

# New dimensions of *governance* in politics, the private sector and civil society in Schlossplatz by Dahrendorf, Grosser, Hassel et al.



IMPRINT: Schlossplatz<sup>3</sup>  
September 2006 · Issue One

COPIES: 1000

EDITORS:

Johannes Boege: Chief Editor  
Caspar von Schoeler: Chief Editor  
Katja Geißler: Editor Campus Spotlight  
Jonna Meyer-Spasche: Editor Internal Authors  
Florin Nita: Editor External Authors

ART DIRECTION & GRAPHIC DESIGN:

Plural Severin Wucher, Berlin  
in association with basics09, Berlin

PRINT: Brandenburgische Universitäts- und  
Verlagsgesellschaft Potsdam mbH

ILLUSTRATIONS: Verena Stiebing

PHOTOGRAPHS:

© Werner Huthmacher: p. 2  
© David Ausserhofer: pp. 8, 20, 21, 45, 47, 48  
© Jakob Meyer: pp. 30, 33  
© basics09 (Arne Fehmel): p. 46  
© SP<sup>3</sup>: remaining pictures

V.I.S.D.P.: Christiane Neumann

EDITORS' ADDRESS:

Hertie School of Governance  
Redaktion SP<sup>3</sup>  
Schlossplatz 1  
10178 Berlin  
[sp3@mpp.hertie-school.org](mailto:sp3@mpp.hertie-school.org)

- p. 2 **Editorial Schlossplatz<sup>3</sup>**
- p. 4 **Dear Schlossplatz<sup>3</sup> Readers** by Michael Zürn
- p. 45 **Campus Spotlight**

## Schlossplatz<sup>3</sup>

- p. 6 **It's Leadership We Need** *Interview with LORD RALF DAHRENDORF*
- p. 10 **Chad: Getting the World Bank over a Barrel** by NDIKA CHARLES AKONG
- p. 13 **Governance in a Changing World** by KURT BIEDENKOPF
- p. 16 **A Success of Sorts—Lebanon and the UN** *Interview with DETLEV MEHLIS*
- p. 19 **Governing Berlin with Empty Hands:  
Bridging the Gap between Old Structures and New Governance Ideas**  
*Interview with KLAUS WOWEREIT*
- p. 22 **Representation without Taxation:  
Money and Governance in Papua New Guinea** by NICK MENZIES

## Public Sector

- p. 26 **The Basic Income—  
an Imperative for Modern Economic Governance?**  
by GÖTZ WERNER and ANDRÉ PRESSE
- p. 30 **Lobbying in Brussels and Washington:  
Different Styles, Same Logic** *Interview with CORNELIA WOLL*

## Private Sector

- p. 34 **L'exception française: The Role of the Unions in France**  
by ALFRED GROSSER
- p. 38 **Digging Deeper Old Trenches:  
Why Unions Find It Difficult to Make Friends** by ANKE HASSEL
- p. 41 **New Face for an Old Conflict—  
How Deep Cleavages Lead to Governance Failures in a Multiethnic Society**  
by MARÍA DEL CARMEN ORBEGOSO ALVAREZ

## Civil Society

The first year of operations of the Master of Public Policy Programme at the Hertie School of Governance has been led to a successful conclusion. The second year, with an intake of 50 new students, has been commenced, therewith taking the “project HSoG” to new levels. As a rather young institution the HSoG had and has to overcome governance challenges implied in creating a new institution.



esmt Learning Centre, housing the Hertie School of Governance

The School has put in extraordinary efforts to provide students with a state of the art programme, outstanding speakers and great support. It is not a fallacy to say that we, the students, feel as a part of the “wider institution” and share these challenges, as well as the successes of the School. This magazine, Schlossplatz<sup>3</sup> is one outgrowth of this wilful association with the School as well as its goals.

(Good) Governance, which has become something of a catch-all phrase to describe what governments, businesses and civil society have to do and to achieve, depends on the crucial interaction between all players in a given society (and on the international level) has become the focal topic of this first issue.

It is with great pride that we present to you the fruit of several months of hard work and constructive discussions. We are equally proud that we could garner the support and contributions of many great people in the process, certainly all of them “people of our time” and therefore in a prime position to comment on some of the pressing issues currently debated in the context of good governance.

Two authors, NICK MENZIES (p. 22) and GÖTZ WERNER (p. 26), take up the issue of tax reforms in two quite different ways. While Götz Werner makes a case for the reduction (and gradual abolishment) of taxes in the German context in order to unleash productive forces, Nick Menzies argues that introducing taxes is the only way to create a sustainable state and an active civil society in Papua New Guinea.

NDIKA CHARLES AKONG (p.10) explains the governance challenges a World Bank oil infrastructure project faces in the case of the Chad-Cameroon oil pipeline and identifies outmoded political structures and an in-active civil society as the main problems for this kind of development programme while MARÍA DEL CARMEN ORBEGOSO ALVAREZ (p. 41) uses the case of the Chiapas region in Mexico to explain how societal cleavages can pose great dangers for the governance of heterogeneous societies.

ANKE HASSEL (p.38) and ALFRED GROSSER (p. 34) look at trade unions from two different perspectives, the former condemning the German unions for digging their own grave, the latter explaining why the Unions in France are different from their German (and other) counterparts.

KLAUS WOWEREIT (p. 19) found the time to talk to us about Berlin's budgetary problems and how Berlin could become a "brand name" despite fiscal retrenchment and KURT BIEDENKOPF (p. 13) outlines some of the challenges governments have to face today and identifies the resulting governance-needs. Closely connected with the challenges the foremost two authors identify and on a comparative level CORNELIA WOLL (p. 30) explains, in an interview with Schlossplatz<sup>3</sup>, how lobbying is different in Brussels and Washington, thereby shedding some more light on the different political cultures in the US and in Europe. At the same time as LORD RALF DAHRENDORF (p. 6) calls for the development of a cosmopolitan leitmotif for European politics, DETLEV MEHLIS (p.16) maintains that the international community is too weak and Westphalian ideals too entrenched to sustain well intentioned international missions in the framework of the UN.

The final section of Schlossplatz<sup>3</sup>, "Campus Spotlight" (p. 45), provides an overview over the student body of the Class of 2007 of the HSoG as well as developments at the School itself.

Arriving at the title, "Schlossplatz<sup>3</sup>" is somewhat paradigmatic of the process the School is undergoing, namely of finding and defining its place and role.

Schlossplatz 1, the address of the School, was a first idea—reflecting the importance of this address in history (see also the foreword by Dean MICHAEL ZÜRN, p. 4). We felt that it does not capture the main thrust of the magazine-to-be, namely the interdependency of challenges and their solutions.

Almost all, if not all, questions before states, businesses and society today are exactly this: challenges facing the public and the private sector as well as civil society. If we are to solve (or even more basic: understand) the questions of our time we have to be mindful of these actors—hence the "3" ("to the power of three") in the title; an allusion to our conception that the crucial task is to unite all three in finding solutions to common tasks, be they taxes, democracy, security or welfare. None of the three actors is, on its own, capable of tackling present, or future, challenges and it is time that we try to establish and foster a fruitful debate between all different groups.

We hope to be able to use Schlossplatz<sup>3</sup> to contribute to the current academic and social debate, albeit without becoming a purely academic journal.

To this end, we asked all our contributors to write in an essayistic style and to feel free to present controversial ideas—it would certainly be a great achievement if we were able to inform, or even start, debate on a broader level, thus contributing to our ultimate aim of bringing the three sectors together in order to solve our common problems.

Now we, the editorial staff, invite you to enjoy reading the first issue of Schlossplatz<sup>3</sup> as much as we did preparing it.

Berlin, late Summer 2006—  
the editors of Schlossplatz<sup>3</sup>

sp3@mpp.hertie-school.org

by MICHAEL ZÜRN

It is with the greatest pleasure that I am able to introduce the first issue of Schlossplatz<sup>3</sup>, the Hertie School of Governance student magazine. This publication is the brainchild of our first class of outstanding students. Their inquisitive minds constantly challenged all faculty members in the classroom, which enhanced the quality of teaching and research in the School.

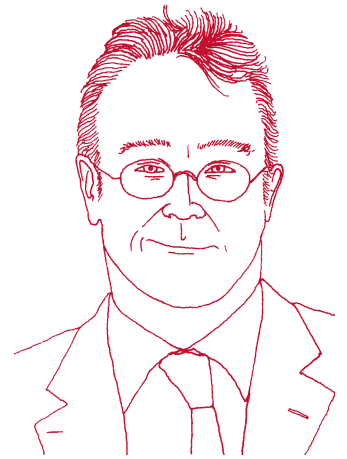
Now they wish to confront the public with their exciting ideas of governance. The initiative to create such a publication shows that our students are committed to making a difference and we are happy to support them in their endeavors.

The name “Schlossplatz<sup>3</sup>” is meaningful for different reasons. On the one hand it refers to the address of the Hertie School of Governance (HSoG) and our partner the European School of Management and Technology (esmt). At the same time it symbolizes in a very nice way what the Hertie School of Governance wants to stand for.

The Schlossplatz (literally: Palace Square) stands for a place which, like no other one in Germany, indicates “government”, even more “strong government” and in many ways it symbolizes good and bad examples of German politics in recent history. This history begins with Frederick the Great, who abolished torture, established religious freedom and set the foundations for what is known today as German bureaucracy. These were small stepping stones in the development of government. The Stein- and Hardenbergschen reforms were another stepping stone. In

the early 19th century, these agrarian and governmental reforms changed the face of Germany. The position of a Chancellor, who was in the hierarchy above individual ministers, was created in that period. Even more important for students of public policy were the educational reforms of that period, where Wilhelm von Humboldt was one of the first to formulate the necessity of connecting theory and practice.

The Schlossplatz is also famous, because of one specific day: the 9th of November, a recurring date of importance in German history of the 20th century. At one of the main portals to the castle, the communist Karl Liebknecht gathered a crowd on the 9th of November 1918 and told them that a new nation had been born, the “Free socialist German republic”. He then proceeded to enter the castle and stand on the balcony above the portal, where he called upon the crowd below to swear an oath to the new republic and the world revolution.



After WW II, East Germany was occupied by the Soviet Union and they established the German Democratic Republic, which turned out to be a communist dictatorship. First Secretary of the Socialist Unity Party Walter Ulbricht ordered the destruction of the palace for ideological reasons, but he decided that the portal from which Liebknecht proclaimed the Socialist Republic was ideologically valid.

It was thus integrated into the new Staatsratsgebäude, built as the seat of the Chairman of the State Council of the German Democratic Republic. This building is today the location of the Hertie School of Governance, including the balcony from the palace from which Liebknecht spoke.

On the 9th November 1989 the government of the GDR was overthrown by peaceful demonstrations and a desire for more freedom. This led to the chancellery of unified Germany moving into the Staatsratsgebäude in 1998. After the completion of the new chancellery building, the Staatsratsgebäude was given a new purpose as an educational institution.

Against the backdrop of this history, it is certainly fair to say that the former Staatsratsgebäude symbolizes government and a strong state. It contains a balcony of the absolutist Prussian kingdom, it was built by a totalitarian government and it was used by a democratic government. It had always been “state power”—in three very different forms—that have taken place in this building, the nexus in a more or less hierarchical system. The building shows this.

“Schlossplatz” is however only one part of the name of this new journal, “3” is the other. “3” indicates the transformations of governance. It shows us that it is no longer the strong state that regulates the society. All three sectors—the state, business and civil society—contribute to the regulation of societies and create new structures of governance.

The Hertie School of Governance (not government) picks up this fundamental change already in its name. The student’s journal does this as well. “3” stands for the trisectoral approach that the Hertie School of Governance takes and with which it wants to contribute to the next transition of this building—a transformation that should bring it closer to Governance in the 21st Century. Today the Staatsratsgebäude has two schools under its roof, one public policy and one business school, together they are engaging with the state, the private sector and the civil society to find solutions for the most pressing issues of our time. Our students who come from diverse backgrounds and 18 different nations bring tri-sectorality and internationality and present the future of the Hertie School of Governance and (hopefully) of Governance itself.

I applaud the editors of this journal for their energy and spirit which went into this project and hope that it will manage to capture what modern governance is about.

## It's Leadership We Need

The interview with LORD RALF DAHRENDORF was conducted by Caspar von Schoeler in June 2006

The EU Constitutional Treaty is alive—at least in public debates over whether it is dead. In an interview with SP<sup>3</sup>, Lord Ralf Dahrendorf speaks about why he believes the treaty to be superfluous, what the German EU Presidency should focus on instead, and why he only has time for a cosmopolitan Europe.

*Schlossplatz<sup>3</sup>: Which role must the state play in the 21st century?*

**Lord Ralf Dahrendorf:** That is a big question and it is answered by somebody who has a predilection for a small state which does not play a major role. But having said that: as a great believer in opportunities for all and in an optimum of freedom—including the freedom to create unequal circumstances—I nevertheless feel very strongly that there has to be a common floor below which nobody falls in society. This common floor is not created by the market; it can only be created by deliberate action. And so I think perhaps the key role of the state—domestically—is to see to it that every citizen has a status which guarantees survival and opportunities. That is a big job—it is a difficult job—but it is the state's job. I have not started with the obvious things like the monopoly of violence etc. because I think it is the creation and maintenance of a common floor for all citizens which is most important.

*Speaking of the monopoly of force: Is the development of the “security state”, especially after “9/11” something negative?*

Of course it is one of the functions of states to see to it that law and order is maintained. This includes security against organised or non-organised external aggression. But that is the first and most ancient function of states and I think it is to some extent abused since “9/11” and is used as a pretext for infringements on civil liberties which I regard as unacceptable. I definitely do not agree with Mr. Blair when he says the security of citizens is the first freedom. It may be one of the conditions of freedom but it is not the first freedom. In the name of the security of citizens' freedoms, first second and third have suffered. So I appreciate the need, but I am quite critical of the extent, to which some governments have gone—the US government with the Patriot Act and the British government with a series of anti-terrorism acts.

*Are we on the way to the kind of “world society” once pronounced by the “English School”?*

It is not a predetermined course at all, and I am also slightly sceptical about the word “world society”. I do



believe in cosmopolitanism, that is to say in certain rules which govern all of us on this globe and I believe above all in acting in such a way that we do not preclude the possibility of cosmopolitan arrangements. There is a justly famous essay by Immanuel Kant called “Idea for a universal history with cosmopolitan intent”. Now he was not silly, he did not believe that there would be a world state—but he thought that we should act in such a way that what we do promotes the possibility of cosmopolitan arrangements. I say arrangements and rules—not society. I think society is going too far: societies will differ—and should differ enormously. But the cosmopolitan intent of our political action seems to me a critical task.

*How does that go along with the increasing salience of domestic issues on political agendas throughout Europe?*

Well, I think Europe is justified only to the extent to which it is a step in the direction of cosmopolitanism. I have no time for a Europe which is a separate, identifiable, bloc or pole in a multi-bloc or multi-polar world. And even less do I have time for a Europe which is protectionist and which closes borders to the outside world. Europe and cosmopolitanism should be not only compatible but should belong together—it is not always the case.

*Would this cosmopolitanism not require a new style of governance? What are the implications of this call for cosmopolitanism for governance?*

You know, we have to be careful not to make one mistake—and that is to think of a world government which is capable of doing things which national governments are themselves not capable of doing in their much more limited space. I am not actually thinking of a world government. I am thinking of rules which apply generally; a small limited number, and of methods to make these rules stick—and that can be done in a whole variety of ways. I have no difficulty with a major role for NGOs in that connection for example.

*The reinvigorated United Nations on a different footing?*

Well, yes. The United Nations is a good try but it is a very limited try, as we have seen in recent years. It is not a question of enlarging the Security Council—it is a question of finding any method to create a world organisation in which “one country, one voice” is not the main principle. It is not that easy to create cosmopolitan institutions.

*Do you think that a new style of leadership on a national or international level is actually necessary to approach and tackle these challenges?*

It’s so easy to say a new style is needed, but what is certainly needed is leadership. And of that we have not seen an awful lot in recent times. I think there may be quite a few leaders who appreciate that something has changed but they have not found a way of translating that into action yet. So; leadership, yes. Whether the style is new or not does not seem to me to be the most important issue.

*Going to the German context in particular—how would you assess Chancellor Merkel’s leadership style?*

It is very, very, early days and do not forget that I live in London. I am a member of the House of Lords—I see this from a distance. From a distance she is much liked, rather admired actually, in many countries—more than she is in Germany at least at this time, if I am not mistaken. Her authentic style has gone down well internationally. I am not in a position to judge her national leadership achievements. It is early days.

