand the need to take responsibility on an international level. Still, he was careful to stress that the decision to deliver weapons to the Kurdish people did not mean to support their endeavours for an independent state.

In conclusion, Steinmeier underlined that especially in these days there was a need for careful but engaged foreign policy. Whether the EU would be more successful in decision-making with regard to international crises in two years' time, he would not want to speculate. However, he stressed the need for a clear analysis of the respective situation together with Germany's European partners.

2.8   After the European Elections – Rethinking Europe?

Speakers: *Daniela Kolbe*, Member of the German Bundestag, Social Democratic Party, Berlin
Mark Leonard, Co-founder and Director, European Council on Foreign Relations, London
Almut Möller, Head of Program, Alfred von Oppenheim Center for European Policy Studies, German Council on Foreign Relations, Berlin
Pawel Swieboda, President, demosEUROPA, Warsaw

Rapporteur: *Panagiotis Exarchos*, Greece

Session 8:   Thursday, August 21

This session was primarily dedicated to the outcome of the recent European Elections in May 2014 and the composition and challenges that the new European Parliament will have to face. It also touched upon the changing nature of the European Union in general, resulting from the recent financial crisis and institutional reforms in the EU, which are now starting to mature and, potentially, bear fruit.

The presentations and ensuing questions and answers generally reflected the current debate in Brussels and the European media concerning the future of the EU and the importance of the European Elections. These were the first pan-European elections after the financial crisis, which fundamentally shook confidence in the European project and seriously challenged the coherence and structure of the EU. In that light, the discussion was very pertinent to the general theme of the Bucerius Summer School 2014. The response that the EU gave to the financial crisis was for the first time tested against popular will, and as such, a major global actor saw its legitimacy being severely questioned.

Undoubtedly, the biggest piece of evidence of this trend is the rise of the extremes of the political spectrum. In countries both directly affected from the crisis and not, the result of the European elections revealed a significant rise of the electoral power of extreme, anti-European and oftentimes outright racist and neo-Nazi parties. This, coupled with low-levels of turnout in quite a number of EU Member States, has led to a severe crisis of legitimacy and representation within the EU.

A big part of the discussion was dedicated to two specific examples of extreme parties that made significant gains in the UK and France: Nigel Farage's UK Independence Party and Marine Le Pen's Front National. Almost all speakers traced the root of their electoral surge to the successful hijacking of the immigration debate by these parties and by other similar ones across Europe. It is essentially a debate on whether a Member State (the UK for example) has control over its borders. Some speakers suggested that the failure to address and successfully manage immigration in Europe left a vacuum in the political discourse, which was promptly exploited by these parties. As a result, Mark Leonard argued, the current political division in Europe is not the traditional left/right one but a vacuum between the political elites governing Europe, and the people.

Particularly for the UK, it was explained that the rise of UKIP is also partly due to the raging debate about EU membership in general and the possibility of an in/out referendum as promised by the current government. Mark Leonard's firm belief seemed to be that the UK would remain in the EU, as British euroscepticism is an elite project, driven by not more than 100 people, mainly in the Conservative party. In reality though, the EU is more popular in the UK as ever. This issue was also linked to the on-going debate about independence movements in Scotland and Catalonia, and whether they are likely to succeed in the future.

There was a glimmer of hope in the discussion by the fact that the extreme parties do not have many things in common. Most importantly, they failed to form an official grouping within the new European Parliament, and therefore their newly found political success will not be directly translated into an increase of their influence and power. In addition, there is still some trust in the European Union and some concrete achievements like the Erasmus exchange program, which is so popular that is now being extended to include not only students but also entrepreneurs.

An interesting part of the discussion was how geopolitical problems correlate and interlink. The conflict in Syria has led to a huge influx of refugees and displaced persons in Europe, which in turn fuels significant anxiety about immigration to European populations. People then turn to extremist or populist parties that are willing to exploit legitimate fears and the failure of Member States and EU institutions to control and manage immigration. In contrast, Daniela Kolbe emphasised the benefits of successful immigration for an aging European population. There was even mention of the responsibility of Member States to be more active in resettlement schemes for refugees: Germany will be resettling 30.000 refugees from Syria this year, which does not come even close in alleviating the pain caused to the more than three million displaced persons from Syria.

Finally, there was extensive discussion about possible institutional changes in the EU structures and the need for institutional and economic reforms. "Democracy is changing, just as societies are changing. They are not homogenous anymore. People have different needs and agendas that need to be addressed," Pawel Swieboda argued. In the same context, Almut Moller stipulated that there has been a lot of complacency for reform in the EU over the past years, leaving the Union vulnerable both externally and internally. It was stressed that we need to focus on talking about the Europe we want to have and stop defending the dysfunctional system we currently have.

What everyone agreed on was that Europe very much needs a transformative leader, one that will be able to inspire a new generation of Europeans. He or she should focus on action instead of words, given that the EU is facing a multitude of external and internal problems and threats. Still, it was also suggested that Europe's main innovation and reform capacity is not (and should not become) personalized, but its own unique political architecture, which should be strengthened and encouraged.

In reality the European elections, and the debate around the EU in general, revolve around two main narratives: People either consider it a great transnational project worth empowering, or it has moved to the area of post-democracy, described as an empty shell with no life or democratic energy but only formal institutions.

2.9   Unresolved issues: Europe, Ukraine and Russia

Speakers: *Josef Janning*, Senior Policy Fellow, European Council on Foreign Relations, Berlin
Fyodor Lukyanov, Editor in Chief, Russia in Global Affairs, Chairman of Presidium of the Council on Foreign and Defence Policy, Moscow
Jakob Preuss, Documentary film maker, Berlin

Rapporteur: *Joanna Niedziela-Dabrowska*, Poland

Session 9:   Friday, August 22

The Bucerius Summer School discussed the current situation in Europe against the backdrop of tense relations between Russia and Ukraine. Speakers analysed what had happened so far and tried to provide a picture of what else could happen. There was only one conclusion: the cost of Vladimir Putin's "game" in Ukraine is going to rise. Still, nobody expected President Putin to change his course.

