



# No Future Without Justice

Report of the Civil Society Reflection Group  
on Global Development Perspectives

EXECUTIVE SUMMARY

June 2012

- The world faces an unprecedented coincidence of global crises. They testify to the failure of the dominant model of development and economic progress that is oriented on a technocratic modernisation path, is blind to human rights and the ecological limits of the global ecosystem, confuses growth of Gross Domestic Product with progress in society, and regards poverty as a primarily technical challenge in which categories of inequality and social justice are neglected.
- The Civil Society Reflection Group on Global Development Perspectives brought together 18 civil society activists and scholars from different disciplines from around the globe. Its members jointly drew lessons from the current crises, looked beyond conventional development concepts and goals, questioned the models and measures of development and social progress, and presented alternatives.
- The Report of the Reflection Group is the main outcome of the joint deliberations. It describes the root causes of the multiple crises, reconfirms the framework of universal principles and rights, reconsiders development goals and indicators, and draws conclusions for the post-2015 development agenda. It seeks to stimulate debates about alternative development paths, participatory and inclusive governance structures, and the transformation in politics and societies that future justice for all will require.



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## 1. The World in Need of Fundamental Change

We live in a world in turmoil. Too many people are tossed around in a global boom and bust; the world turned into a global casino, gambling with our livelihoods, our security, our futures and our planet. We have exceeded the ecological limits and neglect the planetary boundaries. With the climate change threat we are already living on borrowed time. However, we refuse to cut back on emissions and allocate the scarce resources to those who have not yet benefited from their exploitation.

### What Went Wrong?

All too often, national and international policies have not aimed at reducing inequalities. The dedication to stimulating economic growth has provided the incentive to exploit nature, rely on the use of fossil fuels and deplete biodiversity, undermining the provision of essential services. Women, especially the poor, continue to suffer from social and economic discrimination and in many places are deprived of their bodily, reproductive and sexual rights. Biodiversity and the bounty of nature, while cherished, are not respected, protected or valued. Communities and populations that seek to live in harmony with nature find their rights ignored and their livelihoods and cultures jeopardised.

Why has this happened? Why is governance failing us so badly? States have reneged on the democratic values they committed themselves to uphold, and governments have become less accountable to the people. Universal norms and standards are being ignored or sidestepped by new rules that favour markets. Risks are being borne by those who had no role in taking them while a new classification of »too big to fail« has re-ordered the distribution of public resources. We are confronted with a hierarchy of rights, with those protecting human and eco systems relegated to the lowest rungs. This situation finds its parallels in governance at the national and international levels. Further, fragmented global governance has led to failure to see the big picture and a tendency to deal with symptoms, rather than causes.

Responses to the failure of the financial system show that the state can act and will act quickly in the face of perceived disaster with money and policies. But the

required stronger role of the state must be based on democratic legitimacy and accountability – and be balanced by the effective participation of civil society in an autonomously creative role.

### Building a Holistic Concept of Sustainability

To date, a holistic approach of sustainability has not been adopted for action. It is necessary to redefine, for public policy and public life, the concepts of development and well-being, along with their content, their metrics and their strategies. We need to build a new narrative of development and sustainability that can permeate daily life, public and social arenas and bilateral, regional and multilateral forums, and that can be incorporated into the discourse of national and global politics and policies.

A new development paradigm grounded in the logic of sustainability and human rights will require a redefinition of the role of the state, civil society and the private sector. The state should play a key role in promoting sustainability and welfare and has to be reaffirmed as an indispensable actor – not one of many stakeholders –, setting the legal frame, enforcing standards of equity and human rights and fostering long-term ecological thinking, based on democratic legitimacy. However, in implementation governments should avoid adopting a one-size-fits-all approach and instead align their policies to the specific situation in each country.

First and foremost, this requires reconfirming the framework of universal principles and rights and recognising the ecological limits of the planet.

## 2. Reconfirming Principles and Rights

Every concept of development, well-being and progress in societies is based on a set of fundamental principles and values. These values are rooted deeply in our cultures, our ideologies and our belief systems. We are convinced that there is a set of universal principles and values that is shared by most of us. We acknowledge the diversity of cultural expressions as a value in itself that has to be protected and promoted. In times of globalisation and growing global interrelationship between societies, economies and people, universally agreed principles are the precondition for living together in justice and peace and in harmony with nature.

We propose the following set of eight principles as the foundation for a new sustainability rights framework:

- Solidarity principle
- »Do no harm« principle
- Principle of common but differentiated responsibilities
- »Polluter pays« principle
- Precautionary principle
- Subsidiarity principle
- Principle of free, prior and informed consent
- Principle of peaceful dispute settlement

These eight principles should build the cornerstones of a universal sustainability rights framework. They are interconnected and must not be applied in isolation.

In addition to the core set of universal principles, there are fundamental values, which are also essential to international relations. Governments referred to some of them in the Millennium Declaration. They include, *inter alia*, freedom, equality, diversity and respect for nature.

While all governments agreed to these principles and values in general, they have mostly failed to translate them into enforceable, guaranteed obligations and specific policies. In order to ensure the functioning of a society and create safeguards against tyranny and abuses of corporate power, values have to be translated into rights, policies and strategies.