*Can, and should, you compare Chancellor Angela Merkel with former Prime Minister Thatcher?*

The two are fundamentally different! Mrs. Thatcher tried—and succeeded—in turning a trade union ridden, rigid country into one which is economically entrepre-



LORD RALF DAHRENDORF is a member of the British House of Lords. He holds PhDs from Hamburg University and from the London School of Economics. Since 1957 he has taught at multiple Universities in Europe and the United States including the directorship of the London School of Economics. In 1969 he became a member of the German Parliament and State Secretary in the Foreign Office until he took a post with the European Commission in 1970, which he served until 1974. In 1993, Ralf Dahrendorf became Baron of Clare Market in the City of Westminster and a member of the House of Lords. In 2003 he was elected to become a member of the order "Pour le Mérite" for his academic achievements.

neurial and successful. That is not the German problem and therefore it's not what is needed. Lady Thatcher also dealt quite crudely with old traditional institutions. This is probably not the German problem—certainly not the German problem as Mrs. Merkel perceives it. And Mrs. Thatcher was a pretty rough leader. My impression is that Mrs. Merkel may be tough in substance but she is rather friendly and direct and open in her style. So there are fundamental differences, both in personality and the circumstances in which they operate.

*Turning to the topic of the upcoming German EU Council Presidency. Generally speaking: what makes a successful EU Presidency?*

I am rather amused by this notion of a successful EU presidency, especially when it is applied to people who are in favour of the European constitutional treaty, which—among other things—abolishes the six month presidency. There is a sort of paradox there. I think the presidency can only do so much—which is not very much. I think the presidency should avoid inventing big goals—enormous objectives which are supposed to be realised within six months. What makes a successful presidency? Well, intelligent reactions to new circumstances plus steps forward, small steps forward in areas in which it has been decided what should be done.

*So, to get to a more concrete picture: what should the focus of the upcoming German Presidency be?*

Not the constitutional treaty! And if Mrs. Merkel insists on that, she is in for a disappointment because she will not get anywhere with that. I think the focus should quite clearly be on strengthening the international

posture of the European Community wherever necessary, which does not necessarily mean a common foreign policy—but it means a continuing and important role for Mr. Solana and—at times—for groups like the Troika. Within the Union there is always a lot to do to complete the internal market, which is not yet realised. And then there are the obvious issues of immigration and asylum seekers etc. I just do not believe that Europe always needs a big project to move forward. So I want a quiet presidency, which moves a few steps forward. After all most steps we take are small and it's rather important that they lead in the right direction.

*Maybe you could elaborate a bit more on why you feel that further integration on the European scale does not necessarily rely on a constitutional treaty which clarifies issues in policy fields such as defence, energy etc.?*

Well, these are important issues but you do not need a constitutional treaty to define them. And so far as the practicalities of procedures are concerned: I do not believe that the constitutional treaty as it stands helps us very much—in fact I actually believe it harms. I am

in favour of the six month rotating presidency because it gives countries a chance, even if only over long periods, to mobilise their diplomatic resources in the European interest. The constitutional treaty removes things further from the citizen rather than bringing them closer. And there are other aspects of it which I think are not very helpful. No, I think enlargement and integration of those that are already in can all be brought about within the framework of the existing treaties and institutions.

*So there is no need for a further treaty at all?*

I don't see it. There is a need for having more transparency and therefore public Council meetings, for instance. I think it is totally unacceptable that legislation is made by a body which is not public—totally unacceptable. But we do not need a constitutional treaty for that—all we need is a decision by the Council of Ministers, which it will not take. So, yes, there are certain requirements but—again—they do not need a big name. They need a few sensible, immediate steps.

*Would bilateral, or multilateral, agreements below the level of a new treaty actually make the EU more workable, more stable?*

Well, they will happen. I mean, if Malta and Spain have an argument about immigrants or asylum seekers it will not help to have to persuade Latvia and Ireland before one takes a decision. There are many, many issues for which it is almost obvious that smaller groups of countries will have to reach agreement. It is rather like Europe and cosmopolitanism—it has to be in keeping with the intention of the European Union—but it does not have to be a decision of the entire Union.

*Do you feel that we should take a more global outlook, a more global approach, in order to tackle problems ranging from asylum seekers to negotiations in the G8?*

Yes. I would be satisfied if the approach we took was taken with a view to global rules and would facilitate global rules, but in that sense we should certainly take a more global approach, yes.

*Do you think that we need more “leader-type” people bringing forward their vision, or do we need rather more the “manager-type”, people seeking to find consensus and compromises to advance on the complex issues, such as the Doha round?*

I am quite a traditionalist and therefore believe that we need leadership, although the managerial side is not to be neglected. We are fortunate in the case of the WTO in having Pascal Lamy. I mean, that is what we have Secretary Generals of these organisations for. But it is not the Secretary General who defines the objective, it is the Secretary General who helps get there once they are defined. So I would answer quite unambiguously: it is leadership we need.

*Where would you locate Chancellor Merkel on the scale from leadership to management?*

These are questions which I am often asked informally in Britain and it is just impossible to answer them after a few months, or a year of Merkel's Chancellorship under conditions which are difficult because a grand coalition is not exactly what brings out the leadership capacities most clearly. Leadership, in a sense, requires a political environment in which the leader can actually do some of the things which she, or he, wants to do. She is authentic and that is good enough so far as I am concerned.

## Chad: Getting the World Bank over a Barrel

by NDIKA CHARLES AKONG

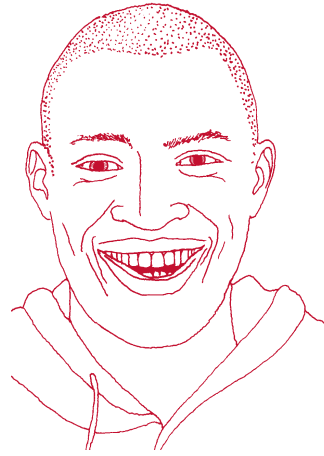
The World Bank's decision to finance a pipeline from Chad to the Atlantic Coast in Cameroon followed the idea of establishing a "role model" for future infrastructure projects in least developed countries. The World Bank estimated it would be able to overcome potential high costs arising from irresponsible spending of the Chadian government, for example on the army budget, and a high risk of oil-motivated tensions within the country by linking the loan to conditionalities. In December 2005, the Chadian government modified laws to access the oil revenues for discretionary spending. Ndika Charles Akong, Master student at the Hertie School of Governance from Cameroon, provides an analysis of the recent development of the Chad-Cameroon Pipeline.

In just over two years since oil revenues started flowing into Chad, one of Africa's poorest countries, the World Bank has been forced to rethink its experiment in oil for poverty alleviation. In December 2005, the Chadian government, in an exercise of state sovereignty, unilaterally decided to dismantle the framework agreement governing the management of oil revenue that will accrue over the remaining 25 years of the \$3.7 billion Chad-Cameroon pipeline project.

The action that triggered a freeze by the Bank on Chad's access to the oil revenues stashed in an escrow account, resulted in an interim agreement in April 2006 that will allow the Government access to more petrodollars for discretionary spending. The

incentives for Chad to engage in 'ex post opportunistic' actions expose some of the challenges to using aid conditionality as an instrument for promoting 'good governance' in failed or weak states.

Through a \$95 million loan, World Bank's involvement was crucial in leveraging massive private sector investments in Sub-Saharan Africa's single largest infrastructure development project via a consortium of oil giants consisting of Exxon, Chevron and Petronas. Under pressure from the Bank, the Chadian parliament adopted a revenue management law in 1998 which, among other things, conditions 80 percent of oil royalties to be spent on projects in the priority



**NDIKA CHARLES AKONG** has worked as a policy analyst in Cameroon and is student at the Hertie School of Governance. He currently sits on the board of Global Village Energy Partnership, a multi-stakeholder partnership, launched during the World Summit on Sustainable Development to enhance access to energy services for the poor.

sectors of education, health, infrastructure, public works, environment and agriculture.

To defy 'the curse of oil', often used to describe the grim development outcomes of oil-dependent countries, the law which was heralded by the Bank as a model for future petroleum development projects in Africa, entrusted the oversight of spending petrodollars to a joint government-civil society committee. The innovation which helped to soften opposition to the project, however, relies on the 'good will' of the Chadian government for its sustenance.

With the flow of oil, the government decided to renege on its contractual obligation, fundamentally altering the development thrust of the pipeline project. Amidst rising security and fiscal crises, the amendments undoing the oversight mechanism, seek to broaden the boundary of priority sectors earmarked for spending oil revenues to include security and territorial administration, and eliminate the funds set aside for Chad's post-oil future.

The action nonetheless can be seen as a positive indication of the effectiveness of the constraints which the revenue management committee has been able to impose on the Chadian government's preference for discretionary spending of petrodollars. Civil society organisations have been able to take advantage of a structured format for engaging the government in order to hold it accountable for how oil money is spent.

However, the reliance on the 'good will' of a government to align its strategic political priority with the development thrust of the project is a recipe for moral hazard. Scrutinizing the efficiency of spending oil money takes on the logic of separating technical

issues of management from politics. However, Chad's experience in political mismanagement evinces the disconnection between its willingness and ability to buck the tendency towards the misuse of oil wealth. President Idriss Deby's regime, which emerged 16 years ago from a civil war, exercises only a limited monopoly on the use of force. The collective decision-making system is severely flawed; the conduct of elections has defied accountability between the Chadian Government and the people.

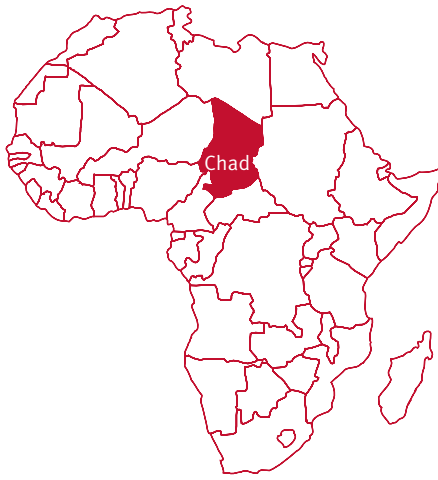
Even though, elections are held regularly, Deby wields an anti-democratic veto on the political process in Chad. The constraint on the predilection to spend oil money on weapons is inconsistent with the

## The oil windfalls have increased the opportunity cost of regime change

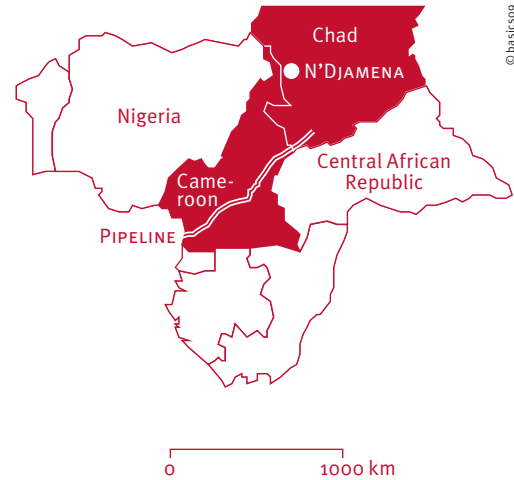
regime's strategic interest to maintain power at all cost. The oil windfalls have increased the opportunity cost of regime change and the disincentive for Deby to usher in meaningful democratic transformation necessary to translate petrodollars into concrete welfare benefits. Democratic institutions, dominated by members of Deby's ethnic group, are used to selfishly manipulate the political order.

A report of the US State Department of 2003 concludes that 'the judiciary is ineffective, overburdened, and subject to executive interference'. With the absence of opposition-influence in the parliament, the survival of the revenue management law hung on a thin thread.





**FACTS ABOUT CHAD**  
**POPULATION:** 9,944,201  
 (July 2006 est.)  
**CAPITAL:** N'Djamena  
**TOTAL AREA:** 1.284 million km<sup>2</sup>  
**NATURAL RESOURCES:**  
 petroleum, uranium, natron,  
 kaolin, fish (Lake Chad),  
 gold, limestone, sand  
 and gravel, salt  
**GROSS DOMESTIC PRODUCT**  
 (2005—purchasing power  
 parity): \$17.73 billion  
 (\$1,800 per capita)  
**POPULATION**  
**BELOW POVERTY LINE:**  
 80% (2001 est.)  
**BUDGET:**  
 revenues: \$765.2 million  
 expenditures: \$653.3 million



© basicson

The World Bank's involvement was explicitly conditioned on the use of Chad's petroleum resources to respond to targeted sectors for poverty alleviation, something the Chadian Government, considers an infringement on its sovereignty.

According to Chad 'the oil is in its entirety for Chadian people and the World Bank reaction to freeze the revenue generated from its own natural resources was unacceptable'. One cannot contest Chad's sovereignty over the use of its natural resources, however, in passing the revenue management law, Chad has agreed to share its sovereignty with the World Bank. Sovereignty, as the organizing principle of the international system, has been in a state of flux since the treaty of Westphalia. Not only are the norms of sovereignty a guarantee against external intervention, they equally assume, that governments are effective in responding to the welfare needs of their people. The World Bank, therefore, is assuming a central role in the attempt to fulfill the purposes of state sovereignty in developing countries. However, the constitutional constrain on the Bank to engage on issues of civil and political rights, weakens the leverage of its conditionality regime, creating incentives for moral hazard.

Expediently, the hike in oil prices has provided an opportunity for Chad to exercise leverage over the consortium. The government has contested the parameters used by ExxonMobil to discount the quality of Doba-crude, calling it 'swindling, murkiness and fraud'. With the coming of the boom, Chad—which hitherto has been silent—is now threatening to revise the concession agreement with the multinational companies to reap a fair benefit from its oil wealth. In the exuberance of the boom, Chad is get-

ting the World Bank over a barrel. With the low tolerance of oil markets to disruptions, Chad employs the threat to shut down pipeline installations as leverage over the Bank.

The decision, therefore, of the Bank to double the amount of money available to the government for unsupervised spending at the expense of poverty alleviation projects, exposes an inherent "principal-agent" challenge to designing and implementing aid conditionality.

In fact, it shows the weakness of the Bank. Ravi Kanbur puts it neatly in the essay "Aid Conditionality and Debt in Africa": "conditionality is 'imposed' on unwilling recipients at the time of signing a document, but the recipients know, the donors know, and in fact everybody knows, that these are paper conditions—the outcome will be driven by the need of both sides to maintain normal relations and the flow of aid."

The issue here is not that of choosing between security and 'development'; it is the process in which public priorities are made. As I have argued, the legitimacy of Deby's regime in deciding on public priorities, especially issues of security, is contested. The need for social dialogue in Chad cannot be overstressed. A possible step in this direction could be the creation of a broad-based national consultation between the government, private sector actors and civil society organisations in Chad to redefine the boundaries and criteria for selecting priority sectors. The World Bank could assist in assuring the participatory quality of the process while staying clear of influencing the outcomes.

The 21st century has put old concepts to the test—and the results are not always encouraging. All across Europe old methods of government are proven dysfunctional by changing circumstances, ranging from fiscal retrenchment to demographic change, from immigration to external security. Kurt Biedenkopf, former Prime Minister of Saxony and Chairman of the Board of Trustees of the Hertie School of Governance, elaborates on the need to redefine the “art of governing” and outlines the challenges facing us today.

Recently the German Minister of Finance, Peer Steinbrück, observed what he considers a major deficit in the political decision-making process of the German Federal Government. To him, he stated, it made little sense “that we reach a compromise among the different ministries concerned, which is then replaced by a second compromise among the parliamentary groups supporting the government only to be superseded by a compromise bringing the federal government and the state governments in line”.

Steinbrück was relating to frequent decision-making processes which may be forced upon the federal government by the mechanisms of the existing “grand coalition”. But they can hardly serve as an example of intelligent governance. No wonder therefore that Mr. Steinbrück concluded stringent policy making would look different to him.

More basically his observation points to one of the most important prerequisites of good government: good governance. In essence it is the art of governing with its constitutional, institutional, political, organisational and cultural dimensions that determine to a crucial extent the quality of the political order, its governmental institutions and policies, which in turn shape the public welfare and the wealth of any nation.

