THE BUCERIUS SUMMER SCHOOL ON GLOBAL GOVERNANCE 2010

Conference Report

Beyond the Crisis: Prospects for Democracy, Development, and Security

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Contents

1 Executive Summary

The worst part of the crisis may be over. At least, this is what many people like to believe, given that the most recent economic data provide signs for optimism. Yet, even if the world economy is on the rise again (mostly thanks to strong demand in emerging countries), the broader prospects for democracy, development, and security are much less clear. This is where the discussions of the 2010 Bucerius Summer School took off, with 55 young leaders from 32 different countries taking a hard look at the current challenges of global governance.

Governance at the global level is highly fragmented. There is no system of worldwide **democracy**, and the four basic principles of democracy at the national level – participation, representation, constitution and the public sphere – are nowhere within reach globally. Already the lack of an integrated international legal system hampers the further development of international law. One event that highlighted these imperfections was the failure of the climate negotiations in Copenhagen, where a lack of leadership, short-term orientation and domestic considerations were all in the way of coming to a globally binding framework. In addition, established democratic practices are challenged by new technologies. Does the internet in fact contribute to the democratisation of societies, and which threats for individual privacy arise from today's technological world?

Discussions also focused on the relationship between democracy and Islam in general, and between 'Islam and the West' more particular. Participants debated the likely characteristics of emerging Islamic democracies and the role of outside intervention in this process. At the same time, talking about Islam and the West to them also meant talking about the relationship of minorities and majorities in Western democratic societies, involving questions of identity, power and participation on both sides. One answer to these was the rule of the "three Ls": Every citizen has to obey the law, speak the language and show loyalty with the host country.

When it comes to **development**, the rise of Asia was at the centre of many debates. Shining growth figures were contrasted with the social realities of these highly dynamic countries, where a rapid pace of development has caused socio-economic disparities and thus new kinds of challenges. In China, problems range from environmental concerns to pressures from possible social unrests to the increasing income disparity. Whether the current system would be able to deliver the necessary changes and whether it still had enough time to do so, was a question left open in the end. India too has a number of internal problems to overcome. One important point made was that it – like all other emerging countries – will not be able to follow the path of industrial development made by the Western countries in the past, simply because the Earth's resources are limited. This notwithstanding, old-new powerful countries like China and India are increasingly asked to take over responsibility at the global level, something that they have been fairly unwilling to do for fear of overburdening their internal growth.

Internal growth is also an important issue for the European Union, which may have overcome its long institutional debates with the Lisbon Treaty but only just survived the recent Euro crisis. Whether it will be able to play a lead role on the global political scene will also depend on whether it can keep up with the more dynamic regions in Asia and South America. Turkey, in contrast, has grown in economic importance and

conducts an increasingly assertive and independent foreign policy, driven by the desire to have 'zero problems' with neighbouring countries. A number of recent developments, however, have raised the question of whether the country is in effect shifting 'East'.

The development story looks brighter again when looking at Africa, where economic achievements and the growth perspectives of an emergent African middle class have completely changed the picture. This includes looking at aid from a market perspective, including new approaches to development such as social business models. In what some see as a "second scramble for resources", Africa's dynamism has attracted new donors and investors, including from India and China as well as Brazil and South Africa. Participants found that while the scramble as such may be similar to previous ones, there is now also a scramble for influence in the continent. To ensure that transparency trickles down to better accountability and contributes to sustainable development, hybrid governance coalitions such as the Extractive Industries Transparency Initiative (EITI) bring together companies and governments in resource-dependent countries.

At a different level, the viability of the western economic and financial model has been more and more criticised. Moreover, many commentators have highlighted the risk that the business community will go back to "business as usual" as the economy gradually recovers. To prevent this backlash, reforms to the predominant business model would need to incorporate the most pressing challenges the global community faces today. More precisely, international corporations have to ensure that their business model is compatible with an inclusive globalisation, takes into account energy, global warming and environmental aspects, addresses the increasing gap between the poorest and the richest, and finally fits into a multipolar world.

When it comes to **security**, one focus was on Asia's faultlines from Kabul to Korea. Participants discussed possible ways to accommodate diversity in Asia (e.g. distinct growth models, cultures, perceptions of statehood) and mutual understanding and interaction with the West. Referring specifically to the situation in Afghanistan and Pakistan, they agreed that there would be a long-term need for an international presence within Afghanistan to ensure stability within the region, including most of all neighbouring Pakistan. The Middle East conflict was another point of discussion, where participants identified several key dynamics that impact on the balance of power within the region, including economic drivers, demographic changes, availability and access to natural resources, and distribution of political power at the national level. Participants discussed in particular the evolving role of Turkey (a potential „bridging power" for the region) and Iran.

Beyond Iran's role in the Israeli-Palestinian conflict, the country's nuclear programme was an issue. Participants identified the West's recognition of Iran's right to the peaceful use of nuclear energy as one essential element of a potential solution to this dispute. This point led to further discussions of the future balance of power in the region as well as the prospects of approaching a broader framework of a Middle Eastern zone free of weapon of mass destruction. Going even one step further, the question of 'global zero' was raised. With a two-pronged approach, combining a system of safeguards against the spread of nuclear-weapon technology and material with a total dismantling of currently existing stocks of nuclear warheads, this might – just – be achievable, some felt. It certainly means that there is enough on the plate for a new generation to build a functioning system of global governance.

2 Session reports

2.1 Global Governance: Re-Inventing International Institutions

Speaker: *John G. Ruggie*, UN Special Representative for Business and Human Rights, New York

Rapporteur: *Oliver C. Delfin*, The Philippines

Session 1: Monday, August 16

The system of global governance is fairly advanced, but at the same time dangerously fragmented. Contemporary global rule of law in the international scene is impressive and robust. In the last 40 years, more than 125 international tribunals have been created in addition to the International Court of Justice (ICJ) and other quasi-judicial bodies. However, the lack of an integrated international legal system hampers the development of international law. This reality in international law and policy regimes is one of three fragmentations in modern global governance, which John Ruggie pointed out in his lecture. The two other fragmentations he identified are the shifts in the global balance of power and the internal fragmentation of states. The combination of the three poses challenges to the international order that require new solutions.

On the fragmentation of international law and policy regimes, Ruggie explained that each international tribunal is an autonomous entity with laws and procedures of its own. Thus, there exists no unified mechanism to reconcile each other's potentially contradictory decisions. This "extensive legalization" underlines the need for a "meta-hierarchy" to impose cohesion to reconcile contradictory rulings on a matter with different several related issues, Ruggie stressed. He added that due to the lack of an international Supreme Court, this fragmentation is here to stay.

Ruggie further explained that there are two reasons for this fragmentation in international law: legal specialization for efficiency purposes on the one hand, and a deliberate political strategy of powerful states aiming to preserve their dominant position towards weaker states through costly transaction processes on the other. Ruggie lamented the lack of mechanism to reconcile different concerns in different areas of international law like human rights, trade law, maritime law, and conflicts of laws, among others. If a case for example is filed with the World Trade Organisation (WTO), it is only considered a trade law conflict, while a, say, environmental court would judge the same matter in different ways.

Because giving the ICJ authority to decide contentious cases the way domestic courts decide is a far-fetched idea, Ruggie suggested that the UN initiate and implement reforms in the international law arena. The lack of a coherent international legal regime is a consequence, not a cause of the present system. Ruggie said that horizontal rather than hierarchical approach is needed where the respective networks of UN member states provide answers and suggestions to the General Assembly after consultations and risk-calculations with its government agencies.

On the second fragmentation, the shifts in the global balance of power, Ruggie deplored the lack of a shared vision of the world, analogous to that of the Congress of Vienna. Instead, there are diverse and competing interests. Disaggregation might

be a way to solve this problem: "We need to figure out how to realign domestic concerns, then reach a consensus among nations," he said, adding that institutional solutions like those of the Group of Twenty (G20) have so far been effective. With regard to international intervention, Ruggie asked for modesty on the part of external actors. Their records have not been exemplary, and the results of interventions have been mixed. Development assistance conception and delivery often reinforce fragmentation, Ruggie warned, as pet priorities do not add up to a holistic response to a given problem.

Lastly, concerning the third area of fragmentation, Ruggie highlighted the increasing number of failed or failing states, mostly in Asia and Africa. These have become "havens for the dark side of globalization." Part of the solution is the enhancement of the role of regional organizations, depending on the type of organization. Ruggie cited the case of ASEAN that espouses a bottoms-up approach rather than a hierarchical political setup.

2.2 Democracy is politics in its best constitution

Speaker: *Volker Gerhardt*, Professor of Political Philosophy, Humboldt University, Berlin

Rapporteur: *Irene Soler*, Argentina

Session 2: Monday, August 16

The Summer School's second session touched upon the imperfections and contradictions of democracy, its principles and prospects in global world. Participants discussed the future of democracy, its ability to promote development or foster underdevelopment, and the relation of democracy and global governance.

"Democracy is the worst form of government, except for all those other forms that have been tried" – Winston Churchill's statement stood at the beginning of Volker Gerhardt's exposition. With it, Churchill puts the imperfection of democracy right up front. Democracy refers to government for and by the people. It thus assumes a unity of the people that this kind of constitution must both create and constantly maintain. Contradiction, he continued, is a necessary element of democracy. If we consider the insufficiency of all human institutions, we will always find sufficient reason to complain about something. Still, a better form of political organization and government has simply not been found.

Volker Gerhardt then turned Churchill's quip into his own quote, claiming that democracy is politics in its best constitution. There are recent political developments such as the financial crisis and the new lure of autocratic systems such as China's, in light of which we could be more forthright in the defence of democracy.

The four basic principles of democracy are participation, representation, constitution and public sphere. Participation is the grounding principle of politics and is not limited to democracy. There is no political community in which one person can do everything alone. Even in a dictatorship, it is not possible to constantly hold under surveillance those who participate in the state's organization. Instead, the dictator has to grant them some freedoms in their perception and judgement. But liberty cannot be obtained without equality. The political order requires participation of all those whom

it promises protection in exchange for obedience. In this sense participation is the fundamental condition of politics.

Representation is implicit in the idea of a unified and coherent political body. Indeed politics as a whole is an expression of a social division of labour, which thrives upon the concept of a mutual representation of individuals. So the political activity of a community depends upon a plurality of intellectual and institutional representations. Politics only occurs through the mediation of (appointed or elected) representatives. This principle determines politics in all its forms, and reaches perfection in a democracy. For only here the power of representatives is derived from the whole of a community. Only in a democracy, a citizen can lay claim to a legitimate right to being a representative of his state.

All politics require legal rules, so constitution is another essential element of democracy. Politics always involves rights and a struggle for what is right. In a democracy, this struggle can be pursued on the basis of previously agreed rights. It is thus the rule of law, which forms the basis of the democratic struggle.

The public sphere is the fourth principle of politics and historically anterior to politics itself. It extends far beyond the power sector of political rule. In parliament as well as in public debates, democracy makes the public sphere its own sphere of life. This entire system is surrounded by the critical publicity of the media. Democracy is the only form of government that requires the public sphere not only for maintaining power, but also for the organization of its own procedures. The public thus provides a basic form of participation, the largest score of representation, and the best way to secure the constitutional rights of the people. In an open sphere of public opinion, democracy can be estimated the best political constitution.

Based on this presentation of the fundamental principles of democracy, participants discussed different aspects of how it works in practice. One such factor is efficiency. Some participants affirmed that democracy is based upon the belief that it can be implemented in the near-term. In other words, democracy would not persist in the first place if it were inefficient. If the strongest test of democracy is peaceful transition, then an emerging democracy as Nigeria can be said to be doing well.

A second issue is how democracy impacts on the economic development of a country. Has democracy been able to promote development or did it foster underdevelopment in Africa, some participants asked. One urgent question in this context is the need to ensure that democracy promotes real participation of citizen vis-à-vis a tiny predatory and parasitic elite. This is a major task of democracy particularly in countries where poverty and infrastructural challenges still hold citizen under siege.

Finally, the discussion highlighted the potential contradictions between liberalism and democracy. One participant raised the point of how viable democracy could be in non-Western regions or countries. For Gerhardt, democracy needs time, practice, support, cooperation, and consideration of a country's history and culture. But to him the future of all countries lies in democracy.

2.3 Asia's Rise – The West's Decline?

Speakers: *Ronnie C. Chan*, Chairman, Hang Lung Properties Ltd., Hong Kong

Isabel N. Hilton, CEO, Chinadialogue.net, London

Sunil Khilnani, Starr Foundation Professor and Director of South Asia Studies, Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, Washington DC

Rapporteur: *Calvin D. Levo*, United States

Session 3: Tuesday, August 17 (Panel discussion)

The economic rise of China and India is one of the defining twenty-first century phenomena. Through economic growth, citizens of the two most populous countries are rising out of poverty to more affluent levels. However, below the surface, these countries are rife with internal issues, which may negatively impact their ascension amongst the world's political elite. Consequently, the social realities of these highly dynamic countries breed scepticism over their ability to assume the title of world leader.

