

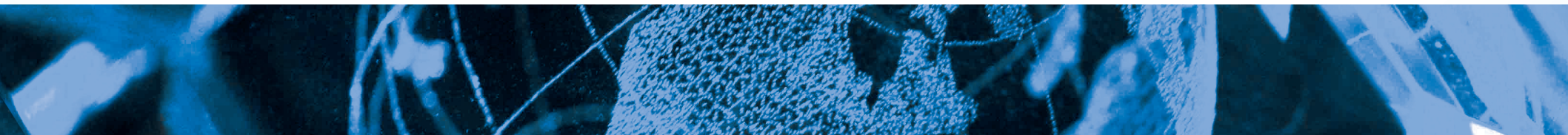
In need of a new global economic model

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ecosocial instead of market-radical



The need for a better global Governance System

- The pressing global problems require much more coordination within the system of sovereign states, as we have it today.
- The world needs a better global governance system, rule-based: a global contract, aiming at a global ecosocial market economy, climate justice, the perspective of world-wide citizen rights and a worldwide democracy.
- A Global Marshall Plan is a first step in this direction.
- These insights build on the work of the Club of Rome, starting with „Limits to Growth“ in 1972.
- These insights are based on rigid science - a unified earth theory.

Window of Opportunity: Global Governance 2009-2012

The countdown concerning the world's future has started.
Faster than expected, decisions on major questions of global
governance are currently being negotiated.

Transition from the **G8 to the G20** as main body of international
economic coordination following the recent Pittsburgh Summit
is seen as an important step into the right direction.

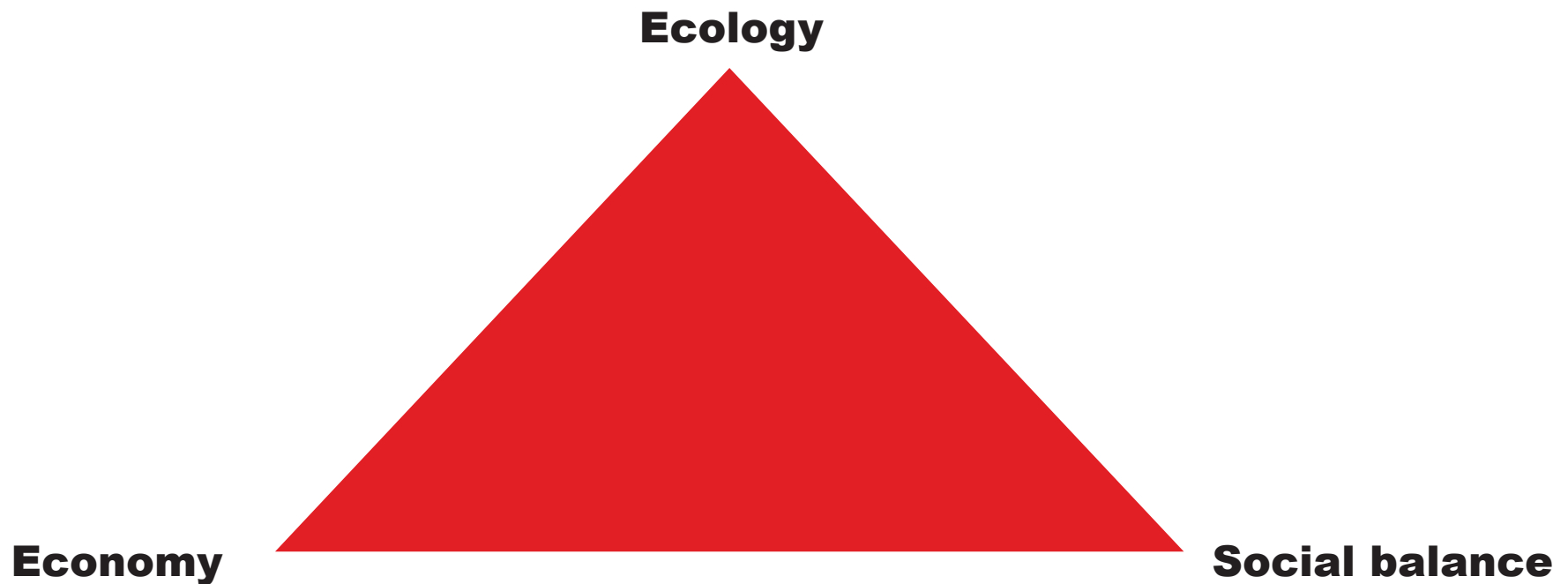
The vision

This vision is a better Global Governance and a better world economic system,
value-based, of the type of an **ecosocial market economy**
(Chances for this future are seen as 35 percent)

