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Chinese and Indian megacities as actors of global governance for sustainability

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“Imagine there no countries (i.e. nation-states) ... only megacities” (adopted from John Lennon’s “Imagine”)

1. China and India in a multipolar world

The coming Asian era

One of the most intriguing facets of contemporary developments in the global system is the spectacular rise of China, India and other emerging countries like Brazil, Mexico and South Africa. The German Development Ministry – supported by extensive research undertaken at the German Development Institute (DIE) – uses the term *anchor countries* for this particular group of nation-states to indicate their exceptional economic and political weight within the respective regions (Altenburg/Stamm 2005). The concept was devised in response to a controversial debate in Germany on providing public funds for development programs to emerging countries, China in particular. Certain voices in Parliament, civil society and the media would want to concentrate foreign aid on poverty alleviation in poor countries, especially Sub-Sahara Africa. As they see it, China with its nearly 1 trillion US\$ in foreign exchange reserves does not need (and deserve) external assistance any longer.

The contrary position underlines the imperative for interaction with and support of the new powerhouses of the South out of (enlightened) self-interest - complementary to the ethical-humanitarian motives for international aid. Rightly following this line of thought, the German Development Ministry has broadened the horizon for cooperation with anchor countries emphasizing common interests in the provision of global public goods like peace and security, climate stability, protection of global ecosystems, poverty reduction, human rights and open markets (BMZ 2005).

Together with partners in North and South, the DIE is also involved in comprehensive studies on the so called *Asian drivers of global change* and their increasing impact on other developing countries and regions (Humphrey/Messner 2006). According to this perspective, emerging nations will fundamentally change the external environment for Africa, Latin

America and Asia and expand policy space as called for by UNCTAD XI, 2004, in Sao Paolo (Khor 2006).

China's and India's rise as global economic and political powers represents a critical challenge to the international political economy still dominated by the "transatlantic West". The rupture of the post World War II order that prevailed over the last six decades signals a transformation of international affairs heralding a new "Global-Asian" era. It also brings to an end the short-lived unipolar moment after the fall of the Berlin Wall in 1989 and the demise of the Soviet Union which had installed the United States as sole "hyperpower" at the apex of the international system. Due to fundamental shifts in the world economy and the unintended consequences of U.S. foreign policies, hegemonic dominance is quickly fading. We presently witness the genesis of a multipolar constellation in which the rising powers of Asia will play a key role.

China's and India's economic boom

China's consistently high growth rates over more than two decades (nine percent and more on an annual base) have become the source of awe, admiration and concern. In India, economic development has also picked up speed in recent years, now surpassing seven percent annually. According to estimates of the International Monetary Fund, China's gross domestic product (GDP) at current currency exchange rates will almost reach the level of Germany's, presently number three after the U.S. and Japan (IMF 2006). Based on purchasing power parity (PPP) which depicts a more accurate picture than market-driven (and sometimes distorted) exchange rates, China's GDP is expected to rank as number two in the coming year, not far below the U.S. In PPP GNP values, India will also get ahead of Japan in 2007 and capture the third position in global ranking.

In only 20 years, the export volume of China has exploded by a factor of 15 to 762 billion US\$ (2005) catapulting the country into the third rank of international merchandise trade (WTO 2006). "In 2004, China's import and export figure doubled that of three years previously, reaching 1,154.8 billion US\$, and its import figure nearly doubled that of three years previously, reaching 561.4 billion US\$." (GoC 2005). India lags far behind with an export value of 90 billion US\$ in 2005, but also expanding quickly. It is not just the current level of economic activity of China and India that impresses observers but particularly the phenomenal speed of expansion.

Factors of concern to the West

There are several reasons why the growing weight of China and India in the international arena is met with considerable reservations in the West. The *first* argument relates to geopolitical aspects. As we can presently see most clearly in Africa, China and increasingly India present themselves as attractive partners to other developing countries. Their successful growth path at home qualifies them as role models for a state-dominated strategy - in clear contradiction to neoliberal concepts such as the Washington Consensus (Ramo 2004). A growing number of African and also Asian governments see cooperation with China and India as a viable alternative to the Western model of assistance, in particular since such aid is provided on the basis of non-interference in their internal affairs – a cornerstone of China’s five principles of peaceful coexistence (China Institute of International Studies 2004).

In addition, the dynamic growth of industrial production and Western-style consumption in China and India has led to a surge of demand for energy and natural resources which strengthens the position of primary producers, among them countries like Sudan, Angola and Central Asian countries which criticized by the West for governance and human rights deficits, further eroding traditional patterns of Western access and control.

