



Global Marshall Plan
balance the world
with an Eco-Social Market Economy

Global Marshall Plan Initiative

Overcoming Global Poverty and Destruction of the Environment with a
Global Ecosocial Market Economy

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A Project of Hope – The Emergence of the Global Marshall Plan Initiative

More and more people realise that the current global frameworks do not lead to an enduring peace nor to sustainability looking at the continued misery within the poorest countries of the world, the ongoing waste of natural resources and the restrictions of civil rights that are a consequence of the defence against international terrorism. The time is ripe for a Global Marshall Plan to change this fatal development effectively.

That was the conviction of a dozen representatives of renowned non-governmental-organisations as of the Club of Rome, the Club of Budapest, the Global Ethic Foundation, the Global Contract Foundation, “UnternehmensGrün”, ATTAC, BUND, the Ecosocial Forum Europe and others. They decided to work together in order to start an international initiative for a Global Marshall Plan that paves the way for a worldwide ecosocial marketeconomy as it has been promoted by Franz-Josef Radermacher, Josef Riegler and others for many years.

The Global Contract Foundation, Hamburg, has been assigned to co-ordinate the initiative’s organisation. It was one of the most important considerations during the very first hours that this project has to be as open and integrative as possible. It is essential above all to resurrect the private economy’s support, since without their active assistance an orientation towards a global ecosocial marketeconomy will not succeed.

At summer 2003 the so-called “Stuttgart Declaration” became formulated. This declaration has been sent to over 100 internationally renowned “masterminds” of all areas of society with the request to support the “Stuttgart Declaration”. Almost all of them responded with great enthusiasm and strongly affirmed their support.

In the context of a press conference on October 11th 2003 in Stuttgart, Franz Alt, Almaz Böhm, Marika Kilius, Ervin Laszlo, Sabine Leidig, Ernst Ulrich von Weizsäcker and George Winter presented the “Stuttgart Declaration” for the first time in public and on the same evening all laureates

and speakers at the Club of Budapest Awards took the opportunity to endorse their patronage. Hans-Dietrich Genscher for example reminded the audience, that the legendary Marshall Plan after World War II has also been announced from Stuttgart almost 60 years ago. He pointed out that future generations will look back with proud to the historic day on that the Global Marshall Plan Initiative has been introduced to the public.

He finished his speech with the words: “May we all succeed with that what the Stuttgart Declaration wants, that a whole ocean of solidarity arises all over the world. For a humane world, in which not the number of victorious battles count, but in which all religions of this world recognise the proposed new global contract as equitable and in which their dignity will be respected just as well as the one of the others, a world in which there is no authorisation of the stronger, but the obligation of solidarity”.

The University of Stuttgart, the Breuniger Foundation and the Club of Budapest prepared at the same time a series of lectures in the context of a fellow professorship of Erwin Laszlo that should contribute to render the design of the Global Marshall Plan Initiative more precisely.

Besides Erwin Laszlo and Peter Spiegel, the Nobel Peace Prize winner Adolfo Perez Esquivel, the former World Bank Director and founder of Transparency International Peter Eigen, as well as Franz Josef Radermacher, Lutz Wicke and Georg Winter participated as main contributors. Professor Radermacher presented a remarkable concept that has been published in close interaction with the authors of this text and others as the first “Report to the Initiative” (“Global Marshall Plan – A Planetary Contract. An Ecosocial Program for a Better World.”) and delves deeper into the logic of the text at hand (institutional design, financing instruments and –volumes, as well as methods of implementation). Gordon Brown, Britain's Chancellor of the Exchequer, presented a detailed concept of an International Finance Facility that could be an excellent instrument for financing a Global Marshall Plan.

Further reports to the initiative are in preparation (by Maximilian Gege, Lutz Wicke, Peter Spiegel, Ernst von Weizsäcker and others). Encouraged by this prosperousness, the Global Marshall Initiative organised three conferences between November and December 2003 with approximately 100 participants from all over the world. After the preparation of the initiative's basic text has been decided on the first conference, Peter Spiegel suggested and shouldered the main efforts to publish this text as a booklet.

At the following meeting in Bruxelles in January 2004 the initiative took important steps towards the European Union: A circle between several EU-member states emerged to reach the initiative's main objective that is to implement an advisory board to the European Commission as soon as possible. More and more members of the European Parliament and other national parliaments rallied behind the Global Marshall Plan Initiative.

The Global Marshall Plan Initiative has gained trust through all parties and invigorated the hope that a new global regulatory policy is possible that serves both the north and the south as well as protects our natural resources at the same time.

Within a few weeks the Global Marshall Plan Initiative has been introduced at the European Environment Panel of Daimler Chrysler at Magdeburg where it has been empathetically supported by Prince Al Hassan of Jordan and the UNDP Secretary General Klaus Toepfer, in Geneva at the UN World Summit on the Information Society, in Mumbai at the World Social Forum, in Barcelona at the Earth Dialogues, in Munich at the World Bank Forum and in Bonn at the Conference on Renewable Energy. Many associations of non-governmental-organisations and the economy joined the initiative, for example VENRO, CONGO, AIESEC, the BWA and the German Junior Chamber. Also Kofi Annan's Global Compact expressed its boundless benevolence towards the initiative. Pope Johannes Paul II thinks it is a laudable plan and also Bono, lead singer of the rock group U2, joined the Initiative. End of September 2004 the Brazilian President Lula da Silva invited the German Foreign Minister Joschka Fischer, French President Jacques Chirac, Spanish Premier Minister José Luis Rodriguez Zapatero and around 40 other World Leaders to consider new approaches in the sense of a Global Marshall Plan to tackle hunger and poverty.