ecosocial instead of market-radical

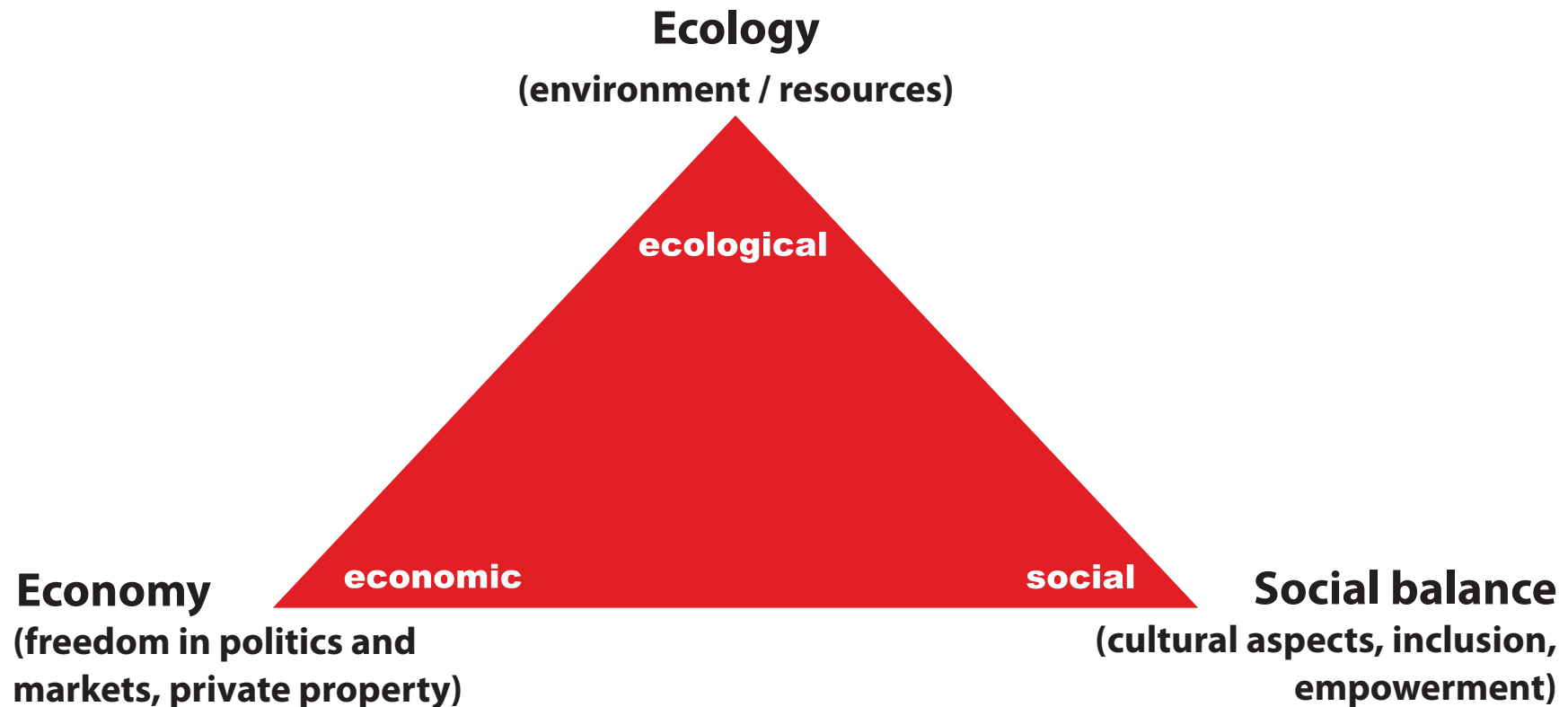
The Triangle of Sustainability

As argued for by the Club of Rome since 1972.



As argued for by the Rio Summit 1992, following 20 years of international debate.

The Triangle of Ecosocial Market Economy



Market Economy + Sustainable Development = Ecosocial Market

Major Areas of Global Governance

- Power and decision making
- Peace and war
- World trade (WTO)
- World financial system (Bretton Woods II)
- Taxes / Regulation of tax heavens
- Climate change (Kyoto II)
- Environment
- Development
- Millennium Development Goals
- Cultural balance

What is on the table of international negotiations right now (2009-2012)?

Three major topics are on the negotiation table now:

- World financial system (Bretton Woods II)
- Taxes / Regulation of tax heavens
- Climate change (Kyoto II)

These three areas constitute about 50 percent of the critical Global Governance issues to be solved. They are those issues with the biggest impacts on money flows and property rights. Therefore, action takes place when things become difficult, as strong actors and much money is involved. It is an important step towards a balanced future that negotiations of all these issues take place at the G20 level instead of the e.g. the G8 level. Even more important is the decision of the Pittsburgh summit (September 24-25, 2009) to replace the G8 by the G20 as the principal forum for global economic coordination for the future.

