

International Conference on  
**Concerted Strategies to meet the Environmental  
and Economic Challenges of the 21st Century**

*National Bank of Austria, Vienna,  
Thursday 16th and Friday 17th April, 2009*

Opening Remarks

**Dr. Eberhard von Koerber**  
Co-President of the Club of Rome

Mr President of the Federal Republic Dr. Fischer,  
Dear Hosts, in particular Governor Prof. Dr. Nowotny and Deputy Governor Dr. Zöllner of the  
National Bank of Austria,  
High level representatives of GLOBE International,  
Dear Conference Participants from 22 countries around the globe,

May I, on behalf of the Club of Rome and my Club of Rome colleagues, express our pleasure  
to be back in Vienna for the International Conference on "Concerted Strategies to meet the  
Environmental and Economic Challenges of the 21<sup>st</sup> Century."

I want to thank you Mr. Federal President for agreeing late last year when I visited you, to  
give your patronage to this Conference and to make the opening statement. And I thank  
you now for your visionary thoughts and valuable guidance this morning. Governor Nowotny,  
thank you also for your important opening statement and for the National Bank's generous  
hospitality in this wonderful building. I wish also to extend a special welcome to the  
Conference participants. We are very proud that you, as independent, leading world experts,  
have accepted our invitation. I thank you for taking the time and trouble to come from  
many distant countries to Vienna.

We are very pleased to be back in Austria. Our last Club of Rome Conference here took place  
in Vienna in 1999 in the Hofburg, on the topic of Globalisation, Governance and Sustainable

Development. But before that event, in the early years of the Club of Rome, we had a very close relationship to this country and to this City because of our close friendship with then Chancellor Bruno Kreisky who for many years was a keen supporter of our work and closely related to our thinking. Also, over the years, the Austrian Chapter of the Club of Rome has gained in effectiveness, working closely with the Club of Rome's European Support Center based here in Vienna, thanks to the sustained support it enjoys from both the Austrian Chancellery and the City of Vienna for which we are deeply grateful.

This Conference is most timely, in light of the enormous global economic and environmental problems now at stake. Prior to this conference, the Club has convened related conferences in Winterthur, Switzerland in November last year and in London in January this year. In each case, we have collaborated with Globe International, the Global Legislators Organisation of the G8 + 5, which was established by the G8 to support the negotiating process towards a post Kyoto Treaty which, hopefully, will be agreed this December in Copenhagen.

The Club of Rome has a unique opportunity in Rome in June of this year to present the conclusions and proposals of this Vienna Conference to the Annual General Assembly of Globe International, leading perhaps to further consideration at the July summit meetings of the G8 and the G5. Our proposals must therefore be specific, concrete and to the point.

Let me now outline the Club of Rome's concern and also its hope, in light of the present critical world situation, two weeks after the G20 summit in London.

We are concerned that the presently deepening world recession and the decline of world trade and FDI and the associated political and social risks will cause governments to expend large amounts of public money and to take on responsibilities for banks with huge toxic assets and that this in turn will lead to the restoration of an outdated order with the banks winning, the investors winning and the taxpayers losing – to use the words of Joe Stiglitz. We are further concerned that climate change and energy security will be pushed down the agenda and that the so-called "green recovery" will not materialize because of conflicting vested national interests and particularly, that the urgent radical changes needed to protect the planet and its climate will be dangerously delayed.

Our hope? Our hope is based on two grounds:

First: The fact that basically all countries in the world are deeply concerned about the present financial and economic crisis and the environmental threats and therefore, that they are much more prepared to take collective global action than ever before - the "sitting in one boat" syndrome. This offers a real chance to strengthen global governance in a global economy and to promote collective action in a new cooperative world order.

The second ground is the fact that President Obama has publicly admitted in the media and at the recent G20 summit that the US has largely caused the present critical situation and that the United States are prepared to be part of coordinated international action in response, in a multipolar world. President Obama has also clearly stated that there can be no return to the status quo. There is also a new commitment from the US to the environment and to the protection of the planet which again offers the hope of a formal change in US policy. This change, if properly implemented, could provide a strong incentive for the emerging countries to commit to low carbon policies.

We will in the next two days assess such risks and opportunities in light of environmental and economic challenges of the 21<sup>st</sup> century. In our discussions we will also have to consider how to generate popular support for the painful, radical changes needed in individual consumption and behaviour, how to transfer knowledge and how to engage the younger generation which will live beyond 2050 and will suffer from our mistakes and delays, both financially and environmentally.

And we have to think about very difficult aspects of global governance: How to include and engage the many countries who are not part of G20, and how to achieve effective global, collective action in the field of finance and environment while respecting the legitimate democratic structures in our societies?

In this time of deep transformation, we will also discuss many aspects of the new economic order which must emerge. If we are not to go back to the status quo capitalism, what kind of new system should emerge – social market economies as in Austria and Germany or a style of non-democratic Asian capitalism? What will be the future role of banks in society: will they continue as a distinct financial industry or as part of a service economy serving the

real economy and the private individual? How much state and how much government is appropriate, and what will be the limits of privatisation? What are the limits to consumption and growth?

Ladies and Gentlemen, these examples show the scope of the questions we need to ask if we take our ambition seriously to make sound and practical recommendations to international policy makers following this conference.

Dear President Fischer, dear Governor Nowotny,  
Unfortunately, your busy schedules do not allow you to attend our full meeting. I would therefore like to highlight a few aspects of our agenda over the next two days. This may also serve as a general introduction to all of us who will participate in the meeting.

