3. Why has it been so difficult to stop these trends so far?

All available facts and figures point at what is wrong and why global society needs to change course. From the Millennium Ecosystem Assessment of 2005 to the Assessment Reports of the Intergovernmental Panel on Climate Change (IPCC), from the International Assessment of Agricultural Science and Technology for Development (IAASTD) to the International Resource Panel's reports and from the FAO State of Food Insecurity to IFAD's Rural Poverty Report – the academic research is sound and comprehensive. One can point to climate change impacts, land degradation, loss of biodiversity, lack of water quality, social inequality and governance failures – in some cases even the economic cost for different societies and of political inaction have been calculated.

However, the gap between knowledge and action (implementation) is huge. Thus, while overall awareness may have increased in some parts of society, the overall trends are not stopped. On the contrary – as described above – ecosystem degradation and human rights violations are expanding. This is obviously not the result of lacking knowledge about the negative social and environmental effects. It is rather the outcome of lacking political will, vested material interests and deeply ingrained, unsustainable political, economic and cultural practices.

There are several root causes of the failing system that translate into destructive path dependencies and are major reasons for not being able to resolve the problems identified above. These root causes need to be addressed in order to create new political visions, alliances and solutions. This Memorandum proposes to consider, firstly, a deep belief in liberal markets and growth and, secondly, the concentration of power as two intertwined root causes of the current crises. The structure of today's economic governance is then conceptualized as an institutional manifestation of those two causes.

> «Although there is more knowledge about global interdependencies and planetary boundaries than ever before, decision-makers as well as individuals are far away from being shocked into action. Looking at the political realms, in resource politics one can observe an astonishing lack of both will and power to safeguard social and ecological interests – both nationally and internationally.»
>
> Cathrin Klenck and Lennart Kümper-Schlake,
> *delegates from the future workshop Germany*

a) Deep belief in liberal markets and growth

In the current era of finance capitalism there is a deep-rooted belief in the power and efficiency of markets to regulate economic exchange between individuals and nations, and in GDP growth as the dominating indicator of economic and political performance. These beliefs create institutional and mental infrastructures that prompt new instruments for the financialization of nature and push the enclosure of the remaining commons. What emerges is an accelerated grab for the last resources.

People exchange goods and services and markets are one way to structure this exchange. There is little to criticize as long as markets respect social and environmental norms, serve the majority of participants and do not undermine other forms of exchange and social interactions such as in a commons-based regime. This ideal is far from the reality of global markets. Markets striving only for growth and profit do not serve society's needs. They serve increasingly powerful and oligopolistic private interests.

One major problem is that the modern capitalist economy is structurally reliant on economic growth for its stability. When growth falters, politicians panic. The immediate answer appears to be to wind down market regulation, labour regulation or other social and environmental norms in order to trigger new investment and growth. Those who seek to think out of this box and beyond growth and markets are easily marginalized in the debate. There are very limited attempts to train a critical academic elite that would be able to question the market mantra. It is astonishing how untouched the deep belief in liberal markets and growth still is in large parts of Western societies and among their decision-makers, even though several countries in that part of the world experienced the severe consequences of failed markets – both within their societies and in relation to neighbouring countries.

The belief in markets goes hand in hand with the belief in economic growth. Growth in GDP is defined as a necessary precondition for progress. Together with employment rates, it is taken as the success indicator of political decisions. The forms taken by an economization of politics that measures success against that definition of progress vary among political systems but generally lead to a denial of planetary boundaries, normative values, the need for global solutions and democracy. In some cases, for example in Africa, it can take the form of a «disease of gigantism», a reliance on mega-infrastructure projects for «development» without reflection on possible decentralized, small-scale, sustainable alternatives.

This by no means implies that certain economies or parts of the economy should not grow. Economic growth will continue to be necessary to lift people out of poverty in many countries around the world. Yet it will need to be a completely different kind of growth for some, and for others there will need to be an end to a growth-dependent pathway of wellbeing – both acknowledging planetary boundaries.

Growth is not only a concept for national economies, it is also part and parcel of most people's lives. Competition is spoiling friendships, time pressure is undermining family and social life, stress and burn-out are synonyms for the illness of a system that forces to compete and perform.

Since the mid-1970s capitalism has shown signs of reaching limits to capital accumulation. Finance capitalism has been the answer, which finally led to the 2008 crisis. Investors searching for new asset classes perceive nature and its goods and services as a new market and thus atrend of financialization of nature can now be observed.

The pursuit of direct regulatory measures like hard caps for CO_2 emissions and stricter environmental and social standards to reduce natural resource consumption and protect workers seems to have fallen out of fashion, with crisis-stricken economies concerned that such direct regulation would impede investment and trade. And as old methods have lost credibility, some governments, NGOs, economists and international institutions like the UN Environment Programme (UNEP) and the World Bank are now advancing a new approach, based on the view that nature provides «ecosystem services». In doing so, the onus of addressing environmental risk is shifted onto the private sector.