Ronnie Chan, who is also an advisor to the China Development Research Foundation of China's State Council, is disbelieving of Asia's rise. Previously touted for the rise of Asia, the Japanese are viewed as the odd man, as they failed to take responsibility for crimes committed during World War II. Subsequently, China and India have managed to rise economically to a point where their actions are highly scrutinized around the world. Despite substantial financial gains from exports, Mr Chan believes that the extraordinarily high quantities of Chinese exports are devoid of quality. Nevertheless, this is a main source of their economic prowess. According to Chan, the self-centred, dysfunctional, and malaise U.S. government is unsure of China's intentions, thus leading to the decline of the west. He also believes that the world would be better if the U.S. and China better understood one another.

Isabel Hilton, a London based international journalist, views Asia as a complex geography with varied interests. Providing one-fifth of the world's population, China is a large country with a lot of people. As she explained, China and India are unable to live like the west because there simply aren't enough natural resources for these highly resource-dependent nations. To secure the necessary resources, China is heavily investing in other nations throughout Asia, Africa, and Latin America.

While growth is evident today, a high rate of sustainable growth isn't possible. The average annual income per capita within China is approximately $3,600. An increase to $11,000 would require an enormous increase in resources. According to Ms Hilton, China suffers from an uneven distribution of wealth, internal social inequalities, an aging population, and endemic corruption. Furthermore, China has experienced a benign diplomatic rise, partly due to their reluctance to assume a greater role on the international stage. China has also been reluctant to engage internationally until recently. Without radical political reform, China is destined to be just another poor country.

On par with Ms Hilton's thinking, Sunil Khilnani argued that the inability of the planet to sustain new powers stems from resource requirements. Nevertheless, India's young population, the youngest in the world, is on a sustainable growth trajectory,

with savings and investment at around thirty-five percent. Still, internally, the reality for a significant amount of India's citizens is poverty. However, as a functional democratic state, the poor are able to articulate their wishes through the voting process.

As India ascends as one of the world's next superpowers, challenges are prevalent - one being security. Geographically located within an arc of instability, India's neighbourhood is highly dangerous provided their proximity to Afghanistan, Pakistan, and Burma. Pakistan is highly vulnerable, producing the deepest short to medium term stress on India's success. Regionally, there is no space for harmonization.

In conclusion, survival of a nation is number one. While some may view the rise of China and India as a gain for the east, the definition of decline for the west is illusive. The trade growth of both China and India represent different models, which must be viewed holistic. In the absence of thoroughly reviewing issues prevalent to a nation, one may fall prey to premature assumptions.

2.4 East is East, and West is West: Where does Japan belong? Japan's role in the multipolar world order

Speaker: *H.E. Takahiro Shinyo*, Ambassador of Japan to Germany, Berlin

Rapporteur: *Morten Fischer*, Germany

Session 4:   Tuesday, August 17

Ambassador Shinyo presented two main themes. He argued that the increasing multipolarization in the world still allows for successful and close relationships between otherwise competing nations. For him, multipolarity in itself is not an automatism for instability. Secondly, he argued that Japan's role is to drive multipolar relationship building in Asia. His country should aim to achieve an entente with China while at the same time maintaining its U.S. alliance so as to safeguard broader East Asian security.

Ambassador Shinyo introduced the topic by quoting Rudyard Kipling's ballad of East and West. The notion of a shift from unipolarity to multipolarity in the world is linked to the ballad's beginning „Oh, East is East, and West is West, and never the twain shall meet". On the other hand, multipolarization need not be an automatism for instability, which in the ballad is linked to subsequent lines „But there is neither East nor West, border, nor breed, nor birth, when two strong men stand face to face ...". Essentially, Japan is faced with the challenges of declining relative economic power in Asia (especially vis-à-vis China), as well as with broader security concerns given that different actors in a multipolar community seek to position themselves.

Many indicators and drivers of multipolarization are notable. Emerging countries are growing in terms of population and wealth accumulation. New informal and formal country groupings have been established, such as BRIC or ASEAN, respectively. In addition, the decline of ideology-based international policy and the shift to nationalism and regionalism make sound multipolar agreements and solutions more necessary and broad strategic alliances less feasible. Nonetheless, stable and close

international relations via agreements and ententes are possible, even in the absence of formal alliances.

The key question then remains where Japan belongs in the multipolar context. While it was arguably the sole Westernized country in Asia since World War II and one of the largest financial contributors to the UN, it faces economic stagnation as well as security concerns due to military build-ups in China and North Korea. Japan's response is twofold: A quest for an East Asian community of states concept combined with a continued U.S. military presence. The latter in particular shall form the basis for managing Japanese-Chinese-American triangular relations as well as East Asian security at large. Bilateral ententes with China or South Korea further support stability. In addition, Japan pursues ongoing cooperation with the EU in topics such as climate change and promoting the spread of democracy, market economy, human rights and the rule of law.

What is the outlook for East-West relations? The growing strength in Asia, especially in China, will continue to drive a power shift from West to East. In addition, the emerging countries from the "New South" will gain influence in the North. In the end, the West will remain politically and economically strong, while the East will show faster growth and gain in relative importance. The resulting position of Japan in a multipolar setting increases the success chances of regional vs. global solutions, but it also makes the art of negotiating and brokering such solutions critical. In essence, the Ambassador concluded, the core to multilateralism is compromise, where delicately shown self-interest merges with the expectations of counterparties in order to achieve Japan's continued economic prosperity as well as its desired security status.

2.5 India's Demographic, Environmental and Social Challenges

Moderator: *Sunil Khilnani*, Starr Foundation Professor and Director of South Asia Studies, Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, Washington DC

Rapporteur: *Sergey Fadeev*, Russia

Session 5: Tuesday, August 17 (Working Group I)

In recent years India has achieved impressive results both in economic and social spheres. Testimony to this is an average annual 8% GDP growth, actively developing some of the cutting edge industries, and further progress in such areas as literacy of its population, rights of previously suppressed groups and transparency of governance. India is commonly considered a democratic state with the youngest society in the world. 70% of its population is below 35 years of age, and generally harbours admirable hopes and expectations for the development and success of their country. However, this rapid pace of development has expectedly caused certain disparities and new kinds of challenges, which became the topic of this session.

Most of the social problems faced by the Indians today stem from the difference between demographic growth and the structure of the population on the one hand, and the ability of the economy to expand and absorb the supply of the workforce,

especially at the entry level on the other. This is exacerbated by the structure of the economic growth, which follows the pattern of so-called 'precarious development'. This means that priority is given to such businesses as IT, skipping agriculture and heavy industry characterized by high employment capacity and lower qualification requirements. For example, the IT industry due to which India is becoming more and more prominent on the global level provides employment only for 1% of the population. This results in the fast growth of 'black' economy providing low social security and shrinking the tax base. However, the Indian government is in need of money to spend on social development, which despite some improvements still leaves much to be desired.

The differences in quality of life from region to region and from city to rural areas are tremendous. As a result, migration flows within the country are directed towards the cities. There, they feed the army of the socially disadvantaged, the homeless, and the residents of the shantytowns. Growth of the cities is not matched by an increasing quality of life there, leaving India behind its neighbours in such areas as water supply (the city dwellers of Delhi have only 2 hours of water supply a day). Hence the development of infrastructure, most importantly the rail network, could become a major step in gradually levelling the differences between India's various regions. This could also become an excellent field of cooperation with the Western countries such as Germany, France, Russia and others possessing the relevant technologies. Participants had to conclude, however, that until today the government of India has not come forward with any integral strategy in this regard. It was also observed that the present experience of development gained by some regions could be applied much more effectively in less developed areas.

On the bright side, India has achieved very significant progress in the development of democracy. It has passed important legislation concerning the access to public documents, making a serious step in fighting the still rampant corruption. Moreover, India has the largest proportion of women in its legislation bodies and the former caste of the 'untouchables' is now protected by law. Participants pointed out that the education of women, microfinancing, and support schemes employed in India were generally very fruitful for the social development achieved so far. The government also made an important step in raising the standards of payment by assigning a kind of monetary assistance for the unemployed. The latter is not high in itself, but had an immediate effect on the levels of salaries paid by employers both in the spheres of the 'white' and 'black' economy.

Participants concluded this survey of challenges India faces by acknowledging that the biggest challenge is still to come. It is the fact that India will not be able to follow the path of industrial development made by the Western countries in the past when the resources were regarded as unlimited. This means that India does not have a model to follow. Its government and people will have to demonstrate strong ingenuity and ability to cooperate effectively like never before. However, some of the initial components needed to succeed in this are already in place.

2.6   China's Demographic, Environmental and Social Challenges

Moderator: *Isabel Hilton*, CEO, Chinadialogue.net

Rapporteur: *Janaina Borges*, Brazil

Session 5:   Tuesday, August 17 (Working Group II)

This working group looked at the challenges facing China on its current development path and possible solutions for them. Problems range from environmental concerns to pressures from possible social unrests to the rising income disparity. Reform was pointed out as a main driver to address these current and future problems, as it has produced results in the past in a number of areas. Other solutions could come from changes in the political system, the country's growing participation in international fora, and the right technological tools for greener growth. Two critical questions remained unanswered in the end: Can the current system deliver these changes? Is there enough time?

The kick-off presentations from two participants highlighted past achievements of economic reform, current challenges and possible responses from the Chinese perspective. China is now the third (or second, depending on the measure) biggest world economy and the world's largest exporter. In the past three decades it changed from a centrally planned, closed economy to a more market-oriented and open economy. But it now faces a series of challenges to its development model: first, a growing income gap as some parts of the population – particularly the rural ones – benefit less from the integration into the global economy. The income gap among different regions is also growing, as the export economy has so far privileged the Eastern coast.

A second challenge for China comes from the size of the government: It is a big player in the economy, restricting the space for the private sector. Inefficient use of resources is at the heart of China's environmental challenges, and it is connected to wider concerns of global climate change. Lastly, a range of demographic pressures adds stress to the system. In particular, China is an aging economy before having reached its full developing potential: "Aging before getting rich is more challenging than aging while being rich", one of the speakers pointedly remarked. Reform – gradual and in different sectors – has helped to overcome challenges in the past, and is now also seen as the path to solve the current difficulties.

Other participants added other problems that, while mostly seem from the outside, could also have an impact on the current development path: environmental questions (such as lax enforcement of regulations that are already in place) and water scarcity; risk of social unrest; a sense of growing corruption; other demographic issues such as the gender imbalance caused by the "one-child policy"; and the lack of public participation and democracy. One participant added the export-oriented economy and an undervalued currency as causes for global imbalances that played a role in the last economic crisis.

In some aspects, the group recognized that China is finding responses for some challenges: for instance, the auto industry is investing in electric cars with a view to reduce consumption. Recent measures towards better efficiency in the use of raw materials have also proved to be efficient, as the media increases its coverage of

environmental chocks. But for the bigger picture as well as for the large-scale challenges, it is difficult to enumerate what the next steps could be. Part of the answer could come from giving people the right to decide. Yet a radical change in the political system is not foreseen in the short-to-medium term. In any case, solutions to internal problems need to have Chinese ownership.

The group concluded that further impulses coming from reform are possible, as the government and increasingly the population are aware of many these challenges. Therefore reform from the inside, following the path of the last three decades, can still deliver. China's growing participation in international decision-making bodies such as the G-20 as well as in climate and trade negotiations, is also beneficial as it brings China to the realm of global responsibilities. But reform is slow, and the solutions are not likely to come at the speed that the world community expects. It is not clear whether the current central, one-party regime could deliver them. It is not clear either whether there is time for the current reform pace to tackle these challenges, particularly those with a clear worldwide impact.

2.7   Asia's Stress Lines and Fault Lines: From Kabul to Korea

Moderator: *Ronnie C. Chan*, Chairman, Hang Lung Properties Ltd., Hong Kong

Rapporteur: *Oana Popescu*, Romania

Session 5:   Tuesday, August 17 (Working Group III)

The session dealt with fault lines across the Asian continent. Working group participants weighed the prospects of whether those will increase instability in the entire region, or whether efforts to resolve them constructively could foster cooperation among regional actors (especially China and India) and even with the West. The main problems initially identified were ongoing conflicts and rivalries, food security, climate change, underlying poverty, and nuclear build-up. The debate then moved primarily in the direction of possible ways to accommodate diversity in Asia (e.g. distinct growth models, cultures, perceptions of statehood) and mutual understanding and interaction with the West.

The discussion kicked off with a look at conflict-ridden South-West Asia (Afghanistan, Pakistan, Iran, and Iraq) focusing first of all on Western presence as a stabilising or rather a destabilising factor. Participants reviewed regional specificities that might make Western objectives in the region unrealistic and the American/European intervention inefficient: Iraq was not ready to grasp democracy when the US started to hand over control of state authority; Afghanistan is a tribal structure that is not perceived as a nation-state by its own people so failure is inevitable, whether American troops withdraw soon or not. The best future in sight for Afghanistan, Ted Sommer proposed, is "a light Taleban regime that does not harbour international terrorism" – if such is at all possible. Western motives for intervention were also questioned – some suspected control over resources as a likelier motivation than meeting the aspirations of the local population.

Participants' remarks revolved around the question of whether it is democracy or rather stability that can and should be primarily achieved in Asia. Furthermore, they

asked whether the very notions of democracy and rule of law should receive a definition more suitable to the respective cultures. Also, more clarity is needed in defining victory in war and success in state-building to allow for an adjustment of means to ends: Is it really democracy-building that can be hoped for, or simply, like in Afghanistan, to stop the spread of international terrorism?.