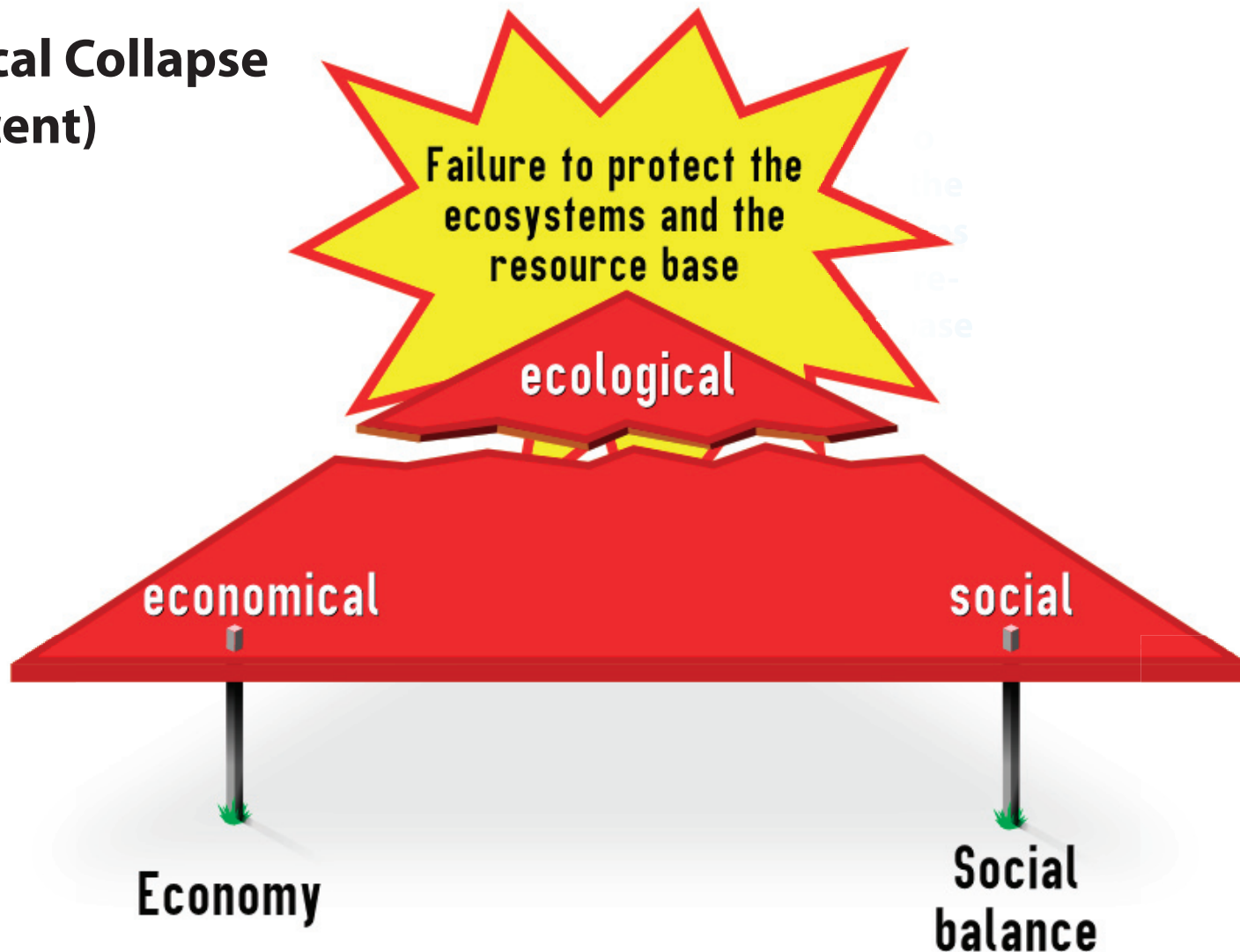
What failures are ahead for the future if we don't make it with a balanced way (Chances 35 percent)

- Ecological collapse (15 percent)
- Brazilianization (40 percent)
- Ecodictatorship in poverty (10 percent) *

