

**Fair Partnership, No Charity**

**Fair Governance, No Charity**

**Let's go for a Planetary Contract**

**Balance the World**

## **Proposal for the GCAP 2007**

March 2006

Dear Friends of GCAP,

The German Chancellor Angela Merkel declared on her speech on WEF in Davos January 25 2006 to make a fair global Governance System a topic of G8. Short version of her speech you find attached, the whole speech [http://www.bundesregierung.de/en/rede-.10001.953075/Speech-by-Angela-Merkel\\_-Chanc.htm](http://www.bundesregierung.de/en/rede-.10001.953075/Speech-by-Angela-Merkel_-Chanc.htm)

This opens a historical window of opportunity for us:

Our task in Germany will be to push the Chancellors to keep her promise to put a global Eco-Social Market Economy on the agenda of G8. Our common global task should it be to prepare the other seven G8-members to support such a system change.

More than 200 years ago a young British man started the first global initiative against slavery. He was successful. A fair global Governance is a greater Challenge, but we are more, much better means, and much more influence, if we go for a common campaign.

We attach some ideas that we could discuss in Beirut.

Warm regards,  
Frithjof Finkbeiner

Global Marshall Plan Initiative

## Preamble

The world is in serious trouble: high and increasing poverty, tensions between cultures, and increasing ecological disaster. Problems are related with historical developments, unfortunate circumstances, but in part also with an unfair global design. The institutional asymmetry, the differences in power and in command of resources are transferred into a world economic system that systematically favours the powerful and impoverishes the weak. The overcoming of poverty needs more than debt relief—it needs a shift in global institutional design towards a **fair governance and world market structure** that allows people to care for themselves.

At the same time, a **shift in thinking and awareness** is required. We need development and changes in **all** countries. The North is not the way to follow. North and South can learn from each other to find a sustainable way into the future. A joint process of learning, leading to a **fair global contract** is the way to go.

A Global Marshall Plan/Planetary Contract as a concept for **a world in balance** is therefore urgently required. An exemplary concept is described below. Politics in a number of European countries, in particular in Germany as the Chair of the 2007 G8 meeting, will react positively to a GCAP-call of this type. A better global institutional design was the central issue of the German chancellor's opening address to the World Economic Forum in Davos this year. 2007 is the 60<sup>th</sup> birthday of the Marshall Plan after World War II. The concept described reflects frustration with global development but also with consequences of globalization processes for social democracies all over the world. An insufficiently ruled

globalization turns out to show bad consequences in North and South for most people. We need a new design for **all** people in the world—a **concept of balance**.

On the implementation side, such a concept for global cooperation could and should be combined with **a plan for implementing the United Nations Millennium Development Goals**. We support a GCAP-call with this message. The world community should now insist on a concrete plan of implementation. Any such plan will promote ideas with a flavour of a Global Marshall Plan/Planetary Contract, as described below.

## **Balance on what basis?**

The present concept is based on ethical and moral fundamental principles that are shared by all of the world religions. It is inspired by the Earth Charter and Hans Küng's Global Ethic. Furthermore, it follows the golden rule of reciprocity: "Do unto others as you would have other have do unto you" with regard to the people living today and with regard to future generations, this leads to the special responsibility that we, as human beings, have for planet earth, with respect to our own interests, let alone the particular own value that the biosphere and the living world has by itself.. At the same time with regard to today's societies a responsibility for the dignity of all men and the enabling of all human potentials arises. From this the necessity of an ecologic and sociocultural orientation of every responsible and ethically sustainable human action follows.

The proposed concept of a Global Marshall Plan for a World in Balance presenting an input for the continuation of the "Make Poverty History"-campaign consists of five strategic cornerstones that are strongly interrelated; the efficient implementation of the United Nations Millennium Development Goals requireing additional 100 billion US\$ per year in the period of 2008-2015 for development cooperation (without taking into account increases due to the level of inflation) that can be financed for instance by global taxes. This is about 70 billion US\$ per year more than to date are promised as additional funds, mostly from the European Union, for the same period.

Beyond the implementation of the Millennium Development Goals, the focus is on the establishment of a worldwide Ecosocial Market Economy by co-financing of development paired with an adequate institutional design. That way a fair worldwide partnership shall be realized. Integral part of the concept is the promotion of Good Governance on all societal levels as well as coordinated and coherent forms of basis-oriented implementation of development cooperation.

