

THE BROOKINGS INSTITUTION

BREAKING THE GRIDLOCK TO ADDRESS THE BIGGEST GLOBAL
CHALLENGES THAT WILL SHAPE OUR FUTURE

Washington, D.C.

Tuesday, November 5, 2013

:

Moderator:

KEMAL DERVIŞ
Vice President and Director, Global Economy and Development
The Brookings Institution

Panelists:

PASCAL LAMY
Chair, Oxford Martin Commission for Future Generations
Former Director-General World Trade Organization

IAN GOLDIN
Vice Chair, Oxford Martin Commission for Future Generations
Director of the Oxford Martin School, University of Oxford

NANCY BIRDSALL
President
Center for Global Development

* * * * *

P R O C E E D I N G S

MR. DERVIŞ: So good evening everybody. Thanks for joining us. We have a great two guests today, and of course, Nancy Birdsall and myself, Global and Center for Global Development are jointly organizing or jointly hosting Ian Goldin and Pascal Lamy this afternoon on global governance and with a lot of emphasis, I think, I will not put words into their mouth, but on this whole issue also of the long term and the short term and the political process versus the long term human needs if you like. Starting with Nancy -- most of you probably know Nancy but she is probably one of the strongest proponents for global cooperation in this town and across the world. As you know, she was at the World Bank. She was the Executive Vice President of the Inter-American Development Bank, many other things, at one point she was also a full time think tanker, and is now the President of, what I think is the number one think tank on development in the world -- the Center for Global Development. So Nancy, thanks for being here and co-hosting it.

And Ian Goldin -- he was Vice President of the World Bank. We worked together. He was as always, committed to development and to global cooperation also. He has several books and many articles on this topic. He is the Vice Chair for the Oxford Martin Commission for Future Generations and also the Professor of Globalization and Development at Oxford. So thanks again for being with us and we look forward to hearing you in a very few moments. And then we have Pascal Lamy again, somebody who really does not need any introduction, and Brookings is super lucky, because we've had him twice now in

less than ten days. And I read his lecture and I think what he says is very true. He's somebody who has experienced governance and public affairs at the National level, at the European level, regional if you like, level, and at the global level, as the Director General of the WTO for eight years. He's somebody very strongly committed again to global cooperation, to also, to values, which is how he ended his remarks, lecture, which, at the end of the day, much of what we debate, in the end, will have to do with values and how we -- what the ethical norms are behind what we're trying to do, and now as far as I can figure out, as he has left the WTO, he is probably making the mistake that most people make when they leave formal organizations. He's totally overcommitted. I cannot keep track of where he is. He's in Hong Kong, in Tokyo, in Brazil, in Washington, in Paris. But we're certainly very lucky to have him. And one thing I haven't asked him is, what about the Marathon? He ran the New York Marathon two days ago. So without -- we will listen to Ian Goldin introduce the report and the work of the commission, very briefly. Then Pascal will share his perspective with us. Nancy will give a response from the podium and then we will sit down together, start a discussion into which we will hope to draw you all in, not all, but many of you in, in the second part of the evening. Thanks a lot -- Ian.

MR. GOLDIN: So thank you very much Kemal, to you, and to Brookings, together with the Center for Global Development, and Nancy Birdsall for hosting us here today. We're delighted to be here with so many friends. Kemal's book on the future of global governance was one of the first I read on this topic and a lot of what I know about the reform of the system I learned from

Kemal, who was also one of my first bosses at the World Bank, and he wouldn't know that, because I was just a very young underling, and Nancy, of course, who has been an absolute leader in thinking about development and as you'll see in the report, whose work on global citizens and participatory polling and others, we draw on quite heavily in thinking about our recommendations. So it really is a delight to be here today, and to be hosted by Nancy and Kemal. I could not wish for two better thought leaders in this particular space than the two of them. And it's also great that CGD and Brookings are collaborating.

Let me just briefly describe why we did this report, how we selected the commissioners, and then hand over to Pascal who will share some of the contents with you. Because I know although you picked up the reports outside, you wouldn't have had a chance to read it yet. So there are really two backgrounds to this report. The first is that I'm a director of a group of about 350 people in Oxford who are working on the biggest challenges of the 21st century across the board -- from the frontiers of medicine, physical and life sciences, social sciences and humanities -- in teams which are organized around problems rather than around disciplines, bringing together great academics, trying to address issues like climate change, new sources of energy, pandemics, cybersecurity, financial crises, demography, migration, and many many other global issues. And what there's a very strong recognition of is although we live in the best time in humanity's history to be alive, that is, all of our life expectancy and prospects are much better than any previous generation, and that's true for more people in the world than ever in history, it's also the most dangerous time

perhaps to be alive. And the possibilities of various forms of collapse of these benefits are greater. And what differentiates this period from previous periods in history, is that we know that. We have foresight. We understand what the implications of our actions on, for example, fossil fuel consumption, or oceans depletion, and other things are. And this is different to other periods of history, in the extent of our knowledge. So we work across the many many different aspects which are arising out of the benefits of hyper globalization and connectivity, but also recognize that if the system carries on unchecked, it is likely to not have a good outcome. And so the question that all these groups across the school are asking is how do we make sure that we translate our knowledge into action? And the difficulty we have as we go around the world thinking about these long term issues and trying to work on who to talk to, is there seems to be a decreasing number of people and a decreasing number of global institutions that are able to really grapple with global problems. And we have this growing divorce between the issues of hyper connectivity and globalization and success -- the price of success if you want -- the collective failure or commons failure arising out of our individual successes -- and the capabilities of dealing with them. And this growing divide between challenge and resource is really what we felt we had to bring a group of people together to think about, and rather than throwing up our hands in despair, to ask a group of extraordinarily wise people -- what can we do? How would you, with your knowledge gained after a collective hundreds and hundreds of years, in running global organizations and negotiations -- how would you shift break the gridlock?

