

DECLARATION

THE CHALLENGES OF GLOBAL DEVELOPMENT IN 2010 – THE ECONOMIC, SOCIAL, ENVIRONMENTAL AND CULTURAL DIMENSIONS

2010 is characterised by ongoing global problems and challenges, and in this context the fiscal and economic crisis, the impact of climate change and continuing social disparities are of overwhelming importance. These global problems and challenges must be managed by global politics, and a global political order in which individuals everywhere and their political representatives – rich or poor – have the right to influence policy through participation is essential for global politics. A political order framed in this way would reflect the political human rights enshrined in binding international law. However, states with a large population, first of all, China and India, and better developed states, such as the EU and the USA, have a greater responsibility than smaller states with less economic clout: together these four states account for nearly half of the world's population.

The ongoing global problems and challenges are interdependent; only the concept of sustainable global development, the strategy of sustainability in its economic, ecological, social and cultural dimensions can resolve these problems in the interests of global society.

The years since 2008 have once more confirmed that neoliberal policies are not effective and do not meet the needs of the great majority of the world's population. However the very strong and well-organized economic powers behind the neoliberal ideology are defending their interests, the interests of a small minority. The Social Democratic approach to societal development offers a genuine alternative to this socially dangerous ideology. This integrated policy of economic growth, social justice and ecological imperatives is not opposed to business competitiveness, for this is an intrinsic component of modern business and effective statehood. In 2003, at its XXII Congress in Sao Paolo, the Socialist Internacional concluded a "Social Democratic Approach" to "global governance"; this is a comprehensive approach that provides a basis for formulating action-oriented positions to manage the new challenges and events that have emerged in recent years and will confront us in the future.

In mid-2010, the Member Parties of the SI need to be aware that during the global financial crisis they have not been entirely successful in convincing citizens of the need for a Social Democratic approach. On the one hand, there have been some illusions concerning the weakness of positions adopted by neoliberals and it has been assumed that it could be taken for granted that those affected by the crisis would understand the situation, just as it has been assumed that this comprehension would influence their voting decisions in a particular fashion. In addition to this, neo-liberals have started to debate that governments are the problem rather than the solution. On the other hand, like governments across the political spectrum, Social Democratic governments have also to date not been sufficiently strong and effective to succeed in regulating financial markets and reducing the dangers of climate change.

A.

2010 is still determined by the impact of the global financial crisis and billions of people around the world continue to suffer from the global crisis triggered by unregulated financial markets and speculation. In addition, some states with a solid banking system that has not participated in risky financial transactions are nonetheless affected by the fall in external demand, the decline in foreign investment and by a drop in remittances from emigrants. Since September 2009, Gross World Product has risen again, but significant differences between various regions and states around the world can be identified. The recovery has been more pronounced in emerging economies than in advanced economies. This may contribute to narrowing the social gap caused by unjust global income distribution. However EU Member States are experiencing a new crisis; after the banking crisis, they are now confronted with a crisis of states with high public debt, and again financial speculation is contributing to the crisis. In this crisis neoliberals try to make the citizens believe that this crisis is caused by the European welfare state, whereas in

reality it is caused by their policies and speculation. Europe's weakness in this respect constrains the EU's scope to provide development assistance rooted in a sense of solidarity to foster more equitable global development.

The Socialist International has addressed the causes of the global financial crisis, has adopted a clear position and has made proposals for a better global financial order. These are based on the work of the Socialist International Commission on Global Financial Issues, chaired by Joseph Stiglitz.

For 2010 the SI has focused on new economic and social strategies of coordinated global policy to tackle the crisis and its consequences. These strategies include addressing social needs and the challenge of overcoming global inequality. Such strategies must satisfy the huge demand for global goods. Green growth offers the best prospects for the future. States should invest in high-return energy-saving activities as well as in education. In mid-2010, the SI is disappointed to note that the better developed states in particular have not yet succeeded in implementing policy along these lines.

