Network of

European Environment and Sustainable Development
Advisory Councils (EEAC)

Sustaining Europe for a Long Way Ahead: making long-term sustainable development policies work

Theme Papers

by members of the EEAC Working Group on Sustainable Development

On the basis of these eight theme papers, prepared by individual members of the EEAC Working Group on Sustainable Development, partly in collaboration with others and other Working Groups, notably the WG Governance and Biodiversity, the WG's background paper and finally the shorter EEAC Statement has been developed in a intensive process during the last year. We are grateful to all collaborators for their commitment, input and support.

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Sustainable Development and the Governance of Long-Term Decisions

EEAC Working Group Governance - Working Paper (short version)
Contribution to the EEAC Annual Conference, October 2008, Bordeaux

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1. Topic of the paper

Making sustainable development work requires an adequate political and societal agenda (what to do?) and a well-functioning governance system ('how to act?'). The first angle is addressed in a series of papers on demographic change, social justice, education, financial instruments for example, prepared by members of the EEAC network. This paper analyses the second aspect: the challenges of long-term decision making in the context of sustainable development, taking a broad ´governance´ perspective. [1] In other words: we will discuss **how** long-term societal problems should be dealt with, and not **what** should be done.

The central question of the paper is: "What can be learned from 'good practices' and 'worst cases' about the conditions under which governments and other societal actors may take wise decisions with a long-term perspective?" The aim is to support government decision makers and societal stakeholders on national and EU levels who are involved in long-term policy making.

2. The problems of long-term decision making

Whereas developing political *visions* about the future can be attractive for politicians, *concrete* political *decision making* about the long term is not popular. The results of such decisions are usually harvested by future politicians but the costs (capacity, money) lie in the present. This is only one of many reasons why long-term decisions tend to be postponed or even not made, even if there is considerable evidence that taking measures now prevents enormous costs in the future. Reports like EEA's "Late lessons from Early Warnings: the precautionary principle 1896-2000" present powerful examples (the asbestos case, for example) of the dramatic impact of postponed decisions and non-action in the case of environmental policy making.

In this paper we concentrate on problems with long-term decision making in each of the four dimensions of governance: Institutions, instruments, processes and actors. It should be noted, however, that our focus on decision making about the future does not imply that we believe that future problems will always be solved by (rational) decisions of governments: the future is quite unpredictable and uncertain.

The tasks, remits and structures of governmental institutions are reflections of the past. Therefore, institutions are formed on the basis of knowledge gained by lessons learned from decisions, actions and consequences which manifested in the past. Consequently, institutions usually lack the resilience to deal with unforeseen problems or opportunities. Institutional change is usually slow and incremental. This may also be an advantage: in an ever-changing, dynamic society we need robust structures which can serve as backbones of more dynamic institutions and processes.

Governance instruments reflect the 'policy theories' which dominated when they were created. These policy theories contain implicit beliefs, such as a focus on centralized or decentralized government. In addition, decision (support) instruments may contain concealed normative assumptions.

The 'public participation paradox' influences the decision making processes. Participation by public actors creates more support for a decision, but may because of this also result in less daring policies, as long-term decisions conflict with the political *actors*' 4-5 year life-cycle. Besides this paradox, the decision making process is influenced by the degree of uncertainty. Uncertainty of the processes and outcomes is an well-know argument for governments to postpone decisions. What follows is more research and gaining knowledge

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1 We will use the term governance in the meaning of the totality of interactions of government, other public bodies, private sector and civil society, aiming at solving societal problems or creating societal opportunities. This broad definition of governance is not confined to one style of governing and concerns the impacts of, and interactions between institutions, instruments, processes and actors.

in an attempt to reduce the uncertainty and complexity of the problem, or in order to ‘gain time’.

Different views on governance can result in a dispute on the roles and types of knowledge. For a political *actor*, solving a ‘wicked’ problem is not attractive, because there will be no simple solutions to them. Non-action or postponing of the decision may be the consequence. Sometimes complex problems are simply divided into a range of smaller, more ‘solvable’ parts. However, simplifying complex problems may result in a sustained stalemate.

3. Conclusions and recommendations

Policy principle

Policy making is per definition normative and there are no scientific algorithms for long-term decision making. One could say that principles are the politician’s algorithms. A wise and broad principle for long-term decision making refers to Kant’s categorical imperative and to the precautionary principle:

> Recommendation 1: The political principle for long-term decision making should be: “We have no right to make decisions which would, according to our present knowledge and values, impose on future generations such costs and risks as we would not be willing to assume by ourselves.”

Types of long-term problems

When we look at the character of long-term decisions, two types must be distinguished. The first category concerns cases with a relatively long period between the intervention and the intended effects: a long *lead time*. If a desired impact is scheduled for 2040 and the lead time is 30 years, then a decision should be made before 2010. If, on the contrary, the lead time is 5 years, it may be wise to postpone a decision and focus for the time being on preventing developments which would make such a decision impossible or useless in the future. A typical problem which this category faces is interference of long-term and short-term objectives during policy implementation.

> Recommendation 2: Before decisions are made, the lead time(s) of the measures under consideration should be analysed thoroughly.

The second category of long-term decisions concerns cases in which a continuous series of interventions during a long period is necessary to cause desired effects. The lead time of each intervention may be short (for example the introduction of some legislation), but the lead time of the total series of actions is long. Perseverance, consistency and continuity combined with reflexivity are important conditions in such cases. An example is the 2007 sustainable public procurement programme of the Dutch government. This programme is based on a steering philosophy which combines standards, competition (a score system) and long-term vision. The idea behind the latter is that presenting a ‘road map’ may attract producers and customers to voluntary ‘walk’ on that road.

> Recommendation 3: When a series of interventions is necessary in order to reach a desired result in the long term, it is crucial that perseverance, consistency, continuity and reflexivity are secured.

Both types of long-term decision making have in common that the perspective needed to assess the impacts is long-term, although the impacts may be distributed unevenly across time.

Resilience of decisions

The fundamental uncertainty about the future leads to another requirement: decisions must be to a certain extent adaptive to new circumstances; they require a built-in resilience. Incorporating redundancy, like reserving land for possible future use even if it is uncertain that such development will take place, increases the resilience of decisions. Making use of emerging informal networks (of experts) influencing the policy agenda may also help increasing the resilience.

> Recommendation 4: Resilience of decisions is a requisite for dealing with the fundamental uncertainty about the future.

Institutional resilience

As mentioned in the introduction, institutions can be the backbone of the long term decision. However, institutions have to cope with unforeseen problems or opportunities, for example, regarding the tasks of governmental actors and the organisation of knowledge production. Therefore, long-term decision making requires a certain *institutional* flexibility to create the resilience for handling and anticipating unforeseen problems or opportunities, for example, regarding the tasks of governmental actors and the organisation of knowledge production. Government institutions should develop the flexibility for putting future problems on the agenda and work on them with the same intensity and professionalism on current problems. This requires for example striving for enough variation in staff orientation: a good balance between those with a long-term and those with a more practical, short-term orientation.

> Recommendation 5: Ensure that institutions involved in long-term decision making are able to act in a resilient way; this implies investing in flexibility and in alertness (creating ‘watchdog capacity’), without making the institutions unstable and unreliable.

Future research

The methodology of gathering and interpreting knowledge about the future must reflect the complexity and uncertainty of the future. Generally speaking, it is recommended that scientific and practical knowledge are combined (transdisciplinary research). Such research designs require a certain degree of participation of actors outside the realms of science and politics.

Long-term decision making also requires the availability of sophisticated decision support *instruments*. When ethical and political assumptions are used in ex-ante assessment methods, it is important that such assumptions are chosen in the political domain, not in the scientific or technical arena. The political domain should consider the degree of resilience in long-term policy. The more the future is uncertain, the more important resilience is as a building block. Having a long-term perspective is not automatically sustainable. Quality criteria for sustainable long-term decisions are necessary. Foresight methods like scenario techniques and horizon scanning can be very useful for improving the robustness and the resilience of long-term decisions.

> Recommendation 6: Design future research in a transdisciplinary and participative way, and make use of foresight methods like scenario techniques and horizon scanning for improving the robustness and resilience of long-term policies.

Assumptions behind decision support methods

It should be noted that the application of decision support methods does not always have to be very costly: the main objective, namely to create a debate in which the ‘right’ (which may mean ‘uncomfortable’) questions are asked, may be reached with anything between detailed scenarios and relatively simple questionnaires based on a general horizon scan. The assumptions behind support methods should be transparent for the actors using these methods, and for actors confronted with these methods. Assumptions may limit the use of instruments. For example, CBA is not applicable for very large-scale problems like global climate change, because decisions on such a scale would influence a basic parameter, the future state of the economy and national income. The logic of assumptions generates certain results. Subjective (political, ethical) assumptions used in decision support models belong to the political arena instead of the technical arena in which they often are chosen.

Independent bodies such as the IPCC and advisory councils fulfil important roles in facilitating and organising socio-political-scientific discussions. The independency of such institutions which were also established in for example the financial world (European Central Bank) ensures that they are able to take a more long-term perspective and thus create a countervailing power against short-term political thinking.

Recommendation 7: Be transparent and realistic about the limitations of decision support systems, and ensure that ethical and political assumptions in decision support systems are chosen in the political arena, and use where appropriate independent bodies.

Complexity may provide an excuse for doing nothing. We should acknowledge that not all problems are complex. On the other hand, complexifying an issue can help creating more interesting win-win solutions.

Dealing with dilemma's

Processes of long-term decision making involve solving dilemma's, for example between long and short-term interests. Dilemma-management is producing trade-offs that enhance the awareness of opportunities, that balance process quality (incl. stakeholder involvement) and speed, that have an open eye to the eventual necessity of systemic change (transitions), that balance make-ability and contingency factors, and which makes use of the strong points (regarding long-term decision making) of (national) cultures and traditions and strives for mitigating cultural weak points. Policy-making always involves trade-offs between short-term and long-term objectives. However, more often these trade-offs are implicit rather than made explicit. Therefore, an effective incorporation of long-term concerns into political decision making above all involves making these trade-offs explicit and identifying the factors that favour either short-term or long-term concerns.

Recommendation 8: Make trade-offs between short-term and long-term objectives transparent and identify the factors that favour either side.

Survival of the policy lifecycle

Problems that are too big or too inconvenient, tend to be kept away from the political agenda. They are taboos. The asbestos case was an example. Problems which (may) be linked to societal lifestyles, like currently the increase of diabetes, are often politically taboo. The existence of independent bodies (such as advisory councils) which signal such problems can prevent large societal costs. However, politics is no exception to the rule that messengers of bad news tend to be killed, or at least attacked; this is one of the main reasons why advisory councils, in many EU countries, almost permanently have to struggle for their survival.

When such an issue with possibly long-term impacts finally has arrived on the political agenda, another problem arises. Like all political issues, long-term problems have a political lifecycle which predicts that they will disappear again from the political limelight – and maybe long before all measures have been implemented. This risk seems highest for decisions with a long lead time. The question is how such issues can be kept on the political agenda. Awareness of policy windows and the use of concepts like trajectory management and transition management may be required.

Recommendation 9: Long-term decision making requires policy mechanisms that prolong the policy lifecycle of policy issues.

'Best practices'

The governance of long-term decisions should not be restricted to policies with a concrete long-term objective: many short term decisions, decisions to postpone policies or even a decision to not act can have important long-term impacts. Knowledge production for long-term policy making requires embedding different types of knowledge (mono-, multi- and interdisciplinary scientific knowledge, and transdisciplinary knowledge) in the policy process with at the same time a well-defined separation of the roles of political and scientific arenas. Decisions must be implementable in the specific socio-politico-administrative culture of the territory (e.g. a country) for which the decisions are meant. Such national cultures and traditions influence to an important extent what works and what does not work. Therefore, copying ‘best practices’ from one nation to another brings about certain risks. Some principles are recommendable for all countries, but an example from another country can not be taken as concrete recipe. Learning from each other does not imply that the same approach will work elsewhere.

To conclude: there are no solutions in a ‘one-size-fits-all’ manner for solving the problems linked with the governance of long-term decisions. Every case is different by time, country, political reality and many other factors (culture and traditions, level of uncertainty, degree of urgency, available knowledge, accessibility of information etc.). In order to improve the quality of long-term decision-making, specific conditions are required:

Recommendation 10: Always translate ‘best practices’ into a form which works in a specific situation, tradition and culture.

Another process aspect of, especially sustainable development, is that the three main dimensions of SD (people, planet, profit/prosperity) together form a triple dilemma or trilemma. Trilemmas often result in neglect of one of the three dimensions. In SD this typically is the social dimension (people), because trade-offs between environmental and economical interests tend to attract more (political) attention.

Long-term orientation of society

Cultures and traditions of public and political actors may induce ‘default’ results of trade-offs concerning long-term decisions. Improvement may be sought by ‘stretching’ such results or shifting the results towards the other pole of the trade-off, taking implementation of the decision in the territory in consideration. It is important that all types of actors who have stakes in long-term decision making on sustainability issues reflect on their specific perspectives and action strategies, regarding trade-offs which have to be made. Long-term decision making for sustainable development is not only a responsibility of governments. However, governments have a special responsibility for the organisation of the societal discourse regarding the future, and should stimulate consensus on at least the agenda (which trade-offs are to be faced?) for long-term decision making. Because many actors are involved in long-term decision making, good governance of long-term decision making requires clarity about the roles of states, business, civil society, knowledge institutions and intermediary organisations such as advisory councils.

Governance actors play an important role in long-term sustainable development policies, but they often have opposite interests. It is imperative for long-term decision making to invest in multi-level governance: wise cooperation between local, regional, national and supranational levels of decision-making. One of the key problems is that future problems are not popular with politicians: they are not ‘hot’ in media and therefore do not bring new voters for the political party. However, the time orientation of politicians is a reflection of the time orientation of citizens. If citizens are myopic, why shouldn’t politicians be?

Recommendation 11: Invest in increasing the long-term values of citizens: this may make long-term decision-making politically more feasible.

Governance approach

The governance approach ideally should be a situational mixture of network governance (laying the basis of consent and of long-term support), market governance (stimulating entrepreneurship and self-regulatory responsibility of all actors) and hierarchical governance (creating level playing fields, ensuring implementation of decisions, and securing a legal framework with a required level of firmness). For a good governance of long-term decision making it might be argued that in such a governance mixture an interactive (network) approach should play a central role, because, as the 2003 WG

Governance Statement on European Governance concluded, many long-term problems are complex, ‘wicked’ problems which cannot be solved by one actor, even if this one actor is government. On the other hand, a typical weakness of the network approach is that it may result in ‘never-ending talks’. The more an issue is considered urgent, the more important the other governance styles (hierarchy, market) may become. One of the most difficult challenges seems to be able to refrain from the dominating governance ‘fashion’. Non of the ideal types is a panacea, and focusing only on ‘new modes of governance’ (like market mechanisms and network management) neglects that experience that the ‘old’ hierarchical governance approach (for example the use of legislation) sometimes is even more accepted, effective and efficient than the newer approaches.

Recommendation 12: The governance for sustainable long-term decision making requires a situational combination of network, market and hierarchical mechanisms, instruments and measures, in which in most cases the degree of complexity requires some prominent role of network governance.

Social Justice for the Sustainable Long-Term

Jan De Smedt, Belgian Federal Council for Sustainable Development

“Unless we are able to translate our words into a language that can reach the minds and hearts of people young and old, we shall not be able to undertake the extensive social changes needed to correct the course of development”

Gro Harlem Brundtland, Oslo, 20 March 1987

1. Outline

This paper addresses the issue of social justice in the context of sustainable development (SD). The Brundtland report (1987) extended human rights with the principle of granting equal rights to future generations without forgetting the essential needs of the worlds poor. The Rio conference (UNCED ’92) approved the principle of “equity within and between generations”. This century, the transition of society towards a low carbon society will be one of the major challenges for policymakers. But “low carbon” sounds rather technical for many people and risks to confirm the rather narrow perspective that reduces sustainable development mainly to environmental protection. In a SD-approach, the long-term target of a low carbon economy should be connected with the challenge of a social and innovative society, which can improve the quality of life for everybody. Long-term SD policy implies that social justice today and in the future becomes a full and integrated part of the SD agenda. It will help people, including the poor, to see themselves as part of the solution instead of as part of the problem. If we can create a dynamic favourable to the poor in the South and the North, the survival of our planet and its habitants will become common effort and socially acceptable.

Chapter II focuses first on the lack of attention for justice “within” generations which has characterised SD policy in the past decades till today. Special attention is given to the rather problematic relationship between environment protection and social justice. Chapter III deals with social justice “between” generations. Here also, when looking at “inter” generational equity, SD-circles tends to mainly focus on the ecological challenges. Firstly the concepts of environmental, economic human and social capital as link between generations are presented. Subsequently some scenario’s which illustrate the importance of the interaction between these different capitals (assets), especially the human and the ecological ones are presented.
Chapter IV proposes seven recommendations for policy makers to promote an increased convergence between ecology and social equity to prepare the sustainable long-term:
- integrate key long-term social targets in all strategies and policies
- develop mechanisms to guarantee access of the poor to affordable common goods
- integrate access to common goods in a European social security system
- improve knowledge about the relationship between climate change and employment
- integrate the EU SDS and Lisbon strategy in one unique strategy with a coherent approach of social justice
- promote international social justice by reducing our footprint and promoting human development
- reinforce the role of the UN.

Chapter V deals with the important role of social capital to change society and prepare the sustainable long-term, and the role EEAC and national councils for sustainable development (NCSDs) could play to promote the social component of SD: giving more attention to social justice, to social expertise, and to networking with councils in other continents.

2. Context and analysis

SD and social justice

"Sustainable development is development that meets the needs for the present without compromising the ability of future generations to meet their own needs. Two key concepts are contained within the term: 1. the concept of "needs" - in particular the essential needs of the world's poor, to which overriding priority should be given and 2. the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs." This definition of sustainable development in the Brundtland report (1987) extends human rights with the principle of granting equal rights to future generations. It also adds the right of a clean environment to those fundamental human rights (*inter*generational justice). The rarely quoted second part in point 1 of the definition refers explicitly to the needs of the world's poor both in the North and the South today (*intra*generational justice). This requires that the carrying capacity of the planet is not exceed. SD is a process of change that demands attention not only for the questions of allocation (economic domain) and scale (ecologic domain) but also of distribution (social domain).

At the UNCED-conference (1992) all nations approved the Rio-declaration which contains important social principles as "equity within and between generations" (principle 3) and "global responsibility: states have common but differentiated responsibilities" (principle 7). Agenda 21 translated these principles in an action program with an important section on the social and economic dimension of SD. The Johannesburg Plan of Implementation (2002) further concretised these issues, as did the Millennium Development Goals (2000) and other UN-conferences and documents. Together with the protection and management of natural resources and the change of non sustainable consumption and production patterns, the elimination of poverty can be categorised as one of the three umbrella goals of SD.

Intragenerational justice

Twenty years after the publication of the Brundtland report and fifteen after the Rio-conference everybody agrees that the "implementation gap" is important, also for the social issues of SD. Social justice "within" generations remains a huge challenge. Of course living conditions improved in some countries as for example the BRIC's or in some domains as child mortality, but nobody will contest that the fulfilment of basic needs still remains a big challenge for many people in the world, first of all in Africa. Today, rising food prices confront us again with the problem of hunger in the world. According to the UN Global Environmental Outlook (GEO4, 2007, 10-14) environmental degradation poses a serious impediment to the alleviation of poverty, to minimal guarantees of security and health, and to access to clean air and water for over 2 billions of the existing global population of 6.8 billion. Over half of all employment in rural Africa today is dependent on diminishing natural resources.

In the rich countries, socio-economic development resulted in a welfare state that considerably improved the living conditions of a lot of people. But poverty and social exclusion remain important problems. In the European Union still about 30 million people are jobless. According to the Joint Employment Report 2007/2008 the percentage of adults and children living in jobless households has remained unchanged since 2000 at nearly 10%. The average life expectancy of the population has increased, but the average hides important differences. In Belgium the life expectancy of lower educated men is 5 years shorter than for higher educated men (study cm). It looks like in general social justice received less attention in Europe in the period after the Rio conference than before.

The question on the social distribution of economic development sometimes tends to be overshadowed by the challenge of globalisation that puts competitiveness as point of prior interest on the political agenda's. Though globalisation creates a lot of opportunities for business, employment and welfare, not everybody belongs to the group of the winners. The process also invokes at the same time a lot of uncertainty with workers who fear delocalisation of their company or their job. Moreover, the growing income tension in many countries tends to undermine the social cohesion in societies. Not only trade union leaders are criticising the falling share of national income going to wages around the world. Even European ministers of economy and finance showed to be preoccupied by the issue and called for a better distribution of the fruits of economic growth because the legitimacy of the European economic model is at stake (March 2007).

The so called implementation gap concerns not only the Rio agreements, but also many other international commitments subscribed by the international community and specially by the rich countries to realise social justice objectives. Reference can be made among others to the 0.7% of ODA, the Millennium Development Targets (New York 2000) and the commitments subscribed at the UN Summits of Copenhagen ('95) on Social Development, Peking ('95) on Gender, and Monterey ('02) on Financing for Development. Rising aspirations of poor countries lead to rising frustrations concerning the realisation of the promises of the rich countries with regard to development co-operation, "fair" trade, migration policy, transfer of technology, support to climate change adaptation, mitigation, CDM or other dossiers.

Poverty no priority for environmentalists, environment no priority for the poor?

Environmental protection and social justice prove to have disconnected histories. It's not surprising that many policymakers of countries of the South still perceive SD too much as the agenda of the rich countries and richer people to protect their environment and lifestyle, as was already the case during the Rio-conference on Environment and Development in '92. In the industrialised countries policymakers promote sustainable consumption and production mostly in the context of reducing environmental pressure, and refer less to the right of equal access to or sharing of natural resources and welfare by all people in the world and within each country. In too many countries the SD debate doesn't really focus on global nor national poverty issues.

The proverb says "no pleasure without pain", but in practise the poor are mainly confronted with the pains of the environment, e.g. air pollution, climate induced flooding and noise, while the rich benefit from the pleasures like green surroundings. According to the IPCC Fourth Assessment Report (2007) and the Human Development Report 2007/2008 Fighting climate change (UNDP, 2007), poor countries that are the less responsible for greenhouse gases emissions, are the most vulnerable to climate change and are the first and the most affected victims of the direct effects of climate change and its consequences for biodiversity, land erosion, food security, public health and poverty. Meanwhile we see that poor people in rich and poor countries are confronted with new inequalities with regard to the access to the "commons". Increasing prices for energy, food and housing are hard to afford and they are confronted with substandard housing, insecure employment, and unhealthy food. E.g. in Germany the average net wage of the 25% least earners decreased between 2000 and 2006 with 13% while profits of employers and capital gains increased by 32% (Seri). The daily struggle for life is not always so conducive to an environment-friendly consumption.

In the eighties the "ecological justice", movement originating from the black civil rights movement in the USA, argued that you need to distribute in a better way the bads and goods of the environment. The main focus is on questions like who decides whether a society will make the choice for a transition to SD, or who will receive how much and why? An analysis of the link between power and the right to information and participation and involvement of all people, especially minority and low-income populations, can make a valuable contribution to SD. The "political ecologists" make a similar analysis and take into account also the interests of future generations by criticising today's consumption patterns in the North. The ecological footprint (EF) that calculates the biologically productive land and water areas required for human population to produce the resources it consumes and to absorb its wastes, is, especially when combined with the Human Development Index (HDI), an interesting instrument to make people aware of the social justice dimension of sustainable development.

Today policymakers in the Northern countries are more open-minded regarding the international social dimension of SD as proves the polemic discussions around agro- or biofuels and the decision of the EU for a 10% objective in this regard (Climate and Energy package). The powerful Industry Committee of the European Parliament approved recently a report asking the Commission for stricter sustainability criteria that includes social criteria, such as respect for the land rights of local communities or the fair remuneration of all workers (11/9/08). And people in Southern countries, being more affected by environmental problems than people in Northern countries, seem more motivated to do something about it. According to Greendex 2008 (National Geographic and GlobeScan), a world wide tracking survey on consumers choice and the environment, consumers in the developing countries subject of the study feel more responsible for environmental problems than those in developed countries. They are more likely to agree to take action and believe it will make a difference.

We should realise that from the point of view of SD, losing human and social capital is as worse as losing ecological capital. It's an illusion to go on living on islands of happiness in a world with major inequalities. A choice for kicking the poor citizen away from the lifeboat the next 40 years is no option for the rich citizen today.

3. Long-term scenario's on ecology and social justice

This chapter deals with intergenerational justice. Here also, when looking at the future, SD-circles mainly focus on the ecological challenges, while the important role of human capital is underestimated. The first part describes the roles of human, environmental, economic and social capital as mechanism to create links between generations. The second makes reference to some scenario's that integrate different capitals.

The link between generations: important capitals

The third Belgian Federal Report on Sustainable Development (2000-2004) "Comprendre et gouverner le développement" developed an interesting approach to take into account the interests of the future generations. The so called *Transgovern*-model (Transformation of living conditions through Governing) that integrates in a transversal way information on society, the environment, the economy and politics. This qualitative model assumes that driving forces in society – demography, consumption and production - put pressure on the capitals which are seen as the fundamentals of development. The fundamental capitals (assets) are the "human" capital (the standard of living, the health and the knowledge of the population); the environmental capital (the natural resources and the biological diversity); and the economic capital (the physical and technological capital and the financial patrimony). The report describes several examples of the internal dynamism within the capitals (e.g. a higher welfare has a positive effect on health) as well as a reciprocal influence between capitals (e.g. poverty can lead to non sustainable use of several components of the environmental capital).

The report characterises these different capitals and their interactions as the main mechanisms creating links between generations. Each generation inherits all of these capitals in a better or worse state. Each capital contains stocks that grow by means of investments, but that can also lose value in time. A responsible attitude towards future generations consists of developing the human, natural and economic capitals to fulfil the present and increasing needs of humankind, while avoiding a future build-up of debts. Therefore, it is important to see to it that the quality of this common inheritance increases. To protect both, quality and quantity of the capitals, governments can develop a policy that interferes with the driving forces or with the capitals themselves.

The main levers for government policy mentioned by this report are the institutional and social capital. The "institutional" capital is defined as the entirety of organizational, legal and social structures of a country. These determine the opportunities to commitment of the citizen, for conflict settlement and to a balanced decision process. According to the report the institutional capital is often merged in the larger concept of “social” capital. This social capital covers the networks, the shared values and the conventions that facilitate life among and between groups. The importance of reinforcing social (including institutional) capital to increase resilience in society to tackle an uncertain future is subject of the last chapter.

Scenarios taking into account human and environmental capitals

The last published Belgian Federal Report on SD “Accélérer la transition vers un développement durable” (2007) proposes two back-casting scenarios for sustainable development in Belgium for 2050, taking into account the interaction between different capitals. The authors started from within the UN agreed objectives for 2050 on elimination of poverty, protection and management of natural resources and sustainable production and consumption. The normative Pyramid and Mosaic scenarios for changing of lifestyle of people, the first more international oriented, the second one more local, propose transformations of our production and consumption patterns. In particular they explore the energy and food systems for Belgium.

At global level the Millennium Ecosystem Assessment Report (2005) focused on the many services that ecosystems provide to sustain anthropogenic systems. Chapter 11 of the report on “Human well-being across Scenarios” (409 - 429) contains also some scenarios that explore the manifold linkages that exist between ecological and human systems. Human well-being is considered to have five main components: the basic materials needed for a good life, health, good social relations, security, and freedom of choice and action. The scenarios describe approximately how critical scarcities of human, social, natural, physical, and financial capital and flows could interact to cause a major discontinuity at a local, regional, or even global scale.

The authors make a distinction between ecological and social surprises. While some positive surprises are likely, they judge that the frequency and magnitude of positive surprise is unlikely to fully balance that of adverse social and ecological surprise. Plausible adverse ecological surprises include e.g. a runaway climate change, major emerging diseases, desertification, and collapse of multiple fisheries. Plausible adverse social surprises include the collapse or erosion of beneficial institutions, a global stock market collapse, a major energy shock, and many types of violent conflict. The report takes into account that a combination of these surprises is also plausible. Surprises of one category often have an impact on other systems. In some important cases, major adverse social surprises are likely to be precipitated by reductions in ecosystem services. Beyond certain thresholds, feedbacks can generate downward spirals, establishing new forms of social conditions harmful to aggregate well-being. Examples of such social phenomena include major violent conflict and may also include intensified fundamentalism, nationalism, or a failure of markets and governance.

The German Advisory Council on Global Change published last year (2007) a report on “Climate Change as a Security Risk” that summarized the state-of-the-art of science on the subject. The report gives a lot of attention on the relationship between environmental, human and social capital and concluded: “Without resolute counteraction, climate change will overstretch the adaptive capacities of many societies within the coming decades. This could result in destabilization and violence, jeopardizing national and international security to a new degree. However, climate change could also unite the international community, provided that it recognizes climate change as a threat to humankind and soon sets the course for the avoidance of dangerous anthropogenic climate change by adopting a dynamic and globally coordinated climate policy. If it fails to do so, climate change will draw ever-deeper lines of division and conflict in international relations, triggering numerous conflicts between and within countries over the distribution of resources, especially water and land, over the management of migration, or over compensation payments between the countries mainly responsible for climate change and those countries most affected by its destructive effects*”* (p 1).