How would you solve world problems? How would you deal with them in different ways? And so that's how we came to create the Commission -- a desire to bring people with lots of scars on their back, with lots of experience, lots of wisdom, together, free of office for the most part but not totally, because we include a very senior minister from China, Liu He, who's in charge of planning there and economic reform, Nandan Nilekani, who you well know, who's from India. So we do have some acting ministers, but for the most part, this is a group of people who've stepped down from office -- Jean-Claude Trichet, Michelle Bachelet, and many others. Some might go back into office, like Michelle Bachelet, but for the most part, a group of people, who've really thought about this a lot, have been part of the global scene, and could come up, because of the diversity of views and experiences with novel solutions. I was delighted when we approached Pascal to chair this, that he agreed, because I've always thought of Pascal, and I've known him since I was working on trade and he was European Trade Commissioner. Pascal has always been one of the deepest thinkers and activists in the global scene. And of course with this trade round that started in Doha after twelve years not having brought to successful conclusion, knows as deeply as anyone how frustrating the system is, and how difficult it is to come up with things that seemingly are the right thing to do. So we were absolutely delighted when Pascal agreed to be chair of the Commission, and it's been an extraordinary year process. He'll describe the contents to you, launched in London two weeks ago, we've had about 300,000 downloads so far on the web, so we've been quite happy with the interest, quite a strong media coverage, but

the purpose of this Commission is to raise awareness. The purpose is to stimulate debate, to try and help unlock the gridlock and to allow politicians to move beyond the short term pressures they have, and we do sense an increasing short term-ism, and part of the reason we included two media people on the Commission, Arianna Huffington, who knows a lot about new media, Lionel Barber, Editor of the Financial Times -- he's somebody who really understands that form of media -- is to understand the pressure. So what we want to try and do is to stimulate a debate. And your being here today with us is extremely gratifying in that respect, because we'll hope that you will be able to help us think this through and in your various ways, take the ideas forward, percolate them around, disseminate them, and if we aren't able to move the conversation we will have succeeded. There are a number of practical recommendations which Pascal will go through as well, and Pascal will highlight these. But if we can move one of them, we will be extremely happy. So thank you for coming, and Pascal, over to you.

MR. LAMY: Well let me first thank Brookings and Kemal and CGD and MC for the invitation. Thanks Ian, for his kind words. And what I'll try to do very briefly is introduce you to the main substance, watching this Oxford Martin Commission report. As Ian said, what brought this group of formidably nice, committed, interesting, experienced people together was first, a sense that there is a growing gap between what we know about challenges for future generations, and we know a lot of that, or some know a lot of that, and the diminishing capacity to act on these challenges stemming notably, not only from

these sort of gridlock in the international system, and second, sort of common willingness to think out of the box, i.e. to try and come, at the end of the day, after our looking at papers and discussing again, within this formidable group, with a few findings that would help changing the lens through which most of us look at how to address. And if possible, change these difficulties ahead of us, although we all started, as Ian said, from reasonably positive view at what was to come. Now the report has three parts. The first one is a sort of diagnosis, a sort of brief description, of what decades to come look like, with a classical review of what we call megatrends and what we thought were the main global challenges that future generations have to face. Nothing icebreaking in this -- lots of other commissions, institutions, think tanks, planning structures, whether in public or corporate, civil society, have done exercises of this kind -- we just wanted to do it our way, and presenting it in a way that is as enlightening as possible for average readers who might not be familiarized with the intricacies of these issues. Second part of the report is more original. That's where we started; at least we believed we started, breaking some new ground, which is a sort of clinical observation of ten to twenty global issues and the way they were handled for the last three, four, five decades. So starting from the moon, from a sort of intellectual approach, from good, bad, what should be, what hasn't been -- we started from reality and this is where the input of the Oxford Martin school teams were absolutely crucial, because of their, by definition, plural disciplinary nature, they helped us a lot (inaudible) why what worked worked, and why what didn't work didn't work. So why did HIV AIDS work reasonably well? Why did CFC's

Montreal protocol work reasonably well? Why did Y2K work well? What were the shaping factors of success? Why does ocean depletion not work? Why does climate change not work? Why did financial global regulation not work before '08? Why did the single market program in Europe work? Why does tobacco control sort of half work and half doesn't work? So we look to this with a sort of what we call in French (inaudible), which is observation of fact, stories, figures -- and we try after this deep plunge into successes or failures or in between -- we try to draw a number of conclusions. What are lessons we can learn, observing what worked and what didn't work. Hence a series of principles so that we can now look at these challenges with a sort of armory of intellectual approaches, principles, methods, lessons, formulas, shapes, that work rather than those that didn't work. Which led us to the third part of the report, which is not about prescribing solutions on each and every of the challenges that we have identified -- that was not the purpose of the exercise, although there probably was around the table the sort of expertise in medicine, in economics, in finance, in diplomacy, in media, which could have led to that. We've preferred to limit our proposals, our suggestions, to a few, let's say, ten to fifteen suggestions, the specificity of which is to match what we found in the second part, which is, should work rather than should not work, hence the sort of (inaudible) basket of suggestions, some of a very precise nature, others which are a bit vaguer.

Let me just mention a very few of them. What we thought was one of the main lessons where what worked usually was when there was a success in building coalitions that cross the normal clusters of international life.

International life is mostly (inaudible) by sovereign nation states. But there are main stakeholders and actors today like business multi-nationals, like civil society movements, like global NGOs -- these sort of cross cutting coalition, built from bits and pieces that do not have the same, in principle, converging interests, can be very effective. Hence, what we suggest to address climate change, for instance, which is what we call C20, C30, C40, at twenty countries, thirty multinationals, forty cities. And by the way, the building blocks of such a coalition exist. The G20 exists. There is a C30 multinational sort of club, who has decided to invest in climate change, and we know of probably forty, minus or plus, mega-cities on this planet who have size-ably decided to address issues related to climate change. And our view is that within such a group, a sort of coalition of a new kind, then most of the problems would be -- haven't succeeded to overcome carbon emission reductions, would probably find a solution and that would entail the rest of the actors to follow.

We propose in another category, that international organizations should be given imposed in some way, review clause, each according to our suggestions, each internationally funded organization should have a moment where members who drive these organizations restart from scratch, re-look at the mandate, look at the resources, look at the way they've been performing, and as a consequence of that, clear the deck, and do a bit of spring cleaning from time to time, which we believe is long overdue through the practice that many of us have had in the international system. We suggest for instance, that to have a sort of voluntary regulatory exchange where countries would notify in some sort

of cloud their tax regimes, in order to facilitate problems which haven't been really coped with on the face of the corporate side, even if they've been coped with on the individual side, on tax evasion, through transference benchmarking. We suggest that a long term index should be created by whoever will be able to fund this, in order to reward businesses, or NGOs or public institutions who successfully address the problem of factoring in the long term dimension of what they do.