Other sources of tension identified were fragmentation and competition among relevant players due to border disputes as well as potential internal disintegration. Such is the case of India feeling threatened by China and Pakistan, or China not ready to make any concessions on Taiwan. Many of these actors are still in the early phases of defining their role and vision on the world stage after a long inward-looking period. They can behave inconsistently, and technological progress (together with the speed of their economic growth) aggravates this unpredictability. Besides, such emerging powers do not have at their disposal the same amount of resources that the West was able to make use of when it developed. Hence a hostile attitude of the Asian BRICs to Western demands regarding tackling climate change and other global challenges. To this, Ronnie C. Chan added the perception that China, a constantly peaceful international actor, was humiliated by the West and now is being asked to cede even more on issues of high importance for it. On a positive note though, economic progress is in itself a stabilising factor.

The group concluded the West should look more at how regional actors understand their disputes instead of trying to impose its own solutions. One such case is that of North Korea, which China prefers to approach "the Asian way" (in Ronnie Chan's words), by making friends with the enemy rather than through sanctions.

When looking at regional factors of stability, mixed feelings towards the U.S. (military) presence in the area remain. Evidence indicates that all countries have a strong interest in stability, though they are inconsistent in how they undertake that mission. Conversely, such efforts are hampered by internal instability. These may stem from a combination of internal strife in a democratic system, fuelled by a very young population but not enough jobs (such as in the case of India). Also the processes of democratisation of the Asian Tigers are beginning to cause cracks in internal stability.

As far as the role of regional organisations goes, ASEAN is looking towards the EU structure as an example. However, huge disparities among member states and a lack of willingness to pool sovereignty make it impossible to copy the European model for now. To this we need to add the ambivalent context created by the existence of nuclear weapons in the region: a Cold War-style deterrent factor but also a dangerous source of proliferation should they fall in the hands of terrorist organisations.

2.8   The Middle East: Cockpits of Conflict

Speaker: *Vali R. Nasr*, Professor of International Politics, The Fletcher School of Law and Diplomacy, Tufts University, Medford MA

Rapporteur: *Rebecca Jovin*, United States

Session 6:   Wednesday, August 18

The discussion focused on emerging trends across the Middle East region and their implications for the proliferation of conflict. Several key dynamics were identified as impacting the balance of power and the strategic landscape within the region, including economic drivers, demographic changes, availability and access to natural resources, and distribution of political power at the national level. Participants discussed in particular the evolving role of Turkey and Iran, as well as external actors such as the United States and the European Union, in the Middle East.

The session exposed a set of complex, interconnected dynamics that promise to shape power relationships and conflict in the Middle East region for the foreseeable future. It was suggested that the Arab states have been losing their predominant role in the region in recent years and that new actors have emerged as critical players in both the proliferation and management of regional conflict. Participants discussed the specific role of these new actors – Turkey and Iran in particular – in shaping the future trajectory of peace and security in the region. There was broad agreement that the Israeli-Palestinian conflict and the question of a nuclear Iran would remain significant challenges for the Middle East and broader international community going forward, while developments in other parts of the region such as Iraq, Afghanistan, and Somalia received only limited attention during the course of the discussion.

The speaker argued that this shift in the balance of power and proliferation of conflict within the Middle East could be linked to several key phenomena. First, with a few limited exceptions, the region's economy has remained largely outside the global market and has seen little growth. This economic weakness is being exacerbated in many Arab states by a second key factor, namely that of demographic pressure. Income generation opportunities remain limited while the percentage of youth in these same countries is steadily rising. As a result, a functioning middle class has been largely unable to emerge within these societies.

A third factor contributing to the conflict and the increasing marginalization of Arab states within the Middle East is growing threat of conflict over – often scarce – resources, in particular water. Though it was noted that resource competition might not be the singular source of conflict in many cases, this threat remains real, as does the potential for political as well as economic reverberations as a result of natural disasters.

Fourth and finally, it was suggested that challenges with respect to the internal distribution of power within several Middle Eastern countries such as Iraq and Lebanon have inhibited political cohesion and risk provoking a correction of existing imbalances by violent means. It was noted that non-state actors are playing an increasing role in much of the Middle East and that a growing number of conflicts around failed or failing states is therefore not being dictated in traditional military terms.

Participants questioned what these dynamics might imply for the prospects for peace in the region and for the role of external power brokers. Much of the discussion focused on what could be expected of Turkey and Iran as important regional players going forward. An overall role of Turkey as a "bridging power" between the west and the Middle East appeared to be accepted by the group. It was noted that Turkey's political and economic trajectory remains an anomaly within the region to date, but that its gradual opening through economic reform and bolstering of the middle class rather than through democratic elections (alone) could be instructive. An open question remains to what extent the United States – and to a lesser degree Europe – can be swayed by Turkey to adopt a less rigid position on the Israeli-Palestinian conflict.

It was underlined that the western powers would be well served in recognizing the rise of both Turkey and Iran and to reassess their long-standing focus on the Arab states as the lynchpin to addressing conflict in the region. Iran's quest for regional leadership – including through nuclear capability – and its critical geostrategic location in the midst of some of the region's most tumultuous conflicts render it an undeniable player in the future of the Middle East. Participants concurred that a single solution to the vast and varied challenges faced in the Middle East would appear to be unrealistic, but that approaches would need to be identified that could address the myriad of inter-related issues in a way to reduce the threat to regional stability. It was stressed that a narrowing of the western agenda in the Middle East to military engagement alone would likely prove counterproductive; instead, equilibrium between diplomatic, economic, and military avenues would need to be sought.

2.9   Prospects of Peace, Security and Nuclear Non- Proliferation

Speakers: *Christoph Bertram*, former Director, German Institute for International and Security Affairs, Berlin
Emily Landau, Senior Research Associate, Institute for National Security Studies, Tel Aviv
Vali R. Nasr, Professor of International Politics, The Fletcher School of Law and Diplomacy, Tufts University, Medford MA

Rapporteur: *Steffen Behm*, Germany

Session 7:   Wednesday, August 17 (Panel discussion)

Starting from a short outline of the geostrategic realities in the broader Middle Eastern and North African (MENA) region, the panel session focused on the issue of Iran's nuclear program and its implications for the future balance of power in the region. In view of numerous conflicts and the strong military presence of the United States and its allies in the region, the genuine security interests of Iran, the Gulf States, Israel and Egypt have been highlighted. Non-proliferation of nuclear weapons, strategies of containment and deterrence, the possibility of striking a grand political deal between Iran and the U.S., as well as the prospects of approaching a broader framework of a Middle Eastern zone free of weapon of mass destruction (WMD Free Zone) have been assessed.

At the outset, the panellists presented some insights into the current state of Iran's nuclear program as well as that of the international sanctions imposed. On the one

hand it was stated that the U.S. and Europe have agreed upon substantial new sanctions going far beyond what the UN Security Council declared in its latest resolution. On the other hand – and in reference to the unilateral American sanctions having been in place for more than 30 years – the effectiveness of economic sanctions to initiate policy change was questioned by some in the audience.

It was outlined that military deterrence is not an appropriate tool to influence domestic policies of a country, e.g. trying to prevent Iran from developing nuclear weapons. Instead, it is rather suitable to influence a country's foreign policy, e.g. preventing to attack other countries. Furthermore the panel discussed possible repercussions that the international non-proliferation regime would face if Iran were to obtain nuclear weapons. A scenario of a nuclear arms race in the Middle East, with Saudi-Arabia, Egypt and Turkey being potentially interested in catching up, was sketched. Although the likelihood of such a scenario was assessed differently, all panellists agreed upon the fact that this would put in doubt the very future of the Non-Proliferation Treaty (NPT), regarded as a successful tool to contain the spread of nuclear weapons since it was signed in 1968.

Hence the focus of the discussion turned to the issue of a regional security framework for the Middle East. Participants picked up the idea of a WMD Free Zone in the Middle East. Although it was acknowledged that such a zone is in the long-term interest of every country in the region, it remained unclear to what extend individual actors would commit themselves in the short term and what the first steps would have to be in order to enter a process of serious negotiations.

2.10 Improving Arab-Israeli Relations: Toward Peace and Security

Moderator: *Emily Landau*, Senior Research Associate, Institute for National Security Studies, Tel Aviv

Rapporteur: *Megan Rooney*, United States

Session 8: Wednesday, August 17 (Working group I)

The discussion focused on relations between Arab states and Israel, with a particular focus on the Israeli-Palestinian conflict. Several critical aspects of that conflict were discussed, including the importance of leadership, the question of engaging Hamas, the role of the United States, and the challenge of building institutions and stoking economic growth in the Palestinian territories against a backdrop of destruction. A number of participants shared their experiences with organizations that foster peace by encouraging people-to-people exchanges, often with strong results.

After the morning keynote address and panel discussion covering a range of issues and trends related to short- and long-term security in the Middle East region, this working group focused on a key feature of that larger landscape: relations between Israel and Arab states. The conversation quickly narrowed even further to the Israeli-Palestinian conflict, which looms large in the region. It shapes Israel's relations with each of its neighbours and often serves as a barometer for broader progress toward security and prosperity.

The group ran through a brief history of the conflict, while acknowledging that the basic facts of that history are themselves subject to fierce debate. Together, the participants enumerated the main objectives of each side and gauged the likelihood of direct peace talks in the near future. (Their by and large optimistic position was proven right just a few days later when the United States announced that Israeli and Palestinians leaders would resume direct talks in Washington without pre-conditions.)

The discussion then turned to solutions—gestures and actions by all the players that could help dislodge the conflict and move everyone closer to peace and stability. This brainstorming brought the enormity of the challenge more fully into view. Many key features of this conflict reflect entrenched differences and limited room to manoeuvre. One participant suggested that Palestinians increase their investments in their future by building institutions and developing their economy. But another participant pointed out that the desire to build is blunted when people believe that anything they build would be destroyed.

Another issue was the importance of leadership. Israel's peaceful relations with Egypt and Jordan are attributed in part to the willingness of Anwar Sadat and King Hussein to reach out in peace to Israel, even though those gestures were politically risky. It was not clear whether today's leaders would ever be so brave. The leadership problem also led to the question of engaging Hamas. Their political power is undeniable and some doubt that a peace process that does not include them has any hope of succeeding—but for many, their extreme tactics and mission make engagement impossible. In addition, participants discussed the role of the United States. On the one hand, the neutrality of the U.S. is widely questioned and in some quarters entirely discredited. But no other nation has the power to bring the parties together and compel a resolution.

Some participants suggested somewhat radical ideas for peace: for example, imposing a solution on the parties that the international community enforces. Others focused on smaller steps that could sow the seeds of progress, such as youth exchanges, interreligious dialogue, and partnerships between universities, businesses, and NGOs. Many participants had personal experience with successful programs and shared lessons learned.

The conversation exposed the complex dynamics that influence the current situation in the Middle East and are sure to shape the future. It conveyed both the apparent intractability of the conflict and the broad, creative efforts underway by many people in many places to build peace—a hopeful note to end on.

2.11 The conflict over Iran's nuclear programme

Moderator: *Vali R. Nasr*, Professor of International Politics, The Fletcher School of Law and Diplomacy, Tufts University, Medford MA

Rapporteur: *Sandeep Chakravorty*, India

Session 8: Wednesday, August 17 (Working Group II)

The Working Group session took a close look at the Iranian nuclear programme. Participants discussed the various international initiatives aimed at halting uranium enrichment in the country, including the sanctions imposed by the UN Security Council. Two elements of a potential solution of this

dispute were seen as essential: That the West would, ultimately, have to recognise Iran's right to the peaceful use of nuclear energy, and that an eventual deal would have to involve a broad set of issues beyond the nuclear dispute.

Iran commenced enrichment of uranium in secret facilities without seeking approval from the International Atomic Energy Agency (IAEA) in contravention of its commitment under the Non-proliferation Treaty (NPT). Although Iran has denied its quest for a nuclear weapon, it has always reneged on its commitment to the international community for transparency. There are now a number of resolutions of the UN Security Council requiring Iran to cease the enrichment of uranium. In 2009, the countries negotiating on behalf of the international community (the United States, Russia, and China plus the United Kingdom, France and Germany – the E3+3) hammered out a deal under which Iran would exchange part of its enriched-uranium stockpile for nuclear fuel to power the Tehran Research Reactor.

However, Iran quickly backtracked on the deal. The issue is perceived a classic hard power game with Iran linking its right to enrichment to its prestige and national power. Some even believe that Iran's nuclear programme is a mask over its missile programme. It appears that Iran is buying time for a deal with the UN hoping that it could work its nuclear accomplishments into such a deal just as North Korea did. The fact that Pakistan as a nuclear proliferator has got unpunished might have emboldened Iran. However, the latest sanctions are expected to have an effect on Iran as now all countries are on board and Iran is left with little diplomatic space. The so-called dual-track approach of sanctions and negotiations might just do the trick and force Iran to come clean on its nuclear programme.