If the initiative's current main intention has been hopefully met soon and an advisory board to the European Commission has been successfully implemented, the mission of this initiative will not be accomplished yet. The initiative wants to ensure that the realisation of such a Global Marshall Plan will not be one-sided and that all parts of the world community will be integrated and play their part.

This initiative needs the support of every individual, both in the north as well as in the south. We encourage you to support the initiative in every possible way. More information are available at www.globalmarshallplan.org.

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1.1.1.1

1.1.1.2 I. Vision and Agenda

A Global Marshall Planⁱ for a Global Ecosocial Market Economy

Never before has financial prosperity of humankind increased as much as in the past century. The average increase in financial prosperity has been estimated to be tenfold in spite of the fact that the

world population has simultaneously quadrupled. Nevertheless, more than two billion people presently have to live on less than two dollars a day. More than 26,000 people die per day of malnutrition and related illnesses. Increasing over-exploitation of nature, scarcity of resources, and catastrophic consequences for the world climate expected because of pollution will create the greatest challenges for humankind over the next thirty years.

In addition to adoption of non-sustainable patterns of consumption by industrializing countries poverty and population growth are the key issues. Hundreds of millions of people are excluded from the possibly positive effects of globalization with the result that the difference in income between the richest industrial nations and the poorest developing countries has intensified once more.

The alarming population growth and the spreading of AIDS in the poorest regions of the world are accelerating: In the future every effort to overcome these non-sustainable developments will become several times over more difficult or even impossible, if a substantial change of direction does not occur soon.

With this threat looming, the world community of the nations unanimously reached an agreement on the implementation of realistic targets in the **Millennium Development Goals**¹⁷ at the beginning of this millennium. Furthermore, it committed itself to do everything in its power to, for example, halve global poverty by 2015 and enable all children to get an elementary school education. However, the measures for financing and, as a consequence, implementing the Millennium Development Goals have been very discouraging until now.ⁱⁱ

In the face of the obviously inadequate framework conditions under which globalization is taking place right now and the progressing poverty and increasing militarization to repulse international terrorism, it would be worth while to take the motives and results of the Millennium Summit seriously and to search for alternatives for their implementation in Realpolitik. It is possible to realize the strived for goals and thus a better and more prosperous world.

The end of the East-West conflict and the primacy of economy supported by it, which became, for example, the basis of the so-called Washington Consensus,ⁱⁱⁱ is the most important break in global order politics in recent years. Contrary to all the predictions the policy of international organizations characterized by the Washington Consensus, such as IMF and World Bank, could not prevent the world economic growth from dropping in the past ten years from 3.6% in the 60s to under 1%.^{iv}

The weakness of the states coupled with a simultaneous deficit of democracy on a global level and a still insufficiently developed global civil society lead to a very unbalanced framework of global processes. This framework must now be decisively improved in a constructive way through politics, economy, and civil society for the benefit of all humans, especially those in the world's poorest countries. A society that does not feel it is being led by the vision of a just world anymore and instead only by the management of short sighted interests throws away its sustainability. A sustainable world, one free of poverty, is much more worth living for. It is richer and safer for everyone and much more worth living for not only in the material sense but above that.

In the following, the initiators and supporters of the Global Marshall Plan Initiative would like to demonstrate that the financing and reaching of the Millennium Development Goals are possible, if Europe becomes the leader of a worldwide movement in the support of a Global Marshall Plan/planetary contract and offers a forum for its formulation while including civil society, economy, and politics as well of the South and of the North. Additionally they would like to incorporate the preliminary work done all over the world.

The authors and supporters of this paper would like to point out the historic and possibly unique opportunity to develop and implement a concrete ecosocial Global Marshall Plan on the basis of these earlier works and contributions.

Logic and perspective for an ecosocial world economic miracle

It is necessary to show the outlines and perspectives of a new, extensive global plan which – flanked by contemporary improvements of global framework conditions for development – can accomplish the most important substantial contribution in the direction of a worldwide ecosocial market economy.^v In the sense of a world domestic policy^{vi} it should serve as the basis of a new era of global cooperation and take up the idea of a Planetary Contract,^{vii} which joins strong worldwide economic growth with environmental protection, the fight against poverty, and the establishment of democratic social orders.

The initiators and supporters of this paper see such an ecosocial Global Marshall Plan as a realistic perspective

for overcoming the degrading poverty for half of humankind, which has long been recognized as the principal cause for most of the current global problems,

- for a successful global establishing of ecological standards for a sustainable development.
- for overcoming the deep cultural frustration and humiliation of a large part of humankind and subsequently leading to the breakdown of an atmosphere that favours international terrorism and threatens global security,
- and for a new world economic miracle, which specifically supports the almost completely unexploited human potential of more than three billion people, from which, in the end, all humankind will immensely profit.

Furthermore, a Global Marshall Plan/planetary contract – for an environmentally friendly overcoming of the extreme prosperity rift in the world – would also open up new attractive perspectives for many other problems that have been caused by an unbalanced globalization. Here are three examples:

The increasingly noticeable wage pressure in more and more business sectors of the traditional industrial countries can only be reduced again in a globalized world society in the medium-term in one way: prosperity, which means wages have to rise in developing countries. This will also simplify securing jobs in industrial countries because of a greater demand on the world markets *and* because of a declining wage rift.

Poverty is one of the causes for environmental destructions in the poorer countries, as Klaus Töpfer, General Secretary of the UN Environment Programme UNEP, has correctly ascertained. It is difficult to win over someone for environmental protection who has to fight for daily survival. This is particularly true for countries in which the protection of the environment would occur at the expense of the few existing market opportunities. In large parts of the world the implementation of ecological goals is therefore only realistic, if they are directly connected with the active support of social and economic development.

