

## **Scenario outline: Global economic governance in 2020**

**by Winfried Veit**  
**Director, FES Geneva**

### **Background**

The idea for this scenario building is based on the experience of the author of this outline with scenarios in South Africa and the Middle East. Even if dealing with global problems is different from looking at national or regional environments scenario building provides a useful tool also when it comes to the future of global economic governance. Scenarios can have a major impact on future developments by influencing decision-making processes on different levels. The example of the Mont Fleur scenarios in South Africa, which had been supported by the Friedrich Ebert Foundation, clearly demonstrates this:

*Done well, scenarios are a medium through which great change can be envisioned and actualized. Perhaps the clearest illustration of the power of scenarios is the influential set of scenarios developed in South Africa in 1991, when a diverse group of South African leaders-community activists, politicians, unionists, academics, economists, and business leaders – used scenario thinking to envision paths to democracy as the country transitioned out of Apartheid. Each resulting scenario described a very different outcome of the political negotiations that were then underway. One scenario, which the group called Ostrich, told of what would happen if the negotiations were to break down between the Apartheid government and Nelson Mandela’s African National Congress. Another scenario, Lame Duck, foresaw a world in which a prolonged transition left the government weak and unable to satisfy all interests. A third scenario, Icarus, described a South Africa in which the ANC came to power and their massive public spending resulted in an economic crash. The fourth scenario, Flight of the Flamingos, describes how the Apartheid government, the ANC and their respective constituencies might slowly and steadily rise together. These scenarios, known as the Mont Fleur scenarios, were subsequently shared widely throughout South Africa, and became an instrumental common*

*language that helped facilitate public debate in the transition to democracy. (Global Business Network)*

### **About scenarios**

*A scenario is a story that describes a possible future. It identifies some significant events, the main actors and their motivations, and it conveys how the world functions. Building and using scenarios can help people explore what the future might look like and the likely challenges of living in it.*

*Decision makers can use scenarios to think about the uncertain aspects of the future that most worry them—or to discover the aspects about which they should be concerned—and to explore the ways in which these might unfold. Because there is no single answer to such enquiries, scenario builders create sets of scenarios. These scenarios all address the same important questions and all include those aspects of the future that are likely to persist (that is, the predetermined elements), but each one describes a different way in which the uncertain aspects of the future could play out.*

*Scenarios are based on intuition, but crafted as analytical structures. They are written as stories that make potential futures seem vivid and compelling. They do not provide a consensus view of the future, nor are they predictions: they may describe a context and how it may change, but they do not describe the implications of the scenarios for potential users nor dictate how they must respond. (Scenarios: An Explorer's Guide, Shell)*

### **The subject**

Global economic governance is in disarray and at the same time much needed. The possible failure of the Doha round and the outdated structure and functioning of the International Monetary Fund and the World Bank make reforms of the global economic architecture inevitable. But where is the architect and what should the new architecture look like? A modest approach preaches more coherence between the existing international and multilateral organizations (especially WTO, IMF, WB but also UNCTAD, ILO and the like). As experience clearly demonstrates, this is difficult to achieve as existing institutions tend to seclude themselves from each other or having difficulties to communicate with each other properly. So, others plead for more or less radical changes in the structure and functioning of these organizations but here again historic experience shows that it is easier to create new institutions beside existing ones than to reform or to merge them (the fate of the Sutherland

Report on WTO reform is a good – or rather bad – example and one has to see which impact the Warwick Commission Report will have; the same is true for the ill-fated reforms of the UN system under Kofi Annan). A more radical approach prefers national and regional solutions to multilateral ones and in the light of the scenario approach with breaking old stereotypes it might be not only interesting but useful to look at attempts to create “Southern counter power” like the “Bolivarian” movement in Latin America. Others see a “post-American world” emerging with the “Big Three” – US, China and Europe – dominating the future (economic) world order. As these few examples show there is enough room for creative thinking and consequently for building plausible and surprising scenarios.