"I will do everything to definitely finish the conflict in Ukraine" – said the President of Russia, Vladimir Putin, during his first trip to recently annexed Crimea in March. And he promised humanitarian aid for Ukraine. One would not doubt the veracity of his words, even though he did not mention in his speech Russia's participation in this conflict.

International observers say that Vladimir Putin wants to restore the power of the old Soviet Union. And even now, when Russia has a great position on the worldwide political stage, its leader probably took it as a point of honour to rebuild the country within its old borders. Unsurprisingly, he justified his actions in Ukraine by the care for all people with Russian nationality.

In 1991 when the Soviet Union collapsed, 15 official sovereign states arose on this territory. A few of them have remained in very close community with the biggest successor states, Russia – namely Belarus and Ukraine. However, while Belarus still is largely under Russian control, Ukraine wants to gain and keep the EU's support and become an EU member state in the near future. Kiev does not want to be subordinate to a Moscow dominating its entire neighbourhood. One part of Ukraine wants to go to Russia, because its people, in their understanding, are of Russian nationality and they do not want to join the EU. But people in the other part of Ukraine who have gathered on the Maidan Square think about themselves as truly Ukrainian citizens with ambitions to be a part of the united Europe. Moreover, from a Western perspective, there is no tolerance for Russia's actions.

Now, because of this tense situation between Russia and Ukraine, Europe is on the brink of war. There is a debate whether the economic sanctions from the European Union and the United States of America put real constraints on Russia's president or the country as a whole. For sure, those sanctions give Putin the best reason to say that the other states take revenge on Russia, making a perfect excuse for all his actions. Despite food prices in Russia rising as an effect of Western sanctions, the president still has huge support among Russians, with approval ratings of around 83 per cent.

What comes next? Considering Putin's ambitions there is a question of whether and when they will be met. Some analysts argue that Russia might attack not only Ukraine, but also the Baltic states. Others say that its occupation of Crimea is enough.

What is the best way to resolve this conflict? Should Ukraine's territory be divided into two parts, one for Russia and the other for Ukraine? This will not work, if only because Kiev will not give up even a 'troublesome' region. There does not seem to exist an option to resolve this conflict simply, quickly and – worst of all – well. Unfortunately, there is no clear future for this part of our world. This may just as well be a never-ending story.

2.10 Emerging Powers and Global Governance I: India

Speaker: *Shashi Tharoor*, Member of Indian Parliament, Delhi

Rapporteur: *Vinayak Dalmia*, India

Session 10:   Saturday, August 23

Shashi Tharoor spoke about the role of emerging powers, particularly India, in the global order. Against the backdrop of history, the world today, the emergence of international institutions and universal norms, his thesis pointed towards the creation of new rules and norms to accommodate the rising voices of countries like India. India will contribute to and extract value from global governance, he argued. In this "post-superpower age" India will demand a seat at the high table with greater influence and bargaining power. To facilitate this, there will need to be new "multi agreements" – a series of relationships overlapping with various countries for multiple purposes.

India from her birth had a one-world vision as reflected in her first Prime Minister Nehru's 1947 Freedom at Midnight Speech. In the current times with changing power structures, that vision is even truer than ever before. India will, with her rising political and economic influence, renegotiate the rules of the old order. Her vision is to graduate from a follower to a rule maker.

Her voice is stronger than before and she recognizes her new capacity to shape tomorrow's shared global destiny. India is ready to share burdens and responsibilities but expects in return the "right conditions" to solve domestic issues like economic growth and poverty. Those conditions include but are not limited to her regional security concerns, trade and climate negotiations and certain UN reforms (Security Council etc.).

It is useful to understand this changing world order against the backdrop of four subtle aspects:

1.   History: The first half of the previous century witnessed a grave threat to humanity with two world wars, multiple civil wars and the events of Hiroshima and Nagasaki. The United States emerged as the only possible leadership alternative to such mayhem, as President Truman put it at the time. This established the groundwork for the creation of the United Nations, aiming to facilitate better global coordination and exchange of goods and ideas.

In 1945, a number of global institutions were setup and substantial progress has been made since then: There has not been a third World War, instead the world has experienced tremendous technological innovations and economic prosperity. There has been progress for humanity as a whole with child mortality rates and literacy rates improving. The world has also seen the end of colonialism. There has been in summary a convergence (albeit asymmetrical) towards democracy and universal rights and some kind of a global order.

2.   Global nature of today: There are two competing and contradictory forces governing the contemporary world order. An increasing convergence enabled via globalization is in constant tension with growing divergences and tensions. This disruption is best reflected in the "Clashes of Civilization" brought forward by religious

extremism and terrorism. Ironically these disruptive forces have used the power of convergence to further their agenda, with terrorists using modern technologies like GPS devices to cause havoc.

These are the realities of today and this constant tension is part of our current narrative. These themes have come together to create the modern world that is best described as a global village. The global village from Kabul to New York has led to both positive and negative outcomes. We live in an era of "problems without passports": Financial crises, terror, climate change, poverty, epidemics (such as SARS and Ebola) are only a few such examples. Problems agnostic to borders lead to shared opportunities and responsibilities. As a result India cannot think local anymore and realizes that she is globally invested and responsible.

3.   Emergence of global institutions: The new worldview is one of "Responsible Sovereignty" with ever expanding international transnational alliances. The UN, NATO, G7, International PEN are just a few of those. These bodies in affect regulate human activity beyond borders. India realizes she has a role to play, and that she is bound to move from counter-establishment to being part of the establishment.

4.   Universal norms: We are bound together by common ethical and moral themes like equality, non-aggression and non-interference.

These four points describing the era from 1945 to 2014 are descriptive rather than prescriptive of global governance. India's role must be understood against this backdrop. There is an increasing shift of power from West to East, which compels us to consider redesigning the system towards a more inclusive multilateral structure. India realizes that success at home is the best guarantee of respect overseas, thus she expects the global community to create conditions to better solve domestic problems.

The modern inter-connected world has changed dramatically since 1945. Emerging countries like India want a larger share at the global table and also wish to contribute to universal prosperity. In fact this Indian viewpoint can be traced back to the thinking of her first Prime Minister Nehru. From his Freedom at midnight speech in 1947 to the Pancheel Doctrine in 1954, he put emphasis on the concept of a global and harmonious world. The tipping point in this change of power structure started with the 2008 financial crisis with countries like China and India dealing with the contagion in a superior manner to the more developed world. That coupled with the growing cultural and economic influence of India (and also China).