The role model of an open, peaceful, democratic, and educated civil society founded on the rule of law is regarded by many as being the best guarantee for a good and dynamic future perspective for all

communities, especially in a highly complex world society. Such a model and such a development can best be advanced through an ecosocial Global Marshall Plan/planetary contract.

The following principle is of key importance for the logic of such a plan: **Investments, co-ordinated market openings, and co-financing** in many areas are rendered as a balancing composition for the strict alignment of social, ecological, and democratic standards which the world community has already agreed upon in principle. Similar to the successful EU enlargement processes, this leads to a form of a well-directed global overcoming of poverty, which will release a very strong new economic impetus for the regions concerned, as well as for the entire world economy.

By connecting the new growth with clear ecological standards a strong ecologization of economy is supported at the same time. A strong impetus for the inner pacification of the world society would come from the new economic, ecological, and social perspectives. This again is an important prerequisite for a lasting as well as sustainable flourishing of economy. In such a sphere national governments can mobilize their own resources in a much better way. At the same time the positive effects and above-average economic growth of the countries participating in the Global Marshall Plan will increase the strong pressure put on those governments which have excluded themselves from an ecosocial development so far and will increase pressure on them to make room for such a development, to reduce corruption, and to support “good governance.”

The goal of the Global Marshall Plan is to connect suitable order processes with competition mechanisms on a global level, in order to join human potential, resources, and infrastructures with well thought-out institutional solutions into systems of value added.

A Global Marshall Plan overcomes old conflicts of interest

The correlations mentioned so far indicate that a Global Marshall Plan, designed as a global contract, could find exceptionally broad support – also from social groups that have been sceptical or hostile towards each other until now. One of the surprising interim results of this initiative's course so far is that it is supported by business entrepreneurs and trade associations as much as by the sharp critics of the current form of globalization, and also by representatives of the “North” and the “South.” Well-known representatives of all important political trends just as the protagonists of all social sectors and representatives of globally operating networks of the world civil society have vehemently spoken up in favor of this initiative.

On May 16, 2003, representatives of a dozen very different Non-Governmental Organizations such as Club of Rome, Club of Budapest, BUND, UnternehmensGrün, the Ecosocial Forum Europe, and Attac met in Frankfurt/Main in order to start the initiative for an ecosocial Global Marshall Plan. They agreed that the draft of such a global plan would be much better and more successful, the more economy and civil society, as well as prosperous and less prosperous countries work together.

Hans-Dietrich Genscher, former German foreign minister and well-known liberal politician, has called the first official presentation of the initiative on October 11, 2003, in Stuttgart an “historic hour,” one which will be remembered by future generations. Up to that time, more than 70 public figures from all over the world had joined this initiative and signed a common “Global Marshall Plan Declaration” as “Stuttgarter Erklärung” (Declaration of Stuttgart) – representatives of conservative, social-democratic, liberal, as well as green parties, of entrepreneurs and trade associations up to supporting Non-Governmental Organizations, among them economists, critics of the current form of globalization, scientists, religious leaders, artists, and journalists. Many spoke of the “perhaps most important initiative of the past decades.”

On November 15, 2003, more than 100 representatives of numerous NGOs and several business associations met in Hamburg – and after that on January 30 and May 5, 2004, in Brussels. They were of the opinion that the current approaches and ideas of this initiative open up a realistic chance for a broad social bridging.

A central point of the “Stuttgarter Erklärung” (Declaration of Stuttgart) is the demand for Europe to take a key role in a worldwide movement for the implementation of an ecosocial Global Marshall Plan. Even if a Global Marshall Plan/planetary contract has to be carried by the world community, by the civil society, as well as economy and politics, this process has to stem initially, however, from an environment that joins a high grade of integration with the necessary political will, political assertiveness, and credibility.

In this regard the European Union is one of the most important hopes for many people. For this reason the Global Marshall Plan Initiative is currently mainly directed towards the decision-makers in Europe. The first step for the development of a Global Marshall Plan would be – supported by the European governments – **the establishment of an advisory committee of the European Union**, that offers an integrative forum for the development of a uniform suggestion

for the financing and implementation of a Global Marshall Plan, including representatives of the “North” and “South,” of the civil society, and from the business sector.

II. Contributions to a discussion on financing and implementation

A first draft for an ecosocial Global Marshall Plan/planetary contract

The following explanations should be seen as contributions to a discussion and as suggestions. In no way is a design for an ecosocial Global Marshall Plan in the meaning of a Planetary Contract predestined or even anticipated. The concern of this text is rather **to emphasize the practicability and suitability for funding** of such a global plan for the building up of a more balanced future. Otherwise it is only a petition to the necessary design and decision processes of the business sector, global civil society, and politics on the way to improved and more balanced framework conditions, which hopefully will be pursued soon.

It is the concern of this initiative that the business sector, science, politics, and global civil society jointly and actively tackle the design of this Global Marshall Plan in terms of content. The quality and success of a Global Marshall Plan will decisively depend on their commitment and their contributions.

The initiators of a Global Marshall Plan/planetary contract want to give the necessary stimulus until it is taken up in a sufficient form by the world community. They take up former impulses which have already envisioned the course to an ecological or rather ecosocial Global Marshall Plan – for example, of Franz Alt,^{viii} Kofi Annan,^{ix} Lutz Wicke,^x Susan George,^{xi} Michail Gorbachev,^{xii} Al Gore,^{xiii} Hans Küng,^{xiv}, George Soros^{xv} and Georg Winter. With the “Global Marshall Plan Declaration” the participators have the intention to not abate until a Global Marshall Plan/planetary contract finally becomes reality.