To preserve the carrying capacity of the planet in the longer term, attention should not only be given to ecological surprises or “tipping points” and the importance of environment protection. As history teaches us there exist also social surprises or tipping points. They were called social revolutions. Or economic surprises as the crisis of the financial system we go through today. Scarcity of resources may dictate the terms of international relations for years to come. Strategies to struggle against climate change, to protect natural resources or to reduce our footprint are a necessity. But they are no sufficient condition to save our planet for the next generations. Therefore we also need strategies to promote better distribution and social cohesion in national and international society.

4. Proposals for policy change and for possible practical ways forward towards social equity

One cannot build an ecological paradise on an economic cemetery, nor the reverse. But it’s also true that one can not build an economic or ecological paradise on a social cemetery. To keep people on board and to make the sustainable long-term the sake of all people, we must upgrade social justice on the SD agenda. There exist today in Europe a lot of economic “acquis communautaire”, less but substantial in the environmental domain, but only few with regard to the social level. The further development of the European social and ecological market model requires that more attention should be given to the development of human and social capital and to the links between those and economic and environmental capital. If there are doubts about this, the international crisis of the financial markets proves that we need a public authority that takes more into account the long-term and develops the rules to frame the market and assures the respect for it. This chapter proposes seven tracks as levers for policymakers. They are mainly focussing on the European, not the world level and are to be seen in connection with policy measures proposed in the other theme papers.

1. Integrate key long-term social targets in all strategies and policies

In a lot of longer term plans and strategies the environmental target of 2°C maximum increase of temperature (compared to pre-industrial age) is one of the main targets, as is the case in the “Climate and Energy Package” of the EU. The Union and the member states approved on international conferences also several important long-term social targets. It happens they forget this. The last published Belgian SD Report (2007) contains a list of 21 international SD targets of which 10 are related with human capital. For example with regard to the standard of living: eradication of poverty, with regard to health: average life expectancy of 76 years (65 years in 2002), with regard to knowledge: a diploma of secondary school for everybody. Integrating intermediate human capital targets in SD strategies and scenarios should become self-evident. The Renewed EU SDS (2006) at least gives attention to social issues as public health, social inclusion, demography and migration and global poverty and contains some social wellbeing targets. But for many social competencies Europe only has soft power (Open Method of Coordination). Therefore it is important that member states give more priority to improving social policies on national and European level. The French presidency made some proposals with regard to the European social agenda.

2. Develop mechanisms to guarantee access of the poor to affordable common goods

A group who needs special attention are the families that are poor or at risk of poverty. These families are hit harder by increasing prices due to the growing scarcity of some natural resources, the internalisation of external costs and green taxes. They can hardly afford the extra costs for energy, water, food and other basic needs. The environmental “polluter pays” principle sometimes collides with the social principle that the “the broadest shoulders should carry the heaviest burden”, another phrasing of the Rio-principle of the common but differentiated responsibilities. Mechanisms should be developed to guarantee the access for all people to payable common goods. Therefore some groups defend the use of “progressive” tariffs instead of full pricing of these goods. The access to a flourishing living environment is important to ensure a healthy life.

3. *Integrate access to common goods in a European social security system*

Many member states developed after the Second World War a social security system (SS) to protect their citizens. They combined elements of the continental model (Bismarck origin) that insured the earned income and the Anglo-American model (Beveridge origin) that guaranteed a basic protection. Some experts and social organisations are in favour of the development of a common minimum socle (base) as a step to the development of an European social security system. The right on social security is guaranteed by the Universal Declaration on Human Rights and integrated in the national constitutions. The question is whether it is the moment to extend social security beyond social risks to include also environmental risks. Why not.elaborate a European social security system guaranteeing a decent life that contains mechanisms to assure the access of all citizens to common goods as water, the atmosphere and related services? Today's social security systems are still mainly based on the past industrial society and strongly linked with economic growth. A reorientation via a green tax reform and the use of ETS money for it would anyway be easier, if agreed on European level. It would increase the legitimacy of the European project and mainstream sustainable development.

4. *Get a better knowledge about the relation between climate change and employment*

The IPPC (2007) pointed out that worryingly little is known about the employment and livelihood impacts of climate change. According to the panel at least in the short to medium term, the social impacts of climate change depend more on the development path of economies and societies than directly on the changes in natural systems. Most of these impacts can be cushioned or averted altogether if policies and measures to adapt to climate change integrate the repercussions for employment and income. According to the "Background paper on Green Jobs" published by UNEP (2008) in partnership with the International Labour Organisation (ILO) and the International Trade Union confederation (ITUC) reducing the environmental footprint could create many green jobs and provide decent work for a lot of people in energy and industry sectors. They can help lift people out of poverty. These organisations are working together on an ambitious agenda to achieve this. ITUC, asked several times attention for developing "just transition" programmes for workers that will be displaced by changes. Also the European Trade Union confederation (ETUC) and the European trade unions expressed on different occasions their concerns about the perception of climate change being purely a technical and economic issue. According to ETUC the success of the ambitious emissions reduction policies inevitably require that a wide social consensus is to be built between the social partners, employers and trade unions. And a strong involvement of workers in the workplace, where they are represented, is a key-factor to ensure that positive opportunities of climate change policy for employment and quality of work be exploited (http://www.etuc.org/).

5. *Integrate the EU SDS and Lisbon strategy in one unique strategy with a coherent approach of social justice*

The "Renewed EU Sustainable Development Strategy" puts forward as one of the four key SD objectives: "Promote a democratic, socially inclusive, cohesive, healthy, safe and just society with respect of fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms" (p 4). The strategy intends to make use of synergies between the EU SDS and the Lisbon strategy for growth and jobs. But today the EU SDS is more like a sleeping Snow White while the Lisbon strategy looks to be the darling of the Commission. However some people are also disappointed about the (lack of) priority given the Lisbon strategy. Of course growth and jobs are important elements. But they need to be linked more explicitly with the objectives of the SDS. Both strategies need to become more coherent from a SD point of view and in the longer run integration could be helpful to mainstream SD at EU level and reinforce the social and environmental objectives of the EU SDS and the Lisbon strategy. This will have a positive impact on economic objectives. Already there is a constructive debate over the future of renewable energy markets aiming at combining the two agendas. The new elected Commission and Parliament should consider the integration of both strategies and at least a much stronger coherence after 2010.

A new EU SDS should become a strong instrument to prevent our society against ecological, social or economic surprises. Therefore it should also provide the means to implement our international commitments with regard to ODA, technology transfer, debt relieve, climate and other funds. It would be a nice instrument to prevent surprises. A Peer Review of the EU SDS on regular basis with representatives of Southern countries, as it already happened in France and the Netherlands, could help to guarantee that the European internal and external policies, e.g. with regard agriculture and trade, are consistent with global SD.

6. Promote international social justice by reducing our footprint and improving the HDI

Governments and citizens need a compass to promote sustainable production and consumption. A better integration of the Lisbon indicators and the Eurostat SD indicators from a SD view would be useful. Besides this set of indicators some composite indicators as a complement of the GDP could be useful. The GDP as widely used indicator for economic growth could be balanced by an ecological indicator such as the ecological footprint on the one hand and a social one as the Human Development Index (HDI) on the other hand, as the President of the WWF argued last year at the “Beyond GDP” conference in Brussels. Although some methodological aspects have to be clarified, it could be interesting to combine both indicators in policy making and monitoring. The Human Development Index is used to establish the UN Human Development Reports, and combines data on life expectancy, adult literacy and standard of living, while the ecological footprint is playing an important role in increasing awareness in societies on the (un)equal distribution of ecological goods between citizens on our planet and between present and future generations. The Global Footprint Network developed the “one planet living” concept for the whole globe by 2050. The challenge for the poor countries is to improve the HDI and keep the EF low . For the rich countries (and for the richer people in the poor countries) the challenge is keeping the HDI high while reducing the EF. Every one has the right to a similar standard of living, but at the same time our ways of producing and consuming cannot be extended to other regions of the world or to future generations.

7. Reinforce the role of the UN

Globalisation without rules risks creating disorder or a jungle. The market needs social and ecological correction. This supposes global governance with a central role for the UN to encourage and supervise the respect for social and ecological norms. Therefore SD should be shared as a mandate through all UN-institutions as well as through IMF, World Bank and WTO. Otherwise it would be difficult to level the playing field for countries and companies and to prevent some to act as free riders not respecting international social and ecological norms and the common goods. It would also facilitate a more coherent approach from a point of view of SD of national Poverty Reduction Strategy Papers (PRSP) and the National Strategies for Sustainable Development (NSSD). To boost the social pillar of SD the shoring up of the International Labour Organisation (ILO) as a counterbalance to current international economic and financial institutions and also as founder of a veritable international labour code should be realised. If Europe wants to show international leadership with regard to SD it should be **a driver for multilateralism and a new architecture for the UN.**

5. EEAC as instrument to strenghten social capital. Suggestions for ways forward

To reinforce resilience with regard to plausible surprises, the strengthening of social capital of societies is very important. It can be helpful to create a spirit of cooperation between people and countries to build up capacity and strategic knowledge to manage a successful transition to SD.

The promotion of participative structures is an important contribution to governance and could help to counterbalance the migration of decision-making on politics and economics to distant international centres of power on which citizens have the feeling they gradually lose control. It can be supportive for the promotion of social virtues to realise the transition to sustainable production and consumption patterns. And finally it will facilitate the necessary overall social change to a sustainable society.

One can not expect all citizens to have the personal capacity and the physical, intellectual and affective cleverness for this. Social history teaches us that local communities, social organisations and adapted political and economic structures could play a powerful role to facilitate the participation of people in a process of social change and transition. They are also useful to prevent free rider conduct with regard to a huge temporal and special dimension as is the case for public goods.

A variety of initiatives will be necessary considering the different cultural and institutional traditions of countries and regions. Sometimes some structures can also contribute to inhibition.

National Councils for Sustainable Development (NSSD’s) and EEAC are through their interdisciplinary approach and their multi stakeholder composition excellent examples of a new form of social capital and of social innovation required for realising SD.

NCSD’s are outstanding schools for their members for learning to think in an integrated (multisector) way and for reframing political dossiers on which opinions are given, taking into account the importance of and interaction between human, environmental and economic capital. They are also powerful forces to foster dialogue between stakeholders and with civil society. They are strong canals to facilitate participation of their members in the development and monitoring of SD strategies and policies.

Of course things can always be done better. Three suggestions for councils for taking better in account the social component of SD.

1. More attention for social justice

In general SD councils are still strongly focussing on the environmental (and economic) aspects of SD, the social side remaining mostly underdeveloped. In their opinions to governments and their assessments of progress of policy towards longer-term SD goals, SD councils should give more attention to the social justice dimension, as well on national as on international level. For example in an opinion on a strategy on natural resources the interest of small producers in the area of agriculture, fisheries, mining, etc. could be taken into consideration. Likewise the problem of the partly transfer in a global economy of the environmental charge outside the EU. In an opinion on WTO and world trade policy the need could be underlined to take fully into account criteria of sustainable development and to respect the ILO core labour standards (see Box below).

2. More attention for social expertise

Of course the integration of the social equity aspects in opinions will be facilitated if councils are composed by members belonging to, or representing, groups and organisations defending social interest, as among others trade unions and development NGO’s. For expert councils the presence of social scientists will reinforce an interdisciplinary SD approach.

Social justice in opinion on long-term energy system

In its (second) opinion on "post 2012" the Belgian Council for Sustainable Development agreed on the following ultimate objectives for an energy system in the long-term (2050).

- To offer an effective response to the climate changes challenge, according to Article 2 of the convention Climate,
- To allow an access to all the basic energy services, so as to contribute to the improvement of the living conditions and the creation of richness and employment,
- To use (quasi) inexhaustible resources ,
- To control the demand,
- To be characterized by an optimal energy efficiency,
- To have a minimal impact on human health and ecosystems,
- To have a high level of reliability
- To have an acceptable cost

As bullet points 2 and 6 prove social concerns were an integrative part of the reflection of the council, which took in consideration that in a transitional stage, trade-offs should be necessary.

Social justice could receive also more priority within the EEAC as international network of SD and environment-councils. The network could develop more contacts with the ECOSOC network and with social experts in European national or regional institutions and could invite also representatives of international social organisations as among others trade unions and the European Platform of Social NGOs at public activities. The EEAC office could play a still more active role as research manager linking the social (and ecological and economic) expertise present in the different councils.

3. More attention for networking on SD with councils in other continents

In the EU more and more countries are creating NCSDs. There is an increasing exchange of information and good practices within the framework of the EEAC network. But sharing experience with councils active in Asia, Africa and Latin America could also be very valuable. It would give us more insight how to build a sustainable society, about the implementation problems of international agreements on climate change, biological diversity, trade, about the coherence of environment policy and developing co-operation, and about the consequences of EU policy for the people in their continents and countries. Some councils in the South are asking for support for networking with European councils and to build up more capacity. EEAC should be at European level an advocate for mobilising funds for those projects.

6. To conclude

This article started by mentioning the Brundtland definition of sustainable development including the rarely quoted second part of this definition of which point 1 refers to the world's poor. Point 2 of this part refers to "The idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs." Undoubtedly through their contribution to the strengthening of social capital councils can play a valuable role to tackle this important limitation to realise SD. They are a valuable social innovative instrument.

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Demographic change in Europe: slow in numbers, huge in consequences and options for a sustainable long term

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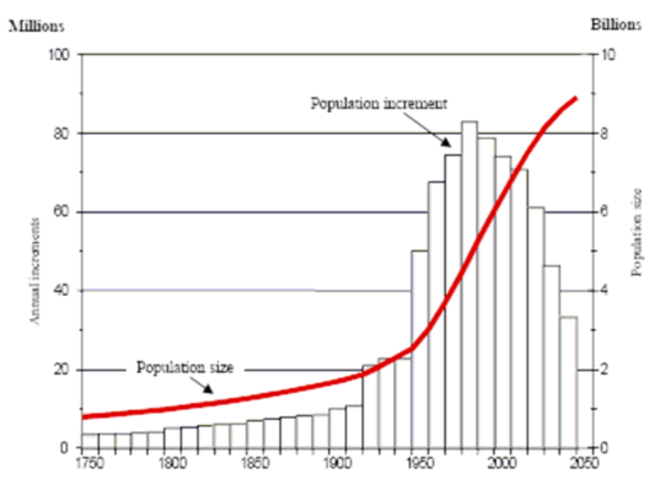
Winds of demographic change

With the world demography still pointing towards 8 or 9 billion people, Europe is different. Europe faces rapid changes in the demographic trends – faster than other world regions. The European population will age much faster than that in the US, Canada and Australia notably. But already now, even for China and its emerging economy are somewhat catching up, given that, also in China, demographic change and the challenge of an ageing society is on the agenda with different but similar tendencies of ageing societies. Demographic change is slow, but steady, it is almost creeping, but its consequences for society can be non-linear, abrupt and they may distort what we think are ever continued social bindings.

How to adjust to demographic change is an issue for a growing number of societies when they try to design a sustainable long term. The social protection, pension systems, human resources and education schemes are threatened to fall behind reality, as do also concepts for the quality of life and urban environments. On the other hand, taken seriously and framed by sustainability concepts, the demographic winds of change may also provide chances for a profound modernisation of society, prosperity, new jobs and renewed identity of local communities. However, as of today, these positive options are not yet discovered, let alone accepted and deliberately elaborated. Thus, the interlinkage to other major transition patterns, such as the end of the oil age and the carbon trap, can not be turned into productive solutions.

Figure 1. Long-term world population growth, 1750 to 2050



Source: United Nations Population Division.

Recently, policy awareness for demograhy issues has increasing across Europe, also thanks to the agenda set by the European Sustainable Strategy. However, the interlinkages and complexity of social consequences are not always fully grasped, nor do we address the implications for infrastructure policies and public services. A grandchildren-proof policy towards sustainability needs to be grounded on a better understanding of what is happening and of how this will affect any future leads into a sustainable development.

In deep transition

In March 2008, the world's population is believed to have reached over 6.60 billion. In line with population projections, this figure continues to grow at rates that were unprecedented before the 20th century, although the rate of increase has almost halved since its peak, which was reached in 1963. The world's population, on its current growth trajectory, is expected to reach nearly 9 billion by the year 2050.

In the long run, the future population growth of the world is difficult to predict. Birth rates are declining slightly on average, but vary greatly between developed countries, developing countries, and different ethnicities. Death rates can change unexpectedly. The UN itself has issued multiple projections of future world population, based on different assumptions. Over the last 10 years, the UN had consistently revised these projections downward, until the 2006 revision issued March 14, 2007 revised the 2050 mid range estimate upwards by 273 million.

For Europe in 2050, the UN predicts a population 628 millions declining significantly from 729 millions in 1999. Europe’s share in world population would then be 7% compared to the almost 22 % in 2050. Slow and declining population growth signals the onset of population decline as an overall outlook for Europe’s population. This process already is in full swing and all European countries are undergoing profound demographic change. Each generation of children is quantitatively smaller than that of their parents because numbers of children per woman are declining.The old-age dependency ratio (those aged over 65 years as a percentage of the population aged 15 to 64 years) is increasing. Eurostat projections show that the ratio will double between 2004 and 2050. By the middle of the century, there will be one person aged 65 or over for every two aged between 15 and 64. In the next decades, an ever-smaller working age population will have to support an ever-greater number of pensioners.

Some countries will be confronted earlier and more strongly by ageing than others. Germany is amongst the fastest ageing Member States, followed by Italy and Spain.

The European Commission’s Green Paper "Confronting demographic change: a new solidarity between the generations" rightly put emphasis on the fact that by 2030 roughly two active people (15-65) will have to take care of one inactive person (65+) followed, in November 2007, by the Commission's "Social vision for a rapidly changing 21st century Europe". The Commission urges the Member States to invest in a number of areas related to the social dimension of demographic change.

Europe envisages a trend in demographic change that might be significant to all industrialized countries. Obviously, emerging economies in countries formerly known as developing countries are triggering somehow similar trends.

Behind numbers: people’s choices

Demographic change is about more than mere population statistics. The story behind shere numbers is people’s choice how to live.

- Choosing to have children is a long-term, irrevocable decision based on confidence in future life course. “Fear of the future” on the one side and the priority on instant consumption and instant mobility on the other side are bad preconditions to address profound challenges to meet the need of the present by not compromising the ability of future generations to meet their needs.
- On the individual level a long life is perceived as something desirable. Ever growing life expectancy is seen as progress. A long life is a gift. Contrary to this individual view, an ageing society is predominantly perceived as threatening all sorts of vested rights. This split in individual and public notions is a significant cultural pattern. If

unresolved this divide regarding the “how long is long” – issue is something to worry about.

- Attitudes towards family and partnership may open new perspective of women and men regarding reconciliation of family, household and work. The changing attitudes towards the elderly people in society and economy may create unforeseen public options.
- With a proactive attitude towards consumption, tourism, social volunteering, and nature people in the “third stage of life” (time of retirement from formal jobs) may create new forms of social activities. They constitute what is already perceived as a “the silver generation”. The silver generation is already a key consumer group, it can also develop into a key group for biomedicine ethics and social cohesion, the labor market and the education system.
- Individual choices are summing up into society pattern, and they are clearly influenced by cultural norms and mainstream thinking, vice-versa.
- The growing fragmentation of families, asymmetric population balance, low-income migration and integration, fewer earners to non-earners, fast shrinking cities and growing urban sprawl, non-linear infrastructure transition, and individual life courses: all this translates into a threat, or a challenge, or some new options for our wellbeing – the assessment depending on how we are facing these issues.

Many areas of our society are affected by this: the social security systems, financial policies, the social infrastructure including eduction, health, medical care, housing and water supply, product design and urban planning. Mainstream political thinking does not yet understand and accept to what extent economies and individuals have to adjust to demographic change.

Choice editing

Deep roots have deep impact. Demographic change challenges our way to think “future” and our policies dealing with society perspectives towards a Europe in social cohesion and sound environmental quality. Risks, threats, and burden for future generations can be detected, as can opportunities, solid benefits and the opening of new options.

Our societies are only now starting the reasoning about the social and cultural background of ageing populations. The impacts on ecology and economy and on the “way of life” are longer term. Those are not yet addressed adequately.

Whether a society turns one way or the other is a question of choice, and of deliberate “choice editing” which might turn out as a new form of culturally coined social communication. The precondition of choice is an informed debate including civil society, the private sector and politics. Information needs sound data. But data alone – and demographic data in particular – are difficult to understand and do not always lead to sound and informed debate. Choice editing is what sustainability strategies are about.

Answers thoughout Europe to the question what governments and civil society need to address are divergent. The State is considered to be responsible for providing health and work for young people. But then, among people there is also a growing desire for more flexibility in individual life “planning” and for enduring an efficient use of financial and natural resources.

Needed: a better understanding of shrinkage patterns

We do not yet understand the complicated and interconnected challenges at hand, and we do not yet translate them properly into benefits for all, a vision for the safeguarding the commodities. The link between demography and sustainable development is still unreflected. With this deficit this perception is an example of how inadequate and misleading linear thinking can be.

Long before the term “ecology” was coined, there were concerns about earth’s capacity to provide food for the growing number of human beings. An ever-growing human population may at some point exceed the earth’s carrying capacity. It is often assumed that with fewer humans in a given territory the environmental burden will vanish, in turn. But this is not true. A decreasing population figure does not promise ecologic benefits. Both assumptions suggest a linear relation between population and ecological footprint. Judged from experiences in shrinking regions one can say that there is no easy “collateral benefit” for the environment when populations are decreasing. Basically, there is no automatic ecological pay-off. Worse than that, examples from Germany show that per-capita-costs for waste water treatment or electricity supply may even increase.

Our regional and local governance is tuned to the distribution of growth, and our technical approach to public utilities is tuned to scaling up effects. Now, we have to come up some bright ideas on scaling down in size and transforming in style. How could we take account of food and water security, energy availability and meet the needs of people? How can we adapt to fragmented housing patterns? How can adapt to a sustainable, low carbon economy? What are the consequences for our cultural values? How can we allocate “fair ecological pricing” in scaled-down public infrastructure? And, very basically, how can we turn these economic and social bottlenecks into something that triggers social and technical innovation?

Facts and figures for Germany

Since 1980 Germany had constantly an average of 1.4 children per woman. However, an average of 2.1 per woman is needed for a long-term stability of the population (or 1.8 with a certain level of immigration). In the long-term, Germany’s overall population is shrinking. With less children being born today, and a significant increase in life expectancy since the early 1970s, the gap between the numbers of the young vs. the old is thus widening. Prognoses for the period up to 2020 and beyond based on migration (immigration as well as internal migration), birth rates, and life expectancy anticipate that in German regions the population will decline significantly.

In absolute terms, Germany has the largest non-national population of any EU country, accounting for 8 percent of the total. In addition, Germany took up large numbers of immigrants of German ethnic descent from Eastern Europe. The 2005 census found that almost 20 percent of residents in Germany have some form of migrant background. Geographical distribution varies strongly between regions, especially between the East and the West whereas geographic concentration is mainly to be found in urban areas.

The development in Eastern Germany after the fall of the Wall in 1989 led to more than a million empty apartments and to the abandoning of countless industrial parks and social and cultural facilities. Further more, population decline in many regions in Germany shook the basic political consensus of the German post war history to build equal living conditions in all parts of the country with the instrument of public infrastructure services, among others.

In short, demographic change is strongly varying and causes regional disparities between the East and the West. Disparities can also be observed between urban and rural areas and from city to city. In adition, increasing social and ethnic disparities pose challenges to the so-called social capital that refers to norms of generalized reciprocity, trust, and networks of civic engagement, and social interaction.

Shrinking cities contradict the image, familiar since the Industrial Revolution, of the "boomtown", a big city characterized by constant economic and demographic growth. This calls for rethinking future urban development. Shrinking cities are asking for new concepts for urbanity. The drastic changes in cities caused by shrinking thus present not only an economic and social, but also a cultural challenge.

A triple mismatch

It is still too often the case that the demographic discussion centres on aggregate figures, such as the effects of a decline in total population and the change in the age structure of the population as a whole. However, spatial migrations and distribution patterns of the population are as relevant, as any compilation of demographic change and social divide between the rich and the poor would be.

The relation between ageing and society is promising – in theory. In reality, there is a triple mismatch:

- Welfare mismatch: It is questioned whether Member States could keep up the social welfare schemes by just replacing population decline through integrating and absorbing migrants.
- Labour market mismatch: Labour supply from migrants will not offset the decline in labor supply on a quantity basis. It will further differ from labour demand (mostly high-skilled).. Europe is heading into a severe shortage of skilled engineers. Education schemes are beginning to be put in place that train the next generation of young engineers for sustainability. These early experiments, notably in Portugal, need to be monitored and expanded across Europe.
- Geographic mismatch: Ageing and a shrinking population are strongest in rural and peripheral regions, while internal and external migrants are attracted by larger cities mostly – which have a relatively young population already. So, the necessary adaptation of regional infrastructure layout is much slower than population dynamic. Rural depopulation is becoming a serious issue for the maintenance of both social capital and effecive sustaining use of natural resources.

Competition in the migration skill market rises globally. Qualification bottlenecks on national labour markets are increasing. Demographic change significantly adds to this trend.

It is often thought that immigration of highly skilled people from outside the EU could possibly compensate for the decrease in natural population growth and growing labour mobility in Europe. However, it should not. Hunting for the brightest minds (the war for talents) will generate trade offs as the highly skilled are urgently needed for the transition towards sustainable development in their respective mother countries. Brain-drain migration is counterproductive, in more than one way.

In Europe, 10 to 15% of the skills which are required each year change and are redefined. A decreasing workforce potential needs to cover an increasing demand for skilled workers. In order to meet the demand of skilled labour, qualification and re-qualification is already necessary, and will be even more in the future.

Migrants are seen as potentially contributing to socio-economic development and therefore to sustainable development. This potential, however, is not always released. In Germany, unemployment rates amongst migrants and 2nd or 3rd generation people with migration background are often systematically higher than amongst nationals. Youth poverty coincides with numbers of early shool dropout and the number of unemployed people remaining constantly out of the regular labour market. Poverty provides a burden for social security systems. Of course, there is no much room for action at the EU level – despite all talk about the battle for talent and the European knowledge society. Policy options with regard to immigration, social security, and education will need to be taken forward at the level of national governments.

Education and Labour Market: a case study from Limburg

> Managing the change to a knowledge driven economy sufficent supply of highly skilled labour force is crucial in a province like Limburg. The region is changing from traditional industrial to an innovating region. In the Netherlands, Limburg is a frontrunner in the process of demographic ageing and dejuvenation. In internationally situated regions like Limburg, increasing demand for highly skilled labour force must be regarded in relation to a flexible system of labour migration and cross border freedom of movement. As demographic ageing affects all European countries to varying extent a flexible system of labour migration and cross border freedom of movement will only partly be a solution.though a solution could be found in immigration of highly skilled people from outside the EU. Therefore, flexicurity and social innovation could become the center of focus as does workability index and a good work-life balance. People over the age of fifty can be an increasing source of labour supply if their needs in further education to maintain their productivity and innovative energy are fulfilled. The workability index might play a role in establishing this position: elderly people must be facilitated to participate in the labour market as long as possible. On the other hand investing in young people is crucial. The young generation has to be prepared with an optimised integration of education and professional training. Life long learning has become an important aspect in the policy for the future.
>
> Position Paper Province of Limburg

The ageing of Europe's population in combination with the changing family patterns challenges our welfare system. The challenges strike particularly those countries that maintain an extensive public welfare service system as the Nordic countries. How can we ensure the services and income transfer that are essential to a welfare society as the population ages and the need for expenditure grows? In addition, international tax competition makes it difficult to increase the tax rate. Ensuring high employment rate is crucial for the financing of the welfare services also in the long term. Good employment, educational, health and social policies, as well as a healthy environement lay the foundation for both the wellbeing of the citizens and the prosperity of the national economies. Adding to this is the agenda of climate change and how to escape from the carbon trap and the downsides of oil peak.

Trust is an enduring value that seems to be significant in maintaining welfare and facing the sustainability challenge. Social trust is linked to a varitey of social, economic, and political circumstances. Trust levels are particularly high in Scandinavian countries. From the perspective of individuals this applies to their fellow citizens as well as to the social and political institutions that in turn facilitate trustworthy behaviour.

Trust is a central core of social capital and is closly associated with reciprocity, respect, and solidarity. As a societal resource it enables citizens to link up to each other, fosters cooperation, and enables them to pursue their common objectives more effectively.

Unequal income distribution patterns and growing social, ethnic or religious fragmentation may reduce generalized social trust in citizens.

There is need to rethinking social security. It will be less State oriented but will reemphasize neighbourly responsibility in civil society. Practical experience with civil engagement show that new social services do not simply replace what was once a domain of the state. Of course, there are examples where state administration is actively retreating from former municipal services often following financial contraints. They may feel tempted to bring in volunteers from civil society, and hope for a swift transformation. However, civil organisation and social volunteering are often re-inventing and re-designing what they think is a necessary and suited social functionality. So, there taking-over is often a modernisation in meeting the needs of the people rather than a mere "doing-the-same, but less costly". Thus, bringing in the engagement of people often turns out (not easily, not always smoothly) to be a modernisation of public services. Service is a consequence of demand, demand is a consequence of design and communication.