### 3. Recognising the Planetary Boundaries

All human life is ultimately based on the integrity of the global ecosystem. Ongoing destruction of nature, overconsumption of resources and excessive greenhouse gas emissions are now on a scale where damage is becoming irreversible. Humanity has already transgressed three of the nine so-called »planetary boundaries« identified by Johan Rockström et al.: the rate of biodiversity loss, climate change and nitrogen input to the biosphere.<sup>1</sup> Other boundaries may be exceeded in the nearer future, in particular those for global freshwater use, change in land use, ocean acidification and interference with the global phosphorous cycle. If current

trends continue we will have to face abrupt global environmental change, with detrimental consequences for people and the planet.

Humanity has to leave this destructive development path, respect the planetary boundaries and operate within environmental limits. Acknowledging that humanity also must increase economic and social well-being for many to at least fulfil their basic human rights, we need a massive and absolute »decoupling« of well-being from resource extraction and consumption. This requires a whole set of transition strategies, including, *inter alia*, technology transfer and assessment mechanisms based on the principle of common but differentiated responsibilities and new ways of financial burden sharing (see Part V below).

From a broad conceptual perspective there are different entry points from where to tackle human demand on the earth's ecosystem. This environmental impact is the combined effect of the scale of global production and consumption, the composition of what we produce and consume and the resources and technologies we use to produce what we consume. To reduce the environmental impact, we could either try to reduce overall production and consumption (sufficiency strategy), produce and consume the same or even more with fewer natural resources and emissions (efficiency strategy) or produce and consume different things or in a different way (consistency strategy or ecological structural change).

A sufficiency strategy of limiting or even reducing per-capita income growth in rich countries could be part of the solution to keep resource consumption and waste generation within environmental limits, although this might be politically difficult. The potential economic and social problems (such as deflation coupled with increased unemployment) and distribution conflicts that could be triggered by such policies are not trivial. However, reducing income inequalities within rich and poor countries, leading to reductions in status consumption and excessive lifestyles of the rich would certainly contribute to a broader acceptance of sufficiency strategies.

On the global level, we are in any case likely to see more material production – that is, economic growth – as long as there is no all-encompassing global redistribution scheme on the horizon that could substitute for the

1. Rockström, Johan et al. (2009): »Planetary Boundaries: Exploring the Safe Operating Space for Humanity«, in: *Ecology and Society* 14(2): 32; [www.ecologyandsociety.org/vol14/iss2/art32/](http://www.ecologyandsociety.org/vol14/iss2/art32/).

benefits of growth in the poorer parts of the world.<sup>2</sup> For years to come, we will still need some form of growth in large parts of the world in order to expand the frontiers of »maximum available resources« for poor countries.

But more of the same is what we don't need. What we do need on the one hand is rapid growth in resource- and energy-efficient production. The massive investments needed to shift from non-renewable to renewable resources, in the energy sector in particular, will also drive growth. On the other hand, we need to see massive de-growth (shrinkage) of products, sectors and activities that do not pass the sustainability test.

The aim is to build economies around the world that drastically limit carbon emissions, energy consumption, primary resource extraction, waste generation, as well as air and water pollution. Non-renewable resources have to be replaced with renewable ones while ensuring that their use or harvesting remains within the capacity to regenerate. The loss of species has to be stopped and ecosystems, where possible, have to be restored.

The strategies of »eco-efficiency« and ecological structural change (consistency) do not offer a magic wand to rescue nature either. But they do offer a large number of promising approaches and policies that have the potential to reduce the environmental impact of production and consumption significantly.<sup>3</sup> Some of them include changes of consumption patterns and lifestyles or will eventually lead to such changes. Whether these strategies will suffice to bring about »absolute decoupling« and how much »sufficiency« will be needed in the future remains an open question.

There is the fundamental and obvious implementation challenge to bring about the necessary transition to an economy that respects the carrying capacity of the Earth. However, a sustainable economy must not just respect planetary boundaries but must also maintain economic

sanity, promote prosperity and social justice and reduce poverty and inequalities. A »green economy« only becomes a truly »sustainable economy« if the economic and social challenges – first and foremost inequalities – are equally addressed.

From a social point of view, the transition to environmental sustainability is only tenable, if this transition also drives social progress, promotes cultural diversity and satisfies human needs, including access to water, food, housing, energy, land, health, education and transport. Workers, families and communities negatively affected by the transition must get adequate social protection and access to new opportunities, especially in terms of employment (»just transition«).

Finally, the change in mindset needed to create a sustainable economy that operates within the planetary boundaries requires new metrics for sustainability and societal progress. As the report of the Stiglitz-Sen-Fitoussi Commission rightly states: »*What we measure affects what we do; and if our measurements are flawed, decisions may be distorted.*«<sup>4</sup>

## 4. Towards Global Sustainability Goals

Peace, human rights and respect for nature are the key pillars of a new Global Sustainability Goals (GSG) framework, and equity is what brings them together. The question is not whether they can be achieved simultaneously, but rather that none can be achieved without the others. They are building blocks of the UN Charter and the Millennium Declaration. These documents can build the basis for any future GSG framework. In this regard, we agree with the UN Secretary-General who said: »*When considering the elements of a post-2015 development agenda, the world community may revisit the values and principles of the Millennium Declaration as a starting point for renewing its vision of global development in the light of contemporary challenges.*«<sup>5</sup>

The UN Secretary-General added that several core values and objectives of the Millennium Declaration did not receive sufficient emphasis in the Millennium Develop-

2. If such a system existed, a permanent transfer of just 2 per cent of the incomes of the richest 20 per cent to the poorest 20 per cent of the world population would double the income of the poorest quintile, reducing global inequality between the top and the bottom 20 per cent from 1:50 to 1:24.

