

Transformation towards global sustainability: European Union should encourage key societal systems to regain economic and political sovereignty

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I would like to start where professor Christian Saint-Etienne ends in his background document for this session: *“Public action is not linked to expenditure but to intelligence in the anticipation, organization and permanent evaluation of public action systems and procedures. The State must be strategic and above all should not be naïve!”*

It is clear, that human civilization is presently having major challenges which go far beyond nations or supra-national regions such as the European Union. Today's challenges differ from the past due the fact that the world has become an Anthropocene - a planet where human dimension and the ecological dimension are totally interwoven. This connection is the grounding for present human prosperity which bases on an intensive exploitation of natural resources and land area. As a side effect, it is also the root-cause for several vicious problems that human societies face. They arise from overarching challenges: growing inequalities, loss of biodiversity, increasing climate change and the growing problems of waste. Vicious problems are commonly contested, link social and ecological issues, include various societal actors, evolve continuously and include knowledge gaps. The Covid-19 crisis could also be counted into this.



The Anthropocene. GSDR2019

Presently the interlinkages between ecological and societal problems are still too often been neglected when actions to manage them is carried out. In the Anthropocene, challenges cannot be effectively dealt with by solving them one by one, in priority-order and by nationally restricted strategies. A new paradigm is required where planning, budgeting and decision making takes a more holistic, systems approach.

Therefore, States, or political and economic regions such as the EU, must be highly strategic to be able to ensure wellbeing for people within their own territories. This means especially two things: 1) building trust with other regions which they connect to with flows of goods, people, money and information by making the costs and benefits, spillovers and gains transparent and by co-managing them to be fair; and 2) collaborating with key societal entry points' actors, including people, collectives, businesses, municipalities and sub-national regions, and technology and science – from small holders to shop keepers, from primary

schools to universities. This way the nation or the region takes a strong, long-perspective strategic approach and does not fall in the naïve thinking that other nations are the causes of problems and should thus solve the problems; neither that economic growth, the way it is presently structured, trickles wellbeing and safety to all citizens of the State.

The UN member states, with the support from wide intergovernmental and non-governmental actors have agreed upon the Agenda2030 with its 17 goals as the compass for future - a Future which is safe and just. It has created plenty of enthusiasm and activity all over the world including actors from business to cities, from science to policy, and from regions in Africa, the Arctic and the European Union.

There exists, however, strong alternative agendas where the compass gives different coordinates. Some raise the issue of the goals being too many and thus not delivering some specific topics. A more voiced group practically aim at keeping the present development agenda due to the success that the political and economic system is presently gaining. In this category one can find both countries, fossil-fuel related companies, as well as individuals, to name some. This kind of thinking bases on the idea that the existing structure of economy brings not only revenue to the prospering corporations, but simultaneously keeps the human civilization prosperous.

Country/Corporation	Revenue (USD bn)	Country/Corporation	Revenue (USD bn)	Country/Corporation	Revenue (USD bn)	Country/Corporation	Revenue (USD bn)
1 United States	3363	26 Mexico	224	51 General Electric (US)	140	76 Walgreens Boots Alliance (US)	104
2 China	2465	27 Switzerland	216	52 CSCEC (CN)	139	77 HP (US)	103
3 Japan	1696	28 Berkshire Hathaway (US)	211	53 AmerisourceBergen (US)	136	78 Assicurazioni Generali (IT)	103
4 Germany	1507	29 India	200	54 Agricultural Bank of China	133	79 Cardinal Health (US)	103
5 France	1288	30 Norway	200	55 Verizon (US)	132	80 BMW (DE)	102
6 United Kingdom	996	31 McKesson (US)	192	56 Chevron (US)	131	81 Express Scripts Holding (US)	102
7 Italy	843	32 Russia	187	57 E.ON (DE)	130	82 Nissan Motor (JP)	102
8 Brazil	632	33 Austria	187	58 AXA (FR)	129	83 China Life Insurance (CN)	101
9 Canada	595	34 Turkey	184	59 Indonesia	129	84 J.P. Morgan Chase (US)	101
10 Walmart (US)	482	35 Samsung Electronics (KR)	177	60 Finland	128	85 Koch Industries (US)	100
11 Spain	461	36 Glencore (CH/IE)	170	61 Allianz (DE)	123	86 Gazprom (RU)	99
12 Australia	421	37 ICBC (CN)	167	62 Bank of China (CN)	122	87 China Railway Eng. (CN)	99
13 State Grid (CN)	330	38 Daimler (DE)	166	63 Honda Motor (JP)	121	88 Petrobras (BR)	97
14 Netherlands	323	39 UnitedHealth Group (US)	157	64 Cargill (US)	120	89 Schwarz Group (DE)	97
15 South Korea	304	40 Denmark	157	65 Japan Post Holdings (JP)	119	90 Trafigura Group (NL/SG)	97
16 China Nat. Petroleum (CN)	299	41 EXOR Group (IT/NL)	154	66 Costco (US)	116	91 Nippon Telegraph and Tel. (JP)	96
17 Sinopec Group (CN)	294	42 CVS Health (US)	153	67 Argentina	116	92 Boeing (US)	96
18 Royal Dutch Shell (NL/GB)	272	43 General Motors (US)	152	68 BNP Paribas (FR)	112	93 Venezuela	96
19 Sweden	248	44 Vitol (NL/CH)	152	69 Fannie Mae (US)	111	94 China Railway Constr. (CN)	95
20 Exxon Mobil (US)	246	45 Ford Motor (US)	151	70 Ping An Insurance (CN)	110	95 Microsoft (US)	94
21 Volkswagen (DE)	237	46 China Constr. Bank (CN)	150	71 Kroger (US)	109	96 Bank of America Corp. (US)	93
22 Toyota Motor (JP)	237	47 Saudi Arabia	150	72 Société Générale (FR)	108	97 ENI (IT)	93
23 Apple (US)	234	48 AT&T (US)	147	73 Amazon.com (US)	107	98 Greece	93
24 Belgium	232	49 Total (FR)	143	74 China Mobile Comm. (CN)	106	99 Nestlé (CH)	92
25 BP (GB)	226	50 Hon Hai Precision Ind. (TW)	141	75 SAIC Motor (CN)	105	100 Wells Fargo (US)	90