Thus governance is all about the art of governing. How to govern a country, a nation, a city or a state has been a major subject of both political and philosophical reflection and of political practice. It always had and has to do with the legitimisation of power, its exercise and control and thus with political conflict and often military warfare. What we consider to be good governance today may, historically speaking, amount to a new and thus young concept. Yet it will

never give us the final answer to how mankind should organise its affairs of state and society. In that sense the struggle for the right way to govern is and will remain part of human history. There is certainly no end to this history.

More recently the use of the term “governance” has been extended beyond the world of government and politics to the world of business. Codes of good governance have been devised to which corporations and their management are expected to adhere to, if they are not to suffer disadvantages of some sort or another. To the extent these rules of governance in business are enforced, governmental institutions or institutions empowered by law, such as the stock exchange, play an important role. In any case they influence the conduct of business and the public acceptance of corporate management.

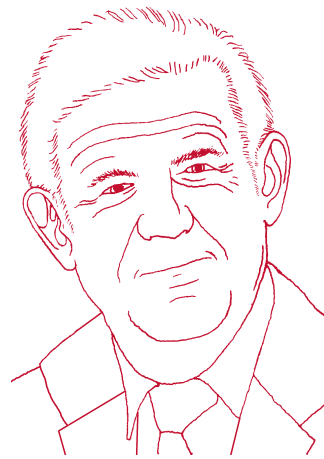
The rules of governance in the political realm are different in character and the scores of legitimacy. The way a country is governed is basically defined by its constitutional law. This is at least true for all states which adhere to the rule of law and the principle of government under the law. But governance amounts to more than the respect for the constitution and the rule of law. Nothing can give witness to this more convincingly than the substantial differences in performance and political success among democratic nations in Europe and the Western world. Although their governments are bound by the same basic principles, the results of their efforts differ substantially. It is these differences which deserve our attention as much as the changing structures of national and international policies, the decreasing importance of national sovereignty, the fragmentation of government and the internationalisation and globalisation of governance.

## There is a tendency to ignore changes if they may put in doubt the legitimacy of existing institutions

First and foremost good governance can only develop on the basis of existing realities. This may seem self evident. However, there is a widespread tendency to ignore changes in the real world if they may put in doubt the legitimacy of existing institutions, political interests and policies which serve them. Resistance against policies which aim to accept the challenges of change is the almost universal consequence. To overcome this resistance entails political conflict and requires the willingness to lead and the readiness to assume the risk of failure. Both are ingredients of good governance. Some of the major changes that will confront governments almost world wide are:

- the demographic revolution that, together with the effects of worldwide migration, will be one of the key factors in determining the quality of life throughout the 21st century;
- the transition from the industrial period to the period referred to as knowledge based society. It is about to manifest its institutional forms and innovative potential in the years to come; and, in close relationship to this transition;
- changes in the labour markets, in the nature and organisation of work, and in the forms of economic activity (the organisation of the enterprise, the role of unions, the relationship between collective and individual modes of constructing conditions of work, forms of cooperation and networking, etc.);
- at the European level, the further development of the EU, and at an international level, the further development of worldwide networks and new divisions of labour;
- the effects of an exponential increase in knowledge and the challenges of its economic utilization;
- lower rates of real growth in the older industrialised nations, as well as growing indebtedness as the result of failures to adapt to changes and carry through the necessary reforms;
- new threats to internal as well as external security, in part as a result of cultural and religious conflicts; and, not least,
- the emergence of a new kind of ethical and moral conflict, reflecting the rise of new normative orientations and the need to come to terms with new and complex decisions as a result of new scientific developments.





KURT BIEDENKOPF is a practising lawyer and, since 2003, Chairman of the Board of Trustees of the Hertie School of Governance. During the 1960s he was full professor for commercial and labour law at the University of Bochum including three years as director of the University. Between 1971–1973 he was member of the management of Henkel, a Düsseldorf-based company. Thereafter, until 1977, he was Secretary General of the Christian Democratic Party (CDU). Upon leaving this post he founded the “Institut für Wirtschaft und Gesellschaft” (Institute for Economy and Society) in Bonn. From 1990–2002 he was the Prime Minister of the federal state of Saxony.

Both the scope and the rate of these changes are without historical precedent. This holds especially true for the changes in demography and for the exponential increase of our scientific and technological knowledge, as well as the potential of its utilization. It is indeed no exaggeration to speak of an “age of discontinuity” where many historical experiences and certainties are being largely devalued without there being new certainties in sight that could provide an element of stability and continuity.

The effects of these processes of change on life in Germany and Europe will depend on our ability to recognize, accept, and shape our changing reality by adapting existing structures towards new needs or by replacing obsolete structures with new ones. This will require us

- to mobilize, expand, and optimally utilise our human potential for invention, development, adaptation, and creation,
- to secure areas of freedom within which this process of innovative exploration and creation can optimally flourish, and
- to overcome the resistance of established interests against change, while taking advantage of their capabilities for mastering the new challenges.

What all of this leads to is the need for an unprecedented burst of innovative energy across the political, economic, social, and cultural conditions of our lives. This innovative thrust will have to permeate all elements of state and society and will be accompanied by the radical transformation of familiar structures (social security, medical care, labour markets, and immigration) as well as major political tension. The task of mastering the dynamics of this process peacefully and in an orderly manner will put the “art of government” to its ultimate test.

Central to good governance is the question of how the structures of state and society, and their relationship to one another, need to be constructed in order to allow for the necessary developments and innovations to take place and to have lasting effects.

## A Success of Sorts—Lebanon and the UN

The interview with DETLEV MEHLIS was conducted by Johannes Boege and Caspar von Schoeler in June 2006—developments since June 2006, therefore, are not part of this interview

The UNIIC is one of the few success stories of recent UN history. The work of this international commission was not only welcomed by the usual suspects—Western democracies—but also by the Lebanese population. Probably not least due to the UN commission, the Lebanese have themselves recently embarked on the path towards democracy. In an interview with SP<sup>3</sup>, Detlev Mehlis, the former Commissioner of UNIIC, describes how such an international investigation can increase the legitimacy of indigenous governance structures. Could this be a model for new international governance?

Schlossplatz<sup>3</sup>: What would your lessons be, from your own experience with UNIIC, with regard to composing international interim bodies? What sort of conflicts or problems do you have to be mindful about?

Detlev Mehlis: In my experience and in my assessment UNIIC should not be considered as the ideal means for every international investigation. A body like UNIIC will only work in a very favourable environment, which we had in Lebanon. I think there will be very few cases in which an investigative body like UNIIC will actually make sense because of the implications for an international body to work in a third country and also because of the costs involved,

which should not be underestimated. So, in my assessment, if there ever should be similar cases, it could also make sense to implement investigators, prosecutors, into the existing, if existing, organisations of the country concerned. But in a hostile environment, or even in an environment where you really don't have an established body, something like UNIIC—which I always compared to an UFO landing—would not be of much use.

*You just mentioned to put investigators into existing structures. Can you add legitimacy to an existing body by bringing in investigators?*

Of course you would give the investigators or prosecutors the same authority as they have in an international body. This means implementing them should not be seen as just working for that body, but having authority in that body. This would definitely save a huge amount of money and it would most probably add credibility to the existing body and add to its authority as compared to having—like in Lebanon—different bodies working side by side.

*Did you only work side by side or did you also cooperate with the local bodies?*

For me one of the most promising moments of the work with UNIIC was when we had a huge amount of telephone analyses to do and we didn't have the capacity to do that because it was tens of thousands of phone calls. So we asked the Lebanese internal security forces to assist us and they sent some police officers, which really worked with the commission hand in hand. It was impressive to see how well they did—how the whole thing really motivated Lebanese police because they had the feeling that they were on the same terms with us. That's always a danger: If you have an UN body, ICC [International Criminal Court; the editors] or whatever, compared to a body of the country in question, there is always a risk that you have a sense of inferiority in that country because you have this wonderful international body, which usually has a lot more financial means than the local body. Of course this creates tensions, and if you have tensions it harms the investigation out of necessity. So you should really try to be on the same working level.

*Is there any way to enhance cooperation with local authorities under conditions where you don't have an environment like you had in Lebanon?*

One case does not compare to another one, so it depends on the people who work there, on the circumstances, on the leadership of the international body, if you have one, on the capabilities in terms of political background, and—again—on the willingness of the local bodies. So I really don't think you can generalise it.

UNIIC, the “United Nations International Independent Investigation Commission”, was established by UN-Resolution 1595 (2005) to shed light onto the assassination of former Lebanese Prime Minister Rafik Hariri. Detlev Mehlis, Senior Public Prosecutor in Berlin, set up and headed UNIIC from the date it was declared operational (16th June 2005) until December 2005.

He did not wish to extend his appointment and was succeeded by the Belgian Prosecutor Serge Brammertz. On June 15th 2006 the mandate of UNIIC was extended for one further year. The reports of UNIIC can be found on the United Nations webpage: <http://www.un.org>

*How would you assess the importance of cooperating with the media?*

First of all, for a favourable working environment—not only with the local authorities but also with the local population—you have to work with the media. You have to make it clear to the population and the politicians that you are there to help, to assist and not to oppose something. For this you definitely need the press. In a lot of countries, Arab countries in particular, but also in Europe, that is my experience, if you don't give anything to the press they will either invent things or take what they get from other sources and most of that could be inaccurate, which could harm the credibility. In all the terrorist cases I worked on I always had good experiences with contacts to the press. This does not mean that you tell the press everything you have and do but it never paid off to remain quiet. I think that if you work in a foreign country the population to some extent also has the right to know what you are doing—whether you are enjoying the beach, the good food or whether you are working or all of it together. And by this you also create a favourable environment.

*In the report the international community is said to have been helpful with expertise. Who is the international community in this case and is this cooperation standard or would it still be necessary to institutionalize the expertise, or cooperation of the international community?*

This should be on a case by case basis. To give you an idea: In Beirut we were faced with a huge crime scene—the largest one, out of necessity, I and a lot of others have ever seen. Several buildings, roads, a crater, and part of the Mediterranean sea—a crime scene several square kilometres wide. So we had to look for experts who were able to handle this, to meticulously clear the crime scene, inch by inch. We looked around in Europe and identified the Dutch:



Born in Berlin, DETLEV MEHLIS became a lawyer and has worked with the public prosecutor's office since 1980. Between 1981 and 1990 he was public prosecutor for crimes with a political background. Between 1985 and 1998 he worked for the Federal Public Prosecutor in the area of terrorism. In 1991 Mr. Mehlis was transferred to the General Public Prosecutor's Office in Berlin and has worked, i.a. on the "La Belle" and "Maison de France" cases. He became a Senior Public Prosecutor in 1992 and served as the UNIIC Commissioner in 2005.

they have a wonderful crime scene team especially for explosion scenes. It definitely makes sense to create such expert bodies on an international basis, and this has been started in Europe. It probably makes most sense to have expert teams pretty much on a standby-basis but I think you also have to be flexible. Although I was the head of an investigative body, I am not really excited about these bodies that require a lot of organisation. For 25 investigators we had 60 security and 35 administrative people so that's a lot of capacity for a pretty small group of investigators who are the core of this. Again, you are dealing with a large and expensive body—so you really have to be flexible. However, expert groups have to be organized and they have to be available.

*This summer the final report of the UNIIC is expected. What kind of long term consequences do you expect from the report?*

I think—from what I have heard—that the new report is mainly a repetition of the last report, though without mentioning Syria. But I doubt that the report will be coming out this summer. I would hope that the final report will present further progress, based on our report. While we were there, we've established certain leads. My successor, I hope, will come up with more results and will name the persons that should be brought to trial.

*What impact are you expecting from the report?*

Well, I think that the interest of the international community has pretty much decreased. Therefore I don't expect any big impact. The international community has lost interest, the Lebanese definitely have lost

interest, which further decreases the chances for the report to have an impact.

*Was UNIIC a success? What lessons can be learned for the future?*

Well, I think that UNIIC was a success insofar as it presented a positive image of the UN. It made clear to the people in Lebanon that the international community cares about them. But this only works if you have the support of the Press. A big problem was to create an investigative body as international as it was. This can certainly be done faster—here I would favour outsourcing. The Commissioner should have to rely less on the people he knows, but instead draw on the resources of Interpol. Cooperation with Interpol got better throughout the course of the investigation, this was also a success—that we managed to improve cooperation. In the beginning I had to go to all the individual ambassadors and ask them whether they had people. Going through Interpol is the way for the future and it should be done in this way, should there be another mission like UNIIC. But I think that this is unlikely, because it has to be a case which interests the international community, the particular country has to agree and you have to have the Security Council. An investigation like this will cost several hundreds of millions of dollars and this money has to come from somewhere.

*So UNIIC is not a precedent?*

I think that UNIIC will remain unique.

The interview with KLAUS WOWEREIT  
was conducted by Katja Geißler  
and Johannes Boege in May 2006

Governing Berlin with its huge fiscal deficit is not simple: Increasing demand for public spending is thwarted by declining resources. Financial constraints require new modes of governance and new ideas how to implement them. But is the public administrative system flexible enough to allow for such fundamental changes? Cutting on public spending is not enough anymore. This could be the window of opportunity to introduce new governance ideas. The Governing Mayor, Klaus Wowereit, outlines cornerstones of necessary changes.

*Schlossplatz<sup>3</sup>: What is the scope politicians and national governments have to come up with solutions for such a multidimensional problem involving a multitude of actors and interests?*

**Governing Mayor Klaus Wowereit:** Well, first of all let me say that it becomes increasingly difficult to govern a city such as Berlin when there is no money left to spend on public services. In this case it is not easy to communicate policies that cut public spending because no one is willing to pinch and scrape and many confuse good policies with more public spending. On the other hand, there are many policy fields where spending money is not primarily necessary but where content matters or where one can achieve the same by spending money more effectively. Even cutting the budget might result in creating more effective structures. There is scope for changing administrative structures but that requires a different approach or a more active role of public administration as well as different policy

procedures. We need new innovative ideas and new approaches. That is why public administrations are well advised to allow for creative ideas and innovation in their structures. This implies that creativity has to be introduced from outside the system. However, if public administrations only cut budgets and try to save money, there will be no scope for innovations. This is a vicious circle. On the other hand, there is still scope for change that one needs to make use of.

*What are the three main challenges a Governing Mayor of Berlin is facing in the current situation?*

First of all, there has to be a mentality change one has to introduce. We have to understand that we cannot rely on subsidies anymore. We have to learn to help ourselves. The second challenge is to promote Berlin as an international city. Only if we accept that we are a multicultural city that is open to immigrants and that we appreciate this development we will have a



chance in the future. The next important point is that we have to create awareness for our city so that we can be proud of what we have achieved. In Germany we often talk of a “complaint culture”—people tend to talk down their own achievements. We are creating something like a corporate identity for Berlin where we are self-confident and proud of our achievements and where we are facing the problems we have instead of only complaining about them.

*Will the introduction of the “Richtlinienkompetenz”, the formal right to design the principle policy guidelines, make it easier for the Mayor of Berlin to govern the state? Will this enable you to define the scope of policies differently and will it give you more leeway in the decision-making processes?*

Under constitutional law the *Richtlinienkompetenz* was designed after the former magistrate constitution and has not yet been introduced in Berlin, Hamburg and Bremen. Soon, this will be corrected by the formal right to design the principle policy guidelines. I believe this is absolutely necessary. At present, the Governing Mayor of Berlin can already design the principle policy guidelines; however, the *Richtlinienkompetenz* as a formal right enhances the awareness of the operational structure and procedures within governmental departments. A new awareness is not created by itself but has to evolve from within the system.

*Earlier, you mentioned that new approaches and innovations in politics and administration are needed. Looking at Berlin and its budget deficit; where do you see new approaches and innovations that can lead Berlin out of its current situation?*

Initially, I believe that civic engagement is an important point. Of course, citizens can only contribute to the overall society within the scope of their abilities. Big companies have different options as to how they

contribute to public tasks compared to the income of an individual citizen. On the other hand, cooperation with big companies that, for example, engage in founding new professorships in academic institutions or give donations in the area of research and development are very important. Another example is contributing to public cultural facilities such as to the opera house or to off-theaters. This engagement is important because the public sector alone can no longer provide for all these tasks. What is most important for public administration is motivating the best people to deal with this challenge. However, present administrative structures are too inelastic to attract these talents and this includes factors such as employability and adequate pay. In order to deal with the present tasks, we have to have competition among the best people and that means we need those who actively engage in reforming the state budget of Berlin. And by reforming I do not refer to the financial aspect only.