Nevertheless, in areas that are characterized by impoverishment and (internal) emigration social networks, memberships or local identities break. Although self help and mutual assistance may persist society can hardly come in and fill the gap if the provision of general public services and utilities is at risk. Formal organisation of voluntary engagement for the broader society builds on specific skills and qualifications. Economic decline, shrinking, conditions of precarity, and emigration has negative effects on the potential to develop stable and operational self-help initiatives.

Demographic change and the Nordic welfare society (FNCSD)

It is a hallmark of the Nordic welfare model that it offers both an elaborate social safety net as well as public services such as education and care. The key characteristic of the model is that the right to these provisions is universal and they are available to all citizens without being preconditioned on prior payments or contributions. These arrangements are financed by various forms of taxation. It is noteworthy and interesting from the sustainable development point of view that three Nordic countries with high tax wedges, a generous social security system and an egalitarian distribution of income have been ranked in top 10 also in the latest Global Competitiveness Report (2007-2008). Welfare society can thus be considered as a Nordic innovation succeeding in combining economic efficiency and growth with peaceful labour market, a relatively fair distribution of income and social cohesion.

The welfare state is based on a "social contract" between the generations where trust is essential: those currently active in working life agree to pay taxes because they trust that future active generations will do the same. The system is also based on social cohesion and an understanding that the whole population is in the same boat.

Historically, the welfare state expanded when the working age population was increasing relative to the number of children and old. However, the age composition of the population is going to change dramatically already in the near future. For instance, according to the latest forecast from Statistics Finland, the proportion of persons older than 65 years will increase from current 16 to 26 per cent by 2030 in Finland. At the same time, the percentage of the working-age population will decrease from 66,5 to 57,5 per cent by 2040. This means that the old-age dependency ratio is almost going to double. However, the population change - healthy and active elderly citizens - can also be considered as a social achievement of the welfare state.

Ageing itself is not a problem. Rather, the challenges are early retirement, disability and poor health status. Healthier means wealthier. It is believed in the Nordic countries that health and social wellbeing are valuable assets to the economy. Prevention and promotion of health and social wellbeing will reduce pressures towards high-cost care and disability. Health and safety at work will assist in staying at work longer. Revised pension laws and regulations have encouraged for longer working years, for instance in Finland, higher pensions for working longer have raised the average age of leaving working life.

There is a broad understanding in the Nordic countries that a sustainable societal development is made up of wellbeing of the population. However, the welfare model needs to be flexible in order to develop and meet the new challenges. It has been agreed in Finland that a high rate of labour force participation is an indispensable ingredient of the Nordic welfare model. Good productivity development requires that employee well-being at work and the incentives for the growth of human resources and innovation activities are sufficient. Social capital based on solidarity and social cohesion and human capital built up on investments in wellbeing, education and lifelong learning are essential for future welfare society. Taxation needs to be developed so that it supports doing work and commissioning work but also in a way to promote sustainable use of natural resources.

http://www.ymparisto.fi/default.asp?node=9364&lan=en

http://www.environment.fi

Infrastructure has to be adapted for both the regional areas that are growing and the ones that are shrinking. Internal migration fragments social bindings (often family ties), so that typical routines, such as grandparents caring for their grandchildren or children caring for the aged, is increasingly becoming more difficult. This has an impact on the financing of public services and the social security systems.

As more people leave a particular municipality, the prices for water and water sewage services get correspondingly higher for those who stay. The fixed costs of maintaining infrastructures will remain unchanged. Financing the services might indeed get highly problematic on a per capita basis if the number of users decreases significantly. As a consequence, there will be fewer people paying more for the same service.

In addition, technical problems might arise because water pipe systems, for hygienical reasons, need to maintain a certain amount of water flow and would need to be rinsed regularly if the number of users decreases. Technical problems may also affect electrical grids which require continuity between generation, transmission and distribution of electricity, and reliability regarding the number of users. Remarkably, cost distribution has a social bias. People who would stay in their hometowns are likely to be less solvent than those who move, and will suffer if required to pay higher charges.

Geographic imbalances relate to the market value of houses in shrinking areas. People who may have invested into own homes in these areas, expecting to get pension revenues when they retire do probably have to face economic pressure. In Germany, the number of households is actually increasing faster than the population as a whole, as families shrink and the number of one-person households grows. As a result, mobility demand is increasing alike.

The carbon economy, the environmental management, and the ability to provide transport and mobility are clearly strongly affected by demographic change. A shrinking population does neither automatically lead to energy savings, nor does it enhance environmental protection through reduced settlement density or less traffic.

This mismatch challenges ethics and cultural values. But, again, it is open to be approached as option to rethink and realigne the understanding of public wellbeing and to find creative ways to decentralise public services, to find new ways of demand-orientated infrastructure, or to kind of rewire the functioning of society.

In short, for both metropolitan areas and villages in rural areas there is the need to work out how the community will function on the basis of 2 tons carbon dioxide per capita / per year and with the chance that they face a non-linear change in population.

The missing link: ethics of change

Changes caused by an aging society require adjustments in individual life courses, social interaction, and the employment structure. There is a need to reevaluate the role of older people, to do away with negative stereotypes, images and self-images about aging in western societies. Strenghtening ties between generations in terms of mutual learning processes may contribute to positive social connotations of aging.

Future scenarios often attest declines in economic and social capital; they also address the future of demographic change as a “Methusalem complot” in the sense of the elderly generation complotting against those younger one’s who pay for their living. These “cry-wolf” – stories may be suitable to catch the headlines, but there is much evidence for being more curious towards our future and for seeing it more positively. At least, there is enough room for being more creative in designing visionary concepts for tomorrow’s society.

The concept of growth as “ever more of the same” will in all likelihood get outdated by demographic changes. The growth paradigm is still the predominant mainstream feature in economical thinking. Growth in production is still closely linked with increased consumption of energy and resources and more pollution. But there are already many examples of a 'decoupling' of economy and environment. In the future there may also be examples for decoupling traditional growth and welfare / wellbeing, and to replace it by a renewed concept of growth that relies on quality rather than on quantities. This may contribute to the building of an open and just society.

Responses

Vitalizing Europe

The theme is vital for Europe's future. Recent years have brought a growing realisation that social cohesion is an essential condition for democratic security and sustainable development. Imbalanced, mismatched, and unequal societies are not only unjust but also cannot guarantee stability in the long term. However, political responses to demographic change are still fragmented and diverse beyond the necessary extent of well-understood diversity througout Europe. The cross-cutting character of the challenge of a sustainable answer to demography is seriously misunderstood or even neglected.

Demographic change need to be transferred into a paradigme shift towards sustainability as less people doesn't automatically lead to more sustainability. There is considerable scope for strengthening the EU SDS. The main challenge in the area is to ensure and increase the quality of life, in light of the changing demography. Most attention has to go to the long term infrastructure issues, the reduction of poverty and the introduction of better and broader education schemes. Also other domains of EU action are affected, e.g. transport, housing, labour markets, education, health, rural and regional development.

Tipping

It is necessary to be aware of the urgency of the tipping point from quantitaive to qualitative growth / decline. The reaction to demographic change does neither mean denial or rejection of consequences, nor all too simple adaptation. It rather asks to come up with strategies to anticipate and redirect transition towards a more sustainable development.

Laboratories on Demographic Change – a private sector initiative

In Europe, demographic change is not a scenario with an unknown probability of actually occurring, but a forecastable trend. What are the effects on business locations in regions across Europe? In Germany, some leading enterprises are paying increasing attention to these issues because the demographic change will affect their business case in the (not so) long run.

The Laboratory Demographic Change discusses answers and approaches to this and other questions. Its online tool "Demographic Risk Map" is being elaborated by the German enterprises BASF, Evonik and SAP working together with econsense and other cooperation partners.

They established the Laboratory to face the demographic challenges from a business perspective. The multilevel working process of the Laboratory is embedded in the European Alliance for CSR, an alliance of politics and business for promoting CSR in Europe. On behalf of the Laboratory, the Rostock Center for the Study of Demographic Change analysed the impact of demographic change in 264 regions across Europe on the basis of selected location factors. The study is the first to provide a direct comparison between time frames, regions and countries. With its Risk Map the Laboratory opens a so far unique perspective for company and stakeholder motivation.

http://www.econsense.de/_LAB_DEMOGRAPHIC_CHANGE/index.asp

Seen from the long term approach there is no room for passively tolerating what is happening anyway. A sustainable approach to demographic change will work with a positive attitude towards ageing, individual benefits and the momentum any social transition can provide. It will look for market opportunities and social innovations, for instance in areas such as the 'silver economy', sustainable patterns of consumption, or the increase in the demand for flexible housing facilities and even in the number of commuters.

How to express …

Rethinkink how we are positioning ourselves in the winds of change is essential. The problem in the conventional understanding of “change” is that the concept of future is still dominated by present-bound notions. It is the present that we call the future even though it is the past.

When talking about the past we know how to express appraisal, e.g. by using the terms heritage, patrimonium, landscape, in the more negative connotation also burden, mortgage, and load. On the contrary, when addressing the future we do not seem to have equivalent terms at hand. Instead, experts debating future use technical terms such as scenario writing, computer models, discount rates. Predictions and forecasts have long lost both their aura and higher forms of responsibility as, today, they are mere calculations, and often number wrenching. This is a shortcoming in language and in social skills that needs to be addressed.

New perspective on spatial planning – a case study on knowledge development and decentralisation by RMNO

In the Netherlands, the Spatial Policy Document (2004) and the new government philosophy of 'decentral where possible, central where not' reflects a shift in responsibility for the use of space away from national government to decentral level, with the role of national government being to determine the principles to be applied. This is a clear indication that spatial planning has become a dynamic process whereby national government is not (or is no longer) the only player. There are greater opportunities for development and for social initiatives.

The decentralisation of responsibilities in spatial policy also leads to the decentralisation of the relevant knowledge and has consequences for knowledge development, knowledge exchange and knowledge infrastructure. Sustainability considerations, such as integrated development, and incorporating a balance between social, ecological and economic perspectives has to be applied to regional development and as the key theme in formulating questions relevant for knowledge development.

The knowledge agenda developed by RMNO is intended for policy-makers, project developers, researchers and advisers who are involved with regional development. It aims to facilitate the development of knowledge networks and new arrangements for a more effective application of knowledge in policy and practice, and to the improved development and accessibility of such knowledge. Setting up this agenda, RMNO carried out an investigation in three regions in the Netherlands, where the issue of shrinking population was popping up. Summing up, research findings call for a new approach, for a new vision within these regions. Each region is characterised by a pattern of 'hot' spots, places that are chosen to live, work and recreate in, besides those that are seen as unattractive for often unknown reason. By exploring the unique hot spots in a region, the regional and local governments could develop strategic plans together instead of conquering each other for individual benefit.

As for example in the province of Limburg, the most south-eastern province of the Netherlands that shares two-third of its borders with Belgium and Germany. The region is changing from traditional industrial to an innovating region, thus putting efforts into improving and deepening cross border cooperation and establishing European relationships. There, development could aim to accommodate older people (retired but wealthy), a family friendly environment, but also the home of the world-class chemical industry sector with high quality jobs, creating a network of cross border network of universities and more.

Developing adequate strategies for responding to shrinking populations calls for an investigation that identifies the knowledge which is needed to ensure the success of the policy and the practice of integrated regional development, particularly with a view to the question of how to handle the future of town and country given that they are becoming increasingly interwoven. Therefore, understanding developments that indicate how differentiation comes about between regions and within regions, in towns and surrounding areas, and within towns in neighbourhoods (and groups of residents) including sustainability criteria besides economic development build a fundament upon strategies for a sustainable future can be build.

Changing policies

A narrow minded migration policy that is only looking for the fast brain drain from outside towards Europe will not bring the solution to growing skill demands of European industries and public services. Investing in education and human qualification of members of all groups of society as well as reducing institutional and career barriers will develop long term perspectives for people. For building trust and more credibility the European social model needs a "push and pull" that bridges the (still existing) gap to the sustainability agenda. In turn, in sustainability policies population issues play still underestimated role that needs to be adjusted.

The majority of the private sector still fails to elaborate long term concepts actively displaying sustainability management, be it referring to (not yet existing) sustainability labels for urban environments and housing construction, be it for human resources and life-long learning schemes. The spatial or urban dimension could provide powerful solutions, e.g. in the area of decentralised public services, decentralised energy supply, demand-oriented policies, or the decoupling of economic growth from transport demand.

On the regional and local level decision-makers have to get their demographic data sorted out to find ways and means for adapted sustainability concepts. Regions are different, so have sustainability strategies to be. To transform the concept of "choice editing" into real decision making it needs more attention through providing information and good analysis, information exchange and through transformation of knowledge into new practices.

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Sustaining Markets, Establishing Wellbeing, and Promoting Social Virtue for a Long Way Ahead

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Outline of the paper: framework and perspective

This paper is concerned with the social and economic conditions that will deliver a sustainable long-term, and in particular with what needs to be done to ensure that "markets" function to establish the economics of long-term sustainability for Europe.

The paper therefore considers the changing roles of markets and of the political structures in which they function, with a focus on what stands in the way of each of these when pursuing an emphasis on long-term sustainability.

In approaching this, the paper looks at the evolving linkages between markets, citizens and politics as means of making decisions about the economy, at the uses of concepts such as "prosperity", "progress", and "citizenship", and ends with some recommendations for restructuring the relationships between markets, regulation, incentives, civic virtue and responsible government in order to establish appropriate conditions for guiding economic procedures for the sustainable long term.

These thoughts on changing procedures and relationships for markets are part of a larger set of proposals, put forward as a series of eight theme papers, plus an overall EEAC Statement, together with a Background Paper providing perspective for that Statement. These papers emerge from thinking within the member organisations of the EEAC, which links together organisations, across different European Union member states, which have the role of advising governments and parliaments on sustainable development and the environment. Their principal intended audience is therefore the members and staff of the member organisations, together with politicians and officials concerned with these issues in the European Commission and European Parliament. However, the importance of the issues examined in these papers should ensure that they will also reach a wider, policy promoting, readership.

In the discussions leading to these documents, it became very clear that one of this series of papers should focus on markets and the role of the consumer/citizen. In doing so, this paper considers not only the strengths and weaknesses of markets as means of making economic decisions, but also the strengths and weaknesses of the placenta of political systems and cultures to markets, as well as the appropriate role for individuals and groups of citizens. The relationship between the citizen, the state, the market, and incentives for establishing consumer behaviour consistent with a sustainable long term are central to this analysis. Considering these issues leads naturally to the question of how the three aspects - market, politics, and civil society – can best be linked together in order to promote long-term sustainability.

These arrangements are, of course, always linked together in some way. Political systems are occupied in regulating and responding to the workings of the market. Markets develop in expressions of values and aspirational contexts created by the workings of civil society and political structures. Individuals, in their own lives and as citizens, both respond to and influence the market and politics. The three are never separate. Despite that, we see a benefit, in parts of this paper, in discussing them separately at the outset, because each has its own rhythms which it brings to decision-making, before attempting to evaluate the more complex dynamic brought about by the three elements interacting with each other.

One of the main messages of this paper is that the market, the political system, and citizens, if all are to work creatively to establish the necessary conditions for generating the sustainable long term, do need to work together on a radically different basis from that which applies at present. The ways in which the three currently combine give far too little attention to long-term sustainability, so it is vitally important to address their very basic deficiencies so that they function cooperatively to create the conditions for permanent sustainability.

We are conscious that the conditions pertaining to long term sustainability need to be spelt out. This is done in the EEAC Statement in pages 2 and 3. There is a clear line on sustainability, namely creating a fair and robust society that learns to live and consume within the boundaries of a surviving planet and its ecosystem functions, of a partnership between citizen and government that promotes and offers support for such outlooks and behaviour, of market signals and regulatory guidelines which shape such activities consistently over the very long term, and of a set of measures to frame prices to reflect and to promote social justice and environmental resilience, even when these parameters are not fully worked out at present.

Markets and the future

The "market" is a mechanism for guiding behaviour and investment, for encouraging a constructive relationship between buyers and sellers and supply and demand, for promoting innovation, productivity and competition so as to encourage efficiency and to minimise inflation, and to guide behaviour through prices, incentives and regulatory measures. Broadly there are three forms of markets.

Markets which are open to exchange processes, via buying, selling, and bartering.

Markets which seek a more formal social contract between the economy and the citizen, through a combination of political and market processes, and

Markets which seek to free up exchange and innovation in a more unrestrained manner.

Markets can act locally, or through national and multinational agreements, or globally. All markets are regulated to one degree or another, but none is regulated to ensure the sustainable long term, or, indeed, a socially fair and redistributive present.

The "market" contains many mechanisms which deal with risk, uncertainty and the future. Essentially the question for us is how well (or badly) markets deal with the future, and in particular whether they deal in a satisfactory way with issues of long-term sustainability. We are also concerned with the question of how markets might be reformed, through a new relationship with political systems and citizens, in order to give higher priority to sustainability.

Markets currently consider the future in a number of ways –

(i) *Insurance and the spreading of risk*. This is normally only tackled where profits are reasonably guaranteed. In general, this process is based on relatively short term planning and calculation of returns. So very long term, sustainability-driven notions are not automatically included. Insurance procedures generally deal with events which have a low probability of happening, or where there are safeguards against calculable hazard, such as future coastal flooding. Where unusual damage becomes likely, as for example with flooding from intense rainfall that overwhelms surface water drainage in some areas, it becomes problematic to obtain reliable insurance. Insurance is very difficult to calculate where unpredictable but potentially catastrophic events are possible, but not fully understood, or where cumulative outcomes, which lie beyond normal likelihoods, nowadays associated with ecosystem disruption or climate change, are "on the horizon". In essence, insurance markets are not suitably geared to the possibility, or the manifestation of, abrupt change. In essence, this tells us that neither the "market" not our political preparedness, is geared to identifying and ensuring social wellbeing and ecological continuation for the very long term.

(ii) *Futures contracts,* whereby prices are fixed in advance of goods and commodities being supplied. Again, this is fairly short term in perspective, for example, for periods of 3 months. Futures contracts do not normally take into account long term sustainability considerations, even when there are some (admittedly imperfect) measures on offer.

(iii) *Investment geared towards future returns,* provided reasonable guarantees are thrown in. These are nearly always based on models of investment where there is a presumption of growth, innovation, and overall betterment of income. Indeed, these are important preconditions. Up till now investment for the future has always been predicated on a reasonable guarantee of future returns on the funds committed. In a world of unstable financial markets and diminishing ecosystem functioning, as well and growing social tension and increasing political distrust, it may no longer be possible to guarantee long term payback from a given investment. For example, there may be income from investing in the carbon rich Athabasca tar sands in Alberta, Canada. But the long term economic and social consequences of the carbon dioxide that is ultimately emitted from the production and use of the oils created from these sands may outweigh the financial gains in the short term arising from the investment. At present, markets do not calculate or allow for this asymmetry to be corrected. And it is not helpful when energy providers claim that the substitute for such heavy oils is even more CO_2 emitting coal. The pertaining patterns of pricing and regulation of tar sands and coal burning indicate both market failure and political weakness in favour of continuing non-sustainability.

(iv) *Lending at interest, depending on positive interest rates*. The charging of interest also depends on a critical basic assumption. This is that borrowers will normally have more money (even after taking the effect of inflation into account) when they come to repay the loan than they had when they took it out in the first place, enabling them to pay the interest as well as repaying the loan. On the scale of the economy as a whole, this depends on economic growth, and continuing investment. And such growth in turn ultimately depends on stable amounts of available ecological and natural resources, as well as reliable social relationships and justice. If these two conditions are not met, or are not calculated in pricing and regulation, or are not monitored by markets, then interest rates cannot do their intended job.

(v) *Trading in shares, commodities, and currencies* based on guesses about the future, in which 90 days appears as "long-term", and trading is often within daily cycles and convulsions. The recent exuberance in global commodity and stock markets show that these are subject to speculation and manipulation, on top of the basic influences of supply and demand.

There are also some further weaknesses in the market's approach –

(vi) *The market consists largely of individuals attempting to secure self-interested and/or short-term objectives*. So there is no inherent sense of the collective interest. Indeed, it can be argued from the events of the past year, that "markets" predominately expose an ideology favouring the greed of the shareholder and the director, and not a fundamental concern for the wider and longer term public interest.

(vii) *Interest rates, and discount rates based largely on them, usually lead to an undervaluing of future costs and benefits by comparison with the short-term.* This point was graphically illustrated by the Stern Report, which showed that delay in reducing greenhouse gas emissions would result in increasingly higher costs in the future. These costs would escalate both in the expenditures for removing the gasses as well as for the consequences to societies and economies of greater climate change. In such a case, claimed stern, discount rates should be lower than normal "market" rates [1].

(viii*) “Externalities” are, by definition, factors the market does not take into account.* These include some very important considerations from environment and sustainability perspectives (for example, Nicolas Stern’s comment on climate change as the biggest example of market failure). [1] What some economists see as “externalities” others see as “cost-shifting successes”, an outcome of an essentially political process in which firms, and some other economic actors, are able to shift costs away to someone else, and/or to the environment.

(ix) *Abrupt basic change is difficult for markets to cope with.* This is because of their inherent lack of co-ordination, unless they either take the form of a highly organised monopoly or oligopoly, or depend on large-scale government intervention. This suggests that “tipping points”, or abrupt and reinforcing shifts in earth system processes, are not readily handed by market procedures. Not only are such tipping points highly uncertain, they are also potentially catastrophic in effect, over relatively short time periods. Markets have no cushioning mechanisms for such eventualities.

However, despite these problems about the market, it may have a larger role to play in the transition to sustainability than the discussion here so far has implied - especially if political systems and cultures do not respond adequately. Businesses can and do act with responsibility for employees, supply chains, ethical sourcing and treatment of workers and their communities, and in seeking to maintain the conditions for peace and prosperity for their profits and for their good reputation which they legitimately pursue. This is a basis for moving forward.

How do polities deal with the very long term?

“Polities” rather than governments are the issue here. What we are concerned with is not simply governments themselves, but governments in the context of whole political systems, including the values and behaviours of citizens and organisations involved in those systems. This combination is what is referred to here as “polity”.

Again, as with markets, there are both strengths and weaknesses. The strengths and weaknesses of a polity concern not only the merits of its institutions and their procedures, but also the political culture within which the institutions function. Political parties generally play an important part in shaping the culture, as well as the workings of the institutions.

Polities consider the future in a number of ways –

(i) They generally exist for longer than the lifetime of an individual, and therefore can take a more long-term view.

(ii) They can draw on senses of loyalty, identification, and idealism which favour long-term approaches – e.g. building up industry at the expense of individual consumption, sacrifice in wartime for the good of the nation, the sense of a “long march” of national or social progress, and perhaps “environmentally virtuous” behaviour for the good of the planet.

However there are weaknesses –

(iii) There is a constant temptation for politicians to prioritise short-term considerations – generally made worse by the behaviour of the mass media, but also often by the expectations of citizens as well. This is particularly the case where pricing or regulatory “pain” is being contemplated, as in gasoline prices, or water charges. A survey by IPSOS-MORI [2] found that two in five Britons were still not sufficiently convinced about climate change to change aspects of their “luxury lifestyles”, such as driving or flying. With rising fuel prices, any move to add a specific “carbon levy” to fossil fuels would currently be political suicide. In the July 2008 survey, “environmental considerations” are swamped by fears over the economy, recession, inflation and unemployment. Nearly one in two respondents regards the protection of the economy as of supreme political importance.

(iv) Many actors within political institutions are concerned with their own self-interest and/or short-term perspectives. Ministers do not easily arrange to promote multi-departmental initiatives where the gains may go to other departmental budgets. Yet such arrangements are often the hallmark of sustainable investment. An example would be to seek health funding for investing in open space, or dedicated school to community cycle tracks, where there are demonstrable mental and physical health gains.

(v) The rhetoric, symbols, and institutions of wider political loyalty often do not correspond to the key challenges of our time – which are generally global or local, rather than national.

Comparison of markets and polities

A comparison between markets and polities is difficult because it depends principally on how effective a polity is, and polities vary very considerably, even more than markets do.

The essence of political decision-making is that it depends on conscious choice – so consideration for the future comes about only if that is what citizens and governments wish. Markets appear to operate more "automatically", beyond the will of individuals. In reality they are the consequence of individual behaviour and decisions, but these are aggregated (in the form of "supply" and "demand"), rather than being developed or transcended through deliberation and conscious interchange of opinions.

This is particularly true of "free" markets, which provide the basis for pure market theory in neoclassical economics, and have often provided the basis for the practice of economic policy, especially in the USA and UK. There are, however, other types of markets, which it must be acknowledged differ from this. These are "social markets" and "informal markets", in which free market principles are mixed in with the operation of social institutions and connections between people, principally the state in "social markets" (e.g. through high levels of welfare provision or economic planning) [3], and local communities in the case of "informal markets". These forms of market therefore incorporate some of the characteristics of a polity into the workings of the marketplace. Where contrasts are drawn in this paper between "markets" and "polities", they are therefore principally between polities and the "free market".

Where polities are weak at dealing with the future, markets can be dangerously ineffective for long term sustainability. Potentially – if the ability of polities to deal with the long-term is improved – polities can do better, and the impacts of political intervention in markets can be positive [4]. This paper pursues the question of improving the ability of polities to deal with the long-term.

What does this depend on?

The requirements for polities to deal more effectively with the long-term can be set out very briefly (although some of these points will be elaborated later on in this paper). Political systems and cultures can deal more effectively with the long-term –

(i) If people are willing to consider themselves as citizens, sharing in responsibility for the future direction of society, rather than simply as consumers or people living their own individual lives.

(ii) If citizens are willing to consider the long-term, and if doing so influences the ways in which they contribute to political debate, vote, and so on. This can be seen as part of "social virtue" or "ethical politics" (discussed later in this paper).

(iii) If people care a great deal about their children and other descendents.

(iv) If cultures are geared to the long-term, including a concern for the future, partly through a sense of identification with the past.

(v) If there is a live feeling within cultures of the significance of the present moment in the context of the long run picture – e.g. as regards the biggest extinction crisis for 65 million years, the place of the human species in the evolutionary process [4], evidence of widespread social disruption giving rise to mass economic migration, and the impact of climate change.

(vi) If key challenges for the future are treated as a focus of political and media debate – including especially those challenges deriving from technological innovation and environmental change. This often involves challenging the priorities evident in current mainstream political and media agendas.

(vii) If political institutions include arrangements for explicitly focusing on the long-term, perhaps through the creation of advisory bodies with this as their primary remit, or through modifying legislative processes (e.g. through giving second chambers specific responsibility for the long run).

(viii) If economic concepts are used which reflect an understanding of "wellbeing" and "prosperity" going beyond a narrow concern solely with short-run prospects for material living standards and consumption.

(ix) If there is the development of institutions, rhetoric, symbols, and forms of identification with a global focus - towards what might be considered as "planetism". This would include a sense of connection between local living and planetary concern.

What stands in the way?

All this implies an ambitious agenda for change in political processes. There are many barriers to establishing an effective working arrangement for the sustainable long term.

(i) Existing political ideologies and units (e.g. nation-states) are generally not well geared up to dealing with these issues.

(ii) The education, training, and habits of thought of many professions are also not equipped to deal with these issues, for example, economists, journalists, architects, surveyors and accountants. However, many of these professions are recognising their inadequacies in training and in procedural practices, and are beginning to rectify this (see, for example, www.sustainabilityatwork.org.uk addressing accounting and sustainability metrics).

This is particularly clear in economists' use of "discount rates", which count costs and benefits to future generations as of far less importance than costs and benefits in the short-term. Konrad Ott [5] notes that "rationality" tends to dictate prudence in discounting. This brings the maximisation of the present value of net benefits to the fore. This is a prescription for short termism, high interest rates and "sure bets". But Ott also notes that "reason" may amend this perspective when the future of the quality of life is at stake. Furthermore, if a moral outcome (such as social justice and ecological resilience) is to be retained (sustained) then a zero discounting process may be used. Hence discounting may have to be much more dependent on context, especially where huge uncertainties over the wellbeing of the unborn are involved.

(iii) Decision-makers in politics and business are often too busy and have too great a sense of pressure about the short-term to properly consider long-term issues. The popular management book "The Seven Habits of Highly Effective People" draws attention to the need to consider issues which are important even though they are not urgent, and argues that many senior managers prioritise instead issues which are urgent but not important, leading to continual postponement of responses to important long-term issues. [6]

(iv) Funding is often inadequate for cultural activities and institutions (e.g. museums, history teaching, protection of historic sites) which help to maintain a live sense of the long-term.

(v) Short-termist pressures within the workings of markets. George Soros [7] has recently explored how longer term perspectives should enter market procedures.

(vi) There is justified concern about what would happen to poor and vulnerable people in the course of re-ordering society to face long-term issues. Policies must be deliberately constructed with this question in mind, for example in the design of environmental taxes.

This point is covered in an edited volume on Ecotaxation [8] where the social justice aspects of eco-taxes are shown to have been given very limited attention. To use such taxes simply as another form of tax gathering is politically very counterproductive. Citizens can learn to accept ecotaxes so long as they see the payoff in the use of the revenue for incentives for virtuous behaviour.

(vii) Current conceptions of “prosperity” do not generally accord much importance to long-term sustainability.

