Enabling a Flourishing Earth: Challenges for the Green Economy, Opportunities for Global Governance

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Introduction

On 4-6 June 2012, the UN Conference on Sustainable Development (UNCSD) or the “Rio+20 Conference” will take place in Rio de Janeiro. The Rio+20 Conference’s objectives are to (a) secure renewed political commitment for sustainable development, (b) assess the progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development, and (c) address new and emerging challenges. The focus of the Conference includes the following two themes: (a) a green economy in the context of sustainable development and poverty eradication and (b) the institutional framework for sustainable development.

In response to the agenda for Rio+20, we address here a major problem in sustainable development that brings together the issues of a green economy and institutional arrangements: how can we make more secure, abundant and widely shared those classes of public goods that are central to sustainable development but which cannot be satisfactorily addressed through market-based macroeconomic policy instruments? In addressing this question, we take as a presupposition that the international community’s search for more sustainable ways of living is to be guided by ethical principles as articulated in international hard and soft law, along with civil society declarations. To stress this point, we make reference to relevant principles from key documents and in particular the Earth Charter; an ethical framework for a more just, sustainable and peaceful world¹.

Resolving the conundrum of sustainable development

The conundrum presented by sustainable development is now thoroughly documented through decades of international dialogue, world summits, and scholarly research. Despite these efforts we have not adequately addressed negative environmental and social outcomes as manifested by the climate change problem, the biodiversity extinction crisis, the ongoing crippling effects on human wellbeing of poverty, violence and war, along with water and food security concerns.

The green economy agenda is an attempt to correct market failures that lead to perverse outcomes for the environment and human wellbeing. The major categories of market failures include: (i) externalities; (ii) monopolies; (iii) information asymmetries; (iv) transaction costs; (v) absence of markets; and (vi) under-provision of public goods. The following additional market failures occur

¹ The Earth Charter is a civil society ethical framework. It has been widely endorsed and used by communities, organisations, businesses, and governments at all levels, including UNESCO and the IUCN. The Charter comprises a Preamble, 77 principles organised under four themes, and a concluding statement entitled The Way Forward. Each principle can be viewed as an ethical imperative, a policy guide, or a para-legal principle, depending on the context and application. The Charter is widely used in education for sustainable development and as a framework for sustainability planning and reporting. See generally Bosselmann K. and Engel R. (eds). , The Earth Charter: A framework for global governance (Amsterdam: KIT Publ., 2010)
internationally: (vii) currency exchange disequilibrium; (viii) labour and capital immobility; (ix) tariffs; (x) quotas; and (xi) subsidies.2.

There are obvious classes of goods which are privately owned, traded on markets, and for which there is a real market price. Undoubtedly, for these goods, fixing market failures is a pre-requisite to advancing sustainable development. Well known and widely supported policy responses to help remove these inefficiencies include innovative clean energy technologies, labelling to improve consumer information, removal of subsidies, and internalisation of negative environmental externalities3. Earth Charter principle 7d recognizes the potential of these kinds of policy instruments in promoting sustainability:

*Internalize the full environmental and social costs of goods and services in the selling price, and enable consumers to identify products that meet the highest social and environmental standards.*

It is also clear that market-based and technical green economy responses can contribute significantly to reducing human’s ecological footprint, in line with Earth Charter principle 7a-c:

- a. Reduce, reuse, and recycle the materials used in production and consumption systems, and ensure that residual waste can be assimilated by ecological systems.
- b. Act with restraint and efficiency when using energy, and rely increasingly on renewable energy sources such as solar and wind.
- c. Promote the development, adoption, and equitable transfer of environmentally sound technologies.