India has already begun to actively contribute to the global dialogue: For example, she is the largest contributor to UN Peacekeeping and she participates in 43 UN Missions. India will contribute actively to the dialogue on Energy and Food Security and to Trade and Climate Agreements. To further these goals India has a series of "multi-alignments", from the non-aligned movement to the BRICS. In this post-superpower age, countries like India will push her weight (and contribute) via these arrangements. Not only will it put pressure on the old powers but also on old institutions to reform, e.g. the IMF and the UN. In summary India is not content to be a bridge player in the 1945 order and this will change existing structures.

Finally, global government is not precise and is an amorphous idea to provide a sense of order. India does not want such global government but wishes to strengthen and participate in global governance. She wants to contribute to universal prosperity while protecting and maintaining her interests at home and abroad.

2.11 Emerging Powers and Global Governance II: China

Speakers: *Isabel Hilton*, CEO, Chinadialogue.net, London
             Christina Lin, Fellow at the Center for Transatlantic Relations, Paul H. Nitze School of Advanced International Studies (SAIS), Washington, DC
             Cheng Li, Director, John L. Thornton China Center, Senior Fellow, Brookings Institution, Washington, DC

Rapporteur: *Zhao Zheng*, China

Session 11: Friday, August 22

As the second largest economy in the world after the United States, China's development has invigorated a debate about its role in the world. One central question is how it will grapple with its impact on the global economy and on world politics. China is balancing its domestic and global responsibilities, while looking for avenues to further its contributions on the global stage.

China's role in global governance is linked to its economic emergence. In the last 30 years, China's economic growth lifted half a billion people out of poverty, with rapid urbanization and industrialization providing abundant labour, cheap land, and good infrastructure. However, air pollution, water resources scarcity, regional imbalances, social inequality and other issues have become more and more serious. How can China prepare for a more coordinated development process and more international contributions? To achieve this, it is necessary to put people at the core of development, supported by institutional and systemic innovation, and unleash the potential of development through improving governance.

Environmental pressures are a major problem in China's development. As development gains momentum in many parts of the world, the balance between economic growth and natural progress and harmony has become more important to ensure growth sustainability. China already has tough environmental laws, regulations and standards, so the most important task for achieving greener development is better enforcement. China needs to focus on green governance by improving institutions, as well as providing the incentives and instruments that enable better environmental management. Market-based tools, such as taxes and trading systems for carbon, air and water pollution, and energy, should also be used more to meet global and national environmental targets.

Moreover, enhancing the level of local governance is essential for China. The dilemmas of local governance in contemporary China have recently received a great deal of attention from both academics and policy makers. China has an area of over 9,600,000 square kilometres. It consists of 34 provinces, autonomous regions, and municipalities directly under the Central Government. Among the many issues needing to be addressed, inefficiency in the work of local government in the delivery of public services rank as the most significant. The size of local governments, especially those in less developed regions, is excessive and expanding too fast. At the same time, local provision of public services frequently remains insufficient and of low quality.

For China, the thorough performance evaluation system of local officials should be adjusted to give greater incentives to provide decent public goods and services for a more efficient and sustainable development. Meanwhile, local governments should also improve their transparency by tools such as a medium-term expenditure framework and the full disclosure of financial accounts. These can better leverage the roles of market and society, making sure that the respective local government fully plays its part. The main aim is to accelerate the development of modern government and to meet new expectations and requirements from the public.

At the same time, China's development is inseparable from the one of the world. China has taken a constructive part in global governance and regional cooperation, by actively participating in reforming international systems, formulating international rules and addressing global issues. Meanwhile, China's development has broken away from the traditional pattern where a rising power was bound to seek hegemony. China's peaceful development upholds the new global governance concepts of mutual trust, mutual benefit, equality and coordination.

From a global perspective, if China stays committed and implements reforms, it could become a global new model, while winning the war on pollution, sustaining high growth rates for its economy, making the country more liveable, and allowing more people to benefit from development. In addition, China also needs to pay close attention to international cooperation on global governance. In-depth cooperation with other countries not only provides China with new ideas for its development and reform, by drawing on their rich knowledge resources and global best practices. It also builds a platform to help other countries to know and understand the value of China's development, realize win-win cooperation and good global governance.

2.12 The economics and politics of growing social demand in Latin America

Speaker: *Guillermo Larrain*, Executive Vice President, Banco Estado, Santiago de Chile

Rapporteur: *Aurélie Gilles*, Haiti

Session 12: Saturday, August 23

The Summer School tackled an undeniable aspect of global governance, that is taking into account the emerging powers: identifying them, their interests, priorities and specificities. Latin America represents an emerging power with two blocks of countries: the first one comprised of market-led economies and the second group consisting of state-led economies. Additionally, for almost all of these countries trade has had a massive positive impact generating more employment, incomes, and new opportunities. These states have also had a fairly stable fiscal policy allowing new economic prospects. A direct consequence of this dynamic has been the rise of a middle-class asking governments to provide more efficient social services which neither of those economic models were able to provide. An alternative solution would be a heterogeneous one: establishing a "regime of publicness".

In the case of market-led economies, these countries have put too much faith in the efficiency of liberal mechanisms. Pressing expectations have been blindly put on markets to generate social services like health, education or transport in which markets have not usually performed well. Consequently, those services have been delivered in these societies in a biased way and unequally, with the capacity of individuals to pay for them being the decisive matter. Huge demonstrations took place in those countries that solely relied on the ability of markets to respond to those social rights. Protesters lamented the secondary set of problems the markets had created and the profits they have generated only benefitting private companies.

As the demand for the provision of social rights becomes undeniably incompatible with the markets providing them, the problem aggravates: The neglect of the public sphere has now weakened the ability of those states to counteract and actually take back the leadership in this sector. Relevant questions arise about what services governments should or could actually provide, or about the correlation between the size of a state and of the service-providing role it can assure efficiently. This is where experts underline that distortions in the economy are created by specific policies such as certain tax measures rather than by government size per se.

The new rising middle-class with distorted incomes and uneven access to social services has further increased inequalities within the new emerging power of Latin America. An interesting finding is that average family income is directly correlated to education.