3. Research (»Factor Five«) shows that a fivefold increase of resource productivity is doable in essentially all sectors of modern societies. Factor Five, which has its chief emphasis on energy, depicts lots of innovative technologies reducing wastefulness and thus energy or water needs by roughly a factor of five (von Weizsäcker, Ernst Ulrich/Hargroves, Karlson/Smith, Michael (2009), Factor Five – Transforming the Global Economy Through 80 % Improvements in Resource Productivity, London. Updated German and Chinese editions in 2010).

4. Commission on the Measurement of Economic Performance and Social Progress (2009): Report by the Commission on the Measurement of Economic Performance and Social Progress, Paris, Executive Summary, para. 3.

5. UN Doc. A/66/126, para. 55.

ment Goals agenda, *inter alia* in addressing inequalities, pursuing environmental sustainability, food and nutrition security, addressing human rights and good governance and ensuring peace, security and sustainable global development.

For human society to be sustainable in a globalised world, the **planetary boundaries** need to be respected and, if already exceeded, unsustainable activities have to be stopped; the trends may even need to be reversed, as is the case with the accumulation of CO<sub>2</sub> in the atmosphere. How to distribute the financial burden of these adjustments is a difficult task. This needs to be done while preserving global financial and political sustainabilities. It is up to science to determine the planetary boundaries with increased precision.

The framework of **peace** is already well established in the UN Charter and what is required now is *»to seek the peace and security of a world without nuclear weapons«* as promised by US President Barack Obama in Prague on 5 April 2009 and to define the related goals and indicators.

As for the **dignity** inherent to every human being, according to the Universal Declaration on Human Rights, the goals for well-being are clearly set. The rights to food, health and education impose mandates to achieve an infant mortality rate of less than 10 per thousand live births (since all mortality above this figure is related to malnutrition and poverty), universal attendance of all births by trained personnel, universal access to safe water and sanitation, universal attendance in school by both girls and boys and even universal access to phone and internet services.<sup>6</sup> Basically the expiry date of the MDGs in 2015 does not leave the international community without an orientation because all of the first six goals of the MDGs can be read as a requirement to fulfil existing rights in accordance with the International Covenant on Economic, Social and Cultural Rights (ESCRs). And human rights demand more ambitious goals, not found among the MDGs, such as the right to social security (article 22 of the Universal Declaration), now re-emphasised as the legal basis for the Social Protection Floor.

6. Article 19 of the Universal Declaration on Human Rights says: *»Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.«*

The national and international development discourse should not be about picking certain goals as a priority, and all have already been agreed upon, but about when they will be progressively achieved. The realisation of these rights is a responsibility of governments *»individually and through international assistance and co-operation, especially economic and technical, to the maximum of available resources«*, according to the Covenant on ESCRs. The prioritisation of *»maximum available resources«* to fulfil those rights demanded by the Convention also applies to international support. In order to monitor the effective use of the maximum available resources (including those of international cooperation) the Universal Periodic Review of the Human Rights Council should be strengthened to perform this task.

If fulfilment of basic dignity levels for the enjoyment of social, economic and cultural rights is not incompatible with sustainability and achievable with existing resources, failure to achieve it is not just an ethical fault but also a threat to the sustainability of the global system increasingly perceived as unjust, unfair, inequality-creating and therefore illegitimate.

## 5. Redirecting Policies Towards Present and Future Justice

In order to translate the universal framework of sustainability rights and goals outlined above into practical policy, governments and parliaments should adopt binding commitments to policy coherence for sustainability as well as strategies for implementation and monitoring. Based upon the core set of universal principles, such as the precautionary principle, the *»do no harm«* principle, the subsidiarity and the solidarity principles, all public policies should be redirected towards human rights and sustainability and be subject to sustainability and human rights impact assessments.

In order to place the core set of fundamental principles and human rights in a normative framework of sustainability, well-being and societal progress, we propose a new **Charter on the Right to Sustainable Development**. This Charter should refer, *inter alia*, to the World Charter for Nature (1982) and the UN Declaration on the Rights of Indigenous Peoples (2007), as well as update and upgrade the Declaration on the Right to Development (1986). The new Charter should emphasise the



## A Framework for Global Sustainability Goals

The following list is the preliminary result of a joint brainstorming exercise of Reflection Group members. It is work in progress and should only illustrate the thematic scope of a potential set of global goals discussed in the group, without specifying individual goals and targets. By all means, any future framework of Global Sustainability Goals (GSGs) should be adopted universally but it should simultaneously take account of the specific framework conditions of the individual countries. What we need are common goals but differentiated targets and indicators. The goals should reflect the principles of solidarity and subsidiarity. In addition, GSGs have to incorporate strong transparency and accountability mechanisms at national and global levels. Without them any set of goals remains meaningless. Furthermore, a new set of GSG indicators should measure not only access and outcome but also the maximum available resources at national and global levels to achieve the goals. This includes the calculation of extraterritorial obligations and fair and equitable burden-sharing formulas, for example with regard to the costs of climate change. Finally, a future set of GSGs should reflect the fair (re-)distribution of access rights and resources within the planetary boundaries – that is, the ecological limits of the Earth. The proposed framework for the GSGs is based, inter alia, on the core values laid out in the Millennium Declaration.