Nation states
Multi-national company
Fossil-fuel based industry

GSDR2019. Based on Babic M, Fichtner J, Heemskerk EM. 2017. States versus Corporations: Rethinking the Power of Business in International Politics. The International Spectator. 52(4):20–43. doi:[10.1080/03932729.2017.1389151](https://doi.org/10.1080/03932729.2017.1389151).

Today, we have a wealth of literature from individual scientific papers but also from institutions such as the World Bank, which shows that the business as usual thoughts to Agenda2030 are taking the world deeper into a crisis, where risks for disasters are growing and where resilience to cope with these risks is decreasing. It leads to continuously growing inequalities, which has shown to hamper sustainable economic growth and further the wellbeing of all groups of people.

From goals to systems, from corporations to entire production chains

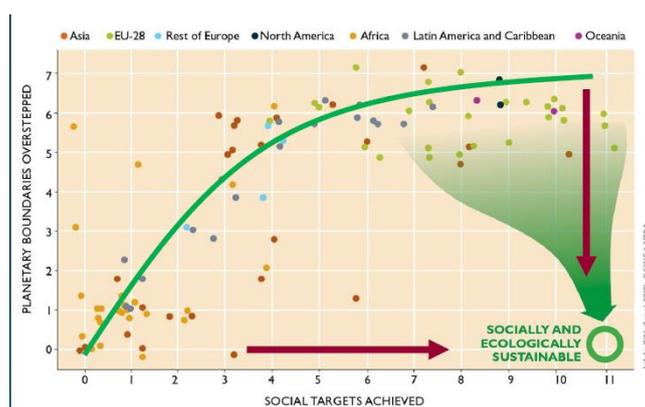
In 2016, the heads of nations decided to mandate a group of 15 independent scientists to inform the world with a meta-analysis of existing knowledge on the present state of global sustainable development and on the ways how to reach the Agenda2030. The Global sustainable development report (GSDR2019) was delivered at the UN Summit 2019. It clearly showed that only little progress has taken place during the first years and that the individual goals are not going to lead us to a sustainable world. The key message from the report was that although the Agenda2030 is an excellent compass for development, the actual implementation should focus, instead of goals, on key societal systems to ensure their sustainability transformation. Only this way the goals can be approached and reached.

The independent group of scientists (IGS) behind the GSDR2019 selected six concrete entry points for systems transformation towards sustainability:

- 1) Human well-being and capabilities to base on sustainability
- 2) Sustainable and just economies with circular economy and just sharing of externalities and benefits
- 3) Sustainable food systems and healthy nutrition with emphasis in production chains, food loss and human health
- 4) Energy decarbonization with universal access: sustainable energy services
- 5) Sustainable urban and peri-urban development; science-based development and active citizenship
- 6) Securing global environmental commons: presumption for the planet to deliver the previous points with noting their non-monetary value

The IGS emphasized that the driving force of the transformations materializes only with integrated action by four levers: governance and policy coherence, business and investments, individual behavioral change and collective action as well as technology and science. This works, when there is political and societal will. This was seen during early phases of Covid-19 for example in Finland. Science worked closely with governance which, with different levers, got people to change their behavior and motivated collective action to take care of those in risk. Investments enabled a strong boost to manage the epidemic while companies more broadly, were supported by governance to contribute in saving jobs and producing what Covid-19 and quarantine required, eg. masks and take-away services. This way the levers form jointly a net which pushes all societal actors to same direction.

