



Meeting: "The G20 at Leaders Level"
September 2nd (2009)
Washington, D.C.



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Sherpas help summiters in carrying essential baggage, but also in sorting out strategic paths in the final phases based on their inherited fund of local knowledge. To use an expression of Smith and Carin, they are an important part of “shaping” the final assault. But the final “paths” emerge block by block from the activities of “coolies”, in base and higher camps. They are, as they were, the “hewers of wood and drawers of water”. There are no Brahmanical ways of changing the world, either in mythical Nagudi or in real Boston or still more to the north. If the goal is as ambitious as a smoother transition to a globalizing world, the threats to the process have to be anticipated in each phase and strategic solutions configured and provided for. There is then no escaping the link between the local and the global. Summiters, sherpas and coolies are all important and have to work in tandem. At the highest level the political process has to shape the future, the sherpas are important to feed them and in turn to inform the others of the shape

The celebrated Indian novelist M. M. Kalyan created a mythical village called Nagudi inhabited by very real people including very real Brahmins

of things to come, which the G20 have also important, for they have to discover and anticipate the "building blocks", which shape the problematique in a practical sense and to again engineer the future. The three levels, the political, the sherpas and the carpenters of the G20 process. The solutions have to come from decomposing the present in terms of the requirements of the future, otherwise globalisation remains a tautological self-contained definitional slogan.

Getting away from allegories, it is argued that the outcome at Cancun could have been anticipated and avoided. Therefore at any moment of time we need early warning systems of threats to the shape being given to the change process and strategies to avoid them. This will involve networks of local knowledge-based think tanks, networked with officials and institutions. Such the same requirements emerge from the other two long haul problems listed for the February meeting by Smith and Carin, namely a new financial architecture for the world and a new global platform for sustainable development in terms of environment.

was not the volume of trade, which, while rising, did not fall. The problem lay in another direction. Diversification of agriculture was the engine of widespread growth and poverty removal and it was threatened severely in the nineties. The problem was not that this happened, but it was not seen or known as a problem. /or as Smith and Carin say4

“Only leaders can mandate the crafting of domestic policy packages to compensate the losers in the agricultural sector. Only leaders can mobilize the international financial resources to compensate those disadvantaged by agricultural trade liberalization in developing countries.”

But leaders need early warning systems of problems.

Together with Seter Setri, a student of Geontief ' had worked on the first large model of global agriculture at /) 0 called)griculture Towards 2777, we worked out that for 87 countries a 9 : growth for agriculture meant roughly a 2 : rate for grains, ; : for commercial crops and around < : for non.crop agriculture. This pattern of growth created the incomes for people to eat and beat malnutrition. The /) 0 kept on re ising that work and the nineties ersion showed again that the di ersification of the agricultural demand basket became a significant feature of the growing economies from the mid.eighties onwards. /) 0 pro-ected that up to 27#7, - 35 growth would be < : annual in >ast)sia and 9.9 : in the %ear >ast and %orth)frica, with the ! est)sian \$%ear >ast& component growing faster. Ser capita income growth was ;.< : annual for >ast)sia. ! ith this kind of income growth there was a shift of demand to non.cereal food items and commercial crops. Countries pro-ected to ha e high olumes and growth of agricultural imports were ?apan, @ong +ong, the *epublic of +orea, Saudi)rabia, Singapore, " alaysia, 'ndonesia, the 'slamic *epublic of 'ran, Thailand, +uwait and 0man. These countries were estimated to be large and growing markets for fruit and egetables, meat and, in countries

like Japan and Korea, of fish. In fact up to the mid-nineties, the agricultural import of many countries in Asia in Asia

Since grain export is highly subsidized in the OECD countries there are further constraints on diversification as some Asian countries are also grain exporters and also subsidize exports and no one can stop them. From the mid-nineties in many countries grain exports have gone up. In India, cotton farmers were holding the political process to ransom, as they lost out to rice. These are fairly serious matters and highlight the importance of macro policies to avoid the Dutch disease if trade reforming poverty removing agendas are to be given priority.

The issue is not grain, but access. You need money to buy food, even if your farmers produce it and your shops have it. You need agricultural growth, not to grow grain, but to create a source of income on a widespread basis. When a large number of people live in rural areas, only widespread agricultural growth can trigger broad-based rural growth and this is the only guaranty of reducing hunger. It was this process which got in jeopardy in the second half of the nineties and which led to a lot of the tension in the global negotiations.