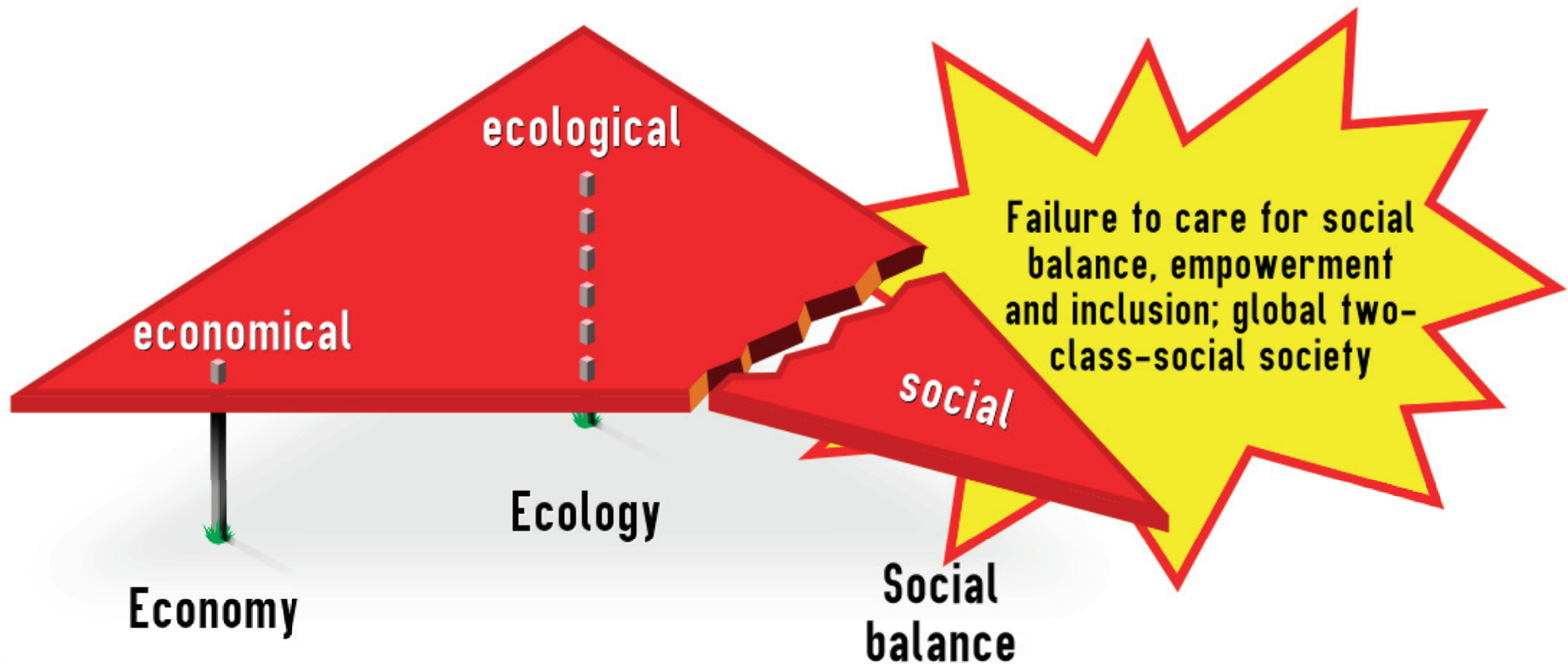
* *also a form of brasilianization*

What failures are ahead for the future if we don't make it with a balanced way

**Ecological Collapse
(15 percent)**

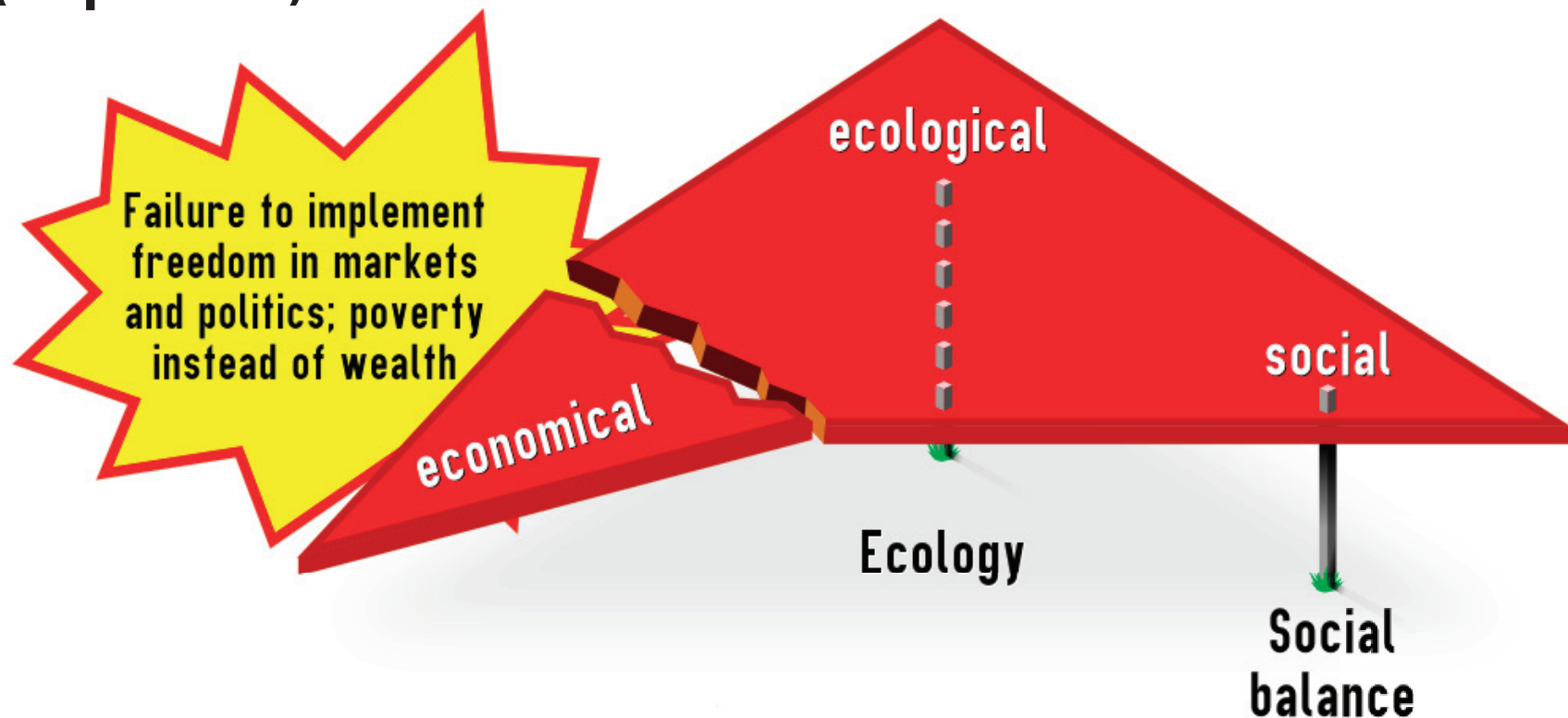


Brasilianization / neofeudal world (40 percent)



Ecodictatorship in poverty (another form of brasilianization)

- no freedom
 - no wealth
- (10 percent)



The intellectual basis

- Work concerning a balanced future takes place on a strictly scientific basis.
- It builds on a unified earth theory.
- This is coupled with an internationally oriented philosophy and ethics: world ethos
- This is translated into a market system approach that has proved most successful on the level of nation states: ecosocial market paradigm
- The power of globalization and of progress in information and communication technologies is incorporated into this picture.
- The present world financial crisis underlines the need for a well regulated global governance and order.