The goal and the first phase

Following the investigations of Franz Josef Radermacher^{xvi} the world gross national product could increase tenfold over 50 to 100 years and a social balance simultaneously be reached, the way it exists, for example, in Europe today. Here, the gross domestic product (GDP) of the industrial countries quadruples, as opposed to an increase of the GDP of the poorer countries by a factor 34. Thanks to

technological progress, in connection with a correspondingly increased eco-efficiency and very far-reaching dematerializations, an extensive protection of the environment and altogether a sustainable development are possible.

The following suggestions refer to the decision-making structures of the EU and international organizations and concern the first phase of a Global Marshall Plan, which is estimated to last until the year 2015. It proves to be positive, pointing the way ahead, and in the end is a key for the proposals developed here that the world community of the nations has already reached over the past ten years a very broad consensus on *fundamental goals and steps* for a common peaceful, prosperous, and sustainable development.

The results of a decade of struggling for a globally sustainable future perspective for all nations, which came off from an unprecedented series of UN conferences in the nineties of the past century, were once more unanimously confirmed by the 150 heads of state that were present at the Millennium Summit in the year 2000. The so-called UN Millennium Development Goals^{xvii} followed from this UN conference. They exactly describe what the first phase of a Global Marshall Plan should focus on. Among others, they comprise the following issues until the year 2015:

- Worldwide halving of the number of people, who have an income of less than one dollar per day (presently still more than one billion)
- The possibility for all children to attend a full elementary school program
- Reduction of infant mortality to a third of today's numbers
- Substantial improvements in regard to the health of mothers
- Reversal of the tendency in regard to HIV/AIDS, Malaria, and other epidemic diseases
- Reversal of the tendency in regard to the loss of environmental resources
- Halving of the number of people who do not have access to healthy drinking-water (today more than one billion)

Develop a global partnership for development, especially through (1) the development of an open world trade and world financial system under suitable framework conditions that nationally and internationally comprises a commitment to Good Governance, as well as (2) activities to overcome poverty, for instance, in regard to the debt problems of particularly poor countries, (3) the creation of meaningful and productive work possibilities, especially for young persons, (4) the guarantee of an affordable access to important medicine in cooperation with pharmaceutical corporations and, (5) access to all to the advantages of modern technology, especially in the area of information and communication technology, and thus efforts to overcome the digital divide.

In the meantime, all central international organizations have adopted these goals like the World Trade Organization (WTO), the International Labour Organization (ILO), the United Nations Environment Programme (UNEP), the World Bank (WB), and the International Monetary Fund (IMF).

II.1. Financing

The acid test for the ability of politics to act on a global level: Financing and Implementation

All the right and necessary statements and agreements were only implemented to a highly discouraging degree until now: If the obvious rift between the declaration of intention, on the one hand, and the capacity to act, on the other, are not quickly overcome, there is – next to the further escalation of global problems – most of all the danger of a dramatic escalation of the lack of mutual trust in the decision-makers on all levels and of the ability to act of politics. A whole generation of people from all the countries of the world with a globally responsible way of thinking became involved in the above-described costly process of identifying global objectives and committed itself to it. It would be a great loss of sustainability, if this potential would withdraw itself out of disappointment.

The phase of agreement on globally responsible goals and steps must, therefore, be urgently replaced with a *phase of determined implementation of the global agreements*. The initiators of the Global Marshall Plan Initiative see the most important task for the coming years and a start into a new quality of a global ability to act in the *dissolution of the paralysis in regard to the implementation* of globally adequate standards. This should be achieved with the help of constellations that are profitable for all

the participants. This particularly concerns the issues of *financing* and the *implementation mechanisms* of such a Global Marshall Plan/planetary contract.

Required financial volume of a Global Marshall Plan

According to an analysis of the United Nations, the so-called Zedillo Report (2001), the financial requirements for reaching the Millennium Development Goals that are not covered yet lie at about 50 billion US dollars per year.^{xviii} In addition, 20 billion US dollars are needed yearly for the provision of global public goods,^{xix} in order to guarantee the fundamental framework conditions for an optimized global ecosocial market economy. These numbers coincide with a report of the British Secretary of the Treasury, Gordon Brown,^{xx} which came out in the preparations for the Rio + 10 World Summit in Johannesburg 2002, as well as with the analysis by George Soros.^{xxi} The initiative therefore takes this additional financial requirement as a basis for its own observations. Because of binding promises of donor countries towards the UN as of 2006, 12 billion dollars of these yearly needed additional funds have already been secured.

Since the current studies, however, assumed a provision of the funds as of 2001 in order to reach the Millennium Goals by 2015, and the implementation of a Global Marshall Plan will probably not be possible before 2008, as of 2008 one has to take an average yearly financial volume of about 120 billion dollars as a basis that should be provided progressively (see ¹⁷).

For an assessment of this order of magnitude one should refer to the following comparative figures: The US Congress adopted a budget for the military assignments in Iraq and Afghanistan for the year 2003 of altogether 87.5 billion US dollars, from which 19.8 billion went to humanitarian aid and reconstruction. The total amount of international development aid presently adds up to 56 billion US dollars, which amounts to about 0.2 percent of the gross domestic product (GDP) of the donor countries. Through the suggested Global Marshall Plan this share would increase on average to about 0.43 percent, in the final phase to more than 0.6 percent. This would still be far away from the 0.7 percent the global community has already agreed on decades ago to be the goal.

The volume of the Marshall Plan of the USA after World War Two for the benefit of Europe might also serve as a comparative figure. This plan was financed over a period of four years with an average of 1.3 percent of the GDP of the USA. The total budget of the European Union momentarily lies at a good 1 percent of the GDP of the EU member states.