The G20 Toronto Summit plays a crucial role in determining whether states around the world will succeed in adopting global rules to limit and impede the detrimental influence of financial markets left to their own devices. The concluding statements from the G20 summits in Washington, London and Pittsburgh provide an adequate basis for this type of approach. However, it is essential that these proposals are transposed into international and national law. In this context the USA and EU bear a particular and crucial responsibility. First and foremost there is a need for a tax on financial transactions, as proposed by the North-South Commission under the chairmanship of former SI Chairman Willy Brandt as early as 1980. This tax must also be deployed to finance a globally coordinated policy for managing the economic cycle. Additional expenditure for global public goods combines crisis management with sustainable global development policy.

B.

World society is disappointed by the results of the United Nations Climate Change Conference in Copenhagen in December 2009. The results do not fulfil the expectations of the Socialist International Commission for a Sustainable World Society, as presented in the report "From a High Carbon Economy to a Low Carbon Society" in September 2009. However the international climate process must continue in order to keep the increase in global mean temperature below 2 degrees Celsius by the second half of the century.

The SI is opposed to all tendencies to ignore the imperatives of climate policy or to disregard these deliberately due to the global financial crisis.

C.

Global inequality has increased as a consequence of the global economic crisis. Intolerable social differences between and within states existed previously and have not been overcome. These were and are unacceptable. The global financial crisis has gender-specific consequences as well as ramifications for young people.

The global financial crisis has become interlinked with a succession of crises, related, for example, to food, fuel, pandemics, etc.

The financial crisis and its impacts jeopardize attainment of the Millennium Development Goals. As many as 100 million more people could remain poor or fall into poverty. The Socialist International appeals again to governments and national parliaments to do everything possible to implement the MDGs, including meeting commitments on spending 0.7% of GDP on overseas aid.

D.

The global financial crisis has an impact on all aspects of human security and sustainable development. Conflicts that stem from economic factors continue to be justified by differences in cultures and values. However, steps have also been taken to reduce military threats to human security. This includes the nuclear disarmament treaty concluded between the USA and Russia. Disarmament can open up opportunities to cooperate more substantively on economic and social issues and to reduce defence expenditure, allowing public funds to be deployed for more positive objectives.

1. The economic dimension of sustainable global development

1.1 The economic situation in mid-2010

Since September 2009 the world has seen a renewed increase in Gross World Product (GWP). In its April 2010 World Economic Outlook, the International Monetary Fund forecasts an increase in GWP of 4.2 and 4.3 percent for 2010 and 2011 respectively. These values are still below the figures for the years 2004-2007 before the outbreak of the crisis. In 2009 Gross World Product declined by 0.6 percent, after an increase of 3 percent in 2008.

The increase in GWP is the result of coordinated policies adopted by states worldwide. Since September 2008 massive amounts of public funding – 18 trillion US\$ or almost 30 per cent of GWP – have been available to recapitalise banks, taking part or full government ownership of ailing financial institutions and providing ample guarantees on bank deposits. Many states have also adopted fiscal stimulus plans – 2.6 trillion or about 4 per cent of GWP – to be spent in the 2009-2011 period. The IMF's Managing Director, Dominique Strauss-Kahn, constantly emphasises that fiscal stimuli of this type are absolutely essential. There is a debate on the question of whether a stimulus of 3 to 4 percent has been sufficient in any state. On the one hand, economists such as Joseph Stiglitz have expressed their particular concerns, whilst on the other hand many states are suffering from speculation due to high budget deficits. In any case, price stability has to be sustained.

These budget deficits are caused by the high cost of the most severe financial and economic crisis since the early 1930s. These deficits amount to approximately 10,500 trillion US \$ or US \$ 1,500 pro capita. That means there is a corresponding shortfall in funding for the fight against poverty, for fostering social justice, and for mitigation of climate change. If budget cuts are now unavoidable, this would appear to constitute a perverse triumph of neo-liberal redistribution in favour of the rich. It would definitely not be in the interests of the majority if the costs of the crisis were now to be offset by budget cuts at the expense of the most vulnerable groups.