Major components and concepts used

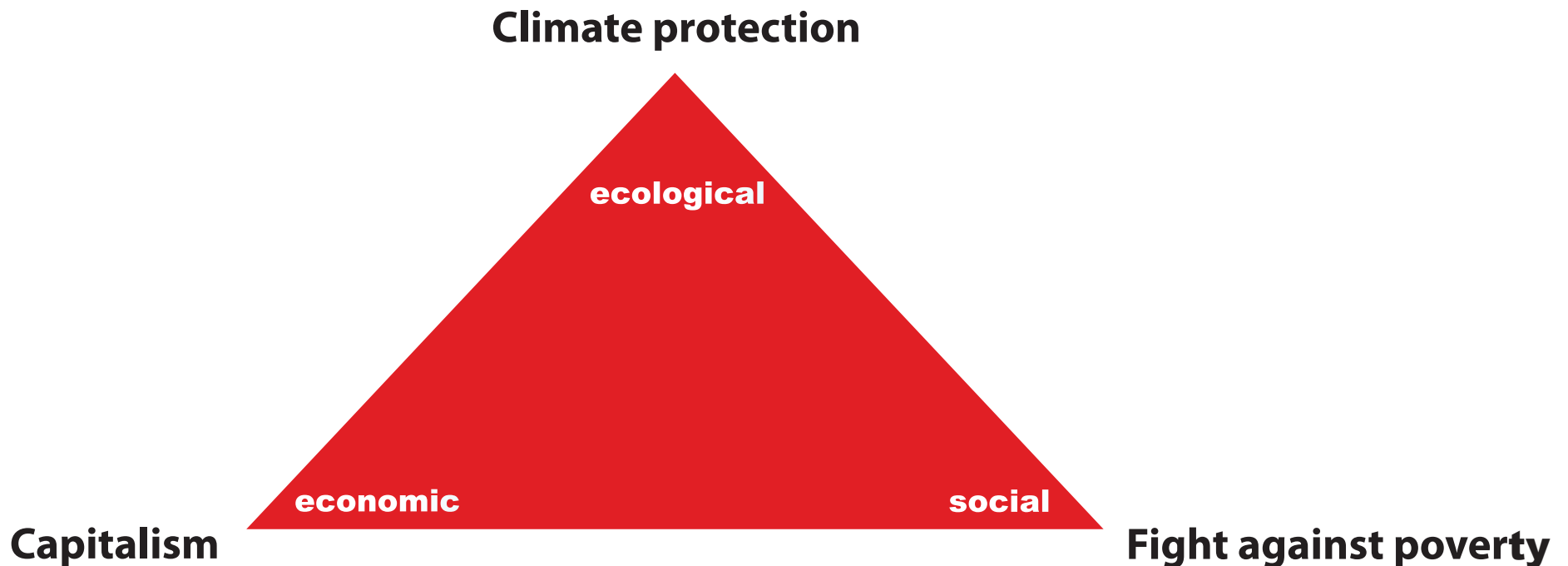
- The basis of the approach is the work of the Club of Rome on the issue, starting with „Limits to Growth“ in 1972
- The actual frame is a unified earth theory, based on earlier analyses in the context of the Information Society Forum of the European Union (1995-2000)
- The work was steadily sponsored by research programmes of the EU
- Presentation of the work was part of EXPO 2000 in Hannover
- We build on economic theories concerning dematerialized growth and corresponding innovations, with strong ties to the Club of Rome's work
- Factor 4 / factor 10 concepts

- The concept of ecological footprint and of net photosynthetic productivity of the biosphere
- A global cap and trade system and climate justice for dealing with the climate issue
- A mathematical (equity) theory for social balance, consistent with the EU definition of social cohesion

Major References

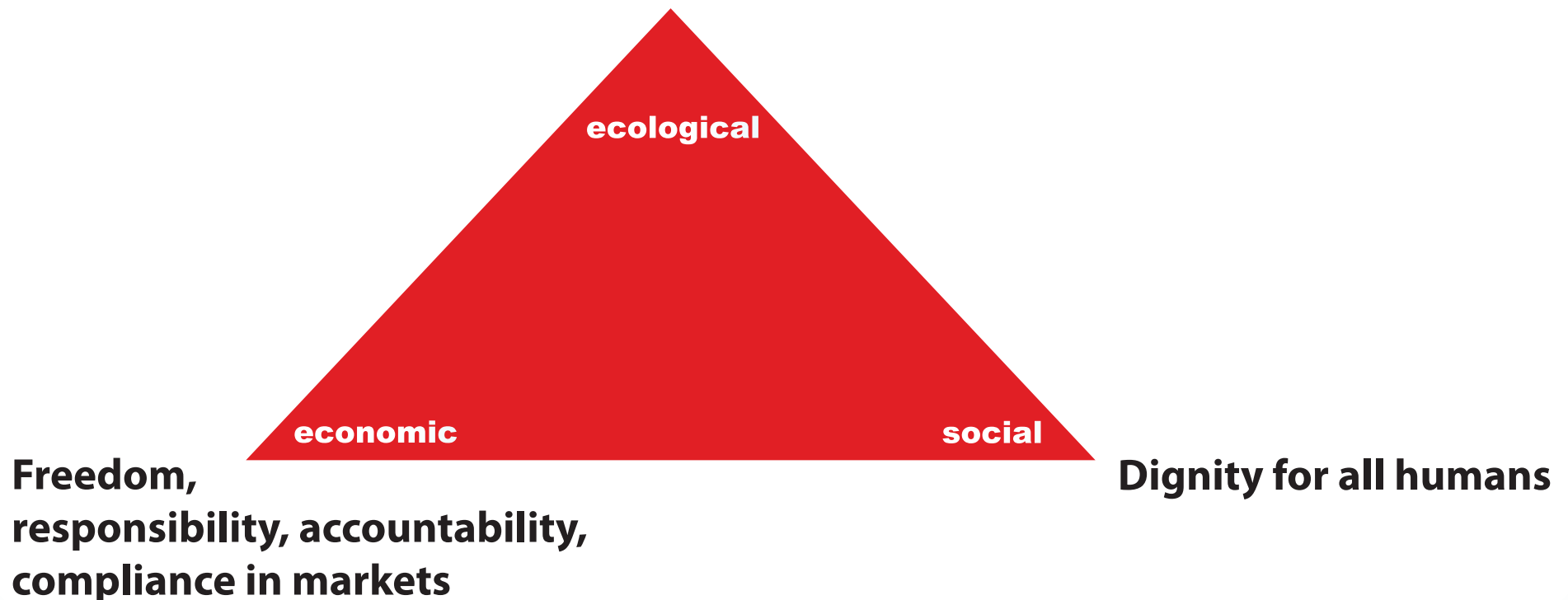
- With **Hernando de Soto**, we share the idea, that property rights have to be registered much more smoothly than today in many developing countries.
- With the Global Marshall Plan Initiative, we share the principles that Governance is a central issue / **co-financing vs. standards** is a leading principle / a **global contract** is a vision.
- With **Joseph E. Stiglitz**, we share the idea, that WTO rules have to give an advantage to those who are disadvantaged.
- With **Wouter van Dieren**, we argue for a more comprehensive national economic accounting (Greening and socially enhancing the GDP)