In fact, there is no easy point of entry for the West, also for fear of alienating Iran's democratic forces. But the West cannot afford inaction either. This would sound the death-knell for the NPT. One idea put forward in the discussion was that – just as the G-20 got together to resolve the world financial crisis – a similar approach could be used for the resolution of the nuclear issue. Others felt that with Brazil and Turkey being caught in a diplomatic trap by Iran, involving new actors would complicate matters. It would be better to engage in discreet negotiations. As far as the negotiating tactics are concerned, some felt it was counter-productive for the West to insist that Iran wants a weapon. Rather, the approach should be to investigate how the UN could grant Iran the right to enrichment for peaceful purposes that it claims.

The outline of a solution could be to focus not only on the nuclear issue but bring other issues on the table such as Afghanistan or narco-trafficking. This would bring more balls into play. The West should involve more stakeholders and see relations beyond the nuclear issue. Although a grand strategic bargain currently is out of question given the political realities in Washington, a single-issue deal is also not feasible given that Iran has too much at stake. A mid-way deal with more elements than just the nuclear issue could be the way out.

2.12 Democratization in the Middle East?

Moderator: *Christoph Bertram*, former Director, German Institute for International and Security Affairs, Berlin

Rapporteur: *Richard Szostak*, United Kingdom and Poland

Session 8: Wednesday, August 17 (Working Group III)

The Working Group discussed both the preconditions for and the potential outcome of democratisation efforts in the Middle East. Participants came up with conclusions on the relationship between democracy and Islam in general, on the factors required to spread democracy, on the likely characteristics of emerging Islamic democracies, and on the role of outside intervention in this process.

1. The group considered that there is no contradiction between democracy and Islam. There is a tension between the two when extreme Islamic movements refuse to accept the dominance of secular values over Islamic values and law. This difficulty is further complicated by the competition between different strands of Islam.

2. There is no formula that leads to the spread of democracy. However if the hope is for democracy to spread in the Middle East then certain factors are likely to contribute to such a process:

• Stability is a contributing factor, a platform on the basis of which democracy can grow. Radical Islamic movements have emerged following political failures and in failed states (Iraq, Afghanistan);

• Representation: a gradual broadening of political power in states to become less reliant on a single Head of State and more reliant on individuals or groups with legitimacy (Egypt, Syria, Saudi Arabia);

• Participation: economic growth gives young populations occupational alternatives to membership of radical groups (Gaza). Access to education and an equal rights to education for men and women may build the capacity of the population for political participation (Iran);

• Publicity: broad political debate on the internet (Egypt) and pan-regional news stations promote an exchange of ideas (Al Jazeera in Qatar);

• The rule of law: the fight against corruption and increased capacity and independence of the judiciary increase legitimacy of the State and decrease the attraction of non-State actors.

3. Democracies in the Middle East will not be copies of Western democracies. This should be accepted and welcomed. Characteristics of emerging democracies may include:

• Divisions of power based on ethnic and religious grounds written into national constitutions (Lebanon);

• Political parties are likely to have strong religious affiliations (Iraq);

• Interpretations of Human Rights are likely to be different (Economic and social rights in particular);

• Most importantly, decision-making is likely to rest on traditional modes of governance (Afghanistan).

4. Any role to be played by foreign interests should be based on the principles of sensitivity to local processes and intervention with a light touch. In particular:

• More effort and resources should be allocated to speaking to local leaders, understanding their concerns and explaining how those concerns can be reconciled and possibly furthered by democracy (Afghanistan);

• Human Rights issues should be raised with more sensitivity (C. Rice in Egypt). The issues chosen should be those that are likely to resonate with local populations;

• Election results should be accepted (Gaza, Algeria). Only in exceptional situations should the results be denounced. Such situations may include situations where the intention of an elected party is to destroy the State's constitutional order or to promote violence within the State.

2.13 Afghanistan and Pakistan: Prospects for Security and Stability

Speakers: *Kai Eide*, former UN Special Representative to Afghanistan and Head of the UN Assistance Mission in Afghanistan, Kabul
Alastair King-Smith, Deputy Political Counsellor, British High Commission in Pakistan, Islamabad
Egon Ramms, Commander, Allied Joint Force Command, Brunssum

Rapporteur: *Jennifer Phelps*, United States

Session 9: Thursday, August 19 (Panel discussion)

The panel with Kai Eide, Alastair King-Smith, and General Egon Ramms discussed the prospects for stability and security within Afghanistan and Pakistan. Though numerous techniques were raised, all panel members ultimately agreed that there would be a long-term need for international presence within Afghanistan to ensure stability within the region, including most of all neighbouring Pakistan.

Kai Eide began the discussion focusing on six key entities that are needed to achieve in Afghanistan. Afghanistan must first have a political elite that feels responsibility for Afghanistan. This is difficult in a country that is based on tribes; however, it is essential for the political elite to feel responsible for Afghanistan as a whole and not just their particular tribe. Second, the Afghan government must be able to deliver security. Security by the government is essential, but the Afghan military and police still need to be fully developed in size and training in order to take over this mission. Third, development programs need to be prioritized based on the needs of the country and not any particular non-governmental aid organization. There is an established plan for the building of civilian institutions and infrastructure, but it is not being followed. Instead donors are focusing on their national priorities.

Fourth, there needs to be a long-term international military and civilian presence in Afghanistan. Setting any type of timeline is a mistake because it breeds unease in

the Afghan government and people and fuels the insurgency by making them more resilient knowing that the international community will leave. Fifth, it is imperative that there be a cooperative neighbourhood within the region, to include Iran and Pakistan. Lastly, the political process in Afghanistan needs to include elements of the insurgency though this element continues to grow further and further away. With the current military offensive and the stated June 2011 withdrawal date, the insurgency has been hardened, and Mr. Eide sees little possibility of the insurgents wanting to join the political process. Ultimately, Mr. Eide concluded that he is unsure if the possibilities of success are too far gone or whether or not President Karzai will begin to enter into deals to stabilize the country. But he does believe that the Afghans must be in the lead and though many say that they are currently leading, in fact they are not.

While Mr. Eide focused on how to succeed in Afghanistan by changes from within, Alastair King-Smith emphasized how the focus should be placed on Pakistan. He believes that, since the beginning of the Western intervention, the West's focus has been flawed – what actually matters is Pakistan. There are many reasons why Pakistan needs to be a focus: It is a nuclear state; terrorists live throughout the country; the population continues to grow to where they will soon be the largest Muslim population in the World; the country is subjected to many types of natural disasters to include floods, earthquakes, and heat waves; it has been involved in the world's largest conventional war with India over the disputed lands in Kashmir; and the reasons only continue. Though there is a democracy within Pakistan, it is wrought with corruption. The political parties have limited influence even when they do make promises to combat the terrorists within their country who continue to cause disruptions.

Despite all of these problems, Mr. King-Smith still sees signs of hope, particularly among the young Pakistanis. There is a youth dynamic coming about within the country that if leveraged properly can help to bring stability within the region. If Pakistan can be stabilized, then Afghanistan and the rest of the region can be stabilized. In order to do this, Pakistan needs better government systems that include education, greater investment in the middle class, and campaigns need to be mounted to push for peace between Pakistan and India. The people of Afghanistan are very resilient and want to see progress go forward, but the focus needs to be on the region and not just on problems within Afghanistan.

General Egon Ramms brought both approaches together, stabilization from within Afghanistan and a focus on Pakistan, to summarize what is being done within Afghanistan and what he sees as the way ahead. He first began by giving an overview of NATO and how they operate followed by details of the vast amount of experience he has gained within the region over the years. As he began talking about current operations on the ground, he stated that NATO is just beginning the next phase of the Afghanistan mission focusing on a conditions-based withdrawal and transfer of authority to the Afghan government. He emphasized that this transition is a process and not an event, so it will take time to complete. The intent is for the Afghan government to take the leading role, with international forces continuing in a supporting role for the security and stability of the country. This is a long-term investment requiring political and international commitment because it will not be an easy process, nor will it be quick. He also asserted that the Western standards of democracy will not be achieved and therefore should not be expected. There are enduring challenges in Afghanistan in addition to a corrupt government that is not trusted by the Afghan people.

For the way ahead, the Afghan government agreed to transparency and to supervision for the next twelve months to begin fighting corruption. A reintegration and reconciliation process is also being implemented which is key to success. Not only will this process be good for families, but it will also offer alternative opportunities for fighters to put down their arms and be reintegrated into society. Additionally, international military and civilian personnel working alongside the Afghan government is following an integrated, or comprehensive, approach in order to move forward in Afghanistan. Overall, General Ramms concluded that the operation in Afghanistan was approved by 28 nations and that this is a long-term commitment for international aid and assistance, ultimately resulting in a stable Afghanistan.

The panel discussion illustrated that there are many different ways to achieve in Afghanistan. However, the question still remains – what is the best way to ensure that security and stability is achieved in Afghanistan and Pakistan?

2.14   The Vision of a Nuclear-Free World

Speakers: *Nadia Arbatova*, Head, Department on European Political Studies, Institute of World Economy and International Relations, Russian Academy of Sciences, Moscow
Richard Burt, US Chair, Global Zero Commission, Washington DC
Tariq Rauf, Head of Verification and Security Policy Coordination, International Atomic Energy Agency, Vienna

Rapporteur: *Christian Zabel*, Germany

Session 10: Thursday, August 19 (Panel discussion)

How can we achieve a Nuclear-free World - or at least mitigate the spread of nuclear weapons? This simple, but crucial question was addressed in Thursday's morning session. The speakers highlighted the necessity of a two-pronged approach: on the one hand, to strengthen the system of safeguards against the spread of nuclear-weapon technology and material; on the other to aim for a total dismantling of currently existing stocks of nuclear warheads. The two initiatives together would hopefully create a virtuous circle towards "global zero", a nuclear free world.

The panellists underlined the increasing necessity of 'going global zero', despite the fact that attaining that goal will be a difficult uphill struggle. The reason for the urgency of this mission lies in the fact that the established system of cold war deterrence may well no longer work in a polycentric world order as exemplified by the rise of the G20. Today nuclear weapons are no longer about nation-state warfare to control territories and resources, or two opposing global power blocks with their own ideology. A position of power can today be attained through non-military means just as well, as Japan and Germany demonstrated after World War II. Nuclear weapons essentially have become weapons of the weak; they no longer are weapons of the strong. Since they require established and widely used technology, access to them is relatively widespread.

The proliferation of nuclear weapons significantly increases the risk that these weapons actually will be used. Even the Soviet Union and the United States brought the world to the brink of global nuclear war at least once – despite the relatively sophisticated safeguards and escalation mechanisms of the cold war and the comparatively simple and stable international situation. It is not sure if that level of strategic capacity can be expected with an ever-increasing number of more "easy-going" countries (in a nuclear sense). On a footnote, nuclear weapons helped to deter, but also provoked nuclear crises such as the one around Cuba.

Several different actors have endorsed the global zero-initiative, such as the Russian and American president as well as the UN Security Council. The declarations take into account that a sustained approach is needed, most likely to last between 20-25 years. Two key elements of this process were highlighted: First, an important intermediate goal would be to reduce the stockpiles of Russian and American warheads to 500 each. Warheads are the right element to look at today, as the established distinction between strategic (i.e. mostly intercontinental) and tactical nuclear missiles has become less important due to the diminished distances between most of the 'new' actors. The second important step is to multilateralise the process. This would bring in established albeit smaller nuclear powers like China or India. A reduction of the respective arsenals was deemed possible even with regards to deterrence: Calculations show that even with 'only' 500 warheads, the destruction of the top ten cities both in the U.S. and in Russia can be assured.

The aspect of multilateralisation is of importance, given that support for the initiative is not unanimous. For example, only 20 percent of the Russian population support total disarmament. Securing the country's power status was also seen as the relevant obstacle to disarmament by parts of the Russian establishment. It became clear that going to global zero couldn't be resolved by treating it as a moral issue alone (though shoring up support through communication measures such as the documentary "countdown to zero" is envisaged by the global zero initiative).

Another argument made in favour of disarmament made was that it has the potential to hamper nuclear proliferation significantly. It should simply make it harder for other countries to achieve weapons on their own or even feel the need to do so. For example, the non-proliferation treaty (NPT) was extended indefinitely when Russia and the U.S. successfully concluded their weapons disarmament talks. Both the anti-ballistic missiles (ABM) treaty and the comprehensive test ban treaty (CTBT) act as additional hurdles. To 'throw in the towel' for disarmament would send the wrong signal to countries like North Korea or Iran. It would also risk setting of a chain reaction where more countries in a given region rush to get nuclear technology. If Iran were to develop nuclear military capabilities, the panellists would expect other countries in the region like Egypt, Turkey, or Saudi-Arabia to develop similar capabilities. Even if there were no more spread to state actors, there remains the risk of proliferation into the hands of terrorist organisations, given that a level of safeguards similar to that of the nuclear weapon states during the cold war is not likely.

The reduction of arsenals is therefore one important element, with a reliable system of enforcement and verification being the other. Today the international community has established an extensive system of enforcement and verification, with the NPT, the ABM treaty, and the CTBT being the most important elements. How can these initiatives and frameworks fare in the hotspots of the worlds? It was highlighted that membership and participation are important, as different examples show. Since India

and Pakistan are no signatories of the NPT, there has been neither cooperation with nor significant wield of influence by the International Atomic Energy Association IAEA. This situation has been exacerbated through the cooperation between the U.S. and India in nuclear matters. Iran, in contrast, claims to have fulfilled its obligations under the IAEA. Besides verification, there is also the need to enforce the obligations stemming from membership. Economic sanctions were cited as one possible measure, with conventional 'surgical' military strikes as the ultima ratio.