These figures clearly show that the proposed Global Marshall Plan can be financed. After World War Two a single country made the decision for a concentrated development plan for a Europe destroyed and emaciated by war, solely financed out of its own budget. This Marshall Plan decisively contributed to the European economic miracle, to a very successful inner as well as outer peace, and to a successful broad increase of prosperity in Europe. But the donor country also strongly profited from the peace dividend of its intelligent decision.

The peaceful reformation of Eastern Europe through Gorbachev's Perestroika brought up the opportunity of an even bigger, historically unparalleled peace dividend. The military budget sank from 1210 billion US dollars in 1985 to 804 billion in the year 1998. With this yearly difference of more than 400 billion US dollars one could finance the additional funds needed for the Global Marshall Plan three to four years. Instead, the share of development aid was reduced in most of the countries over the same period of time – in quite a few, it was halved. The gap between rich and poor in the world never widened more in any other decade than in the 90s of the past century. It was a decade of deeply betrayed hopes. If we do not want to proceed on this obviously highly unsatisfactory and dangerous course, now is the time to organize a new global cooperation of peace and development.

New financial instruments for global development tasks

In addition to market openings and new implementation mechanisms global development also requires the above-named financial funds for international cooperation. In spite of the principal possibility to provide for the necessary funds through national budgets, the members of the initiative try out of fundamental and procedural considerations to introduce above all other ways for the provision of these funds into the discussion.

In particular the use of intelligent international financing mechanisms should be mentioned here. Firstly, they fall back upon new potentials of globalization in favor of financing international development. Secondly, they subdue the negative effects of globalization and, ultimately, at the same time do not restrict the potentials of a free market economy. Thus, the national budgets would on the one hand not be additionally burdened; on the other, the funds so generated could be more easily decoupled from the national interests of the donor countries.

Furthermore, this will make it easier to proceed synchronously. Dependence on national interests has repeatedly interfered in the past with the efficiency of development cooperation measures and as a consequence also reduced the public reputation of national programs for development aid. The decision for new financing instruments on a global level can therefore decisively improve the political as well as public acceptance for a Global Marshall Plan/planetary contract.

1. Special drawing rights at the International Monetary Fund (IMF)

In the short period after its first presentation the proposal of the internationally renowned financial expert George Soros (e.g., “Report on Globalization,” 2001) on the use of the special drawing rights of the IMF for the financing of development^{xxii} has found broad support among the experts. Thus, the Zedillo Report as well as Gordon Brown’s report includes this proposal.

Special drawing rights are the credits a country has at its disposal relative to the quota it has paid into the IMF. This has the effect that development countries pay parts of the quota in their own often weaker currency, but their credits get paid out of the basket of currencies in a stable currency. George Soros suggests permitting such special drawing rights on a yearly basis in the future. The poorer countries would, according to his proposal, receive about 10 billion dollars more for development tasks. George Soros’s proposal, however, goes even further. In addition, the rich countries should make their share of the corresponding quota of 18 billion dollars available for financing development. This could form an important financial basis for a Global Marshall Plan/planetary contract.

In the proposal at hand here, an above and beyond yearly volume of an altogether 30 to 40 billion dollar transfer to the South from special drawing rights is intended. The corresponding possibilities of the creation of new money through the central banks of rich countries or groups of countries would be reduced through this, but to a justifiable extent.

2. Tobin-Levy on global financial transactions

Several sides have proposed introducing a so-called Tobin levy on global financial transactions in order to finance global development goals. This suggestion found broad support among many experts, among them also acknowledged experts of the financial market like George Soros. Its critics put forward that the “collective intelligence” in control of the very sensitive financial flows would be burdened by this. However, as was just seen in the latest excesses and “bubbles” on the international

capital and financial markets as well as in the area of the new economy, this intelligence did not prove to be very far-reaching. Else this instrument should only be carefully used and **only** on a global level.

A cautious start of a worldwide Tobin levy of, for the time being, 0.01 percent on global financial transactions could become an object of this discussion. With corresponding positive experiences it could be raised to 0.02 percent. Through such a minimal Tobin levy 30 to 40 billion US dollars could be provided yearly for the proposed Global Marshall Plan/planetary contract.

The members of the initiative do not fail to recognize that the introduction of a worldwide Tobin levy requires the establishment of new international structures that are in charge of the necessary political authority and also have effective means for sanctions. But in the face of the apparent necessity of a world domestic policy these approaches must be intensively discussed and examined.

3. Terra Tax on world trade

There are not only financial but particularly also grave systemic reasons which contrary to market fundamentalist positions justify thoughts in the direction of an introduction of a world trade tax. Such a Terra tax^{xxiii} would take up the principles of the “fair trade” for which the churches and development NGOs, among others, but also certain industrial associations speak out for already for years. During the past decades a radical change of the world economy has taken place. One part of the economy and the enterprises involved has globalized itself extensively. Another part could not come along this way for various reasons, in part for structural reasons and in part because its products are regionally bound. The globalized part of economy could and still can evade to some extent national taxation as well as the observing of nationally put standards and because of this reached a huge competitive advantage compared to nationally bound companies. Judged by the value of their turnover, the fifteen largest transnational enterprises of the world control more economic output than the 60 poorest states of the world taken together. The nations could only balance the tax deficits through a combination of saving and higher burdening of citizens and nationally bound enterprises, with which a social cutting back was also connected.

A very far-reaching systemic problem resulted from this and its causes and consequences have still not been discussed sufficiently. If balanced terms of competition with a fair and balanced taxation of all areas and players cannot be reached again very soon, not only the local and national budgets will suffer as a result. In the end the existence of regionally bound, especially the small and medium-sized enterprises, as well as the system of ecosocial market economy as a whole would be seriously endangered.