The shrinkage of GWP in 2009 and relatively slow growth in 2010 continue to be linked to rising unemployment. Global unemployment figures have risen from 178 million in 2007 to an estimated 212 million in 2009, i.e. an additional 34 million people suffering from unemployment.

Important differences can be identified between various regions and states. In this context it is important to note that less developed regions and states need higher growth rates, whilst more developed regions and states with insufficient employment require an employment policy with a focus on redistributing work and promoting qualifications for the workforce.

According to the IMF Outlook, the advanced economies will grow by 2.3 % in 2010, and the emerging and developing economies are set to see 6.3 % growth. In the group of advanced economies, the forecast growth figures are 3.1 % for the USA, 1.9 % for Japan, whilst the forecast for both the Eurozone and the EU as a whole is for 1.0 % growth. These figures demonstrate the political weakness of the EU and its larger Member States in dealing with the challenges of the crisis. This is a problem for the EU, but it is also a problem for world society, which needs an effective Europe in a multipolar political global system. Europe's weakness can also be seen in Central and Eastern Europe; the 2.8 % growth rate forecast for the region is the lowest figure for emerging economies.

In this view, we welcome the recent measures adopted by the European Council in the last meeting of June, which should contribute to the recovery of a strong leading role of the EU.

Developing Asia has predicted growth rates of 8.7 %, whilst the forecast for Sub-Saharan Africa is for 4.7 % growth, for the Middle East and North Africa 4.5 %, for the CIS states 4.0 %, and for Latin America 4.0 %.

China is expecting to see 10.0 % growth, at a rate close to the average of the last two decades, whilst India is likely to notch up 8.8 % growth, at a rate approximately two points above the average of the last two decades.

China's high growth rate over the last few decades is based on intensive export promotion. Currency policy measures have been deployed too, which contributed to the imbalance on the financial markets. The drop in

exports due to weak demand from the USA and Europe has increased unemployment levels in China too and exacerbated social problems. It would serve the interests of crisis-free global economic development if China were to continue to use its substantial savings for pump-priming of domestic demand and for improvements to its social security systems – as it has done during the crises. China’s massive 450 billion US \$ fiscal stimulus package has contributed to this process of restructuring; whilst focusing on social issues it is helping the global economy to recover. China has to intensify its efforts to overcome deep social disparities and an unacceptable production structure to avoid social tensions with a global impact.

India has succeeded in attaining high growth rates without contributing to distortions in global economic development.

China and India must assume more responsibility for global economic development; the more developed states in North America and the EU must recognise this. It will only be possible to stabilize the global financial order if China continues to participate in this undertaking and if India intensifies its efforts on this front. A constructive approach should be adopted vis-à-vis proposals from China’s Central Bank for a new currency reserve; these are similar to the 2009 recommendations from the Commission of Experts of the President of the United Nations General Assembly.

Since 1990 China and India have also maintained their distance in respect of the neo-liberal reshaping of the global economy. This may explain their success. In the financial crisis since 2008 it has become clear too that those states in Latin America which have turned away from neo-liberal concepts in the guise of the Washington Consensus are economically stable and are, like Brazil, in a position to assume increasing global responsibility.

1.2 The 2010 Strategy

The key challenge for 2010 was designing a new strategy of coordinated global policy, including the requisite exit strategy to move away from anti-cyclical budget deficits. Uncoordinated removal of bank guarantees could lead to unstable movements of capital from states that no longer provide such guarantees to states that still offer them. Reducing stimulus packages acts as a “negative shock” to the economy, and unbalanced, sudden, and especially premature reductions in these stimulus packages could interrupt the recovery process.

Many states have taken on large amounts of debt in order to prevent further exacerbation of the crisis. Even without such countervailing actions, deficits would have grown, simply because downturns lead to lower tax revenues and higher expenditure. In particular, the way that the bailouts were handled in several states has contributed to long-term public debt levels.