FISCAL DEFICIT AND  
FINANCIAL RELATIONS IN BERLIN  
POPULATION: 3.34 mio.  
FISCAL DEFICIT: EUR 63 billion  
In 2006 two actions are  
filed to the Federal Constitu-  
tional Court concerning the  
financial situation in Berlin.  
Analysis of the current budget  
constraint provided by  
Hertie School of Governance  
in its working papers no. 3,  
March 2006,  
<http://www.hertie-school.org>



Resources have to be set free by creativity. At present this is hardly ever the case because the people we are looking for are outside the system. We have to think contrary to the system and look at it from the outside in order to change it. That is an adequate approach but unfortunately very theoretical. The real world is very different.

*In the real world there are only few competitive advantages for Berlin as an attractive business location. We can imagine that this makes it much harder to motivate the private sector to contribute to public tasks.*

The companies in Berlin engage in public tasks. There are good examples of companies such as WALL, Berlin Chemie or Deutsche Bank that engage in public tasks. There is increasing support also from foundations, especially civil foundations that are founded and which contribute to different areas of public tasks. What we need are more companies that come to Berlin to invest and to create new jobs. This is the task we are facing. There has to be a transition from an industrial to a service society. Berlin has excellent perspectives for the future because the city is an outstanding location for research and science. We have incredible capacities that can be used—also by companies. Berlin is a great location for the creative industries such as design, fashion, architecture, basically for all types of creative fields that can expand by all means. These areas show clearly that there is a climate for creative industries to develop here. For the future I am optimistic, despite the fact that it might be a laborious and slow process.

*You mentioned that we need competition of the best people, which personal qualities do these people need to create new ideas in public administration?*

First of all, they have to be well educated, they should have experiences in the private sector and then they need to be given scope to think around the given bureaucratic structures. That means that we need a salary structure that would make the public service attractive for university graduates with work experience. As a matter of fact, those who are excellent can earn a lot more in the private than in the public sector. Hence, we are not competitive. Second, institutional preconditions have to be redesigned in a way that they can break through administrative structures. We have to think in a new direction aside from regulations that cement everything. Examples for this are the Landeshaushaltsordnung, the state budgetary regulation, or traditional fundamentals such as the civil service law. All these standards and guidelines create a rigid framework that does not allow for flexibility. Recapitulating, I think that, besides the necessary know-how that we need, we have to overcome institutional and bureaucratic borders.



**KLAUS WOWEREIT**  
Governing Mayor of Berlin,  
Member of the  
Social Democratic Party (SPD)  
Degree in Law,  
Free University of Berlin  
1984 first political office  
as city councilor  
1999—2001 chairman of the  
SPD faction in the parliament  
since 2001  
Governing Mayor of Berlin

*Are graduates of a public policy school eligible for those tasks?*

This is how I understand public policy education. Graduates who do not only have administrative training or academic backgrounds and who do not concentrate on the private sector only but who also know how to transfer mechanisms from private companies into public administration. Those mechanisms are, in principle, not very different and the experiences from both sides complement each other. The question is now, how to conciliate the two to answer the question how solutions are to be achieved. From my perspective, institutions such as the Hertie School of Governance are important not only because of the profound knowledge they impart but also for educating students to work in a variety of fields.

*Where do you see the future of the Hertie School of Governance?*

The Hertie School of Governance is located in the heart of Berlin in a very exclusive location—this is the obvious. And I'm very proud that this school is located here. The future chances of the school will, however, be determined by its international focus and of its capability to attract young professionals from Europe and all over the world. Once these graduates return to their home countries they will know of the advantages of Berlin. And maybe one day they will come back as top managers to invest in Berlin. Berlin—at the center of Europe—is an important starting point for developments in both directions, East and West. Therefore, the Hertie School of Governance has excellent chances to create a complementary offering to established universities in Berlin.

**Representation without Taxation:  
Money and Governance in Papua New Guinea**

by NICK MENZIES

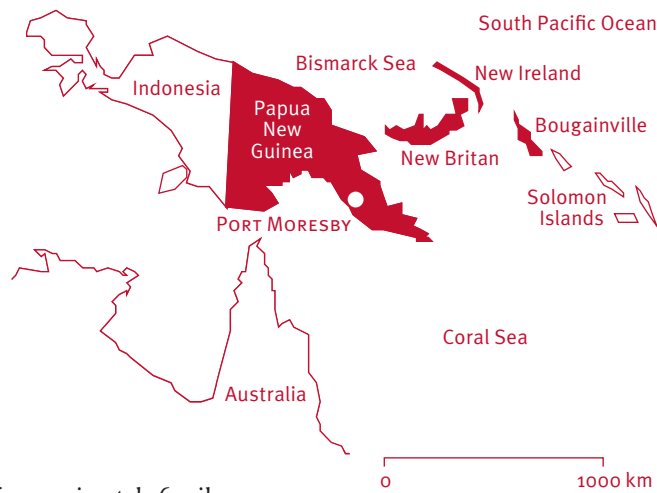
Governments need to be legitimate, accountable and representative. This is the simple credo of good governance. But, while Europeans complain about tax levels being too high, the former Australian colony of Papua New Guinea teaches us that taxation is a critical element of good governance. Nick Menzies explains why good governance without taxation is not possible.

The complaint of the American revolutionaries is still felt in Washington D.C., with motor vehicle registration plates brandishing 'Taxation without Representation'. Somewhat ironically, at the heart of the world's longest running republican democracy, the residents of the District of Columbia, despite paying taxes, remain without representation (though it's now a shortcoming in Congress and not Parliament on the other side of the Atlantic).

Many of Papua New Guinea's (PNG) governance problems stem from the opposite affliction—representation without taxation. PNG is lucky to be endowed with abundant natural resources, from which the government gains most of its revenue. Yet

despite natural wealth, the welfare of citizens is low and falling. In 2004 and 2005 I worked for a Papua New Guinean organisation that implemented a programme of participatory budgeting to address, in our small way, this common conundrum: natural wealth, poor people. My conclusion is that merely 'opening up the budget' to public scrutiny and input is not sufficient to ensure governance for the benefit of the population as a whole. To be truly accountable, the government must be fueled by money the people pay themselves.





**FACTS ABOUT  
PAPUA NEW GUINEA (PNG)**  
**POPULATION:** 5,670,544  
**CAPITAL:** Port Moresby  
**TOTAL AREA:** 462,840 km<sup>2</sup>  
**NATURAL RESOURCES:**  
 gold, copper, silver,  
 natural gas, timber, oil,  
 fisheries  
**GROSS DOMESTIC PRODUCT  
 (2005—Purchasing Power  
 Parity):** \$13.35 billion  
 (\$2,400 per capita)  
**BUDGET:**  
 revenues: \$1.368 billion  
 expenditures: \$1.354 billion

Papua New Guinea is made up of approximately 6 million people and occupies the eastern half of the island of New Guinea (the western half being Indonesian controlled West Papua). It is a land of stunning diversity—great mountains, innumerable tropical islands and fertile highland plains. It became an independent state in 1975 after a colonial period that included control by Germany, Great Britain and ultimately Australia. It is the most linguistically and culturally diverse country in the world, with over 800 distinct languages and an equivalent number of independent ‘nations’ that make up the modern state. Papua New Guineans themselves identify primarily with clan and tribe affiliations, with the concept of ‘Papua New Guinea’ primarily held by outsiders.

Whilst PNG’s plurality of nations is probably its most difficult governance obstacle, the sheer diversity has also mitigated against outright cleavages of the state, as no one group is large enough to seize control.

I worked for the Consultative Implementation and Monitoring Council (CIMC), an independent, bi-partisan ‘think tank’ created by PNG’s national cabinet to consult with business, civil society and all levels of government. Our role was to offer more innovative advice than that provided by the public service. Every year we traveled to each of PNG’s 19 provinces and held a series of development fora where government ministers and senior government officials explained government policy to the people and ordinary citizens had the opportunity to ask questions of their representatives. We adopted local level participatory budgeting mechanisms pioneered in other parts of the world (particularly in Brazil) and applied them to PNG’s national budget. We asked national government officials to tell citizens how much money the government had to spend each year and what it planned to spend it on. Citizens could then suggest priorities for their region and the country as a whole.

This exercise of bringing the government to the people is particularly important in PNG, as the government is physically isolated (there is no road connecting the capital to the rest of the country) and

poor communication infrastructure and education makes knowledge of government extremely limited.

Papua New Guinea suffers from incredible political fluidity. No government since independence has survived a full term. This fluidity undermines the ability to plan and implement long-term development. Constant changes at the top are acutely felt down the line, including at CIMC. The Chairperson of CIMC is the Minister for Planning. The planning ministry is in charge of the overall development of the country, preparing the annual development budget and liaising with international donors. The position of the Minister is coveted as the development budget includes lucrative projects funded by foreign donors and being in charge of its preparation means being able to deliver largesse to one’s constituents.

In my first year at CIMC we had four different Chairpersons—that is, there were four changes of this key ministerial position in 12 months. Aside from having to conduct four ‘welcome’ briefings within a year, and bring each Chairperson up to speed on our work, each one had different ideas about the role of the organisation and different levels of commitment. Implementing positive change in a fragile state requires consistent and committed effort, which is nearly impossible under constant leadership changes.



A Student at HSoG (Class of 2007), NICK MENZIES worked as a lawyer, inter alia, in Sydney and as a legal advisor in Cambodia. He gained an in-depth knowledge of the Governance problems of Papua New Guinea (PNG) while working as a Public Policy Consultant for a PNG think tank based in Port Moresby. He holds a law degree from the University of Sydney (Australia). As part of the HSoG Master's Programme, he worked with the Post-Conflict Reconstruction Project at the Center for Strategic and International Studies in Washington D.C.

It is not uncommon to hear Papua New Guineans wishing for the return of their former colonist—Australia. As an Australian raised on a diet of self-determination and local ownership, at first I found this startling to hear. However, a fall in living standards since the late 1990s has created a wistful longing for the past.

People commonly talk of PNG's abundant natural resources and expect levels of development similar to its former colonial master. As part of our participatory budgeting approach we highlighted that the government had misguided priorities, for instance, spending as much on the annual running costs of its embassy in Brussels as on the entire national HIV pandemic.

But we also highlighted that PNG is not as rich as its developed world neighbours—its total health budget is the same as the budget of just one Australian metropolitan hospital. People must demand good government decision making but stable government requires that people have reasonable expectations of what can be provided.

Ultimately, opening up PNG's budget is not going to solve severe problems of financial mismanagement and corruption. As a classic rentier state, most of the government's money comes from large scale resource projects. Few people have the education and access to understand how much money is earned and to oversee how it is spent. There is little incentive for the governing elite to adopt policies which increase the general welfare of the people, as the government does not rely upon them (via taxation) for its income.

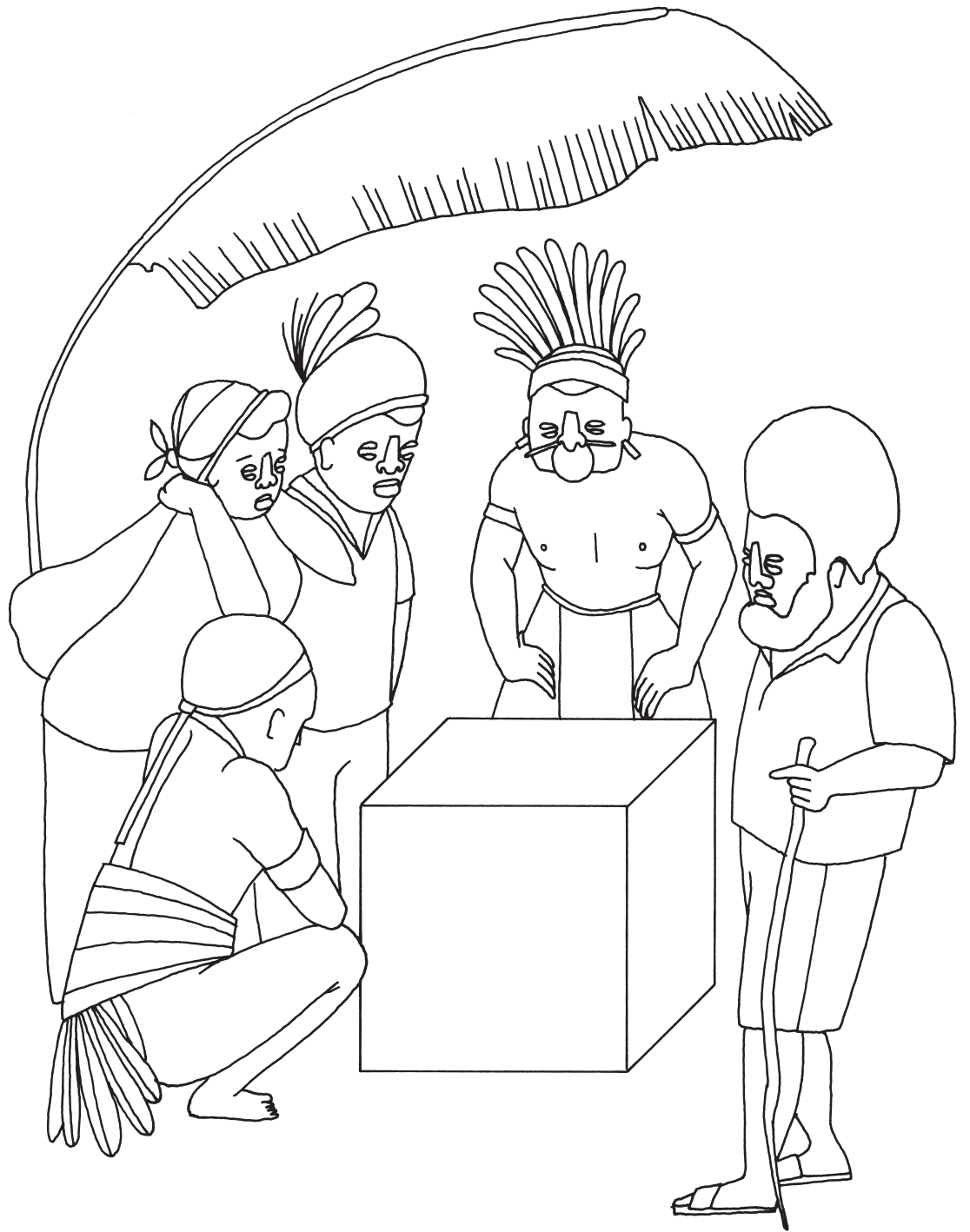
Notwithstanding this, a culture of accountability could be developed through taxation. A good place to start would be to increase the link between the people and their most immediate representatives—local level governments. At the moment, local level governments rely on grants from the national government. Local constituents do not directly contribute the money and they don't know how much is given from above.