So those are a few examples and we may come back to that in the discussion. I'm not going to list them all. You'll find them in the report. But again, things which are outside the street lamp, which for some of them have considered, since we presented the report, is a bit provocative, but that was the name of the game. We really wanted to try and make some sort of difference other than the usual dinner speech about lack of leadership. Okay, there's your lack of leadership. And this is clearly one of the factors that can make a difference between what works and work didn't not work, but it's not the only one. And appealing to lack of leadership dinner speech after dinner speech, doesn't really address the problem nor change things on the ground. So, that's the spirit in which we've been working. In terms of the overall conclusions, and notably the ones that relate to a global governance, I think lesson number one is probably that, and that's part of the remarks I made a week ago in the same room, about global governance, that we have to look at how we can de-monopolize the state monopoly of international relations. After all, we live in a planet where the (inaudible) theory still has its value for reasons that have to do,

by the way, more with legitimacy than they have to do with sovereignty, but at the moment, the nation state is a sort of confusion between sovereignty and legitimacy. There's no way we can escape this tough reality of the international system. But there are many ways to act globally while using or circumventing a number of flaws of this vestige system. The transference international index or the bank cost of doing business index are (inaudible) tools that leverage the sort of national pride and no doubt, that such instruments sometimes have much more influence on the reality, helping to change behaviors, than pure traditional institutions.

The second real lever of attention is about this complex chain which you'll find throughout the findings of the report, and which I would sum up in the following way. Information is not knowledge. Knowledge is not awareness. Awareness is not mobilization. And mobilization is not action. If you want information to become knowledge, you need to follow a sequence of steps. If you want knowledge to become awareness, you need to follow a sequence of steps. If you want awareness to become mobilization, and so on and so on, and then to action. And in a way, that's one of the main findings where we start from this gap between information which we have, and action, which we often do not have, is how do you build the pillars of this bridge, that crosses the big river from information to action.

And then finally this big issue which of course is related to the governance of globalization in the broad sense including non-state actors, which is how much political convergence do you need with globalization that is so

incredibly forceful in creating economic convergence, the engines of which, we know -- technology, market capitalism, the big question being, how much of that global convergence do we need? And I think we're all convinced that this global convergence should be limited. We're all in favor of singularity. We're all in favor of power systems remaining as close as possible to the people, so how much and at which level do we need to work on this convergence, is a big question for the future. I think we propose a number of avenues that would help moving in the direction and of course, and that's quite natural in my case, given the time I spent on trade issues for the last twenty years or so, the way you open trade and how much of collective preferences and convergence and how much organization do you need to open trade in today's and tomorrow's world is of course, a case in point. Not the only one, of course. What next? What we are trying to do, like Ian said, is to move this debate forward, to be criticized, to be complemented, to be judged, to create a sort of again, public debate, so that at the end of the day, a number of these suggestions become reality, maybe not in the shape that we propose them. What really matters is not the shape, it's not the esthetics, it's not whether this proposal is right or wrong. The important impact assessment for us, sometime ahead from now, is whether we have contributed to changing the way we think about these things, hence the way we are capable to act upon these things. The black scenario is the Oxford Martin Commission Report, (inaudible) as we say in French, somewhere in a library, and that's it. The rosy scenario is five or ten years from now, one or two of these findings have decorated in the system and help addressing better, quicker, more

forcefully, a number of these long term issues which we have a formidable difficulty in bringing into, whether it's Presidents or heads of government or CEO's of multinationals, of the boss of a WWF, or the OXFAM. That's what we are trying to do.

We've done, since we presented the report, last week in London, already a few presentations. I was with the UNSG last week in New York where we had a good session and we will be back to the UN in a way as a contribution to the way on the post 2015 agenda. We've already had a few discussions in various universities or academies with me presenting the report in the next thirty days with (inaudible) who was a very committed member of this Commission. So that's a commitment that each and every member of the Commission took. We are trying to engage in a debate, like the one we are having today. Thanks for your attention, and of course, we are anxious to get your reactions, your comments, your critiques, and sometimes, if that's correct, you're encouragement. Thank you.

MS. BIRDSALL: Well thank you very much Kemal. Let me start by saying, giving my congratulations to Pascal, Ian and the team they worked with -- the group -- it's really an amazing report. It's thoughtful, it's eloquent, it's very nicely written, it's accessible, it's long, but it's worth trying to get through. I haven't gotten through all of it but it's very interesting to me that some of what I'll say will just be an echo in a way of some of the points that Ian and Pascal have already made. You know, the theme of the report is not actually globalization and global governance, but now, for the long term. And in thinking about that, I

realized that governments everywhere are myopic. That's not a new idea. I think they're more myopic maybe when they're subject to democratic, to the election process and to turnover. So that's not new, but the report is very new in the approach it brings and the ideas it puts on the table about this combined problem of short termism, to which we're all subject in different ways, and the global globality of life, nowadays. So I'm going to mention three things I like and then a couple of quibbles, and then say something about what next.

So let me go quickly through these things I like. First, I come from the Center for Global Development. This report is wonderfully about development without saying so. It's about all the issues that we have on our development agenda, inequality, corruption, health, pandemics, food, water, energy, and climate. Development is a marathon. Pascal knows about that. It is about the long run. And in many settings, for example, if I think about the way the U.S. has approached its development strategy in a country like Pakistan, what you see over and over again, is that short term security and diplomatic imperatives eclipse thinking like you're a marathoner. So I like the report because it has so many lessons about what to do about development. It reflects the reality that for those of us that are in the development community, our space is becoming very much global space.

Second thing I like about the report is the recurring emphasis on the reality of what you might call flailing and failing global governance. We have weak and failing and flailing states, we have failing global governance. I did a word search on global governance and I didn't count them but it's dozens of

times, in every section, global governance comes up, and the problem of global governance. And it's because there's a fundamental truth behind those failures, which is we have a global market economy without the equivalent of a global polity, which, at the domestic level, we call the state, which manages and minimizes the excesses and inequalities that a global market naturally generates. This is a commonly understood truth. What this report does is it applies it in many many different, onto many different issues in different creative ways. So that's the second thing I like. It came out right away in the discussion, as I presented it, that was really mostly about global governance.

The third thing I liked is there are specific smart proposals for bottom up, sideways, voluntary coalitions of various kinds, to deal with the long term at the global level. Pascal mentioned the two that I wrote down. Perhaps that's not a surprise. I urge those of you, when you leave here and look at the report, to check out these two ideas. The first is the C20, 30, 40, which I thought we should call the sextet of C's, the letter C's. It's a creative coalition on climate. No, it's a creative coalition of countries, companies and cities, on what to do about climate -- six C's. The second idea that I took note of is what Pascal also mentioned -- the voluntary world taxation and regulatory exchange, which the report mentions could be housed in the fiscal affairs department of the IMF, and it would focus on companies, corporations, multinationals, who are providing information about taxation arrangements that they face. It reminded me about Prime Minister Cameron's announcement last week, which we have all about on our website, that companies will have to be transparent about who owns them --

something that I hadn't really understood before -- that we don't know. Sometimes we the people don't know who owns the corporations and companies, even when we're shareholders. This is called beneficiary designation or something like that. And it reverts to the open government partnership and transparency and just the idea that governments ought to be publishing, although it's different from the voluntary tax exchange, it's closely related. Governments ought to be publishing the contracts they make with private sector operators for goods and services of all kinds. We don't know, for example, on the Affordable Care Act -- do we know, in the public, who's getting paid what to do what, with all these contracts the federal government is issuing for developing the web site? Maybe it would be better already if we had that information. So this is also a step in the direction of information sharing on taxes, which could help governments avoid the race to the bottom of what's going on, because it's harder to tax capital than to tax labor, and so this brings us back to a much broader question of inequality in the world. And of course taxes on labor are particularly inefficient and distortionary for growth.

