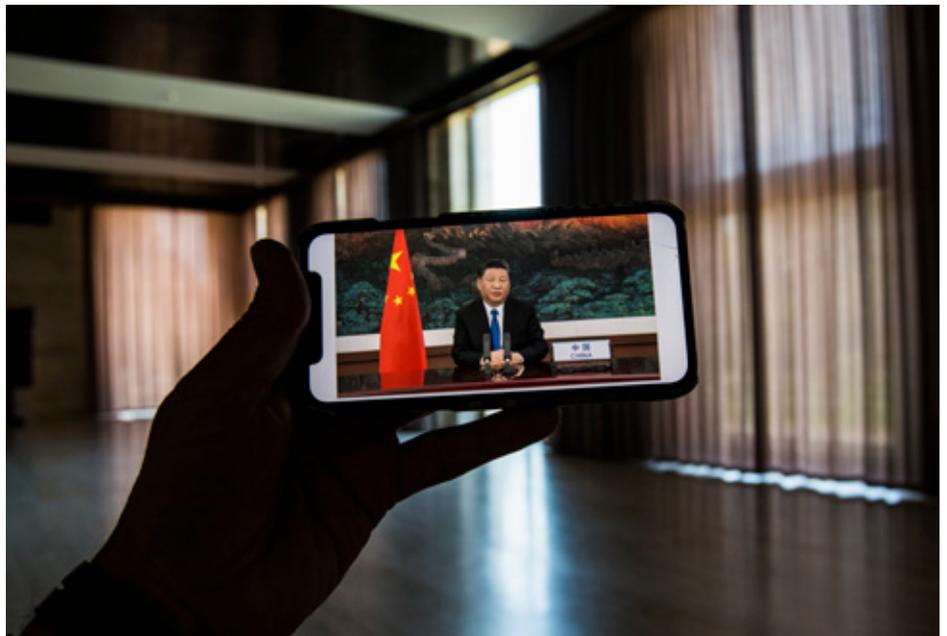# Exo-European Perspectives on Governance and Sustainability: Judiciously Exploring Alternative Paths

Manfred Max Bergman

Xi Jinping addressing the virtual World Health Assembly being transmitted on a telephone.

It will be most interesting to observe under what conditions which governance style will prevail AC (After Corona), and with which consequences for citizens, communities, and the environment. Instead of abstract ruminations, I am tempted to consider sustainability-like programs by the two most populous countries with a combined population of over 2.7 billion people, China and India. Exploring judiciously successful policies, projects and programs of these countries, which, for better or worse, will define our global future would be a good start to reflect on the future of sustainability in the global north.

A tourist lost in the Irish countryside asks a passing farmer for directions to Dublin. After a long pause, the farmer replies: «If I were you, I wouldn't start from here.» I am reminded of this old joke as I reflect on the role of governments in the global north toward more sustainable societies. It illustrates the systemic difficulties of transforming one historically developed set of structures into another. For starters, we would have to reflect on what specific government and governance we are dealing with, the contexts within which they are embedded, stakeholder interests and opportunities, as well as the starting and target positions in relation to what kind of sustainability we are talking about. And that's just for

starters. But instead of abstract ruminations on systems change, let us consider sustainability-like programs by the two most populous countries with a combined population of over 2.7 billion people, China and India.

China: emerging middle-class sensitivities in a socialist market economy

Chinese economic and social development, as well as what is referred to as «people-oriented development» (i.e. benefits to the common people, including social harmony, peaceful development, and scientific advancement in the service of society) are principally managed by the state and its new ideology: «Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era». Developed since 2012, affirmed officially at the 19th National Congress of the Communist Party of China in 2017, and reflected in the 14th Five-Year Plan, «Xi Jinping Thought», a set of policies and ideals, includes an emphasis on party leadership over all institutional arrangements in China, people-centric and socialist attention, a comprehensive continuation of social and economic reforms, science-based «innovative, coordinated, green, open, and shared development», and co-existence with nature, energy conservation, and environmental protection.