While it is natural that governments respond to these mounting deficits by cutbacks in expenditure, it is imperative that services to the poor and basic investments, e.g. in infrastructure, education and technology, be maintained. Any other approach would increase the long-term costs of the crisis and impose additional costs on the innocent victims of this crisis. Governments should eschew deficit fetishism.

It is also imperative that the financial sector be made to bear the costs of the crisis. To do otherwise would be neither fair nor efficient. The repeated bailouts constitute subsidies to the financial sector, and such subsidies contribute to an over-bloated sector and undermine incentives.

The global strategy for 2010 has to date not been successful. On the contrary. Speculation against individual states in the Eurozone poses a threat to endeavours to overcome the crisis. The socially and economically appropriate policy of economic stimuli, which entails budget deficits, is undermined by the strategies adopted by speculators and banks. It is quite correct that budget deficits can only be financed through continuing growth – in the case of a lengthy or deep recession, funding for interest payments is no longer available. This is the case in certain states as a result of the crisis. However, it is crucial that the crisis does not give rise to devaluations and debt restructuring. Looking at the example of the Euro, but possibly also at the US dollar, it becomes apparent that an appropriate strategy for pursuing a sustainable path to growth has not been adopted. Generally speaking, well-coordinated stimulus policies should be pursued until the level of economic growth prior to the crisis i.e. in the first semester of 2008, is attained once more. This strategy includes a gradual adjustment of budget deficits. However, the goal of

balanced budgets does not mean in any case cuts of the expenditure necessary to preserve the welfare state, but rather also includes increasing state revenues. The costs of the borrowing needed to finance this should be funded through levies on the banking sector, which bears responsibility for the crisis and in some cases is once again making high profits. In this scenario the role of the international public-sector banking system – the IMF, the World Bank, central banks, public-sector credit institutions – would be to fend off speculation against the requisite budgetary deficits.

1.3 Trade

The volume of world trade has also dropped; in 2009 it declined by 10.7 % after the slow increase of 2.8 % in 2008, whereas, prior to the crisis, average annual growth during 2004-2007 was 8 %. The current drop in volume is the largest decline year-on-year since the 1930s. A 7 % increase is forecast for 2010.

Protectionist measures adopted by more developed states constitute the greatest danger, reducing export opportunities for less developed states still further. Africa, Eastern Europe and Mexico, among others, will be hit by these policies. Some of the stimulus packages that have been adopted involve unfair trading practices in the form of subsidies and incentives to domestic firms.

The SI welcomes the commitments from the G20 summits in London and Pittsburgh to refrain from raising new barriers to investment or trade in goods and services, as well as abstaining from imposing new export restrictions or implementing non-WTO-compatible measures to stimulate exports. However, the SI urges G20 member states to comply by implementing this commitment. In this context, compliance means first and foremost concluding the Doha Round in the interests of the less developed states.

The SI continues to call for less developed states to be given greater access to markets in more developed states. “Fair trade” must be the guiding principle. The SI is concerned that in mid-2010 the WTO’s Doha Round has not moved closer to its essential goals. However, it is important that the key issue of the negotiations’ multilateral dimension is not called into question, and that all governments agree to keep development as a central focus in the outcome. The SI welcomes the efforts of the last WTO General Council in May 2010 to continue to progress in this direction. The “cocktail approach” advocated by Pascal Lamy, WTO Director-General, is a promising procedure; it involves meetings of the different negotiating groups, with smaller meetings of various members to allow for some “give and take”, combined with consultations in a range of different formats between the Director-General and the delegations.

The SI confirms its position that agricultural production is essential for states in which the majority of the population works in this sector; India in particular, with c. 500 million working in agriculture, falls into this category.

As a general rule, states in which only a small proportion of the population is employed in the agricultural sector should refrain from export subsidies for the agricultural sector or from agricultural exports.