These five core goals will be illustrated below.

1. **Rapid implementation of the globally agreed upon Millennium Development goals of the United Nations** as an intermediate step for a just world order and sustainable development.

The Global Marshall Plan considers the realization of the United Nations Millennium Development Goals, signed by 189 nations in 2000, an important first step. The following goals should be achieved by 2015:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

2. **Raising of an average of additional 100 billion US\$ per year for development cooperation during the period of 2008-2015.** This is to be seen in comparison with the level of overseas development aid and purchasing power in 2004. Additional financing at least at this level is necessary to implement the Millennium Development Goals (MDGs) and to act in favour of global public goods that are inter-linked with the MDGs. Therefore, these additional funds should solely be used for this purpose.

With respect to the financial necessities, analyses of the United Nations (Zedillo-Report), the European position of the British Chancellor of the Exchequer Gordon Brown, the investigations of several UN-agencies as well as the analysis of George Soros in his

endeavour for an open society (Open Society Initiatives) are needed as basis. The named investigations originate from different perspectives. However, they all come to the same conclusion: today's amount of overseas development aid is by far insufficient. Presumably another 980 billion US\$ will be needed until 2015. This additional aid will need to be allocated following different mechanisms than today's as outlined later on.

**3. Fair mechanisms for the raising of necessary funds.** The Global Marshall Plan Initiative supports the aspired target of 0.7 percent financing level for overseas development aid on the basis of national budgets. Nevertheless, even if optimistically assumed, there will be lacking considerable volumes of funds compared to the necessary financial requirements for the implementation of the Millennium Development Goals. Therefore, and due to the principal considerations concerning the design of global markets, an essential part of the funds needed for the implementation of the Development Millennium Goals should be generated **through levies on global transactions and on the consumption of global public goods.**

In addition to the creation of fair competitive conditions in the agricultural sector and improved North-South cooperation in this field as well as reasonable methods of debt relief for the less and the least developed countries, the Global Marshall Plan focuses on innovative financial funding sources. They are based on global added value processes and therefore neither strain domestic economies nor distort competition. Possible financing mechanisms are a Terra-Levy on world trade, a levy on global financial transactions, trade with equal per capita emission rights, a kerosene tax, or Special Drawing Rights with the IMF.

4. Gradual realization of a **worldwide Eco-Social Market Economy** and overcoming of the market fundamentalism through the establishment of a **better regulatory framework for the world economy.** This should happen in line with a **fair global contract.** For these reforms

and an interlinking of existing regimes and institutions for the economy, environment, social life, and culture are needed (for example in regulation areas such as UN, WTO, IWF, World Bank, ILO, UNDP, UNEP and UNESCO).

In order to create a World in Balance, a worldwide Eco-Social Market Economy with globally binding social, ecological, and cultural standards is required. Key to a consensus on the enforcement of such standards and the encompassing of adequate worldwide governance structures are the further opening of market systems as well as co-financing measures taken by the richer countries for the benefit of the developing countries. In return, the developing countries will be able to implement corresponding standards, although this might imply giving up certain competitive advantages. The enlargement process of the European Union serves as a conceptual model for combining co-financing and the compliance with eco-social standards (this enlargement, however, requires a better financial support than it was the case in the most recent enlargement round).

The Global Marshall Plan combines a functional and coherent global governance structure with appropriate reforms and intelligent interlinking of UN, WTO, IMF, World Bank, ILO, UNDP, UNEP and UNESCO standards with the raising of 100 billion US\$ a year in order to co-finance development.

5. The prerequisites for the attainment of a reasonable regulatory framework are a **fair collaborative partnership on all levels** and an adequate flow of resources. The promotion of good governance, the fight against corruption as well as coordinated and grass-roots oriented forms of appropriation of funds are considered to be decisive for **self-directed development**.

Perhaps the most difficult aspect of a Global Marshall Plan is finding an effective way of translating money into development. Besides the fulfilment of basic needs, the goals of financial aid are: enable self-help, develop human potentials on the spot as well as ownership. Practical experiences indicate that especially participation, education, and empowerment of women contribute to an independent and responsible development. Guiding principles of the application of funds are transparency and control of the allocation of funds in order to prevent corruption as well as the principle of subsidiarity (bottom-up). Concrete examples are micro-financing, renewable energies, and cooperation with local development workers.