Reforms toward a sustainable and circular economy were formally introduced in the 12th Five Year Plan in 2011, and they are expected to be perpetuated by scientific and technology development in conjunction with socialist values. Advances in large-scale socioeconomic developments and investments in new energy systems are illustrations of this thrust. Foreign policy has also been repositioned, moving from «keep a low profile and hide China's brightness» to more aggressive and extroverted positions, massive increases in foreign direct investments, and wide-ranging development programs. The latter include the export of an estimated 100 million labor-intensive jobs and manufacturing capacity, as well as thousands of development projects in South Asia and Sub-Saharan Africa, many of which are part of the Belt and Road Initiative, specifically the New Silk Road Economic Belt and the 21st Century Maritime Silk Road.

While future economic growth in China is currently hampered by overcapacity, an ageing population, resource scarcity, and citizens' rising expectations in salaries, living standards, and environmental quality, we can expect China to further embrace emerging middle-class tastes and sensitivities, specifically relating to social and environmental standards, in conjunction with a socialist focus on the «common people». The current global health crisis and its economic fallout, as well as the developing economic frictions with the US may actually strengthen the Chinese government's resolve and foster further socioeconomic successes over time.

Résumé

Un touriste s'est perdu quelque part dans la campagne irlandaise et demande à un fermier son chemin pour aller à Dublin. Le fermier réfléchit longuement et finit par répondre : « Si j'étais vous, je ne partirais pas d'ici ». Cette vieille anecdote illustre un problème auquel sont confrontés de nombreux États qui s'efforcent de se transformer en vue d'être plus durables : une structure historique est un point de départ difficile pour envisager un changement fondamental.

Au lieu de réflexions abstraites, il convient d'étudier les politiques, projets et programmes de développement durable dans des pays comme la Chine ou l'Inde de manière plus précise que nous l'avons fait jusqu'à présent, dans toutes leurs nuances et sans complaisance occidentale. Il sera intéressant d'observer quels styles de gouvernement prévaudront après la crise du Covid-19 et avec quelles conséquences pour les personnes et pour l'environnement. L'Europe et la Suisse ne seront jamais comme la Chine ou l'Inde, mais elles risquent de passer à côté d'importantes leçons sur la gouvernance et la durabilité qui pourraient être tirées en tournant le regard vers les deux pays les plus peuplés du monde.

India: toward a sustainable business-society nexus

Despite considerable socioeconomic development, India tends to be medially underrepresented due to a global focus on China's trajectory. According to the International Monetary Fund, India's population, economy, and gross domestic product per capita are expected to grow at a high rate in the next decade. Similar to China, the Indian government is actively fostering an investment climate and private consumption in support of economic growth and reduced dependence on global economic and political turbulences. Social development, however, continues to lag behind economic achievements. Although the poverty rate in India dropped significantly over the past decades, the Gini income distribution coefficient is increasing, while access to basic infrastructure and services remains a challenge for the majority of Indians. Moreover, poverty and access to services is associated with the rural-urban divide, caste membership, religious affiliation, and gender.

While enjoying some success historically, corporate philanthropic activities fall short of addressing even the most extreme forms of poverty. However, apart from introducing a new sense of national pride, the Narendra Modi's

Government has implemented numerous important social, environmental, and economic reforms, such as the «Companies Act 2013».

Since 2009, the Indian government has taken progressive steps to formalize responsibilities of firms toward Indian society and its citizens, first with the «National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business» and, through successive steps, by introducing the Companies Act 2013 and subsequent variants. Section 135 of the Act outlines what the government defines as corporate social responsibility (CSR) expectations in India. For example, it stipulates that every economically successful firm must spend «in every financial year at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy». According to Schedule VII of the Act, the committee also must ensure that CSR activities «give preference to the local area and areas around it where it operates». Initially, the Act stipulated that, if the company fails to spend the 2% of its profits, it is to publicly report the reasons for not spending the amount. On 26 July 2019, the Lok Sabha, the House of the People (lower house of the bicameral Parliament of India), passed the Companies Act (Amendment) Bill 2019, which stipulates that firms which fail to spend the required amount will face fines and their officers potential imprisonment.

With Narendra Damodardas Modi's recent re-election as Prime Minister, these trends are likely to accelerate. We expect that future variants of the Companies Act 2013, as well as national and international pressures, will accelerate the movement toward a more sustainable business-society nexus in India. It is difficult to assess how the global health crisis will impact this ambitious agenda. It may well be that India will find itself in a race to the bottom, where labor, social, and environmental regulations are loosened in the hope of stimulating economic activity.