- With **Al Gore**, we share the vision of a **Global Marshall Plan** for the environment, coupled with the idea to overcome poverty.



- With Hans Küng, we share the idea that values and a global ethos have a major role to play to guide society and in particular our economic activities.

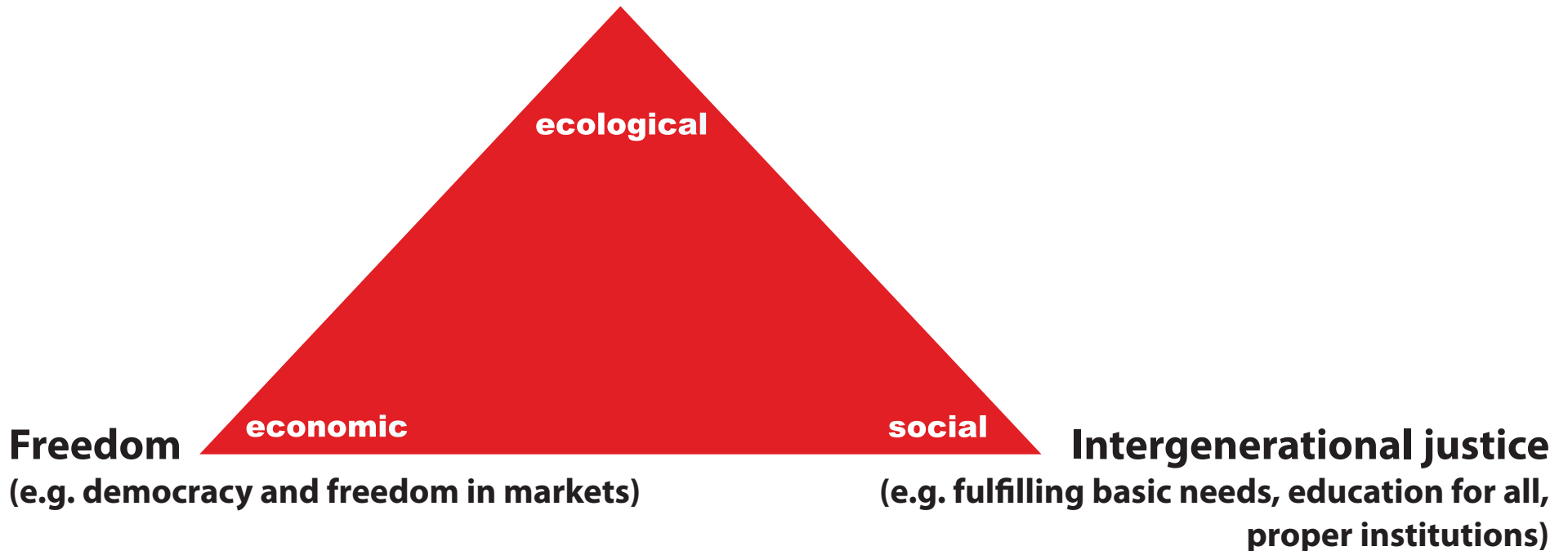
Respect of and caring for nature



- With John Rawls, we share the ideas of inter- and intragenerational justice.