The SI welcomes the WTO’s increasing advocacy of the global goals of environmental protection and respect for international labour standards, as well as the WTO’s moves to ensure that its trade policy objectives tally with these goals.

1.4 Global commodities policy

The price of many commodities has dropped in the first two years of the crisis. This could have brought benefits for consumers, particularly in more developed states. However, it definitely had a negative impact on producers, as can be seen in the Commonwealth of Independent States, in South America and in the Middle East. This is particularly problematic if producer states fall into the category of less developed states.

In many cases the links between speculation on financial markets and speculation on commodities markets have begun to play a more influential role. The SI welcomes the findings and proposals of the 2009 Trade and Development Report of the United Nations Conference on Trade and Development (UNCTAD) on the

Financialization of Commodity Markets. An increasing number of market participants, sometimes with very strong positions, do not trade based on fundamental relationships between supply and demand in commodity markets, but instead influence commodity price developments. This financialization of commodity trading has made the functioning of commodity exchanges increasingly contentious. It tends to affect the producers and reduce the participation of commercial users, including those from developing states, because commodity price risk-hedging becomes more complex and expensive. Any political strategy to counteract these risks depends on sufficient data. However, in practice there is a lack of transparency – one of the causes of the financial crisis in general. There is a need for more effective global regulation on the basis of comprehensive data. However appropriate measures have not yet been included in new rules for a viable global economic order.

The SI reiterates its proposals for state funds to secure long-term revenue from commodities, which is a key element for global security, helping to enhance development in the regions and states in question and to augment global distribution equity. Thought should be given to creating a World Fund for commodities.

Purchases of agricultural land in less developed states by more developed states are a major cause for concern. This can only exacerbate the inequitable distribution of food resources. Global rules are needed to ensure that providing food for people in crop-growing regions takes precedence over trade in agricultural products.

Cultivation of biomass is one of the sources of conflicts relating to utilisation of agricultural land. The SI asserts vigorously that safeguarding global food supplies must be given priority.

1.5 Labour

Measures to boost growth can create jobs and thus reduce unemployment. However this must be combined with a sustainable labour market policy. Without such policies, government stimulus packages could generate economic growth with no creation of employment. The International Labour Office has proposed “A Global Jobs Pact”, which was adopted by the International Labour Conference in Geneva in June 2009. The ILO has also drawn up the report “Accelerating a job-rich recovery in G20 Countries: Building on experience”, which was submitted to the meeting of the G20 Labour and Employment Ministers in Washington in April 2010.

The ILO’s proposals are based on its Decent Work Agenda. The SI supports this Agenda.

The principles of the ILO’s Global Jobs Pact include:

- devoting priority attention to protecting and growing employment through sustainable enterprises, quality public services and building adequate social protection for all as part of ongoing international and state action;
- ending discrimination against women;
- enhancing support of vulnerable women and men hit hard by the crisis including youth at risk, low-wage, low-skilled and migrant workers;
- focussing on measures to maintain employment and facilitate transitions from one job to another as well as to support access to the labour market for those without a job;
- establishing or strengthening effective public employment services;
- avoiding protectionist solutions as well as the damaging consequences of deflationary wage spirals and worsening working conditions;
- ensuring synergies between the State and the market and effective and efficient regulation of market economies including a legal and regulatory environment which enables enterprise creation, sustainable enterprises and promotes employment generation across sectors.

The ILO stresses the risk of increasing informality. The SI reiterates its position that it is of crucial importance for less developed states to transfer non-protected informal jobs into the formal labour market in order to create a state based on principles of social solidarity, which can provide long-term protection against poverty. The Socialist International Committee on Economy Policy, Labour and Natural Resources is dealing with the issue of linking labour with social integration and social protection globally.

A successful global labour market policy is only possible if trade unions and employers' associations are involved in devising this policy. These organisations should also be invited to G20 summit meetings. In more general terms, the ILO should be placed on an equal footing with the IMF, the World Bank and the WTO in the context of global politics. The SI will intensify its cooperation with the International Trade Union Confederation.