So what I would complain about if pushed, and maybe these complaints aren't even warranted because I didn't read every page. So one thing is, I wouldn't welcome more discussion about the problem of short termism in the corporate world, where shareholders value. It seems to be subject to quarterly reports and that creates weird incentive. I'm sure there's been a lot of incentive on how to deal with this. Probably it has to do with fixes in corporate governance rules. So that's one thing. Second thing is, I think that despite what Pascal said,

and he alluded to this, the report is a little too sanguine about sovereignty. Sovereignty -- sovereign states -- about the problem we face because we're organized into states -- sovereign states. How do we, as citizens, who are conscious of these global opportunities and global threats -- how do we encourage our states to be responsible sovereigns? To me, responsible sovereignty requires some purposeful seeding of some power, in the enlightened self-interest of one's own citizens, and this is happening -- it does happen -- I'm a big fan of having the official international and multi-lateral institutions strengthened and made more legitimate in various ways. Because their character is that they have the embody rules or standards or protocols to which the sovereign members have agreed. And when those sovereign members agree to those trade agreements, or in the classic case, they are tying their own hands. They are locking themselves in to commitments which they might have difficulty managing politically in the short run but which are clearly, at least that's the idea, in the long term interests of their own citizens. So if institutions that are formal have this benefit, that they acquire some institutional autonomy, why put the voluntary tax exchange in the fiscal affairs department of the IMF? Because we trust the judgment of the people in the fiscal affairs department of the IMF, as professionals, to be focused on substance and not worrying about short term political pressures of one kind or another. We have many many institutions and clubs of that kind and the question is, as Pascal alluded to, how to get sovereign states to be helping make them more legitimate and more effective, because they are acceding more to them from time to time, when it's appropriate.

So what next? Where do we go from here? I really like what Pascal said, implicitly about how you go from values and norms and awareness and changing the attitudes to action. And one thing in some of the research I've done that actually stunned me, is the number of people in eighty or more countries who, when asked, do you feel like this kind of citizen or that kind of citizen, will reply, I do feel like a world citizen, as long as you don't set it up in competition to feeling like a citizen of your country. Lots -- a large majority of people -- and I think more growing because it's prevalent among the young and educated -- feel that they are parts of a global system, and that's because they are aware of these threats as well as these opportunities and they're aware that their own country cannot necessarily control everything about what's going on in the world to their benefit. We are all global now. So the issue is, how do you go from awareness and attitudes to action and I think from coalitions that are voluntary, to using the tax and enforcement capacity of sovereign states, to lock all of us into what Kemal, in a book he did for the Center for Global Development, calls a better globalization. Congratulations again, and thank you.

MR. DERVIŞ: Well thank you. We're all set now for the discussion and we will move to the audience very quickly, but let me just start by one or two points which came up, I think, in all the presentations and maybe ask two questions, and then we can continue from there. And what Nancy said at the end I think was very very interesting. That when you ask people, an amazing number actually, somehow relate to the global citizenship concept and even in the U.S., it was always amazing to me. While the government has always been

rather unsympathetic and depends which government, but overall, to the U.N., you actually have majorities of Americans who don't mind the U.N., who actually like the U.N., which I always found extremely surprising, in contrast to what the papers say and how difficult it is, and so on.

So is there however, a kind of new distribution in these attitudes, where you actually on the one hand, have people getting closer and closer to the kind of consciousness that Ian and Pascal talked about, closer to the realization that one has to manage many problems globally, and then another group, which has in some sense become more anti-global and more nationalistic than maybe twenty or thirty years ago? Pascal's own country seems to have these two tendencies in a very strong way. You have on the right the (inaudible) Nationale, with very strong nationalists' attitudes and very anti-global and very anti-European attitudes and some of the extreme left also, and then you have a very pro-global governance, pro-globalization group and I think it exists everywhere, in different ways. But it seems that you have these two tendencies that are happening in the same time, and I wonder what the panelists think about that. The second thing that's related -- I think the report -- the communications work shows that on many issues you can advance, and it gives examples, and this I think, there's great value in it, empirical examples of things that have worked. Pascal you mentioned AIDS, for example, and the fight against AIDS and in many ways despite the horrible losses that still exist, the success is amazing how the international community came together including the conservative U.S. administration for example, which was not particularly globalization or global

governance oriented, but when it came to AIDS, AIDS put forward and all that, it was a major, major step. And that the coalitions can be built between cities, between corporations, businesses, NGOs, states and so on. On the other hand, there is -- one has the feeling, that the nation state, again, is reclaiming territory in a way, and maybe I'm too influenced by what's been happening in Europe but again, from a tendency to go towards less nation states and more European architecture, European institutions, the movement seems to have been back over the last few years to incrementalism, not necessarily away from the corporation but the corporation is between nation states. And so I was wondering, in that sense, do you see a kind of, in facing this difficulties, whenever they are particularly strong difficulties, such as the crisis in Europe, there seems to be a retreat into the nation state.

At the same time, I think what Nancy mentioned was also very very interesting on that point, why the fiscal affairs department of the IMF? And when we compare the G20 process, to let's say the IMF process on the macro economy and on finance, I would argue that although I am very sympathetic to the G20 and I think it's been a great improvement certainly over the G7 and so on, but when it actually came down to getting things done, there has been movement back into the IMF, which in a way, I personally welcome. But it's the organized corporation of nation states within the IMF with a competent staff that in a way can deliver more than the summit team and the informal processes of the G20. So yes, these are some of my thoughts listening to all three of you. Before we go to the audience, maybe we'll give Ian and Pascal a chance to say a

few words also reacting to Nancy, maybe reacting to some of the things I've said, and then we'll open it up to the audience. Ian?