The traditional approach of social economics would have the state agent in a public regime and a public function with the citizen as its counterpart. In parallel, a private agent, in a private regime and a private function, would have the individual client as its counterpart. When the private agent – as in the case of many Latin American

countries – now covers the public and the private functions, this changes the whole relationship.

An alternative to those two paradigms, presented by the speaker, is what he defines as the "regime of publicness". This is a regime of the public sphere that is neither market-led nor state-led but something in-between. It's a heterogeneous regime where it does not matter who the economic agent providing the social service is.

Politics and in particular corruption in Latin America, however, have nurtured a sense of distrust of the populations in the democratic system. Rising economic inequalities have not helped either. People forcefully request strong institutions that work for the population and are not driven by the pursuit of making profits. The latter would indeed guarantee that the system itself would continue to generate exclusion.

Interlinking the different topics of the Summer School, and elevating the debate to a global perspective, a question could be if these social rights demanded by this new middle-class in Latin America minimize the capacity of this particular emerging power to play a major role in global governance. Obviously, while it is difficult to answer with a clear yes or no, the question itself is linked to how satisfactory the response of Latin American states to their populations' growing social demand will be.

2.13 Emerging Powers and Global Governance III: BRICS

Speakers: *Renato Flôres*, Professor, Graduate School of Fundação Getulio Vargas (FGV / EPGE), Rio de Janeiro, Brazil
Samir Saran, Vice-President, Observer Research Foundation, Delhi, India
Karen Smith, Senior Lecturer in International Relations, University of Cape Town, Cape Town, South Africa
Fyodor Lukyanov, Editor in Chief, Russia in Global Affairs

Rapporteur: *Seng Peng*, United States

Session 13: Saturday, August 23

This session focused on the emergence of the BRICS nations and how their role is changing, or not, in global governance. Each of the speakers provided their own definition and metaphor of what they think BRICS mean. Concretely, they focused on how these countries are emerging – or re-emerging – on the international stage in helping to find effective solutions to address global issues such as the Ukraine crisis, the South China dispute, and the Palestinian-Israeli conflict. The speakers also provided a brief historical analysis of each country and their relationship to one another and with other established governing institutions such at the United Nations and European Union. Finally, they assessed what the establishment of the BRICS Development Bank would mean for the future of global governance.

The first speaker, Renato Flôres, compared the BRICS nations to a unicorn. This is a mysterious creature that is often heard about but once it appears, it will not be recognizable by anyone. Flôres said he could not guarantee that BRICS would be a success, but at the moment they were not a failure. To him, the BRICS are a living form that is expanding constantly. While they are expanding, tensions occur from both inside and outside creating internal and external conflict—that's the law of physics. One central weakness of BRICS, however, is the free-rider problem. No nation wants to take the lead on global issues, but when one country does they all benefit in some way due to the grouping. Flôres concluded by saying the BRICS need to be innovative and flexible to survive and integrate internationally.

The second speaker, Samir Saran, described the BRICS as "friends with benefits" and an interest-based organization. To him, global governance is a question of the quality of life and right to live. Statistics reveal that at the top 20% life expectancy is 84 years, while for the bottom 20% it is 36 years. Why is this significant? A third of global poverty is in the BRICS nations. In addition, global governance for BRICS nations is a matter of reclaiming sovereignty, territory and jurisdiction in dealing with internal and external issues.

BRICS provide a channel for nations to aggregate around the same issues in the face of a crisis of the (global) collective. The establishment of the BRICS Development Bank is one way in which BRICS are attempting to resolve their own issues without the Bretton Woods institutions imposing western values and ideas. More importantly, the new bank has great economic clout. Saran concluded by saying that national and ethnic identity is getting stronger in today's changing world and BRICS

nations need stable neighbours and intermediaries in order to move successfully into the future.

Karen Smith spoke on the emergence of South Africa, advising not to expect too much, too soon from the BRICS nations. BRICS first official meeting only occurred in 2009. This is too short of time to recognize what BRICS are capable of accomplishing. Because of the legacy of colonization in some BRICS nations, there's a strong commitment to state sovereignty and desire for equitable representation in multinational arenas like the UN Security Council and the World Bank. In particular, South Africa would like to see more powerful countries, i.e. the United States, to play by the rules that they established themselves. She concluded by saying that BRICS nations are committed to international law and the international system. The BRICS are not calling for a transformation of the existing institutions but for reforms to make them more inclusive.

Fyodor Lukyanov argued that in the long run the G7 would disappear to a "G zero". Russia was kicked out of the grouping due to her failure to cooperate in the Ukraine crises. Additionally, the UN Security Council will have less of an influential role on global matters than the UN General Assembly. Lukyanov agreed with Flôres on the nature of BRICS and the unicorn metaphor, adding that the longer one does not see the picture, the more powerful it is perceived.

BRICS are not bound by formal rules and procedures limiting their actions. Each BRICS nation is a regional power on its own, having economic capacities to pursue its independence. Lukyanov judged Russia's suspension from the G7/8 as not being a matter of economics but a political decision by the powerful countries to exclude Russia from participating and benefiting from the world economy. To him, this move was contradictory, since according to the liberal world order no country should be excluded from participating in the global market. Lukyanov concluded by saying that if current fragmentation trends continue the BRICS will soon be taken seriously.

The participants joined the debate with the panellists on the future of BRICS and how much influence they will have on global governance politically and economically. Another question was on their relationship with one another and with other multilateral organizations such as the World Trade Organization and the European Union. The panellists agreed that BRICS are re-emerging powers and will definitely play an influential role in shaping the future of global governance. BRICS nations realize their potential to influence the current global architecture. In particular, the establishment of the BRICS Development Bank is an indication that they have political leadership and economic resources to change and reform the global world order to positively make significant impacts.

