

## Salzburg Trilogue

16. - 17. August 2012

### **Tackling the Global Gordian Knot: Can economic growth be socially inclusive and environmentally sustainable?**

#### **Summary and Conclusions**

The topic of this year's Salzburg Trilogue built upon last year's discussions on „New Foundations for the World Economy and Global Governance“. The debates at the 2012 Salzburg Trilogue reconfirmed the challenges that political and corporate decision-makers as well as scientist are facing around the globe:

- Economic growth continues to be seen in many countries as necessary for ensuring political and social stability.
- At the same time, citizens are increasingly expecting and demanding improved environmental conditions including food security, quality of life etc.
- The economic and ecological challenges resulting from the limits of natural resources have a tendency to encourage the pursuit of national interests and protectionism.
- Multilateral organizations have increasingly shown themselves to be ill suited as platforms for achieving international consensus.
- The gap between rich and poor is growing, not only between different regions of the world, but also within societies and among generations:

Prior to the gathering, seven highly regarded think tanks from Brazil, China, India, Russia, South Africa, Europe and the United States had developed responses to the question of how economic growth can be made socially inclusive and environmentally sustainable.<sup>1</sup> Their findings were presented and discussed at a Pre-Conference Meeting on August 16 along with Wolfgang Schüssel and Aart de Geus.

A representative survey carried out on behalf of the Bertelsmann Stiftung shortly before the Salzburg Trilogue unveiled that many people in Germany and Austria have little confidence that policymakers will be able to come up with effective solutions to the dilemma of sustainable growth. At the same time, however, Germans and Austrians strongly believe that new, more sustainable growths paths must be found.

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<sup>1</sup> The Brookings Institution [USA], the Royal Institute of International Affairs/Chatham House [EU], the Institute of Contemporary Development [Russia], the Asia Society [China], the Observer Research Foundation [India], the South African Institute of International Affairs [Africa] and the Fundação Gétulio Vargas [Brazil].

The first session of the Salzburg Trilogue focused on different strategies and prospects for sustainable growth in distinct countries and regions of the world. In his introductory statement Pascal Lamy pointed out why current economic models are not sustainable over the long term and suggested to shift from a growth-centered mindset to one that focuses on development in a way that gives greatest priority to combating poverty and promoting education. Subsequently, Catherine Ashton stated that economic growth and ecological sustainability are reconcilable. She emphasized, however, that a plain political framework and economic incentives are a basic prerequisite.

The second session tried to identify concrete economic approaches and political options for action. In his introductory remarks Kandeh K. Yumkella called for a new narrative in regard to the discourse on sustainability, emphasizing in particular the aspects of energy and development. Beatrice Weder di Mauro highlighted that in the course of the financial crisis the world has become increasingly fragmented making collective action more difficult than ever. Against this background, she challenged participants to think about the establishment of new international institutions in order to overcome the current deadlock. At the subsequent discussion the following proposals were made:

- Definition of benchmarks and goals including concrete timeframes and standards that can serve as incentives for sustained change of behavior;
- Need to price the externalities of economic growth;
- Increased collaboration among governments, business and civil society;
- Regional organization (for example the BRICS countries) can act as pathfinders and pioneers for multilateral initiatives;
- Elaboration of a Charta for „Global Rights“ or „Sustainable Development Goals“ comparable to the Millennium Development Goals, which comprises the right to education, access to clean energy and water as well as perspectives for employment;
- Conceptualization of new indicators to measure prosperity that not only focus on GDP, but also represent consumption, income, and quality of life.
- Creation of “coalitions of the willing”/progressive minorities” consisting of governments, businesses and institutions from civil society that can show the way, bringing their vision and experience to bear on a political level.

The last point, in particular, offers opportunities for the work of the Bertelsmann Stiftung. In his concluding remarks Aart de Geus announced that the foundation will continue to focus on the topic of sustainable economic growth. In concrete terms, the Bertelsmann Stiftung aims at providing inputs that unveil reasons for the gap between civil society’s disclosed expectations about a new development model and political decision, capable to induce these changes. Ways and means on how this gap could be bridged are meant to be further explored and revealed to the public. Prior to this, possible coalitions and advocacy tools have to be imagined and introduced on a global scale in order to overcome resistances to the necessary sweeping

reforms. An objective of the Trilogue is to bring the ideas and suggestions to the attention of political decision-makers. In this context Aart de Geus welcomed a future collaboration with the Club of Madrid which had been suggested by Wim Kok.