MR. GOLDIN: Thanks very much Kemal and Nancy for those very insightful comments. Just a couple of quick responses then, maybe starting with Kemal. I think you are absolutely right on these two tendencies. One of the most worrying things I think is that there's a very strong backlash against globalization and openness. I think people see it not as a source of increasing opportunity but increasingly as a source of risk -- terrorism, cyber-attacks, and pandemics -- you name it, it comes from over there. The response is higher walls and protectionism, xenophobia, and nationalism are rising. And we see it very strongly in the polling. In the UK we have the UK Independence party getting 23 percent of the vote. We have the UK having a referendum about pulling out of Europe. We have Scotland wanting to pull out of the UK. And the same story is repeated in many other societies. This is not a sign of more joined up or connected citizenry, in terms of where it's going. So I think businesses and governments, civil societies and intellectuals have done a lousy job of explaining why globalization is a force for good, and how it can be managed and have done a lousy job particularly, as evidenced in the financial crisis, of managing it. And we see the backlash. It's very understandable. People want to bring things back local, they want to look at their politicians in the eyeball, they don't want them in New York at the U.N. or in Brussels or somewhere else. This is all completely understandable. The question is, for those of us that believe that this openness and connectivity is a force for good, is how do we ensure that it's also a resilient

force. And I think that's very much what it's about. So it's nice to know that most citizens support the U.N. I don't know if they're prepared to pay their taxes towards it, and whether they're prepared to give up any sovereignty at all, when it comes to crucial decisions at the table, and that goes to the point on the IMF I think, which is agencies are extremely important, and the real test is, are we prepared to empower our agencies that we don't control and that are really prepared to come into our kitchen. And that's not only about the legitimacy and effectiveness, but of course that its shareholding that goes with that. In the report, we spent quite a lot of space on this question of agency. How do you create accountable, democratic agencies, which are professional bodies expert and yet able to withstand the buffets of political winds? There are lots of good examples of that -- highways agencies and the FDA and many others, the Congressional Budget office, Congressional Research Service in the U.S., in the UK, the Budget of Office Responsibility and many other examples like this. And we see this as absolutely the way to go. And the IMF is certainly one of those agencies. Of course, it can be improved.

Nancy, we do spend quite a lot of time thinking about the short termism in business. There's a section on this, and it's the short termism in many many directions. One can't but be in Washington and they worry about a hand grenade being kicked down the road on debt, amongst other things, and the looming threat of another government shutdown to not be, absolutely have this in one's face all the time. But this is repeated in many many different instances. So short term in governments and short term in business, and

absolutely the market to market account and quarterly reporting, ubiquitous MBAs are driving out resilience and driving out many of the things that we hold dear. So how does one counter that? And the tax it proposes amongst others, are part of that transparency and many many other things. I think Pascal will pick up on the sovereign states question. But I like very much your six C's that claiming global governance absolutely. These are all things that we feel we need to make progress on to drive this agenda forward.

MR. LAMY: Short comment on the point that Nancy made about the report being maybe a bit too sanguine, about the sovereignty of the nation state and about Kemal's point about the return of the nation state.

I spent the last roughly twenty-five years of my life fighting with nation states. Fifteen years -- fifteen years in Brussels and eight years in Geneva. And what matters is not the sovereignty face of the nation states. What matters for politics is the legitimacy part of the nation state. The (inaudible) system which created in order to nationalize, rationalize war, so that war would not be any more about religion, but about state of affairs. It wasn't created because of legitimacy reasons. It just happened like in nature. This nation state was the matrix of democracy. Democracy was framed within national systems. And this is where a large part of the global governance issues are derived from. Because legitimacy inevitably is about proximity. And this is a great thing. Power needs to be near to the people. And there's no way you can escape this proximity dimension in politics. And when -- I know this conventional bit of arrogant wisdom that, ha ha -- all politics are local. Well yes -- all politics are

local and that's great. Because the moment they stop not becoming local, has shown in history that serious problems were coming. So that's something which I think we need to accept, which is why I've changed my mind on this. I wrote a book when I was new commissioner, ten years ago, about global democracy. And at the time, I thought that the issue was how can you globalize local problems. I've changed my mind on this. The problem is how you can localize global problems, in order to root them into a proper citizenship base, legitimacy. And whatever belief, respect, ambition I have for institutions -- I'm a big fan of institutions -- I praise -- we didn't do it well all in WTO -- but for the last ten years it's become less of an organization and more of an institution. So that's great, because it has weight, and as Nancy said, it has a certain autonomy. But it will not provide per se legitimacy, the sort of secondary legitimacy -- this notion that all public law specialties have that. There's no problem related to international institutions because there is transitivity in legitimacy. Nation states are legitimate so the arrangements and organizations that are driven by nation states have transitivity like in mathematics -- are legitimate. Well that does not work. So we have to take this into account. And in many ways we have to accept that in the international system, what's in the same hands of a national system, i.e. legitimacy, leadership and efficiency, is in different hands. The U.N. system has a lot of legitimacy. We all know it's not very efficient. Organizations like the IMF or the WTO have a limited legitimacy but we know that they are reasonably efficient. The G20, which is neither legitimate nor efficient, has some sort of leadership capacity, and I know, because I used it. So we have to get

accustomed to not cloning global governance from existing national traditional governance systems. And once we've done that, we open some space for other ways of playing with the service value and reality, which, I know, I'm the first to recognize is a big problem, in order to address global issues, but I'm also the first to recognize that if these global issues are not citizen driven more than nation state driven, then we will not be able to cope with the issues because the sort of values you need to underpin such a convergence, you cannot find with cold, state reason based, diplomatic systems. You need the guts. You need the passion. You need the irrationality of local politics in order to overcome these problems.

MR. DERVIŞ: Let me, on this point, because I really think it's crucial. If anybody wants to come in, also later from the audience, but is there, and I'm not convinced myself, but sometimes I have hope that what you define as local, with the new technology which is so -- brings people at that level much closer to each other than they ever could be in the past -- and also I should add another -- which you know, next to a Frenchman, is tough -- but also the fact that the English language has become such a global language, that these two things, to what degree that they make the local -- they allow us to redefine the local somewhat more globally, instead of, you know, sort of the municipal politics. Because the passion, or even the irrationality may be in the next ten, twenty years, can constitute itself on the internet on issues between people that don't actually meet each other physically but who meet all the time on social media. I'm not convinced about this argument, I'm just wondering if it will change some

of the basic dynamics around these global governance issues.