While all countries share the key societal systems and are connected via them, different countries need to tailor the levers to fit the demands of their countries. The European Union, for example,

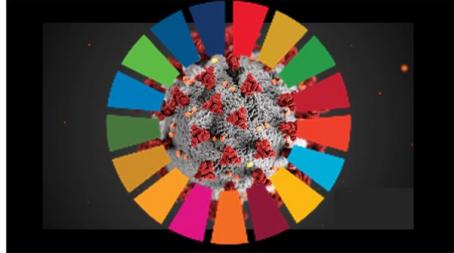


Furman et al. 2018, based on O'Neill et al. 2018

I have been asked to reflect the following question: *what are the strategic sectors that the European Union must encourage to regain economic and political sovereignty?* I find this question highly relevant and it resonates very well with the GSDR2019 framework. The sovereignty refers, in my interpretation here, on ownership, empowerment and equality in economic and political planning, budgeting and decision making. This is highly relevant when transforming the systems, as the ideal ways forward are planned together with shared ownership, joint innovation and co-creation. Societal systems go beyond the strategic sectors, and one system may bring together several sectors. Let's take food as an example. We need agriculture sector, environmental sector, food industry sector, education sector, water management sector, and we need local, sub-national, national, EU-level and beyond to be involved. Here we find the farmers, the businesses, the researchers, planner, policy makers, NGOs all working together, striving towards futures which is to provide wellbeing not only to future generations but also to the present ones. Therefore, I would rather focus on societal systems than on strategic sectors when talking about the need to regain economic and political sovereignty.

When drafting the Green Deal and the R&I framework, the European Union was fully aware of the systems transformation approach with integrated multi-actor levers and thus the Green Deal gives many opportunities for this kind of approach. The Covid-19 opened the plans and strategies on many levels and issues worldwide and this is another dimension to the reasons why the Covid-19 crisis will have durable

impacts but potentially lead to new paths. This goes hand in hand with the sustainability transformations already initiated. Namely, it is not only a question of the response to the Covid-19, as some keep self-evident. It is obvious that there will be other crises in front of us. The Covid-19 elucidated, that the Anthropocene-related risks are no more only risks in poor countries and among the poorest parts of the societies, but it invites the business models also in rich countries and prosperous multi-national businesses to be reconsidered. A cocktail of long and complex production-consumption chains and the breaking down of the ecological systems in a world of soon 10 billion people is highly fragile for regions, for businesses, for all.



Therefore, the Covid-19 is part of the core of sustainable development and thus the society should learn from it and build resilience accordingly.

- Is there a need to reformulate the relationship between human civilization and the natural systems?
- Would, after all, a resilience-based business model be more prosperous than an efficiency-oriented business model?
- Should all corporations abandon the idea that corporations exist principally to serve their shareholders and opened it to sharing fundamental commitment to all of their stakeholders?
- What would be the role of the European Union in ensuring empowerment and activation of those which contribute to societal key systems and their transformation?

I draw from the six key societal systems of GSDR2019 – wellbeing, economy, food, energy, urbanization, environmental commons - and highly recommend the European Union to, not only encourage but actively support – through governance, empowerment, collaboration and funding, all the actors to develop transformative paths, in the EU region but also beyond.

This requires taking a strong global leadership in sustainability transformation. This is already in the process and could strengthen this considerably. This means money but also diplomacy and brave political will. Internally, this calls upon reorganization within the European Union. A change from sector-based budgeting to integrated, sustainability-based budgeting is not easy but necessary. The world is messy, and we cannot manage it with means that are meant for clear and simple challenges. Ownership of building paths to more resilient Europe needs to be taken collaboratively by all those contributing in the society. For European Union this is an opportunity not to be missed.

<https://sustainabledevelopment.un.org/gsd2019>

www.ecowelfare.fi

www.kestavyyspaneeli.fi

www.syke.fi

[https://www.syke.fi/en-US/Experts/Eeva_Furman\(3322\)](https://www.syke.fi/en-US/Experts/Eeva_Furman(3322))

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