With this background, a world trade tax must be systemically introduced in order to at least take the very first step in the direction of a more just global taxation system. Despite the fact that the traditional social systems are in need of reform in the direction of more self-responsibility this must not lead to a systemic undermining of the financial protection of social investments in education, science, health, infrastructure, etc. Otherwise this would make our societies poorer than they could be in the future.

For financing a Global Marshall Plan/planetary contract a third element should therefore be discussed – the establishment of a Terra tax on world trade to the amount of, e.g., 0.35 to 0.5 percent. It would equally affect all areas of world trade. Since the world trade shares concerning the price of end products usually make up the smaller portion, this burden is individually hardly noticeable in the end products. In the case of gas it amounts to about 1 per mill in Germany, which means to about 0.1 Euro cents per liter. The market induced price increases in Germany were about 50 times higher in the past year. At the current level of world trade at a volume of 8.5 trillion US dollars such a tax would still allow the generation of 30 to 40 billion dollars.

All three contributions to the discussion have the following further advantages:

They hardly require additional bureaucracy for providing funds, because most of the necessary valuations are already completely recorded and ensured on account of customs duties and the issue of value-added tax.

Since the proposed measures support the access of new players into the world markets they are at the same time an instrument for strengthening competition and for lifting existing competitive distortions. Insofar as the funds are used as investments, they directly increase global growth and contribute to a high global economic upswing and therefore to a rise in economic potential.

The suggested measures in regard to the special drawing rights and to the Tobin tax should be realized via the IMF. The proposal to introduce a Terra tax should be the topic of the next WTO round within the framework of a super-ordinate effort for a Global Marshall Plan. The competence of this institutions in regard to financial and economic issues is supposed to considerably promote the efficiency in the utilization of these funds for development.

In addition to these three possibilities described for financing a Global Marshall Plan/planetary contract, the introduction of a Global Climate Certificate System (GCCS),^{xxiv} as suggested e. g. by Lutz Wicke, and the establishment of a future bond, as formulated by Maximilian Gege (B.A.U.M. e.V., Hamburg), are equally valuable contributions to the discussion like the one by Gordon Brown on

the establishment of an International Finance Facility.^{xxv} Especially important are also the contributions in the direction of a debt relief for developing countries as set out in the Poverty Reduction Strategy Papers (PRSP) of the UN, and the closing of offshore tax havens, through which about 50 billion US dollars are evaded annually from national taxation systems. Efforts made to cut back structures of protectionism must – especially in view of the current US and EU agricultural policy – be intensified in addition to the reflections on an international Antitrust Authority.

II.2. Implementation

The Implementation of extensive standards through the Global Marshall Plan

/planetary contract

In the case of the Global Marshall Plan/planetary contract former mistakes in development cooperation must be avoided. This is the only way to reach the strived for effect and thus find the broad and lasting support of not only the global civil society but also the business sector, and politics. The most suitable way here seems to be to link first of all ethical, economic, ecological, social, cultural, and democratic standards with such a program.

The allocation of these funds must neither be influenced by short-sighted economic interests of the donor countries nor by short-sighted power interests of the elites in the recipient countries. This can be best reached by consistent orientation to standards, by the corresponding accountability, as well as the active and transparent inclusion of the business sector and organizations of civil society.

The first phase of the Global Marshall Plan strives for utilization of the following standards, for which there is already a broad consensus from UN members:

basic standards of the International Labour Organization (ILO) like right of free association, equal treatment of men and women, ban of child labor etc., which, to a large extent, coincide with basic economic, social, and cultural human rights, which likewise should be referred to standards in the form of international environmental agreements

If one uses these criteria in regard to the allocation of funds, one has to be aware that non-observance of some of these ecological and social standards in some areas are the most important competitive advantages for the regions concerned, which are, as a rule, economically behind. The example of the EU enlargement shows that agreements on the use of common high standards and levels of protection can nevertheless be reached, if, at the same time, a co-financing of the development of the weaker partners by the developed countries is guaranteed. This linkage is profitable for all the parties

involved. From the initiative's point of view, a well balanced combination of standard implementation and co-financing, as well as further coordinated market openings are therefore of utmost importance for the success of the Global Marshall Plan/planetary contract.

The World Trade Organization (WTO) has so far the most effective measures for implementation on a global level. The WTO significantly differs from other international organizations through two characteristics: Its decision-making process is organized upon the consensus principle and thus allows not only the richer but also the poorer countries to use a kind of right of veto in regard to the initiative's further design. Furthermore, it has a very effective jurisdiction at its disposal with substantial possibilities for sanctions through allowance of customs penalties.

The WTO was nonetheless criticized more than any other international organization, because it has especially, according to its mandate, exclusively taken care of those issues that support free trade and, while doing so, it has ignored ecological, social, and cultural aspects to a large extent. Since the failure of the WTO summit in Cancún it is, however, obvious that the poorer countries will in future make use of their right of veto if they find the suggested agreements on the whole unbalanced and unjust.

The authors of this paper suggest linking trade regulations with the above-named social, cultural, and ecological standards into a coherent, global governance system that is directed towards sustainability. This must include a high legal authority through the integration of the WTO level with other global regimes. All elements of a future global regulatory framework should in the case of non-observance be equipped with the same rights of action and sanctions. The equality of trade, environment, and social standards via a linking with the WTO is – together with the provision of the necessary funds for a Global Marshall Plan – a central request of this initiative. The contradictory nature of the sets of rules and regulations of today's international organizations like the ILO and WTO prevents the implementation of standards actually already internationally acknowledged.