2.14 Emerging Powers and Global Governance IV: Africa

Speakers: *Christine Nkulikiyinka*, Ambassador of the Republic of Rwanda to Germany, Berlin
James Shikwati, Founder and Director, Inter Region Economic Network, Nairobi
Karen Smith, Senior Lecturer in International Relations, University of Cape Ton, Cape Town

Rapporteur: *Geraldine Arias*, Nicaragua

Session 14: Saturday, August 23

This session touched upon the situation of Africa regarding participation in global governance, as well as the region's prevailing conflicts and poverty challenges. The examples of Rwanda and Ethiopia were given to illustrate progress in terms of economic development and democratic transition. Africa's inability to participate equally in global governance may be perceived as another form of colonialism. One must, however, be wary not to allow the historical weight of colonization become a rhetorical means to justify corruption and incompetence in some African governments. The debate focused on the critical need to ensure that solutions for Africa are Africa-owned, and not driven by the West. In today's inter-connected world, disengagement is not necessarily the prescribed solution. African states admit that they need resources and support from the West, but would like the solutions to be homegrown.

Despite the richness of the continent, Africa does not reap its benefits and has become dependent on "support" from the West, often from the same countries that benefit financially from Africa's resources. Africa provides most of the primary materials fuelling development in emerging markets, which is perceived by many as exploitation masked as cooperation.

Development challenges require homegrown solutions. However, a number of African countries feel constrained in their exercise of choice and their participation in global governance. While global governance defenders claim a levelled playing field in security, development, and political interactions across countries and continents, many stakeholders in Africa feel that the region has been constrained from active and equal participation in the global governance regime. Far from being active participants and designing its path to success, the continent is caught "living other peoples' dreams".

It is important to recognize that global governance itself has some question marks, and that democracy does not always works. The global economic order has at times alienated Africa from its own resources, with many Africans defending that the international order that claims to be helping Africa is actually extracting more riches than it is giving back, masking it as international cooperation and assistance. This notwithstanding, the point was also made that blaming the legacy of colonization ought not be used to justify the failure of some African leaders to deliver and be accountable to their people.

In the regional and international context, Africa is trying to play an active role in regional fora and peace efforts. Africa is, however, underrepresented in world institu-

tions in terms of decision-making power, and there is a growing desire in the region for increasing their leadership in such global institutions.

While the Western development model may not be applicable or appropriate for Africa, a number of questions arise: What is the African originated alternative? What are the solutions? What is the African dream? For example, intra-African trade needs to be strengthened. The region also needs to strengthen and develop its institutions of regional governance. Rwanda was mentioned as a good example, symbolising a success story 20 years after the genocide and thanks to strong leadership and governance reforms. Rwanda aspires to be a middle-income country by 2020. That's why two things are of high priority to its leaders: to implement the necessary corrective measures and to build the institutions to make sure that the genocide does not happen again. Still, the question was raised whether one can talk about independence when African governments are financially dependent on donor resources? In the case of Rwanda, for example, the international community finances 45 per cent of the state's budget.

The fact that a comprehensive vision for the continent is not clearly defined was mentioned as a detrimental factor to the region's development, as it distracts efforts and fails to provide a clear end objective. That said, it is important to understand that the African ambitions are not defined in the same way in which the West imagines its own success. Such a homegrown vision would be underpinned by a communal understanding of life, quality of life, a life free from conflict, etc.

Another aspect that was discussed is the active governance role played by emerging partners, such as the BRICS. China, for example, is one of the biggest investors in the region. The Chinese model, and its engagement with the BRICS, has been attractive to African governments precisely because it does not make demands in terms of governance and policy changes. The BRICS are perceived as a more equal negotiating partner for Africa than the West. Ultimately, it will be up to African agency to decide which development model it will adopt.

2.15 Cyber Governance

Speakers: *Sandro Gaycken*, Technical and Security Researcher, Free University of Berlin, Berlin
Bruce W. McConnell, Senior Vice President, EastWest Institute, New York
Tatiana Tropina, Senior Researcher, Max Planck Institute for Foreign and International Criminal Law, Freiburg

Rapporteur: *Marina Zhunich*, Russia

Session 15:   Monday, August 25

In discussing Cyber Governance, the Summer School touched upon a burning issue referring to the core of our daily life – critical infrastructure, banking, trade, electricity, and consumer goods. However, the risks involved with this matter are not always obvious to everyone. As someone said, there are only two kinds of companies in the world: hacked and non-hacked. Our secure (cyber) future fully depends on how private and public sectors will handle this issue.

A high vulnerability of machines and certain privacy concerns have been diagnosed since early days of computing in 1940s. Today's cyber security problems, however, can be examined in three dimensions: copyright, cyber-crime, and arms race. Security issues should be considered in a broader context of network capacity, connection speed, and functionality of the products.

As opposed to the offline security, online security is hard to ensure and enforce. Intentions of those browsing the web cannot be verified in advance. Equally there are no authorities to monitor potential crimes on the web. Moreover, security solutions cannot be fully in-built with software and hardware, as in the end these are operated by users. Thus, a large amount of responsibility for preventing a potential crime rests with the user. Finally, security always comes as an after-thought in today's decisions on IT architecture. But if we could get away with this in the 1980s and '90s when crime was relatively modest, we cannot close our eyes to the problem at present.

Cyber-crime today is more lucrative, more common, and safer to execute than offline crime. Today a single computer has around 50,000 flaws, which any smart hacker can abuse. Persistent attacks can go on for years, or, in some cases, for a dozen of years. There is a significant risk in the finance sector, especially because financial institutions are not transparent about their losses from hacking incidents. Ultimately, this could lead to new financial crisis, which means that there is a strong urge to change course.

Cyber weapons too are more convenient to use than traditional weaponry: there are no rules regulating their use, no arms control, and no inspection. Warfare is difficult to identify and define. Namely, the Stuxnet virus was able to manipulate the Iranian nuclear programme. In addition, cyber weapons can be used for industrial and governmental espionage, which benefits companies and states. This, in turn, invites the next crisis, as companies will never be able to control all the data they have.

In general, governments try to keep a balance between enforcing security measures and providing people with technologies for better access to information and ensuring citizen participation. They also attempt to develop laws to enforce cyber security, and relevant clauses are present in over 100 national legislations. But the situation is still marked by very different approaches to the issue and a lack of harmonization of the discussion platforms and laws.

Public discourse understandably often pivots towards harsh regulation, much to the chagrin of the IT industry. However, the situation is worsened by regulators who often are largely incompetent, and by a clear lack of platforms to discuss these issues. The multi-stakeholder approach emerging on cyber security, in contrast, lacks an enforcement mechanism. The Internet remains a decentralized environment, so there is no possibility to ensure solid protection from security hacks and relevant social control.

