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# Setting the course for global development in the second decade of the 21<sup>st</sup> century

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# The Current Column

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## Setting the course for global development in the second decade of the 21<sup>st</sup> century

Bonn, 10 December 2011. If stability, security and prosperity are to be ensured in an highly interdependent world economy in the 21<sup>st</sup> century, humankind will need to solve the major global development problems: energy, climate, food security and the fragility of states. The first decade gave little cause for optimism. It began with the terrorist attack of 11 September 2001, continued with the collapse of the international financial system and ended with the failed climate conference in Copenhagen. Clearly, nation states have yet to learn how to defuse global systemic risks. In the second decade steps must at last be taken to set the course for stable and fair globalisation. To this end, international cooperation must assume a new quality. The focus is on three challenges:

### **Change to a climate-compatible world economy:**

The climate conference held in Cancún in late 2010 brought a glimmer of hope, but nothing like a breakthrough. The coming decade must see an end to the growth of greenhouse gas emissions and a permanent reversal of the trend worldwide if a dangerous climate change is still to be prevented. Some 2.5 tonnes of emissions per capita and year is all that the growing world population can afford between now and 2050. Currently, the USA is emitting 20 tonnes per capita, Europe 10 tonnes and China 5 tonnes. A drastic change of course is therefore necessary to ensure a climate-compatible future.

The global energy system must be rapidly converted to renewable energy sources, and the global urbanisation thrust and growing mobility must be made climate-compatible. A major economic transformation, a wave of new, green businesses that will change the basic structures of the world economy, needs to be stimulated: investment in research, development and innovation, university education, urban planning, business schools and development policy must all be geared to low carbon development. With the USA refusing to take up this challenge to humankind, the major actors to tackle global warming are

Europe, China and India. Europe (still) enjoys competitive advantages in green technologies, China intends to show with its 12<sup>th</sup> five-year plan that low carbon growth and poverty alleviation are not mutually exclusive, and India is developing ambitious green energy strategies. If Europe, China and India could agree on a bold joint emission-trading system, a wave of green innovations would be triggered throughout the world. This would be a worthwhile project for a newly emerging European foreign policy.

**Africa – a continent of opportunities:** Poverty alleviation is making no progress in some 30 of the world's countries. They are ensnared in a downward spiral of poverty, conflicts over resources, poor governance and state failure: Sudan, Congo, Somalia and Afghanistan are examples of these vicious circles of poverty. There are no simple solutions: long-term and shared commitment by the international community, interaction of foreign, development and security policies, transparency in the international raw materials markets, combating money laundering are some of the key words. Yet many poor countries, some once affected by conflict, are growing and reducing poverty – despite the global economic crisis! Almost 20 African economies, including Gambia, Benin, Rwanda, Liberia and Malawi, are charting a very promising course. As in many Latin American countries, the dynamic is largely due to resource-based exports to Asia. This is a risky pattern of development.

If the opportunities for growth are to be seized and a fresh "resource curse" culminating in corruption, the enrichment of elites and violence is to be avoided, the right course must be set now. Resource-based development cannot succeed without the rule of law, good governance and prudent resource management; sustained investment in education and innovation geared to the long term must ensure that countries develop their own knowledge potentials and reduce their dependence on international advisers; the development of modern communications infrastructure is not a

luxury, but a precondition for good governance, new opportunities for small farmers and linkage with the dynamic cores of the global economy; all these countries must also exploit their favourable natural conditions and meet their growing energy requirements from modern renewable sources. In these economies development policy should strengthen the political, economic and social actors who back sustainable modernisation. It should also persuade international firms, whether from Europe, China, India or Brazil, to commit themselves to common sustainability standards for investment and resource management in developing countries. Then there will be a chance of a significant reduction in the number of very poor countries in the coming decade.

**Strengthening the G20 and Europe:** The coming decade will show whether the old, western powers and the emerging economies centred on China,

India and Brazil will descend into zero-sum competition for increasingly scarce resources, markets, power and allies or whether it will be possible in the G20 framework to create a cooperative climate in which to address the global challenges facing humankind in the 21<sup>st</sup> century. Europe can contribute to this cooperative climate, but only if it at last accepts a global responsibility actively and with vision and learns to act strategically. For this a European *tour de force* will be needed, because so far the EU has not even managed to become a centre of gravity in international climate and energy policy and forge effective alliances for a low carbon future. If Europe continues to lose creative power in the coming decade, its small countries and medium-sized powers will become playthings in a globalising movement driven forward by others.



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