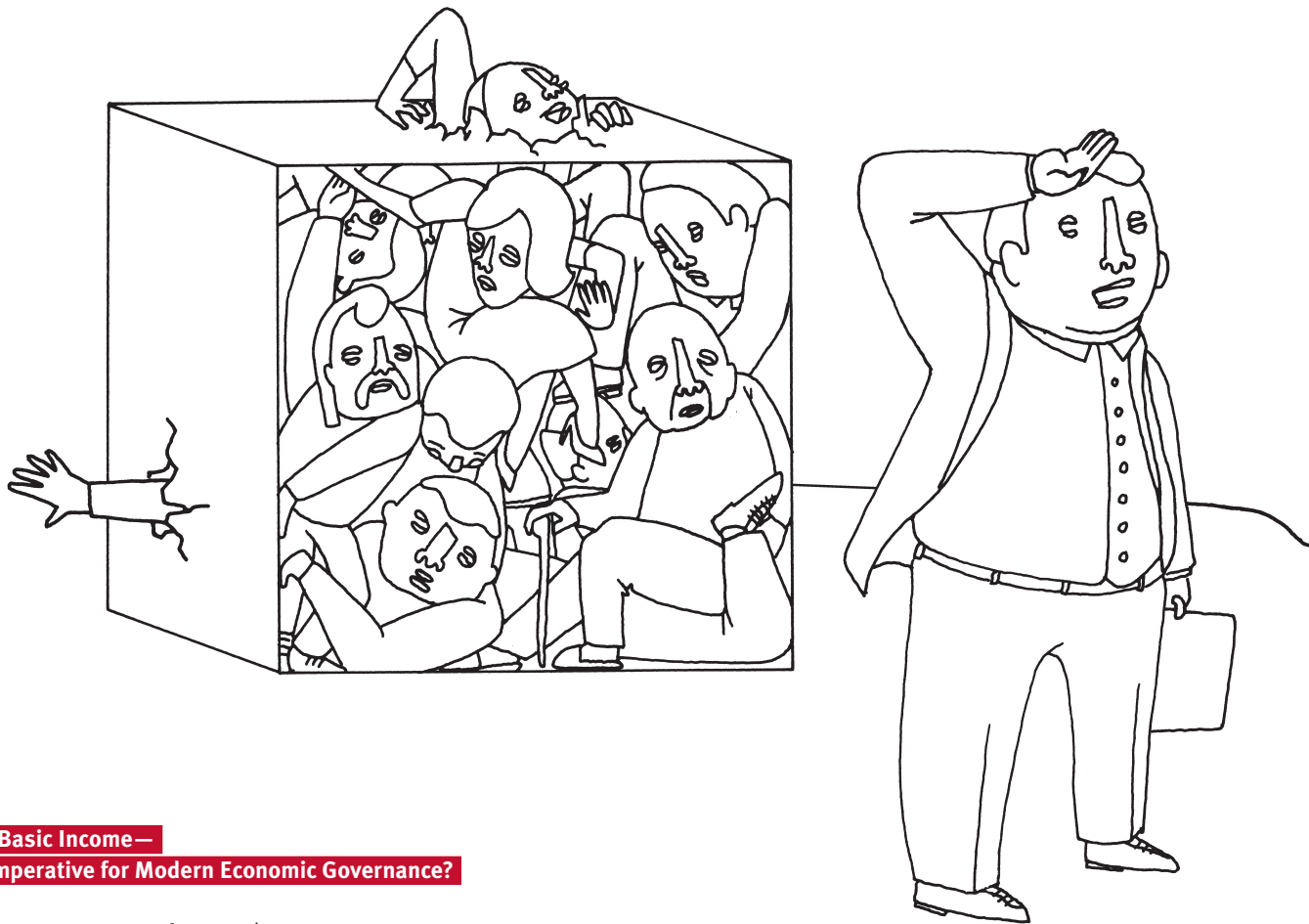
This opens the way for funds to be misused by local officials. If people provided their own money (or time) they would be motivated to oversee how it is spent. Their representatives would also feel personally responsible to not to misuse the money, thus developing a culture of accountability. One local level councilor told me that when he suggested introducing such a tax, his constituents actually responded favourably. They associated it with colonial times when such an arrangement existed and local works actually got done.

Whilst open budgets should be a necessary baseline of all governments, they alone will not ensure money is well spent—if the government does not rely on the people for its revenue. When there is representation without taxation there is no incentive for politicians to adopt policies which improve the economic base of all its citizens.

Representation without taxation does not lead to decisions in the best interests of the governed, just as the American revolutionaries complained in reverse.

© Verena Stiebing





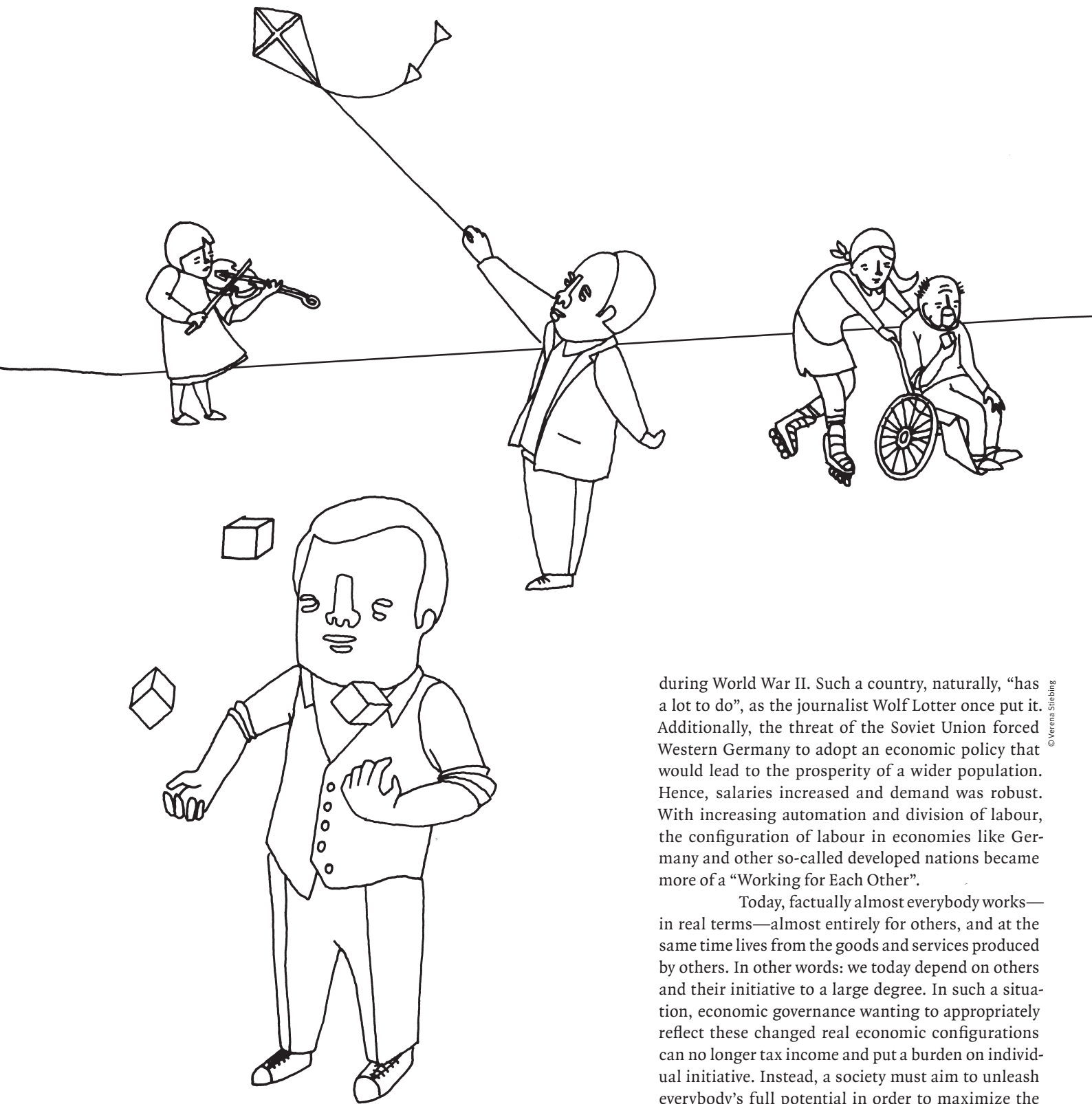
**The Basic Income –  
an Imperative for Modern Economic Governance?**

by GÖTZ WERNER and ANDRÉ PRESSE

Today, states encounter severe problems due to demographic change and changing socio-economic structures. Is a reform of the tax-system the new imperative for modern economic policy? Götz Werner and André Presse identify the “basic income” as the ideal means to enable people—and the economy—to become productive and, ultimately, ready for the 21st century.

In agricultural societies, economy takes place mainly in self-sufficiency. Individuals and families consume what they cultivate and market what is left. In modern economies with a strong division of labour, individuals are highly specialized and actually—in real terms—work for others. At the same time, they rely on the initiative of others to obtain what they need for life.

The German economy, especially in the western states, has enjoyed an unprecedented growth and prosperity in the third quarter of the 20th century but has started to struggle in the fourth. Economic growth in much of the 1950s and 1960s was due to the circumstance, that Germany had been largely destroyed and millions of men been killed



during World War II. Such a country, naturally, “has a lot to do”, as the journalist Wolf Lotter once put it. Additionally, the threat of the Soviet Union forced Western Germany to adopt an economic policy that would lead to the prosperity of a wider population. Hence, salaries increased and demand was robust. With increasing automation and division of labour, the configuration of labour in economies like Germany and other so-called developed nations became more of a “Working for Each Other”.

Today, factually almost everybody works—in real terms—almost entirely for others, and at the same time lives from the goods and services produced by others. In other words: we today depend on others and their initiative to a large degree. In such a situation, economic governance wanting to appropriately reflect these changed real economic configurations can no longer tax income and put a burden on individual initiative. Instead, a society must aim to unleash everybody’s full potential in order to maximize the economic well-being of all citizens.

The question arising from this conclusion is of course: what, if not income, should be the appropriate basis for taxation in highly interdependent economies?

If initiative—the production of goods and services—is not to be taxed, then the only alternative left for taxation is consumption. This even more so, as all other taxes are finally contained in product prices

FURTHER INFORMATION  
AND LINKS

[www.unterschied-zukunft.de](http://www.unterschied-zukunft.de)

STRAUBHAAR, THOMAS (2006):

“Grundeinkommen sichert die Nachhaltigkeit des Sozialstaats und sorgt für mehr Beschäftigung in Deutschland”, in: Hamburgisches Weltwirtschaftsinstitut (Hrsg.): “Im Dialog”, Pressemitteilung vom 20. 4. 2006, in: Internet: <http://hwwi.hwwi.net>

WERNER, GÖTZ W. (2004):

“Wirtschaft—das Füreinander-Leisten”, Karlsruhe 2004

revenues, others for reducing prices. It is evident that those corporations reducing prices will benefit from increased sales, and ultimately other ventures must follow in order not to lose sales.

In effect, a decreasing net price level makes it possible to increase consumption taxes and arrive at the same gross price level as before. Several such steps can lead to a reduction and finally annihilation of all taxes except consumption tax, at stable price levels.

Not only will employers—through the effect of decreasing payroll-costs—be more willing to hire additional staff. If and when individuals are no longer dependent solely on labour income, they will be increasingly willing to work less, e.g. only four days per week, adding further to the receptivity of the labour market and at the same time increasing the freedom of employees to start families, engage in further education, develop a business idea and the like. And more: If a basic income has a level that covers the basic physical and cultural needs, it makes labour market regulations redundant. Wages will finally establish according to supply and demand rather than through monopolistic or oligopolistic market situations we currently face in an over-regulated labour market today.

A basic income also reflects the reality of increased automation making human labour increasingly dispensable. All work that can be done by improved methods and machines will be automated sooner or later. The authors call these fields of labour old labour. The products and services produced in these sectors will continue to be needed and produced, but human labour will not any more—or at decreasing rates—be required to do so.

On the other hand there are fields of new labour, which cannot be carried out by machines and for which we will observe an increasing demand. Such labour is the labour immediately with the people, whereas old labour always deals with producing goods and services for the people. Fields of new labour include many sectors, from the work of raising children and schooling as well as university education to the care for elderly, sick and or handicapped people.

already today. Neither corporate nor income taxes nor any other tax could be paid if tax payers do not receive money through prices for products and services before.

But what, in a consumption-tax based fiscal system, is the equivalent to the tax exempt amount in an income tax system? One conceivable concept is, for instance, a rechargeable ‘white card’ which could be used for making payments. This card would contain the purchase volume of the current month, and taxation only starts if this set amount is exceeded. But the administrative efforts entailed in such a system would likely be prohibitively more costly than the alternative. In order for the basic needs to be taken care of without taxing them, a fix amount would be paid to every consumer.

We call this amount a Basic Income. The principle of the expected effects and the way to finance it can be explained quickly: through the introduction of a basic income paid to every citizen regardless of any other income—i.e. also to employees—corporations and public employers can reduce wages by that amount. Some companies will use the funds saved to increase



These sectors also include the cultural sector in its wider definition, the arts as well as science. In all these sectors, economic governance and performance evaluation methods that we observe today in corporations are misplaced and must fail—despite eventual positive short term effects—in the long run, as the results of raising children or the education at schools and universities do show—with few exceptions—not until one generation later.

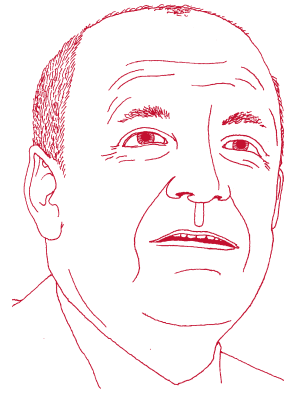
Likewise, how would we want to economically measure the quality of caring for elderly and handicapped people? These examples show: in such fields of work, labour cannot be measured by or paid according to a certain output like in the areas of old labour. Work in these sectors can only be financially enabled. All these sectors would substantially benefit from a basic income. Many people today would love to work in these fields, but a notorious lack of funds prevents initiative from taking place. The under-financing of this decisive future-oriented work has brought developed societies, and Germany in particular, to the verge of social, cultural and political decay.

Germany is not only the country with the lowest birth-rate on the planet, thereby hampering its prospects for further economic and social growth and prosper-

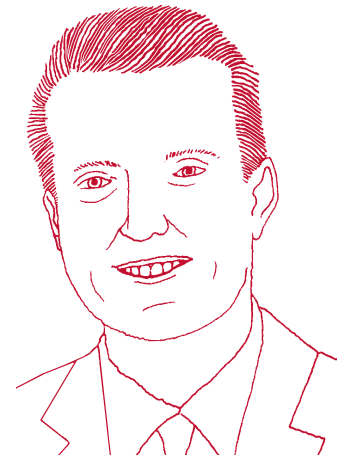
## The under-financing of this decisive future-oriented work has brought developed societies, and Germany in particular, to the verge of social, cultural and political decay

ity. It is also lacking the funds for culture and social integration, as political and social polarisation and radicalisation at schools and in an increasing number of regions show. The younger and older generations are without perspective, and this influences also the middle generations and make them fear the future and abdicate from having children. A vicious circle. Is this the result of a modern economic policy taking into account the unprecedented levels of productivity and potential wealth? Good economic policy is the best policy against this polarization. But how would such a policy look like?

We believe the basic income to be a cornerstone of such a policy. In combination with the gradual restructuring of the fiscal system—over a period of ten to twenty years—towards a pure consumption tax based system, it ensures the levels of equality and inequality long term economic and cultural prosperity requires. The question leading to this assumption is simple: can we afford to lose people as consumers at the same rate that we currently afford to make them redundant as workers? The answer is likewise



GÖTZ W. WERNER is the founder of “dm—Drogerie Markt” and Professor of Entrepreneurship at the Interdisciplinary Institute of Entrepreneurship at the University of Karlsruhe.



ANDRÉ PRESSE is research associate at the Interdisciplinary Institute of Entrepreneurship at the University of Karlsruhe.

plain. But contemporary politics and large parts of economic sciences have not yet arrived at the insight that a partial de-coupling of labour and income is an imperative in post-industrial and highly automated economies. A result of obsolete paradigms?

It is up to the young generations in politics and public administration to redesign the economy and political institutions according to these new facts and insights. It is time to explore, discover and utilize the unprecedented levels of technological advance as an economic and cultural opportunity.



**Lobbying in Brussels and Washington:  
Different Styles, Same Logic**

The Interview with CORNELIA WOLL  
was conducted by Florin Nita in May 2006

With increasing regulatory powers of the EU institutions, the business of lobbying in Brussels becomes more important. How the private sector manages to successfully shape EU decision-making in its favour and how the equilibrium between input- and output-legitimacy could be safeguarded are issues addressed by Cornelia Woll. In her interview with SP<sup>3</sup> the comparison between Washington and Brussels is used to shed more light on European multilevel governance.

Schlossplatz<sup>3</sup>: Ms. Woll, how difficult is it to research lobbying in Brussels and Washington?

Cornelia Woll: Much easier than I expected. When I started doing this research everybody was saying: “Nobody will tell you what they really do.” Certainly, if you ask people: “Do you do any lobbying?” people might not answer you. But if you ask them: “I saw that you worked on the following proposals, can you tell me what you did?”, people both in Washington and

Brussels are very welcoming. You should ask them more about the advocacy work that they do, the representation, the government connection and not so much about any illegitimate influence. The choice of words is very important.



*How advanced is this comparative research on lobbying?*

Research on interest groups goes back to the 1920s and 1930s in the US. Comparisons between Washington and Brussels began in the 1980s and 1990s and most people who are writing on this are actually practitioners. I personally started to work and think about this area a couple of years ago and it is one of the very interesting areas where there needs to be a lot of research done.

*Who are the lobbyists?*

The people who work for companies doing in-house lobbying are as diverse as companies. Lobbyists for airline companies may have been pilots before, in telecommunication companies they can be engineers. Everybody who knows the company well can be a lobbyist. The European professional lobbyists who work in consultancy tend to be people who have a background in political studies, public or European affairs, and some law background, but not so much as you may find in Washington. In Washington lawyers are predominant. The most significant difference between Brussels and Washington is the numbers of lawyers in this profession.