Sustainability in China and India: five dominant yet simplistic arguments

When discussing such tremendous and ambitious state-led programs with a European and North American audience, five arguments tend to dominate: Especially China, a single party, semi-presidential socialist republic, but also India, a parliamentary republic with an increasingly powerful Prime Minister, are often considered non-democratic in a European or North American sense and, thus, a priori unsuitable exemplars for emulation. Second, China and India are often reduced to a 1970s conception of «underdeveloped» or «developing» countries, largely dependent on «Western» technology or goodwill, and aiming to mimic the trajectory of «advanced» economies. Third, more scholarly arguments often criticize such programs as insufficiently sustainable, which, in a Eurocentric perspective, is often reduced to eco-

Zusammenfassung

Ein Tourist hat sich in Irland irgendwo auf dem Land verirrt und fragt einen Bauern nach dem Weg nach Dublin. Der Bauer überlegt lange und sagt: «Wenn ich Sie wäre, würde ich nicht von hier aus losgehen.» Diese alte Anekdote veranschaulicht ein Problem, mit dem viele Staaten zu kämpfen haben, die sich um eine Transformation hin zu mehr Nachhaltigkeit bemühen: Eine historisch gewachsene Struktur ist ein schwieriger Ausgangspunkt für grundlegenden Wandel.

Anstatt abstrakter Reflexionen empfiehlt sich das Studium von Policies, Projekten und Programmen zur nachhaltigen Entwicklung in Ländern wie China oder Indien – genauer als bis anhin, in all ihren Schattierungen und ohne westliche Selbstgefälligkeit. Es wird interessant sein zu beobachten, welche Regierungsstile sich nach der Covid-19-Krise durchsetzen werden und mit welchen Folgen für die Menschen und die Umwelt. Europa und die Schweiz werden nie sein wie China oder Indien, aber sie drohen wichtige Lehren, die, auch mit Blick in die beiden bevölkerungsreichsten Länder der Welt, über Governance und Nachhaltigkeit zu ziehen wären, gerade zu verpassen.

logical concerns, given the systemic integration of economic development into the social and environmental spheres. However, in lower middle income countries, environmental issues are usually relevant mainly when they impact adversely socioeconomic development or, specifically, the health of the national population. A fourth way to discount such efforts is whataboutism: highlighting disconfirming policies, projects, and programs, such as the use of fossil fuels or the persecution of marginalized religious groups. A fifth argument raised by members from higher income countries against considering large-scale sustainability-like programs from middle and lower middle income countries such as China and India is through cynical comparison: As the Swiss or European ecological footprint is comparatively much smaller than that of China or India, it is «they» who are causing irreparable ecological and other damage, not us. This strand of argumentation often drifts toward a Malthusian argument of overpopulation, considering limited global resources – of course with reference to the global south. An entire book should be written about the kernels of truth in an otherwise flawed set of arguments. When applied simplistically, they invite not only complacency but, worse, exacerbate the unsustainability of global developments.

We are far away from anything resembling sustainability

BC (Before Covid), developed economies found themselves in very difficult positions relating to how to design a more sustainable future. In 2020, most wealthy nations are moving to protect their wealth and power positions by propping up free market economies, industrial sectors, multinational corporations, and businesses in ways that very much go against free market principles. The lessons we have tried to teach to younger generations and to less wealthy countries, especially on democracy, governance, and markets are severely tested, never more than during this health crisis. The modern European state may find itself preaching what it is not able to practice – may find itself at best managing and at worst appeasing stakeholders, including global business interest, local political interest groups, voters, consumers, and an increasingly conflictual economic and political environment.

It will be most interesting to observe under what conditions which governance style will prevail, DC (During Corona) and AC, and with which consequences for institutions, citizens, and the environment. At this stage, I would argue that we are very far away from anything resembling sustainability, and that exploring judiciously successful policies, projects, and programs of countries that, for better or worse, will define our global future would be a good start toward our future. Switzerland and Europe will never be «like» China or India, but I cannot shake the feeling that we are currently missing very important lessons on governance and sustainability.

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About the author

Max Bergman is Chair of Social Research and Methodology at the University of Basel, Research Councilor of the Swiss National Science Foundation, member of the Sustainable Development Solutions Network, and President of the Swiss Academic Society for Environmental Research and Ecology. His research focuses on the sustainability of economy and society.