However, it is widely recognized that sustainable development must be underpinned by an ethical framework of shared values and principles that extend our thinking beyond technical matters and merely tinkering with the economic system as it stands. The international community has endeavoured to articulate the elements of such a framework in various declarations over the last 30 years including the *Stockholm Declaration*, the *Rio Declaration*, and the *Johannesburg Declaration*, along with civil society contributions such as the *Earth Charter*. A review of these and other such documents has identified a set of 15 common principles relevant to transforming our economic system into a green economy4. But, we must also consider what fundamental changes are needed if a green economy is to represent a new trajectory rather than business-as-usual. The goals of neo-classical economics are typically stated in terms of full employment, relative price stability, economic growth, and efficiency5. But humanity’s goals are both deeper and wider.6 The *Millennium Declaration* boldly affirms the principle of respect for nature as a fundamental value essential to international relations in the twenty-first century. Consistent with this affirmation, we suggest that the goals of global economics and governance should be based on the first four principles of the Earth Charter:

1. *Respect Earth and life in all its diversity.*
2. *Care for the community of life with understanding, compassion, and love.*
3. *Build democratic societies that are just, participatory, sustainable, and peaceful.*

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5 [ref]
6 See, for example, Brown, Peter G. and Geoffrey Garver *Right Relationship: Building a Whole Earth Economy* (San Francisco: Berrett-Koehler Publishers, 2009)
If these goals are to be achieved, complementary approaches are needed to those provided by market-based instruments. Economic and governance systems are needed supportive of the greater community of life, recognizing that all people are interdependent, people and nature are interdependent, and people are members of the greater community of life. As noted in article 6 of the Johannesburg Declaration on Sustainable Development:

*From this continent, the cradle of humanity, we declare, through the Plan of Implementation of the World Summit on Sustainable Development and the present Declaration, our responsibility to one another, to the greater community of life and to our children.*

**Economics for a Flourishing Earth**

The language of the market has become the *lingua franca* of our time and we have lost sight of the plain fact that there are many essential human goals and common goods that cannot be adequately discussed using its terms. This has had the effect of making it difficult to discuss the complexity of human aspirations and duties. We risk becoming blind to the erosion of those common purposes and goods that fall outside the domain of market economics. We need an economic framework in which the full panoply of human purposes can find their home. As noted by the UN Secretary General’s report to the UN on Harmony with Nature:

*The present technological age has seen an impoverishment in the historical relationship between human beings and nature. Nature has been treated as a commodity that exists largely for the benefit of people, and all environmental problems as solvable with a technological fix. Loss of biodiversity, desertification, climate change and the disruption of a number of natural cycles are among the costs of our disregard for nature and the integrity of its ecosystems and life-supporting processes. As recent scientific work suggests, a number of planetary boundaries are being transgressed and others risk being so in a business-as-usual world.*

We are concerned here with common goods that cannot be sensibly privately owned and traded on markets. Common goods such as fresh water, healthy soil and clean air, but also the oceans, the atmosphere and diversity of life, are essential conditions for human life and well-being. If a public goods regime is to avoid a “tragedy of the commons,” it must succeed in coordinating norms of behaviour that preserve and enhance the commons. Whereas private ownership can secure investment in narrowly delimited goods where immediate return is foreseeable, global common goods regimes will be characterized by underinvestment if private ownership is relied upon alone. Approaches to incorporating such goods into economic analyses based on neo-classical economic theory include: (i) privatisation and commodification of some aspect of the good to create a real market where it is traded; (ii) generating a shadow price through an imaginary market and sampling citizen’s hypothetical “willingness to pay”; and (iii) estimating the cost of substituting alternative production sources for the good. However, we reject these approaches for those categories of common goods which by their nature defy commodification, for which no evidence exists that their

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7 The United Nations World Summit on Sustainable Development, Johannesburg 2002; [http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POI_PD.htm](http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POI_PD.htm); also note Earth Charter Principle 2 *Care for the community of life with understanding, compassion, and love*


integrity can be protected through market-based instruments, where pressing issues of social and economic justice occur as spelled out in Earth Charter Principles 9, 10, 11 and 12, or where their non-market value is already established and recognized by international norms, law and institutions. Such categories include the following:

a. **Planetary life support systems**

Recent scientific advances highlight the need to carefully consider the long term, aggregate impact of human activities on those Earth system processes which constitute our environmental life support systems\(^\text{12}\). Science also now teaches us that Earth system processes are dominated by non-linear feedbacks and complex interactions between the living biosphere (species, ecosystems) and physical processes. We know now that the climate system is not just an atmospheric phenomenon but involves exchanges of gases and energy between the atmosphere, oceans, land, and lithosphere. Landscape ecosystems and watersheds not only provide many of the essential conditions and resources for sustainable livelihoods such as fresh water and fertile soils but are tightly coupled to global scaled processes and climate change. Protection of planetary life support systems is clearly a new category of scientifically defined common goods that demands a new kind of governance response as articulated in Earth Charter principle 5: *Protect and restore the integrity of Earth’s ecological systems, with special concern for biological diversity and the natural processes that sustain life.*

b. **Sacred goods and cultural fiduciary obligations**

The Earth Charter notes that: *The protection of Earth’s vitality, diversity, and beauty is a sacred trust.* This concept of ‘sacred’ is fundamental to many if not most cultures and societies. The meaning, significance and geographical expression of the sacred are in the main traced to faith traditions, including the world’s major religious and Indigenous spirituality. However, there is also a secular sacredness which manifests in law and, among other things, values related to national identify, for example, war memorials. Cultural and natural sites of universal heritage value have been recognized by the international community through the World Heritage Convention and reflect religious, spiritual and secular sacred value. As noted in the Convention’s operational guidelines:

> The cultural and natural heritage is among the priceless and irreplaceable assets, not only of each nation, but of humanity as a whole. The loss, through deterioration or disappearance, of any of these most prized assets constitutes an impoverishment of the heritage of all the peoples of the world. Parts of that heritage, because of their exceptional qualities, can be considered to be of “outstanding universal value” and as such worthy of special protection against the dangers which increasingly threaten them.\(^\text{13}\)

c. **Achieving Fairness and Equity**

International norms point to the need to ensure that the benefits that flow from nature and society are distributed justly and equitably as determined by factors such as need or vulnerability (Earth Charter principle 10: *Ensure that economic activities and institutions at all levels promote human development in an equitable and sustainable manner*). The conditions arising from following this normative principle should themselves be recognized as a category of common good. All societies recognize the duty to protect the weak and vulnerable; though how this is accomplished takes many...


\(^{13}\) Operational Guidelines for the Implementation of the World Heritage Convention, UNESCO Intergovernmental Committee for the Protection of the World Cultural and Natural Heritage
forms. In the context of global economic and political institutions, discharging this duty necessarily must be recognized as a common obligation of humanity.

And in the context of the Earth Charter’s principles, securing a fair share of Earth’s life support capacity for all species is an integral dimension of fairness. The Earth Charter recognizes the common heritage and destiny of Earth’s commonwealth of life; and its essential interdependence. Humans are plain members of this community, and if we have a special place it is to live with respect and forbearance for our fellows in the glory and travail of the journey we are all embarked upon. This requires not only the protection of natural areas; but also the relative stability of Earth’s life support systems such as the oceans and the atmosphere; and a share of these systems for other species.

d. Recognizing the Role of Merit

There are many areas of life where the test is qualification not price. Being a physician is not something that one can buy independent of training and expertise. Holding a seat on the international criminal court depends on knowing the law, procedure, and possessing judgment. It is of vital importance that the governance oversight of common goods be based on nonmarket criteria. There is a significant gap in global governance with respect to environmental common goods, and that gap should be made up through administrative processes linked to scientific expertise and a deep understanding of humanity’s goals as set out in the Earth Charter.

Global Trusteeship for a Flourishing Earth.

The scale and complexity of our problems has pushed solutions beyond the grasp of current governance mechanisms. The extent of economic globalization and the aggregate impact of human impacts on the environment blur the lines between national and international responsibilities. Therefore, finding appropriate responses to reaching our objectives requires progressive reforms in governance above and beyond the market-based reforms being proposed for a green economy. We need responses that are framed by the reality that Earth is our common home with natural limits to its exploitation, and that people in all nations have a common destiny and share interest in how their world is governed. As noted in the Earth Charter:

...To realize these aspirations we must decide to live with a sense of universal responsibility, identifying ourselves with the whole Earth community as well as our local communities. We are at once citizens of different nations and of one world in which the local and global are linked. Everyone shares responsibility for the present and future well-being of the human family and the larger living world.