### **Core Goal 1: Dignity and Human Rights for All**

Targets on:  
 Poverty eradication; Full employment; Decent work; Social security; Food security; Water/sanitation; Housing; Health, including reproductive health; Education; Cultural diversity; Fundamental freedoms (movement, religion, thought, speech, information, association, sexual orientation); Anti-discrimination laws

### **Core Goal 2: Promote Equality and Justice**

Targets on:  
 Gender equality and equity and women’s empowerment; Income and wealth (Gini coefficient or similar measure)

### **Core Goal 3: Respect for Nature and the Planetary Boundaries**

Targets on:  
 Ecological footprint; Climate change/per capita greenhouse gas emissions; Rate of biodiversity loss; Nitrogen input to the biosphere; Global freshwater use; Change in land use; Ocean acidification; Interference with the global phosphorous cycle; Ozone depletion; Chemical pollution; Deforestation; Renewable energy; Energy consumption; Resource/energy efficiency (*Factor Five*); Total resource accounting

### **Core Goal 4: Building Peace through Disarmament**

Targets on:  
 Abolition of nuclear weapons; Reduction of production and trade of arms (including small weapons); Reduction of military expenditures

### **Core Goal 5: Foster Fair and Resilient Financial Systems**

Targets on:  
 Macroeconomic imbalances; Global currency mechanism to prevent volatile fluctuations and competitive devaluations; Illicit financial flows; Transparency of financial flows; Debt sustainability; Environmentally and socially harmful subsidies; Harmful tax competition; Total economic valuation of Foreign Direct Investment and TNC activities; Participatory and gender budgets

### **Core Goal 6: Strengthen Democratic and Participatory Governance**

Targets on:  
 Access to participation in decision-making for all (at all levels); Access to complaint mechanisms (ombuds-mechanisms) for all in case of rights violations or violations of rights of future generations at all levels of governance; Full citizen rights for residents and eradication of discriminatory practices against immigrants, migrants, refugees and asylum seekers; Citizen empowerment

commitment of governments to policy coherence for human rights and sustainability. It should reconfirm the obligation to progressive realisation of human rights, using optimally the maximum available resources and expand it to the right to sustainable development and the stewardship of the rights of future generations. It should acknowledge the concept of planetary boundaries. Finally, it should confirm the principle of fair burden-sharing and equitable per-capita rights to the global commons and to the emission of greenhouse gases, taking fully into account the historical responsibilities of societies.

### Redirecting Fiscal Policies Towards Sustainability

Fiscal policy is a key instrument of governments to turn the rights-based approach of sustainability, well-being and societal progress into practice. In recent decades, we have witnessed the erosion of public finance in many countries, which has resulted in the growing inability of governments to provide the necessary public goods and services in support of people's welfare and care systems, thus failing to respond effectively to the aggravated social and environmental problems. Therefore, there is an urgent need to strengthen and redirect public finance. We need steps towards country-specific eco-social fiscal reforms, taking into account, *inter alia*, the following aspects:

**Emphasising progressive taxation:** In line with the principle of common but differentiated responsibilities taxation should be based on the ability to pay; rich individuals, transnational corporations and large landowners should be taxed accordingly.

**Greening the tax system:** Following the »polluter pays« principle, a system of eco-taxes should particularly increase the »price of pollution«, the use of fossil fuels and other non-renewable energies and the emission of greenhouse gases. As their social outcomes can be ambiguous, provisions must be made to overcome potential regressive effects, for instance, through »life-line« tariffs (water, electricity) or vouchers (for example, for firewood).

**Effective taxation of corporations:** An essential element of an efficient tax system includes the effective taxation of corporations. Tax holidays for transnational corporations are counterproductive and should be eliminated, if possible in an internationally coordinated way.

**Initiatives against tax evasion and illicit financial flows:** In many countries illicit financial flows, tax avoidance and corruption continue to prevent the establishment of a sustainable system of public finance. A bundle of national and international measures is needed to strengthen fiscal authorities, close tax loopholes and prevent capital flight, including effective measures against the manipulation of transfer pricing and mandatory country-by-country reporting standards for transnational corporations.

**Applying the »polluter pays« principle to the financial sector – introducing a Financial Transaction Tax:** Such a tax should be levied on trading shares, bonds, derivatives and foreign currency on the stock exchange, at trade centres and in over-the-counter transactions. In order to ensure that tax revenue is not exclusively used to cure budget deficits but also spent for social and environmental purposes, a substantial part of the revenue should be earmarked and distributed through a fund under the auspices of the United Nations.