(vii) Modernity as a form of culture continually militates in favour of “the new”, the fashionable, and the latest news. Giving greater priority to the long-term can be part of the cultural shift beyond modernity – but that involves a greater sense of “grand narratives”, not (as many postmodernists argue) the abandonment of grand narratives (this is discussed later in this paper).

(viii) Collapse in many areas of a sense of “grand narratives” – which were and are a form of relatedness to the future. To some extent this is a - largely unintended but major - consequence of the decline of Marxism, and (in large parts of Europe) also of Christian belief.

These last three points will now be discussed in more detail, before considering a third element in the situation – as well as markets and political systems, the role of individual citizens.

A sense of the future

It is hard to strengthen long-termism in decision-making in a cultural context in which a sense of history and future has declined. Human history can be characterised, for the purposes of this discussion, as consisting of three different phases. The first is where people have been primarily concerned with features of life and death which do not change much, and in which there is little sense of progress in technology or ways of living. A second is where people have a sense of history as having a shape or meaning, whether that is framed by Christianity, Marxism, Enlightenment liberalism, or some other “grand narrative”. The third is a period, in the West at least, where history appears to have no particular shape, meaning, or purpose.

In the first two phases, long-termism is unproblematic: either life will remain much the same, or we can predict in general terms how it will change. But in the third phase – the current phase – long-termism has become highly problematic.

There are two aspects to this, although they are closely related. One is associated with “modernity”, the other with “post-modernity”.

“Modernity” has a long and complex history, but central to it is the drive to make things new, to create, to invent, to break the previous set of rules and start again. Marx’s famous phrase “all that is solid melts into air” [9] sums up this cultural atmosphere, in which institutions and traditions are constantly under attack from whatever appears new or fashionable; and in which the latest breaking news commands more attention than attempts to understand the general pattern of how things are developing in the medium or long term.

This is not an atmosphere conducive to developing or debating a sense of where we are in history and what long-term challenges confront us. It does not offer much in the way of an historical project, other than the preference to scrap and move on from whatever is currently in existence.

“Grand narratives” and long-term thinking

Post-modernity is even more corrosive of a sense of the long-term, being characterised, as described by Jean-Francois Lyotard and other postmodernist philosophers, as about the absence of “grand narratives” [10]. Grand narratives gave a sense of shape, meaning, and often purpose, to historical development, providing a sense of “Progress” for society as a whole, and to individuals within that context.

Grand narratives have come in many varieties. Some sought purpose in history through a special role for their own nation. Some saw it in Christian terms, as being about the road from the Garden of Eden, via the Fall, the Incarnation, and the Crucifixion, towards the Kingdom of God. Some thought history was about the increasing discovery of scientific knowledge, promoted and spread through education, applied through industry and technology, and resulting in simultaneously a greater understanding of truth and a higher standard of living. Others gave history a specifically Marxist shape, with different forms of class divided society leading, through different forms of class struggle, to a classless communist future. Different versions and syntheses, and other alternative options, have been developed as well. But despite all the variety, there was essentially agreement on perhaps the most basic point of all: that it all meant something and led somewhere.

Such long-term frameworks led easily to long-termist decisions being generated, whether these were preparations for national ascendancy, spreading the Gospel, new scientific discoveries, or overthrowing the ruling class.

Where, however, there is no sense of “grand narratives”, there is no long-term analysis to fit a decision or project into. There is only what we happen to feel like, or feel compelled to choose, at the time, and this may easily change.

It may be argued that the coming of post-modernity is largely a product of two developments, which have affected Europe especially in recent decades, and to some extent also many other parts of the world. These two developments are decline in Christian belief and decline in belief in Marxism. The decline in “a sense of the long-term” is largely an unintended consequence of both of these developments.

We are presented with a major and fundamental difficulty. We need a more long-term way of carrying out decision-making in order to have any possibility of decisions being made in favour of sustainability. At the same time we probably also need a desire for sustainability in the first place in order to rebuild into the political culture a sense of the significance of the long-term. In this transition, the centrality of “social and ecological justice” will be paramount. This implies the need for a process in which two different forms of change will be mutually reinforcing, constructing a strong sense of “the long-term” in general, and developing a specific drive for “the sustainable long-term” in particular.

New interpretations of prosperity and progress

If sustainable development is to become a new grand narrative, however, it will need to be grounded partly in a new sense of what “prosperity” is, and a new understanding of the process and limits of economic growth. This is the focus of the UK Sustainable Development Commission project on “Redefining Prosperity”.

This project is an investigation of three overall aims often put forward by policy-makers: promoting economic growth, safeguarding ecological sustainability, and increasing wellbeing. The project is looking into the question of whether these three aims are inevitably in conflict, what would be at stake in choosing to prioritise one rather than another, and whether they can be combined. The think pieces and some other documents from the project are on the UK SDC’s website [11]. SDC’s conclusions and interpretation of the evidence will be in a report to be published early in 2009.

The notions of wellbeing, virtue citizenship and virtue politics

The concept of “wellbeing” raises many issues. The most central is the question of whether wellbeing can serve as the primary aim of policy, perhaps as a rival to GDP, or perhaps as one corner of a triangle in which GDP growth, wellbeing, and sustainability have equal status.

There was some scepticism about this. Rather than attempt to measure wellbeing in some overall way, it may be more reliable to separately investigate different "domains of wellbeing", based on evidence about what people feel affects their wellbeing. It would then be possible to monitor trends in these different sectors affecting wellbeing, monitoring each separately, although perhaps combining them into some overall index.

The strands within "wellbeing" include:

- self esteem, self respect and personal awakening, built into a setting of social justice and civil rights
- security of person, of safety, of income, of health, employment and home, set in the context of a supportive community or neighbourhood.
- responsibility for others, for the future of the human family and for the betterment of the life support functions of the planet, set in a moral and spiritual context.

These three elements – esteem, security, responsibility – lie at the heart of virtue, the notion that existence is a matter of social obligation and not just personal gain.

In his treatise, *On the Theory of Moral Sentiments,* Adam Smith defined "virtue" through a sense of wellbeing. He saw the combination of four qualities as the basis of both virtue and wellbeing. *Prudence,* or careful planning and satisficing consumption; *justice*, or the careful avoidance of knowable harm to others; *beneficence*, the unconditional giving to others to promote their happiness: and *self-command,* the personal moderation of any excesses in behaviour or desire. The virtuous know by what means to reach satisfaction, and not to strive for everything, which only leads to dissatisfaction, and ultimately unhappiness.

The third element which concerns us here – along with markets and political systems – is the role of citizens as individuals and members of families and other small units. Citizenship aims to bind sets of individual freedoms and responsibilities to a secure and safe human family and community. All societies combine rights and responsibilities.

Andrew Dobson [12] suggests that "good" citizenship does not just stem from particular patterns of behaviour. It is spurred by profound values of care, compassion and justice. Moreover, it requires a sympathetic and supportive from of representative government that extols such qualities and sets the examples for citizens to follow. So virtue in citizenship is promoted by virtue in governance. This combination is almost non-existent in such "democracies" where "government" is seen as synonymous with sleaze, deceit or duplicity.

Dobson promotes the notion of a cosmopolitan citizen, outward-looking, somewhat independent of locality, nationhood and time dependency, yet in a zone of conflict over rights, civil care, ecological sensitivity and spirituality. In essence, Dobson is looking at a new concept of political space – "the space in which citizens move, and the space in which citizens' rights and obligations are noticed". The notion of ecological footprint means that individuals are unavoidably confronted with the injustice and immorality of absorbing too much ecological and social space. This means knowingly reducing the ecological-social space for all future generations. This is the essence of the Brundtland concept of sustainability, namely, enabling future citizens to be able to use the planet and meet their social requirements without being unavoidably prohibited from doing so by our present actions and outlooks.

Virtue as a philosophical concept, brings in three primary concepts:

- *autonomy*, criticality, rationality, awareness of self in a social and spiritual context. Freedom to choose, but to do so with care and understanding
- *responsibility* based on an extended notion of utility and satisfaction from being concerned about the general wellbeing of others. Also self-respect by taking greater responsibility for livelihoods. Also human flourishing as a basis for living a good life; and fairness – ensuring that the interest of the self are also related to the interests of others
- *awareness and accountability* linked to better information and moral interpretation of

the consequences of actions on others and on future societies and ecologies. The key here is moral sentiment as well as understanding and recognition of outcomes of any behaviour. Not just arriving at a judgement and then labelling accordingly, but also alerting the conscience.

All of this places an emphasis on the institutions and values that contribute to the shaping of individual choice and behaviour. “Virtue” provides a concept of social transformation that better aligns the individual to the interests of others and to the natural world. This in turn breeds consideration and respect for the interests of others. This leads to a better “wisdom” and a wish to be more active in participation for a better life for self and others.

- Responsibility is self-learned into “habit”
- education, in the wider sense, offers opportunities to learn about the planet and the consequences of actions
- a deeper moral consciousness that drives a commitment for “good” and “just” living and consumption.

The possible implications of virtue ethics and citizenship or effective democracy for sustainability are these:

- schools should be effective learning experiences for civic virtue and sustainable values. So all schools should live out virtue and sustainability.
- every active citizen, emboldened by this school experience, should find, and be offered, opportunities to participate in the design and success of sustainable consumption and living. So the institutions of effective engagement in sustainable community design are central to the practicalities of virtue citizenship
- acting sustainably becomes acting virtuously. It is the sense of fairness and rightness about sustainable behaviour that adds to its energy.

There is a case for re-introducing the notion of governments co-evolving with virtuous citizens to shape a common virtue destiny. Governments should act to enhance the human aspects of human nature. This raises the issue of what is a “political context” for the sustainable long term. It would aim to:

- build a new trust between politics and citizens so that each sees the other as part of the same quest for sustainable futures
- establish a series of opportunities for civic engagement in the visualisation, design and content of creating a stepwise progression to a sustainable future
- enable citizens to effectively be part of the legislature by co-existing with elected representatives in interesting and novel coalitions.

In order to change this model, political systems need to re-engage and activate citizens. Currently, governments tend either to follow public opinion through looking at opinion polls, or to try to lead it through asserting political manifestos and campaigns. Because of this political systems and markets feel constrained and directed by public demand. However, we believe that this public demand can be harnessed by government and business for positive, long-term benefits.

A genuine move towards a participative democracy, where government has a more open debate on complex issues with the public, is one of the key ways that shift the emphasis away from consumerism and onto responsible citizenship; by using debate to construct a wider consensus, political space for more radical action can be created. Moreover, this debate needs to be backed up by government response - SDC UK’s large-scale deliberative engagement work has shown that many people are ready and willing to see new policies introduced that will help them change their behaviour. But they need to see governments and business setting a more positive example. This evidence can be found in the report *I Will if You Will,* produced by the UK Sustainable Consumption Roundtable [13].

More participative, engaged forms of democracy have three overarching benefits that could help move societies towards longer term sustainability [14]

Effectiveness and delivery – engagement enables more informed, robust decisions, and builds potential for co-creation and co-delivery

Democratic renewal and legitimacy - through good engagement, people understand and value the necessary trade-offs, allowing for more acceptable decisions. This builds more equitable decision making processes which take into account the full range of views.

Empowerment and ownership – engagement enables people to develop skills, networks, influence, and to change what really matters to them.

These benefits are slowly being recognised and acted upon across Europe, with several promising initiatives such as the French le Grenelle sur l'environnment[2], SDC tidal power engagement programme[3] and the recent European Citizens' panel on rural affairs[4]. However, in order to build on these initiatives and make a real impact on citizens' attitudes and behaviours (and breakthrough in how decisions are made), we believe that high-profile communicative spaces need to be created that allows citizens to be involved in long-term national and international decision-making. In order to be a success, these democratic participation mechanisms need to be:

Systematic – formally recognised in the policy-making process and something that must be responded to appropriately by governments (as opposed to having ad hoc engagement processes run occasionally by individual government departments). If a high-profile communicative space is not formed and maintained then it is unlikely any engagement initiatives would successfully enhance the representative democratic system for sustainable change.

Focused on long-term thinking – it should allow citizens and government to deliberate issues and consider solutions within a long-term timeframe rather than look for short-term fixes. This is crucial to help open up political space for sustainable policies that government would not otherwise have, and could also demonstrate to a critical mass of citizens the need to take more individual responsibility.

Correctly framed – Both the participative space and the issues discussed must be correctly framed to appeal to people's core values and allow genuine debate around a long-term strategic way forward. This will require more collaborative and transparent working between governments and national media.

Large scale – in order to effect change, the opportunity and motivation to participate has to be wide-ranging, inclusive and mobilise a critical mass of citizens. It should involve a wide-range of methods and techniques making use of all media and technology.

Transparent – participation should be trusted and transparently run with no preconceived outcomes so that relationships between governments and citizens and the media are strengthened.

To have maximum impact on how citizens act within markets and polities, this model of national participative democracy will need to be backed up by other citizenship initiatives, for example:

- more concerted efforts to embrace volunteering by business and governments,
- CSR strategies need to become more assimilated into core company policy
- links with local initiatives to give people more say in how their communities are run.

Of course there are still conflicting interests and competing points of view in any democracy, and it is healthy that there should be. But it is also healthy that this should be

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[2] http://www.legrenelle-environnement.fr/grenelle-environnement/spip.php?rubrique112

[3] http://www.sd-commission.org.uk/publications.php?id=688

[4] http://www.citizenspanel.eu/

complemented by a developing sense of the common good, arising out of discussion, deliberation, and a willingness to listen to other people's opinions.

As global political institutions develop, and as citizens are increasingly brought to focus on long-term and global questions as a result of climate change and other severe impacts from un-sustainability, so this sense of the common good will need to shift from a purely national and short-term perspective – as in the notion of "social partners" negotiating about wages and social benefits, for example – to a primary concern for the future of the planet as a whole.

Along with this shift, it follows that concepts of "the virtuous citizen" which have traditionally been applied at the level of nations and city-states, now need to be updated and applied at the global level.

The more successful efforts at bringing about these shifts in focus are – from "consumer" to "citizen", from self-interested to "virtuous", from short-term to long-term, and from national to global - the more likely it is that political systems will be adapted so that they take action to contribute to long-term sustainability.

To the extent that this happens, there will be less need to rely on what markets by themselves can deliver. This paper now turns to the question of the role of markets.

Ending unsustainable growth

There is only a limited value in thinking about "long-termism" in the abstract. How we should approach the long-term depends a great deal on what we think is likely to happen in the long-term, or at least on what we believe will be the important issues to respond to and the key sorts of decisions which will need to be made. Then within that context, we can consider the relative strengths, weaknesses, and roles of individual citizens, polities and markets, and make some suggestions about how they should operate.

There are three basic possibilities in the field of economics. The three possibilities for Western "advanced" economies are that:

(i) Economic growth might continue, and be sustained into the long-term, perhaps through the success of policies to "decouple" growth from environmental impacts.

(ii) Economic growth might be voluntarily halted, through people in their roles as citizens within the polity and/or consumers in the market making choices which have that outcome. This might be achieved through voting for "green" politicians and policies; through individuals pursuing a preference for free time rather than working to buy more goods; or through consumers, government, and business deliberately pursuing a path of "sustainable consumption" [15]; or through a reduction in population which has the effect of reducing GDP but increasing GDP per head.

(iii) Economic growth might continue to be pursued by citizens, government, and business – but then be halted as a result of feedback effects from growth damaging the environment (e.g. through climate change, degradation of ecosystems) and depleting resources (e.g. oil, metals, water, fish, land and soil used for food production). These outcomes could be combined with the impact of developing economies such as China and India in bidding up the prices of materials.

This third possibility appears to us – unfortunately in many ways - the most likely guide to developments in the 21st Century. Much more thinking about the long-term has gone into the two other possibilities, by pitting advocates of continued long-run economic growth against advocates of a sustainable no-growth economy.

In order to redress the balance in the discussion, and in order to focus on what is in our opinion the more likely basic course of developments in the 21st Century, we will focus here on the third possibility, which is a no-growth situation coming about "by accident". This means, principally, through the operation of resource and environmental constraints on the market.

Supply and demand in conditions of un-sustainability

There are a number of likely mechanisms through which this is may be brought about, each of which we can already see in operation (although of course there may also be others that haven't yet come into play). The biggest current mechanisms are:

(i) Current patterns of growth are producing climate change, which is having a feedback effect on economic activity (as argued in the Stern Report, for example), partly through devastating weather events. [16]

(ii) Current patterns of growth are transferring land away from food production to other uses, such as industry, biofuels, transport and housing [17]; whilst current agricultural techniques are reducing the long-term productivity of the soil on the land which remains in agricultural use.

(iii) Current patterns of growth are increasing demand for oil at a time when its production is already falling in many parts of the world. This is partly the result of a failure, on the part of both governments and markets, to put sufficient resources into the development of renewable energy.

(iv) Current patterns of growth are degrading most of the world's ecosystems. The evidence on this was set out in the Millennium Ecosystem Assessment.

(v) Rapid economic development in some "developing countries", such as China and India, is resulting in an increased demand for many commodities, not matched by any corresponding increases in supply. The consequence is higher prices. Higher prices limit the quantity that can be bought for a given amount of money. Price rises from this source ("cost push" rather than "demand pull") constitute a form of inflation which is not only compatible with economic stagnation, but actually causes it. Stagflation is back.

Each of these mechanisms moves economies – especially in Western economies and the less economically dynamic "developing" economies – in the direction of low or no growth.

What does this scenario tell us about markets and polities? It is in an important sense a story of the failure of polities and individual citizens, and the success of markets. Polities are a mechanism through which it would be possible to organise an orderly transition towards a sustainable economy – if that is what people want. However, politicians currently read public opinion as likely to punish almost any such measures in that direction, at least those which go beyond mere tokenism.

In that situation, what do markets do? Markets basically reflect what is happening to supply and demand. Given the unsustainable nature of current patterns of growth, markets reflect that through producing stagflation.

Although the neoliberal enthusiasts for markets proclaim its virtues as a means for driving economic growth, whilst their eco-socialist critics criticise what they see as the built-in drive of markets for profit maximisation through economic growth for being the key factor preventing sustainability, markets are now in fact functioning as mechanisms for bringing down the rate of economic growth in the West.

Markets and polities in conditions of un-sustainability

This is not to say that in some abstract way markets are "better" than polities. Markets habitually bring about change in a way that is haphazard, uncoordinated, and creates many competitive conflicts and casualties. There is a major problem with markets – at least with "free" markets – that they tend to generate very unequal patterns of distribution of income, because income is seen essentially as a reward and incentive for contributing to production, rather than as distributed according to principles of social equity or need.

However, if political systems are not used by those who take part in them – governments, citizens, organised groups - in ways which lead to sustainable development decisions, then markets are almost inevitably going to step into the gap which that messy process creates, despite all the costs and casualties that such an excursion will entail. This is what is happening at present.

The challenge now is to see whether, through the use of political processes, we can improve on this situation through devising ways of making transitions to sustainability in which difficulties are anticipated rather than simply responded to, are better organised, more socially just, and less liable to create large numbers of casualties.

That depends partly on the nature of political systems, and above all on the motivations and attitudes of their citizens; and partly on whether a sufficiently attractive programme can be devised for using the polity to regulate the market. The remaining sections of this paper address these two questions.

Basic conclusions

The basic conclusions this paper arrives at may be summarised in six points, and then the final section will be concerned with the elaboration and application of the sixth. These points are –

(1) Markets, political systems, and citizens, all have important roles to play in the development of decision-making systems which give higher priority to long-term sustainability. However, they need to be brought together and interact with each other in new and much more effective ways.

(2) Markets, especially "free" markets, currently do not provide adequate guides for long-term sustainability. Indeed, they act antithetically to the successful transition to sustainability.

(3) "Virtue" polities should intervene in order to regulate markets, so as to provide adequately for long-term sustainability.

(4) This will not happen unless we address some basic barriers to the effective participatory and mutual learning nature of political systems and the virtuous attitudes and behaviour of citizens (such as those associated with "grand narratives" and "virtue politics").

(5) If that does not happen, the market is likely to halt long-run economic growth in developed economies, through the simple operation of the price mechanism reflecting increasing demand in circumstances of relatively fixed supply of resources. Such an outcome would result in widespread social injustice and unrest, which in turn would slow down economic expansion. This form of transition to a different sort of economy would, however, bring with it costs, casualties, and injustices which could be avoided through making more use of polities and governments as means for responding to the challenge of sustainability.

(6) In order for government intervention to be an attractive option, it needs to be centred on a realistic programme for regulating markets in the interests of sustainability, and undertaken by a government which is coupled to the citizen through "virtue politics".

We admit that all this will not be easy. In liberalised markets, there is a wish to deregulate. In globalised markets, much needed agents for regulation, especially for sustainability, are highly difficult to negotiate and to implement [18].

Yet bringing the market, the state, and responsible citizenship together around a common purpose is still our prescription for sustaining the very long term. We can only see this occurring via a mix of progressive regulatory incentives, serious commitment to multi-level governance institutions that place wellbeing and justice before growth per se, and measures for future ecological and social disruptions and improvements that genuinely and actively guide prices from now on. For such a felicitous outcome to come into being, there will need to be a more responsible democracy and an empathetic governance than is nowadays the case. The planet does not guide, but it will rule!!

Policy recommendations: an outline programme for the regulation of markets for the sustainable long term

What sort of programme follows from these conclusions? We suggest the following -

(i) Reform of international trading rules, operated through a thoroughly revised version of the World Trade Organisation, to give priority to global environmental agreements, such as the UN Climate Change Convention and the UN Biodiversity Convention, over the concept of “free trade”, and to ensure that social wellbeing and ecological resilience are explicitly built into all future trading arrangements.

(ii)   Continued pursuit by the EU of higher product standards and labelling to improve energy efficiency and reduce pollutants. The EU should also take a lead in ensuring all trading and budget allocations are redesigned to promote global sustainable wellbeing.

(iii)   Reform of EU single market rules to enable public and private bodies to strengthen local economic resilience and sustainability, rather than always giving priority to market competition.

(iv)   Introduction of a thorough system of environmental taxation (including cap and trade arrangements), designed to conserve scarce or endangered resources, discourage negative environmental and social impacts, promote recycling and greater efficiency in the use of energy and water, and reduce the amount of advertising which promotes unsustainable patterns of consumption. Tax policies such as these should be drawn up in a way which considers very carefully all potential impacts on different income groups, and ensures that the poorest sections of the population do not lose out. This is why a more participatory and inclusive democracy is vital.

(v) Reform of GDP calculation and national income accounting, in order to give attention to the question of “natural capital” and its depletion, and to the measurement of levels of social wellbeing and the factors affecting it.

(vi)   Reform of discount rates used by governments, so that these are in future based on the principle of intergenerational equity and the safeguard of ecosystem resilience.

(vii) Measures to facilitate a wider range of people serving on boards of directors of large companies, particularly in order to establish scrutiny in the interests of consumers and the environment.

(viii) Reform of regulations on company reporting so that the provision of public information about corporate impacts on sustainability issues is greatly increased.

(ix) Government funding of research and development of emerging sustainability technologies (e.g. renewable energy, carbon capture & storage), so as to eliminate the problem of the cost of research and development being a burden on “first movers” and giving unfair advantages to “free riders”.

(x) Government and private sector support for the conservation of biodiversity and ecosystems, for example in policies for agriculture, land use planning and forest conservation.

(xi) Support for social entrepreneurs and civil society organisations making a publically supported contribution on sustainability issues.

(xii) Measures to penalise speculative investment in commodities, and in any other activity that is demonstrably leading away from achieving a sustainable long term.

The EEAC Statement and its accompanying Background Paper contain a number of proposals and recommendations which we support on a basis for the promotion of the ideas outlined here. Markets are no longer “free”. They can only function sustainably in the context of “virtuous governance” and in “responsible democracies”. Tough conditions, we realise, but then the absence of this trinity may be tougher for us all, and especially for our children.

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Education for a sustainable long term

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1. Foreword

The problematic roused by the impact of human activities on our environment and the following consequences for the future of our societies will only find satisfactory and lasting answers in the evolution of our behaviour.

If the scientific understanding of these problematic has improved during the last decades, the questions raised have evolved, their nature has changed and they are getting more complex: it is therefore essential to improve the level of knowledge to encourage the perception and the understanding of the current challenges. That improvement requires the implementation of new approaches concerning education, training and information of citizens. Education, firstly implemented in schools, hold an irreplaceable role and has to be developed throughout life and to be adapted to the new challenged faced by our society.

In order to bring new behaviours in accordance to sustainable development through education, it is essential to introduce clearly the challenges and to diffuse their content on a large scale through correlative approaches of education, training and information. These approaches, inscribed in the long time, should progressively raise the awareness of all the actors to develop individual and shared initiatives in order to implement new societal practices. The diffusion is made through diverse modalities according to the public involved. Despite the fact that each of these three approaches, education, training or information, have their own logic, specific targets, favoured tools they are complementary and form a whole: the education for a sustainable development.

It is necessary to promote a permanent, progressive and multiform educational approach inscribed in a long-term perspective. This will allow everyone, whatever the age, to better assimilate the information relating to environmental, socio-economic and cultural problematic and to fit – within every activity - their logics and their challenges in a perspective of sustainable development.

Changes in behaviour cannot be simply legislated for and cannot be instantly absorbed. The simple raising of a sustainable awareness is not sufficient to reach the expected goal: to make sustainable development the basis of our actions. It is therefore necessary to situate us within an approach of progressive education and to inscribe our actions in the long-term in order to reach a real and lasting appropriation.

However, the necessity to inscribe that process in the long term should not omit the fact that contrarily to the structuring projects which are necessarily inscribed in a long-term approach, education is a permanent and continuous process which is not referring to a temporal frame. Nonetheless that process is referring to a period of time if we consider the nature of the audiences addressed to: the present time referring to the adults and the education of youths, which is an investment for our future.

Despite the urgency characterising the adoption of actions to reach rapid changes in behaviour according to sustainable development, education should rest on a continuous and concerted effort from all the actors and should be implemented according to a strategy built and adopted in the form of partnerships. This implies also a permanent evaluative approach, according to specific indicators, in order to accurately identify the processes and to adapt the actions of education, training and information to the rapid evolution of our societies.

The implementation of specific or global approaches aimed at the instauration of sustainable development rests on an iterative approach which considers both the local and global dimensions, and the interactions it might generates, knowing that this process changes constantly according to the modification of individual behaviour and to the societies to which they belong. The whole constituted by the sum of environmental, sociological, economic and cultural processes might be compared to an ecological system with components – biotope and biocoenosis – acting on the evolution of the ecosystem taken as a whole. The resulting modifications have a returning impact on the constitutive elements. This evolution or permanent mutation characterises the functioning of our atmosphere and shows a noticeable difference with the ecosystem: an ecosystem has natural regulation mechanisms able to sustain its lifespan whereas, at the present, our anthroposphere, which is lacking such mechanisms, is trying to acquire them by the adoption of behaviours, which are more in line with sustainable development. The achievement - in the nearest possible future – of this attempt is a vital challenge for our societies and education in all its dimensions is, with no doubts, one way to succeed, provided that it is part of real strategy.

Education to the diverse processes, which will allow the realisation of a transition from societies with consumption based behaviours to new behaviours more respectful of the planet's resources according to sustainable development and of for the criteria of equity and equality implies a new way of thinking and acting from everyone. The resulting understanding of the challenges and the decision taking cannot be realised without a radical change of behaviour, on the individual, national and global ground. These changes in behaviour should not only be the result of a limited number of actors but should involve all citizens carrying on responsibilities at all the levels of society. This educational approach – education, training and information for everyone and along life according to a formal, non-formal and informal approach – includes various modalities and is oriented to a varied audience. It cannot be implemented in an empirical and isolated manner but progressively and with the cooperation of the different actors.

In the accelerated process of globalisation, Europe is a major actor able to hold fundamental problematic such as the long-term prospective addressed throughout a certain amount of structuring approaches such as education, training and information as related to sustainable development.

The decrease in illiteracy, the equality of access to schooling until graduate education and the increase in the length of schooling and employability, are creating dynamics and opening important evolution of abilities toward sustainable development.

2. What education for a sustainable development?

Education for sustainable development is a new approach, which has a crucial goal: to educate to a new global and systemic approach of a particular type of development to ensure the durability of our societies, taken in the sense a rational and integrated management of the resources of our planet. This education requires a substantial effort from and toward every components of these societies in order to encourage all the anthroposphere's inhabitants to adopt new behaviours and to ensure the appropriate integration of these behaviours in the environmental, social, economic and cultural domains.

Education to sustainable development involves various domains of intervention, numerous and varied actors, targets different audiences and spread out from the youngest age scale to the most advanced one. It seems difficult or almost impossible, under such conditions, to envisage a unique strategy.

2.1. Initial training

The process of education starts with the formal initial, the school and the university training, which has been affected by deep changes to take into account sustainable development. In fact, education to environment such as the one taught from 1970 to 2000 has to be replaced by a broader approach, which is also more complete and global and in consideration of the rapid evolution of phenomena (climate change, energy, biodiversity, demography, globalisation,…) in order to answer to the necessity, for all the components of our societies, to rapidly integrate sustainable development. This corresponds to a sizeable change, which can be referred to as a mutation. This mutation has been firstly confronted to the need to establish a transition from a phase of experimentation and individual pedagogical action to a period of generalisation and systematisation of the pedagogical approaches with all the partners leading the actions of education, training and information.