MS. BIRDSALL: So, I have a thought. It's related also to the question you asked at the beginning. So my thought is that the subsidiarity principle -- yes, local on issues that matter locally, regional, state, global. I think what's happening in this century is that more and more, there's a kind of a equivalence principle in political philosophy, which is, I should have some control over decisions that affect me. To the extent that decisions that affect me are made by multi-national corporations, that have to do with global supply chains, that have to do with what the G20 is saying or not saying -- I want some input, right? So, that's all about the tension that you just so nicely elaborated on Pascal -- legitimacy and the subsidiary principle and the role of sovereign states. And it's related to your question, and Kemal, is there a movement that's anti-global that's going on and very nationalistic -- why in the EU? I think it has to do with the sense that many citizens have, in many places, that the whole system at the global level has been captured by an insider elite. So that then generates resentment. Who is running the EU? Isn't that the establishment, the elite, right? Who's that sense in Europe, right? Why are -- and this is related to the reality that I think it's until, somehow, as a community, we find ways to reduce the inequalities associated with what people think of as globalization. There's going to be this problem that it's seen as an elite game, and that there's a lot of rents that are being captured -- political rents, economic rents. The other thing I wanted to say is about the U.S., because we're in Washington, and I think we face a real problem because for much of the latter half of the twentieth century,

we had the U.S. in charge and able to think long term, and taking leadership, in its own interests, but its own interests were in having an open, liberal trading setup in the world, because the U.S. was the best, the most competitive. Now, in this country, the leadership and the citizens feel beleaguered. There's a sense that the middle class is being hollowed out, that this has to do with globalization, so we are at a different moment historically. And that there's some Davos like elite including in the U.S. that's doing fine with this, but not the man in the street. So I think it's a matter of getting ahead of this, and making globalization something that's more fair, and perceived as more fair, more orderly, better managed, through some combination of sovereign states having better policies that are more globally consistent, and having these global institutions that help us manage this process.

MR. DERVIŞ: Pascal -- I'm sorry I interrupted you a little bit but I think it's important we stay connected.

MR. LAMY: No, it's fine, it's fine.

MR. DERVIŞ: Do you believe in some kind of internet democracy? I mean, just to be provocative.

MR. LAMY: The Oxford Martin Report has quite substantial developments of that. And I think there's clearly a whole field of new ways of dealing with global issues, with one caveat at this stage, which is that social networks are great at raising an issue --

MR. DERVIŞ: Mobilization --

MR. LAMY: Mobilization, so far we haven't had that many

appearances of social networking solving one issue, i.e. creating the necessary aggregation of different preferences to overcome vested interests, and produce the sort of energy for change. But I think there is -- there is a potential. I worked in the past, for some time, on for instance, deliberative polling, which I think is a technology which modern I.T. tools can help with disseminating -- where it wasn't do-able ten or twenty years ago, and there is a potential. But back on that my final point on this legitimacy issue and taking the point I came out with and was making about Europe. We all have, and that's what I think the science of psychology, if psychology is a science, these scientists ask that we all have a relatively important and underestimated altruism capacity. But what we also know is that is there a threat, is there a danger, is there a (inaudible)? This altruism capacity shrinks and then you're back to, I trust my brother more than my cousin, and my cousin more than my neighbor and my neighbor more than a stranger. And that's a basic I think, whether we like it or not, whether we find it great or not, trouble or not, that's the basic humanity behavior rule, and if you look at Europe and integration and you put a graph with a sort of a slope for rapid phases of European integration, for plateaus or moments, it's 100 percent correlated with growth. Because this capacity to think beyond your proximity is much bigger when the pie is growing, when there is hope in the future, than when you are in dire times. And the reality that this economic crisis has created a huge economic and social pain and that in these conditions, which is why these populist movements -- I'm not talking about the U.S., I don't know enough of the U.S. and I have to be comfortable -- but in Europe, this is why you have this

inevitable rise of extremism on the right side and on the left side, because this is a sign of dire times. And this needs, I think, and if you read the report, you will see that, in many ways, crisis -- the real midwife of major institutional changes in the international system. We needed two World Wars to have it established, we needed wars to create this formidable sense of capability, but in many ways you need a real catastrophe for the energy to change to overcome the difficulties, which is why the G20 created the world financial organization, which in my view, should have been there for 50 years. Now it's not called the world financial organization because financiers don't like to be called this way. But I mean, they created it, it exists, in a bubble. They call it the Financial Stability Board so that nobody understands what it means. But in reality, the name of it is the World Financial Organization.

So you need these sorts of ruptures and, by the way, the moment the legitimacy of this world financial organization issue will come on the table, we'll spend a bit of time discussing this.

MR. DERVIŞ: Okay, let's open to the floor. Let's have two or three -- yes, I'll start with the gentleman here. Please identify yourself. You will get the microphone.

QUESTIONER: I am Ed Munson, former Ambassador of St. Lucia, a small island in the Caribbean. I get the impression that most of the discussion and what is written, and I haven't written it yet, is about the more developed countries. Any consideration being given to the developing countries or the less developed countries in this equation for the long term interests, the

interests of these countries, are they being taken into account in your studies.

Thank you.

MR. DERVIŞ: Yes, we'll take a few, thank you. Yes.

MR. SCHERR: I'm Jacob Scherr with the National Resources Defense Council and I've spent my entire career as an environmental lawyer and advocate, so I very much welcome a focus on long term and future generations. But I wanted to get a response to a plea for short termism on the part of the Commission. We really have about -- we're looking at 2015 as a critical year with both the new climate agreement and the SGDs, and so I would really encourage you to be pushing for the adoption -- serious consideration of adoption of many of your points within the next two years. And then secondly, the one place where we really seem to be long term, is when we ask national governments to make commitments. So we ask about commitments that like, I'll never forget Mayor Bloomberg saying, you know, you environmentalists are letting us off too easy, when you ask politicians to reduce CO2 emissions eighty percent in fifty years. But I think we really need to look at the reality that the speed at which the future is coming at us is increasing and that we really need to demand that our leaders take action now and not push off action to a long distant future.

MR. DERVIŞ: Thanks. Some more? Anybody? Yes, I'm just trying to get some gender balance also. Yes.

SPEAKER: Hi, my name is Aiansa Sommers. My question is for you guys. How do you feel about millennials now, taking up the global policies of these huge organizations, and how is the older generation listening to the

younger generation, because the millennials are at a point where, they've been out of work for let's say a decade. They've had a bad economy for a decade. And they're looking towards the future and they're looking at the issues of the world and they're saying, well we don't want to do it that way. So how is the conversation going to get to a point where we can create change and solve problems, so that our younger generation, which I call the millenials, can also work with our older organizations so that we can have a better world, not just a better country?

MR. DERVIŞ: Yeah, there was one gentleman, yes?

SPEAKER: Hi, I'm Fred Altman and my question is on transition. How many of the problems are transition problems, that is, several localities can't agree because they're hurt in the short run but if you could stretch it out, everybody would be on the same page, and short term decision making is actually usually quite good in people, but long term, not so good.

MR. DERVIŞ: Anybody else at this point? Yes.