A lot of international debates are devoted to the issue of jurisdiction and criminal law, especially when crimes are committed in different countries. Such concern increased after Edward Snowden's revelations about U.S. spying practices, which also made a distinction between citizens and non-citizens. Current cooperation between governments is not sufficient, and the existing Mutual Legal Assistance Treaties (MLAT) aiming to enforce public laws or criminal laws of one country in another, needs to be fully implemented.

Finally, the private sector comes into play. As a prevention tool, governments would like to be ahead of the innovations made by companies, but that of course conflicts with commercial interests. Self-regulation, in contrast, has proven to be impossible on IT security, as has trying to impose common standards on innovations.

As a conclusion, the panel outlined some possible outcomes of the current situation:

1) There must be a way to get in front of the innovations for the government. Hidden ("underground") innovations are dangerous.

2) Governments are pondering the idea to create computers of their own to protect themselves from U.S. software and hardware. Talks about a separate post-NSA Internet for Europe are going on, too.

3) There is an urge to harmonise cyber laws across the globe. A common basis to discuss sovereignty issue for governments linked to jurisdiction issues on the web would be a good start.

4) Users must be aware of the vulnerability of their software.

5) Vendors must be encouraged to make more secure products.

6) Governments should aim at increasing transparency and accountability in issues of cyber governance, cyber crimes, and use of cyber weapons.

2.16 Transatlantic Relations

Speaker:　　　*Stephen F. Szabo*, Executive Director, Transatlantic Academy, Washington D.C.

Rapporteur:　*Joachim Knodt*, Germany

Session 16:　Tuesday, August 26

Stephen Szabo's keynote and the following lively debate focused on the question whether current transatlantic relations continue to be embedded in a postmodern, geoeconomic era or are defined (again) in pre-modern, geopolitical terms. Szabo underlined his strong geoeconomic predisposition in stating that the West continues to be more than an "artefact of the Cold War" by emphasising the crucial role of a transatlantic free-trade agreement as the "new economic NATO". Also in the West's external actions, he expected geoeconomics to prevail despite the Ukrainian-Russian borderland looking like a pre-modern, geopolitical conflict hotspot. The keynote and the ensuing discussion showed a clear generational gap between the younger audience and a mature speaker.

This session looked behind the newspaper headlines in analysing strategic trends of Western politics with regard to internal (the future of the transatlantic trade and investment partnership, TTIP) as well as external affairs (the Russia-Ukraine conflict). Stephen Szabo positioned himself as a strong believer of the overall predominance of geoeconomics over geopolitics since 1989 – despite 9/11, IS or the war in Ukraine: First, he argued that TTIP remains "more important than NATO" and would be concluded at the end despite a negative public opinion in Europe. Second, he posited that current actions of the West towards Ukraine showed that the EU, and in particular countries like Germany, France and the Netherlands, would literally go back to 'business as usual' soon. Moreover, the United States is "not vitally interested" in Ukraine. Last but not least, Russia itself would not use military might against Poland, the Baltic states, or Ukraine (sic!).

In general, geoeconomic action by Western states are marked by five key factors: 1) Definition of national interests in economic actions; 2) Shift from multilateralism to selective multilateralism; 3) Predominant role of businesses; 4) Elevation of economics over human rights, 5) Imposition of economic power on others. Germany has to be seen as an unprecedented geoeconomic success story, which even forced German politicians into moral dilemmas ("Silence for gas from Russia"; "Business with China prevails human rights"). However, there still remains a distinction between economics and politics since "business people can't make foreign policy".

The same holds true for the United States. Their strategic pivot to Asia illustrates how the Obama administration plans to accommodate new emerging powers by primarily geoeconomic means. Even traditional security policies adapt to this geoeconomic predominance: Cyber foreign policy focuses on combatting cyber-crime, preventing violations of intellectual property rights, and countering industrial espionage. Maritime security policies face the growing task to keep sea lines open. One of the deans joined in saying, German politics continue to shy away from defining national interests by framing its respective actions as the country's "new responsibility".

During the discussion, a number of participants challenged Szabo's points, showing a clear generational gap between the young audience and the panel. Some argued in more general terms that geoeconomics would have to be seen as an inherent part of geopolitics. Others highlighted that public opinion in Europe remained fiercely against TTIP, and that no lessons had been learned from previous failures of multilateral agreements: "Strong leadership pushing through legislation against public dissent is over". As one participant underlined, the takedown of the MH-17 plane had been a game changer in the Netherlands, literally killing any hope that there might be a return to "back to business". Most importantly, not only Central European participants clearly disagreed with Stephen Szabo's assessment that Russia would not use force in Eastern Ukraine – a point that was proved only days later.

2.17 Does the transatlantic partnership need a younger generation?

Speakers: *Metkin Hakverdi*, Member of the German Bundestag
Bartlomiej Nowak, Chair of the International Relations department and Assistant Professor, Vistula University, Warsaw
Constanze Stelzenmüller, Senior Transatlantic Fellow and Director of Transatlantic Trends, The German Marshall Fund of the United States, Berlin

Rapporteur: *Marina Henke*, Germany

Session 17: Tuesday, August 26

Yes. No. Maybe. Whichever way you answer the question, there is a lot to do for the young and old alike.

Metkin Hakverdi opened the discussion by pointing out that the transatlantic partnership would "automatically" be transferred to a new generation – younger people would eventually move up to positions of power and influence. That was a law of nature. As a result, the question this panel was supposed to address was to him merely of rhetorical value. According to him, the debate on transatlantic relations had to centre on the question of what kind of values the United States and the EU shared. To be able to answer this question, Hakverdi suggested that the EU first needed to define its own values and then compare those to the known American values. He further elaborated that Europeans could only determine their set of fundamental values by finding answers to questions such as: Who are we? What is so specific about the EU?

