

Reform will rely on system strengths

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Dubai: New boundaries will reduce national sovereignty as the world looks ahead to a reformed international structure in the light of the current financial crisis.

Any reform though will need to bear in mind the underlying strengths of the existing system and not wreck it.

"The world's trade is working because it has a global law defined by the World Trade Organisation, in contrast to the world's financial industry which is failing because it is regulated at a national level," said Kishore Mahbubani, chair of the Geo-political Cluster, talking in the summary session of the Summit on the Global Agenda. He made clear that some new regulations "will be intrusive, and they have to be".

The final day of the Summit on the Global Agenda, organised by the World Economic Forum in Dubai this week, brought together the conclusions of 71 separate working councils gathered into eight clusters.

The councils worked over the three days to define the key points in their specialist areas of concern, including what impacted on other councils' concerns, and then joined with others in the clusters to define joint action points.

Many councils looked for greater involvement from all around the world in finding solutions to global problems.

"Global governance is highly needed, but certainly not global government," said one reporting chairman to the final session.

"China and India need to be involved and they need to prove more in terms of leadership. And this needs to go along with reform of the United Nations Security Council".

Finance

The desperate financial situation affecting the whole world naturally attracted a lot of attention. "The worst-ever outlook in our lifetimes is the result of long term global imbalances, and needs short-term actions," said Suzanne Furlan, reporting chair of the Business Cluster.

"Governments have applied the right set of tools so far. The crisis has undermined the advantages of the open markets, and there is a consensus that intervention is needed. But we have to define the rules of engagement for government when acting in the private sector," Furlan added.

The Business Cluster's call for action was backed by many other clusters, and while a few

speakers spoke of the present crisis as the end of capitalism and of the need to find a new system with which to run the world, the vast majority remained committed to the open market disciplines that have served the world well for so many decades. They urged that we do not panic into over-reaction or fearful inaction.

In addition, many from outside the financial community saw the financial crisis as an opportunity to push for change in their own areas.

"This crisis is an opportunity to force action when all too many governments and multi-national bodes have been willing to muddle along for years without doing much," said one comment from the floor.

Many speakers saw the next few months as a defining moment when the world will review its performance over many fields and start to think collectively about how to reform its management.

This willingness to start from the beginning and try to get it right this time were reflected by nearly all speakers using words like "fundamental", "multi-stake holder", "multi-disciplinary approach" and "real and definitive action".

Environment

"Fuel, food and finance are the three canaries in the mine which have told us that what is happening is not sustainable and the events of 2008 are the precursor to a perfect storm" said the chair of the Environmental Cluster, as the 12 councils in the Environmental Cluster gave a much more urgent, if longer term message to the summit than most other clusters.

The issues around the impending global water crisis, the irreversible dangers of climate change and global warming, and the desperate need for more sustainable technologies and energies all combined to make a compelling picture for long-term action.

The Environment Cluster gave a ringing endorsement for strong support and participation in the climate change agenda of 2009, as contained in the Bali Process and several other on-going talks.

"We need to develop a list of Transformational Actions, such as seeking more investment from the international public sector, developing smart markets to spread wealth and more innovative ways to use private money", said the reporting chair defining some specific actions that should emerge from a process that will build on this summit and continue the momentum through the World Economic Forum at Davos in January 2009 and beyond.