2. The social dimension of sustainable global development

The ILO's concept of decent work links employment creation with building social protection systems. The principles here are:

- introducing cash transfer schemes for the poor to meet their immediate needs and to alleviate poverty;
- building adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes;
- extending the duration and coverage of unemployment benefits;
- ensuring that the long-term unemployed stay connected to the labour market;
- providing adequate coverage for temporary and non-regular workers;
- providing minimum benefit guarantees in states where pension or health funds may no longer be adequately funded to ensure workers are adequately protected and considering how to better protect workers' savings in future scheme design.

Implementing these principles could contribute to overcoming the global social crisis following the financial crisis.

Migrant workers were particularly hard hit by the global financial crisis. This global process is further exacerbated by the impact of climate change. In a number of different states, on average more than a quarter of newly unemployed workers are immigrants. In addition, in the host countries where they work, migrant workers always live under more difficult circumstances than the unemployed in these countries, because they lack the support of their families. For this reason, the SI is concerned about the consequences of circular migration. It supports plans to promote voluntary return, as well supporting the rights of these citizens to enjoy social protection on the basis of equality of opportunities. The SI again welcomes the 2009 Human Development Report of the United Nations Development Programme, which addresses the issue of global migration. It supports UNDP's proposals.

The SI recognises the importance of social policies worldwide, in particular in countries with large populations. More than 20 per cent of the world's population lives in either China or the USA, the two most powerful states in the world. Both these states have launched reforms to improve social integration of their economically disadvantaged citizens.

The SI welcomes the success of US President Barack Obama in introducing a more effective and more socially oriented health system. This success not only serves the interests of socially disadvantaged people in the US, but is also in the interest of the socially disadvantaged worldwide.

The Chinese government has used its substantial savings for pump-priming to stimulate domestic demand and for improvements to its social security systems. This could mark a move towards focusing on social issues, restructuring social living conditions and achieving a more just income distribution in China – the birth of a Chinese welfare state.

3. The ecological dimension of sustainable global development

At its Athens Congress in July 2008, the Socialist International declared that adoption of the 2 degrees Celsius target by the international community constitutes the cornerstone for an all-encompassing agreement. In October 2009 the Socialist International Commission for a Sustainable World Society presented the report "From a High Carbon Economy to a Low Carbon Society". Reducing global greenhouse gas emissions caused by energy consumption will only be achieved if technology transfer and capacity building with regard to mitigation and adoption can be organised and financed. The better developed states must do far more to provide technical and

financial support to less developed states. Funding for technology transfer and capacity building is highly important.

The requisite all-encompassing agreement must be secured through an internationally and globally binding climate treaty. The United Nations Climate Change Conference in Copenhagen in December 2009 failed to attain this indispensable goal. Although international climate policy post-Copenhagen is in crisis, a resolute course must be steered in the international climate process within the next few years in order to keep the global mean rise in temperature below 2 degrees Celsius. A budget-based approach should be adopted as the underpinning for a binding international regime to limit CO₂ emissions.

Experts have calculated that if emissions are not reduced but remain at 2008 levels, the USA could only continue to emit CO₂ for another 6 years if the goal of keeping the global temperature increase below 2 degrees Celsius is to be attained. For Germany the figure would be 10 years, for China 24 years, India 88 years and – as an extreme example – Burkina Faso could continue with emissions at 2008 levels for 2,892 years. These calculations are based on the population figures in each country as a percentage of world population.

The multi-level approach, which continues to be deployed in efforts to attain a globally binding treaty, should be supplemented with a worldwide debate on implementation of the Copenhagen Accord. This kind of Solution Dialogue should include national parliamentary bodies and supranational parliamentary assemblies, such as the European Parliament and the Inter-Parliamentary Union, political parties and global alliances of parties with shared goals; the SI has adopted this approach since its Athens Congress.