For the development of a credible democratic global governance system it is furthermore unavoidable in the long run to examine the distribution of voting rights within the international organizations. While the voting right of industrialized countries corresponding to their population comes to 17 percent within the United Nations, it is weighed at 34 percent within the International Fund for Agricultural Development (IFAD) and within the International Monetary Fund (IMF) at more than 60 percent. The issue of democratic qualities of international organizations should be taken up independently from the subject of the Global Marshall Plan Initiative, since the credibility and acceptance of *all* decision processes on global issues depends on this.

The initiative suggests a general orientation towards the internationally acknowledged ILO and environmental standards for the implementation in all areas of the global standards proposed here. Beyond this, orientation towards the principles of a world ethic¹⁴ and the so-called Earth Charter^{xxvi} are sensible. The Earth Charter was developed in a process that lasted for years and included a broadness of very different cultures and the global civil society involved, that was unusual at the time. A key thought here is high respect for the variety of natural and human systems. Variety generally leads to an improvement of the learning ability and adaptability of systems and to a higher robustness in regard to changing conditions. This makes it so highly significant in regard to social co-existence.

Use of the funds from a Global Marshall Plan

According to the information available all areas – starting with the individual and local up to the national and global level – have indispensable tasks in a globalized world. Coping with these tasks should take place according to the subsidiarity principle. This is essential for an efficient implementation of a Global Marshall Plan and requires some change, since today the political structures of decision-making do no justice at all to a world community that is growing together.

The focus of these efforts must be knowledge transfer, “empowerment,” and well-directed investments in education and health. In the course of the promotion of these processes

the strengthening of the personal responsibility and entrepreneurial abilities of each individual must become the main focus of future incentive measures,

the inclusion of the local as well as global civil society in the forming processes becomes more and more important, the democratic requirements rise on all levels, and it will become particularly inevitable that all people from all nations will be able to have the feeling that they have equal rights in the formation of the global framework conditions.

In light of these considerations we think the following principles and suggestions are especially noteworthy for application of the funds:

Concrete development programs should be coordinated via the corresponding special organizations and programs of the United Nations. The role of the United Nations, which has a total budget for administration, programs, all its sub-organizations, and peace missions that more or less corresponds to the amount New York City spends on education, must be strengthened.

The already established “Global Fund to Fight AIDS, Tuberculosis and Malaria,” which is endowed with two billion US dollars, should serve as an example to see whether the establishment of such own UN-linked funds is helpful in interaction with the players in the business sector and civil society in regard to the main goals of the Global Marshall Plan/planetary contract.

Provided that funds are gained from a world trade tax one should consider putting them to use at first for the development goals in business sectors where earnings accrue, e.g., in the telecommunication or energy sector. This could distinctly increase potential approval by the business sector, because the raising and allocation of the funds are clearly related to each other. Here, as in other areas, one should, however, pay attention to the use of adjusted technologies.

An important financing means would be the public invitation to tender of designated programs by Non-Governmental Organizations so that the best cost-benefit relation would result from healthy competition. This, according to George Soros’s recommendation, could happen through a neutral committee that would be installed at the IMF but would stay independent in its decision making.

Projects based on the entrepreneurial potential of the local population like microcredit banks (Grameen Bank) and development schools (Fundaeac in Colombia), where local people are trained as development aid workers, should be clearly given priority over projects that are carried out by experts and enterprises of the donor countries.

In regard to technology transfer, a criterion for choosing which projects to support would be to mainly see that a wide as possible range of local people (instead of numerically small groups of elites) will be able to handle the projects on their own as soon and efficiently as possible. The Women’s Empowerment Program in Nepal is a successful example of such an “empowerment.”

The search for especially successful and effective social and ecological projects and their criteria for success should be defined, supported, and focused on as a new subject for international research. With the identification and financial support of best practice projects the efficiency of many of today’s forms of development aid can be increased substantially.

Next Steps

The initiators of a Global Marshall Plan/planetary contract are deliberately directing their considerations and suggestions simultaneously towards different target groups:

1. To the **European governments and national parliaments, EU parliamentarians and European Commission** with the proposal that an EU advisory committee should convene in the summer of 2004 after the elections to the EU Parliament. This committee should work out a concrete EU initiative for a Global Marshall Plan/planetary contract that would include economy and civil society from the “North” as well as the “South.” In the future, the EU should introduce a corresponding concept as a joint EU position at all future world summits. This is the current **practical interim goal** of this initiative.
2. To the **UNO (United Nations Organization)**, which in the end has to shoulder to a considerable extent the Global Marshall Plan, and to its sub-organizations, which play a central role in the implementation of a Global Marshall Plan.
3. To various **international organizations**, such as UN special organizations as well as ones from international trade and other associations, with the request that they become active in terms of a Global Marshall Plan/planetary contract and thus make it still possible to reach the UN Millennium Development Goals.
4. To **internationally operating business sector**, which should put such a Global Marshall Plan on its agenda as leverage for an extensive world economic miracle. An extensive implementation of a Global Marshall Plan/planetary contract is inconceivable without the support of industry.
5. To the global civil society organized in **NGOs** so that it will make the initiative for a Global Marshall Plan/planetary contract one of its main concerns in the years to come. The NGOs can significantly contribute to a broadened awareness for the necessity of a Global Marshall Plan and simultaneously control and supervise the continuation of the process set in motion.

Should the wave of support for this initiative on these levels reach the level that the initiators are hoping for, an ecosocial Global Marshall Plan could be passed in the year 2007, which is the date for Rio + 15. Long before that, however, and by the latest at the end of 2005, the corresponding European advisory committees should have formulated the essential cornerstones.