From the Club of Rome's perspective, we firmly believe that we cannot regard the current financial, economic, environmental and climate crises as isolated challenges. We cannot simply think of resolving one crisis and then moving on to the next one. We must make use of our global potential to develop a coherent, concerted strategy to meet the environmental and economic challenges of the 21st century.

We are here to develop a new, coherent and positive vision of the future which integrates economic, environmental and development goals. This is badly needed to provide a coherent framework for action. Such a vision could rally the energies and aspirations of the nations and peoples of the world in a common effort to build a better future of prosperity and peace.

Mr. President, Governor, Ladies and Gentlemen,

Today we will first review the strategic challenges of the 21<sup>st</sup> century. We will then consider the latest updates on issues in the fields of climate, energy, growth and development by world-leading researchers, experts and advocates. We will then have some time to rethink our current path of human progress and global development.

A cross-cutting key question in this context will be how we organize ourselves on a global level. Global Governance is likely to be one of the key strategic Challenges of the 21<sup>st</sup> Century. We have clearly seen in the past weeks and months at the international level, the dilemma of current global governance: bodies that are willing and capable to make quick,

decisions, like the G20, are only poorly democratically legitimized. Less than 10 percent of the world's countries effectively take strategic decisions that affect the whole globe. Other organisations, such as WTO, are democratically organized but slow and unpredictable in their decision making.

The current financial crisis has shown the need for global checks and balances: there was no regulatory power controlling the world's financial markets. Markets managed to evade supervision by governments and international bodies. The crisis is now teaching us that a concept of freedom without constraints inevitably leads to destruction. If we are now determined to exercise political authority over the world's financial markets, and if we are determined to solve the global crisis of climate change, then we need to find new, strong, effective and participatory ways of cooperation.

We have reached the point at which we can come to an understanding of the joint tasks we are all facing: and we are ready to deal with them. We have recognized that we need generally accepted rules and effective institutions. A new collaborative global system must ensure that global common goods like international financial stability, slowing the process of global warming and the assurance of free and fair trade must be developed and safeguarded jointly by all concerned.

Tomorrow we will move on to develop an integrated approach to the current environmental, economic and development crises. We will seek to find solid common ground for such an integrated approach. The participants at this meeting represent a wealth of different national cultures. They also come from regions with fundamentally different approaches to economic growth, individual and collective freedom and a different perspective of the role which the state should play in the national economy and society.

The concept of liberal, open market economics has undoubtedly led to an immense growth of welfare, knowledge, capital and consumption. Free markets have helped hundreds of millions of people all over the world to escape poverty and to participate in the positive aspects of globalization. Yet, since the inception of the Club of Rome in 1968 it is no secret that unlimited growth in material consumption on this planet with finite resources cannot go on forever. We are now experiencing the negative aspect of this perception of growth, not

only in the current financial crisis, but also in the issues of climate change, water, ecosystems and energy.

In contrast to this, many European societies have opted for social market economies with a stronger regulatory role for the state. In times of crisis the social security networks of these states can help to prevent their citizens from the worst consequences of economic breakdown. Yet, the costs of this social security, and of the related high taxes and reduced flexibility, have the consequence that many social market economies are losing ground against emerging countries such as India and China. In fact, Chinese leaders may have understood earlier than most of their colleagues in Western countries that the global financial systems were building a house of cards through their reckless creation of complex financial products.

In fact, the desire for an orderly society is deeply ingrained in the psyche of many Asian societies: this may help to explain why many Asian countries have hesitated to copy America in deregulating their markets. If we emerge out of the current economic crises in a few years we may be surprised to see that the new face of capitalism is an Asian one.

The current economic crisis confirms that policy makers cannot concentrate their efforts on the well-being of their national economic systems. A good political and social order must merge freedom and responsibility to the benefit of all stakeholders. In any case we will have to ensure that the "invisible hand" of free markets will be balanced by the "visible hand" of good governance.

Dear Mr President, Governor, dear participants,

We aim to conclude our conference with clear proposals for lines of action and for hands-on policies and measures to tackle the ecological and economic challenges of the 21<sup>st</sup> century. In this context we will have to work on a clear strategy:

A coherent strategy must integrate the goals of:

- a stable, equitable and productive world economy with a greater sense of morality and solidarity:

- efficiency in the use of energy and resources. The use of energy and resources must be decoupled from the increase of well being;
- the prevention of irreversible climate change.
- the conservation and recuperation of the ecosystems and environment on which humanity depends. The real value of natural capital and of ecosystems services must be recognised;
- the eradication of poverty and the inclusion and wellbeing of the poor and vulnerable.

Under the impulse of the current economic crisis this means nothing less than to rethink our current path of economic growth. I am confident that, through our conference, we can help decision makers in the fields of politics and business to give future growth a qualitative instead of a quantitative dimension. Growth for the sake of growth has no value of its own.

We must move away from the growth of percentages (GDP growth, annual growth of profits in business) to a growth that helps us to tackle our strategic future challenges, a growth that helps us to ensure a worthwhile future for all of us. Businesses can make a massive impact on the future of our planet by developing and providing resource-effective green technologies at reasonable prices. Politicians and legislators can stimulate such innovation by setting up strong regulatory frameworks that can help to promote sustained, equitable growth and a green recovery from the current crisis. Civil society and individuals can make their contributions, not only by defining the problems, but also by working on their solutions in a collaborative effort.

Let me finish by quoting US President Obama again: *We must ignore the voices who tell us that the world cannot change.* We have to insist that today can make a substantial contribution to our future.

Let me thank all of you for coming to Vienna. Please make use of the two days we have here in the Oesterreichische Nationalbank to the best possible extent.

Thank you.