MR. TRUMAN: I am Ted Truman from Peterson Institute. I wanted to push back a little bit on this sort of, I would say from the last part of your discussion on. On the one hand you need a growing pie. On the other hand, crisis presents, produces the need for recognition of the need for change, I think that would be one way to summarize it, the last part in the collective discussion. But that is, itself, a conflict, right? -- because crisis in the economic and many other areas tend to be ones that shrink pie. You could even argue that in today's world, the reaction to, and in some sense, hyper reaction to -- I think

hyper reaction may be too strong a word these days -- hyper reaction to what was done in 2008, 2009, collectively, is -- has been undermined precisely because the pie subsequently -- maybe it grew, but it didn't grow very much. So I'd be interested in how -- it as a more philosophical point, but how you sort of square that tension, between sort of doing everything now in some sense, in the crisis, but obviously the issue is in some sense, in the short run you're going to, last question, short term pain, long term gain, kinds of issues. Thank you.

MR. DERVIŞ: Yeah, one last point over there. Okay, very quickly, please.

SPEAKER: Hi, I'm Phazon from the Aga Khan Foundation. I actually just wanted to ask about this growing pie in 2008, 2009, the pie's actually growing but the income distribution and the margins are actually getting larger and I think you mentioned an equality gap in the research. Could you just speak briefly about what that looks like and what you measured in terms of the growing inequality in what countries? Thank you.

MR. DERVIŞ: That may require yet another conference, but anyway. Okay, one last, I think -- there was somebody --

MS. GRAHAM: I had a question. I'm Jessica Graham, DoD. Well first point is, you mentioned this is one of the first times in history we've actually known or been aware about environmental change and the problems that environmental change can create for the world. And I would just push back on that a little bit, in just looking at Malthus in 1798. He proposed that the world was going to go hungry. But the world did not go hungry. And then also, I'm kind of

going by centuries here. If we look at Thoreau, we're talking about inequality of money, living standards, whatever it was. I wonder if we're actually living that ourselves, if we're talking about, we need to make more equality. Are we actually living that ourselves, are we being good examples of that? And the last one is, in the twentieth century, I don't know if you remember the Lord of the Flies? And there's a big argument about who controls the conch. So if we're talking about having global governance, who are you proposing is actually going to control the conch? Thank you.

MR. DERVIŞ: Control the what?

MS. BIRDSALL: The conch, the shell.

MR. DERVIŞ: Oh.

MR. LAMY: What?

MR. DERVIŞ: Well, Nancy, you answer that question.

MR. LAMY: I still haven't understood, control the what?

MR. DERVIŞ: The shell. Nancy will tell us. So, Ian, we'll start with you.

MR. GOLDIN: Let me be very --

MR. DERVIŞ: And you don't have to -- just pick the one you like.

MR. GOLDIN: We certainly, to answer the framed from St. Lucia, we certainly deal with development, as Nancy said, but we're very much at the center of this. We don't break the report into developing or least developed or any of the normal categories in advanced economies. But the theme that runs through it is all about those that have been able to benefit and those that have

not been able to benefit from realization and integration, and the issues and the propositions we have are as relevant for the poorest countries as they are for the wealthiest countries. Indeed, many of the things could be adopted, like fit cities, these agency ideas, discounting ideas, etcetera. All of these things are very much across countries. We have Trevor Manuel from South Africa; we have Nandan Nilekani from India, amongst the people who are Commissioners and certainly thinking about those issues. I think the gentleman on climate and SDGS, yes, absolutely, we can't -- Now, for the Long Term, is now, okay? That's the first word of our title. We're not saying the long term in the long term. It is that if we don't work now, we won't ever achieve these. We need to focus society now on some of these big tectonic shifts that are happening, and it growing in equality, climate change, et cetera are certainly amongst those. I'll leave some of the other questions on millennium perhaps to others. On the transition, I think that's a very good point. It is about the short term sacrifices and long term gains. It's also about learning, whether one can do that.

The reason why many developing countries are in such great shape now is because they learned the terrible lessons of crises in the seventies, eighties and nineties. The reason we are in such bad shape is we didn't learn those lessons. So is one really able to make sacrifices or are sacrifices forced upon one, do nothing to relate to this question from the person from the Peterson Institute about crises and when you are able to adjust things.

I think the greatest tragedy about the financial crisis, the financial organization, FSB notwithstanding, is it hasn't bled through structural changes in

the global economics system or financial system. The lessons have not been learned, and therefore we're very likely to repeat it again. So it's not only a question as to whether how you get -- how do you turn a small crisis into a big opportunity, is really where you want to be. And if crises do require, are required for transformational change, it's not always clear that they are.

You have gay marriage in the U.S.; you can't smoke in a French bar. Those two things seem pretty major changes that have happened in our recent lifetimes, neither of which came from out of a crisis. Societies do move surprisingly quickly on some issues, through knowledge actually, and from this mobilization that comes from it. So I don't think that the model of transformation has to rely at all on crisis. It can rely on many other things, as we've seen in many many big societal changes, which I've certainly thought I'd see in my lifetime -- either of those two for example.

Just on inequality, absolutely, it's a central issue. Nancy very rightly picked up on this in her comments. On, in figure 15 on page 25 in the report, we go into some depth about this. Inequality is growing. One of the reasons, I think Nancy highlighted, is people do not believe these long term structure shifts are working for them because of short term gains.

And just on the person who rightly said there'd been many episodes in the past -- Malthus, Thoreau, others who've talked about these things that've never happened -- so it's not right to say that this is the first generation where we can actually see the consequence of action. Malthus was not a scientist in the sense that we have the IPCC now, okay? I think 99.99

percent of climate scientists in the world are saying that atmospheric concentration of carbon is increasing, is different to Malthus. It's a different level of certainty and knowledge. And I think we need to act on it.

MR. DERVIŞ: Nancy.

MS. BIRDSALL: So, about the millenials -- I do not mean this in a flippant way. But I think that in democracies, mothers should have the votes of their children. And that, if there is a global poll, mothers should have the votes of their children. Because we all get old, and we worry about what it's going to be like when we get old. But none of us will ever be as young again as we were. This idea actually came from, interestingly enough, Arminio Fraga, when he was the Governor of the Central Bank in Brazil, at Jackson Hole, the famous Jackson Hole meeting of Central Bankers. And so, I've always been an admirer of Arminio Fraga. This is great out of the box thinking. And you know, the idea is, maybe we should have the weighting of votes related conversely to one's age, so that we were ensuring better representation of the young now, for their future benefit.