The first implementation phase for reaching the main goals as described above and according to the Millennium Development Goals could be planned to occur from January 1, 2008 until the end of the year 2015. Practically speaking, the Millennium Goals cannot be reached anymore without such a plan. The latest report on world nutrition clearly shows that the trends regarding the crucial concerns

of the Millennium Development Goals are getting worse instead of better. There is an urgent need for action. **A further intensification of these difficulties will make a late counter steering much more difficult, if not even impossible.**

The role of the initiators

Presently, the initiative for a Global Marshall Plan is shouldered by a group of NGOs and associations, as well as by well-known public figures. In the next few months this basis should significantly increase, both in Europe and worldwide.

The initiators intend to advance the above-named strategic goals for implementation of a Global Marshall Plan and, after the European advisory committee has hopefully been established in the near future, they will continue to observe and accompany this process in terms of content and strategy with own suggestions.

Furthermore, they will work on the development of a broad public awareness for a globally responsible behavior^{xxvii}. Only heightened awareness and better understanding can provide a reliable basis for this initiative for a humane design of globalization to succeed.

Finally, the conviction of the initiators has to be emphasized once again. In the short and the long term a reasonably developed **Global Marshall Plan** is in the best interest of both the developing and rich countries, of a supportive global civil society, and of the business sector and national and international politics as well. Along with the implementation of high ecological and social objectives in the sense of a Planetary Contract it can prove to become the most effective development program for the economy and for peace for the next decades to come.

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Further information on the Global Marshall Plan Initiative can be found under www.globalmarshallplan.org

Footnotes

ⁱ The name “Global Marshall Plan/planetary contract“ only refers to the necessity of an extensive global and concrete plan for the reaching of the above named goals and to the fact that there already once was a comparable successful effort. The name does not make a statement beyond that, neither on the role of the historical Marshall Plan, nor on the value of various cultural or social ways of development or models, nor on the time line, prerequisites or even implementation strategies for the initiative followed here.

ⁱⁱ Executive Summary 2004: “Global Governance Initiative”, World Economic Forum, ISBN 0-9741108-2-5

ⁱⁱⁱ John Williamson, 1990, „What Washington Means by Policy Reform“ in *Latin American Adjustment*, Institute for International Economics

^{iv} Weltbank, World Development Indicators 2003 and Weltbank, Global Economic Prospects 2004

^v Riegler J., Moser A.: "Ökosoziale Marktwirtschaft", L. Stocker-Verlag Graz-Stuttgart, 1996, ISBN 3-7020-0732-6

^{vi} Carl Friedrich von Weizsäcker: Fragen zur Weltpolitik, München, 1975 & Wege in der Gefahr, München, 1976.

^{vii} Susan George, Clusters of Crisis and a planetary contract, 2001, www.tni.org/archives/george/clusters.htm

^{viii} Franz Alt: Das Ökologische Gleichgewicht. Ein Marshallplan für die Erde. Frankfurt/M. 1992.

^{ix} Kofi Annan et al.: Brücken in die Zukunft. Ein Manifest für den Dialog der Kulturen. Frankfurt/M. 2001.

^x Lutz Wicke / Jochen Hucke: Der ökologische Marshallplan. Frankfurt/M. 1989.

¹¹ See: www.thirdworldtraveler.com/Dissent/AnotherWorldPossible.html

¹² Michail Gorbachev: Mein Manifest für die Erde. Jetzt handeln für Frieden, globale Gerechtigkeit und eine ökologische Zukunft. Frankfurt/M. 2003.

¹³ Al Gore: Wege zum Gleichgewicht. Ein Marshallplan für die Erde. Frankfurt/M. 1992.

¹⁴ Hans Küng: Projekt Weltethos. München 1993.

¹⁵ George Soros: Der Globalisierungs-Report. Weltwirtschaft auf dem Prüfstand. Berlin 2002.

¹⁶ Franz Josef Radermacher: Balance oder Zerstörung. Ökosoziale Marktwirtschaft als Schlüssel zu einer weltweit nachhaltigen Entwicklung. Wien 2002.

¹⁷ See: www.un.org/millenniumgoals & F. J. Radermacher, Global Marshall Plan/planetary contract, Manuscript to the EU Project Terra 2000, FAW, Ulm, 2004, will appear as book.

¹⁸ See: www.un.org/reports/financing/full_report.pdf

¹⁹ Public goods in the context of the Millennium Development Goals mainly concern the following issues: realization of the fundamental human rights for everyone, including the universal access to basic educational, and health systems, worldwide security, cross-border and harmonized communication and transportation systems, support of market efficiency, transparent and accountable government leadership, harmonization of technological standards, concerted knowledge management, including worldwide respect of intellectual property rights.

²⁰ See: www.globalpolicy.org/soecon/ffd/2002/1216brown.htm

²¹ See: www.soros.org

²² George Soros: Der Globalisierungs-Report. Weltwirtschaft auf dem Prüfstand. Berlin 2002.

²³ Peter Spiegel: Das Terra-Prinzip. Das Ende der Ohnmacht in Sicht. Stuttgart 1996.

²⁴ Lutz Wicke: Global Climate Certificate System (GCCS) – Nachhaltige Klimaschutzpolitik, IfUM Berlin 12/2003

^{xxv} Her Majesty Treasury, International Issues, January 2003, Proposal: International Finance Facility
http://www.hm-treasury.gov.uk/documents/international_issues/global_new_deal/int_gnd_iff2003.cfm

²⁶ See www.earthcharter.org

²⁷ Ervin Laszlo, "You Can Change the World," a report by the Club of Budapest with an introduction by Michail Gorbachev, Petersberg 2003.