The contributions to the debate underlined that a significant prerequisite for countries embarking on a virtuous circle of nuclear disarmament and abstention in the nuclear weapon game is the existence of regional security organisations, as the example of Germany shows. This could be a way forward also for the Arab region. It was advanced that for example Israel, enjoying conventional military supremacy, could easily renounce nuclear weapons. This should open a way for a nuclear-free Middle East, bolstered by security guarantees from the U.S. and NATO. It would also put additional pressure on Iran. The same logic should be applied to India, it was added, with China having to be incorporated into the security system of the region.

2.15   Europe in the post-Lisbon Muddle: How to regain political Momentum and Euro-Stability

Speakers: *Mark Leonard*, Executive Director, European Council on Foreign Relations, London
Pawel Swieboda, President, demosEUROPA – Centre for European Strategy, Warsaw
Ambassador Rudolf Jindrak, Embassy of the Czech Republic to Germany, Berlin

Rapporteur: *Melpo Joséphidès*, France

Session 11:   Friday, August 20 (Panel discussion)

The session dealt with the prospects for the European Union following its latest constitutional change: the Lisbon Treaty, in force since 1 December 2009. According to the speakers, the main obstacle to the European Union having a lead role on the global political scene have been its internal fragmentation and long institutional debates. Against the backdrop of an evolving international environment, participants discussed the dynamics for a lead role of the EU.

The panel shared the understanding that, as a single player the European Union has so far had a weaker role in international relations than it could have been expected from the addition of the size, and economic, diplomatic and military resources of its Member States. The discrepancy between the EU's impact on the international scene is particularly telling given the fact that the EU provides two thirds of the world's development aid, and represents a wide network of diplomatic missions. Panellists identified the EU's fragmentation around its Member States, as well as the complexity of decision-making with so many stakeholders involved as the most important impediments.

Despite the internal difficulties that the EU is facing, it did in some cases succeed in having a unified voice and strong impact. The speakers identified some examples:

the European Central Bank, a supranational institution of the EU, played a prominent role in shaping the EU's response to the recent crises although the Treaties did not predict such a role. On the international scene, the EU is Ukraine's most important counterparty through issues such as trade, human rights and migration. The EU's successive enlargements, it was argued, are also a sign of a successful foreign policy. In this respect, Pawel Swieboda stated that the European Union is a miracle that defies the laws of political gravity.

The panel examined the EU's pattern of evolution from an historical and thematic perspective, which tends towards more European integration, characterised by a strong inter-governmental dynamic and with bigger steps being made following crises. The Treaty of Lisbon offers new possibilities for integration, in particular with the creation of the new positions of President of the European Council and more importantly of High Representative for Foreign Affairs and Security Policy. It also provides new tools for increased solidarity between Member States, though a lot will depend on how those new provisions are implemented. The EU advances by steps, and having a single voice will, at a later stage, contribute to having a single European seat in international fora. Nevertheless, it was argued that it would be unrealistic to expect the EU to speak with a common voice on issues where the Member States disagree, and that it would be closer to reality to expect a modest single European foreign policy.

All panellists agreed that the EU faces challenges that will influence its future. The changing international environment requires a re-evaluation and re-thinking of the way the Europeans face international issues. The economic field provides some examples, in the form of the global financial crisis and the crisis of the euro. From a wider perspective, challenges to foreign policy will be the changing focus of the United States of America, looking more towards China rather than Europe for a privileged partnership, the European approach towards Russia, as well as the differences between the visions of each Member States' international security as they crystallise within NATO. The discussion showed that a way forward for the EU could be that the EU's foreign policy position on each issue would be strongly influenced by those Member States which have a strong view, while they would cede the way on issues on which other Member States have a strong view.

2.16   Turkey: Looking East, looking West?

Speaker: *Suat Kınıklıoğlu*, Deputy Chairman of External Affairs of the AKP, Spokesman of the Foreign Affairs Committee in the Turkish Parliament, Ankara
Ruprecht Polenz, Chairman of the Committee on Foreign Affairs, German Bundestag, Member of the CDU/CSU Parliamentary Group, Berlin

Rapporteur: *Aycan Akdeniz*, Turkey

Session 12:   Friday, August 20 (Panel discussion)

The foreign policy of Turkey, a country long aspiring to become part of Europe, has been solidly entrenched in the West. On global and regional issues, Turkey traditionally sided with the Western world. Yet more recently, we have seen a

Turkey increasingly leading a more assertive and independent foreign policy. Recent developments such as Turkey's 'no' vote to sanctions against Iran at the UN Security Council (UNSC) and the Gaza aid flotilla incident, both of which brought the already strained diplomatic ties between Turkey and Israel to the brink of collapse, raised the question of whether Turkey's foreign policy is shifting 'East'.

The US assistant secretary of state for European and Eurasian affairs, Philip Gordon, recently criticised the EU for being responsible for Turkey's drift towards the 'East', citing the slow pace of negotiations between the two parties and the opposition of a number of European leaders to Turkey's accession. This session looked into to three sets of questions: Where does Turkey head? What do Turks want? And what can Europe offer? The participants debated whether Turkey and the West are really drifting apart, and where EU-Turkey relations are heading.

Since the turn of the millennium, and thanks mostly to her candidacy for membership to the EU, Turkey has gone through major political and economic transformations. Successive Turkish governments adopted critical reforms strengthening the respect for and protection of human rights and the rule of law in the country. The Turkish economy grew on average by 6% annually (with the exception of 2008-2009 at the peak of the global financial crisis) and managed to attract high levels of foreign direct investment. Turkey is generally perceived as one of the new emerging powers, along with the BASIC countries (China, India, Brazil, South Africa), having more of a say in international affairs through platforms such as the G20 and the UNSC (of which the country is a non-permanent member in 2009 and 2010). Turkey has been particularly more active in relations with her neighbours and on regional issues, most importantly on the Arab-Israeli conflict.

The current foreign minister of Turkey, Prof. Ahmet Davutoğlu, a theorist of international relations and a former foreign policy advisor to Prime Minister Recep Tayyip Erdoğan, is generally thought to be the mastermind behind the new assertiveness in Turkish foreign policy. In his book entitled 'Strategic Depth', Davutoğlu asserts that Turkey should no longer see herself at the edge of Europe, trying to fit into the continent. Instead, the country should rediscover its historic ties to the Balkans, the Middle East, the Eastern Mediterranean, the Caucasus and the Black Sea – ties disrupted during the Cold War. While some interpret the vision of Davutoğlu as neo-Ottomanism, Turkish government defines it as "zero problem with neighbours policy". The approach is in fact similar to the EU's neighbourhood policy, whereby Turkey increases political dialogue and trade as well as people-to-people contacts with its neighbours.

Kınıklıoğlu explained the motives behind the new assertiveness in Turkey's foreign policy in both political and economic terms. On the one hand, Turkey aims to contribute to political stability in its conflict abundant neighbourhood not only for its own stake but also for the greater cause of global peace. On the other hand, in the midst of falling demand for Turkish exports to Europe – Turkey's main trading partner – as a result of the global financial crisis, Turkey has also been aiming to diversify its export markets to sustain its growth. Hence, Turkey is forging economic ties with countries in its immediate neighbourhood but also beyond. Consequently, Kınıklıoğlu dismissed arguments that relate Turkey's changing policy in the Middle East on motive of religious solidarity as short-sighted at best.

Turning to the issue of EU-Turkey relations, questions of how the EU should interpret Turkey's changing foreign policy and whether Turkey was moving away from the

European ideal, came to the forefront. Negotiations for Turkey's membership have been going on for nearly five years now, albeit at a very slow pace. Nevertheless, the public opinion in the EU is not favourable of Turkey's accession. Those who have the vision of a strong and deeply integrated EU fear that letting Turkey join would overburden the Union. Others argue that Turkey is culturally different – at least because it is a pre-dominantly Muslim country – and therefore does not fit in. The issue of integration of Turks and Muslims in European societies as well as the strains put on the shoulders of the EU after the recent global financial crisis, both add to the complication of EU-Turkey relations. And Turkey's new foreign policy seems to be helping her critics in the EU more than the supporters of Turkey's accession.

Public support for EU accession in Turkey has also dropped significantly. Although the Turkish government strongly argues that it is not giving up its determination to join the EU, as Kınıklıoğlu put it, many politicians in Turkey believe that the EU and Turkey 'have different biological clocks'. Hence, Turks may no longer be interested in accession if and when the EU is ready to accept Turkey. Kınıklıoğlu stressed that Turkey has run out of patience; hence the reason why EU accession is low on the domestic political agenda in Turkey. Yet through a rising profile in international affairs, it is possible that Turkey may in fact redefine its relations with the EU.

Looking into the question of how much longer can the current stalemate in EU-Turkey relations be sustained, Kınıklıoğlu mused that decision makers on both sides might be happy to avoid difficult decisions; hence they could live with the stalemate. Polenz in turn argued for optimism. According to him, the EU fundamentally remains a peace project based on shared values. Turkey has a lot to contribute to this project as a bridge between the Christian and Muslim worlds. He further underlined that Turkey would be able to play the new pro-active role she has assumed for herself in her neighbourhood much better if she has a firm standing in the EU. Another economic argument made in the discussion in favour of Turkey's accession was the increased importance of Turkey as a transit country for energy networks. For all the reasons above, supporters of Turkey's accession to the EU, like Polenz, argue that the EU does not only have a responsibility to assess progress made by Turkey but to also to keep the latter's appetite for accession alive.

In conclusion, while confusion over where Turkey is heading is widespread in the EU, a Turkey aspiring to have more of a say in international affairs is likely to push decision makers on both sides to face difficult choices in defining the future of EU-Turkey relations.

2.17   Germany's European Politics after the Lisbon Treaty

Speaker: *Eckart von Klaeden*, Minister of State in the Federal Chancellery, Berlin

Rapporteur: *Peter Müller*, Germany

Session 13: Friday, August 20

This session – held at the Federal Chancellery – looked at the current state of Germany's European Policies. The group discussed the Lisbon Treaty and its consequences for the European Union, the Euro crisis caused by the financial problems of Greece, the key pillars of German European Policy after the

Lisbon Treaty, the role of Germany within the EU, the political and economic shift from the transatlantic area (Europe and USA) to the pacific area, and finally Europe's role in a multipolar world.

Eckart von Klaeden opened his speech outlining that the Lisbon Treaty strengthens democracy and enhances the roles of the parliaments of the EU members. The Lisbon Treaty enables the EU to be a strong player in the world. However it does not automatically make the EU a strong player, as he pointed out. According to the Minister of State, unity is key for Europe and the EU ought not split or let itself be split over issues like the Iraq invasion again in the future.

With regards to the Euro crisis caused by the financial problems of Greece, Mr. von Klaeden first underlined the importance of the Euro for the EU by quoting German chancellor Angela Merkel: "If the Euro fails, Europe also fails". This is why Germany – Europe's biggest economy – passed a law to give Greece credits worth 22 billion Euros (20% of the overall value of the Greek rescue package) in order to financially stabilise the country. In this context Theo Sommer added that Germany initially was a bit hesitant but in the end did what had to be done. Eckart von Klaeden underlined that as part of the Euro rescue package, financial assistance is only available under certain conditions and all measures have to strengthen the long-term stability. He further added that some EU states lost competitiveness. Europe has no problem of not having aims but rather of achieving its aims. This was the case of the Lisbon strategy whose main target, announced in 2000, to become the most competitive region of the world by 2010, was not achieved.

Mr. von Klaeden further explained that the two core goals of Germany's European policy are competiveness and budget consolidation. From his point of view, the one is not possible without the other. He underlined that the demographic development of Germany and the resulting pension costs make budget consolidation an even bigger challenge. He also added that Germany and France gave bad examples regarding budget discipline some years ago. Theo Sommer in this context pointed out that Germany so far has invested more than 1.5 trillion Euros to support the development of Eastern Germany. In order to achieve a higher financial stability Mr. von Klaeden thought it necessary to re-establish the role of the Commission and to develop a procedure with automatic sanctions in case a state fails to respect financial stability. In the long run, the target is to manage financial stability in Europe without the International Monetary Fund, for instance by establishing a similar European Fund.

While Germany has the most citizens and the biggest economy in Europe, it does not consider itself as Europe's leading nation. According to Mr. von Klaeden, Germany has learnt that it serves its own interests best when it also takes the interests of its neighbours into account. With regard to the Franco-German relationship he said that strong cooperation of Germany and France is necessary for a successful Europe. He further added that Germany does not want to abuse the group of the Euro states as an exclusive club. That's why Germany's focus with regard to the establishment of a system of economic governance is on all EU countries.

The final point State Minister von Klaeden touched upon was the shift from the transatlantic area to the pacific area. He made clear that this does not only refer to China but also to the growing importance of India and the ASEAN countries. In this context he also pointed out that some might underestimate America but he thinks that America will continue to be the leading nation. With regard to the European Union in a multipolar world he added that Europe has to be clear and decisive about

its future role. Mr von Klaeden resumed that Europe can fail but if Europe uses the chances of the treaty of Lisbon it can be a successful player in a multipolar world.