**Abolition of harmful subsidies:** Every year governments spend hundreds of billions of dollars on harmful subsidies, particularly in the agricultural, water, energy, forestry and fishery sectors. These kinds of subsidies not only have detrimental social and environmental effects; by artificially lowering the prices, they often reduce the profitability of local industries and the production of renewable energy. Governments should commit to time-bound targets to phase out, as soon as possible, all subsidies that support unsustainable production and consumption patterns.

**Strengthening public spending to stimulate sustainable production and consumption:** Not all subsidies are harmful. Governments should substantially strengthen public subsidies in areas such as renewable energy, sustainable and affordable public transport systems, eco-efficient housing, social infrastructure and consumption subsidies to poor households.

**Cutting military spending:** Military expenditures absorb a significant share of state revenues in most countries. In 2011 they reached a total historic high of US-dollar 1.74 trillion.<sup>7</sup> If military budgets were reduced, large sums of money could be freed up for funding environmental and social programmes.

7. Cf. [www.sipri.org/media/pressreleases/press-release-translations-2012/milexbgeng.pdf](http://www.sipri.org/media/pressreleases/press-release-translations-2012/milexbgeng.pdf).



**A universal social protection floor for all:** Access to social security is a human right (Art. 22 of the Universal Declaration of Human Rights), but it is also an economic and political necessity. Therefore, governments should implement the concept of a universal social protection floor, as promoted by the ILO. It should be based on the following four pillars:

- Universal access to public healthcare for all;
- Guaranteed state allowances for every child;
- A universal basic pension provided by the state for persons in old age or with disabilities;
- Guaranteed state support for unemployed and underemployed people living in poverty.

**Public provision of essential services:** After years of a global trend towards privatisation and deregulation, public authorities have to reclaim the responsibility to provide essential services for all citizens, including fresh-water supply, sanitation, education, healthcare, shelter, public transport, communication and access to energy. Governments should substantially increase the spending level in these areas.

**Strengthening participatory, gender and human rights budgeting initiatives:** Governments should ensure the effective participation of civil society in budgetary planning and use gender-budgeting approaches. Similarly, governments should assess systematically if budgets are complying with their obligation to promote, protect and fulfil the economic, social and cultural human rights of present and future generations.

**Using public procurement policies to promote sustainability:** Public authorities from the local to the global level have an enormous purchasing power. More and more public procurement operators are trying to influence the production methods and products of their suppliers by introducing environmental, social, cultural and human rights standards. In addition, in line with the principle of subsidiarity, procurement policies could be used to strengthen the local economy by supporting domestic producers and suppliers.

**Using sovereign wealth funds to finance sustainable investment:** Assets under management of sovereign wealth funds had reached US-dollar 4.7 trillion by July 2011. There was an additional US-dollar 6.8 trillion held in other sovereign investment vehicles,

such as pension reserve funds, development funds and state-owned corporations' funds. There is an enormous potential to invest these assets in accordance with specific sustainability objectives. Governments should authorise the decision-making bodies of these funds to introduce binding sustainability criteria to guide their investment policies.

**A new global system of financial burden-sharing beyond ODA:** The current system of financial transfers is based on the concept of aid (official development assistance – ODA). It is characterised by paternalistic relationships between rich donors and poor »partners«. Governments have to overcome this concept of aid and establish a new normative framework of burden-sharing between rich and poor countries based on the solidarity principle – for example, in the form of a **universal fiscal equalisation scheme**. Such a model would be consistent with the International Covenant on Economic, Social and Cultural Rights. The realisation of these rights is a responsibility of governments »*individually and through international assistance and co-operation, especially economic and technical, to the maximum of available resources*«. <sup>8</sup> The prioritisation of resources for ESCRs also applies to international assistance, as most recently highlighted in the Maastricht Principles on Extraterritorial Obligations of States in the area of Economic, Social and Cultural Rights. <sup>9</sup>

The second pillar of a new normative system of financial transfers should build on the »polluter pays« principle and the principle of common but differentiated responsibilities. This is particularly relevant in order to allocate the costs of climate change. In accordance with these principles, those countries that are responsible for and indeed have profited from the damage that the excessive emission of greenhouse gases is causing – and will be causing in the future – have to compensate for the costs. They have accumulated *climate debt* that they will have to pay off over the coming years and decades. A **compensation scheme to pay off climate debt** should be guided by the principles of fair burden-sharing and equitable per-capita rights, taking fully into account the historical responsibilities of societies.

8. UN General Assembly (1966): International Covenant on Economic, Social and Cultural Rights, New York, Art. 2.

9. [http://www.ij.org/dwn/database/Maastricht ETO Principles - FINAL.pdf](http://www.ij.org/dwn/database/Maastricht%20ETO%20Principles%20-%20FINAL.pdf).

## Strengthening Public Policies to Promote Sustainability

Setting rules and standards is a central task of responsible governments and international organisations and a key instrument of active policy-making. Over the past 30 years, however, governments have too often weakened themselves by adopting policies of deregulation and financial liberalisation. Instead, they have trusted in corporate voluntarism and self-regulation of »the markets«. In response to the recent financial and food crises, governments have started changing the course, but much more remains to be done to restore public rights over corporate privileges and to strengthen the rule of law in the interest of present and future generations.