Various options have been proposed for Institutional reform in support of sustainable development including: a consortium for environmental sustainability in support of a strengthened UN CSD; creation of a new, specialized normative and operational agency; and creation of a new umbrella organisation for sustainable development with universal membership. All are legitimate options with advantages and potential for positive outcomes, and world leaders are beginning to call for such institutional reform in the context of Rio + 2014. We conclude that the global scope of the challenges, together with the special requirements of common goods, will require a new world organisation,

which for simplicity sake, we refer to as a World Environment Organisation (WEO). Given this, we need to establish its mandate and legitimacy.

**Mandate**

Our proposed WEO should be mandated with a trusteeship function over global public goals and common goods. Note that the five categories of common goods noted above encompass, but are not limited to, the global commons; that is, those portions of the planet and its surrounding space which lie above and beyond the recognized territorial claims of any nation. Therefore, the WEO trusteeship duties will include:

a. Global obligations for the integrity of planetary boundaries and the wellbeing of the greater community of life;
b. Overseeing markets to ensure that they are protective of non-market common goods; and
c. Ensuring impartiality between all interests – individual, civil society, corporate, national – along with respect for human rights and concern for ecological wellbeing.\(^{15}\)

The basis for the first duty is well articulated in the Preamble of the Earth Charter:

*Earth, our home, is alive with a unique community of life. The forces of nature make existence a demanding and uncertain adventure, but Earth has provided the conditions essential to life’s evolution. The resilience of the community of life and the well-being of humanity depend upon preserving a healthy biosphere with all its ecological systems, a rich variety of plants and animals, fertile soils, pure waters, and clean air. The global environment with its finite resources is a common concern of all peoples. The protection of Earth’s vitality, diversity, and beauty is a sacred trust.*

Furthermore, Earth Charter Principle 6 (*Prevent harm as the best method of environmental protection and, when knowledge is limited, apply a precautionary approach*) and supporting principles provide additional guidance of the kind implied by a WEO trusteeship model of global governance. A further corollary is that due consideration must be given to environmental rights, including the rights to potable water, clean air, food security, and uncontaminated soil.\(^{16}\) The WEO trusteeship mandate will require that it have the means to stop individuals or states from degrading common goods which in aggregate speak to Earth’s vitality, diversity and beauty. Given this, the WEO should also be mandated with the power to act as a dispute resolution mechanism.

A major issue which has hampered the advancement of an international response to ecological issues is the lack of accountability for states in breach of their legal obligations. Traditionally, it has been up to states to call upon the International Court of Justice (ICJ) when another state acts outside of the bounds of their legal obligations. However, problematically both states have to agree upon the court’s jurisdiction and in the past states have been able to avoid the legal ramifications of decisions by political manoeuvring.\(^{17}\) Furthermore, in the case of the global commons there is also the issue of the lack of a plaintiff clearly qualified to demonstrate both standing and injury.\(^{18}\)

The notion of an international institution exercising a trusteeship function is not new. Indeed, under the auspices of the UN, a Trusteeship Council was enacted to act on behalf of states transitioning from colonisation to independence. This Trusteeship Council was mandated to speak for the yet-to-be state entities which had no legal standing or representation. An obvious parallel can be drawn between the functioning of this Council and the trusteeship like role that a future WEO would need

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\(^{16}\) See Earth Charter principles 12 and 9a

\(^{17}\) See for example, *US v Nicaragua*.

to have in order to be effective\(^\text{19}\). The Trusteeship Council acted on behalf of entities that are not legally recognized. Likewise, a WEO would need to act in favour of public goods which have no legal standing and no representation.