*Can we include among lobbyists also the national or regional state actors?*

Well, it depends. I define lobbying as the attempt of private actors to influence public decisions. For me, to speak about lobbying refers to firms, individual actors, NGOs, any sort of associations and sometimes also big federations that go through their national governments. In agriculture, for example, they speak with their national government which in turn tries to influence the Council or the European Parliament or the Commission. They have channels of influence through national governments. Lobbying is what happens up to national governments, afterwards it is negotiation.

*What are the primary institutional targets?*

There have been a lot of very detailed studies and you can see that in the EU somehow all goes towards the Commission. But the lobbyists lobby multiple targets at the same time. They work both at national and supranational levels. However, the very important EU institutions are the Commission, the European Parliament especially through its committees, and of course, for every country, the national governments and parliaments. All lobbyists play a multitude of channels at the same time.

Currently there are around 15,000 lobbyists in Brussels (consultants, lawyers, associations, corporations, NGOs) seeking to influence the EU's decision making process. Some 2,600 special interest groups have a permanent office in Brussels, predominantly Trade federations (32% of total) and consultancies (20% of total).

In March 2006 the European Commission released the Green Paper on the European Transparency Initiative—a voluntary code of conduct of lobbying activities in Brussels:  
<http://ec.europa.eu>  
In April 2006 the US Senate approved the Legislative Transparency and Accountability Act of 2006, which regulates lobbying activities:  
<http://www.govtrack.us>

*How difficult is it for companies to get access to decision-makers? Based on which criteria is the selection made?*

You can almost always obtain access, but the key question is to what extent is your advice taken into account. Lobbyists need to have something interesting to offer—such as information. In the US Congress the pressure comes by threatening with the losing of votes or of financial support for electoral campaigns or in some cases with suing, while in the EU the access comes through the information that interest groups provide. Because the Commission and the European Parliament can select who they talk to, the credibility of the provided information and the representativity the external actors have become key criteria.

*Can one say that there is a difference between the American and European lobbying styles?*

Yes, there's this difference in lobbying styles, American lobbyists are much more confident with their demands. They make a demand and they expect to be heard. In Europe, lobbyists know that they can always be ignored. They are more careful in making very radical demands and when this happens then they must have a lot of force behind it. There are cases when radical lobbying occurs, but less often than in Washington. We even have some examples where aggressive lobbying in EU failed to achieve the intended results. In Washington a successful needs to be aggressive.

Now on a more corporate level. What is the role of Government Relations departments in private companies to shape their strategy towards external actors?

Well, I think their role is very important. These are the places where somebody asks: "What can we do politically to increase our profits?" It is where the strategy gets elaborated. A lot of the work these departments are doing is gathering information for the company, on what is going on in the political landscape. They write notes on certain proposals or bills and let the company know what may be important for them, what's worth paying attention to.

What could explain this difference? Institutions? Culture?

Since the Congress is connected to its voters directly through elections, it is very much tied to the private interests of the constituencies and of their individual members. In the EU there's no actor that interest groups can control as effectively as they can control the Congress. Of course they have some control over the Council, which is composed of 25 members, but they cannot control all the 25 members at the same time. They can also have some control over the European Parliament but it is difficult to sway everybody. The connection is not as direct as in the Congress, which explains why the European lobbying is not as aggressive and demanding.

Which style is more effective?

I think both are very effective. The European style is very effective in the agenda setting phase. Through the information they give, lobbyists can really put issues on the agenda that have not been there before and modify certain proposals. The US lobbyists have been extremely effective in the past by blocking entire bills or making an issue not politically feasible anymore. So it's more in the decision stage that US lobbying is surprisingly effective compared to that in the EU, so it depends on what you're trying to do.

Is it right to speak about the Americanisation of Brussels-based lobbying?

Yes, I speak about Americanisation. Interest representation in the national member states were particular to their country. You had some form of neo-corporatism in a lot of countries, some very stable relations between the private actors and the state. Today that is dissolving more and more. Instead, firms lobby their governments directly on specific issues. That's what we see in Washington and now in Brussels.

Speaking about strategies to promote the interests of a company, what role do the media play in these strategies in the two capitals?

Media are probably very important. I think companies always have an interest in having a good corporate image and that is why they go to the media to promote it, since this is highly important for the political context in which they move. In Washington, the media is very important: everybody has access to it and it dominates the discussion. In Brussels to go through the media would mean to go through the media of 25 countries, which is not very effective. The absence of a pan European media is a handicap for having an exclusive political strategy based on media. But its use by lobbyists will increase more and more in the future.

Are there any ethical limits in lobbying strategies?

Absolutely! There are important ethical limits since lobbying very quickly blurs the line between a legitimate attempt to push for an effective policy for stakeholders and an attempt to incline it in your favour by all means and purposes. That is why lobbying has such a negative connotation. There are illegal things that may be done like trying to buy certain policy makers. From a democratic view point that is something undesirable. You can have a very long discussion about this. In the US many people who work in interest groups and lobbying are people who teach ethics, which we find also in business schools or MBA programmes.



CORNELIA WOLL is a lecturer at the “Master of Public Affairs” at Sciences Po (Paris) and a researcher at the Max-Planck-Institute for the Study of Societies in Cologne, Germany. She holds a bi-national Ph.D. in political science from the “Institut d’études politiques de Paris” (Sciences Po) and the University of Cologne, and a D.E.A. (“Diplôme d’études approfondies”) in public policy from the IEP de Paris. Prior to that, she obtained a B.A. in political science and an M.A. in international relations from the University of Chicago. Her dissertation on “The Politics of Trade Preferences: Business Lobbying on Service Trade in the United States and the European Union” has been awarded the Seymour Martin Lipset Prize of the Society for Comparative Research for the best comparative dissertation in 2005.

*Since we came across this issue, to what extent does lobbying aggravate the democratic deficit?*

There is a feeling that the people who make policy decisions are not the ones who actually represent the people, because they may not be elected directly. And lobbying obviously makes that problem even bigger. When you delegate certain tasks to lobbyists or when you have lobbyists giving information to technocrats that do not have a close connection to the citizens, then lobbying aggravates the democratic deficit. If you distinguish, as Fritz Scharpf does, between input and output legitimacy, then the input legitimacy in the EU gets even worse due to lobbyists. But the output legitimacy that political decisions may get by better addressing as many stakeholders concerns as possible is increased through the existence and help of interest groups. So the question is: do you want to have a perfect political process, or do you want to have policies that are better designed to address stakeholders’ concerns? You have to decide which one you prefer, because at present you can’t have both of them at the EU level.

*Could regulations help to alleviate or eliminate this problem?*

It is very good to control some unethical parts of lobbying. However, as lobbying gets more and more transparent, you move away from the very simple problem-solving context where decision-makers are approached by lobbyists who try to provide consulting in order to get the desired outcome. When you have high transparency and everybody is completely aware of what everybody else is doing, lobbying becomes less focused on problem-solving, very self-centred and confrontational. Lobbyists just make demands, because they cannot compromise anymore. But maybe that’s just a side effect of having a more democratic process.

*To what extent is there a reciprocal enforcement between multilevel governance and lobbying?*

I do not know whether lobbying enforces, but it certainly adapts itself to this multilevel decision-making process. Governments know for example that firms will go through other channels if they cannot find an understanding at the national level and may accept this just as part of the logic. On the other side, lobbyists know that they have to play this game at different levels.

*And one last question: does Brussels-based lobbying drive European integration?*

Well, that’s what one central theory of European integration postulates. Since firms, stakeholders and NGOs have benefited from previous integration steps, they will lobby for more integration in other areas. I tend to think this is true. Firms realize that they need certain regulations on specific technical issues, so they ask for these regulations. I do think lobbying is one of the motors that keep this integration process going. It is open for debate whether member states can stop it, but firms will work very actively with the European institutions in order to promote their interests.

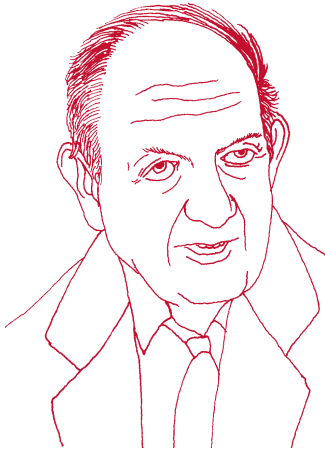
The student revolts in spring 2006 were the last convulsion of French rebellious forces: work stoppage, taken university buildings and mass protests across French cities. Finally, the protests had an impact. The law changing the rules regarding the first-job contract was revised. It is hard to imagine such a protest movement elsewhere. But why are the French Unions so different? Alfred Grosser, professor emeritus at the “Institut d’études politiques” in Paris and expert on French politics and actors, gives recent perspectives on the role of the Unions in France.

**L’exception française:  
The Role of the Unions in France**

by ALFRED GROSSER

The Unions in France are different from elsewhere. Just to give a short example: The Federation of German Trade Unions (DGB) never regarded student federations as being unions. De Gaulle would not have been nearly overthrown in May 1968, if the French unions would not have supported the student federations. Acting together, the Unions and the student federation UNEF (Union Nationale des Etudiants de France) nearly succeeded in paralyzing the country.

In spring 2006 one has perceived this type of concerted action again. Both the Media as well as the Government presented and approved UNEF’s president to be on an equal footing with the representatives of the French Unions. The self-conception of UNEF as a trade union traces back to the time of its foundation in Grenoble 1946: they defined in their charter students to be young intellectual workers (jeune travailleur intellectuel) who have in their three-fold characteristic rights and liabilities.



ALFRED GROSSER, born in Frankfurt am Main, became French in 1937. From 1956 to 1992 he was professor at the “Institut d’études politiques” in Paris, Director of Research and Studies at the “Fondation Nationale des Sciences Politiques” in Paris and visiting professor at Stanford University and Johns Hopkins University. He was awarded the Peace Price of the German Book Trade. In 2006 a German school (in Bad Bergzabern nearby Karlsruhe) was named after him.

If one wants to understand ‘otherness’ one always has to revert to history. In Great Britain the Party was controlled by the General Union. In Germany evolved the General Federation of German Trade Unions (ADGB) to some extent as social relief organisation on the right of the orthodox Marxian SPD. The social revolution came to an end in November 1918 when the ADGB signed an agreement with the employers. Though it brought advantages for the ADBG, it implicitly agreed on the existing social structures. In France the General Confederation of Labor CGT (Confédération Générale du Travail) distrustfully eyed the Socialist Party PS (Parti Socialiste) and finally announced the rigorous separation from the PS.

Later on the Comintern led to a complete reversal of the CGT: the majority of the PS subordinated to Lenin in 1920 and became an instrument of the Comintern. The Comintern on its part forced the foundation of the Red International of Labour Unions.

In France it was only the small split-off CGTU (Confédération Générale du Travail Unitaire) that belonged to the Red International of Labour Unions. This situation did not fundamentally change until 1945. The moderate Workers’ Force (Force Ouvrière) separated as a small minority from the communist dominated CGT. Since 1947 the underlying question was about the leeway left for the Unions.

However, even the current Secretary General Bernard Thibault did not succeed in his role as a reformer to enforce CGT’s complete independence from the old communists. And the CGT is still dominating broad sectors of wage earners and salaried employees, but with different coverage and by no means in all sectors.

To a large extent the French exceptionalism is caused by the pluralism of the Unions. This pluralism is completely different from the American pluralism at the time when the American Federation of Labor (AFL) and the Congress of Industrial Organizations (CIO) were standing vis-à-vis. Both, AFL and CIO, were dominating their own sectors and they were not represented in all companies. In France, the Unions controvert each other in the same company. They dispose in international comparison only of a limited number of members and very restricted resources.

The consequences are severe. Area-wide agreements and even agreements with a single employer can be hardly met by the signing parties. The unions that have not signed the agreement will attempt to poach members from the signing unions by rising or maintaining demagogic claims that disavow the agreement. In the past, strikes took place for two reasons. The French Unions defined their claim to leadership via the number of strikers that follow the call for the strike and they used the strike as a fast applicable weapon.

A more favourable resource endowment of the Unions, as it is for example the case in Germany, allows for sustained strikes and makes already the threat of strike a powerful deterrent.



The NATIONAL FÉDÉRATION OF FRENCH STUDENTS (UNEF) was founded in 1907 and is, with 29,000 members, the biggest French student federation.  
<http://www.unef.fr>

The GENERAL CONFÉDÉRATION OF LABOUR “Confédération Générale du Travail” (CGT) was founded in 1895 and is today one of the largest Unions in France. In 1921 Lenin’s Third International with its Red International of Labour Unions led to a split of the French CGT and to the foundation of the Unitary General Confederation of Labour “Confédération Générale du Travail—Unitaire” (CGTU). The CGTU existed up to 1936 when it merged again with the CGT. In 1947 the moderate Workers Force “Force Ouvrière” (FO) separated from the CGT.  
<http://www.cgt.fr>  
<http://www.force-ouvriere.fr>

“Le droit de grève s’exerce dans le cadre des lois qui le règlementent” (The right to strike shall be exercised within the framework of the laws governing it) indicates the Preamble of the Constitution of October 27th 1946 to which the 1958 Constitution is referring and which is today the charter of the French Constitutional Court. Though there are only few laws and they are barely respected.

Actually, the freedom of strike holds unrestricted and any constraint is considered to confine it illegally. Strike votes are seldom, not to mention the German three-quarter standard. At the utmost the decision is taken during a works meeting at which the majority is established by show of hands. The strike is not necessarily identical with work stoppage. France was suffering from the so-called “strike” of the Lorry-drivers. In fact the Lorry-drivers did not leave their Lorries in the garage but violated the law by obstructing roads and highways. The farmers are, oftentimes, even rowdier—and stay unpunished.

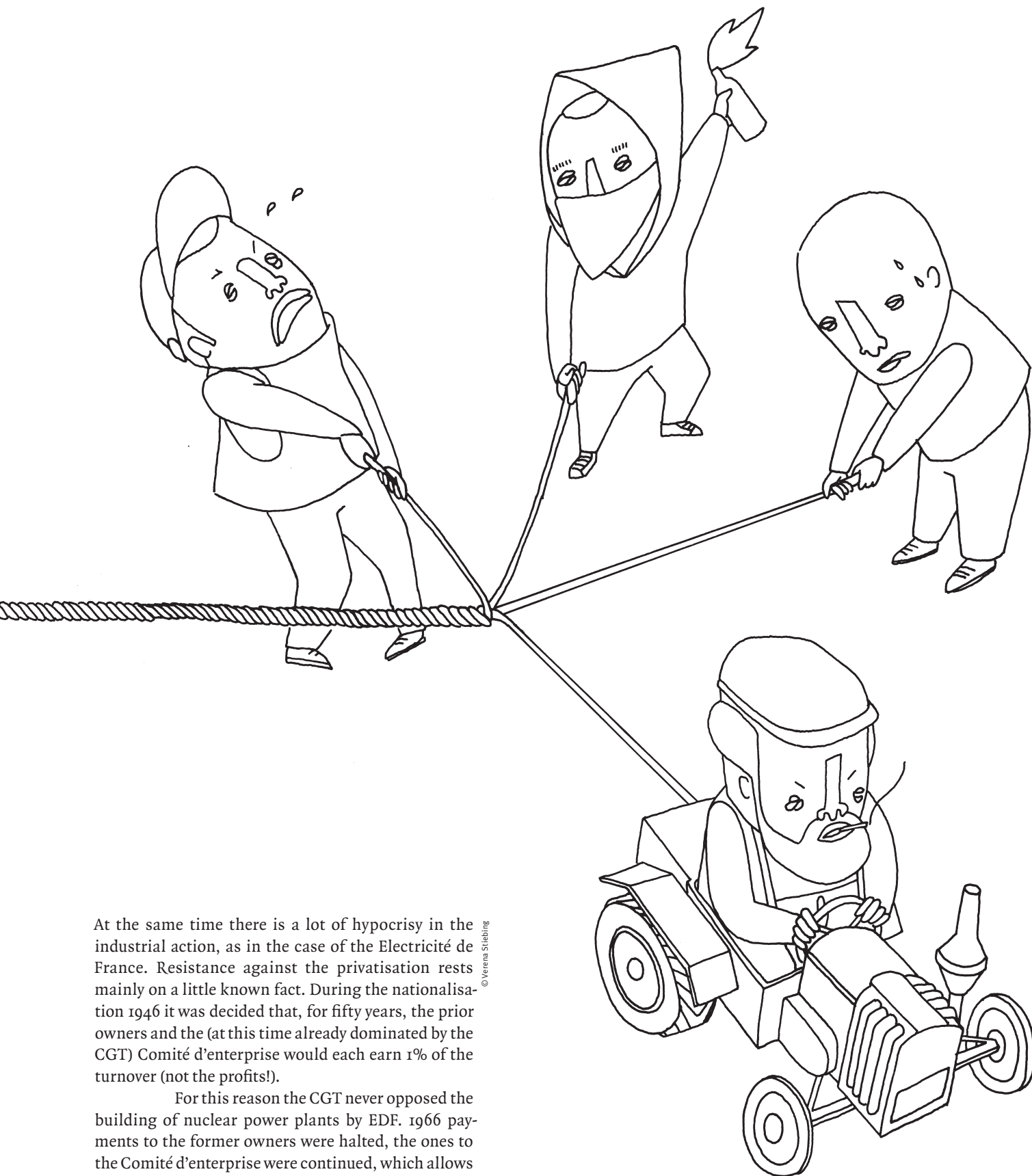
Today, however, there are far less strikes in France than just a couple of decades ago. With a few exceptions (the Lorry-drivers were sent to the blockades by the company-owners) there are only two categories of strikes left.