The scenario building exercise is intended for one year, starting in April 2008. It will focus on global economic governance, while maintaining a broad approach including developmental, financial, monetary, social and environmental issues.

## **The Project**

The project will follow the Shell scenario building approach with 3 workshops under the headings of orientation, building and affirmation, but also use other scenario techniques. In between these workshops the core team will work on the scenarios, prepare the workshops, develop specific ideas and gather additional information.

In the *orientation workshop* (June 27-29, 08) the scenario team will get different inputs before starting the scenario building process:

- A summary of proposals for the reform of global economic institutions, like the Warwick commission report, which mostly deal with improving the existing institutions but do not put into question the overall system;
- Presentations of specific aspects and findings on specific issues by members of the core team and especially invited experts;
- Results of interviews conducted by members of the core team.

The main purpose of the orientation workshop is to deepen the understanding for the overall problem (of global economic governance); identifying themes, where further information will be needed; defining driving forces and sharpen the eyes for future uncertainties. During the sessions we will use the “Metaplan” method in order to focus on the most important and innovative ideas. By using this method, we hope to be able to “cluster” the different ideas into “building blocks” which might become the core of different scenarios.

In the *building workshop* ( October/November 08), members of the scenario team will tell their stories on possible futures of global economic governance and the team will start building scenarios on the basis of these stories. The aim of building scenarios is not to try to create consensus, but to recognize and actively involve different points of view. For this reason, the idea of probability is not helpful in developing the elements of the scenarios. Challenges for the recipients of the scenarios are more likely to lie in an improbable turn of events, or in issues that are well recognized but about which there are major differences of opinion. The core team will work on the set of stories coming out of the building workshop and filter them down to 3-4 possible and plausible scenarios.

These scenarios will be presented in the *affirmation workshop* (beginning 2009) and tested for plausibility, challenge and relevance by the scenario team. In this context an important question that should be raised is “what’s missing?” The scenarios will then be refined and finalized. One should also think about title and symbols for the scenario “product” in order to “sell” it easier to interested constituencies. Use of graphics can be particularly helpful if the intention is to share the scenarios beyond the scenario-building team, which is the case for our project. The usefulness of this approach is clearly demonstrated in the Mont-Fleur as well as the Israel 2025 scenarios.

One of the purposes of building and using scenarios is precisely to help raise people’s awareness of what is going on in the world and their understanding of how they interpret what they see. Adequate *presentation* of the scenarios is therefore of utmost importance. They will be published in one of the FES publications and presented in a public event in Geneva. Furthermore, they could also be presented in other countries through FES offices by members of the scenario team coming from these countries.

## **The team**

The scenario team will consist of academic experts, professionals of international and governmental organizations, representatives of NGO’s, business and trade unions, diplomats and politicians. All of them will be invited in their personal capacity and not as representatives of their respective institutions. Furthermore, the debates during the sessions will follow “Chatham House rules” and the “stories” will be kept confidential. The output, i.e. the final scenarios will be presented as the collective work of the team.

The team will include around 12-15 Geneva-based members in addition to 8-10 coming from various countries in different continents. Meetings will take place from Friday evening till Sunday noon in a conference center outside Geneva. A very important aspect of scenario building is that team members need to commit to participating in all the workshops. We are

also trying to include a group of eminent resource persons (ambassadors, heads of NGO's) in the scenario process by inviting them to special sessions of the workshops, communicating and consulting with them during the whole process.

There already exists a core team of about 10 people which has already met twice on April 3 and April 17. The next meeting will be on May 20, where the orientation workshop end of June will be prepared. The core team will also prepare the other workshops, work on the "stories" and communicate with the other team members. The core team includes the scenario director, Winfried Veit, and the coordinators, Steffen Grammling and Yvonne Theemann, all from FES Geneva. Funding will come entirely from Friedrich Ebert Foundation.