Conventional trade theory can give us somewhat ambiguous guidance, for trade can lead to specialization and the purist may want Asian countries to be net grain exporters. But given their agro-climatic diversity, countries like Indonesia, Brazil, India and others could perhaps have

Smith and Carin have proposed that we should look at the possibilities of a single world
currency as a es

fashion them as compared to private or government institutions in place already. Cooperatives, producer associations, self-help groups, local bodies and NGOs were increasingly entering into strategic alliances with each other, and corporates and governments and such alliances need to be provided for in the policy, legal, and administrative space. Financing and credit mechanisms for these newer initiatives were needed including community collateral, lending through weather and project cycles and other innovative forms of financing. It was argued that economic reform had to be deep-rooted. Otherwise policies of structured subsidies and support to those who help themselves were not possible.

These kinds of reforms which relate globalization with the large manpower and production systems of poor countries have obviously to be seen in tandem with currency system reform. The architecture for a World Currency will therefore need to be worked out carefully in order to make it acceptable, to put it rather mildly. At the global level such policies have been designed, but are not yet at the cutting edge. For example, one of the more serious preparatory meetings for the World Summit on Sustainable Development at Johannesburg was the Expert Thematic Round Table on Promoting Sustainable Development in Informal Economy, Small Enterprises and Micro-enterprises. It was a

- Improve investment processes in developing countries and countries with economies in transition to facilitate access to credit lines as well as to preferential terms of financing and of providing funds for collateral support systems and sharing of investment risk. In this context, provide securities for local institutions involved in infrastructure development and specific knowledge based activities to support sustainable economic growth, through, for example, creation of collaterals, interest differentials and trading of financial papers. These processes should be targeted, amongst others, to artisan and producer groups linked with local and global markets, local government agencies providing social and economic infrastructure, and farming and rural communities.
- Improve coordination among international financial institutions and redirect funds to sustainable development projects.
- Develop new or strengthen existing mechanisms such as the Clean Development Mechanism (CDM), to finance or re-finance community projects in rural areas aimed at land and water development, agricultural diversification and agro-processing, development of infrastructure, trade, and rural energy supply.
- Use debt-swap mechanisms to finance sustainable development projects including projects for environmental conservation.
- Create fairer trading systems through, for example, initiating consumer-producer partnerships for the production and consumption of goods and services that have positive social and environmental impacts and developing production and product standards for improving the competitiveness of those goods and services.

- Strengthen international support to developing countries for efforts of sustainable agricultural practices, while the global agricultural markets are being reformed.
- Study for the purpose of replication, existing models for providing access of rural communities to ICTs in order to enhance the level of information in rural communities on productions, crops, markets, prices and technologies as well as in support of medical services and education".²

From the Delhi expert meeting these kinds of arguments entered the Monterrey discussions and then the Johannesburg Declaration, although action was thin.

But the interesting point is that some of these concerns find expression in the preparation for Cancun. For example, in the Stuart Harbinson draft they find expression for the first time in the WTO negotiations.

The opportunities in the Harbinson draft, noted selectively, are as follows:

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ix capacity building measures with the objective of enhancing the competitiveness and marketing of low-income and resource-poor producers

x government assistance for the establishment and operation of agricultural cooperatives

xi government assistance for risk management of agricultural producers and savings instruments to reduce year-to-year variations in farm incomes

Domestic support meeting the criteria of this paragraph shall not be required to be included in a member's calculation of its Current Total AMS.

It may be noted that the Arab Spring came down heavily on governmental subsidies in an

- In consultation with the Office of Strategic Management of the Secretary General of the United Nations, the United Nations University had initiated studies on Sustainable Development Framework in Large Developing Countries in China, India and Indonesia.^A Large countries matter in this context on account of their size, their impact and the possibilities of strategic choices. Some studies which lay the framework are reported in the Annex.
- The illustrative quantitative magnitudes of such studies show the sharp breaks in many indicators and unmanageable problematics emerging in major concern areas. Solid waste disposal levels of more than 77 million tonnes, slum populations of around 77 million persons, acute water shortages and air and noise pollution of a severe kind, all manifest themselves. The serious environmental implications of burning poor quality coal are apparent underlining the critical energy situation in the country. The G20 Country case studies on large countries also bring out the severity of constraints being faced and the need to make a beginning to "favourable" paths immediately. China and India are two examples. Growth in large countries underlines the quantum jumps being faced. Indian studies make the point that if severe water shortages are to be avoided, the improvements in irrigation efficiency and cropping intensity will have to be much faster than historical rates. If bad coal of over a billion tonnes is not to be burnt for power needs, alternative energy management styles will have to be implemented

^A For a strategic view of the problems of the new millennium, See @. Kanjankar and *. Thakur,

\$Tokyo4 G20 Millennium Series, 2772&. For a large country perspective in this volume, see Joginder Singh, "Development and Governance", pp. 4A.B9.