The school is the major learning place in the field of sustainable development. Since the last decade, numerous initiatives allowed to develop programmes and pedagogical approaches linked to sustainable development. However, the experts' assessment is rather critical, despite the progresses realised, because of the resistances, prejudices and material difficulties, cultural or administrative impediments. In order to reach substantial progresses, teachers should receive initial and continuous training in this field and we should also improve the cooperation between the diverse actors of education – through openness and through partnerships organised between teachers, pupils' parents, local authorities, associations and under certain circumstances companies.

Education to sustainable development implies an understanding of the challenges, the plurality of actors, the responsibilities and the learning of new behaviours: the processes implemented should themselves follow the principles of sustainable development while allowing the openness and the participation to the teachings of the actors, who will be their future partners.

In the last decades, regulatory plans have been developed to facilitate the educative approaches targeting more precisely the young generations representing tomorrow's society. These approaches refer, more or less explicitly, to the national strategy of sustainable development or to the European Sustainable Development Strategy, which constitutes its frame.

All the resources corresponding to that formal teaching, with reference to general or professional training and which are able to contribute to that effort, should be identified, mobilised and coordinated. The level and the quality of that mobilisation will bring about, to a great degree, the capacity of our societies to respond to the challenges of the century.

2.2. Continuous training and information

Beyond the initial, general or professional training, such as the one taught in schools and universities to an identified and relatively homogeneous public, it is of the utmost importance to focus on the continuous training and the information of the all types of publics, which are at the heart of plural, complex and durable processes. It is therefore necessary to handle these two approaches separately while stressing that the education in school and university should not fall within an autarkic process but should be open in order to allow - within schools, universities and its periphery - the cooperation of the diverse actors of the society.

Continuous training completes and relays the initial training and contributes to the establishment of an educative continuum to make understandable the challenges of sustainable development to all the socio-economic actors, while information targets the whole population: the whole approaches of education, training and information allow each well-informed citizen to act appropriately in every part of his everyday life.

The phase of information is certainly the most complex to implement because in order to be efficient, information should be diverse, exhaustive, and pluralistic and should be the focus of a public debate.

The hardest task is certainly the one, which is giving transparent and reliable information to the public concerning sustainable development. In fact, in our societies, whatever the cultures and level of development, messages are omnipresent and are targeting a specific public or a large audience, mixing reality and fiction. These messages are too often difficult to interpret for the misinformed public and are also often transmitting practices and values, which are contradictory to those of sustainable development.

Information should get inspiration from society and should inventory pre-existing behaviours in order to take them into account. The objective is not to take within a group of experts the content of so-called impartial information but to inventory and to confront available information coming from multiple expertnesses in order to organise them. To reach that objective, it is necessary to assure the means of that pluralistic information, which the necessary condition for reliable and transparent information.

Following the example of education, the objective of information related to sustainable development is to contribute to the changes of the society through the implementation and the consideration of new systems of references and behaviours.

Information is targeting various actors such as the specific subgroups considered as potential prescribers and therefore key actors in the making and diffusion of information, such as the media, the management of companies, the trade union and associative leaders,… These actors should themselves have a basic training and a continuous training, which would determine the information policy they will implement. The training of actors and the information resulting from their policy should incorporate to the basic notions, the idea of the necessity of a transversal and less sectorial processing of sustainable development.

The so-called information is essentially destined to a large and diverse public. Information, to be properly received, should be sufficiently clear and attractive not to deceive the public and should take into account the complexity of the subject which should tackle the multiple interactions between environment, society, economy and culture on the local, national and international level.

The information of the diverse public might be realised at the occasion of various situations, in and within the professional sphere, to answer to a number of priority objectives, with targeted action plans (prescribers and the general public) and associated to appropriate indicators in order to:

- contribute to the openness of the awareness of citizens with the appropriate information addressed to the general public;
- change the method of information;
- change the individual and collective behaviours;
- a better consideration of the identity and cultural diversity.

3. What are the actors of education for a sustainable development?

The success of the actions of education, training and information, which should bring about sustainable development, depends on the responsible behaviour of everyone and on the individual decisions or on the decisions made by the authorities in which the individual participate or which are representing him. Therefore, this implies the generalisation of an education seen as a structuralizing element for the sustainable development culture, which is a relatively ambitious objective given the fact that it inscribed in a real society project.

All the actors are in charge of that education. They should be associated in a common approach and should adopt innovative and adaptive modalities.

3.1. A shared responsibility for all and by all

The national strategies for sustainable development, like the EU strategy, which encloses them, claim that ambition and set voluntary objectives in terms of information, education and training.

During the last ten years, the protocol of common action emanating from the governmental sphere and the progressive awareness of the different actors implementing, on diverse time and space scales, coordinated approaches for education or training to environment and then to sustainable development, have already allowed the emergence of a numerous exemplary territorial dynamics.

The formalisation of these partnership approaches should be reinforced and the new initiatives emerging in that field particularly encouraged. In fact, the ambition of an education and a training to environment for all allowing the training of the would be citizen, actors and policy makers, impose to mobilise, around shared objectives and concerted approaches, every major actors belonging to the educational and training sectors such as the State and the decentralised bodies, the local authorities, the companies and the civil society.

In that prospect, we should encourage the implementation, at all levels of the territory, of contractual plans or partnership modalities, which would facilitate the development of concerted actions for education, training and information for a sustainable development.

3.2. An approach associating all the actors

This primary responsibility of the educative sphere concerning education for sustainable development does not exclude the other actors of the society, the local authorities, the associations or the companies: the responsible actors acknowledge that the appropriate approach necessarily involve partnerships.

The success of a policy of education to environment and sustainable development answering to the genuine needs of our society taken in its local, regional, national and international dimensions, rests necessarily on the concretisation of a double approach: a voluntary policy emanating from the implicated political bodies at the diverse European, national and regional scales and the implementation of specific measures according to diverse modalities between the major actors of this educational approach, which are the State and its decentralised bodies, the local authorities, the companies and the civil society.

A voluntary policy of the implicated political bodies:

The first point of this approach is often been implemented within the framework of sustainable development strategies with a certain amount of initiatives:

- Some of these initiatives are specially addressed to the school milieu: in France for example, the ministry of national education has published in 2004 a circular, which makes education to environment for sustainable development compulsory.
- Larger initiatives relate to all the approaches of education and training such as the creation of federative structures gathered in network such as schools of education or virtual universities or data banks relating to sustainable development or the holding of national and international conferences.
- At last, the approaches conduced by the major national or regional ministries involved in education and training to sustainable development, which continue to encourage or initiate actions, each in its own field of competence, on the regional, national and international scale.

Contractual plans on a territorial basis

The territorial entities play a major and increasing role in the implementation of educational and training plans in association with the other partners: the State, the companies and the civil society. The modalities are different according to the level of decentralisation of the diverse European countries and according to the allocation of competencies, it is nevertheless essential to generalise these plans.

Local authorities have a crucial position in the elaboration and implementation of a policy supporting the actions of education and training because of the diversity of their level of intervention and a closer promiscuity in relation to citizens.

The key role of the companies, the civil society and the public institutions

The diverse components of the civil society (associations, foundations, companies, consular chambers, chambers of trade,…) and the public institutions have a key role to play. They are special partners because they are requiring training and because they are situated at the heart of the activities of our society, they are able to bring knowledge and know-how, which have to be taken into account in every approach relating to education and training.

3.3. Innovative and adaptive modalities

The specificity of the approach

In consideration of the diversity of the actors, we have to remind the collective dimension of every project of education, training and information relating to sustainable development. Addressed to the population as a whole, such a project should be pursued in synergy and in coordination with all the involved partners. The expected result should be a generalised effort of articulation at all levels and which has to take into account various prerequisites:

- the commonly shared responsibility of every partner in consideration of their own missions;
- their cooperation, requested for everyone, at each level of the territory;
- the sharing of means and resources.

Such an approach does not appear as self-evident. In fact, it requires the conciliation of a global vision and particular challenges. Therefore, it appears necessary that each partnership should ensure beforehand that:

- every actor keep in mind the necessary dialogue to implement a genuine collective project,
- and at the same time this should be inscribed in the framework of specific missions with respect to the own specifications.

The importance of methodology

Every partnership project should start with a common reflection concerning the missions and the constrains characterising this project, in order to define precisely the domains of intervention of the various partners and the rules to follow as part of a concerted action.

In order to facilitate consultation it appears convenient to create or consolidate appropriate measures with consideration to the measures which have already been implemented, such as:

- contractual forms meant to engage actors around explicit objectives: framework agreement, protocol, project convention, etc…
- consultative institutions responsible for, according to the case, the initiation, the implementation, the support of the process or the evolution according to the different contexts: follow-up committee, steering committee, commission, council,…

Considering the diversity of the situations and the more or less engaged commitment of each other we will try to avoid the adoption of constraining structures and the reinvention of measures which have already shown their relevance and efficiency. In some instances, new formulations will emerge and in some instances it would be preferable to consolidate existing forms of partnership.

Defining each other’s role

The role of each partner is therefore to contribute, according to its missions and to its possibilities (scientific, technique, financial…), to the implementation and to the monitoring of projects relating to education for sustainable development. The approach of participative elaboration should allow the writing of the specifications mentioning the objectives and the common contents and also the responsibilities and the role of each partner at all steps of the projects.

If each partnership project has to fix its contents according to the needs and the expectations of everyone, the existing initiatives have showed the value-added effect of partnership, in the definition of shared needs (evaluation, expertise, council, consultancy, etc…) whatever the territorial scale of the project under consideration, in the training of professionals and publics with mixed and criss-crossed training plans, in the multiplication of resources privileging projects of co-production or co-diffusion or information, whatever the terms of communication or dissemination strategies.

Multiple examples of realisations based on partnership are available from the structures to make an inventory of these practices while mentioning in a more specific way the national observatory for education to environment for a sustainable development, which has a double mission: to identify and follow the diverse partnerships implementing in a perspective of education to environment for a sustainable development but also to facilitate the exchanges between the diverse actors by the implementation of central portal with the possibility to link multiple networks to existing networks in order to improve the valorisation of the approaches of education for a sustainable development at all the levels of the territories.

While referring to the diverse strategies of sustainable development, that approach stresses the necessity to encourage the reinforcement of contractual measures or partnership modalities to favour the development of concerted actions for education and training for a sustainable development answering to the needs of our society.

4. What is the role of the public?

The involvement of the public has recently stimulated a new reflective movement and has assisted to the emergence of new practices. The standard form of public participation is for instance organised around public surveys, which have an administrative or technical form, with conclusions that are too often supporting the project.

In reality, there is a feeling that the public has only a limited reorientation capacity, even for the matters concerning directly the public. About fifteen years ago, within the modern democracies, multiple processes of participation have been invented, tested and improved. They respond to the needs of new governance processes toward new kind of citizens. They establish a closer promiscuity between decisions and the publics, an increase in the participation to decisions making and a better confidence among the social actors and at the end more efficiency.

Education, like training and information, has its own capability to generate the progress of the understanding and the involvement toward sustainable development. Therefore, young people and adults, trained or informed are able to participate to the challenges of sustainable development on a national or local scale. Each genuine participation process rests on the equitable access to transparent and varied information.

In that context, it is essential to facilitate the participation of European citizens to the public debate. In fact, beyond the propositions, which are parts of the official literature referring to the “local direct democracy” and formulated through petitions or local referendums, the active participation of the public interested in the relevant decisions constitute by itself an approach of sustainable development. This participation is organised around phases of information, consultation and dialogue preceding the decision taking process by the competent authorities.

The implication of citizens in that process renew the governance and allow the organising authorities to treat various source of information, to compare the data, to get new solutions and to improve the quality of decisions. The participation of citizens to the public debate contributes to the reinforcement of the civic sense and the confidence of the public in the governmental authority and to the improvement of the quality of the democracy by the instituted transparency.

Therefore, new mechanism of participation and consultation should be created or improved while debating the challenges of sustainable development, on the local or national scale, with three main objectives:

- to organise and encourage the active participation of the public to the challenges of sustainable development
- to provide the youth with the means to understand and participate to the challenges of sustainable development.
- to organise and encourage the active participation of consumers and employees to public debate.

5. How to situate the approaches of ESD within Europe?

We can notice on the European ground and since one fourth of century, the multiplication of initiatives to improve the capacity to take into account sustainable development and the closely linked problematic such as education, training and information. Within that evolution which aims at an improvement of the adequacy with the limited resources of our planet et which wants to favour the intergenerational solidarity, the European Union has an educational policy which rests on close or common historical, environmental, economic, social and cultural references.

In that context, the European Union – because of its history and socio-economical and cultural level – appears as a privileged craftsman for the implementation of a real policy of sustainable development which rests on an approach of education, training and information affecting every members, whatever their age, gender or condition, that policy will be extended all over Europe and beyond.

Diverse European countries have developed many years ago policies, which are more or less concerned with ESD, mainly on the educational level, like the European Union especially with the implementation of the Lisbon Strategy (2000). When we are mentioning the education to sustainable development, ESD, it seems necessary to consider the whole approaches existing on the European scale *lato sensu* (*see : the United Nations Decade and the Vilnius Strategy*) and to stresses the specificities characterising the European Union to assess the way their respond to the internal needs of the EU while contributing to the approach as defined by the Nation States in the context of the United Nations Decade of education for a sustainable development.

In order to confront the disruptions induced by the globalization and the new challenges coming with the new economy built on knowledge, the extraordinary meeting of the European Council in Lisbon (march 2000) has implemented a global strategy to provide the European Union from 2010 with “the most competitive knowledge economy, able to bring a sustainable economic growth together with the improvement of the employment on a quantitative and qualitative basis and the enhancement of the social cohesion.

In Göteborg (June 2001) the European Union has enlarged the objectives of the Lisbon Strategy concerning environment and sustainable development, with the adoption of the first strategy of the European Union resting on the principle that it is necessary to analyse the economic, social and environmental consequences of all the policies with coordination and to take this into account in the decision process. These three dimensions, which are the constitutive elements of sustainable development, come with four domains of primary actions: climatic change, transportations, public health and the management of natural resources.

In June 2006 a new strategy has been adopted by the enlarged European Union for the benefit of sustainable development (while specifying that the main challenge is the progressive change in our consumption behaviour and current means of production which are not durable), specifies four key objectives, suggests guiding principles for policies and remind the main challenges. That document fixes a unique and coherent strategy describing the way the European Union could honour in a more efficient manner its long-standing commitment to face the challenges of sustainable development. This document refers to the Lisbon Strategy and to education and research.

What analysis of the current situation?

The analysis of the current situation shows that the process characterising the European Union might sometimes appear in a more or less salient rupture with some other countries of the geographical Europe concerned by the Vilnius Strategy, either because they are not at the same level of development, or because they have different conceptions concerning sustainable development and/or only favour economic development.

What are therefore these political, economical, and socio-cultural characteristics shared by the countries of the European Union which have an origin rooted in a long-standing and common history, sometimes distressful, but also from a recent past – the last 50 years – which has seen deep - and mostly industrial – mutations.

These common characteristics might be summarised in a few points:

- on the cultural ground: cultural roots – identical or close – which ensure a certain identity while acknowledging and accepting the cultural diversities;
- on the political ground: democratic countries with variable constructions which are more or less centralised and which are progressively gathered and resulting therefore in the harmonisation of a certain number of measures throughout a common approach;
- on the environmental ground: a perception of the necessity to preserve our environment, which is particularly marked and based on a voluntary approach and not only on the polluter pays principle;
- on the socio-economical ground: despite some quantitative disparities, the predominance of similar or close socio-economical characteristics with a high level of consumption, but also with the promotion of the social equity and human development.

In addition to these close or common characteristics, the EU countries are also confronted to major problems which require the implementation of a common policy able to ensure a development able to respond to everyone’s needs, today and in the future, with respect to the great principles of sustainable development:

- the rarefaction of natural resources and in particular the energetic and mineral resources;
- the population aging and the inflow of immigrants announcing the most massive inflow of eco-refugees in the absence of strong initiatives toward the developing countries and particularly by the EU;
- the choc of globalisation and the concurrence of emerging countries.

These factors acts in favour of the reinforcement of actions on initial education in schools and universities, but also of continuous training and information for all the citizens to enable them to make well informed decisions concerning their present and future, and this is actually not the case.

These actions cannot be conceived outside a strategy, which is defining a perfect level of transverse proposition, realisation and evaluation of the diverse actions, through an integrated approach.

6. What kind of approach to promote?

The EEC text of December 2005 on the ESDS stresses that despite the progresses made and the achievement of rapid changes of various kind, Europe has to make increased efforts to sustain its position in the field of durability. The efforts concerning growth and employment, the preservation of the social and natural heritage, innovation and the promotion of the knowledge resulting from actions of education and research. The text also mentions that education plays a major role in the promotion of the changes necessary for sustainable development. Education ensures the acquisition, for all citizens, of competences to adapt to the world's mutations, the diffusion of knowledge and the involvement of the actors in that change.

The public authorities define the framework of these diverse actions conduced by the citizens and the companies, however, sustainable development and related actions in the field of education, training, and information cannot exclusively rely on public action and all the involved actors – companies and citizens – should be able and stimulated to propose new ideas and to take actions. In the same manner, Europe cannot take these diverse challenges alone and should cooperate with the international partners.

The reflection should first rest on the identification of specificities and common denominators of a number of elements, and more precisely:

- what are the common approaches in the field of education, training and information, which should accelerate the process?
- what are the common ethical references?
- what are the respective roles of the citizen and the institutions?
- what are the shared factors and what might be the common objectives?
- what international cooperation can we develop and more particularly between Europe and EU and the countries of the UNECE?

These diverse actions can only be conceived if they fulfil two conditions: firstly the common definition of sustainable development and the relating actions of education and secondly, the implementation of a genuine strategy concerning ESD.

- **The adoption by each EU countries of a common definition of sustainable development, of level of application, and of the related actions of education.**

The particular objective of sustainable development allows to distinguish between ESD and education in a more general sense. The constitutive elements of ESD are linked to the definition of sustainable development. It appears, more often, that despite the efforts made by governments and diverse actors, our societies are far from having reached the level of sustainability suitable to reply to the exigencies defined in the Brundtland report and the terminology "sustainable" in itself is often used in a repetitive way, often in an incantatory way, and goes against the approach, making it appear as ordinary.

The ESD has to bring a number of competencies but also has to go further and allow the individual to act as "individual educated to sustainability" and the education to environment is the first step.

- **The definition and the application of a genuine strategy of ESD intending to bring all EU countries to a comparable level of knowledge favouring the sharing of financial and human resources.**

ESD is currently lacking qualitative and quantitative data allowing through appropriate indicators to compare the level of action of each EU countries and to assess the achievement of the diverse actions: operational frames; relative importance of formal education; tools and measures of education and training, research and development in

ESD; nature and level of cooperation in the field of ESD. This approach is currently implemented in the context of the Vilnius Strategy through specific indicators specifically elaborated in 2006 and 2007 and it might be interesting to adapt these indicators to the specificity of the EU countries.

The other important point consist in the implementation within the directorates general and the services of the European Commission, and in particular within the DG environment, education, culture and research, of a common transverse approach, allowing a better execution of the diverse actions linked to ESD and a better integration of the ESD in the European educative programmes. This point is particularly well emphasised in the ESDS in its paragraph 2 "Notre engagement en faveur du Développement durable" dit que : "le principal défi consiste à modifier progressivement nos modes de consommation et de production actuels qui ne sont pas durables ainsi que la manière cloisonnée d'élaborer les politiques".

The EU countries form according to their longstanding and recent history, geographical situation, culture and socio-economic development, a relatively homogenous whole, whose initiatives in the field of ESD contribute to make Europe – and the 25 countries member of the EU in particular – one of the major actors of the transition from a consumption society to a society which is more respectful of our planet, its environment and current and future inhabitants.

Each European country has developed, according to their own scheme and in accordance with common modalities, educative processes in order to train its inhabitants, to a better understanding and awareness of sustainable development. However it appears that Europe has to increase its efforts in the field of sustainability. These efforts require the reinforcement of a common strategy in order to improve the valorisation of financial and human resources of the EU and each member country.

The analysis of the results coming from the work of the United Nations Economic Commission for Europe in liaison with the 2005-2014 Decade and of the various national or international meetings held during the last two years, shows that is difficult to reach an harmonisation of the action of all the involved European countries and in some cases it might be prejudicial to the progress of the process and particularly while taking into account the European countries with a developing economy which are not yet member of the EU.

In such conditions, it might be appropriate to implement in a number of fields relating to education for a sustainable development, pilot approaches, key actions, conduced by a number of European countries disposed to be involved in particular domains of the ESD. This would allow a better sharing of the progresses and a better efficiency in the development and evaluation of the educational programmes and research concerning sustainable development with, as a result, the considerable saving of time, financial and human means.

7. Conclusions

Education should provide everyone with a personality allowing to leave in today's world and to picture tomorrow's world with reference to everyone's roots. Education should prepare and open the future citizen to the world in which he his evolving and to the diversity of the human conditions, while contributing to inspire a feeling of belonging to the community of responsible citizens by the attainment of well-advised opinions allowing the citizen to become a real humanist. These multiple competences – social and civic most notably – should allow an efficient and constructive participation of every citizen to the social and professional life with consideration to the values of sustainable development.

Throughout the world, and notably in Europe, the ESD takes diverse forms, but globally we can notice that the countries that are less developed industrially are favouring initial education whereas the others are also taking into account the education of adults. According to that observation it appears important to underline that the changes in behaviour, which should lead to a more sustainable society can happen only if we have the corresponding offers of education, training and information from all the components of our societies in order to bring to everyone the elements, which would make a responsible citizen able to take well informed decisions in a context of freedom of choice.

This is a huge work to carry out and we are only in the initial phase of the process, particularly if we consider the field of education to consumption and the protection of the resources of our planet, in which the media have a prominent role to play provided that they get free – and this is particularly obvious for the TV media - of constrains such as advertising, whose role is, contrary to the approach of sustainable development, to promote consumption and subsequently to take part in the impoverishment of the resources of our planet.

However education, while contributing to the construction of everyone's personality and offering specific knowledge and know-how, should also give to everyone a common culture and shared values, which are necessary to provide our society with a sustainable lifespan. Europe and the EU in particular have to show the example of a concerted and reasoned approach in the field of SD and ESD, especially concerning the themes of values, in a context of over-consumption of the natural resources, the solidarity among people, generations and countries, with a particular reference to the migratory processes. In a more general and fundamental manner, the EU should show the example in the implementation of a new society not only based on material references.

New culture for a sustainable long term and transition to lower carbon intensity economies

Noel Casserly – Comhar Sustainable Development Council, Ireland

1. Context

Modern culture is shifting towards a set of values that promote a better society in a better planet. The move is slow, but increasingly more evident, and shared by a minority of predominantly younger people and women. It offers a counterpoint to cultures that promote consumerism and celebrity mania. It also sets out to resonate with many people all over the world who are seeking to retain or renew a better quality of well-being rooted in cultural diversity.

Respect for cultural heritage and diversity is an essential component of the sustainable development matrix particularly in the light of the advent of the technological revolution, an increasing globalised economy, and a modern corporate-driven consumer culture. Sustainable development aims to maintain the diversity of cultures including music and art; natural habitats and species; landscapes and areas of high amenity; architecture and archaeology; folklore, food and ethnology.

Culture and consumption are also inextricably bound. Sustainable development in general, and climate change in particular, can present individual consumers with an overwhelming set of challenges that fail to connect with their daily routines and practices. The climate change agenda is becoming mainstream and increasingly people are connecting lifestyle choices and human behaviour with ecological impacts.

The 2007 Working Group Report from the Intergovernmental Panel on Climate Change, noted that changes in lifestyle and behaviour can contribute to climate change mitigation across all sectors. Specifically, the IPCC call, *inter alia*, for:

- Changes in lifestyle and consumption that emphasize resource conservation and contribute to the development of a low carbon economy that is both sustainable and equitable;
- Education and training measures to help overcome barriers to the market acceptance of energy efficiency; and
- Changes in occupant behaviour, cultural patterns and consumer choice and use of technologies related to energy use in buildings.

This briefing paper explores how the interaction of cultural perspectives and consumer choice are helping to inform the transition to more sustainable lifestyles. The first part of the paper highlights how social and ecological activist movements often lead the way in mobilising public support for this. The challenge for policy makers is to address these cultural perspectives in devising policy instruments that link consumption and well-being as drivers for the transition to more sustainable lifestyle choices. Global climate change is now widely acknowledged as the most urgent and complex policy challenge. Inter-generational equity and justice must be key considerations in devising the appropriate mix of policy responses. The second part of the paper focuses how a personal carbon trading scheme, “Cap and Share”, which is currently the focus of an Irish research project could be part of an effective policy mix supporting this transition to a lower carbon intensity economies.

2. European Cultural Diversity and Sustainable Development

The European Union ambition of political, economic and social cohesion helps to promote certainty, stability and conflict prevention. European enlargement has shed light on how the principles of a common identity through shared economic strength helps to foster democratic political order, constitutional legality, and the concept of the Union citizenship. The success of the EU can be measured in its commitment to investing in democracy development and economic stability through successive rounds of enlargement and sharing of the financial burdens and political decision processes.

The writer Robert Wright said *"Culture is … a way of learning from the learning of others without having to pay the dues they paid."*[5] . The diversity of the EU allows for differing cultural and national identities and at the same time exercises direct legal authority, thereby shaping attendant norms and values. The benefits and responsibilities of EU membership are based on negotiated but shared values and norms and the acceptance of differentiated burden sharing.

Respect for cultural diversity is enshrined in the revised European Union Sustainable Development Strategy[6]. One of four key objectives of this strategy is to:

"Promote a democratic, socially inclusive, cohesive, healthy, safe and just society with respect for fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms".

The concept of cultural co-operation in Europe is founded on a common history and heritage. After the Second World War this shared history and heritage was among the first domains for which a framework for European cooperation was established. Through its active participation in promoting the European cultural identity, the Council of Europe (CoE) has also played an important role in the establishment of this cultural co-operation. The general framework for cooperation laid down by the *European Cultural Convention* is the earliest multilateral and European instrument on cultural matters. The European Cultural Convention was opened for signature in 1954 and has now been ratified by 47 members states of the Council of Europe[7].

The CoE has also elaborated on the cultural dimension of sustainable development by advocating a people-centred approach to the challenges of the European society; economic progress must not compromise the key assets of humanity: the quality of the environment and landscapes, human rights and social equity, cultural diversity and democracy. For example, the CoE's Framework Convention on the Value of Cultural Heritage and Society (the Faro Convention)[8] emphasises the potential of diverse cultural heritage as a resource for sustainable development of societies. States are urged to adopt integrated policies seeking a balance between cultural, biological, geological and landscape diversity as elements of sustainable development.

Europeans are concerned about threats to cultural heritage. For example, the recent European survey on attitudes to biodiversity[9] highlighted that 43% of respondents felt that biodiversity loss was a very serious problem in their own country. While most EU citizens saw no immediate personal impact of biodiversity loss, more than two out of three respondents said that they personally made some efforts to protect biodiversity, and half of them said that they would be willing to do even more to counteract biodiversity loss.

5 Robert Wright – Nonzero – History, Evolution & Human Cooperation.

6 Renewed EU Sustainable Development Strategy as adopted by the European Council on 15/16 June 2006

7 http://conventions.coe.int/Treaty/Commun/

8 The Convention was opened for signature in 2005; to date 11 CoE member states have signed the Convention and only 2 member states have ratified it.

9 Attitudes of Europeans towards the issue of biodiversity – Flash Eurobarometer No. 219 – Euopean Commission 2007

The shift to more sustainable lifestyles must also reflect local cultural diversity. So maintaining a sense of empathy with locality is a vital component of civic responsibility and working towards a sustainable long term. Social and ecological activist movements are at the forefront in putting respect for cultural heritage and diversity in advocating more sustainable ways of living. A good example is the *Slow Food Movement* (see box), which is founded on the premise that the future for real food will depend on the survival of small farmers and artisan food-makers. - otherwise the diversity of food will carry on giving way to those that just grow fast and travel well. Similarly, the growth of the farmers' market movement and community supported agriculture offers grounds for optimism. In the USA there are an estimated 2,800 farmers' markets and as many as 300 running regularly in the UK.

Slow Food Movement

Carlo Petrini established Slow Food Campaign in 1986 in response to the arrival of a fast food outlet in Rome's Piazza di Spagna. The movement now has 65,000 members across forty-two countries, a public affairs office in Brussels and another in New York for organising trade fairs. Petrini and the poet Folco Portinari wrote the Slow Food Manifesto, declaring "a firm defence of quiet material pleasures as the only way to oppose the universal folly of Fast Life". The Slow Food movement has taken up the long-tailed sheep of Laticauda, Siennese pigs, Vesuvian Apricots and many other forgotten foods. They have a publishing house, a programme to protect endangered food, and about 500 local organisations.

One of the success stories is the Pietmontese cow which was out of favour with the big commercial distributors because although it produces very high quality beef and cheese, it grows slowly and produces less milk than modern dairy breeds. The slow food solution was to put together a consortium of sixteen farmers, using very strict organic rules of production. The strategy paid off even more quickly the moment BSE became evident in Europe.

The organization is led by the International Executive Committee, which is elected every four years at the Slow Food International Congress and consists of the President's Committee and the International Council. The council is made up of representatives from countries with at least 500 Slow Food members.

