



## IGOR YURGENS

Chairman of the Management Board of the Institute of Contemporary Development,  
Moscow

I tried to concentrate on the global risks, global governance, our myopic governments who face those risks. Can the national governments face the risks that are of a global nature and can they cope with that? I am cutting down my presentation, but nevertheless, I ask you to be patient.

I argue that we have to mitigate risks for sustainable development. Sustainable development of mankind, with some of the risks that we are facing, may simply not be feasible. What is sustainable development and why do we concentrate on this concept at all? The best formula that I found is as follows, I quote: 'The development that meets the needs of the present without compromising the ability of future generations to meet their own needs.' We must leave our children and grandchildren something to live on. That is why sustainable development must be risk free or, at least, those risks should be minimised. Such sustainable development is divided conceptually into social, economic, environmental and institutional dimensions, or, in our case, risks.

Can those risks be handled by national governments? I would argue that they cannot, because they are hostage to electorate interests in democratic societies, or the personality risks of the authoritarian ruler or group or rulers in non-democracies. The logical assumption is that our need to manage systemic global risks and to protect our common living space calls for better global governance. The tension between the short-term pressures on national leaders from their citizens and the trade-offs needed to balance costs and benefits in international and inter-temporal transactions frustrates its achievements. Even the best of our democratic leaders cannot handle long-term risks, because they have to win elections. That is why we cannot rely on national governments to handle global risks.

Current events, from the recent global financial crisis to the environmental risks, already depicted, of transgression of planetary boundaries make it clear that we cannot continue on our present path. Efforts to restructure global institutions have either failed, for example the reform of the UN Security Council, or had relatively little impact. Changed representation and voting rights in the IMF and World Bank that were discussed yesterday show us how difficult it is, whereas endeavours to conclude successor agreements on the GATT Uruguay Round and the Kyoto Protocol have proved frustrating or slow. A large part of the reason is that there has been no substantive effort to define a normative framework on which to base new global agreements and to guide the relationship between states and global institutions. The discussion of the need for agreed norms of global governance led to recognition that the collective action needed to address challenges across national boundaries is frustrated by the absence of integrative, trans-disciplinary categories that would allow us to understand them properly as well as by the divergence of interests and the way in which values are prioritised in different societies. The fraud debate in Europe over the best means to maintain the European Union in conditions of economic and social stress reflects these tensions.

The most striking example, about which I will say a few words a little later, is the looming environmental catastrophe. Despite rising evidence of extreme weather events - which were so ably shown by the representative of AXA - around the world, due to the perturbation of the climate system and the resulting sharp rise in insurance claims for climate-related damage, we are not progressing satisfactorily towards a scientifically-based agreement on limiting emissions of greenhouse gases under the US framework convention on climate change. At best, the intergovernmental panel on climate change and the international energy agency tell us that present commitments will hold a projected warming to 3.5 degrees Celsius, which threatens acute water scarcity and prolonged drought in some regions and the impossibility of having this conference in Cannes because of inundation, which would be a fantastic shame. Having 60 metres of water above us is quite a catastrophe, is it not?

Having said all this and reminding you of the failure of the Rio 20 Conference, I would like to say a few words about two things that, from my point of view, are priority number one for mankind: environmental stress and social stress. With regard to environmental stress, I would like to point out planetary boundaries that we are already facing. Twenty-nine scientists assembled by Stockholm Resilience Centre identify nine planetary boundaries, the crossing of



which could cause, and I quote, 'irreparable harm for the planet and the prospects for human wellbeing'. We have already exceeded three out of those nine: climate change, which some people think is irreversible, nitrogen loadings, and rate of biodiversity loss. The other six are oceanic acidification, stratospheric ozone, aerosol loadings, freshwater use, land use changes, and chemical pollution. Abrupt global environmental change can no longer be excluded. The demands on the planet are growing exponentially. We will talk about this a little later.

On social pathology, social unrest, which we will probably be facing if we do not do anything about equality and social justice on the global level, I have two core insights. The Future World Foundation, which is represented here at this conference by some of their leaders, also had these results. High measures of income inequality are now a fact of life in the United States, Russia, China, and some other countries. High measures of income inequality are strongly correlated with dangerous social pathology in all societies. Greater equality of income correlates with better social indicators across the range. Data covers physical and mental health, educational performance, child wellbeing, trust and community life, social mobility, teenage births, obesity, drug abuse, violence, imprisonment. Even the privileged in unequal society suffer higher pathologies than their peers in more equal societies.

At the moment, I think that we are facing a quadruple squeeze that is of a pretty dangerous scale. The first squeeze is demographic growth from 7 billion to 9 billion by 2050. The second squeeze is global anthropogenic climate crisis. We've touched upon this. The third squeeze is global ecosystem crisis and accelerated degradation in the past 50 years. The fourth squeeze is the universality of ecosystem change. Ecologists tell us that the change can be abrupt and irreversible in response to disturbance. Critical tipping elements in the climate system include water regime shifts in agriculture.

We are facing a pretty difficult situation. What do we do, in terms of global governance and risk-taking on the planetary scale? Some of us have national programmes, but, internationally, we fail to work out a common approach. About three or four months ago, there was a get together of the international think tanks. I will only give you the replies from four nations: the United States, China, India, and Russia. Here, I will simply quote, the United States said, when we told them that we need international measures to deal with all those risks that cannot be dealt with nationally: 'Overall, the United States will continue to play an assertive global role. This, however, is unlikely to see American sovereignty constrained by international agreements especially in areas such as the environment. Formal treaties will prove almost impossible to ratify. If the United States is to contribute to international action on global challenges, it will not be by this formal route.'

What is China's answer to the necessity of global concerted action? 'China does not accept any conflict between its social and economic goals. Its environmental policies assume that prevention can minimise the negative environmental impact of growth. China does not have to slow its growth, but it needs a comprehensive strategy. Securing public participation will be key.' It is very elusive and also more "no" than "yes" to the global concerted action to deal with international issues on the environment and other challenges.

The Indian government has no official position on how to balance growth, social inclusiveness, and environmental sustainability. A report by the National Council on Low-Carbon Strategies for Inclusive Growth 2011 argues that, I quote, 'Livelihood considerations, such as income generation and poverty alleviation, must dominate our policy choice, even if it requires overriding carbon emission concerns.' India, again, is rather "no" to the international concerted effort than "yes".

Russia says, 'We can try to align the interests of countries with resource economies.' Here is the new line of attack that you will see in Russia's G20 presidency. It will be the president of G20 and then of G8 in 2014. Russia accepts that it can align some of its interests with resource economies, having said that, I would like to bridge my presentation with that of my Chinese colleague. Resource economies mean that if we oil, gas, and other mineral producing countries can mitigate our risks by trying to put a common denominator on long-term prices in exchange for technology. It is a very difficult idea that is now being elaborated by the United Nations Industrial Development Organisation (UNIDO). However, it is still very vague. The essence of this thing is that the west is very selfish in getting all of our resources and using it as a consumer society. It is very reluctant in giving us the technologies. Only if we can balance this Russians approach general common front against environmental and social challenges.



We must deal with that. There should be a new system of norm-setting globally. There should be a global government of some kind, if we must face these global things. From this point of view I was very encouraged by what Mr Lamy had to say last night during the dinner. We must use existing systems better. We understand that. We, as a gathering of supposedly intelligent people, must push our politicians to do that. I will stop at that. Thank you very much.