On this basis it is suggested that a two tier mechanism could be installed similar to that of WTO which would allow states to unilaterally be able to take another to court\(^\text{20}\). Further, standing should be granted for other recognized entities in the interest of the environment to be able to take a case on behalf of the environment. The guardians could either be drawn from existing international agencies that have the appropriate focus, such as the United Nations Environment Programme (UNEP), and the World Meteorological Organization (WMO), or from the many non-governmental organizations (NGOs, such as Greenpeace and the Worldwide Fund for Nature (WWF), to establish a system of guardians who would be legal representatives for the natural environment\(^\text{21}\).

The idea is similar to the concept of legal guardians (sometimes ‘conservators’) in familiar legal systems. Presented with possible invasions of the interests of certain persons who are unable to speak for themselves such as unrepresented infants, the insane, and the senile, courts are empowered to appoint a legal guardian to speak for them. So too, guardians can be designated to be the legal voice for the otherwise voiceless environment\(^\text{22}\). This does not mean that the guardians would be given plenary powers to halt any activity they disapproved of. Rather, the guardian would be built into the institutional process to ensure that environmental value were being identified and accounted for\(^\text{23}\). The judgements entered into by the panel would need to be legally binding, and backed by sanctions.

**Legitimacy**

If a powerful environmental institution is to be created then it must be seen as an institution which has legitimate standing. One of the pillars of a WEO’s legitimacy will be that it is widely democratic, representative and participatory. As recent geopolitical events illustrate, Earth Charter principle 13 is rapidly becoming an international norm in all the cultures of the world: *Strengthen democratic institutions at all levels, and provide transparency and accountability in governance, inclusive participation in decision making, and access to justice.* This democratic principle is particularly important with relation to the environment as it is an issue which will affect everyone and often particularly those with the least power. It follows that international institutions need to become more participatory and inclusive. Accordingly, a WEO could serve as a model for transforming the international arena to be more responsive to all peoples and cultures, to future generations and to the non-human natural world.

While the ‘nation state’ remains the basic unit of international relations, its limitations as a conduit for citizens’ global concerns are increasingly apparent. These limitations reflect, among other things,

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\(^{22}\) Ibid.

\(^{23}\) Ibid.
the forces of economic globalization and the unequal power exercised by states within the UN. Furthermore, the geographic reality is that Earth is everyone’s home, and all people have a stake in decisions which affect its life-supporting conditions. The question is whether we can conceive the means by which global democratic processes might be enhanced? While the prospect of direct citizen engagement with WEO deliberations is daunting and for some unrealistic, civil society initiatives and the promise of new communication technologies suggest ways in which a WEO might operate in ways that facilitate the direct participation of ‘global citizens’, that is, those concerned with the protection of global common goods.

The first example is provided by the Earth Charter which was the product of a decade long, worldwide, cross-cultural conversation about common goals and shared values. The drafting of the Earth Charter involved the most open and participatory consultation process ever conducted in connection with an international document. Thousands of individuals and hundreds of organizations from all regions of the world, different cultures, and diverse sectors of society have participated. The Charter has therefore been shaped by both experts and representatives of grassroots communities24. We must also take note of the advances in information communication technology in both the developed and developing world, and the subsequent rise of social media, its uptake particularly amongst the world ~1.9 billion youth, and the extraordinary ability it provides to have direct, 2-way communications with people via devices such as cell phones and ePads. ICT and social media open entirely new avenues for the participation of global citizens in decision making that affects common goods, including the condition of Earth as their shared home.

A second source of legitimacy is the magnitude and urgency of global environmental problems and the sustainable development challenges. To quote again the Earth Charter:

*The choice is ours: form a global partnership to care for Earth and one another or risk the destruction of ourselves and the diversity of life. Fundamental changes are needed in our values, institutions, and ways of living. We must realize that when basic needs have been met, human development is primarily about being more, not having more. We have the knowledge and technology to provide for all and to reduce our impacts on the environment. The emergence of a global civil society is creating new opportunities to build a democratic and humane world. Our environmental, economic, political, social, and spiritual challenges are interconnected, and together we can forge inclusive solutions.*