2.18 Africa's Economic Outlook and its Impetus for Political and Social Change

Speaker: *Michael Klein*, Former Vice President of the Financial and Private sector Development, World Bank/IFC, Washington DC

Rapporteur: *Clement Kanamaguire*, Rwanda

Session 14: Saturday, August 21

This day's plenary session looked at the developments in Africa of the past decades and its current outlook, before the ensuing working groups would pick up on more specific details of the topic. The picture painted of Africa was one contrary to the usual dark media image, highlighting its economic achievements and the growth perspectives of an emergent African middle class. While there a still a number of shortcomings, in particular with regard to the state of democracy in many countries and the number of violent conflicts on the continent, at least a wide majority of Africans is optimistic about their future.

Mr Klein started his speech by providing a short overview of the African economy. He explained that Africa's economy accelerated after 2000, making it the world's third fastest growing region. He added that the growth rate was robust across the sectors. This is due to the fact that many countries enacted microeconomic reforms. In addition, information and communication technologies (ICT) are playing a powerful role by overcoming traditional infrastructure constraints and reducing business costs, as the example of M-PESA in Kenya, the leader in mobile-phone based micro-payment systems, shows.

Moreover, the rise of the African urban consumer will continue to fuel long-term growth. Already today, 40 percent of Africans live in urban areas, a proportion comparable to that of China. These urban populations are continuing to expand. Africa now has 52 cities with more than a million residents – more than twice the number of 1990, and just as many large cities as exist in Western Europe. Mr. Klein explained that by 2040, Africa would have 1.1 billion working-age people, more than in China or India. He cautioned, however, that despite favourable demographical conditions in Africa, there are some deficits due to the AIDS epidemic and that student achievement in Africa has regressed.

In his presentation, Mr Klein also noted that Africa's trade with other developing countries (i.e. South-South trade) accounts for more than half of the continent's overall trade. Other projections show that at least four groups of industries (consumer industry, agriculture, resources, and infrastructure) could generate as much as US$ 2.6 trillion in revenue annually by 2020 together. More importantly, Africa's consumption has grown by US$ 275 billion since 2000, similar to Brazil and more than in India. The number of households with a discretionary income is projected to rise by 50% over the next ten years, reaching 128 million households. The rise of discretionary income in effect signals the emergence of a middle class in Africa where more and more people dispose of money that they do no longer hat to spend

money on basic necessities. This growth creates substantial new business opportunities that are often overlooked by global companies.

In terms of democracy, Mr Klein described some states as full democracies, others as hybrid regimes, some as authoritarian regimes and others still he considered to be failed states such as Somalia. He explained also that conflicts remain one major preoccupation in some regions of Africa. However, the number of serious conflicts has declined a sign of increasing security. Finally, he concluded by commenting on the findings of a global survey carried out for the World Economic Forum in 2007 saying that most Africans are very optimistic about the future. Most believe that the next generation will live in more prosperity than now and in a safer world.

During the plenary discussion, participants also brought other issues to the table. While some questioned the role of development aid as such proposing to abolish it, Mr. Klein said he preferred to look at how African countries could continue to achieve economic growth from within. In a broader context, one participant speculated about a future shift of economic power from Asia (to where it is currently shifting from the West) to Africa as Africa presents more favourable demographical conditions. This however, was too speculative for him as there are no figures (yet) to support such claims. Others still voiced concern about the role of big oil companies in the Niger Delta in Nigeria, which they considered one of the most insecure and polluted places in the world. Finally, some argued in favour of a more nuanced look at individual African countries. Lumping together these more than 50 states would make any statement too general. After all, Africa is a continent not a single country. Still, it is a continent on the rise, as Mr Klein would readily subscribe.

2.19   How can Africa benefit from Foreign Aid

Moderator: Alamine Ousmane Mey, General Manager, Afriland First Bank, Yaoundé

Rapporteur: *Jens Fabian Pyper*, Germany

Session 15:   Saturday, August 21 (Working Group I)

The question of how Africa could benefit from foreign aid is old and new at the same time. It is old in the sense that giving aid to Africa has been a topic for decades. However, the new twist now is to look at aid from a market perspective, i.e. where it can generate the greatest benefits. In this vein, participants also discussed new approaches to development such as social business models.

The question of foreign aid has been continuously on the table, but under different perspectives. In previous decades, the former colonial powers of the 1960s might have asked 'How much aid should we give to Africa?' In the 1980s, when aid was tied with strings and often export-oriented, people asked 'Which kind of aid should we give?' A decade later, when aid was more and more directed towards NGOs but continued to perform poorly and to lack influence from the beneficiaries, it was about 'To whom should we give aid?'. The new millennium brought new actors such as the Bill Gates foundation which set up new goals for foreign aid acknowledging the framework of a free market economy as the basis for all action. Today, aid policy rotates around the United Nation's Millennium Development Goals (MDGs) of

reducing poverty worldwide. Still, the question of how Africa could benefit from foreign aid leaves open the crucial point of the addressee: The (Western) donors would probably find different answers than the actual beneficiaries.

The working group kicked off their discussion by pointing to the actual performance of aid given to African countries. The positive economic development of Africa in the last decade has fundamentally changed foreign aid from a one-to-one-business into a free market scenario. Several donors and beneficiaries actually have a choice of whom to choose as a partner, being more or less bound by standards of performance. Steady and strong economic growth rates since 2005 of above 5% on average have turned previously dim prospects much brighter, due to a rising international interest in the natural resources of the continent and with half the Africa's countries enjoying democratic elections.

Yet, several obstacles to development in Africa remain. The per capita income remains very low at around 1 US-$ per day. Unstable democracies like the Chad, Sudan, or Somalia dominate part of the news. Many countries offer very harsh economic environments for actual investments even on a small and local scale. The literacy rates are actually dropping, and despite some progress in the field of AIDS, public health is still a key issue with Malaria being one example. In sum, Africa will be the only continent to not reach a single of the MDGs by 2015.

Despite – or maybe because of this bleak picture after decades of foreign aid – some in the group felt there is no positive effect of foreign aid. Instead, they argued that only homegrown solutions are capable of fighting corruption, the persistent lack of political accountability, and the victimisation of Africa. One participant proposed to leave the World Bank scheme and the so-called "development industry" entirely because foreign aid poisons every entrepreneurial spirit.

Nevertheless, there are also a number of reasons supporting foreign aid. Natural resources will lead to rising export revenues and the macro-economical foundations in many countries are now overwhelmingly based on the principle of market economy. Indeed, as Alamine Ousmane Mey reported, some African banks are taking over the banking sector in their countries while Western multinationals are pulling out because of a failing business model. An important indicator of the new African well-being is the high amount of foreign direct investment (FDI) in Africa compared to all other continents. Moreover, there is the declared and visible will of several countries to be driver economies and to take things into their hands. Other "good news" is a falling HIV prevalence as well as lower levels of perceived corruption, as for example in Ghana or Angola.

Thus, creative approaches to foreign aid will have a potentially decisive impact on the future shaping of the African continent. Mohamed Yunus with his market-based social business model that re-invests rather than distributes its profits is only the most prominent example for this new approach. A promising example from Kenya is a new banking model that includes the previously unbankable part of the population by offering reasonable interest rates thanks to aid or other financial support. For both cases, the question of the ownership of the aid is crucial. Another challenge is to balance long-term projects with a strict timeframe for their evaluation, and a system of political and economical accountability of the partners involved.

In the end it seemed there are no good reasons to abolish foreign aid as such. Relying on trade alone will not do the trick, because even the complicated abolition of trade barriers benefits only those who actually dispose of goods that can be traded.

Moreover, the general approach to aid has become a positive one: Negotiations do not depend on the colour of your partner, but on the performance of the actual project. Finally, most international donors look upon their own actions with some degree of self-criticism. This opens the discussion of foreign aid for new and globally shared goals such as political stability and climate change.

2.20 Assessing the Africa Strategies of Asian, European, (Latin) American, and Arab countries: The Second Scramble or New Opportunities for Africa?

Moderator: *Antje Uhlig*, Project Director, ZEIT Foundation Ebelin and Gerd Bucerius, Hamburg

Rapporteur: *Omair Ahmad*, India

Session 15:   Saturday, August 21 (Working Group II)

The group took an in-depth view of outside investments in Africa from different perspectives. Amongst others, participants compared the strategies of India and China, and assessed the recent developments from the Brazilian and South African perspectives. They found that while the scramble for resources is similar to previous ones, there is now also a scramble for influence in the continent. This makes the whole character of the new round of diplomatic and economic activity profoundly different.

The discussion started out with an analysis of how different countries entering the African market have taken their own approach to the continent. China's investments are massive and largely state-led. As a consequence, thousands of Chinese workers live and work in compounds in African nations, which are secluded from the general population. India's investments are smaller in scale, and have been largely led by the private sector. This has started to change recently as India's Oil & Natural Gas Corporation adds to the mix. India also has an historical role, with millions of people of Indian-origin living in Africa. Brazil in contrast is trying to export its successful policies. First and foremost, this applies to the Zero Hunger Initiative through which the country met its own Millennium Development Goal challenges. In addition, it is exporting its strategies of creating bio-fuel through sugar cane.

South Africa has also invested in Africa based on strategic principles. It is the biggest economy on the continent ranking 33rd in the world, but its domestic market is saturated and its neighbourhood unstable. South Africa's investments are thus strategic as they should help expand its companies' business as well as stabilize the region in order to limit refugee flows into the country. Turkey, another outsider, has invested hugely into its African foreign policy since 2003. It held a Turkey-Africa Summit in 2008, and will hold a gathering of 18 think tanks and NGOs this year. It has opened 32 new embassies on the continent. Saudi Arabia is primarily interested in agriculture. It has bought land so it can export (or rather import) food to its domestic market. South Korea pursues a similar strategy, having signed a 99-year-lease for agricultural land in Madagascar. Finally, Russia's Africa strategy does not appear to be coherent. Yet the country does have historical ties to the region.

The effects of these policies have varied. The availability of capital, especially from China and India, has been deeply welcomed by African regimes of all types. Whether

successful or not the structural readjustment programmes and stringent conditions for aid imposed by Western donors were deeply resented and politically unpopular. Now, an era of South-South cooperation has begun, where according to the 'beautiful bride' model everybody is competing to court African countries. Still, the Chinese export of labour tends to be unpopular, with the previous Zambian elections fought principally on this issue and similar problems in Angola. As a response, the Chinese have started community outreach activities, possibly more than they do in China itself as someone remarked.

The overall balance of this scramble is mixed, but mainly positive. The success of African enterprises in other African nations has helped build renewed confidence within the continent. They assess risk differently from Western companies, and are more confident going into markets where the West's risk ratings are prohibitive. The sale, or long-term lease, of agricultural land is troubling, however, as is the consolidation of regimes with doubtful human rights records. Nevertheless this new environment has offered Africans an opportunity to engage with the world economy on their terms. On the whole this may be the best thing that has happened to Africa in centuries.

2.21 Resources: Extractive industries and Good Governance in Africa

Speaker: *Jonas Moberg*, Head of Secretariat, Extractive Industries Transparency Initiative (EITI), Oslo

Rapporteur: *Markus Berger*, Germany

Session 15: Saturday, August 21 (Working Group III)

Hybrid governance coalitions such as the Extractive Industries Transparency Initiative (EITI) aim at linking the extractive industry business to good governance. While these initiatives have contributed to help enhancing transparency among companies and governments, further progress is needed. The aim is to ensure that transparency trickles down to better accountability and contributes to sustainable development in resource-dependent countries.

The problem that a coalition like the Extractive Industries Transparency Initiative (EITI) aims to address is the "paradox of plenty". This resource curse concept depicts the fact that many poor countries make little of their richness in natural resources such as oil, gas, minerals and metals. Rather, they are characterised by weak governance, corruption, human rights abuses, a lack of infrastructure, illicit financial flows, and conflicts.

EITI is a collective solution to this problem, bringing together the corporate sector of resource-rich as well as resource-dependent countries, their governments, as well as NGOs and other pressure groups. In order to enhance transparency, the following mechanism has been designed: While companies disclose all their payments in resource-rich countries, governments disclose the receipts of these payments. The objective is to establish an independent verification of tax and royalty payments through a public EITI report. This multi-stakeholder group overseeing the payments can be called a "hybrid governance coalition".

31 countries worldwide are implementing the EITI, which includes major producers in Africa such as Nigeria. In some countries, even several Chinese extractive industry companies are EITI stakeholders. This shows the principal willingness of China to rise to the challenges of the resource business. The typical EITI process starts with governance failure leading to investigative reporting and pressure. This provides businesses with a case for action leading to the elaboration of codes and standards. Ideally, these standards are then implemented and the quality of the whole process is improved. If a country fundamentally fails to honour its commitments, EITI can delist it from its initiative.

Given the short time EITI has existed, it is too early to draw definite lessons about its impact. However, it is obvious that political will matters most – certainly more than the availability of local capacities. EITI has the benefit of bringing together actors and building confidence, even in countries such as Nigeria where the political elite so far hasn't had any interest to talk in public due to its involvement in the extraction industry. The EITI ideal would be that enhanced transparency leads to accountability, making it possible to check the stakeholder's compliance with national and international law.