Bartlomiej Nowak started his contribution to the discussion by pointing out that he was tempted to reply No to the panel's question. He provided three arguments to make his point. First, the current young generation lacked political activism. In 1999, the Time Magazine published an article arguing that the then-new "young generation" was open-minded and fearless to transcend any borders. There was hope for a better tomorrow. Today's "young generation" seems frustrated and inward looking. Many of them voted for extreme left-wing or right-wing parties in the last European elections. Nowak pointed out that this phenomenon was not limited to the EU but equally applied to the United States. Second, Nowak argued that "transatlantic" trust was eroding. President Obama initially gave hope to the young generation in Europe but then turned his back to Europe. In Nowak's view, Obama is a "Pacific" president. Whereas middle-age people in the United States still understand Europe (i.e., remember the Cold War and the utility of NATO), the "young generation" there has little interest in EU affairs. Third, Nowak pointed out that the current economic crisis in Europe puts an additional burden on the transatlantic bond. Unemployment, in particular among the young, created a feeling of insecurity in Europe. At the same time, the United States is struggling with rising levels of inequality. Nowak argued that in contrast to the past, the young generation today did not mobilize to fix these political, social and economic ills. "They don't seem to believe in democracy," Nowak advanced, "Among young people there is feeling that they have a lot of freedom FROM but no freedom TO."

Constanze Stelzenmüller began by saying that no EU or U.S. citizen should ever assume that the two sides would automatically understand each other. Reciprocal understanding always required hard work. She pointed out that today's "young generation" could not afford to say, "What happens in the world is none of our business." Globalization has created interdependencies, and managing these interdependencies was the biggest challenge the current "young generation" was facing. Referring to the keynote speech earlier in the day, Stelzenmüller suggested that neither geo-economics nor geostrategics could solve today's problems. Instead the world needed good diplomacy, inclusive diplomacy. US-EU agreement on specific issues was often not enough. Input was also needed from Asia, Africa, and Latin America.

Stelzenmüller suggested that another challenge of today's world was the marginalization of specific socio-economic groups. These groups developed a fear of modernization, which in turn limits the operating margins of national governments. The current situation in Russia was a case in point. President Putin was banking on a Russian population that had had terrible experiences after 1989. 1990 destroyed their livelihood. Putin thus reneged on the "modernization partnership" with the West and created an ethno-nationalist narrative to please these groups.

Finally Stelzenmüller pointed out that the "young generation" today had more opportunities to participate in national and international discussions on foreign policy because of new technologies allowing young people to develop their own networks and feed into the conversation. But at the same time, the same digital space also opened space for nationalist extremist discourse. As a result, Stelzenmüller argued that there was an urgent need to find new ways of public messaging: "We need to convince scared societies that our future lies in communicating and working together with foreign societies."

2.18　Urbanization - Site visit at Hamburg HafenCity University

Speakers:　　*Julian Petrin*, Founder, Nexthamburg, Hamburg
　　　　　　　Daniel Kerber, Founder, morethanshelters, Hamburg

Rapporteur:　*Marius Gabriel Bucur*, Germany

Session 18:　Wednesday, August 28

In 2011, the world population living in cities exceeded 50 per cent. Today, 28 mega cities exist and provide space for living to more than ten million people each. By 2030, an additional twelve mega cities will emerge. This rapid development requires means of coping with the negative implications of urbanization like insufficient capacities of social infrastructure – be it education, health care, others –, health issues through pollution as well as low living standards and poverty for a vast majority of the urban population.

Two solution-oriented approaches, which have the potential to lessen the negative implications of urbanization, were introduced at the site visit at HafenCity University. Each of them has the potential to contribute to the general idea of Global Governance by the method of co-creational design/planning. Each is likely to provide both decision makers and the population with a methodology to improve political stability by fulfilling basic human needs in the short and long term, the speakers argued.

Even though the two projects do not provide the *perpetuum mobile* for city planning and – as an ultimate goal – a habitat planning that ensures a life in dignity for its inhabitants, the two projects demonstrate that the development of a local society towards democracy can be fostered by a co-creational design and planning approach. Clear benefits for all stakeholders are the following: a higher degree of inclusion and direct participation, consideration and respect of cultural characteristics and specificities, reinforcement and strengthening of social structures, creation of a psychological sense of community, economic cooperation, improvement of living standards and hypothetically a life in dignity of the inhabitants. While the fulfilment of the idea to "life in dignity" remains vague as it strongly depends on individual perception, the two projects exhibit methods that have the potential to add value to an increasingly urbanized world population.

I. Nexthamburg

Traditionally, inhabitants have limited access to governmental organizations and can only insufficiently participate in decision making with regard to city planning. This lack of participation can lead to anger and impatience of the inhabitants and thus to political unrest. The risk of political unrest might even increase in the future as the general complexity of governance is likely to increase since cities and regions become even bigger and more centralized due to urbanization.

City planners must provide access for the local population to participate in city planning and design. Nexthamburg closes the gap between bottom-up participation and top-down decision making by providing a platform for inhabitants to participate in planning their habitat. Its platform has three main goals: to define the future agenda for the city; to work as an incubator for local/regional projects; and to influence urban politics.

The platform's co-creational model focuses on the collection and joint selection of the best ideas and visions of the inhabitants. Additionally, the project supports the transfer of ideas into real projects. Every idea is discussed and the community decides by means of discussion sessions, workshops, events, modelling by on-/offline tools and scenario analyses. The topics of those discussions are: claiming territory in areas with limited availability, providing/generating more public space, transportation and logistics in mega cities, a new way of living–i.e. "away from the traditional" and more informality–and other topics.

Amongst others, cities like Bangalore, Belgrade and Istanbul have started to adapt the co-creational development approach. Presently, the significantly high number of project ideas requires a working mode change of the platform. Nexthamburg must ensure an effective transition from planning to implementation of its community projects by taking into consideration operational fields that are pivotal to the success of the transfer like finance, legal and implementation support.

The project marks a paradigm shift in municipal planning and decision-making. By allowing for co-creational development, the hyper-local community receives a higher priority in city planning; the municipal authority level loses its prevalent superiority for local decision-making. However, the role of super-national, national and regional/metropolitan levels remains untouched.