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incentive and disincentive mechanisms and fiscal structures for civil society institutions to function like decentralized, local institutions of government, Cooperatives, NGOs and newer "mixed" forms of similar organizations.

- Non-renewable resource scarcities will be far more severe, particularly for resources such as water, quality land, and energy and sustainability in which concerns will be especially acute.
- There will be a much greater emphasis on the rights of individuals and groups, including participatory forms of decision-making. This in turn will demand greater fairness and self-restraint in the use of government power. Related to it will be demands on transparency and the right to information.
- There will be the demand for protecting vulnerable groups, either the historically underprivileged, or the victims of marketization. There will also be concerns for human rights, particularly of specific groups such as women, children, the minorities from other nations, and the mentally and physically challenged.
- On the flip side, modern technology will be seen as providing cutting-edge knowledge-based solutions to emerging scarcities or problems, and therefore encourage a greater use of information technology, biotechnology, systems networking, and the new materials and strategic management responses at the global level, organizational systems will need to synchronize with these possibilities.
- Thoughtful groups will see security concerns becoming more acute, arising from socio-economic political dichotomies and resultant tensions as also the more basic issues of energy security, food and water security and institutional dimensions of addressing these.

As thoughtful groups think ahead on these kinds of problems, the link between the local and the global would become obvious. This would then raise in concrete terms the architecture, questions of the link between national and global institutions and the restructuring of the G-20 as an operational exercise.

Amplifying some of these, the withdrawal of the direct economic role of the state has to be accompanied by a conscious policy of decentralization, setting up of regulating bodies for the infrastructure and industrial sectors and constitutional recognition or of government agencies of the emergence of NGOs, producer groups and cooperatives in fields of land and water, rural and urban social activities and social infrastructure. These have obvious implications of national-global institutional connections.

Who will guard the guards? This is an important question on which little a priori discussion is possible.

The issues in decentralization are of another kind. It should remain a matter of priority for State policy to help those who help themselves in the core areas of local and global concern. As preparations for Kyoto and later developments showed in relation to targets, performance has been well behind in the interrelated areas of energy and sustainable use of land and water. What are the civil management and organizational issues here at the local, national and global level in the case of a problem which is at the heart of food security and employment and energy sufficiency?

Problems partly arise because the existing legal and administrative systems and financial rules are structured for formal organizations in the public or private corporate sector. So are global financial institutions. Fewer kinds of institutions with strategic mixtures of organizational styles, coops and corporates, NGOs and governments, NGOs and coops do

[<] See Alagh, 2772.

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tanks working on the character of the %eo./ordist \$assembly line& technological re olution, the flexible industrial speciali(ation networks and others ha e emphasi(ed that it is compatible. 'ndia had con ened for G%>SC0 a 5repcom meeting at Bangalore for the !orld Science Conference and the Bangalore 3eclaration which strongly reiterated that spread of technology was an institutional and not =ust a technology issue. These were small flexible groups responding to work that needed to be done.)gain, the need for partnerships, of community initiati es to back those who work, and the links with higher le el machineries at national and global le els, is ob ious.

)nother dimension which conditions the functioning of ci il society in modern times is the profusion of laws, national and international, relating to economy, ecology, technology and international treaty obligations. The change in the concept of property from something tangible to forms which are intellectual and intangible brought almost a re olution in the laws of trade and commerce. 'ntellectual property law and trade related intellectual property rights ha e become critical in economic go ernance globally.)dded to this is the re olution in information and communication technology which threw up a new legal framework for doing business within and outside go ernment. -lobali(ation is happening not only in relation to the market but in respect of all concei able aspects of organi(ed life to the fast changing legal climate in all these matters influencing both policy de elopment and administration. Similarly, another legal dimension impinging public go ernance at all le els is the =urisprudence of sustainable de elopment. There are today legal parameters in the use of administration that ha e to be accommodated within sustainable limits. These are some of the significant legal perspecti es that are critical for ci il society in the future.

and an ability to interface with modern technology, which provides the cutting edge to many solutions, particularly at the operating levels with flexible and fast changing organizations. Recognition that the spread of technology is an institutional and not just a technology issue. There needs to be small flexible groups responding to needed work. There needs to be a greater acceptance of the need for partnerships, of community initiatives to back those who work, and strengthening of the links with higher level machineries at national and global levels.

and at higher levels of the system, including in legal systems, an ability to network with local government institutions, non-governmental organizations, cooperatives and other professional and people's organizations. Recognition of global attention to the profusion of laws, national and international relating to economy, ecology, technology and international treaty obligations, which are undergoing rapid change.

and a sense of fair play, honesty, political and systemic support.

and compassion for the underprivileged and, above all, a commitment to the

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