In the following we highlight a few key measures in the areas of finance, food, land and water and decent work as examples of the necessary strengthening of public policies in all sectors.

**A new regulatory framework for the financial markets:** The transition towards a rights-based framework of sustainability will not be possible with a global financial system dominated by speculation and greed. To overcome the deficiencies of this system, a fundamental re-regulation of the financial markets is necessary in order to put them once again at the service of the real economy. Key elements of such a new regulatory framework include:

- **Reform of competition and anti-trust policies:** Governments should no longer allow companies and banks to grow in unlimited fashion. »*Too big to fail*« should be translated into »*too big to allow*«. Today many transnational banks and corporations have bigger budgets than states. They form non-transparent conglomerates of thousands of subsidiaries and affiliated companies, many of them based offshore in secrecy jurisdictions like the City of London. To limit the power of these companies, governments should break up corporate structures and adopt effectively coordinated anti-trust rules under the auspices of the United Nations.
- **Higher minimum capital requirements and risk prevention:** There is a need of stricter minimum capital requirements for large banks beyond the insufficient rules of Basle III. Additionally, special purpose vehicles and transactions not appearing on the balance

sheets, and which serve the purpose of evading supervision and minimum standards, ought to be banned. In other words, the shadow banking system has to be closed down. Speculative trading of banks for their own accounts (proprietary trading) and investment in hedge funds have to be banned. And finally, the separation of commercial banking and investment banking, introduced in the United States through the Glass-Steagall Act of 1933 and repealed in 1999 through the Gramm-Leach-Bliley Act, has to be restored.

- **A Financial Product Safety Commission:** The constant development of new financial products and innovative forms of securitisation and the transformation and bundling of loans in stocks and shares that can be traded has considerably increased opacity and vulnerability to crises. In line with the precautionary principle, a systematic impact assessment of all (new) financial products would be needed. We support the recommendation of the Stiglitz Commission to establish at global level a Financial Product Safety Commission for this purpose.
- **Stricter standards for hedge funds and private equity funds:** More effective international regulation is required in order to avoid the destabilising effects of hedge funds and private equity funds on the global financial system. This includes a comprehensive duty of disclosure vis-à-vis the financial supervisory authorities, rules on the restriction of credit given to such funds and a ban on pension funds and insurances investing in these highly speculative funds.
- **Public control of the rating agencies:** Owing to their flawed analyses, rating agencies bear part of the responsibility for the latest financial crisis. The world market is dominated by an oligopoly of three US firms (Standard & Poor, Moody and Fitch). Greater public control of these agencies is required and their assessment criteria should be fully disclosed. It is time to break up the oligopoly of these firms and to establish an international, not-for-profit rating agency.
- **De-privatising the setting of international accounting standards:** The International Accounting Standards Board (IASB) is an excellent example of a private organisation by formal legal criteria assuming quasi-sovereign responsibilities; the international standards set *de facto* become law in many countries.

The IASB statutes ought to be reformed with a view to this organisation no longer operating as a privately owned company and its finances must be removed from control by the major auditing firms. The IASB should be transformed into an international authority under public ownership and control.

**Safeguarding water, land and food from abuse and speculation:**

Nearly 1 billion people suffer from hunger and hundreds of millions more lack adequate nutrition. Food prices have reached historically high levels and are expected to continue to rise. Hunger is a result of the structure of power in the global food system, with its emphasis on production for profit regardless of the consequences. Policy-makers must abandon the current interest-driven food system. In order to safeguard water, land and food from abuse and speculation the following steps are essential:

- **Invest in sustainable long-term goals and tame short-term speculation** by tough new market controls to limit speculative pressures, public grain reserves and marketing arrangements that help to buffer speculative price swings and maintain stocks for emergencies.
- **Stop land-grabbing** by adopting binding rules that, *inter alia*, give strong protection to small producers, increase security of land tenure and ensure that land use meets food and conservation needs, not investors' hunger for wealth accumulation.
- **Promote local food production instead of global oligopolies:** Governments must do their utmost to protect and strengthen smallholders, to guarantee local democratic control by producers and consumers and to reduce the market power of big agribusiness.
- **Focus on small producers and ecological farming in order to** secure long-term productivity, increase resilience, conserve the soil and protect biodiversity. Essential for increasing and stabilising local food production are gender-sensitive policies.
- **Protect water as a common good and the human right to water:** Humanity must use water more carefully through conservation programmes and must drastically reduce pollution of water systems, including steps to fairly share out the world's existing freshwater resources.

**Decent work for all:** Work is not a production factor like capital, the labour market is not a market like any other and the nature of a work contract is different from a good sales contract; in short: »work is not a commodity«. Efforts to ensure decent work for all must be stepped up and employment in general must be given priority in all strategies to re-orientate the economies towards sustainability. More and better global cooperation is needed on at least the following issues:

- **Promote international labour standards and wage policy principles to support effective demand:** An internationally coordinated approach to support demand by improving labour standards must extend to remuneration and pay. Globally accepted and implemented wage policy principles or standards that provide (a) for real wage increases in line with productivity increases and (b) for minimum wages indexed on average wages/incomes, could sustain global demand, limit inequality within societies and provide for fair competition internationally without destroying the competitive advantage of poorer countries.
- **Fight the wrong notion that only rich countries can afford decent work:** Empirically, the vast differences in social standards and decent work attainments that can be found among countries with similar levels of available resources prove the opposite.
- **Make decent work a priority in the new metrics for social progress and well-being.**
- **Overcome trade-offs between employment and environment** by a simultaneous increase in the employment intensity and decrease in the resource and emission intensity of economic activities. Fiscal measures can gradually make energy, water, and minerals more expensive and human labour less. As a result, employment can increase and resource efficiency too.