However, this Solution Dialogue cannot take the place of responsible action by national governments and the UN system. The next Climate Conference at the end of 2010 in Cancun (Mexico) must be more successful than the Copenhagen Climate Conference. It should come out with legally binding agreements for the provision of funds to be mainly aimed at helping developing countries in the research, adaptation and technical transformation needed to effectively combat the global warming. There is also a need to consolidate the UN institutions responsible for dealing with global environmental policy and in particular with global climate policy. A UN organisation pooling responsibility for all of these tasks must be created and take action at the global level on an equal footing with the IMF, the World Bank, the WTO and the ILO.

4. The cultural dimension of sustainable global development

The cultural dimension of sustainable development in the beginning of the 21st century comprises, first and foremost, education. It is imperative that people in all regions and states receive basic knowledge, and learn about technologies and human values. People with different cultural identities must find ways to live together peacefully and tolerantly around the world as a global prerequisite for all human values. Increasing world population, which has grown from 2.5 billion after World War II to 7 billion today and which will rise to over 9 billion in 2050, means that living together in peace and liberty is an indispensable prerequisite for sustainable development. 2008 was the first year in which the majority of the world's population lived in cities or towns. In cities human beings live in closer proximity, and this greater density means that social problems become more apparent than in rural areas. Sustainable development signifies implementing sustainable cities. In its 2009 Global Report on Human Settlements, UN-HABITAT formulated key findings and messages on sustainable cities. These comprise current and future urban challenges: demographic, environmental, economic, socio-spatial, institutional challenges, along with urban planning responses, participation, and bridging the green and brown agenda. For the majority of the urban population, urban development is an informal process without adequate public involvement to avoid ecological damage and social insecurity, including crime. Millions of people are living in slums and as squatters. The SI's concept of Welfare Statehood includes political public responsibility for sustainable cities, shaped to respect social concerns.

5. Human Security

The global political strategy of sustainable development in its four dimensions is part of the overarching concept of human security. Human security views the security of individual human beings as a higher priority than the security

of states. It is guided by the four freedoms formulated by Franklin Delano Roosevelt in 1944 when he was President of the United States: freedom of expression, freedom of religion, freedom from want and freedom from fear. Reducing defence expenditure is a key element in bringing together these four freedoms, and in overcoming economic and social hardship by means of disarmament in the realm of security policy. In the context of efforts to overcome their financial problems, the governments in Greece and Turkey have agreed initiatives to reduce their disproportionately high defence budgets. This example has global relevance, especially for states with particularly high defence budgets. According to the 2009 report from the Stockholm International Peace Research Institute in 2008 global military expenditure amounted to 1,464 billion US \$, of which the USA spent 607 billion US \$, China 84.9 billion, France 65.7 billion, Great Britain 65.3 billion, Russia 58.6 billion, Germany 46.8 billion and India 30 billion US \$. Military expenditure by NATO member states is vastly greater than that of all the other states in the world. Obviously efforts should be made to conclude agreements between NATO Member States on the one hand, and China, Russia and India on the other hand, which would not constitute a risk for NATO. Such agreements would offer an opportunity to shift expenditure from defence budgets to sustainable development projects.

Human security and sustainable development will only be successful if more democratic and effective institutional structures are created for the political system of world society. Democratic global governance is urgently needed. Global institutions – as part of the whole multilateral and multilevel global political system – must be given the capacity, flexibility and authority to meet the mounting expectations and demands of world society's citizens concerning a secure and viable future. However these institutions must increase their democratic legitimacy and strengthen trust by becoming more representative, transparent and accountable.

A world order committed to the United Nations Charter and the Universal Declaration of Human Rights, including civil and political rights, and committed to human security and sustainable development can only function if it envisages full participation of all regions – and thus of all citizens – around the world. Reform of the United Nations Security Council and establishing a Council of Sustainable Development remain urgent challenges for all states.