On the one hand there are the desperation-walkouts of the workers and employees in the companies declaring either closure of massive layoffs. On the other hand strikes by wage-earners not directly affected by unemployment, public appointees or in the civil services. Sometimes the executive grants concessions in order to avoid expensive walkouts. Due to this Air-France pilots still earn significantly more than those of Lufthansa. Occasionally there are little known arbitrage-procedures which reduce the amount and scope of the strikes—as in the case of the SNCF, the French Railway.

The Media reports about the Unions only if there is unrest or strikes. They keep silent about the real, and justified, actions of the Unioners. This action is not innocuous. Despite being protected by law (which now and then is misused by Unioners only concerned with themselves) employers try, sometimes with disreputable means, to lay Unioners off, or harass them until they leave.

## There are only two categories of strikes left

Especially if the Unioner fights energetically for the rights of the employees, be it only to ascertain that the rules regarding health protection are adhered to or to make sure that, on a broad range, not too many steps back towards the 19th century are made. In the name of economic liberalism many employers associations, as well as Professors (which are public appointees and not threatened by unemployment) demand that the working conditions of the wage earners are renegotiated with an ever decreasing areal coverage and on ever lower levels. A famous ruling of the highest Court of 1862 punished a worker who came to the factory in wooden shoes, which was prohibited according to the work-contract: after all she had voluntarily signed the contract and thereby accepted the rules!

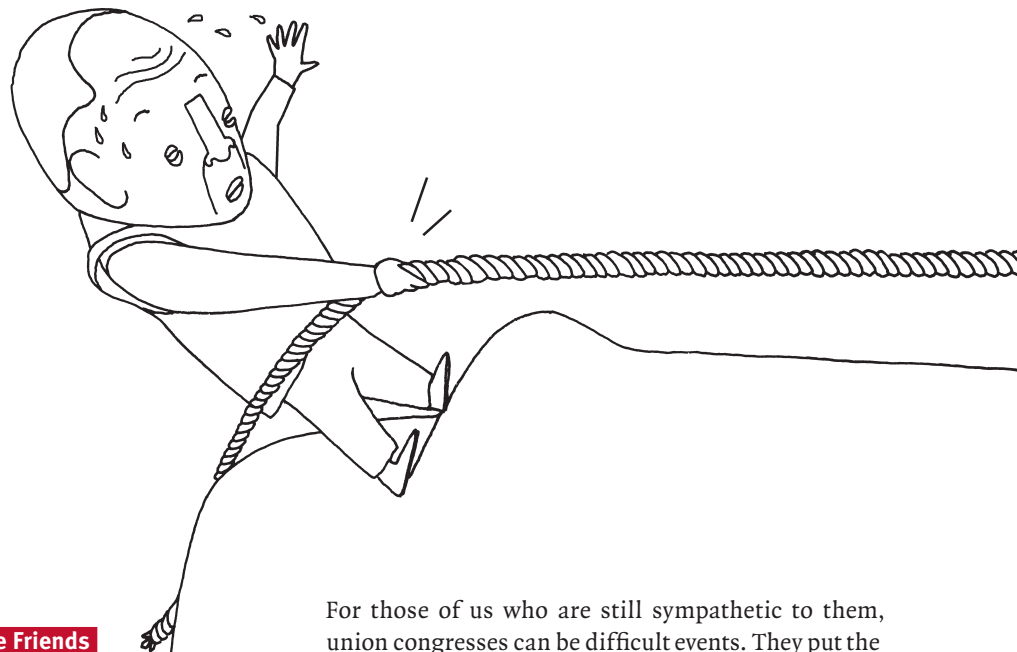


At the same time there is a lot of hypocrisy in the industrial action, as in the case of the Electricité de France. Resistance against the privatisation rests mainly on a little known fact. During the nationalisation 1946 it was decided that, for fifty years, the prior owners and the (at this time already dominated by the CGT) Comité d'entreprise would each earn 1% of the turnover (not the profits!).

For this reason the CGT never opposed the building of nuclear power plants by EDF. 1966 payments to the former owners were halted, the ones to the Comité d'entreprise were continued, which allows it to employ more than two thousand people in their social offices. Nothing is easy: this abstract finding also holds for the French Unions, in their being and their actions. In this, however, France is seemingly no exception.

© Verena Stiebing

The working world is changing—and it's changing fast: growing competition due to globalisation, the rise of the working poor and more and more precarious work—the German welfare state is increasingly coming under pressure. An ideal opportunity for the labour unions to develop new ideas and gain profile, one might think. Instead, German labour unions seem to ignore reality and keep losing members. What's wrong with them?



**Digging Deeper Old Trenches:  
Why Unions Find It Difficult to Make Friends**

by ANKE HASSEL



For those of us who are still sympathetic to them, union congresses can be difficult events. They put the reality of trade union life on public display: despite mounting challenges trade union officials can be complacent to the point of being unbearable, they can show degrees of arrogance and ignorance that make one feel like turning the television off or leave the room when watching the news.

The recent congress of the German trade union confederation DGB in May of this year was a particularly painful experience of that sort. Unimpressed by a loss of 4 million trade union members—a third of their membership—in the last 15 years, by major welfare state reforms and by a dramatic transformation of the German labour market towards more precarious service sector work, the unions chose once again to ignore reality and continued to dig their own grave.



The GENERAL FEDERATION OF GERMAN TRADE UNIONS (ADGB) was founded in 1919 as an umbrella organisation of 50 German trade unions up to the repression during the National Socialism. In 1949 the GERMAN CONFEDERATION OF TRADE UNIONS (DGB) was established. The DGB is the umbrella association for its eight member unions, among them the largest German unions IG Metall and ver.di. The DGB represents its member unions towards political decision-makers and coordinates union activities, but does not conclude collective labour agreements.

MEMBERS: 6,778,638 (31 December 2005), a loss of 3.3% compared to 2004. Latest fundamental policy statement: "Die Zukunft gestalten", 1996.

The unions also invited leaders of all political parties in parliament—but not the liberal party FDP for reasons of mutual aversion—to address the delegates. Disturbingly, these regarded the congress as the forum where they could express their long-nurtured political feelings: they booed every speaker who did not take a union outlook of the world. The Social-Democratic labour minister, Franz Müntefering, was attacked for the government's decision to slowly increase the retirement age. Chancellor Angela Merkel, a Christian-Democrat, received a harsh reaction for declining to set the still-to-be-introduced minimum wage at a rate of EUR 7.50 an hour. Accompanied by wild applause, Michael Sommer, the chairman of the DGB, responded to her: "If you don't agree to EUR 7.50, we'll ask for EUR 7.55!" There you go, naughty Angela, for not listening. Only the representative of the far left—Oskar Lafontaine of the recently united party combining the ex-communist PDS of the east and a newly formed union-based Trotskyite group of the west—was cheered. He delivered a speech condemning capitalism in general, the financial markets and globalisation.

© Verena Stiebing

## Rather than recognising the nature of the beast of an increasingly internationalised economic environment and dealing with it, unions opt to stay in their trenches and dig them deeper

They spent a big chunk of their time dealing with a contested election of the vice-chairperson of the DGB. The election was not fought on policy issues—radical versus less radical or any other political stance on certain social policy issues. Policy-wise the unions are both confused and divided and therefore could not have staged a joint effort to propose any candidate. It was rather a successful attempt to get rid of the only publicly known female trade union leader who in the past dared to challenge her male counterparts. A recognised expert in her job and media-friendly, her male colleagues saw her as a "headline-grabbing irritant", as the Financial Times put it. They decided that her age (turning 63 this year) would make her unfit for the job, thereby ridiculing their own alleged efforts to fight against the discrimination of the elderly on the labour market.

The example of the DGB congress indicates a worrying development. While the working world is changing fast with many victims along the way, the world of the union official is becoming increasingly detached from these realities. And even worse: new developments on the labour market such as the rise of the working poor and more insecure work only confirm the unions' world view of radical opposition against any changes of the welfare state. Rather than recognising the nature of the beast of an increasingly internationalised economic environment and dealing with it, unions opt to stay in their trenches and dig them deeper.

The truth is, however, that countries have pursued various ways of dealing with globalisation and the rise of the service sector. The Anglo-Saxon version of further deregulation of the labour market while providing little social assistance, and shifting labour market and old-age risks solely onto employee shoulders, is only one variant. Examples of the Dutch employment miracle, the Danish concept of 'flexicurity' or Scandinavian active labour market policy systems are all well



ANKE HASSEL is Professor of Public Policy, Hertie School of Governance. She held positions at the Planning Department of the Federal Ministry of Economics and Labour (BMWA), Berlin, and the Max-Planck-Institute for the Study of Societies, Cologne. Publications include: “Wage Setting, Social Pacts and the Euro. A New Role for the State”, Amsterdam University Press: Amsterdam, forthcoming 2006. “Gewerkschaften und sozialer Wandel. Mitgliederrekutierung und Arbeitsbeziehungen in Deutschland und Großbritannien.” Nomos-Verlag: Baden-Baden, 1999

known, even among trade unionists, but are deemed unsuitable or unachievable for continental Europe. Here, labour market and welfare structures are highly discriminating against anyone who is not male, white and either a manual manufacturing worker or employed in the public sector.

These structures provide welfare entitlements for the core and insecurity for the fringe of the labour market. Ironically, since the core is shrinking and firms are restructuring in a big way, even the core workers fear that they might end up on the fringes at some point.

The unions’ intuition is to protect the core even if that means that the fringes will grow. They reject the argument that this strategy can hurt those who already have a weak position on the labour market. For instance, the career patterns of female workers are traditionally much more flexible than those of males. They change professions and jobs more easily.

That is, however, not rewarded but punished in a welfare and labour market regime that awards high premiums for long tenure and employ-

## The unions’ intuition is to protect the core even if that means that the fringes will grow

ment stability in terms of employment protection and transfer payments. By keeping it that way under the condition of welfare cuts, female workers who are discriminated against already will be discriminated even more. The same applies to migrant and elderly workers and—in many countries but Germany—also to young job seekers.

This behaviour by the unions becomes a vicious cycle, as the fringe groups on the labour market tend to be non-unionised. Who would blame them, since union policy has traditionally told them that their jobs are second rate unless they adhere to the same role model of life-long tenure in one profession at the same firm? Therefore, while employers expand labour forces at the fringes and often exploit the lack of regulations for these workers, the interests of fringe workers are not represented in union debates.

At a recent debate on the new agenda of the service sector union *verdi*, a delegate posed the following question after chairman Bsirske complained bitterly of low pay in the retail sector: If the retail workers are so exploited by their employers, why don’t we find them in our ranks? Well, maybe they watched the conduct of the DGB congress on the news. Or they had the gut feeling that the union is not for them.

This article is an excerpt from the paper “The Conflict in Chiapas: A Latin American Case of Cleavage Reinforcement” published in the “Travaux de Recherche” (Working Papers) of the Institute of Federalism of Fribourg (Switzerland) (Cahier 29, 2003, pp. 133–145).

The fate of the Latin-American world after WW II has been closely related with devastating intra-state armed conflicts or guerrilla wars. While their origins are usually to be found in geopolitical reasoning or political and socio-economic demands, the Chiapas conflict in Mexico is unique. It stems from ethnic, linguistic and religious cleavages. But what challenges do they pose to Mexican federalism and why does this fail to provide a positive record in terms of conflict management and good governance?

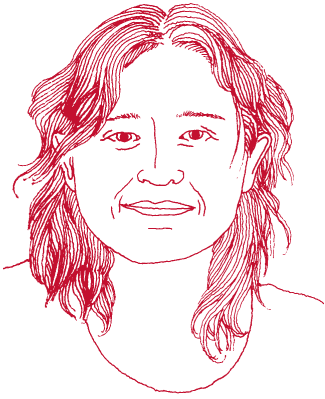
#### **The conflict in Chiapas in the Latin American Context**

Against the background of intra-state armed conflicts or guerrilla wars that have become a rather common feature of many Latin-American societies in the second half of the 20th century, the conflict of Chiapas in Mexico stands out through three main distinctive characteristics.

First, all of the above-mentioned armed conflicts were not geographically limited to any particular region of each one of the concerned countries. On the other hand, the Mexican conflict has been limited exclusively to the territory of only one of the 31 Mexican states—that of Chiapas on the country’s border with Guatemala. Keeping the armed activity within its territorial borders has become a conscious strategy of the main actor of the conflict—the Zapatist National Liberation Army (EZLN: Ejército Zapatista de Liberación Nacional).

#### **New Face for an Old Conflict: How Deep Cleavages Lead to Governance Failures in a Multiethnic Society**

by MARÍA DEL CARMEN  
ORBEGOSO ALVAREZ



**MARÍA DEL CARMEN ORBEGOSO ALVAREZ**, a trained teacher, is enrolled in the Master of Public Policy at the Hertie School of Governance. She has extensive experiences in governmental and non-governmental institutions in Peru, among other things coordinating regional projects on Human Rights & Development as well as monitoring national pedagogical programmes at the Ministry of Education. During her internship she was working with INWENT, where she was responsible for an international human resources development project sponsored by the Federal Ministry for Economic Cooperation and Development.

Second, none of the major guerrilla armies has been dominated by any one specific ethno-racial group. On the contrary, the EZLN has been almost exclusively composed of representatives of the racial and linguistic minority groups of the Mayan linguistic family Tzotzil, Tzeltal, Chol and Tojolabal.

Third, political programmes of all the other guerrilla groups have consistently been centered on socio-economic issues following Marxist political programmes. On the contrary, socio-economic demands are clearly sidelined by those aimed at protecting ethnic, linguistic and cultural rights of the above-mentioned Mayan minority groups of regional importance in the programme of the Mexican EZLN.

The conflict in Chiapas can be classified as the only major ethnic one of regional importance in contemporary Latin America. The main goal of this article is twofold: firstly, to verify to what extent the Cleavage

Reinforcement theory explains the emergence of the conflict in Chiapas. It additionally aims to outline why Mexican federalism is unable to perform its conflict management function in a multiethnic society.

### **A Brief History of Chiapas**

In the early 19th century, after more than 250 years of belonging to different administrative units of the Spanish Empire, the population of Chiapas found itself incorporated into Mexico and separated from Guatemala. This happened after the Mexican Congress proclaimed Mexico a Republic in March 1823; and the Central American Congress convened and formed the Independent United Provinces of Central America (consisting of today's Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica) in June of the same year. This event put an end to the historical unity between the Mayan population of Chiapas and that of Guatemala (more than a half of almost 12 million inhabitants of the latter are direct descendants of the Mayan civilization).

At the same time, it can be classified as the starting point of the split between the Chiapas population—predominantly indigenous—from that of the rest of Mexico, racially dominated by Mestizos (the “product” of the mixture between Spaniards and the indigenous population).

### **Hypothesis: Cleavage Reinforcement as the reason behind the emergence of the Conflict in Chiapas**

In a nutshell, according to Lipset and Rokkan, in some cases, a society finds itself in a situation when one cleavage line coincides with one or more other ones. This situation is referred to as cleavage reinforcement. It intensifies the existing antagonisms between different segments of society and makes them virtually irreconcilable, while putting into question the very unity of the state.