The Slow Food Movement is active in Italy, France, Germany, Ireland, UK, Japan and UK. Some countries have national branches governed by national executive committees. National branches coordinate Slow Food events and projects with deeper knowledge of the needs of their members and their own countries.

Each of the approximately 80,000 members around the world are a part of a convivium. The convivia are the local expression of the Slow Food philosophy. They build relationships with producers, campaign to protect traditional foods, organize tasting and seminars, encourage chefs to source locally, nominate producers to participate in international events and work to bring taste education into schools. Most importantly, they cultivate the appreciation of pleasure and quality in daily life. Every Slow Food member can participate in convivium activities anywhere in the world.

See http://www.slowfood.com/

3. Culture, consumption and quality of life

Consumer goods and services can play more than a functional role in people's lives. Cars, houses, fashions, gifts, trophies, photographs and music also play vital symbolic roles. Advertising and the associated media-entertainment complex demonstrate this point by promoting lifestyles, celebrity and aspirations that can inform desires and consumption through a range of subtle and none-to-subtle strategies. The Canadian-based Media Foundation, publishers of the magazine *Adbusters* (see box) are part of a counter-movement, designed to alert citizens across the world to the manifold ways in which corporate-driven consumer culture has gotten under our skin and begun to shape social relations, values, identity, and language. The work of this counter-movement underlines, perhaps above all, the need for greater attention to media literacy in the formal education system.

Adbusters

The Adbusters Media Foundation,, based in Vancouver, Canada, publishes the not-for-profit, reader-supported, magazine concerned about the erosion of the physical and cultural environments by commercial forces. It has a circulation of 120,000 and has been endorsed by organizations like Friends of the Earth and Greenpeace. Its work has been featured in hundreds of alternative and mainstream newspapers, magazines, and television and radio shows around the world. While two-thirds of Adbusters' readers reside in the United States, the magazine has subscribers in 60 other countries, with a very diverse readership. Adbusters publishes philosophical articles as well as activist commentary with a global perspective addressing issues ranging from genetically modified foods to media concentration. It also engages in activist networking by promoting annual social marketing campaigns like *Buy Nothing Day* and *TV Turnoff Week.* The first *Buy Nothing Day* started in Vancouver in 1992 and is now celebrated all over the world. In Canada and America, it falls the Friday after Thanksgiving Day and in Europe on the last Saturday in November. See www.adbusters.org

Far from being able to exercise free choice about what to consume and what not to consume, people often find themselves 'locked in' to consumption patterns that are unsustainable. This goes some way towards explaining the 'value-action gap' – the gap between people's attitudes, which are often pro-environmental, and their everyday behaviors. Lock-in occurs in part through 'perverse' incentive structures – economic constraints, institutional barriers, or inequalities in access that actively encourage unsustainable behaviors. Sometimes lock-in arises from habitual practices or because 'everybody else is doing' it.

Ireland's National Economic and Social Council has observed that Irish society is undoubtedly now challenged by certain 'diseases of affluence' or 'affluenza', including obesity, excessive consumption of alcohol and other drugs, and a dramatic rise in the suicide rate[10]. Modern lifestyles are also plagued by the stresses and strains brought about by lagging infrastructural support for public transport, child care, health and well-being[11].

Ireland's then Prime Minister (Taoiseach), Bertie Ahern, observed at a regional launch of the national consultation on active citizenship, there is a growing sense that "we cannot afford to ignore the pressures brought by modern lifestyles and the consumer culture". The context for this observation - the launch of a national consultation on 'active citizenship'[12] – is important because it suggested a useful linkage between our roles as 'consumers' and the need to reflect on some of the implications of our consumer lifestyles in the context of a fresh approach to citizenship.

John Maynard Keynes wrote in 1932 that *"when we reach the point when the world produces all the goods it needs in two days we must turn our attention to the great problem of what to do with our leisure."* However, as author David Boyle has observed *"the dream of unreal idleness, wandering from labour saving machines in the kitchen to the golf course, hasn't come to pass"*[13]*.* As a reaction to longer working hours, impersonal workplaces, higher personal debt, and fewer simpler pleasures, "Downshifting" has become a noticeable trend. This is about slowing down your pace, finding a better work/life balance, consequently embracing living with less and leading a simpler, greener and happier life[14].

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[10] See also www.affluenza.org

[11] The NESC (2005) emphasizes the need to integrate preventive and curative approaches to health provision, with an ehnahced awareness of the health risks associated with individual behavioural choices, increased social pressures to avoid behaviour damaging to one's own health, and improved access to a wide range of health services.

[12] Speech by Irish Prime Minister (An Taoiseach), Bertie Ahern TD, at the launch of the first regional workshop convened under the auspices of the Taskforce on Active Citizenship, September 14 2006.

[13] Authenticity – Brands, Fakes, Spin and the Lust for Real Life – David Boyle, 2003

[14] Duane Elgin, the American author, defined downshifting as "*the deliberate choice to live with less in the belief that more of life will be returned in the process*".

This type of philosophy is also evident in many community-based responses now being developed to address the challenges of peak oil and climate change. The Transition Town Initiative (see box) is a relatively recent model of a community driven response.

Transition Towns Initiative

The Transition Town Initiative is a network of communities developing local responses and sharing experiences in meeting the challenges of Peak Oil and Climate Change. There are two key elements to the transition town philosophy: - "that we used immense amounts of creativity, ingenuity and adaptability on the way up the energy upslope, and that there's no reason for us not to do the same on the down-slope, - if we collectively plan and act early enough there's every likelihood that we can create a way of living that's significantly more connected, more vibrant and more in touch with our environment than the oil-addicted treadmill that we find ourselves on today". The resulting coordinated range of projects across all these areas of life leads to a collectively designed energy descent pathway. The movement was started in Kinsale, Ireland, in 2005 by Rob Hopkins, a teacher of Permaculture Design at the local College of Further Education. The local Town Council adopted an Energy Descent Action Plan on community needs and resilience aimed at making the transition from a dependency on fossil fuel to a low carbon future. Rob Hopkins subsequently moved to the UK where he established the second Transition Town in Totnes which has become an inspiring focal point of the movement across the UK; other towns to follow include Bristol, Lewes, Falmouth and Stroud. The first Transition Network Conference took place on 31st May 2007 in Gloucestershsire. http://transitiontowns.org/

Cultural perspectives are important in terms of effectiveness and public acceptability of policy measures and instruments to support a shift towards more sustainable living. For instance, in Ireland many people understood the litter and waste disposal issues associated with the consumption of plastic bags but behavior did not change until a levy on the sale of plastic bags was introduced through government regulation. While the rate of the levy is low, initially only €0.15, it sent a moral signal to consumers and the supply of plastic bags by retailers to shoppers had dropped by 90% within the first year of the introduction of the levy. Similarly, Ireland was amongst the first European countries to introduce an in-door smoking ban, including in cafes, bars and restaurants. The ban has met with very little resistance from the general public and sectional interests as the Government was perceived to be doing the "right thing" from a public health perspective.

4. The challenge for policy-makers

What lessons can policy-makers draw from the development of "counter-cultural" movements in engaging with people to adopt more sustainable lifestyles ? In the longer term, we need to future-proof economic development to take account of our dependence on oil and gas, and the need to integrate an expectation of a wholesale transition to a more secure foundation for economic activity.

Europe, in setting ambitious targets to fight global warming has taken on the role of a front-runner. Promoting sustainability as part of the historical experience of European societies could provide a vision for strengthening social cohesion, advancing environmental integration, global interconnectedness. Sustainable development could play a major part in European identity building.

The overall purpose of policy-making must be the construction of a society for the good life of all. The problem is that while there is an implicit link between economic growth and *elements* of well-being such as employment and levels of consumption, the relationship between GDP and other dimensions of sustainable development is problematic. The relationship between economic growth as measured by GDP and dimensions of sustainable development is not straightforward. For example GDP does not show the sustainability of a country's growth and a country may achieve economic growth by over-exploiting its natural resources or mis-allocating investment

Inter-generational equity and justice must be key considerations in devising the appropriate mix of policy responses. New concepts of urban planning, and redefinition of regularity policy should be explored. Policy formulation must be informed by a strong debate, at national and EU level, on values and identity building in an increasingly globalised consumer society. Governments need to develop appropriate communication strategies for engagement with civil society. New media, such as on-line social networking, e,g, Facebook and Bebo offer opportunities for engaging with citizens, particularly young people.

5. Policy instruments to tackle climate change

Global climate change is the most urgent and complex policy challenge. Its roots are to be found in the context of conflicting goals of economic advancement and overuse and exploitation of natural resources. Greenhouse gas emissions are bound up in almost every aspect of the economy and controlling emissions requires a degree of coordination across sectors that is hard to achieve even in countries with the strongest systems of governance. The problem is compounded by the need for common action at inter-governmental level. Tackling climate change (and inter-related issues such as biodiversity loss) calls for a strong debate on societal norms and values, obligations and responsibilities. The principles of sustainable development must be central to such a debate.

The Stern Report[15] describes climate change as a form of "market failure", the greatest and most wide-ranging example ever seen by which many investment decisions are taken without complete information about the price of carbon in the future, or indeed without having to consider paying for them at all. As a result, and due to the novel nature of many interventions, at both national and international levels the payoffs from reducing emissions are often uncertain, delayed or diffuse. The result is a policy challenge that requires action across many different sectors for uncertain gain, with plenty of opportunities and incentives for cheating.

The EU is at the forefront in advocating ambitious targets for reductions in greenhouse gases. The European Council – the regular summit of EU heads of state and government – made a political commitment in March 2007 that the European Union would reduce its overall emissions by 20 percent below 1990 levels by 2020, and by 30 percent if other major industrialised countries make similar commitments (EU 2007, 12). This goal is also seen as a contribution to an overall reduction by developed countries to reduce their emissions collectively by 60-80 percent by 2050. The common EU position sends a signal to stakeholders in individual member states that the debate about climate change has turned from *whether* to act to *how* to act. The ongoing negotiations within the aegis of the United Nations Framework Convention on Climate Change (UNFCCC) will determine a new set of targets to succeed those of the Kyoto Protocol's initial commitment period of 2008-2012.[16] Nevertheless, the EU political target is binding and is supported by the EU policy framework and significant legislation – notably the EU Emissions Trading Scheme – and a multi-stakeholder process in the European Climate Change Programme – see box.

One key to effective implementation is to mobilise the appropriate mix of policy instruments, including: regulation (command and control); market based (taxes, charges, emissions trading); subsidies; voluntary approaches; direct State investment, information and education, research and development. These have varying performance related implications for: the application of the polluter pays principle: cost effectiveness (the extent to which targets are met at minimum cost); extent to which they encourage and facilitate innovation; environmental effectiveness, feasibility, fairness.

Several jurisdictions have enshrined their long-term climate targets in law. California passed

15 *Stern Review of the Economics of Climate Change - 2006*

16 The UNFCCC was negotiated in 1992. The 1997 Kyoto Protocol is a subordinate treaty to the UNFCCC

a bill in 2006 requiring a reduction in CO_2 emissions by 80 percent by 2050. The UK parliament adopted a similar measure requiring reductions of CO_2 emissions by 60 percent by 2050. The advantage of such a legislative approach to the overall target is that it presents an additional degree of certainty for Government departments, private businesses and other stakeholders under which to plan future operations. The drawback of a legislative approach is that the penalties for non-compliance could be difficult to define or enforce as it is difficult to see how penalties for non-achievement would be applied. The accompanying measures to a legally binding target could be more important than the target itself.

Market-based instruments are particularly appropriate for addressing climate change. This is because of the great potential and range of costs of reducing greenhouse gas emissions, the incentives that such instruments can offer individual actors to reduce emissions, and the benefit of dynamic efficiency, since market-based instruments (unlike technical standards, say) offer a continuous incentive for the adoption of better abatement technologies.

The European Union Emission Trading scheme (EU ETS)

The EU ETS introduced an innovative policy instrument, tradable permits, which uses market incentives and opportunities to limit emissions at a lower cost than with more traditional "command-and-control" instruments like direct regulation. The EU ETS has been designed in three phases. It commenced on 1 January 2005 with Phase I of the scheme that ran from 2005 to 2007 As of the 1 January 2008, Phase II of the EU ETS is in operation and will run until 2012. The EU ETS covers the sectors: power generation, cement, glass, ceramics, and pulp and paper, which are termed "trading sectors". Additionally, the scheme covers emissions from large combustion installations, (larger than 20 MW), commonly found in the food processing and pharmaceutical industries for example. Operators of installations that are covered by the scheme are obliged to monitor and report emissions of greenhouse gases (GHGs) from that installation and to surrender allowances for the volume of those emissions.

Allocations of allowances to those sectors and installations covered by the scheme have principally been made on the basis of past emissions, discounted to meet Kyoto targets. Prior to the commencement of each Phase of the scheme, Member States must submit a National Allocation Plan (NAP), detailing the allocation of allowances over that period, for approval by the EC..

Directive 2003/87/EC, which established the EU ETS also set out the requirement for a review of the scheme and in January 2008 the European Commission proposed a Directive amending Directive 2003/87/EC[17]. Some important features of the new proposals are:

GHG emissions from road transport and shipping are not to be included and a comprehensive cost-benefit analysis is deemed necessary, in order to allow the Commission to decide on whether emissions trading is the most appropriate means to deal with these issues.

An EU-wide cap should be determined in the Directive and there should be an 8-year trading period to 2020 and a linear reduction in the cap to that point. The Directive should provide for automatic and predictable adjustments to the cap upon conclusion of an international agreement.

Auctioning should be the basic principle for allocation and should be applied to different sectors over different timescales. Of the allowances to be auctioned, 90% will be distributed to member states in proportion to 2005 emissions and the remaining 10% will be distributed according to per-capita income.

A percentage of the revenue from auctioning allowances should be used to reduce greenhouse gas emissions, to adapt to climate change, for measure to avoid deforestation and for addressing social impacts such as increases in electricity prices in lower and middle income homes.

Establishing auctioning as the principle for allocation sets a precedent for allocation methodologies in trading schemes. Of equal importance is the proposal to recycle auction revenues to aid greenhouse gas abatement efforts but also to address potential social imbalances in the impacts of the EU ETS.

[17] COM(2008)16 final, *Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading system of the Community*, SEC(2008) 52 + 53, SEC(2008)85, January 2008.

Personal Carbon Trading

The EU Emissions Trading Scheme covers mainly fixed-point sources of emissions from large industrial installations (e.g. heavy industry, electricity generating stations); as a result, significant areas of the EU economy are not covered by the scheme, notably transport and the residential and agriculture sectors. Moreover, the EU Emissions Trading Scheme is only one of many possible applications of the tradable emission permits policy instrument and is the result of specific political decisions on the scope of coverage (mainly the industrial sector), point of control ("mid-stream"), method of allocation (mainly by grandfathering) and others.

Other proposals for tradable emission permits have been proposed. One approach is through "upstream" trading, in which energy-producing companies would be obliged to trade: in this case there would be a much smaller amount of entities involved in the trading system. An alternative approach is through personal carbon trading, a "downstream" trading system in which trading takes place at the individual level. Several models have been proposed with various design approaches to the practical issues posed by individual carbon trading, including tradable energy quotas, domestic tradable quotas and personal carbon allowances.[18]

Domestic Tradable Quotas

Proposals for Domestic Tradable Quotas (DTQs) were first developed by David Fleming[19] as a scheme for rationing, and rapidly reducing, the use of fossil fuels, by sharing out access to fuel among every individual and organisation in the economy. They are intended as an effective, efficient and equitable means of:

- reducing carbon emissions in the context of climate change, and
- fuel rationing in the likely event of deepening scarcities in the supply of oil and gas (the oil peak).

The scheme is designed to be equally suited to both these purposes, providing ways of regulating demand for fuel both for climate reasons, and fuel supply reasons, as required. It includes all participants – consumers, industry, Government departments – within a single market, to which they all have access and on which they can buy and sell carbon units within a single Carbon Budget.

The system of DTQs, or Tradable Enery Quotas (TEQs) as it is also known, operates in the following way. Under the DTQ scheme, individuals are allocated carbon entitlements, at no charge, on an equal basis. Annually, a national cap is set on carbon emissions. For example, 40% of carbon permits would be allocated to individuals, at no charge, with the remaining 60% being auctioned to organisations. The revenue from the sale of permits may be recycled to individuals on a lump sum basis. The scheme operates in the same way in respect of individuals and organisations. All fuels and electricity are assigned a carbon rating, based on the GHGs they emit. Anyone (i.e. individuals and organisations) purchasing these goods must surrender an amount of carbon permits equal to the goods' carbon rating. Individuals and organisations may buy or sell permits on the carbon market.

The assumption is often made that this approach is inherently equitable. This is rooted in an understanding that the earth is a shared commodity, and any rights and or responsibilities concerning its use should be equally distributed. In terms of direct emissions, the DTQ scheme would reward those who consume electricity and fuel at below-average levels and penalise those who are above-average consumers of these products. Arguably, this approach is equitable in that those who consume more than their 'fair share'

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[18] For a survey, see Simon Roberts & Joshua Thumin, "A Rough Guide to Individual Carbon Trading: The ideas, the issues and the next steps". London: Department for Environment Food and Rural Affairs, November 2006. Available to download on www.cse.org.uk/pdf/pub1067.pdf

[19] Environmental activist and consultant – See David Fleming *Energy and the Common Purpose* (The Lean Economic Connection 2005)

of the resources must pay more. However, one could argue that another equitable principle might be to ensure that the scheme operates in such a way that the least-advantaged in society are not made any worse off. This might include some form of compensation for poor families whose activities lead to carbon dioxide emissions at above-average levels.

Cap and Share

Comhar SDC has commissioned research on *"Cap and Share",* a personal carbon trading scheme - the aim of the study is to identify whether this would be an effective policy option supporting the transition to a lower carbon intensity economy in Ireland[20].

Cap and Share (C&S) was originally developed by the Foundation for the Economics of Sustainability (FEASTA)[21] and is envisaged as a regulatory and economic framework for climate stabilisation. Accepting that climate change is a global problem and that there is a need to cap and reduce GHG emissions globally, the philosophy of C&S maintains that the earth's atmosphere is a fundamental common resource. Consequently, the rights to emit the limited amount of GHGs that can be safely emitted to the atmosphere should be shared equally among everybody within the world.

In the Irish context Feasta has proposed the introduction of Cap and Share to cover those parts of the Irish economy that are not covered by the EU Emissions Trading Scheme. It points out that, at 32 %, the proportion of emissions covered by the Emissions Trading Scheme in Ireland is less than the EU average (45%) and that this creates a greater need in Ireland than elsewhere for a means of reducing emissions outside the EU Emissions Trading Scheme. It also argues that it would be politically difficult to achieve 3% annual reductions envisaged in the Programme for Government through a carbon tax.

C&S envisages the establishment of an overall cap on greenhouse gas emissions and, subsequently, the allocation of "entitlements" to every resident based on an equal division of the overall cap. Upstream companies (fuel importers, refineries, etc.) would be required to purchase sufficient entitlements to match the emissions from their operations.

Under C&S, all adults would receive certificates entitling them to an equal share of the emissions permitted under that year's cap. Certificates would be distributed to individuals at regular intervals, and would then be sold, via banks or post offices, to those companies who import fossil fuels or extract them from the ground. (primary fossil fuel suppliers). Each primary fossil fuel supplier would be required to acquire and surrender certificates equal to the emissions from the use of the fossil fuels that they introduced into the economy - therefore, introducing the cap at the upstream end of the supply system. Clearly then the price of certificates, or GHG emissions, is built into the price of fossil fuels, which then flows through the economy. Therefore, for consumers, carbon intensive products and services become more expensive. However, consumers obtain an income from the certificates that they sell, hence, individual's with lower than average GHG emissions should make a profit.

C&S is founded on the philosophy of equal rights for all to emit to the atmosphere. At the downstream end, C&S rewards individuals who consume electricity and fuel at below average levels, whilst those with greater than average carbon intensity will be penalised. This is consistent with the polluter pays principle but design of the scheme would need to ensure that it does not result in disadvantaged sectors of society being made worse off.

A Cap and Share scheme could work as follows:

The tonnage of CO_2 emissions from fossil fuels used in Ireland in the sector(s) to be controlled would be calculated in the baseline year and divided by the number of people on a register compiled by combining the electoral register and each individual's Personal Public Service (PPS) number.

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[20] The project has been undertaken by AEA Technologies and Cambridge Econometrics.

[21] www.feasta.org

Each registered person would then be sent a certificate conveying their share of the emissions tonnage, which they would sell to a bank or post office.

The tonnage purchased would be consolidated by the financial intermediaries, who would have to maintain an emissions account with the issuing state agency.

The permits would then be sold on to companies importing or refining motor fuels in Ireland. Customs and Excise would verify that each firm had bought enough emissions rights when it collected the duty on the fuel.

Each year, as the emissions from the controlled sectors were reduced by distributing a smaller and smaller emissions tonnage, the price of each person's entitlement would rise. This would compensate them, at least in part, for higher bus fares and other effects of increased fuel costs.

Anyone who was, directly or indirectly, using less fossil fuel than the Irish average should come out better off. And, although the cost of living index would rise because of the additional cost of fuel and transport services, there should be no effect on wage claims as negotiators would know that everyone had already been compensated for the increase.

Preliminary findings from the Comhar SDC commissioned study suggest that the C&S scheme would be economically efficient with a strong economic mechanism feedback on consumers. The study conclusions suggest that:

The overall impact on GDP from the C&S scheme would be very small.

C&S performs better than a carbon tax in terms of public engagement. Since C&S gives revenue directly to the general population, then it can be more effective in positively engaging the general population to reduce CO_2 emissions and more strongly affect people's behaviour.

Some sectors will incur a greater carbon cost than others. There will be winners and losers. Generally low-income households will do well out of a C&S scheme. However, rural communities may not, due to a dependence on private transport. Separate measures will be needed to compensate the most vulnerable.

There are costs for Government and it is a more expensive option than a carbon levy to establish. The day-to-day operation of the scheme would not have high costs, however the set-up costs could be significant.

A cautious approach should be adopted in Ireland initially and the scheme should only be applied to the transport sector.

The scheme examined was effectively one single, simple scheme. Realistically the scheme would have to be accompanied by other measures.

6. Summary and Conclusion

The cultural and psychological make-up of individuals prompts humans to see the planet as essentially limitless, and inclinations and actions are not guided by nature's restrictions. Cultures seem to offer distinctiveness and identity, to compare each other in terms of status and habit, and to interpret risk in terms of what is manageable and affordable.

Yet, promoting social wellbeing is not commonly found in many cultures. Affluence may be self-promoting but cannot guarantee happiness. Culture serves to maintain social identity, but does not, at present, serve to maintain survival for all humans on the planet. But the basis of such a moral interest is there to be built upon.

Respect for cultural heritage and diversity is increasingly regarded as an essential component of the sustainable development matrix particularly in the light of the advent of the technological revolution, an increasing globalised economy, and a modern corporate-driven consumer culture. Cultures require a sense of perspective. Understanding and appreciating history and heritage builds confidence in adapting to change.

Respect for cultural diversity is enshrined in the revised European Union Sustainable Development Strategy and defining and maintaining cultural norms and values is the centrepiece in the *European Cultural Convention.* This helps to underpin a broader European identity, however, the shift to more sustainable lifestyles must also reflect local cultural diversity. Maintaining a sense of empathy with locality is a vital component of civic responsibility and working towards a sustainable long term. Similarly, cultures combine individualism with communalism. Sustaining behaviour in energy, water, waste, carbon and consumption generally is one way forward to encourage individuals to work together in their neighbourhoods and towns to establish "communities for sustainability".

Social and ecological activist movements are often at the forefront in getting respect for cultural heritage and diversity in advocating more sustainable ways of living. The emergence of the "Transition Towns" process in Europe is a recent inspirational example of this. Cooperation inspires encouragement and confidence, and may help to establish a democracy that acts and votes for the sustainable long term.

The climate change agenda is becoming mainstream and increasingly people are connecting lifestyle choices and human behaviour with ecological impacts. The challenge for policy makers is to address these cultural perspectives in devising policy instruments that link consumption and well-being as drivers for the transition to more sustainable lifestyle choices. In the longer term, we need to future-proof economic development to take account of our dependence on oil and gas, and the need to integrate an expectation of a wholesale transition to a more secure foundation for economic activity.

Devices such as the proposed "cap and share" scheme, advocated in Ireland, may help to illuminate how cultural outlook and consumer behaviour could coincide with long-term sustainable outcomes. Such experiments in innovative marketing, pricing and regulation should be promoted elsewhere in Europe, as well as in other dimensions of sustainability. Inter-generational equity and justice must be key considerations in devising the appropriate mix of policy responses to tackle climate change.

Policy formulation must be informed by a strong debate, at national and EU level, on values and identity building in an increasingly globalised consumer society. Promoting sustainability as part of the cultural and historical experience of European societies could provide a vision for strengthening social cohesion, advancing environmental integration, global interconnectedness. Governments need to develop appropriate communication strategies for engagement with civil society and should explore the opportunities presented by new media, such as on-line social networking. Sustainable development could play a major part in European identity building.

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Unity in diversity: perspective for long-term sustainability in Europe

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Outline of the paper

To acknowledge the importance of diversity and of keeping its complex dynamics to strength the robustness[22] and resilience[23] of socio-ecological systems (SES)[24] is a major challenge to tackle 21st century challenges for building a sustainable future. Diversity may be the vital ingredient of a future sustainable Europe. Diversity enables the memories of the past, the heritage and vibrancy of present day living and the hope for the future to be experienced at the places where people live, work and play. Diversity combines the resilience of maintaining local ecological services with the social bonding of fully functioning sustainable communities. Every locality carries its own distinctive ecology, history and economy. This suggests that in a future Europe there may be more emphasis on the diversity element of the overall phrase “unity in diversity”.

Preserving a broad perspective of diversity – including biophysical, cultural, economic, technological, social, institutional, and cognitive kind –, is considered a suitable manner to reduce socio-ecological vulnerability[25] caused by global changes and their local effects, as an alternative to the unsuccessful and dominant one-fits-all paradigms (panaceas). Diversity must be regarded as the plasticity and functionality assurance that gives to Europe the capacity to adapt, evolve and drive under an environment in permanent change.

Diversity is a feature of today’s world and today’s Europe, despite globalization phenomena in terms of flows of information, people, goods and services tends to converge to homogeneous SES imposing the hegemonic frameworks. We should ask whether and how that forces unleashed by globalization will affect the resilience and vulnerability of SESs at various scales. The richness in terms of biodiversity –humankind included-, natural resources and knowledge should be preserved and properly managed to tackle social and environmental challenges, as a necessary condition for the construction of a sustainable future.

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22 *Robustness*: refers to the structural and other properties of a system that allow it to withstand the influence of disturbances without changing structure or dynamics. (Young et al., 2006)

23 *Resilience*: refers to the capacity of a system to absorb and utilize or even benefit from perturbations and changes that attain it, and so to persist without a qualitative change in the system structure. (Young et al., 2006)

24 Also called human-environment systems (Gallopin, 1989).

25 *Vulnerability*: Refers to situations in which neither robustness nor resilience enables a system to survive without structural changes (Young et al., 2006).

1. Setting the scene: Is declining diversity in a globalised world?

Since the origin of life in our Planet, nature, and later on, people, have (co)evolved producing abundant and often astonishing forms of local diversity. At the human level, it is broadly recognised that culture and language are intrinsically connected to land and territory, and cultural and linguistic diversity are inextricable linked to biological diversity, as we will further explore below in other sections. This became more relevant when new global dimensions of societal systems emerged, and the world began to globalise: economies and nations opened their borders and became increasingly interrelated with each other, reshaping the relationships between markets and governance, and new forms of geopolitical dependency and interdependency are driving to and driven by the increase in trade and capital flows. Besides that, the movement of people and ideas spread of information, knowledge and technology and processes of deregulation are drawn a global scenario. By paradox, globalization was the key for small communities and entities to enter into the market. Local and small SES are now potential goods and services with interesting value to the global clients.

Globalization, then, is a defining feature of our times, known as a dynamic process within socio-ecological systems characterized by increased speed of interactions, intensification and multiplication of the linkages among elements of the system, a stretching of human activities to the global scale, and a homogenizing process that in particular cases reduces both ecological and social diversity.
Under this perspective, globalization clearly fosters mixing or homogenization and therefore a reduction of diversity in many realms – including biodiversity, institutional diversity, ethnic diversity, cultural diversity, language diversity, technological diversity and diversity of tastes, preferences and values.

Most of these changes entail a loss of local knowledge. Many observers argue that such losses in diversity of know-how will reduce the resilience of the overarching system. In other words, the survival of socio-ecological systems has increasingly become dependent on the resilience of their social dynamics in contrast to their purely biophysical dynamics. In conclusion, while connectedness is increasing, diversity could be decreasing.

Hence, a change in the balance between connectivity and diversity suggests that there will be consequences for resilience, vulnerability and adaptability[26] of socio-ecological systems, and this threatens long term sustainable development.