In this new paradigm, ecological preservation is viewed both as a necessity and as a commercial opportunity. According to Pavan Sukhdev, the lead author of The Economics of Ecosystems and Biodiversity study (TEEB), which aims to highlight the economic impact of environmental degradation: «We use nature because it's valuable, but we lose it because it's free.»

> «One of the most relevant obstacles is the centrality that the market has acquired in our societies in the last decades. Operating as a prior instance of social coordination, the market, while allowing an increasing access to mass consumption to our middle classes, has also enlarged the pressure on our natural resources and favoured a widespread ‹individualism›, leading to the loss of old solidarities between different social groups.»
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> Malik Fercovic, Recaredo Alberto Gálvez Carrasco, María Cecilia Reeves, Betzabet Morero, Ana Di Pangracio, Maiana Teixeira and Cintia Barenho, *delegates from the future workshop Cono Sur*

The danger of that perspective lies in how easily the important «polluter pays» principle could lead to a privatization and enclosure of commons as well as to a financialization of nature – the transformation of nature into tradable goods – that would allow business as usual to continue by offsetting misbehaviour elsewhere. Who decides over the value of nature? In such an economization of nature corporations tend to fully exhaust the legally allowed destruction instead of reducing it. By allowing those who have the money to buy their way out, it actually undermines not only strict legislation but our democracy per se.

There is no true price for nature but there is a politically set value – and that requires a societal debate. Societies with weak implementation of legislation will likely arrive at unfair solutions. For example, Brazil's powerful agribusiness lobby managed to push the government to approve a new forest code, which uses market-based instruments to give agricultural producers more leeway on conservation. As a result, landowners who cleared more vegetation than is legally permitted can now – instead of restoring the forest illegally cut – return to compliance by purchasing offset credits through the Rio de Janeiro Green Exchange (Bolsa Verde) where those with more than the mandated minimum amount of forest cover offer their «excess» of protected land.

With this mental and cultural infrastructure the race for the last resources – tar sands, shale gas, deep sea minerals, «marginal land», the resources of the Arctic – is hard to stop.

b) Concentration of power

Large enterprises (private or state-owned) engage in very different economic sectors at the same time and gain a vast amount of money by keeping the current exploitation model as it is. These enterprises are getting too big and too powerful to be governed. They are, in fact, just like international banks in that they are «too big to fail» – and therefore in most cases also too big to jail.

The long held belief that markets should be regulated and monopolies prevented to ensure individual civil liberties and control economic power was already eroded back in the 1980s in the USA (but also elsewhere) in the name of efficiency. People were told that larger corporations would be able to deliver goods for the consumers at better quality and lower prices (= more efficient). This not only turned out to be wrong (prices increased, innovation slowed down and jobs were lost) and spurred globalization but marked the beginning of a new understanding of the aim of antitrust law: lower prices for consumers instead of power control. The negative impacts on social equity and democracy were huge and are still being felt today.

The implications of concentration of corporate power for democracy are manifold. One major problem is the missing clear cut between political decision-makers and economic decision-makers. There is a widespread lack of transparency over the nature and extent to which political decision-makers hold positions in private or state-owned enterprises. This secrecy not only generates opportunities for bribery and corruption but can also create conflicts of interest: where politicians have several professional functions in industry it is very difficult to track the rationale behind certain decisions.

This problem culminates when major enterprises from all parts of the world are (partially) state owned (e.g. BP, Saudi Aramco, Vattenfall, Gazprom) or where governments and government representatives are simply looting the wealth that belongs to their people for personal profits. Other governments that are highly dependent on the extraction of and trade in natural resources are spending those revenues for social welfare and education (e.g. Argentina, Venezuela, Bolivia, Ecuador), thus weakening or even suppressing social unrest and protests against the ecological consequences of the extraction.

«Even though the natural resources around these communities are typically their most important economic assets, they often have limited rights to use them and where they have gained ownership or secure access, they may be hampered by inadequate levels of public investment, inappropriate policies, or competition from corporations unrestrained by regulation. Government and other powerful interests often claim exclusive access to these resources and their benefits. Corruption and mismanagement are longstanding problems and large land acquisitions by foreign investors for farming are now trending.»

Dinma Nwanye,
delegate from the future workshop Nigeria

Another problem is that governments often have a short-term interest to take decisions in favour of big enterprises by citing the belief in job creation and related prosperity. Aspects of global and intergenerational justice, human rights included, do not repay from a short political perspective – jobs are the main currency politicians are looking for. State-owned companies in emerging economies do not perform any better than their private competitors in this regard.