Also outside of EITI, companies have shown interest in being perceived as transparent. Through corporate social responsibility (CSR) activities, firms have established their own standards and disclosed significant information on the topic. However, as CSR is a voluntary activity, there are no binding agreements and no obligations to participate. Information has been provided through CSR reports, CSR offices or special officers checking compliance of contracts with national and international regulations. There is thus a business interest in transparency, as long as this has an impact on the company's rating or public image.

One key question is how to make sure that more transparent agreements benefit the local populations. This necessitates an important involvement of the media and civil society actors in the processes to ensure that people become knowledgeable. Another important condition is to reform international bodies to make sure that EITI standards apply to all companies and regions concerned. Firms should also not only disclose their export volumes, but also their pumping volumes – which is rather difficult in large producer countries such as Nigeria. In this vein, the International Energy Agency is currently trying to compare global data on oil production volumes.

Finally, EITI can provide lessons for other areas such as the water sector. If stakes in terms of money, vulnerable companies and public anger involved are high enough and transaction costs can be lowered, more kinds of hybrid governance coalitions might emerge in the future.

2.22 Democracy, Security and Privacy in the Digital Age

Speakers: *Lars Hinrichs*, Founder of Xing and CEO of Cinco Capital GmbH, Hamburg
              Evgeny Morozov, Contributing Editor and Director of NET.EFFECT blog, Foreign Policy, Washington DC

Rapporteur: *Alwin de Prins*, Belgium and Luxembourg

Session 16:   Monday, August 23 (Panel)

The session dealt with one of the most controversially discussed topics in the media for the last weeks and months: to what extent do new technologies and the internet contribute to the democratization of societies and which threats for individual privacy arise from today's technological world? Does the protection of personal information – a concern in particular for people in Europe – hinder innovation and the further development of the internet economy or are societies in dire need of a democratic debate on new rules for Web 2.0? Various related topics have been discussed such as the digital divide, face recognition technology, information flooding, and media competency.

In recent debates different cultures and points of view collided on Google's Street View project, with the American ideal of freedom contrasting with the rather European desire for privacy. The panel discussion reflected the core of this divide: On the one side, Lars Hinrichs, Founder of Xing, a social network, and CEO of Cinco Capital GmbH, argued that privacy doesn't exist anymore. To him, the internet with its new applications and social networks creates undreamed-off possibilities for consumers. True to Henry Ford's quote "If I had asked people what they wanted, they would have said faster horses", entrepreneurs like Lars Hinrichs argue that the development of the internet economy shouldn't be hindered by possible risks and the concerns of consumers on privacy issues. It should rather be stimulated by a spirit emphasizing innovation and opportunities. They especially perceive the so-called opt-in principle in Europe – stating that the use and distribution of personal information of internet users and consumers is allowed only upon their prior express consent – as the main reason why only one European internet site is ranked among Alexa's top 100 global sites.

On the other side, Evgeny Morozov, Contributing Editor and Director of the NET.EFFECT blog, pointed out that many privacy and security risks come with the further development of Web 2.0 and its giants as Google, Facebook and Twitter. Critics like Evgeny Morozov think that a broad discussion based on democratic principles should take place in order to discuss how societies can cope with ever-present and interconnected means of communication.

In this context, one should also examine the role of the digital age in the development of democracy in authoritarian states as well as the changes it provokes within existing democracies. Two trends define the movement towards digital democracy: on the one hand, the web and its new applications help policy makers become more transparent and use the internet for all facets of the operations of a government organization. This so-called "Government 2.0" certainly incorporates new democratic elements, but even more important is the second trend: digital democratization by promoting democracy with the help of the internet. Abolishing censorship and providing full and free internet access to the entire population of a country as well as

grass root movements using twitter, facebook and mobile phones may initiate and facilitate democratization processes in authoritarian states.

However, with great opportunities for democratization come also great risks: American internet giants – which have no direct interest in actively intervening in democratization processes in authoritarian states – are increasingly used in political negotiations. They have become chess pieces in diplomatic proceedings, as the case of Google in China showed. Western governments are openly supporting bloggers in non-democratic states, thus politicizing their messages and endangering their lives. Furthermore, democratic states are more and more using the same control and censorship mechanisms to protect their citizens against crime, cyber attacks and terrorism, as non-democratic regimes do in order to cement their authority. Examples include the broad use of face recognition, biometric data and tracking of IP addresses as well as the recent attempts of the U.S. government to shut down the anonymous whistleblower website WikiLeaks. Moreover, data contents are increasingly only made accessible in certain areas due to copyright issues. This general tendency jeopardizes the freedom of the internet and consequently also the promotion of democracy.

Against this backdrop of a fast growing digital world and numerous violations of civil and privacy rights, all speakers agreed that there seems to be a critical need for education in media competency. The so-called digital divide needs to be closed, referring to the gap between people with effective access to information technology and those with very limited access to and little knowledge about the digital age. The internet is complex and grows at an exponential rate. Thus users have to learn to filter the floods of information reaching them every day. They need to carefully evaluate the risks when providing personal or sensitive information to an omnipresent structure that never forgets. From this follows that policy makers should initiate a broad public debate how states can protect their citizen's privacy and civil rights while at the same time stimulating innovation and the growth of the internet economy.

2.23   International Finance: Back to 'Business as Usual'?

Speakers: *Jörg Asmussen*, State Secretary, German Federal Ministry of Finance, Berlin
Jürgen Fitschen, Member of the Management Board, Deutsche Bank AG, Frankfurt am Main

Rapporteur: *Valerio Novembre*, Italy

Session 17:   Tuesday, August 24 (Panel discussion)

The global economy is still trying to overcome the economic effects of the most dramatic financial crisis of the last decades. As a consequence of the crisis, the viability of the western countries economic and financial model has been more and more criticised. Moreover, many commentators have highlighted the risk that the business community will go back to "business as usual" as the economy gradually recovers. Both panellists, however, observed three main reasons why this would not happen.

Firstly, world economic governance has been reshaped by the financial crisis. The Group of Twenty (G20), originally built up in 1999, has become the new predominant

forum for global governance. Also, financial regulation has become more global as the Financial Stability Board (FSB) has enlarged to all G20 countries. Thus many emerging economies are now represented in these fora. However, whether these new institutional infrastructures will deliver the results they have promised, is still not clear. If in the end they are not effective, they will soon have to change again.

As for the EU, a new institutional framework for financial supervision will align supervisory jurisdictions with the increasing size of the markets. Three new European authorities will be established, with coordinatory and supervisory powers over banks, financial markets and insurances, respectively. However, many market and state actors challenge the need for more institutional integration. Consequently, they attempted to prevent European coordination of a short selling ban as well as the setting up of a common framework for the bailout of Greece.

Secondly, the way the financial sector is regulated is about to be transformed. In particular, several areas such as securitisations, management compensation, over-the-counter (OTC) derivatives markets and credit rating agencies will now be better covered. Other issues have also been addressed at the global level, such as accounting rules, cross-country supervisory harmonization and better cooperation with jurisdictions that somewhat guarantee lax supervision and accommodating tax rules.

However, business models and especially the "originate to distribute" (OTD) banking model will probably not change dramatically. While the "buy and hold" model is still successful for certain smaller banks, Jürgen Fitschen argued that OTD constitutes the most effective business model for big banks, as it provides huge benefits to many market actors. What should and will change are mainly the capital rules, which aim to prevent banks from possible excesses, as foreseen by the draft new rules of the Basel Committee on Banking Supervision ("Basel III"). Yet it has to be kept in mind that as a direct consequence of increased capital requirements, borrowing is likely to become more expensive.

Thirdly, and mainly as a consequence of banks' bailouts, the role of the state in the economy has sharply increased. It has also attracted more and more public support. However, Jürgen Fitschen argued that we should try to avoid the risk to go back to the 60's or 70's when banking functions were mainly carried out by the state. Assessing risk and providing capital is to be the banks' job. Jörg Asmussen agreed that the state should not overload the private sector. Instead, the key issue it should focus on is how to deal with the fast-changing financial sector. Nonetheless, much criticism arose from the floor reflecting society's increasing distrust of the banking sector. It also highlighted the need for the bankers' community to change the way banks operate if they want to overcome public outrage and rebuild trust. Even if executive compensation is not an issue per se, limiting it might help bankers to achieve this result.

Overall, the democracies have been able to provide a quick and effective answer to the global financial and economic crisis. The price for rescuing the system has been paid from taxpayers' money. As a consequence, distrust in the social market economy has increased. Thus, the key issue for the future is how to change the economic system to face this distrust. According to Jörg Asmussen the main alternative system is the socialist system, which has proven dramatically ineffective. Consequently, he argued that we would still need to work within the current system but strive to keep it better updated to changing circumstances and future challenges.

2.24 Green, Sustainable, Equitable: A Business Philosophy for the Future

Speakers: *Matthias Berninger*, Global Head of Public Policy, Mars Inc., McLean
Jan Muehlfeit, Chairman Europe, Microsoft Corporation, Brussels

Rapporteur: *Lucinda Trigo Gamarra*, Germany

Session 18: Tuesday, August 24 (Panel discussion)

The session dealt with possible reforms to the predominant business model that would allow incorporating the most pressing challenges the global community faces today. Among the latter are an adaptation to climate change and scarce resources given an increasing integration of emerging and developing countries into the global economy. According to the speakers, the necessary investments should build upon three pillars, namely a consideration of their economic, social and ecological consequences. More precisely, international corporations have to ensure that their business model is compatible with an inclusive globalization, takes into account energy, global warming and environmental aspects, addresses the increasing gap between the poorest and the richest, and finally fits into a multipolar world. Such new business models should focus increasingly on behavioural and cultural aspects, which may also require changes in the education of economists, namely in MBA programs.

The panel discussion showed the central challenges international corporations face when adapting their business models to a changing world. From the perspective of an international food producer, Matthias Berninger of Mars Inc. explained the requirements of future business models – besides profitability that is. They need to consider the sustainability of the supply chain, ensure food safety, and take into account questions of social responsibility, e.g. address the growing problem of obesity. Due to the fact that the food industry is a key driver of global warming, companies also have to drastically reduce CO_2 emissions.

Jan Muehlfeit from Microsoft Corporation agreed that the given challenges in a globalized world could not be solved with the current form of business thinking. He raised the question how the educational system could prepare for global changes such as increasing income disparities, scarce resources, climate change as well as an international order characterized by multiple poles. He underlined the increasing importance of changes in current MBA programs that do not yet "teach globalization". One way to adapt the educational system to a changing economic structure is to increasingly incorporate behavioural and cultural economic aspects into MBA education. In addition, the power of technology should be used to improve conditions in the world. Jan Muehlfeit put it as follows: "Your company should be the best in the world and the best for the world."

The following discussion touched upon the issue of transparency. Would increased transparency by (multinational) corporations be enough to ensure coherence between their words and deeds? One example discussed was the idea of introducing a "traffic light system" for food products to inform the consumer about their healthiness. This instrument could address the growing problem of obesity and other

diseases connected to unhealthy food. The idea is not only to rely on optional information provided by the companies, but also to design a proper regulatory framework to empower consumers to take their decisions based on an adequate level of information. On this point, one participant mentioned that consumers in developing and emerging countries might be exposed to even greater risks. They usually have less means to exert public pressure when faced with improper products and their possible detrimental effects on their health and safety. Moreover, they might have access to less information compared to consumers in advanced western countries.

Against this background, another participant pointed out that future business models of global corporations would have to take into account the historical and societal experiences in different regions of the world. The resulting high diversity of values would also imply the need to grant a greater role to values that are not market-oriented. To reflect and enrich this diversity of values and opinions, social media networks might play a positive role.

The setting up of strategies of corporate social responsibility (CSR), some feared, might be (mis)used by international corporations to prevent additional regulation. On the one hand, an encompassing CSR policy, integrated into the company's overall strategy, was seen as a *conditio sine qua non* in the future. On the other, doubts were raised about overstating the importance of CSR, as most companies are not visible to the consumer. Finally, the implementation and accountability of CSR essentially depends on the design of proper metrics taking into account environmental and social behaviour into the balance sheets of the firms. Again, this underlines the importance of reforms in the educational system of economics. This notwithstanding, Mr. Muehlfeit concluded that CSR must not be confounded, but carefully separated from philanthropy. In the end, firms continue to aim at maximizing their value. CRS means to do this in a responsible, equitable and sustainable manner, which takes into account social and environmental aspects that go beyond profitability.

2.25 The Failure of Copenhagen and the Politics of Climate Change

Speaker: *Claus Leggewie*, Director, Institute for Advanced Studies in the Humanities, Essen

Rapporteur: *Anna Tunkel*, Russia and Israel

Session 19:   Wednesday, August 25

The long-term commitment needed for successful climate change negotiations breakthrough is impeded by politicians' short-term orientation and domestic considerations. This was one of the main conclusions of the session. Additionally, a lack of G-2 (US and China), G-20 and EU leadership impedes any progress in climate change negotiations. Most of the progress during and after the recent Copenhagen climate summit was made on numerous "bottom-up" civic initiatives concerning climate change.