Secondly, as China and India emerge as economic powerhouses, Western nations are threatened by declining shares in global markets and job loss at home. This trend will even accelerate as these economies move into high-technology segments of many product ranges and strengthen internal capacities for research and innovation. Other developing countries are also affected by the advance of low-cost products and services from India and China. Manufacturing industries in Africa and Latin America could easily be crowded out by superior Asian competitors at home and in third markets.

A *third* factor refers to the impact of China and India on global ecosystems (World Watch 2006). On a per capita basis, the consumption of environmental space and natural resources by these countries is comparatively low due to the enormous size of their populations. If we use the widely accepted metric of the “ecological footprint” which measures the environmental impact by calculating the land area needed to support a certain pattern of production and consumption, China accounts for an average value of 1.6 hectares per person; India comes up to 0.7 hectares – far below the available biologically productive area of 1.8 hectares per capita on a global scale (European Environment Agency 2005). Germany’s land use stands at unsustainable 4.4 hectares, compared to the environmentally excessive U.S. value of 9.7. hectares.

However, the stability of ecosystems is determined by the absolute impact of human activities. With regard to greenhouse gas emissions (GHGs), China is moving quickly to the top of the international league (presently at second position after the U.S.). This has come about despite considerable success at improving national energy efficiency. For the coming years, China has fixed ambitious goals to increase resource productivity in the Eleventh Five-Year Plan (2006-2010) which include cutting energy other resource consumption per unit of GDP by 20 percent compared to 2005. Despite these efforts, sometime around the year 2020, China is expected to surpass the U.S. in total GHG emissions (International Energy Agency 2005). India's GHG emissions have also grown strongly, by 57 percent between 1992 and 2002 (World Bank 2006)

Judging from these trends, it is obvious that effective solutions to global challenges cannot be designed and implemented without active Chinese and Indian participation. For them to play a constructive role in global governance will completely depend on the extent to which their interests, objectives and standards are taken into consideration by industrialized countries which have traditionally dominated international institutions, regimes and rules. The recent failure of the Doha development round has demonstrated that global rules will only be acceptable to developing countries if a fair balancing of interests takes place. This is a historically new framework for global negotiations which industrialized countries have yet to fully grasp. With regard to environmental issues, the use of global commons will need to be guided by the ethical principle of universal equal access on a per capita basis. In the debate on the future regime of global climate protection this rule is referred to as "contraction and convergence" and is gaining support internationally.

The normative foundations for global governance have to be conceived as a synthesis of Western, Eastern and Southern values and approaches. Up to now, emerging countries are not adequately accommodated in the global system. What the world needs to effectively tackle global problems is new arrangements for global governance with the United Nations as the core and a reformed summit architecture (Cooper/Fues 2005). If this cannot be accomplished in the coming years the world will be heading into a phase of turbulent multilateralism characterized by escalating conflicts and risks.

2. Megacities as actors of global governance

The role of megacities in sustainable development

By extending their reach into the global space, subnational public entities have become an important force in multilevel governance (Betsill/Bulkeley 2006). Ever since the Rio Earth

Summit of 1992, cities have played a prominent role in international efforts for sustainable development. Chapter 28 of Agenda 21, the program for global sustainability adopted at Rio, calls on local authorities to shoulder their full responsibilities in this regard. It is obvious that nation-states will not be able to deliver on their international environmental commitments if they cannot count on subnational actors for implementation. For example, municipalities have a far-reaching influence on the ecological footprint of their respective entities by shaping sustainable policies for transportation, energy, waste, land use planning and other critical issues. This is particularly true for megacities where opportunities but also risks for sustainable development abound. In size, they outmatch many nation-states and still are more connected to challenges and problem solving approaches on the ground. Local governments are well suited to foster partnerships with a wide range of stakeholders in civil society, the business sector, media and the academic community. Due to agglomeration and scale effects, systemic approaches to ensure sustainability are more easily implemented in megacities than in sparsely populated territories. The specific extent of policy space at the local level is of course determined by the national political system and constitutional arrangements.

However, it is also important to recognize the limits and constraints which municipal authorities are confronted with. They usually suffer from a lack of resources and capacities. The effectiveness of the public sector is curtailed by the fragmentation of its institutional set-up. Often, small interest groups are able to exercise veto-power against policies which threaten their interests. In extreme cases, public authorities are overwhelmed by accumulating problems and the break-down of social order.