## 6. Strengthening Democratic Governance at National and Global Levels

To date, the approach to sustainable development governance has been one of governing the three dimensions of sustainable development in their own zone, complemented by coordination between them. In practice, decision-making and policy development have been

severely handicapped by a hierarchy amongst the »pillars«, as global economic governance does not adhere to the mandates of the human rights regime or the requirements of sustainable development. To overcome the fragmentation of governance for sustainable development and ensure policy coherence, it is essential to re-arrange and re-configure the institutional arrangements that cover all aspects of the policy cycle: agenda-setting, policy analysis and formulation, decision-making, implementation and evaluation.

In this regard, a whole-of-government approach is essential but not sufficient. It needs to be accompanied by radical changes in participatory rights in decision-making and the commitment to guarantee and protect citizen participation. The rights of access to information, public participation and access to justice are essential to sustainable development.

A decisive shift is needed in the understanding of governance. The United Nations Secretary-General's High Level Panel on Global Sustainability notes in this regard: *»Democratic governance and full respect for human rights are pre-requisites for empowering people to make sustainable choices.«*<sup>10</sup>

This requires a change in the tone of multilateral governance from one that prescribes solutions and then institutes legal and financial frameworks to implement them or ensure compliance, to one that protects bottom-up governance. Bottom-up governance not only refers to the direction of influence from the local to the global. It also calls for more governance space and implementation to be retained at local and sub-national levels.

However, democratic governance requires not only the strengthening of civil society in governance skills but also a re-focusing and re-structuring of governance institutions and the overcoming of governance gaps at national and global levels.

The major challenge for more effective governance at the global level is the lack of coherence at the national level. Effective international arrangements cannot be determined or strengthened without commitments and coherence at the national level. Restructuring ECOSOC

or creating a new Council will be a futile exercise if it is not »owned« by effective national counterparts and placed in an influential governance position vis-à-vis other ministries and interests. New governance mechanism at national level could include, for example:

- **A new »Sherpa for Sustainability«** to secure highest-level authority and ensure full-time attention and action. This position should have cabinet rank to ensure coherence among government ministries and authorities.
- **A Parliamentary Committee on Policy Coherence for Sustainability:** To secure oversight and public accountability, a high-level Parliamentary Committee on Policy Coherence for Sustainability should complement the »Sherpa« function.

Such measures will contribute to strengthening national priorities in the global arena, with quality national representation, so that representatives in multilateral forums are not only foreign service or finance and trade ministry officials, but are also experts from other sectors, sub-national officials and other stakeholders.

In order to apply the whole-of-government approach at the global level, fundamental reforms within the UN system are essential.

- As a first step, a **UN Sustainability Council**, directly reporting to the General Assembly on the lines of the Human Rights Council, should be established. Only a preliminary response to global governance challenges, this institutional structure needs to become a Charter body of the United Nations and a process to upgrade needs urgently to be initiated. This institutional configuration of sustainability must guide the work of global institutions in integrated decision-making, policy action, implementation and review.
- The council's jurisdiction would extend to all multilateral bodies, including the international financial institutions. The new council would be charged with overseeing the reporting process supported by a **Universal Periodic Review (UPR) on Sustainability**, modelled on the UPR mechanism of the Human Rights Council.
- Building on the experience of the IPCC and the Intergovernmental Assessment of Agricultural Knowledge in Science, Technology, and Development (IAASTD),

10. United Nations Secretary-General's High Level Panel on Global Sustainability (2012), Resilient People, Resilient Planet. A Future Worth Choosing, New York, p. 10.

an **International Panel on Sustainability** could serve as an internationally recognised source of expertise and experience across the systems.

- There are some key areas of sustainable development and intergenerational justice where the international governance system lacks the appropriate normative standards and oversight. We support the recommendation to establish an **Ombudsperson for Intergenerational Justice/Future Generations**.
- With increasing recognition of the importance of fiscal policy, public finance management and predictable and sustainable public resources, it is vital and urgent to close the global governance gap regarding tax cooperation. A **UN Inter-governmental Commission for Tax Cooperation** should be established to set standards that would reduce tax competition and work towards ending tax evasion.
- In addition to strengthening the institutional framework for sustainable development, it is essential to have a political body at the highest level, such as a strengthened **UN General Assembly**, with the primary mandate to uphold policy coherence to realise the underlying values of the UN Charter, including in the areas of human rights, peace, disarmament and sustainable development. This reconfigured General Assembly could convene an annual meeting at the highest level that addresses policy coherence for sustainability, as well as governance and regulatory gaps.

Closing governance gaps at national and global levels and establishing inclusive and accountable governance requires a commitment to overcome the inequitable distribution not only of resources but also of access to participation and decision-making. Governance processes must provide and protect the right for all to participate in setting our common future on a just and fair path.