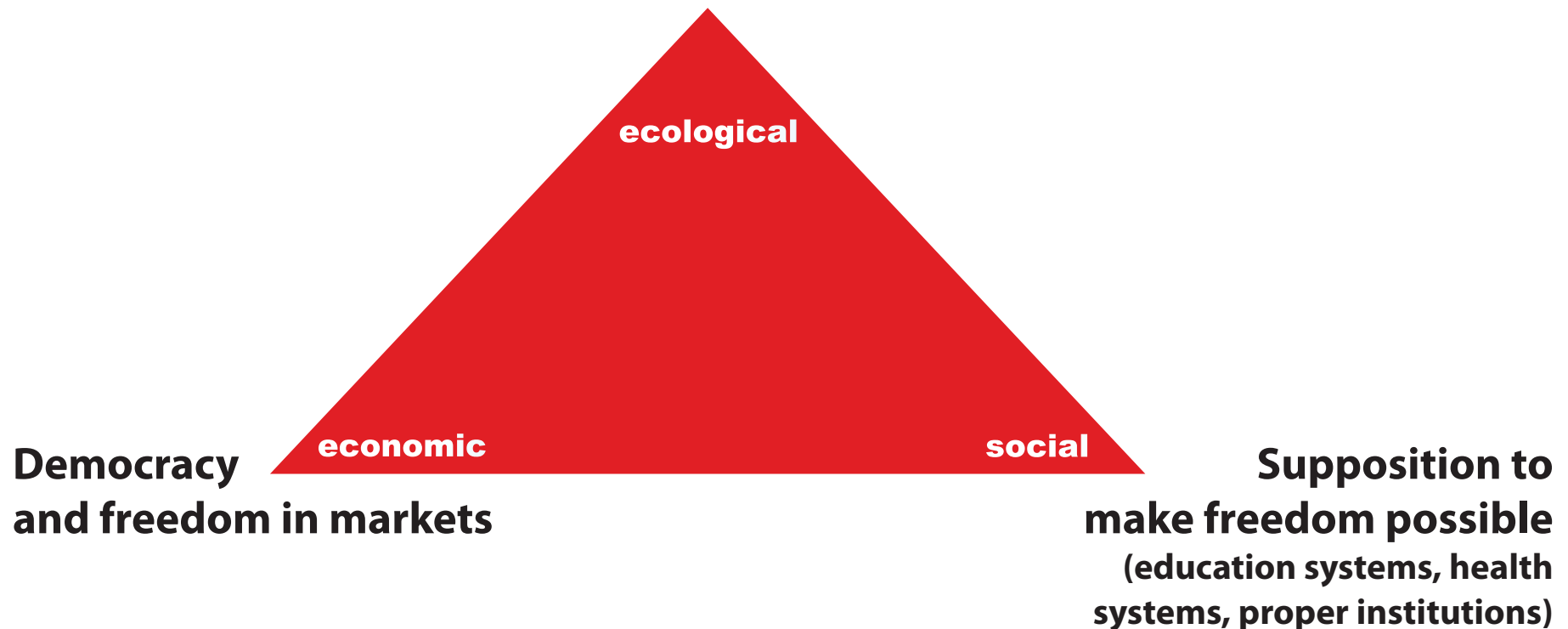
Intragenerational justice

(e.g. protecting the environment for future generations)



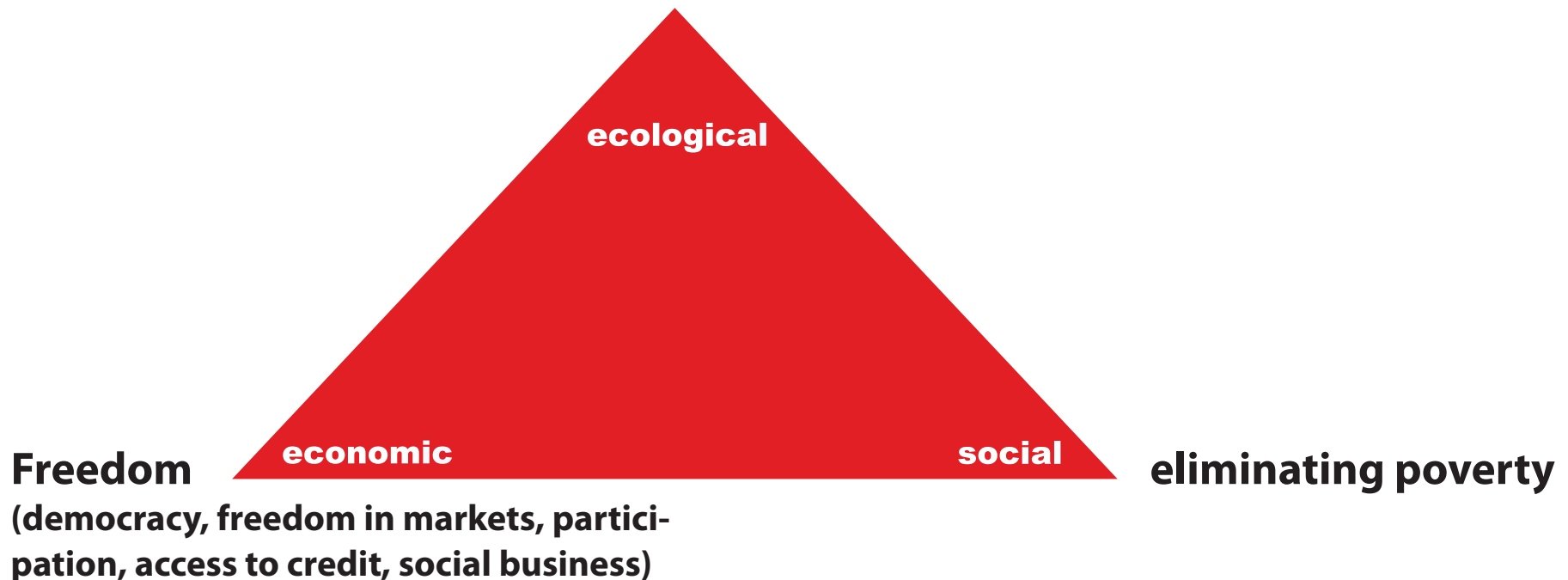
- With Amartya Sen, we share the idea, that freedom is an essential concept, but that freedom requires education for everybody as well as the taking over of responsibility for problems caused, e.g. in the climate field.