**Finance**

The creation of WEO with a global trusteeship mandate would be dependent upon securing sufficient, predictable and coherent funding. As highlighted by UNEP, this has been a massive shortcoming of the current environmental regime25 (the budget of UNEP is currently less than the price of a Boeing 747 and has been outstripped by the budget of a number of environmental NGOs)26. Furthermore, when international institutions are reliant upon the benefaction of states, they are at jeopardy of having their values and mandate politically eroded. Ideally, funding would be secured by sources other than or complementary to the machinations of states. For example, Christopher Stone proposed creation of a ‘Global Commons Trust Fund’, which rather than being dependent upon voluntary contributions would impose levies based on uses of the global commons27. Such a Fund could therefore secure money from those who are the proximate cause of

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http://www.earthcharterinaction.org/invent/details.php?id=824

25 Draft Elaboration on Broader Reforms of IEG...


27 Christopher D Stone, Defending the Global Commons in Phillip Sands (ed) *Greening International Law* (Earthscan Publications Limited, London, 1993) at 34
the generation of environmental or social harms. A tax on financial transactions would also be a strong and dependable revenue source. As a general matter, the asymmetry between the financing of private and common goods requires redress. There is no global common goods clearing mechanism equivalent to global capital markets; though there are a number of suggestions for redressing the balance.

Conclusions
In establishing the UN Commission on Sustainable Development, the world community recognized the need for more comprehensive and integrated approaches. To quote again the UN Secretary’s report on Harmony with Nature:

*The philosophy of holism, embodied in the concept of sustainable development, rests on an understanding that all things are interconnected and that nothing occurs in isolation. Holism calls for broader perspectives. As the spirit of holism begins to infuse the practice of health care, we come closer to that healing that is needed at all levels. As the wheel of medicine now turns towards a commitment to those principles that further the health of individuals, of society, and of the planet as a whole, so turns the wheel of sustainable development.*

The mandates and capacities of the CSD and other UN agencies including UNEP must be rapidly expanded in the coming years. Working with financial institutions such as the World Trade Organisation and the World Bank Group, there is no doubt that we need to catalyse and advance a green economy that internalizes negative externalities such as environmental pollution, removes subsidies to inefficient modes of production, promotes clean energy sources, and enables sustainable livelihoods, among other things. Indeed, some may argue that a paradigm shift is already underway in economic thinking which will in turn create a broad non-regulatory approach adequate to the challenge. Indeed, there is evidence of progressive thinking apparent in relevant international bodies such as the World Business Council on Sustainable Development. However, given (i) the scale and magnitude of the challenges faced by the world community and (ii) the need to pay urgent and special attention to non-market common goods, we recommend creation of a powerful new organization with a global trusteeship mandate.

Skeptics might argue that such an institution will be politically impossible to create and indeed the obstacles are many; we are not suggesting this is an easy path to follow. However as illustrated by the International Criminal Court, as new norms arise and take root around the world, it is possible for new institutions of value to the global community to arise despite opposition. Indeed, in other areas where there has been a strong common interest, states have managed to reach agreements which have effectively transferred national powers to international institutions. Examples where the international community has collectively worked together to address a common concern include the WTO but also the WHO whereby states managed to successfully coordinate mass vaccinations for small pox leading to the diseases successful eradication. Establishment of a powerful WEO with a

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30 For example, see the WBCSD Guide to Corporate Ecosystem Valuation (2011) where “Corporate Ecosystem Valuation (CEV) is defined as “...a process to make better-informed business decisions by explicitly valuing both ecosystem degradation and the benefits provided by ecosystem services. By including ecosystem values, the company’s aim is to improve corporate performance in relation to social and environmental goals and the financial bottom-line. Valuation can make decision making around ecosystems more compelling and practical, thereby enhancing sustainable development strategies and outcomes”; [www.wbcsd.org/web/cev.htm](http://www.wbcsd.org/web/cev.htm)
global trusteeship mandate for non-market common goods is no panacea for the world’s environmental ills. However, it will fill a gap in global governance that market-based economic responses cannot and thereby help enable a flourishing Earth.

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Recommended Reading


The Earth Charter; http://www.earthcharterinaction.org/content/pages/Downloads%20For%2001%20The%20Earth%20Charter%20Text