Activities beyond local confines

In many countries, cities have well-established structures to articulate their interests at the national level and lobby key decision-makers. Increasingly, local entities and subnational regions do not perceive themselves as passive recipients of regulations and guidelines issued by the respective central government but venture into transnational spaces to become actors of global governance of their own right. As a result of this tendency, the public sector of a given country can no longer be interpreted as a homogeneous and unitary actor but has to be compartmentalized into a broad range of actors with diverse authorities, values and agendas. Since local resources are highly limited, outward activities often take place within the context of international networks like the International Council for Local Environmental Initiatives (www.ICLEI.org) or the Network of Regional Governments for Sustainable Development (www.nrg4sd.net).

Such arrangements lead to the blurring of traditional dividing lines between the local and the global on the one hand, and between state and nonstate actors on the other while simultaneously fostering informal modes of interaction. Cities thus become part of a complex web of multilevel governance which in certain cases can completely bypass national authorities thus directly linking the local with the international. The United Nations Commission on Sustainable Development and other UN institutions regularly invite networks of municipalities to participate in their proceedings irrespective of the policies and intentions of affected member states. Thus, local officials can make autonomous use of their access to the global arena to oppose or even counteract their respective national governments. In such instances, the right of the central administration to represent certain segments of its own population is contested from within the country. For example, a group of U.S. states including the Republican-led State of California played an active role in the Bonn 2004 conference on renewable energy, publicly criticizing the Bush Administration for failing to realize the existential risk of global warming.

Lack of institutionalized access

However, international institutions have not yet developed appropriate formalized modalities to accommodate subnational public entities and provide a functional framework for multilevel governance. For example, the United Nations lacks a separate mechanism to interact with municipalities and constitutional regions below the nation-state. At present, ICLEI and similar actors have to register as non-governmental organizations and are exposed to a screening process at the ECOSOC (Economic and Social Council) which does not do justice to their specific nature as public entities. A recent reform commission headed by former Brazilian President, Fernando Henrique Cardoso, recommended the creation of a special office within the UN secretariat to cater to the special needs of local authorities (Fues 2005). In order to garner the full potential of subnational public authorities to global governance they would need a special formal status at the UN and other international fora as well as access to adequate funding outside the national context to strengthen their autonomy vis-à-vis the central government.

3. The contributions of Chinese and Indian megacities to sustainable global governance

Chinese and Indian megacities could play an exceptionally constructive role in global governance for sustainability. They are well aware of the looming dangers associated with the depletion of natural resources and increasing instability of global and local ecosystems. At the

same time, they can mobilize administrative, financial resources and stakeholders to meet the challenges. While nation-states quickly get trapped in power politics and posturing at the international level, municipalities are free to engage in cross-border networks focused on particular issues and hands-on solutions. They could be the ideal actors to bridge the gap in values, norms and standards between the different cultures. Their orientation towards feasible outcomes that immediately lead to tangible benefits for real people provides the basis for pragmatic associations in transnational space. Their objective interest lies in sharing practical experiences and joint learning while disregarding political contradictions and geostrategic divisions at the intergovernmental level.

In both countries national framework conditions are conducive to an active role of megacities in multilevel governance. While popular participation is limited due to the nature of its political system, the Chinese government puts strong emphasis on sustainable development and multilateralism. The newly coined concept of a “harmonious world” commits the country to broad support for global sustainability and solidarity (GoC 2005, Yue 2006). In its Africa strategy the government explicitly speaks out in favor of international cooperation of local authorities: “China's Central Government attaches importance to the exchanges between local governments of China and African countries, vigorously supports twin province/state and twin city relationship aimed at facilitating bilateral exchanges and cooperation in local development and administration.” (GoC 2006). It can be fairly assumed that such orientation is meant to apply to all international contacts of Chinese municipalities within the boundaries of national foreign policy.

From the perspective of the largest democracy in the world, Indian officials and academics see great potential for a role as bridging country. India's influence does not come from conventional indices of hard power like military and economic capacities but from building on its specific values and experiences of diversity, pluralism and liberal constitutional democracy (Khilnani 2005).

The effectiveness of future global governance for sustainability will critically depend on the contributions of megacities in China and India and other emerging countries. Western countries would be well advised to intensify dialogue and joint learning processes with them. In this interaction, large European municipalities could play a leading role. They are aware of the urgent need of transforming present production and consumption patterns. They also command knowledge and resources of high value for Chinese and Indian megacities. The German government should therefore strengthen its support of multi-actor twinning arrangements and cross-border activities for sustainable development at the local level.

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