## The Civil Society Reflection Group on Global Development Perspectives

In September of 2010, a group of people from various civil society organisations came together to discuss the unprecedented coincidence of global crises: the economic and financial crisis, the food crisis, as well as the intensifying climate crisis. The group agreed that it is time to draw lessons from these crises, to look beyond conventional development concepts and goals and to re-think fundamentally the models and measures of development and social progress – in the North and the South. In November 2010, the Civil Society Reflection Group on Global Development Perspectives was officially launched by Social Watch, Third World Network, Development Alternatives with Women for a New Era (DAWN), the Friedrich-Ebert-Stiftung, Global Policy Forum, terre des hommes and the Dag Hammarskjöld Foundation.

Between January 2011 and March 2012 the group met five times in order to assess conventional and alternative models of development and well-being, reconsider development goals and indicators, including the Millennium Development Goals (MDGs), draw conclusions for future development strategies and discuss specific policy recommendations for the Rio+20 Conference and the post-2015 development agenda.

The main outcome of the joint reflection exercise has been the report »No future without justice«, published in the *Development Dialogue* series (No. 59, June 2012).

The work of the Reflection Group and all its activities would not have been possible without the financial support it received from the Friedrich-Ebert-Stiftung, terre des hommes Germany and the Dag Hammarskjöld Foundation.

The report has been endorsed by the following 18 members of the group in their personal capacity within their specific mandate:

**Alejandro Chanona Burguete**, Professor at the Faculty of Social and Political Sciences of the National Autonomous University of Mexico.

**Barbara Adams**, Senior Policy Advisor of Global Policy Forum Europe.

**Beryl d'Almeida**, Director of the Abandoned Babies Committee, Zimbabwe.

**Chee Yoke Ling**, Director of Programmes of Third World Network.

**Danuta Sacher**, Executive Director of terre des hommes Germany.

**Ernst Ulrich von Weizsäcker**, Co-Chair of UNEP's International Resource Panel.

**Filomeno Santa Ana III**, Coordinator of the Manila-based Action for Economic Reforms.

**George Chira**, Regional Coordinator of terre des hommes Germany for South Asia, Pune, Maharashtra, India.

**Josefa »Gigi« Francisco**, General Coordinator of Development Alternatives with Women for a New Era (DAWN).

**Henning Melber**, Executive Director of the Dag Hammarskjöld Foundation and Extraordinary Professor at the Department of Political Sciences, University of Pretoria.

**Hubert Schillinger**, Coordinator of the Dialogue on Globalization program at Friedrich-Ebert-Stiftung headquarters in Berlin.

**Jorge Ishizawa**, Projects Coordinator at Proyecto Andino de Tecnologías Campesinas (PRATEC) in Peru.

**Dasho Karma Ura**, President of the Centre for Bhutan Studies.

**Roberto Bissio**, Coordinator of Social Watch and Executive Director of the Third World Institute (Instituto del Tercer Mundo, ITeM) in Montevideo, Uruguay.

**Victoria Tauli-Corpuz**, Executive Director of the Tebtebba Foundation.

**Yao Graham**, Executive Director of Third World Network Africa.

**Jens Martens (coordinator)**, Director of Global Policy Forum Europe.

**Wolfgang Obenland (assistant coordinator)**, Program Coordinator at the Global Policy Forum Europe.

For further information see: [www.reflectiongroup.org](http://www.reflectiongroup.org)



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Friedrich-Ebert-Stiftung | Global Policy and Development  
Hiroshimastr. 28 | 10785 Berlin | Germany

Responsible:  
Hubert René Schillinger | Coordinator | Dialogue on Globalization

Phone: ++49-30-269-35-7415 | Fax: ++49-30-269-35-9246  
<http://www.fes.de/GPol/en>

To order publications:  
[Sandra.Richter@fes.de](mailto:Sandra.Richter@fes.de)

### Global Policy and Development

The department Global Policy and Development of the Friedrich-Ebert-Stiftung fosters dialogue between North and South and promotes public and political debate on international issues in Germany and Europe. In providing a platform for discussions and consultation we aim at raising awareness of global interdependencies, developing scenarios for future trends and formulating policy recommendations. This publication is part of the working line »Global Economic Governance«, in charge: Hubert René Schillinger, [Hubert.Schillinger@fes.de](mailto:Hubert.Schillinger@fes.de).

### Dialogue on Globalization

*Dialogue on Globalization* contributes to the international debate on globalization – through conferences, workshops and publications – as part of the international work of the Friedrich-Ebert-Stiftung (FES). *Dialogue on Globalization* is based on the premise that globalization can be shaped into a direction that promotes peace, democracy and social justice. Dialogue on Globalization addresses »movers and shakers« both in the global South and in the global North, i. e. politicians, trade unionists, government officials, business people and journalists as well as representatives from NGOs, international organizations, and academia. *Dialogue on Globalization* is coordinated by the head office of the Friedrich-Ebert-Stiftung in Berlin and by the FES offices in New York and Geneva. The programme intensively draws on the international network of the Friedrich-Ebert-Stiftung with offices, programmes and partners in more than 100 countries. Read more at <http://www.fes-globalization.org>.

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