In his presentation, Claus Leggewie focused on five key topics: First, time pressure on climate change and the developing crisis; second, a counterfactual historical

scenario, had the December Copenhagen summit been successful; third, the road from Copenhagen to Cancún negotiations in November 2010; fourth, the need for a follow-up to the Kyoto protocol (Kyoto II); and fifth and finally, a bottom-up approach to climate change.

At the outset, Leggewie stressed the evident consequences of climate change that we are witnessing this summer: fires in Russia, massive floods in Pakistan, and even tornadoes that ravaged a small village in western Germany. He also projected the real consequences of a lack of immediate global concerted action on climate change: The longer the countries wait to adopt carbon dioxide (CO_2) reduction targets, the higher the target reduction will rise and the longer it will take to mitigate climate change. Right now, projections show a necessary reduction of 3.7% per year beginning in 2011 (in accordance with the Kyoto protocol), which would rise to 9% per year if reductions were to start only in 2020.

The countries that took part in the December Copenhagen negotiations were hoping to agree on a number of related issues. First of all, they wanted a multilateral treaty that should prompt national regulations. Moreover, they aimed at a binding timetable for emissions' reductions, followed by a creation of global market incentives for renewable energy, carbon trading, and the like. Finally, they hoped to establish both a global coordination mechanism and a system to monitor compliance. Despite the fact that four fifths of the global emitters came to the table in Copenhagen, the outcome was questionable. Countries only agreed to voluntary emission cuts and review mechanisms. Claus Leggewie asserted that given the worldwide focus, especially in developed and emerging economies, on dealing with the global financial crisis, there was not sufficient political and diplomatic capital to tackle climate change.

Most of the progress during and after Copenhagen was made on numerous "bottom-up" civic initiatives concerning climate change. Claus Leggewie told the group that civil society is much more effective and progressive than political action, citing municipal initiatives in places such as Sao Paolo, Paris, Munich, or Hamburg as examples. In particular, he believed in the particular importance of changing consumer behaviour: Each of us can make a difference in our levels of consumption, travel, or energy use.

Claus Leggewie stressed the importance of a global treaty as a mechanism for enforcement and coordination. Without it, it would be impossible to achieve the crucial international goal of capping the temperature rise at 2℃. He also underlined the important role politicians can play, in particular in creating more market incentives for renewable energy solutions and reducing the incentives for polluting energy sources, such as coal, oil and gas. He concluded, describing the current state of conversations around climate change and today's reality as a Gramscian situation, whereby the old world is no longer in place, but the new world is not yet there.

During the discussion, the participants commented on how there used to be much more political and economic will to achieve progress on the climate change front during the economic boom, which was diminished following the financial crisis. Some pointed to the viability of regional and thematic alliances of countries that seem to agree on common goals (i.e. the BASIC countries of Brazil, South Africa, India, and China). There was a hope for more international leadership, including from the Polish and Hungarian EU presidencies of 2011 and potential initiative these countries could provide at the EU level. Participants also referred to internal country divisions, for example the United States being divided on climate change between the more

progressive states on the West coast and the rest of the country. One participant highlighted the importance of looking at other types of emissions (i.e. methane gas) that are by-products of rapid agricultural development.

Finally, there was a consensus that there has to be a significant progress on four core elements: lifestyle, policy, technology, and civic participation in order to move past the climate change impasse.

Annex:

CANCUN CLIMATE CHANGE AGREEMENT BREAKTHROUGH AT BUCERIUS

Simulation Outcome

1. All participant countries agreed to a binding agreement on climate change.

    i. Developing countries agreed to reduction of emissions (by energy intensity) by 2020 by 5% on 2010 levels,
    ii. BASIC countries agreed to reduction of emissions (by energy intensity) by 2020 by 20% on 2010 levels (with exception of China),
    iii. China agreed to reduction of emissions by 2020 by 15% on 1990 levels,
    iv. Developed countries (including US and EU) agreed to make their Copenhagen commitments bindings, namely committing the US to reduce its emissions by 2020 by 17% on 2005 levels and EU agreeing to reduce member states emissions by 2020 by 20% on 1990 levels.

2. Participants established a working group to determine the mechanisms of technology transfer from developed to developing countries (particular focus for the discussions is intellectual property rights).

3. There was an agreement for a global climate mitigation and adaptation Fund set up. The developed countries will contribute USD 120 billion to the fund through 2020 (an increase of USD 20 billion from Copenhagen). China agreed to contribute additional USD 5 billion to the Fund, increasing the total to USD 125 billion.

    i. The Fund will be managed by an executive committee comprised of 20 countries:
        - Developing countries will have 10 seats, with permanent representation to all the BASIC countries, remaining seats' criteria to be decided.
        - Developed countries will have 10 seats, seats' criteria to be decided.

4. There was an agreement on fast track funding for vulnerable countries.
5. Western donor countries agreed to triple the funding for REDD.

2.26 Islam and the West: Dialogue or Diatribe?

Speakers: *Kai Hafez*, Chair for International and Comparative Communication Studies, University of Erfurt (Keynote speech)
Seyran Ates, Criminal and Family Law Attorney, Berlin (Panel Discussion)
Tariq Ramadan, Professor of Contemporary Islamic Studies, Oxford University, Oxford (Panel Discussion)

Rapporteurs: *Wendy Zavala Escobar*, Honduras, and *Robert Heinrich*, Germany

Sessions 20 and 21: Thursday, August 26 (Keynote speech and panel discussion)

Talking about the Islam in the West is also talking about the relationship of minorities and majorities in Western democratic societies. This involves questions of identity, power and participation on both sides. The following reflects three different views about the status of this relationship and possible solutions for improvement.

Starting the half-day debate on Islam and the West, Kai Hafez presented his main thesis that, in liberal democracies, the legal system has advanced while society is falling behind. He defined liberal democracy as based on equal human rights, political participation and of sovereignty of all members of society. All other loyalties (religious or ethnic) must be subordinate to the fundamental achievements of enlightenment. "Liberal democracy is colour-blind," he said. Religious beliefs are part of the freedom promised, but mainly in the private sphere, not in public institutions. The latter should remain secular and therefore equal for all people. Liberal democracy is universal, whether an individual is Christian, Hindu or Muslim. The individual is part of the integration process into a democratic nation state. Therefore the idea of liberal democracy became central to all other political ideologies – whether left or right.

Many thinkers reject this idea. They call it a myth that must be further developed to avoid the inborn cultural and religious hegemony of majorities in liberal societies. They rather see it as a tool in the hands of majorities (whites, Christians etc.) to preserve power. To them, the best proof for their thesis is that liberal society has not solved the problem of racism, which continues to exist in the constitution of the state, in the attitude of the people, and in the public discourse and in the media.

Hafez states that there have been advances in the legal system as well as remaining discriminating elements. While multi-religious education is on the move in Germany and religious slaughtering has been allowed in 2002, the German state still collects taxes for Christian churches. In France, the discrimination is between the Muslim veils being prohibited while the Jewish Kippa is allowed at schools. Also in political parties, Muslim representation is on the way, but might need additional support through affirmative action policies. Yet the concept of assimilation and "Leitkultur" (leading culture) still exists in the German Parties, except the Green Party.

In public opinion, Hafez found that racist attitudes and Islamophobia continue to flourish – before and after 9/11. Islam often is connected with violence and hatred. The reasons are social deprivation, ideological ethnocentrism, a lack of contact

between the different groups, and a lack of relevant knowledge and education. "All these factors are at work, but the lack of any relevant educational background about Islam is the most peculiar aspect," he deplored. Also the mass media – though making some progress – still reflect the biases of majority societies, not so much by words but by a selective agenda.

To close the gap between a progressive legal state and a partly racist society, Hafez called for affirmative action programs, better education, new forms of dialogue, and a culture of tolerance. The German "Islam conference" should become a model for a European-wide initiative. "There is a European Islam", he argued, which requires a European dialogue and strategy.

Tariq Ramadan especially emphasized the need for a "national movement of local initiatives". He also called for a new narrative: To move on from describing immigration and integration mainly in terms of "us and them" (minority against majority). Instead, it should be a normal thing measured according to the amount of one's contribution. "You are what you give as citizen", was his credo.

In more concrete terms, Ramadan called for objective criteria for integration, proposing the "Three Ls": Every citizen has to obey the **law**, speak the **language** and show **loyalty** with the country. However, Ramadan also mentioned the trust issue and the question of "double standards". Given a 'double loyalty' to both religion and country, what should come first? In his view, adhering to these principles is a two-way-issue where both the majority and the minority have to come to a common dimension. For this, trust is important. The majority has to have trust that there are no conflicting double loyalties, while minorities have to have trust that the majority will not use the law against them (hence, minority rights). There has to be trust that both majority and minority society obey to these criteria. To reach this goal, there need to be change agents working in both directions of societies. Part of the discussion related to the concept of a "hyphenated society", which is more or less the reality in the U.S. (with its Italian-Americans, Chinese-Americans etc.).

Seyran Ates then described the problems within the Muslim society. The intra-Muslim dialogue is a bigger problem than the dialogue between the Christian church and Islam. In the discussion, these problems where confirmed by the examples of dialogue with the German protestant church as well as within the German Islam conference. According to Ates and others, the Muslim communities in Western societies lack an understanding that they have to integrate into Western societies. The crucial points are homosexuality, women's rights and tolerance towards other religions. Especially the treatment of women in some Muslim families shows how far away some Muslims are from the requirements of a liberal democracy. These attitudes in turn contribute to Islamophobia in the majority society.

In order to be accepted by others, Muslims have to reform internally. Another problem is the lack of knowledge of many Muslim people about Islam. "Many Muslims do not know more about Islam than Germans, even if they say they are religious", said Ates. "We need to build more progressive mosques to educate Muslims about Islam." In the discussion participants emphasized that the reform of Islam needs time, just as the liberalization of Christian societies took time itself: The law banning homosexuality in Germany was abolished a mere 20 years ago.

One participant raised the question of reciprocity: Why should Mosques be built in Europe as long as churches are not allowed to be built in the Middle East? "Human rights are not a matter of trade", was Ramadan's response. At the same time, he

called for sensibility and respect of local cultural sensitivities: Mosques should be built in European style.

How much is the issue of integration a matter of political and economic power? As Ramadan said, differences are not only about religion or culture but it's a question of how much economic and political power the majority society is ready to give to the minority. Ramadan described a gap between the economic need of immigration and the cultural rejection of it: "Western societies need immigrants, but they reject them at the same time". He described how the majority fears a power shift once the immigrant communities become stronger in numbers. Therefore, the members of the majority tend to 'divide and conquer', e.g. by splitting immigrant communities in older and younger generations.

Ramadan proposed to deal separately with the certain dimensions of the problems discussed, be they social, cultural, or economic.. If a Muslim beats his wife he should be made accountable for this – not because he is Muslim but because he violated the law. "There can be only the culture of law", he maintained.

2.27 The Dragon, The Elephant and the Assorted Tigers: Asia's International Relations

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

Rapporteur: *Cagdas Ungor*, Turkey

Session 22: Friday, August 27

The debate concerning the rise of Asia vis-à-vis the West has been one of the overarching themes of the Bucerius Summer School. While China and India's emergence in global politics as influential actors is beyond doubt, it is also clear that these countries are faced with serious challenges in both domestic and foreign policy realms. Inside, China and India's continuing rise is largely dependent on their respective governments' response to challenges in good governance and equitable distribution of wealth. Outside, India and China are faced with the challenges imposed by the limited world resources, which they seek in order to maintain stability and growth at home. Therefore, the political future of Asia (as well as the globe) will largely be determined by the dominant tendencies in these countries – either to co-operate or to compete.

Asia's rising significance in world politics is hardly deniable – given India and China's substantial economic growth in the post-Cold War period. The economic reforms which eventually made China a giant in the manufacturing sector and gave India a comparable position in the services sector played a large role in these countries' rising status. There are many questions, however, concerning the sustainability of this growth trend. Despite their initial success in decreasing poverty and creating welfare, it is still to be seen if India and China are going to be able to overcome the issues of good governance (most notably the problem of corruption) and the growing income disparities in the domestic realm.

India and China followed similar trajectories in their foreign policy during the 20th century, focusing on self-protection and autonomy. They both became world stage actors by the early 21st century. Today, despite the differences in their political

formations and national values, China and India are much more interdependent in the economic sense. As compared to the Cold War decades when border clashes and ideological disputes set apart the two neighbours, today, there are important similarities in these countries' general outlook in foreign policy. Although bilateral relations are not refrained from occasional setbacks, China and India share common interests as emerging markets (as displayed in their alliance with Brazil and Russia – BRIC – or with Brazil and South Africa – BASIC).

The major issue here, however, is whether or not the two countries will resolve their question of sharing the world's resources, i.e. energy, technology and raw materials, while they both strive for economic growth at home. The issue of scarce world resources and how they will be shared between India and China, as well as the other regional and global contenders will largely shape the 21st century.

On the issue of regional security, China's growing military budget and India's non-participation in the Non-Proliferation Treaty are major issues in global governance. The nuclearisation issue raises the old question of whether or not these arms have deterrence value. The nuclear issue was also debated with regard to the criteria for obtaining these weapons and when (or to what extent) the international community can accept their proliferation. Whether or not it encourages other regional contenders to invest in such armament, it is clear that the nuclear status of both India and China as well as Pakistan remains to be an important dimension of power configurations in Asia.