From another perspective, globalization creates favourable conditions for all sorts of particularization, localization and even fragmentation. Here we touch the other extreme, the localization. Apparently globalisation and localization constitute and feed each other. The global and the local are two faces of the same process. Social relations become dis-embedded, that is, they are increasingly 'lifted out' of the context of local interaction to become re-embedded again in different forms and conditions. In other words, the culturally homogenizing tendencies of globalisation imply continued or even reinforced cultural heterogeneity. The paradox of the current world conjuncture is the increased production of cultural and political boundaries at the very same time when the world has become tightly bound together in a single economic system with instantaneous communication between different sectors of the globe.

[26] *Adaptability*: Refers to the capacity to adapt to future changes in the environment of the system concerned (Young et al., 2006).

2. Why diversity is important for sustainable development?

Policy debates in many areas of science and technology yield numerous reasons for an interest in diversity. In history, philosophy, biology and sociology studies, interactions among a diversity of disciplinary perspectives are held to be important means for enhancing rigour and creativity. As a research strategy, diverse portfolios offer flexibility when facing with of uncertain future progress and promote learning across programmes. More broadly, institutional and technological diversity are seen as stimuli for innovation and productivity. Accordingly, it is repeatedly urged that the governance of science should be opened up to include more diverse views and it is likewise cited as a way to inform more robust policy decisions.

In 2006, the renewed EU Sustainable Development Strategy (EU SDS), established that one of the key objectives to promote sustainable development in Europe implies safeguarding the earth's capacity to support life in all its diversity (environmental protection). Furthermore, sustainable development also aims at the continuous improvement of the quality of life and well-being on Earth for present and future generations, taking into account among other considerations, the respect of cultural diversity (social equity and cohesion).

Similarly in debates over precaution and sustainability the pursuit of diverse technology strategies is highlighted as a resource pool providing flexibility and resilience in the face of ignorance and surprise. In a world where choice among scientific and technological pathways is often a matter of intense political contention, then, diversity features –both as an input and an output– pursuing a mix of strategies informed by a variety of perspectives can help to accommodate otherwise irreconcilable social interests and values.

Looking at innovation more widely, diversity is a key focus of attention in economics, yielding many varieties of portfolio theory. Less formalized notions of diversity are prominent strategies for addressing wider challenges, like market concentration, institutional momentum, autonomy, and lock-in. Diversity is prominent in crucial efforts to promote religious, cultural, racial and gender equality and pluralism, all of them important pillars for sustainable development.

3. What diversity for long term sustainability in Europe?

Europe thrives on providing a sense of a governing whole and of enjoying local specialness. Diversity of functions, roles and economies as well as of cultures may be promoted or recreated as a tool to sustainability in balance with uniformity and unity. True diversity combines shifting cultures and education with full sensitivity to local ecological processes and life support.

3.1. Institutional diversity in Europe: policies beyond governments, identities beyond states

The European concept of sustainable development must retain the multinational framework of the Union (for all manner of policies, strategies and global representativeness). But such a framework can be immeasurably strengthened if the locality and the community are given much greater prominence and responsibility for conducting sustainable development. This perspective is compatible with the need to strengthen EU institutions and overall guidance frameworks.

On the other hand, sectorial policies can have consequences in various kinds of diversity, at different scales. For example, trade policies have consequences in agriculture and landscape diversity, therefore they affect biological diversity, land use, peoples' lives, etc. This is not always taken into account and should be included in policies evaluations. Hence, Europe illustrates an increasing interconnectedness along economic, political, and cultural dimensions to varying extents, which can also be seen as a pan-nationalism.

In the context of social relations under pressure and diverging attitudes, cohesion and coordination no longer seem to be provided for by the simple continuity of existing institutions. Therefore, institutional reform is on the agenda of public debate, policy makers, politicians, advocates, citizens and academics in many parts of the world and one way or the other this need for institutional reform is underscored by using terms like globalisation and glocalisation.

In line with these concepts it is claimed that dramatic transformations have taken place in the conditions in which institutions exercise their role of social reproduction and, consequently, that these transformations call for institutional reform. First, there is the argument that economic restructuring, increasing global competition, the emergence of large companies on an unprecedented scale and projects of regional integration have altered the economic foundations on the basis of which institutions thrive and receive their resources. As economic input into societal institutions is affected by globalisation or glocalisation, these institutions themselves need to be reformed. In turn, it is claimed that institutional reform is required to boost economic growth and to solve pressing economic and social challenges.

Several questions have to be addressed. First, how can basic institutions of an open and democratic social condition be reformed when the resources that fuel such institutions are questioned? Second, how can these institutions be made viable without being able to rest upon a stable foundation of economic complementarity or organic solidarity? Third, in what way can they be conceived and reformed in terms of networks and governance structures without the support of overall frameworks such as community, society and the nation-state? Fourth, to what extent can they do without regulating impact of societal discourses and public opinion and the relative autonomy of the political sphere that allow for interventions taking care of common interests? These questions touch the heart of the construction and sustainability of institutions, defined as combinations of normative routines, expectations and patterns of sanctions and rewards in the future Europe.

3.2. Preserving cultural diversity to maintain natural resources and biodiversity

Natural systems or nature-based systems (thus including those managed and used directly or indirectly by mankind) are dependent of life diversity. Biodiversity includes all kinds and levels of organization from molecules, genes, tissues, organs, individuals, species, communities, ecosystems, and all relations between each of these components and the environmental factors where they occur. The value of biodiversity results not only from its intrinsic recognition but also from the goods and services provided by it at all levels. This includes food, health and industry as major clients of biodiversity but also some more diffuse functions like those of climatic regulation, pollution depuration or aesthetic and other peculiar properties like landscape, with relevance for socioeconomic activities like tourism or territorial identity.

In this order of ideas, it is often proposed that human cultural diversity and biological diversity go hand-in-hand and represent prerequisites for long-term sustainability. The Millenium Ecosystem Assessment (MEA) demonstrated more comprehensively tan ever before the important links between ecosystems, ecosystem services and human well-being.

From a functional perspective, cultural diversity could be interpreted as a reflection of the diversity of distinct human cultures with diverse adaptations to the environment, providing a diversity of ‘world views’ that underpin these adaptations. Each group constructs an image of the environment and of the relationship to it. These world views, or “basic assumptions about what kind of world they live in, what forces or entities control it, and what the place of humans is“, include the evolution of local knowledge, a set of social mechanisms, institutions (both formal and informal) and management practices to deal with and modify natural environments.

In this sense cultural diversity could be considered a pool of social system adaptations spanning many millennia, a “library” fundamental to adaptations and knowledge to enable the sustainable use of the environment. In addition, findings on sustainable management of ecosystems and natural resources stress the importance of social, political and economic organization, with institutions as the mediating factor that governs the relationship between a social group and the life-support ecosystems on which it depends.

Hence, sustaining adaptive capacity requires analysis and understanding of feedbacks, and more generally, on the dynamics of the interrelations between ecological systems and social systems. With the existence of multiple knowledge epistemologies and different cultural traditions with respect to the environment, little understanding exists on the relationship(s) between cultural diversity and biological diversity and how it is related to sustainable management of natural resources and ecosystems.

For example, while biological diversity, at least from an anthropocentric point of view, is something inherently good in that it provides resilience in ecosystems, it is uncertain to what extent cultural diversity does the same. In biological systems, high levels of biodiversity provide options of risk-spreading for humans; does this also holds for cultural diversity in social systems? Also, do cultural equivalents exist in social systems for concepts such as ecosystem services, functional biological groups, and keystone species, and is it meaningful to differentiate among such in terms of social systems?

On the other hand, and perhaps more constructively, given the existence of multiple knowledge epistemologies and different cultural traditions that exist, how can these better be accommodated to serve sustainable management of natural resources and ecosystems? For example, how can effective participatory models be developed that integrate different knowledge and cultural traditions of local people with public and private agencies for sustainable use and conservation of resources? What institutional structures at local, regional and state level best support sustainable resource management?. To preserve natural resources, we need to preserve local knowledge and cultural traditions. Furthermore, to 'optimise' the management of natural resources it is necessary to reconcile conflicting demands (often by different Stakeholders, including the "environment" as a user).

Numerous EU legislation (e.g., 2001 White Paper on 'European Governance' or, in relation to environmental legislation, the 'Water Framework Directive' - 2000/60/EC) tends to force the implementation of 'participatory' approaches, where different Stakeholders are not only informed, but also directly involved in different phases of the decision process. This concern is variously articulated using the language of public participation, community empowerment, decentralised decision-making, and democratic governance. It becomes therefore mandatory, especially at local level, the development of efficient approaches aimed at the 'discovery' and 'measurement' of how complex environmental systems tend to be perceived by different Stakeholders. Due to the 'complexity' of the investigated systems, any 'measurement' is necessarily multidimensional, and based on the diversity of perspectives.

3.3. Diversifying local practices, reducing global risks

In a future sustainable Europe, locally and ecologically sensitive ways of displaying diversity may become the necessary precursor for sustainable living and cooperative practices, as well as for supportive learning. There is also scope for "twinning" European localities with sustainable commitments to "companion" developing country localities. Indeed, this practice may have to become essential if the globe is to avoid a future "threat footing". One act of civic responsibility may be to work with societies who are disadvantaged by hazard and deprivation in their sustainable development pathways, so that they can continue on those pathways with dignity and justice. This should have been the case following the south Asian tsunami disaster.

Overcoming rural population and economic decline will require special sustainability measures. For such a possibility to be put into practice there will have to be integration with the management of socio-ecological services around soil, water, flood management, fire management, local food production, recreation for leisure, health and spirituality and the promotion of local livelihoods. This can be achieved through various initiatives involving ecological services functioning, such as carbon sequestration, floodwater retention, biodiversity enhancement, local tourism and local food production linked to local brand names, local profiles for suppliers and a connection to the locality via heritage and the arts.

4. Conclusions

Europe is a house of many rooms. So, diversity is an intrinsic feature and value of today's Europe. Keeping this diversity (including biophysical and ecological, cultural, ethnic, economic, technological, social, institutional, and cognitive kind) and its complex dynamics (between social and ecological dimensions), will strength the robustness and resilience for building a sustainable long-term.

Diversity means socio-ecological functioning in combinations of citizens and their natural surroundings. This in turn means that variety identity and cooperation in culture and in governing all work better if the governing of locality is both ecologically diverse and ecologically respected. Designing cooperative governance for local autonomy within structures of companionable internationalism may mark the canvas for a sustainable long-term.

Any EU governance review should consider the scope for enabling greater political and budgetary autonomy to be progressively devolved to the regional and local levels. This process might begin with a series of pilot schemes to test out the scope and practicality of managing government on the smaller scale, but with sustainable development as the critical focus.

Case studies of socio-ecological bonding for prosperous and reliable livelihoods should be put in train following the review of the Common Agricultural Policy Review. A future Common Agricultural Policy should become a sustainable rural community policy, where agriculture feeds people, land is nurtured and rural economies flourish.

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Safeguarding European Public Interests: The Role of EU Financing

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0. Introduction

The purpose of this paper is to feed an informed debate about safeguarding European public interests and the part played by European finances. It is not only descriptive and analytical, but also advisory. In order to comment sensibly on safeguarding public interests, we must be as precise as possible about the concepts in use and acknowledge the proper position of financing. This paper will not provide a final say on this. It is an essay, an attempt to define the subject and provide a framework for the discussions emerging from this exercise. In the first section, concepts like public value, public goods and public interest are defined in relation to European values and objectives as formulated in the EU Treaty. The second section describes the position of European finances in relation to other EU governance modes. This is followed in the third section by a vision on how to safeguard public interests in an era when the role of public management is changing. In the fourth section current EU finances are analysed from the perspective of sustainable development, a central goal of the EU. The essay ends with some concluding remarks and recommendations for a long-term vision on safeguarding European public interests and on the role of EU finances.

1. Defining the concepts

The terms ‘public value’, ‘public goods’ and ‘natural resources’ crop up in all kinds of documents on European policy, but not always in a well defined way. If we want to assess European policymaking and make sensible remarks about priorities and the consequences for EU financing, we need to define the concepts in use as precisely as possible.

Values are shared convictions of fundamental significance for the existence and continuation of communities, from the scale of a single family to the whole world. By definition, values are tied to cultures.

Universal values refer to basic wants and needs and as such they apply to everyone and are necessary for survival; they exist regardless of place and personal or religious convictions.

Public values are based on a shared or overlapping consensus about needs and wants that are non-controversial and that require government intervention because the market and/or society is unable to provide them without some form of deliberate political intervention. There are also specific public values that do not apply to everyone and may be controversial (e.g. animal welfare (controversial) and food security [28] (non-controversial)).

Public goods are based on the notion of the common good (*bonum commune*). The concepts ‘public value’, ‘public goods’ and ‘public interests’ presuppose each other and are

[27] This paper is based on contributions from a wide range of people: Mendeltje van Keulen, Sjoukje Volbeda, Ana Vasiiliu, David Wilkinson, the EEAC Working Group Agriculture and Rural Development in their meeting on 11 March in Brussels, and an internal RLG group formed by Peter van Wijmen, Mark van Twist, Huib Silvis, Herma de Wilde and two of the authors. Ursula Vavrik made an analysis of the EU budget from a sustainable development perspective. Responsibility for the final draft of this paper rests with the authors.

[28] In an earlier draft Brian Pawson, CCW, commented on this. The value of food security is not controversial, but the interests connected to safeguarding food security on a global level are.

closely interrelated. Public goods meet the shared values and interests of a community. In a strict sense, society or 'the market' does not provide public goods, which means that they have to be secured through governmental policy and intervention in the working of public institutions and the market. However, this is a complex matter because private parties can provide and/or safeguard public goods as long as government retains final responsibility. Here it is important to bear in mind the difference between material and immaterial public goods. Although a distinction is sometimes drawn between natural resources and public goods like education, health care and social security, there are no sharp boundaries between natural, social, and cultural public goods. Nevertheless, natural resources and ecosystem services do have a special status as material public goods.

Natural resources and ecosystem services, i.e. the role played by air, water, soils and biota maintaining the habitability of the whole planet, are the hallmark of the natural environment. They meet the values, needs and interests of communities or society in general. Natural resources are necessary for survival and the continuity of human society. Because the earth is a limited material system, there are ultimate limits to social development and economic growth. The 'tragedy of the commons' is perhaps the clearest example of failure to safeguard public goods.

Public interests represent the involvement of individuals, companies, communities or societies in public values and public goods. The activities of these parties can restrict those of others, which is the reason for translating public interests into governmental tasks. In a democracy, these tasks are grounded in a constitution and provide the basis for governmental interventions.

The process of drafting a new EU Treaty was made cumbersome by the difficulty of clearly stating and defining European public values and interests. The text of the Treaty reflects this political process: values, objectives and interests are all intertwined.

As to European values, the EU Treaty states:

The Union is founded on the values of respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values, which are set out in Article I-2, are common to the Member States. Moreover, the societies of the Member States are characterised by pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men.

In these values there is no reference to basic existential and/or spiritual needs connected with our relation to earth/nature, as in the concept of ecosystem services.[29] A logical consequence of this is that objectives are focused on social and economic issues. One of the objectives of the European Union is sustainable development. This concept is formally specified as 'based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment'.

Although the value of nature and ecosystem services has not been fully taken into consideration in the European values and objectives in the new EU Treaty, the European Council has acknowledged the value of ecosystem services in its decision of December 2006.[30]

We wonder why the EU Treaty does not make clear reference to these values. Later on we will return to the consequences of this for our topic: safeguarding European public interests.

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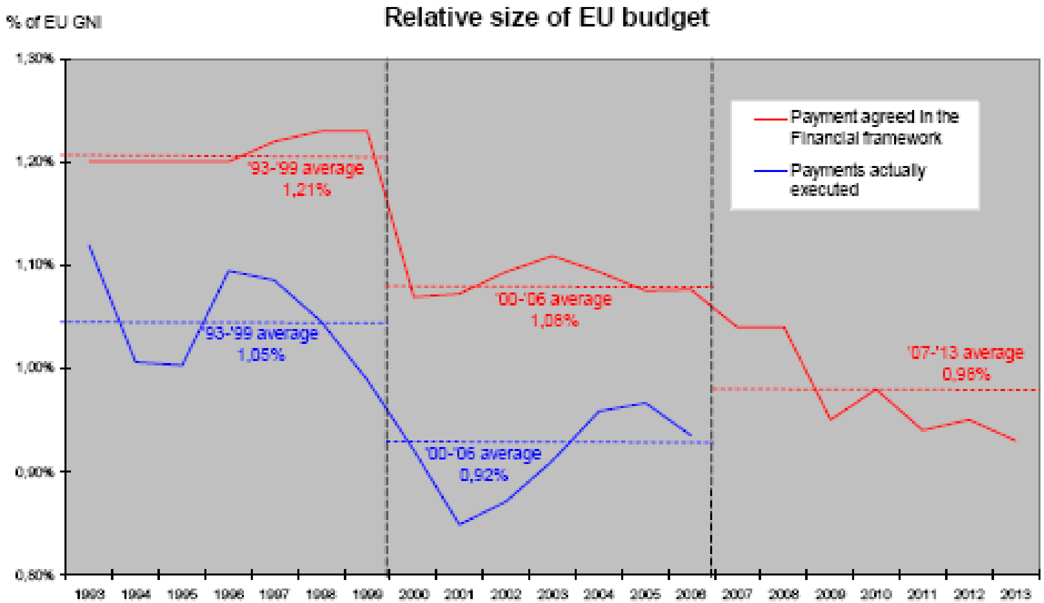
29 As defined in the Millennium Assessment, Ecosystem and Human Well-Being: A Framework for Assessment (2005).

30 In 2001 the European Council committed itself to halt the loss of biodiversity by 2010. This was reaffirmed in the Lisbon Strategy in 2005 and in the renewed EU Sustainable Development Strategy in 2006. In 2006 this biodiversity target was explicitly linked to sustaining ecosystem services. Press release from the 2773rd Council meeting Environment, 18 December 2006. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/envir/92249.pdf.

2. European finances

It is important to bear in mind that the EU budget is a minor tool of EU governance. Only 1% of the EU Gross National Income (GNI) is spent on the EU budget. Whereas national budgets reflect national policies and values, this is not the case with the EU budget. European finances are often called *a soft power* because EU governance is primarily about regulation and coordinating national policies (Begg, 2007). The EU budget is often misunderstood. Although large in absolute terms (over €100 billion per year), it is small as a percentage of total EU public expenditure (less than 2.5%). The budget has increased in real terms since the 1980s, but its size relative to GNI has shrunk, even though the EU has enlarged and taken on new policy responsibilities (European Commission, 2007a).

Figure 1: Relative size of the EU budget (Source: European Commission, 2007a, p. 4)



The EU budget is funded by custom duties and levies, value added tax (VAT) and GNI-based own resources. Until 1983 Community revenue also included direct financial contributions by the six Member States. With the liberalisation of the global market the 'traditional' own resources (duties and levies) derived from a protected internal market have diminished. The VAT-based resources, introduced in 1979, have also been reduced by lowering the proportion of national VAT.

The bulk of EU funding nowadays comes from GNI, and as such it is part of the national budgets. It currently accounts for some three-quarters of the EU's revenue. Since 2000 there has been a budget ceiling of 1.24% of the total Community GNI (Begg, 2007; European Commission, 2007a).

Major changes have also taken place on the spending side. In 1965 payments under the Common Agricultural Policy (CAP) absorbed 35.7% of the budget. These payments rose to 70.8% of the budget in 1985 and have since then gradually declined, dipping under Cohesion Fund expenditure for the first time in 2007. Since 2007 the CAP has been part of the Natural Resources budget line (besides agriculture this includes expenditure for rural development, nature and fisheries) and accounts for 43% of the 2007–2013 budgets. The Cohesion Policy's share of the EU budget rose gradually from 6% in the mid 1960s to 10.8% in 1985, and has grown to be the largest budget element today. The emerging new budget issue in the Financial Perspective 2007–2013 is Competitiveness and Cohesion, which receives 44% of the EU budget. Just 1% is spent on Citizenship, Freedom, Security and Justice, and 6% on Europe as a Global Player (European Commission, 2007a).

Figure 2: Revenues structure 1988–2013 (European Commission, 2007a, p. 11)

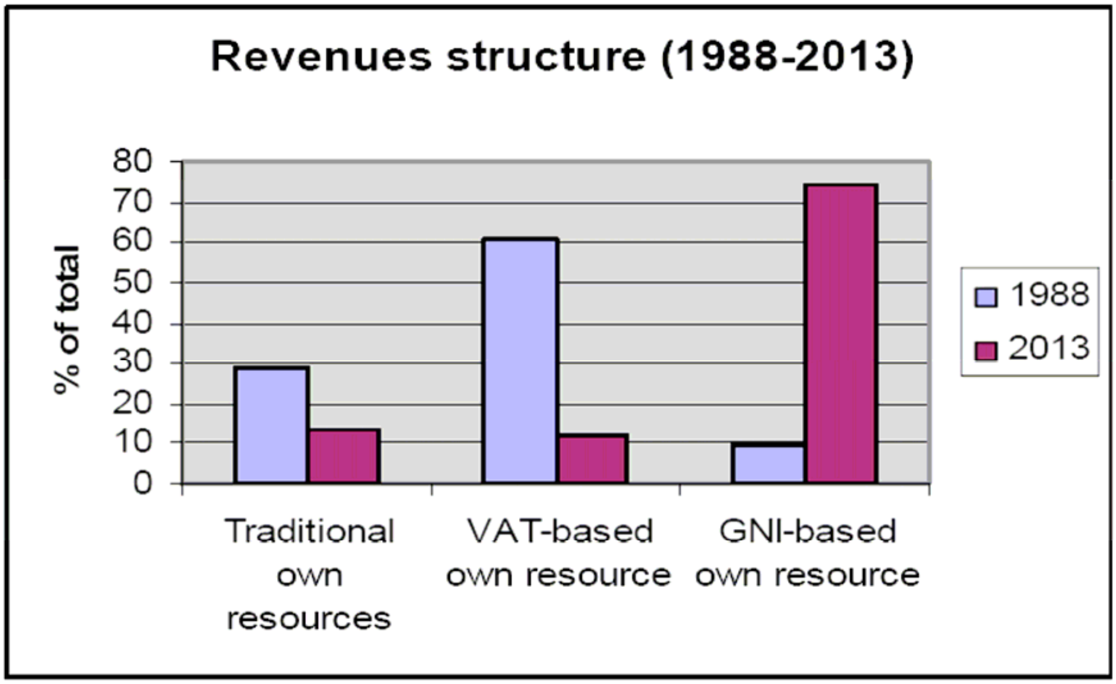
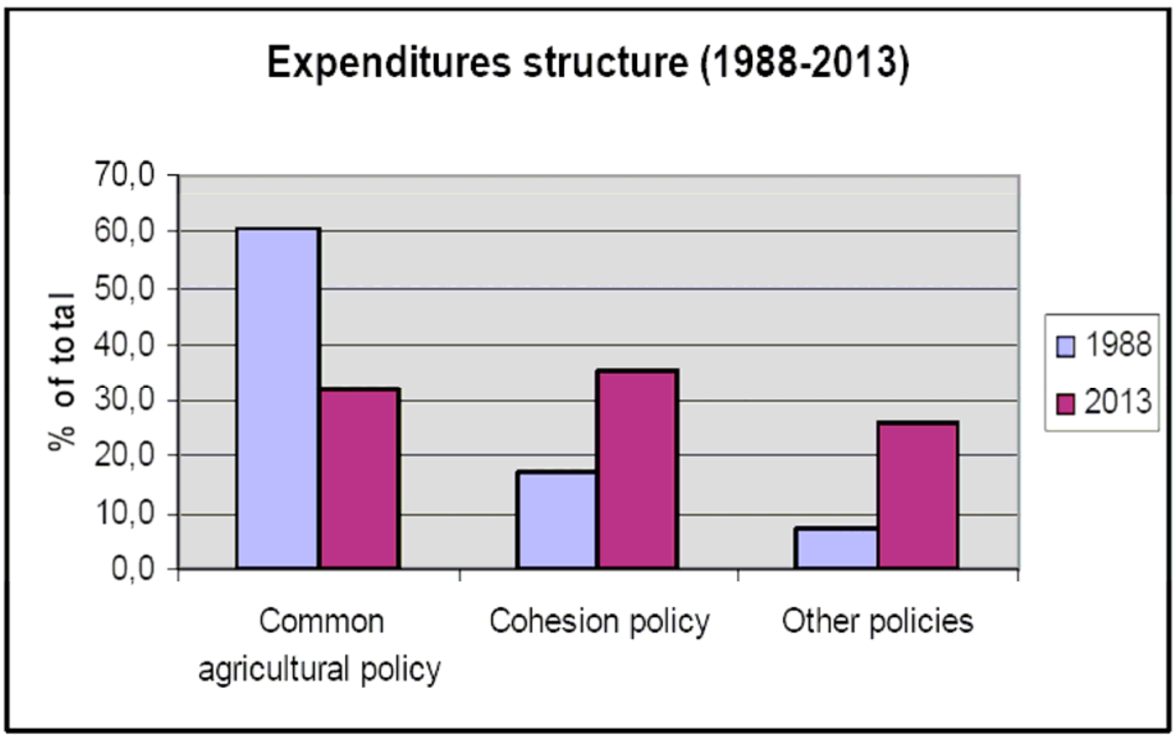


Figure 3: Expenditure structure 1988–2013 (Source: European Commission, 2007a, p. 6)



In September 2007 the European Commission launched a broad consultation on the future of EU finances. This consultation is the first part of a wide-ranging review of all aspects of EU spending, with explicit reference to the CAP, and of resources, including the UK rebate. The final report is due in 2008/2009. The purpose of the budget review is to keep the EU budget in line with changing policy priorities. The review will also look into resources and how to improve long-term budgetary planning.

In this context, renewing the EU budget debate and decision-making process may pose a challenge. The slogan ‘public value for public money’ is frequently used to reflect a change in approach to public management in which strategic goals are translated into an output-oriented budget. An informed public debate, reflecting on how to incorporate these ‘public’ and ‘European’ values into a sustained EU financing system based on the objectives of the EU Treaty and the EU Sustainable Development Strategy, would serve this decision-making process better than the present intergovernmental bickering about short-sighted budget returns (*juste retour)*. This focus on *juste retour* has a historical background in which the budget served the purpose of European integration. Now it is time to focus on strategic goals and global challenges in relation to European public interests. This is, in short, the essence of this paper.

3. Safeguarding European public interests

At national level, the central government of a Member State has final responsibility for safeguarding national public interests. Private parties may have a part to play in safeguarding such interests, but may not have the ultimate responsibility for upholding them (Council for the Rural Area, 2006). At national level, the responsibility for safeguarding public interests is grounded in the national constitution. Again, this is not the case at the EU level. The EU is neither a state nor a federation, but an intergovernmental confederation. For the justification of EU policy in areas other than those of exclusive competence, any spending, regulation, intervention or coordinating policy must pass the added value test. The core criteria for determining added value are subsidiarity and proportionality. Under the principle of subsidiarity, the EU shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States. Under the principle of proportionality, the content and form of EU action shall not exceed what is necessary to achieve its objectives (European Commission, 2007a).[31] Some authors add economies of scale and externalities to this test.[32] Caldeira, president of the Court of Auditors, suggests the need to define and articulate the concept of added value by formulating principles on the scale of effects, the geographical effects, level of concentration of expenditure and added value of development assistance by the Union instead of the Member States. Such principles might, according to the Court, be embodied in a political declaration or in EU legislation (Caldeira, 2008).

Vital to the discussion about added value is the question of which European public interests should be financed from the EU budget. In the Final Report of the Slovenian EU Budget Reform Task Force (Mrak et al., 2007) a distinction is made between defining European public interests at a technical level and at a political level.[33] At the technical level, the distinction between European and national public interests can be made by applying the criteria of added value, subsidiarity, proportionality and kinds of externalities. On the political level, the definition of European public interests should reflect the preferences of voters and citizens of the EU. This means that European public interests are all public values and goods recognised and/or defined as such by citizens of the EU and their representatives, and that cannot be safeguarded at the national and regional level. This raises the question of which institution should be responsible for deciding what constitutes European public interests. Although the Slovenian Task Force simply states that the European Parliament, the European Council and the European Commission rarely take the will of the people into account in their decisions, this view is a little harsh. There are various examples of decision-making processes where the Commission, to a certain extent at least, involved stakeholders, including citizens and citizens’ representatives, either through stakeholder

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31 Added value in an economic context means the added market value, caused by additional production actions. Added value in a governance context means the value an actor or a governance level adds to a community or to an entire body of governance levels. Neverhtless, the way added value is used in EU communications has a strong economic connotation.

32 Mrak, M. et.al. (2007) and Begg (2007).

33 The Slovenian Task Force consistently speaks of ‘European public goods’. In a strict sense, this is not correct. The way the term is used indicates that ‘interests’ is the proper term.

consultation/conferences or through public consultations. However, to our knowledge this is not yet done systematically enough. The Council, also in its various formations and working groups, should have involved national parliaments as formal citizens' representatives before presenting and negotiating the national positions in Brussels. Lastly, the European Parliament's position should also reflect citizens' views, since most of the MEPs are, or should be, in touch with public opinion, and reflect their concerns in negotiations. At this point, it has to be said that citizens' views depend on the level and quality of information they get. Maximising objective information gathering and transparency for citizens, in particular with respect to EU spending, would seem to be crucial. Moreover, EU decision-making processes do not always lead to the optimum outcome because decisions are the result of a dynamic political equilibrium involving varying interests. The Slovenian Task Force even mentions that in some cases the EU budget became a kind of 'side payment' to obtain a general consensus in a specific area critical to European integration (Mrak et al., 2007, p. 9). If we take this seriously, therefore, we need to explore further options for filling in the democratic deficit in safeguarding European public interests. The European Parliament can be regarded as the representative of the EU citizens 'par excellence'; empowered by the Treaty, it ought to play a central role, together with the European Economic and Social Council (EESC), the Committee of the Regions, and the European Environment and Sustainable Development Councils (EEACs) acting as a bridge to the national governments.