**Responsibility when dealing with consequences of freedom
(„polluter pays“, e.g. in dealing with the climate issue)**



- With Muhammad Yunus, we share the vision, that poverty can be eliminated, that microcredit is an important tool for this, and that social entrepreneurs have an important role to play in the future.

Responsibility for the environment and resource base



The original proposals of the Global Marshal Plan Initiative (2003)

- (1) Implementation of the globally agreed upon UN Millenium Goals by 2015
- (2) Raising of an additional 100 billion US \$ a year required to achieve the Millenium Goals, to enhance worldwide development
- (3) Fair and competitively neutral raising of these necessary resources, also by burdening global transcations
- (4) Gradually establish a worldwide Eco-Social Market Economy with an improved global policy framework through the interlinking of established rules and agreed upon standards for economic, environmental and social issues (WTO, ILO and UNEP standards)
- (5) New forms of appropriation of funds directed to the grassroots level, while at the same time fighting corruption

Ten additional proposals for a Global Marshall Plan (2009) (in reaction to the world financial / world economic crisis)

Some interesting activities, that are worth being supported:

- (6) The 0.7 percent campaign to promote development cooperation
- (7) Advocating for a parliamentary assembly at the United Nations *
and eventually for world citizen rights
- (8) Pursuing the topic of climate justice
- (9) Argumentation for the establishment of a world tax agency
(for the allocation of information for the time being)
- (10) Argumentation for a consistent regulation of the world finance system, including
the implementation of a security transaction tax (a generalized Tobin Tax) and of
a leverage money tax, that could considerably contribute to reducing the annual
new indebtedness of states (additional tax volume beyond 1 trillion US\$ a year)

* *Contribution to a democratization of the world / this requires more than a
democratization of all nation states*

- (11)** International harmonization of tax bases (this is expected to increase annual tax income worldwide by some 500 billion US\$ a year*)
- (12)** Isolation of tax paradises and offshore islands which detract themselves from certain standards or tax levels (this is expected to yield another annual increase in tax income worldwide of some 500 billion US\$ a year*)
- (13)** Implementation of a coherent sustainability labelling system concerning the genesis of goods and services, to give consumers qualified information as a basis for their purchasing decisions. (WTO conformity is required but should not be a problem)
- (14)** Labelling systems as asked for in (13) should cover the complete supply chain. Governments, e.g. in Europe, should control the quality of such labels.
- (15)** Argumentation for a global revolution towards increased resource efficiency (factor 4/10). However, only in combination with proper regulations to avoid rebound effects which historically always counteracted efficiency gains.

** Note that the cumulative annual new debt of all states worldwide today, one of the biggest problems for the future, is about 2500-3000 billion (2.5-3 trillion) US\$.*

Where are the greatest assets located?

With view to the annual new indebtedness of states worldwide, a major problem for global stability, the following observation is important:

20 trusts now hold assets worth 30-40 trillion US\$. A 20 percent increased tax on at least 5 percent expected annual revenues would raise some 400 billion US\$ of additional tax income, annually.

Estimated "Assets under custody":	60 – 100 trillion \$
Estimated "Assets under management":	20 – 40 trillion \$
Total financial assets (worldwide):	200 trillion \$
Central bank money:	4 trillion \$

Important „Institutional Investors“

- Goldman Sachs
- Legg Mason
- Merrill Lynch / BoA
- AXA Group
- Alliance Bernstein
- Northern Trust
- Black Rock
- State Street Global Advisors / State Street Corporation
- BNY Mellon
- Barclays Global Investors / Barclays PLC
- Fidelity Investments
- The Vanguard Group
- J P Morgan (several funds)
- T. Rowe Price

Sovereign wealth funds

- ADIA (United Arab Emirates)
- GIC and TEMASEK (Singapore)
- CIC (China)

As an example:

How to address climate change within the ecosocial approach (carbon justice / contraction and convergence)*

- (1) Global cap (cap decreases annually)
- (2) **Justice:** every human worldwide receives an equal share of emission rights (cost free) relative to the cap (equal access to this global common)
- (3) Equal shares may be reached after a transition period, starting from a grandfather-type distribution in the beginning.
- (4) States are in charge of the free emission shares of their citizens.
- (5) States are free to use own emission rights internally or to trade them.

** This is the position of the Club of Rome, of the EU Information Society Forum and of the Ecosocial Forum Europe since at least ten years; cf. also www.nobel-cause.de/Potsdam_Memorandum.pdf.*

- (6) Emission rights are either used internally within states or traded between states.
- (7) Trade takes place annually in a global market organized within a Kyoto II contract for all emission rights traded.
- (8) Each country is obliged to take care that within the activities of that country, economic activities or others, emissions of greenhouse gases created stay within the emission rights available to that country.
- (9) **Strict compliance mechanisms** are in place concerning these obligations.
- (10) Probably the best way for states to handle this issue is to either put levies or otherwise subsidies on all generators of greenhouse gases, such as CO₂ or methane, in such a way that generated volumes are essentially adjusted to the state-specific amounts available (after trading).

- (11)** A Kyoto II contract should involve a regime for **border tax adjustments**, agreed upon between signatories, to deal with states that are not willing to participate in a fair climate deal. The main issue is WTO conformity. International negotiation of the issue of border tax adjustment is favourable to achieve conformity within the WTO.
- (12)** A Kyoto II regime as described, based on the philosophy of climate justice, could yield at least an estimated **50-100 billion US\$** a year of financial transfers towards developing countries. This could, among others, finance massive **technology transfer** from the developed to the developing countries, as required to deal with the challenges of climate change.