Among many other fields, one new area where the destructive and dangerous implications of this concentration of corporate power can be witnessed is the «bioeconomy». This concept is about the intention to transform the economy in a sustainable way by substituting fossil fuels with a renewable resource base. Currently this is taking place largely in the pharmaceutical and chemical sector but some developments can be observed in the energy and transport sector as well. This new demand is one important driver that is making industrial agriculture highly profitable. The use of land, water, fertilizer and pesticides is increasing drastically.

The most dangerous aspect of the bioeconomy debate is that it pretends that everything can continue as it is – only the resource base has to be substituted. It is globally a handful of very powerful corporations (for example BASF, Bayer, Dow, DuPont, Syngenta, Monsanto) that are driving the bioeconomy agenda forward, for example by buying up small start-up companies, aiming to control the resources (biomass, land, genetic resources) and technologies (synthetic biology, nanotechnology, geo-engineering) needed to control our industrial production in the future.

«Natural resources belong to every Cambodian and each of us has the right to know how much the government receives, how much the government pays. The government needs to know our concerns and suggestions to effectively manage natural resources for the benefit of all.»

Chan Ramy,
delegate from the future workshop Southeast Asia and China

c) (All) Powerful economic governance: merging the deep belief in markets and growth with the realization of corporate interests

The economic governance regime for trade and investment protects large investors' rights but not people's rights or the environment, while the «other» global regime of human rights and international environmental law under UN mandate is treated as «soft law». Private and public economic governance structures are captured by the interests of corporate and political elites to serve a global consensus that relies on further extraction and trade in resources – the «commodity consensus».

While most multilateral governance systems seem to have extremely limited impact, international agreements appear to be highly binding as soon as it comes to multilateral or bilateral trade and investment. The WTO has the mandate to punish member countries if they do not respect WTO rules. In addition, many countries conclude bilateral trade agreements which add further aspects to the WTO regulations.

Since it is in the very nature of free trade agreements to reduce any barriers to trade this has far reaching implications for various policies on the national level. Currently there is no monitoring mechanism or evaluation whether the developments resulting from the free trade and investment agreements themselves might be a threat to human rights or to environmental or procedural justice in a country or region. There are on the other hand very few possibilities for individuals and communities to claim their rights over resources, territories, ancestral lands and genetic resources in court.

> «Since the resource issue is multi-level, and affects different groups of people differently, the approach might automatically exclude the issues that are important to the poorest of the poor.»
>
> Chol Bunnag and Naw Ei Ei Min,
> *delegates from the future workshop Southeast Asia and China*

The realities are further complicated by the «investor to state dispute settlement mechanism», a provision in some bilateral trade and investment agreements that grants an investor the right to initiate dispute settlement proceedings against the host country government if the political situation changes in a way that diminishes the investor's expected gains. One can imagine that changing environmental or animal welfare or health laws would fall under the dispute mechanism. Therefore, investor state claims inhibit the capacity of domestic governments to pass public health and environmental protection legislation that impact the investment after the deal has been signed. Moreover, arbitrations are often carried out in secret by trade lawyers who are not impartial as they are paid by the parties and are not accountable to the public. This is an instrument that clearly serves the interests of large corporations and not those of small and medium-sized or family enterprises.

Today, few people retain any hope that United Nations conventions like the Framework Convention on Climate Change (UNFCCC), the Convention on Biological

Diversity (UNCBD) and the Convention to Combat Desertification (UNCCD) can avert global warming, the loss of biodiversity and the depletion of arable soil and water. The United Nations are the sum of its members and it is disturbing and alarming to realize that one would very likely fail to get all governments to sign onto the Universal Declaration of Human Rights of 1948 today.

While progress on global and multilateral rules for the advancement of global human rights and environmental law is faltering, private and public global players are setting up a governance regime in the form of public-private partnerships that are promoted by clubs such as the G20 or BRICS. Both clubs cooperate closely with large corporations (organized for example as the B20 in the context of the G20 summit processes). Other partners are private investment banks or multilateral development banks, for example through the International Development Finance Club, IDFC.

> «While most countries in the [Southern African] region have policies and legislation that govern natural resource management, it is poignant to note that either these policies tend to be archaic and have loopholes that promote corruption or are strong but not adhered to.»
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> Edfas Mkandawire, Euan Hope, Tafadzwa Kuvheya and Zukiswa Kota,
> *delegates from the future workshop Southern Africa*

The G 20 appears more inclusive than the G 7/8. And one could imagine that the BRICS would pursue a more development friendly agenda than the old industrialized powers. These clubs unite individual members states with very different (geo) political interests. They also harbour wide disparities when it comes to economic and political power. However, the members of these plurilateral clubs share the position that they are not ready to set limits to the ongoing resource grab. Quite the opposite, in their quest for resource security they are even undermining human rights as well as environmental and social standards that have been agreed in the multilateral UN system. This realization should not come as a surprise since political and corporate elites agree on one thing across the globe: further extraction, use and trade of resources (commodities) for profit and growth. This kind of «commodity consensus» is global in reach.