The European Commission's Public Consultation Paper on the Budget Review sets out a long list of new challenges. Climate change, energy and globalisation are at the moment perhaps the most pressing issues.[34] Whether these issues will change EU budget expenditure patterns depends on agreement between Member States on what really constitute European public interests, and therefore deserve a place in the EU budget. This is examined from a sustainable development perspective in the next section.

4. The EU budget system from a sustainable development perspective

4.1 A sustainable development perspective

Von Weizsäcker, keynote speaker at the 2006 conference of the European Sustainable Development Network (ESDN) in Salzburg questioned the focus on economic issues within the EU governance. He stated that in the sustainable development triangle (people–planet–profit), economy (profit) has become the most important pole, followed by social issues (people). Environmental issues (planet) have no priority, at least not financially. Von Weizsäcker argued that this triangle has been problematic from the outset because it does not regard the earth/nature as the whole, society as a subset of the earth, and the economy as a subset of society. The rules of the market go largely unchallenged. Von Weizsäcker's answer to this is global environmental governance, 'taxation diplomacy', a European environmental tax reform and technological progress focused on resource efficiency and – notably – resource productivity, not productivity in general.

In the EU Sustainable Development Strategy (SDS) sustainable development is defined as:

Meeting the needs of present generations without jeopardising the ability of future generations to meet their own needs – in other words, a better quality of life for everyone, now and for generations to come. It offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress. Sustainable development will not be brought about by policies only: it must be taken up by society at large as a principle guiding the many choices each citizen makes every day, as well as by politicians and other decision makers in the public and private sectors. This

[34] Natural England's main concern regarding the EU Budget Review is that the consultation will concentrate on these new challenges without fully recognising the scale of the existing pressures on the environment.

requires profound changes in thinking, in economic and social structures and in consumption and production patterns.

In this definition we miss an explicit reference to nature as crucial for survival and the continuity of human society. Nor does it deal with possible abrupt change in the functioning of global ecosystem services and hence the scope for possible catastrophic shifts in the liveability of the planet. The management of natural resources is one of the key priority challenges in the EU SDS, and as such it does get attention. However, the point of departure is very anthropocentric.

4.2 The EU budget and strategic goals

The Communication from the Commission [35] presents the budget as a framework for delivering policy objectives that may change over time. This implies a budget which is designed to fulfil strategic goals to be set in advance and which should logically reflect political priorities. The EU financial framework 2007–2013 purports to follow this line, but the headings for the main expenditures categories (Preservation of Natural Resources, up to €42 billion; Competitiveness and Cohesion, up to €43 billion) appear misleading. In the terminology of the old financial framework 2000–2006, around 43% of the budget would fall under 'Cohesion Policy', 34% under 'Common Agriculture Policy and Fisheries' and only 11% under 'Rural Development and Environmental Protection' (Depondt, 2007, p. 73). The policy categories for the new financial framework come from the renewed EU Sustainable Development Strategy (SDS) of 2006 with a short-, medium- and long-term strategic objective, and the Lisbon Strategy to be achieved by 2010. The strategic goals stated in the Lisbon strategy (Growth and Competitiveness) seem to be rather sufficiently translated into the financial framework, while the objectives outlined in the EU SDS are more difficult to identify. The Common Agricultural Policy (CAP) forms a substantial part of the category 'Preservation of Natural Resources'. A major proportion of expenditure under this heading consists of agriculture direct payments (about 70%), which strictly speaking cannot be categorised as preservation of natural resources. As the Commission transparency initiative has revealed, about 80% of CAP spending goes to medium and large-scale farms employing mostly intensive agricultural practices.[36] In other words, a certain mismatch between policy objectives and adequate resource allocation can be observed and should be corrected. It is therefore suggested that strategic goals should be set in line with European public interests and financial resources allocated accordingly.

4.3 EU budget and sustainable development principles

In this wider context, one could question whether it is sufficient to show that use of the EU budget is 'the most efficient and equitable instrument for delivering results.'[37] Since the EU SDS is the overarching policy framework for all EU policies, one could argue that the EU budget should only be used for policies to promote sustainable development. To this end a 'Sustainability Impact Assessment' would be advisable for all EU expenditure to avoid any potential EU funding of counteracting measures. In part, this is done already via 'Impact Assessments'. However, all policies are not yet screened in a coherent way, not least the Cohesion Policy and the CAP. As the chair of the EEAC WG Agriculture and Rural Development, Huib Silvis, stated in a letter to Commissioners Fischer Boel and Dimas:

> *The evaluation process by the European Commission is largely designed to determine whether policies are achieving their intended objectives rather than evaluating their ultimate outcomes. To be able to face the present challenges, we need more sophisticated ways to also monitor and evaluate all unintended environmental, social and economic consequences of policy change, not only the intended ones.[38] In the light of the present EU budget review we need to make sure that the money spent meets public expectations. To ensure this, we need*

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35 SEC(2007) 1188 final, P. 4.

36 http://www.euractiv.com/en/pa/eu-name-farm-aid-beneficiaries/article-171070.

37 SEC(2007) 1188 final, P. 5.

38 The most recent example is the divergent assessments of biofuels policy.

not only monitoring and evaluation of outcomes, but also an engaged scientific and public debate at the EU and Member States-level.[39]

Such debates can investigate whether national, regional and individual efforts to safeguard public interests, including sustainable development, are being jeopardised by EU policies. At the same time they can ensure that EU policies aimed at safeguarding public interests are recognised and executed accordingly, or suggest which new ones would be necessary. Evaluative approaches should therefore move away from the tight rigours of cost-benefit analysis towards a more participatory exploration of wellbeing, justice and ecosystem protection when drawing up options, assessing impacts of policy proposals and evaluating outcomes. In the draft Impact Assessment Guidelines [40] the Commission takes a broad sustainable development approach, including likely economic, social and environmental impacts, both intended and unintended, as well as potential trade-offs and synergies. It is also stated that 'impacts, both inside and outside the EU,' need to be taken into account, as well as stakeholder consultation during the whole process. The key is to promote profound attention to sustainable principles throughout the policy process and thereby safeguard these principles.

4.4 The expenditure structure

The current expenditure structure could be queried in the light of the stipulation in the EU SDS that EU policymaking should be based on the best available knowledge. On what basis was the decision taken in 2005 to enlarge the portfolio for Cohesion Policy and reduce the one for Rural Development? Was there a comprehensive study executed to justify future EU expenditure?

The Cohesion Policy

An overview of the effects of Cohesion Policy, which now claims the largest share of the EU budget, is given in periodically published Cohesion reports. The most recent report, from May 2007, does not really present a convincing picture. For example, 'growth in Portugal has been below the average since 1999', and in spite of progress 'absolute disparities remain large'.[41] 'In the period 2000–2004, real GDP per head fell in 27 regions and in a further 24 it grew less than 0.5% a year…productivity declined in 29 regions…and employment declined in 16 regions.'[42] Whereas Ireland achieved considerable growth rates of up to 145% of the EU average in 2005, the overall effects of Cohesion Policy have not only been positive. Various assessments have been made of its effects and criticisms have been voiced about the efficiency of its implementation.[43] Cohesion Policy is meant to strengthen economic and social cohesion across the EU, but how efficient is a policy that makes some regional disparities shrink but widens other? A comprehensive analysis of Cohesion Policy from a sustainable development perspective seems to be lacking.

While the reform of Cohesion Policy 2007–2013 encompasses a clear reference to 'synergies in a general context of sustainable development',[44] the specific situation of the EU12 has not been analysed from a sustainable development perspective. The reform thus lacks important elements it needs to become an effective policy for the time horizon foreseen. To a certain extent the New Member States possess a rich natural resource base, characterised by areas with high nature values, biodiversity-rich areas and extensive agricultural practices (EEA, 2007, p. 198–199). However, competitiveness and growth on the one hand and meeting the conditions for receiving EU funds on the other hand are

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39 Letter to Commissioners Fischer Boel and Dimas, presenting the EEAC WG Agriculture Activity Report 2007, 28 February 2008.

40 European Commission (2008) Draft Impact Assessment Guidelines. p.36.

41 Fourth Report on Economic and Social Cohesion, May 2007, P. x.

42 Fourth Report on Economic and Social Cohesion, May 2007, P. xi.

43 Slovenian EU Budget Reform Task Force (2007), P.14.

44 Fourth Report on Economic and Social Cohesion, May 2007, P. xiv.

putting society under pressure, threatening degradation or loss of biodiversity. Conflicting policy goals (competitiveness of the agricultural sector versus land management) need to be addressed accordingly and informed by a comprehensive Sustainability Impact Assessment. Since Cohesion Policy now affects 10 of the 27 EU countries, an effective policy that does not undermine the natural resource base (invisible in the GNI because it is not valued in monetary terms) is more important than ever. The European Commission is also discussing similar approaches with other parts of the world.[45]

The Common Agricultural Policy

The 2003/2004 CAP reform paved the way for a new direction: adapting the CAP to the international environment. However, some policy developments, such as the cuts for rural development in 2005, ran counter to the direction of the reform. During the upcoming Budget Reform and CAP Health Check the opportunity should be seized to correct these developments. Since the CAP ceiling is frozen until 2013, such a correction can only be accomplished by increased co-financed compulsory modulation. In its proposal 'Preparing for the 'Health Check' of the CAP Reform,' the Commission regards a further strengthening of the second pillar as necessary and proposes increasing compulsory modulation by 2% annually in the budget years 2007–2013.[46] For a gradual shift towards environmentally friendly agriculture (GAEC) that conserves the natural resource base – with halting the loss of biodiversity by 2013 [47] as step one, and completion by 2020 at the latest – while leaving enough flexibility to Member States to avoid jeopardising environmentally-advanced economies, this might be a rather modest percentage. Would it not be wise to gradually move to a European agricultural model that preserves natural resources, high nature value land and biodiversity by focusing on resource efficiency, resource productivity and adapting to climate change, while at the same time safeguarding food self-sufficiency to the highest possible degree?

From the perspective of a new European agricultural model, the way the EU and the Member States handle climate change, bioenergy, water management and biodiversity are critical. Land use and natural resources will need to be at the heart of a new European Agriculture and Rural Development Policy. Furthermore, the support scheme for energy crops would need to be reconsidered. According to various studies, notably from the UN and the OECD, subsidising unsustainable bioenergy crops is ill advised. For the time being, energy crops should not be treated in the same way as food crops, all the more so since the market conditions are different.

Food security, or an adequate food supply for Europe, is of major European public interest. For this reason, the agricultural policy should remain a common policy. Even though liberalisation of the European agricultural sector is being driven by globalisation, a certain safety net, as proposed by the European Parliament, should be kept to avoid food shortages or dependency on the outside world.[48] Such a safety net should include intervention mechanisms as proposed by the Commission. Supply shortages in certain sectors, such as organic wheat, have already occurred.

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[45] Fourth Report on Economic and Social Cohesion, May 2007, P. xvii. For the relevance of this for the Third World in particular see also the Millennium Ecosystems Assessment Report, which states that developing countries are losing a huge GDP percentage, some up to 50% of GDP, in terms of their natural resource base, P. 168.

[46] COM(2007) 722 final, p. 10.

[47] Here it is assumed that the European target to halt biodiversity loss by 2010 will be achieved by 2013, since current analyses suggest that it will be difficult to achieve the current target.

[48] On 12 March 2008 the European Parliament adopted a resolution on the CAP 'Health Check' in which it stated that the scrapping of all form of regulation within the CMOs is politically undesirable since, as the current situation shows, European and global reserves stand at dramatically low levels. This is having negative repercussions on consumer purchasing power and farmers' incomes, while at the same time encouraging speculation. Besides, instruments are needed to combat a potential economic downturn and the risks posed by health incidents and increasingly frequent natural disasters arising from the unsettled climate.

From this analysis it follows that environmental protection, multifunctional farming, food security and solidarity with less favoured regions stand out as European public values and interests that deserve safeguarding. This is not to say that these are the only public values and interests from a sustainable development perspective; climate mitigation and adaptation, energy transition, technical innovation and human wellbeing are all as important. However, as we have highlighted, European values and interests as defined in the Treaty and described in the EU SDS and the EU budget review are more sharply focused on social and economic needs; the subsistence-based values connected to earth/nature are neglected. From a more comprehensive perspective, also on global issues, this needs to be faced and turned around.

5. A long-term perspective

The European Union is a fascinating long-term development project in its own right. At its core are shared convictions of fundamental meaning for the existence and continuation of an international community. The time has come to focus on European values and public interests for a long time ahead. Safeguarding these does not necessarily mean spending money. It can also be realised through EU or governmental interventions in the form of rules and regulations or coordinating policy. Furthermore, it implies involving citizens on all levels of government.

Defining public values and interests starts at the local, regional and national level. This is not a purely administrative task derived from the duties of government laid down in the constitution. The public need to be involved. How they are involved is very different throughout Europe, reflecting the different governance models, such as the Anglo-Saxon, Nordic, Mediterranean and Continental models, each with different views on the role of government intervention in safeguarding public interests (see box). We need to take these different models of governance into account in sustaining Europe over the long term. Europe is a house with many chambers and the different cultures in these chambers are of indispensable value. In the long run, we need to combine this diversity with a shared set of European values based on a wide-ranging informed public debate, also in the area of governance. The interaction between diverse cultures and a common European project is of indispensable importance for the necessary adaptation processes that will be needed to handle different types of change on different levels of governance (see Box below).

The Anglo-Saxon Model *is often called a neo-liberal model. It* includes relatively good unemployment insurance but weak employment protection (low equity and high efficiency). Income transfers are primarily oriented to people of working age and active measures to help the unemployed to find work are important. Schemes that link access to benefits with regular employment are used.

The Nordic Model *is also called the social-democratic or corporatist model. It combines* good social and environmental protection with universal welfare provision. The employment protection legislation is not as strict as in many continental countries (high equity and high efficiency).

The Mediterranean Model has rather low coverage of unemployment benefits, increasing risk of poverty and environmental damage. On the other hand, strict employment protection regulations have contributed to low levels of employment (low equity and low efficiency). Social spending is concentrated on old age pensions. Early retirement provisions are an important part of the social welfare systems.

In the Continental Model, *also called the social partnership model,* unemployment benefits are generous and the legislation on employment protection is relatively strict (high equity and low efficiency). The social welfare system is largely based on insurance-based benefits and old age pensions.

Based on André Sapir (2005) and **Liikanen (2008)**

Public values and interests that cannot be safeguarded at the national level need to pass the added value test to be defined as European public values and interests. The present added value test is a rather formal one, based on subsidiarity and proportionality. In the long run, economies of scale and externalities (trade-offs) need to be taken into account on a larger scale than is now the case. First, we need a public debate on priorities. The

European Parliament is the voice of the citizens and will have an even increasing influence over the EU budget and CAP when the new Treaty is in place.

A long-term perspective on the EU budget requires a balance between a top-down and a bottom-up approach that takes sufficient account of safeguarding public interests. Top down means that a level of total expenditure is defined first (i.e. 1% of EU GNI), followed by discussions of what to finance from the available funds. Bottom up means that the total size of the budget is determined after the discussions about policy priorities and their budgetary implications are complete (Mrak et al., 2007). At present however, such a balance that takes sufficient account of safeguarding European public interests has yet to be found. We have a ceiling on the one hand and discussions about policy priorities on the other. In the former financial framework, 'environment policies' enjoyed a rather limited allocation of resources. In the new financial framework, the headings would be appear to be there, but they are not filled with the right content, giving the impression of mere window-dressing. An interesting proposal from Heinemann (discussed in Mrak et al., 2007) is to divide EU budget expenditure into two groups. The first group would include expenditure recognised as European public goods and interests. These would be excluded from net financial position calculations. The second group would consist of expenditure with a clear redistribution function, for which net financial positions would be calculated. The bottom-up approach, combined with Heinemann's proposal, may provide a solid financial solution for safeguarding European public interests. To the second group we can add the criterion that it is positive for the EU as a whole, but does not impose an unacceptable cost on any Member State (Begg, 2007, p. 23).

For a bottom-up approach to work, there has to be some consensus about the future development of the EU. The Slovenian EU Budget Reform Task Force constructed four scenarios for the future. The first two ('Existing Expenditure Level Scenario' and 'Existing Policies Scenario') represent the status quo (nothing changes) and serve as a benchmark for anticipated reforms of the EU budget. The third scenario, the 'Restrictive Scenario', is based on a distinctly fiscally restrictive and politically confederate approach. According to this concept, the size of the EU budget, expressed as a percentage of the EU GNI, would be significantly smaller (0.70–0.79%) than it is today as a result of decreasing expenditure on the CAP and Cohesion Policy. This scenario reflects a financially minimalist EU. In this vision the EU budget is a necessary evil that must be reduced as much as possible; applying the principle of subsidiarity, there are very few expenditure items that should be financed at the EU level.

The fourth scenario is the 'Community Scenario'. It stands in stark contrast to the 'Restrictive Scenario' because it is based on a broad understanding of common EU policies, public goods and interests, and global challenges confronting the EU. This scenario reflects a strengthened EU with a budget of 1.18–1.32% of the EU GNI, depending on the enlargement of the EU. A substantial share of this budget would still be earmarked for cohesion and agriculture, while expenditure on competitiveness would also rise significantly. When taking safeguarding European public interests seriously, which goes hand in hand with sustainable development, and acknowledging that this also means spending money, the Community Scenario is an interesting basis for a public debate on the long-term prospects for safeguarding European public interests. It represents the scenario which would best engender respect for European public interests.

So far we have looked at the spending side. On the income side, the historical evidence indicates a gradual move towards a GNI-based own-resource system, as VAT and customs duties lose importance. The GNI, however, is purely an economic measure that does not meet expectations from a sustainable development perspective, nor does it safeguard public interests. Against this background, a gradual move towards a genuine EU own-resource system could be an advantage. In 2004, the European Commission proposed three candidates for an EU tax: an excise duty on motor fuels and kerosene (energy tax), a real VAT, and a corporate income tax. In addition, the Tobin tax [49] has been discussed by international institutions, EU institutions and within national governments on various occasions, but has so far been rejected as raising too many economic and legal difficulties.[50] Of the three candidates raised by the EU, the VAT-funded own resource is perhaps the most realistic (AIV, 2007). An EU energy tax imposed as an incentive to change behaviour would probably receive public support and is also possible under the present Treaty (art. 175). With respect to a kind of Tobin tax, recent studies maintain the view that no internal EU market distortions would arise and no competitive disadvantage with the rest of the world need to be feared.[51]

In 2004 a large majority of Member States expressed their opposition to an EU tax, presumably because it would mean a partial transfer of national financial sovereignty to the EU level. More recently, though, the situation seems to have changed. A genuine EU own-resource system would have the advantage of avoiding the often time-consuming and human-resource-sapping process of agreeing on a budget – which can take up to several months or years. EU taxes could also be introduced either as part of the current revenue system or as additional revenue, which could be used to enhance policies aimed at safeguarding public interests and meeting the EU goal of achieving sustainable development. If the tax were an energy, kerosene or CO_2 tax, a specific added value from a sustainable development perspective would be the transposition/realisation of the Polluter Pays Principle enshrined in the Treaty.[52] The Tobin tax, on the other hand, has an intrinsic distributional effect and would add to Cohesion Policy goals.

The above-mentioned Community Scenario introduces an EU tax and replaces the UK rebate with a general correction mechanism. This scenario aims to transform the EU from its current economic integration and intergovernmental structure into a higher-level political and institutional integration in which the influence of community decision-making would increase. This seems to follow logically from an increasingly globalising world in which satisfactory policy solutions (including those for sustainable development and safeguarding European public interests) can often only be found at the highest political level, either EU or international. For safeguarding European public interests and real sustainable development, this would be an important step forward.

A strengthened Europe is urgently needed to deal with pressing global issues, such as climate change, energy supply and migration. A strengthened Europe would be more outward looking. After the post-war process of establishing the European Union, the ongoing accession and integration of Member States has led to a focus on internal governance issues. The EU budget – although relatively small in size – was a very important part of the negotiations during the accession process, as new funds and/or the redistribution of the budget were considered to be of fundamental importance. Less attention has been placed on the EU as a global partner, but to ensure Europe’s long-term future it will be necessary to take on global responsibility. There is a case for raising the budget for ‘EU as a Global Partner' and harmonising concerted action at the EU level with action by Member States in the global arena. Sustainable development needs to be an integral part of all external actions, such as development policy, conflict prevention, crisis management and the promotion of stability and reconstruction. Moreover, EU policy fields like Climate & Energy and the Common Agricultural Policy – oriented on Europe internally – have consequences in the global arena that need to be taken into account at an early stage

49 In 1972 James Tobin proposed a tax on transactions involving the conversion of one currency into another to reduce exchange rate volatility.

50 European Central Bank, 2004.

51 http://www.currencytax.org/files/research_items/norwegian_ctdl_feb2007.pdf.

52 The Polluter Pays Principle implies that those who cause environmental damage should bear the costs of avoiding it or compensating for it. Therefore, public financing of environmental policy is in most cases to be avoided, as it should be financed by the polluters themselves as far as they can be identified. However, in its earliest policy statement on the Polluter Pays Principle (Council Recommendation (75/436/Euratom, ECSC, EEC and the attached Communication) the Commission set out a number of exceptions to the Polluter Pays Principle, which are also provided for under Article 175(5) of the Treaty.

of policy development and reform. They should therefore be part of a Sustainability Impact Assessment. This would allow Europe to remain loyal to its publicly pronounced European values and fulfil its role as a morally sound global player and partner.

6. Conclusions and discussion

In this paper we have described concepts like public values, public goods and public interests in relation to European values and objectives as formulated in the EU Treaty and the EU Sustainable Development Strategy (SDS). We wondered why neither the EU Treaty nor the EU SDS make clear reference to nature as crucial for the survival and continuity of human society. Basic for a long-term perspective is an understanding of the planetary conditions we all share as European citizens. The management of natural resources is one of the key priorities in the EU SDS, and as such it does receive attention. However, the objectives of the Treaty and the SDS are mainly focused on social and economic issues, thereby neglecting the universal value of the earth/nature as the resource base for human existence.

We further described European finances and analysed the EU budget from a sustainable development perspective. European finances are often called a *soft power* because EU governance is primarily about regulation and coordinating national policies. Only 1% of the EU Gross National Income (GNI) is spent on the EU budget. Although large in absolute terms (over €100 billion per year), it is small as a percentage of total EU public expenditure (less than 2.5%).

In September 2007 the European Commission launched a broad consultation on the future of EU financing. This consultation forms the start of a wide-ranging review of all aspects of EU spending and resources. In view of this, renewing the EU budget debate and decision-making process could present a challenge. The slogan 'public value for public money' is frequently used to reflect a change in approach to public management in which strategic goals are translated into an output-oriented budget. Although the EU financial framework 2007–2013 purports to follow this line, the headings for the two main spending categories, 'Competitiveness and Cohesion', and 'Preservation of Natural Resources', appear misleading. The Common Agricultural Policy (CAP) forms a substantial part of the category 'Preservation of Natural Resources'. A major proportion of expenditure under this heading consist of agriculture direct payments (about 70%) that strictly speaking cannot be categorised as preservation of natural resources. As the Commission's transparency initiative has revealed, about 80% of CAP spending goes to medium and large-scale farms that mostly use intensive agricultural practices.

Since the EU SDS is the overarching policy framework for all EU policies, one could argue that the EU budget should only be used for policies to promote sustainable development. Consequently, it would be advisable to request a 'Sustainability Impact Assessment' for all EU expenditure to prevent EU funding of counteracting measures. The current expenditure structure could be queried in the light of the stipulation in the EU SDS that EU policymaking should be based on the best available knowledge. On what basis was the decision taken to enlarge the portfolio for Cohesion Policy and reduce the one for Rural Development? Was there a comprehensive study executed to justify future EU expenditure? In other words, a certain mismatch between policy objectives and adequate resource allocation can be observed, and should be corrected.

Some critical questions could also be asked about the income side. The EU budget is increasingly moving towards a GNI-based own-resource system, as VAT and customs duties lose importance. The GNI, however, is purely an economic measure that does not value the loss or degradation of natural resources in monetary terms. As such it does not meet expectations from a sustainable development perspective, nor does it safeguard public interests. Would it not be wise to move gradually towards a genuine EU own-resource systems, independent of the national budgets of the Member States, which are subject to annual discussion in national parliaments? EU taxes could be introduced either as part of the current revenue system or as additional revenue which could be used to enhance policies on safeguarding public interests and meeting the EU goal of achieving sustainable development. If the tax were an energy, a kerosene or CO_2 tax, a specific added value from a sustainable development perspective would be the realisation of the Polluter Pays Principle enshrined in the Treaty.

For the justification of EU policy in areas other than those of exclusive competence, any spending, regulation, intervention or coordinating policy must pass the added value test. The core criteria for determining added value are subsidiarity and proportionality. Vital to the discussions about added value is the question of which European public interests should be financed from the EU budget. Public values and interests that cannot be safeguarded at the national level need to be defined as European ones. The present added value test, however, is a rather formal one and does not yet sufficiently safeguard public interests, including sustainable development.

Defining public values and interests is not a purely administrative task based on governmental duties laid down in the national constitution; citizens and their representatives have to be involved. As citizens' views and the views of their representatives depend on the level and quality of information they receive, maximising objective information gathering and transparency for citizens and their representatives would therefore appear to be crucial, in particular with respect to EU spending. The Commission's transparency initiative to reveal farms benefiting from CAP subsidies is an excellent example in this respect, and should be standard practice in all Member States.

The European Union is a fascinating long-term development in its own right. However, since pressing policy issues such as climate change, energy supply, food security and migration do not stop at European borders, Europe needs to pursue a more vigorous outward-looking policy engagement. A sustainable Europe over the long term will have to take on global responsibility, which implies a larger budget for the 'EU as a Global Partner' budget category, and harmonise concerted action at the EU level with action by Member States in the global arena. To do this, the information gap and democratic deficit between the EU and Member States, and between the EU and its citizens, will have to be filled.

Engaged scientific and public debates can investigate whether national, regional and individual efforts to safeguard public interests, including sustainable development, are being jeopardised by EU policies. At the same time these debates can ensure that EU policies on safeguarding public interests are recognised and executed accordingly, or suggest which new ones are necessary. Evaluative approaches should therefore move away from the tight rigours of cost-benefit analysis towards a more participatory exploration of wellbeing, justice and natureprotection when drawing up options. The key is to promote profound attention to sustainable development principles throughout. By doing so, Europe will remain loyal to its publicly pronounced values and play a fair and responsible internal and external role.

7. Recommendations

Europe needs to develop a sustainable financing system based on the objectives of the EU Treaty and the EU Sustainable Development Strategy, with safeguarding public and European values at its core. This should reflect a change in approach to public management, in which strategic goals are translated into an output-oriented budget based on the best available knowledge and informed public debate, instead of the present intergovernmental bickering about short-sighted budget returns (*juste retour*). The overall guiding principle of this new financing system must be transparency, making all EU subsidies and expenditures traceable for European citizens. The Commission's transparency initiative, revealing the farms benefiting from CAP subsidies, is an excellent example in this respect and should be standard practice in all Members States.

Pressing issues, such as climate change, energy supply, food security and migration require that Europe remains loyal to its publicly pronounced European values and plays a fair and responsible internal and external role. The budget for 'EU as a Global Partner' should be raised and better harmonised with national budgets for action in the global arena. In the field of development policy, and in the broader field of conflict prevention, crisis management and the promotion of stability and reconstruction, sustainable development needs to be an integral part of all external actions.

In the long run, the EU needs a budget and a budget process that is focused on European shared values and strategic goals. This is not yet the case, on both the expenditure and the revenue side. On the expenditure side, compulsory Sustainability Impact Assessment should be introduced for all EU expenditure to prevent EU funding of counteracting measures. Safeguarding European public goods such as ecosystems and their services should be sufficiently taken into account in the EU budget. On the revenue side, consideration should be given to shifting gradually to a genuine EU resource system that reflects European shared values and strategic goals, supports adaptation to change (e.g. the Polluter Pays Principle), serves as a stabilising factor in financial markets, and promotes social and ecological equity. Such a system would probably be preferable to the present situation in which the revenues are part of the national budgets and thus subject to annual debate in national parliaments.

At present the EU budget is mainly GNI based. Gross national income is a purely economic measure that does not meet the expectations of a sustainable development perspective. It is vital to build on existing research and policy proposals to construct a financial framework and budget mechanism that furthers progress towards sustainable development rather than just economic growth.

We invite the European Commission, European Parliament and Council of Ministers to consider the appropriateness of the present governing and financial institutions of the EU for sustaining Europe for a long way ahead. Part of this review should be an analysis of how to fill the present democratic and information deficit between the EU and the Members States, and between the EU and its citizens.

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