This Cleavage Reinforcement theory allows us to formulate the following hypothesis: Chiapas is one of the rare cases in Latin America where an ethnic cleavage coincided with a number of other cleavages, leading to the outbreak of armed conflict between the EZLN and the Mexican army.

A BRIEF HISTORY OF  
THE CONFLICT

1823: Chiapas separated from Guatemala and incorporated into Mexico

1983 (17 November): Foundation of the Zapatista Army of National Liberation (EZLN)

1994 (1st of January): The EZLN occupies various cities of Chiapas and declares war on the federal government and its army

2003 August: EZLN declares all Zapatista territory autonomous and independent of Mexico

**Testing the Hypothesis**

A thorough look at the literature on Chiapas allows one to identify four major societal cleavages:

a) Racial/Ethnic Cleavage: The population of Mexico is composed of three major racial components: Mestizos (55%), Mexicans of European origin (15%); and the indigenous Aztecs, Mayas, Olmecs, Toltecs and numerous other Indians that populated this territory for millennia (10—20%). At the same time, the increase of population (from 49 million inhabitants in 1970 to more than 100 million at present) produced a lot of excess labour which led to a mass-migration from the Mexican countryside to major Mexican cities and the United States.

pas much higher than in most other Mexican states (more than 90% in the region of Selva Lacandona, the stronghold of the EZLN). In other states of the country the proportion of indigenous population remained unchanged.

b) Linguistic Cleavage: The majority of the Indians of Chiapas are native speakers of one of the local languages belonging to the Maya-Zoque linguistic family (the biggest one of which is Tzeltal). The fact that the locals speak the indigenous native languages keeps the level of their Spanish-language skills far lower than that of an average mestizo (which in part explains why many Indians, forced from their land, prefer to migrate to Chiapas rather than to predominantly Spanish-speaking regions of Mexico).

Another aspect of not speaking Spanish as native is that this very fact excludes the people concerned from the mainstream politics by not giving them an opportunity to appeal to the majority of the population in their language on an acceptable level. Moreover, all this has put them in the position of a linguistic minority in the predominantly Spanish-speaking Mexico.

c) Religious Cleavage: After the Spanish colonization, the majority of the local population of Guatemala, Chiapas and other territories that had belonged to the Mayan religious tradition was professing some sort of syncretic religion combining both the essential Roman Catholic orthodoxy and a lot of elements of the traditional Mayan orthopraxy. In the late 1960s the emergence of the Theology of Liberation in Latin America represented an important change towards social commitment within the Catholic Church. The crucial event in the history of spread of the movement in Mexico was the Indigenous Congress organized by the Bishop of San Cristobal de las Casas (the diocese of Chiapas) Samuel Ruiz in 1974.

From that time on, one could talk about the emergence of a native religious orientation in Chiapas, known as the Indigenous Church or as the Tzeltal Church. Thus, the population of Chiapas favouring the Theology of Liberation has found itself

## The conflict in Chiapas can be classified as the only major ethnic one of regional importance in contemporary Latin America

Additionally, in 1982—1983 about 100,000 refugees of Mayan origin migrated to this state from neighbouring Guatemala, escaping from armed conflict between the government and guerrilla in this country. These two processes led to a disproportional increase of the indigenous population in Chiapas in the early 1980s. As a result, the already existing racial cleavage between Chiapas and the rest of Mexico was deepened yet further, as long as it made the proportion of indigenous population in the state of Chia-





**FACTS ABOUT CHIAPAS**  
**POLITICAL STATUS:** State in the southeast of the Federal Republic of Mexico that is subdivided into 118 municipalities (municipios). 32 of them are “rebel autonomous zapatista municipalities”.  
**POPULATION:** ~4 million  
**TOTAL AREA:** 73,887 km<sup>2</sup>  
**STATE CAPITAL CITY:** Tuxtla Gutiérrez

even more separated from the rest of Mexico along religious lines, while the mestizo majority has not been affected by the changes and kept its allegiance to the traditional orientation of the Roman Catholic Church.

**d) Socio-Economic Cleavage:** One can identify four major zones in Mexico differing from each other significantly with regard to their economic development. The first major industrial zone is situated right next to the border with the US (the Mexican states of Chihuahua, Durango, Zacatecas and Nuevo Leon).

The conditions of this region, due to its proximity to the US, allow North American producers to shift investment from Texas and other border states to the north of Mexico. The second highly developed zone is that on the Caribbean coast (states of Tabasco, Veracruz and Quintana Roo) which owes its wealth to the oil fields located here and to good conditions for tourism. The third region is the centre of the country (the state of Hidalgo, Mexico City) whose wealth stems from silver mines as well as iron industry located here.

The fourth zone consists of the Southern predominantly rural states—such as Oaxaca and Chiapas—which did not progress at all during the 1980s and 1990s.

Agriculture remains the basis of their economies and about 90 per cent of the Chiapas population is working in this sector. During the 1970s—1980s immigration from the neighbouring states and from Guatemala have worsened living conditions in the state even further. Thus, the predominantly rural and poor population of Chiapas is separated from the predominantly urban (about 75% of the Mexican population lives in the cities) and often wealthy population of many other Mexican regions by one more—socio-economic—cleavage.

This observation winds up the discussion of the four cleavages that were identified above as separating the population of Chiapas from that of the rest of Mexico.

#### **Conclusion: Cleavage Reinforcement and the Failure of Mexican Federalism**

At least four parameters differentiate the population of Chiapas from the population of the rest of Mexico. Moreover, at least three out of the four described cleavages (racial/ethnic, linguistic and religious) have been deepened between the late 1970s and early 1990s, i.e. the period immediately preceding the EZLN 1994 uprising. Therefore, the claim that the conflict in Chiapas has been caused by a situation where several cleavage lines coincided is correct and one may say that the initial hypothesis of the paper has been substantiated.

One may, furthermore, say that the conflict in itself has revealed some imperfections of Mexican federalism. In effect, Mexico is a country with very significant economic disparities between its different constituent units. The fact that this situation is tolerated by the central government suggests that there is no efficient mechanism of equalization in Mexico.

A specific policy guideline aimed at resolving the existing conflictive situation could be to introduce a policy of fiscal transfers from the rich states of the North of the country to the poor states of the South, such as Chiapas. If it is not done in the near future, the conflict may spread to other poor Southern states and further endanger the territorial integrity and the alleged ‘good governance’ of Mexico.



Student life at the new campus of the Hertie School of Governance (HSoG) has been unprecedented. The first class of MPP students has entered the newly renovated former “Staatsratsgebäude” in the center of Berlin to make it a place for their studies, research, discussions, and events. Graduates and young professionals have come from all over the world to study at HSoG and to lay the foundations for future generations of MPP students. With them, experiences from various professional fields as well as personal interests have come together to form a multicultural and diverse student life which this section takes a closer look at.

## Who Are We? The Student Body of 2007

The first class of the master programme reflects a great variety of cultural diversity and internationality. 30 students have come from 18 different countries and have received academic degrees in places such as the USA, Cameroon, Venezuela, Georgia, Australia, France, Japan, and Germany. Professionally, all students have work experience in the public sector, private or in civil society through internships and contracted work.

### GENDER BALANCE:

- 13 female
- 17 male students

### AVERAGE AGE: 26

### TOTAL NUMBER OF COUNTRIES OF ORIGIN: 18

### TOTAL NUMBER OF LANGUAGES SPOKEN: 29

### PRIOR BACHELOR AND MASTER DEGREES IN:

- International Relations
- Political Science
- Law
- Economics
- International Business Administration
- Sociology
- Gender Studies
- Urban Planning
- Psychology
- Public Administration
- Journalism
- Industrial Relations
- Environmental Science



### Interview with Christian Reisinger (Germany), MPP student

Schlossplatz<sup>3</sup>: Christian, you studied International Affairs and Governance in St. Gallen, Switzerland. What were your reasons to apply for the new master programme at HSoG?  
**Christian Reisinger:** The primary reason for applying was the promising combination of a renown and experienced faculty and the prospect of working closely together with it. Also, the good study conditions such as excellent study facilities, small size of the courses, and the demanding but well-designed curriculum. In addition, I liked the idea of doing an international Master programme taught in English in the heart of Berlin and of being part of an international student body.

How is a typical day at HSoG organised?  
**What is different from universities at which I have studied before is the frequency and variety of assignments. In virtually all courses it is required to hand in several different assignments**

throughout the semester, which can be purely academic papers but also practical policy papers such as fact sheets, memos, and presentations. Some of these assignments are designed as group works. This usually requires working on several things at the same time and calls for a good coordination and time management. Fortunately, the campus at HSoG is open 24 hours on seven days a week which allows us to work also in the evenings and on weekends.

What do you expect from your MPP once you graduate in May 2007?

I expect to gain an additional dimension to my former academic work, which is some experience to prepare me for my future working life. Due to the dense network of contacts, the HSoG is in an advantageous position to offer its students contacts to interesting institutions in the realm of public policy that suit well as potential employers, thus I hope that it will actively support and advise me in the process of my applications.

## Student Projects and Initiatives

In addition to their studies, students have organised themselves in various projects and initiatives to shape the School's profile and to add to the curriculum activities and events of specific interest. Some of these activities are temporary and quickly initiated such as a regular, informal lunch with all members of staff, faculty and students to discuss recent developments of the School while other projects are pursued throughout the master programme. During the first nine months of their studies students have started to found the following initiatives and projects.

### Statebuilding Simulation: The Case of Somalia

In 2006, the inaugural Hertie Statebuilding Simulation will take place over two days, during orientation week for the incoming Class in September 2006. The Simulation has been designed by a group of students in coordination with Planpolitik, a professional team that plans and organises simulation games.

The Simulation was conceived by the HSoG Class of 2007 as a means to engage students of the incoming class in a fun and informative manner. It is both a way to bring the two classes together and to introduce the incoming year to some of the issues they will learn at HSoG.

The case of Somalia was chosen as it combines many of the core concepts taught at HSoG. The recent seizing of power by the Islamic courts in Mogadishu and the alarm this has caused around the world has only heightened the relevance of the topic. Without an effective government since the late 1980s, Somalia allows a real life exploration of the most basic concepts of governance, such as security, rule of law and what constitutes an effective state. In the simulation, students will adopt a role from a range of actors, including Somalia leaders, representatives from other countries and practitioners from the United Nations and World Bank, and discuss current issues facing the country.

The goal of the game is for the parties to come to a broad agreement on a constitutional framework for Somalia.

By the end of the game students will have gained glimpses of the challenges faced by policy makers, and will have built good relationships with second year students with whom they will share the School.

### International Breakfast

In regular get-togethers MPP students meet for breakfast at the Hertie School of Governance and introduce their respective country of origin along with its traditional breakfast cuisine. In a laid back atmosphere students talk about their countries and exchange stories e.g. on the Venezuelan oil production or listen to personal experiences of the rose revolution in Georgia.

These stories and discussions allow for great insight in domestic affairs of the home countries of MPP students and help to understand the problems and challenges of this world from a very personal perspective.





### **Dialogue Session on the Staatsratsgebäude**

The Staatsratsgebäude, previously built in 1963 as the seat of the Chairman of the State Council of the German Democratic Republic (GDR). It is now home of the Hertie School of Governance. The building and its historic role was discussed in a dialogue session, organised by MPP students with the intention to stimulate the dialogue on the communist regime and policy challenges of the transition period of 1989/1990.

In April 2006, students, faculty and staff were invited to join a lecture on the political system of the GDR with a special focus on the role of the State Council. A historic tour, lead by the bureau of the Berlin architect HG Merz who was responsible for the landmarked reconstruction of the building in 2003, revealed interesting stories about the former office of Erich Honecker or about the mosaic of the national emblem of the GDR. Authentic account was given by a former East

German civil rights activist, Ulrike Poppe, on the transition period of 1989/1990. Claus Offe, Professor at the Hertie School of Governance contrasted this perspective with an analysis on factors which lead to the end of the GDR.

This dialogue session has opened a series of future activities and events in and about the Staatsratsgebäude which will involve students, faculty and the citizens of Berlin.

A first follow-up to the dialogue session is an annual introductory session for all new MPP students about the campus building and its history.

### **Diversity Competence Initiative**

Students at the Hertie School of Governance come to Berlin with a variety of cultural, academic and professional competencies.

Already during the first semester MPP students realised intercultural heterogeneity among themselves while studying together and working closely in teams on case studies and assignments. Diverse individual, cultural and academic backgrounds bring along different understandings of working modes for example time management and team work.

The Diversity Competence Initiative has been established by a group of students to facilitate variety among students to achieve diversity competence on a group and an individual level. This is to be realised by regular interviews and evaluations of students on issues such as intercultural differences. Discussions on topics relevant to everyday working habits are to stimulate a professional multicultural working environment.

In due course, the purpose of this initiative is to enhance mutual understanding of cultural and professional diversity among HSoG students. This can also be transferred to professional competencies we as students are aiming to achieve at the Hertie School of Governance to prepare for future professional life.

## What Do MPP Students Do During the Summer? Internships!

During the summer, between the second and third semester all students interned with public or non-governmental institutions as well as within the private sector. These internships constitute an integrative part of the MPP programme in which students focus their professional and personal interests on applying them in institutions such as the European Parliament, German Ministries and the Chancellery, think tanks like RAND and CSIS, WHO, Human Rights Watch, just to name a few. These internships are well prepared and coordinated by the students, the department of institutional relations at the HSoG as well as with the institutions and organisations offering internships. This process is to ensure that students experience work processes and integrate their knowledge into their respective tasks. Also, the internships offer a great platform to foster the network between HSoG and the respective internship institutions.



### TYPE OF ORGANISATION

NGOs: 34%  
 GERMAN FEDERAL MINISTRIES: 21%  
 INTERNATIONAL ORGANISATIONS: 17%  
 RESEARCH ORGANISATIONS: 14%  
 SEMI-PUBLIC AGENCIES: 7%  
 CORPORATIONS AND MANAGEMENT CONSULTANCIES: 7%

### OVERVIEW OF THE CHOICE OF INTERNSHIP ORGANISATIONS

- Berlin: Federal Chancellery, Ministry of Finance, Ministry of the Interior, Ministry of Economics and Technology, European Academy for Women in Politics and Economics (EAF), RAND, McKinsey & Company
- Brussels: Human Rights Watch, INTAS, Permanent Representation of Germany at the EU, European Parliament, EADS
- Geneva: ICTSD, WHO, ICRC
- Washington D.C.: CSIS
- Others: INWENT, GTZ (Germany); CIGI (Canada); UN Global Compact (USA); EURAC (Italy), UNODC (Austria); PPP Centrum (Czech Republic)





# WORAN ARBEITEN SIE?



Dieser Tisch ist ausgezeichnet: Für seine formale Eigenständigkeit und hohe Designqualität erhielt das Arbeitstischsystem Reihe W4 den Innovationspreis Architektur und Office und den red dot design award.

Pfalzmöbel steht für Produkte mit individuellem Charakter, die Eleganz und Einfachheit mit hoher Funktionalität vereinen. Ob Arbeitstisch, Beistellmöbel oder Schrankwand – bei Pfalzmöbel finden Sie für jede Situation die richtigen Büromöbel. Pfalzmöbel ist Ihr Partner in der bedarfsorientierten Entwicklung von umfassenden Lösungen. Mit hohem formalen und qualitativen Anspruch – von der Planung bis zur Ausführung. Daran arbeiten wir. Arbeiten Sie mit uns.

Telefon: +49 (0)7253/83-120 und bei Ihnen vor Ort +49 (0)941/788 60-100.



**Pfalzmöbel**  
[www.pfalzmoebel.de](http://www.pfalzmoebel.de)





Small investments  
can deliver  
profound returns.



**Microfinance:  
A revolutionary force in fighting poverty.**

With more than half the world's population living in poverty, there is an urgency to act. The pioneering Deutsche Bank microfinance funds provide capital to microfinance institutions, which in turn make very small loans to the self-employed poor across the globe, enabling them to grow their businesses. Microfinance is a cornerstone of Deutsche Bank's sustainable development activities, in which we are able to effectively combine our know-how as a leading financial services provider with innovative products in the fight against poverty.

Last year, Deutsche Bank launched a groundbreaking Global Commercial Microfinance Consortium, a landmark venture of private and public sector investors joined to apply their business know-how and capital to create a USD 75 million fund aimed at poverty alleviation.

More information at [www.community.db.com](http://www.community.db.com)

A Passion to Perform.

Deutsche Bank