The only other thing I wanted to say is about the transition problem and Thoreau and Malthus and all that. You know, I think this even has made me realize we have a sovereignty issue, and we have sort of a habit of thinking -- I don't know how to capture it from history -- which is things pretty much have gotten better, as the report nicely lays out, so we're very accustomed, at least for the last two or three hundred years, we live with an implicit recognition, if not explicit, that things are getting better.

So this report is important, in that it outlines as Ian said at the beginning, not only that things are getting better, but threats are getting bigger. And it's a real change in mind set to worry about the future. Economists always say, and it's the economists who for a long time resisted about climate, because we're all getting richer, why should we pay costs now, when we'll all be richer later, and they can more easily deal with swallowing the costs of dealing with the climate problem? So there's something going on in the way it's very deeply set in our brains, behaviorally -- this issue of the future and how to deal now with future risks.

MR. DERVIŞ: Well, we'll record Nancy's proposals for voting inversely to age, and things like that.

MS. BIRDSALL: Right.

MR. DERVIŞ: Pascal, --

MS. BIRDSALL: Next report.

MR. LAMY: On the development question, our forecasts, which are now conventional wisdom, is that by 2030, the world's middle class will grow from two billion people to five billion people and that the whole of the top three billion come from developing countries -- two billion of these three billion being Asia, and the rest between Africa and Latin America and the Caribbean. So that's the sort of universe that we are considering, which makes no globalization work. We'll give it up now.

On the contribution to the post 2015 -- we did not time the report as a function of that, to be frank, although we did not pretend we'd done it, it

wasn't the case to be very very honest. But it happens that, and I saw that last week when I discussed with Bank Imun and the U.N. people, there is a sort of declassified approach in this report which has a nice flavor for post 2015. Whether it will work or not, I don't know. We will do our best. I don't see anyone around the table of the Commission who would not be ready to engage in pushing this sort of post 2015 global agenda, knowing that the first generation of MDGS were a coup d'état. These sovereigns we discussed, a month ago, received a big injection of accountability, and it won't work the same way this time. They've immunized themselves against accountability. They will resist, believe me. I can see how the debate is moving. They will do their utmost to resist a new accountability exercise where heads of state and government will be, will have to go to the U.N. every three or four years and say, I did well on this one, and I didn't do well on that one. It was a success -- whatever you can say about NDG 5, whether it was the right thing, and whether you should put NDG 8 before 2, or whatever academic or scientific or technocratic debate -- you can do about it. They have a major tool of global accountability. And again, I think the system will (inaudible), and hence the importance of finding new ways of maintaining this step forward in accountability, which I think was created. A (inaudible) agree with what Ian and Nancy have said on ready to surrender part of my voting right. But I nevertheless would like to make sure I vote. But if I surrender part of that, I would like to surrender to people who will vote. When I look at my political environment, in Europe, for instance, the younger generation doesn't vote that much. I think Nancy would say, but if they had a triple weighted

vote, maybe they would vote. Maybe, maybe, maybe. But again, that doesn't -- if they vote, I'm ready to surrender part of my right to vote -- IF. On the inequalities, I think Ian has said everything. This Commission was composed with, let's say, quite diverse set of ideological preferences. I don't think Jean-Claude Trichet is an extremist on the left, nor even on the center left, he's not -- I only take one name, which is compatriot so that I don't run into any serious risk of moving from my proximity, but there was a consensus around the table of the Commission, that more inequalities is bad for human societies. And the reason why it's the case, is again, I think we've been very pragmatic on this. We've looked at what works and what doesn't work. And societies with less inequalities work better than societies with more inequalities. And that's as simple as that. It didn't come from philosophical preferences. It came from the sort of pragmatic approach to reality, hence the proposal which we made in, for instance, these cash transfers -- conditional cash transfers for youth unemployment, which is one of the main reasons, there are many of that, of how you fabricate inequality in society and usually between zero and five years old, but the -- what we've looked at, both the familiar, the family zero that's done in Brazil and parts of Latin America -- there are many social experiences of this kind, which have been efficient in fighting inequalities.

Why not learn from that? Hence the series of the proposal of this kind. Again, not stemming from a field of equal egalitarian and sort of (inaudible) but stemming from the pure observation of reality and I'm saying this, and I know that as a European I have a sort of lesser tolerance to inequalities than other

civilizations of this planet. But this being said, let me remove that European skin and look at the average consensus among the members of the Commission. It was a consensus. And I think this in a way, matters in the way we look at these future problems.

MR. DERVIŞ: Thank you very much. Let me just say maybe two things, in terms of your timing of this report. Because of the fact that it wasn't done for the time of the 2015 post MPGs but the way the timing coincided is probably a good thing. There's another thing that is happening. 2014 will be the hundredth anniversary of the beginning of the terrible first World War, which arguably led to many other terrible things, including the second World War, and then really maybe the worst that humanity has almost experienced, at least humanity made -- you know the big plagues of the Middle Ages were not humanity made but they happened -- but this was conscious destruction of human life and at a scale that was almost unthinkable. And so I think many people are writing about the First World War and they emphasize the fact that as opposed to the second where there was in a sense a clear aggressor and villain, humanity kind of slid into the first World War without kind of realizing or noticing it. In fact, as some of you may know, the German Kaiser and Russian Czar were distant cousins and were planning a joint hunting party, instead of going to war. And they went to war with thirty seven million people killed. So I think the issues at stake in terms of governance are huge -- economic issues, climate issues, and of course, security issues. And one last thing that affected me terribly, Francis Fukuyama, many of you may know him from his writings I'm sure, and maybe

even personally since he was teaching across the street, a year ago, made his own drone. He's not an engineer. He wrote of the piece in the Financial Times, that he actually constructed a mini-drone himself. And why am I mentioning -- and then that drone was flying around in the neighborhood in California. But he then made the point that soon, individuals, just accessing information from the internet, will be able to make drones that could kill.

MS. BIRDSALL: 3D technology.

MR. DERVIŞ: And so the kinds of technologies that are now coming on, just like nuclear technology was also that kind of thing, but at the much more micro scale, I think will require a degree of human cooperation to manage it. And there will be lots of good in it. Maybe we can overcome Alzheimer's disease. But there will also be tremendous dangers. And to think that one can manage these dangers on one's own without global cooperation -- you know, bio engineering, all these kinds of things -- and the whole terror threats that are implicit in some of these new technologies -- is obviously wrong. We will have to come together. So I think that the work that the Commission did and led by Pascal and Ian and we heard a bit of it tonight -- is really what we need so desperately in today's world. And if this evening has contributed just a little bit in stimulating more thoughts and getting more support for your work, then it has been worthwhile. Many thanks to Pascal and Ian and Nancy. Thank you.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016