The approach of designing cities through co-creation also carries some threats. A future hyper-local decision making predominance in local planning might also foster the development of hyper-local sub entities within a municipal/local urban area and society. Three major types of areas are likely to emerge:

1. Eco-villages: self-regulated, isolated with a high level of self-sufficiency

2. Post-demographic technopolis: industrialized, automated through ubiquitous computing and highly efficient

3. "Außenstadt" (English: Outer City): minimum standards–not more–as a habitat for anyone else that does not provide sufficient additional value to the society of the other sub entities.

Nevertheless, even though threats exist, the opportunities of co-creational city planning have the potential to outweigh the risks.

II. morethanshelters

The Za'atari camp in Jordan was raised in 2011 and provides shelters for 100.000 inhabitants–a majority of these being children and mothers. The camp is a complex ecosystem with a high dependence on external supply chains–e.g.: approximately four million litres of water are brought to the camp every day by trucks. Even though the camp meanwhile has all characteristics of a city, the authorities do not allow the Za'atari camp to call itself a city.

The initial design of the settlement was military. Military settlements and camps are designed to fulfil basic requirements of its inhabitants, but do not provide an environment that allows its inhabitants to live in dignity. In combination with the fact that political issues or conflicts often require refugees to live in refugee camps for a period of up to 15 or even 20 years, a sustainable future of the settlement's inhabitants seems unlikely. Thus, inhabitants need to improve their environment through improvised measures that fulfil their personal needs.

At the Za'atari camp, the independent rearrangement of the initial camp structure and the shift to a structure that respects the personal cultural needs of some refugees led to severe problems with waste water and hygiene in the settlement. morethanshelters introduced a framework to include the interest of all stakeholders by bringing together design thinking and inclusive decision making through workshops and making a redesign of the camp possible.

A particularly successful example is the implementation of small gardens that not only allow for filtering the wastewater but also foster the creation of small income sources and the growth of social clubs ("garden clubs") that fulfil the inhabitants need for social interaction within their community. Within a few months 1.000 gardens were created in the camp.

Through its co-creational approach, morethanshelters also was responsible for attracting investors that financed a solar farm project and several other projects in the camp. The positive activities of the project convey a strong sense of stability to stakeholders, donors and external potential investors, which already have identified the high attractiveness of the settlement and the high potential of additional value generation. Moreover, the Za'atari project also succeeded in implementing high standards within three years in contrast to other projects that required up to 15 years reaching the same quality of life and levels of standards. This has increased the attractiveness for investors, since entry barriers are likely to be low and implementation periods are likely to be short. Consequently, increased market attractiveness and high return on investments also support self-regulating market dynamics that foster innovation activities in a short time period.

However, it is important to mention that the sustainable success of this eco-system strongly depends on the long-term quality of micro-management within the camp and the overall quality of the government providing the general framework for the future development and for securing stability in the camp. And even though the risk of external involvement remains prevalent, the value added to the eco-system as a result of the "insight from outside"-approach remains very high and is likely to foster the development of the camp into a city in the long run.

2.19   What Europe needs to do: Jobs and Investment

Speaker: *Jörg Asmussen,* Permanent State Secretary, Federal Ministry of Labour and Social Affairs, Berlin

Rapporteur: *Séverine Wernert, France*

Session 19:   Thursday, August 28, 2014

Jörg Asmussen's keynote focused on three main question for Europe with regard to jobs and investment: where do we stand, where do we need to go and how do we get there? The main context for Europe can be summed up around two key words: demographics and digitalisation. Demographic change will influence the European economy and its impact will be felt already over the next decade. Digitalisation, in turn, is the beginning of a new industrial revolution, but it will destroy jobs before creating them.

Europe finds itself in a new geopolitical situation. The conflict between Ukraine and Russia has ended a period of perceived peace in Europe. Now power plays a role again. At the same time, Europe is inward looking.

Asmussen argued that the term "euro crisis" was wrong, as it was not the single currency that had caused the crisis. In fact, the euro has protected some countries in Europe from being more affected. Instead, it was a crisis of public and private debt and of competitiveness. On one hand, it can be said that the crisis is over, as the probability of breaking up of the euro area has diminished thanks to actions taken by the ECB, member states and European institutions. On the other hand, however, the crisis is not over given that many countries in the euro zone are still facing high public and private debt. The deleveraging process will take some years, and it will be a drag on growth and jobs.

Many member states face high unemployment, especially of young people. On average, one out of four young people currently is unemployed in the European Union. With so many young people dropping out of the labour market, the EU is at a risk to leave the young generation the double burden to repay their parents' debt and have no jobs. This is unsustainable, Asmussen asserted.

So, where does Europe need to go? It needs to grow more on a sustainable basis and invest more. How does it get there? The difficulty is that the crisis moved from outside of the EU first to its periphery and now to its core: France and Italy. Asmussen suggested the EU needs to reflect on the appropriate policy instruments to tackle the crisis in these countries.

What could be done at the EU level in particular? Most importantly, the EU level cannot substitute for the measures not taken at the level of the member states. According to Asmussen, the main priorities for the European Commission in the next five years should be the following:

-    The relationship between the 28 EU members and the 18 members of the euro zone is key. It needs to be consolidated. The euro area and its rules should be better integrated, even though this would necessitate a treaty change, according to Asmussen.

- The relationship with the EU's neighbours should be defined. Ultimately, Europeans need to answer the question of where "Europe" ends. In the east, the EU must find a new and special relationship with Ukraine, Georgia, and Moldova. It also needs to work with Africa in order to find solutions to the issue of migration.
- Europeans need to learn from the Ukraine crisis. They should create a functioning European energy market – which would not require a treaty change but 'only' political will – and a common defence structure. Moreover, the EU still lacks a single market for services and a single market for capital. Finally, the EU needs to conclude the negotiations about a transatlantic trade agreement with the United States.

According to Asmussen, there is a window of opportunity in 2015 and 2016 to begin the treaty change necessary to deal with the euro area. However, for this to be a success, cooperation of France and Germany is a necessary condition. Still, some member states, like the Netherlands, believe that this is not the right time to work on treaty change.

On the social dimension of the European Union, Asmussen distinguished between the European Union and the euro zone. For the latter, the focus should be on increasing the mobility of workers by securing the portability of their social rights and benefits, as the mobility of labour is an element of an optimum currency area. Finally, he underlined that Germany needed to launch a huge investment programme, as it is the only member state that has the fiscal space to do so.