

SPEAKERS DEBATE

Masood Ahmed, President of the Center for Global Development, former Director of the Middle East and Central Asia Department of the IMF

We have 37 minutes left. I want to make sure that we have some time for people sitting in the room to be able to raise questions. What I would like to do now, if it is possible, is really to ask each of you a question which I would like you, if it is possible, to answer very quickly in two minutes.

The first question I have is for you, Madame Touré, which is you had this vision of multiple, coexisting frameworks. In some ways, you have some of that already. From your point of view, would that be a good or a bad outcome?

Aminata Touré, former Prime Minister of Senegal

Well, I have now spent some years in the multilateral organizations. I was former UN personnel for many years, went to government, and I came out of this process thinking that you need frameworks, for sure. You need many frameworks, and I always speak from the point of view of Africa now – I mean, after having been global, now focusing on Africa – the richest continent, by the way, by any means, and the poorest.

Whatever framework that will deal with that issue, we are going to be part of it, firstly. Secondly, I think that the feeling in the continent is that we have to take business into our own hands: how to strengthen African union, how to make sure that we are self-interest-driven because that is how the world works, and we are going to be more forward-looking in terms of defending our interests, being very strong on whatever issues and making our own points.

I appreciate it when you talk about forcing some countries to take part. That was the case for the Russia/Ukraine war. Most of African countries look at it as a white man's war, and just did not take a position – and that is our right – like anybody else.

However, I think the question that needs to be reflected upon is how are we going to make sure that we move forward peacefully to a more equal order? An order that respects the environment, that puts women also on an equal footing. Nobody brought the issue of inequalities and making sure that young people are part of it – and that we need for the corporations to look beyond profit, because we are a profit-driven world, as we speak. It is not enough anymore.

Do we want to go through changes by revolution, or do we want to be smart and put in place equal frameworks where true discussion comes out of what we want to build for the future?

Every time I come to this country, in the Emirates, I remember that a 100 years ago, Dubai was a small Bedouin village. How did change occur? It means that it is possible. It means that you can accelerate change – and then you can have a more sane discussion, because we are having an insane discussion because you do have a pool of very wealthy countries in front of very poor countries. However, within those countries, you do also have that huge gap.



I was visiting the south of Senegal, in the mining areas, just before I came. I mean, it was terrible. You do have very big mining companies taking gold out of the country, and they were not even capable of building a decent road, because they do not care about it. They just have an airport, they can fly private jets. It looks like the world we are in.

Therefore, how are we going to take a pause and then come back to what the United Nations was supposed to be as a promise and share the common interests as human beings? Other than that, people that I am seeing now, even within the intellectual elite, are very much saying: 'Let us focus on our own interests, as the rest of the world is doing. Human rights? Okay, we can talk about it very globally, but it is not a reality'.

That is how we look at it. So, what are the solutions that we want to come up with that are human rights-centered, equal, and preserve the environment, beyond just the idea of pursuing profit?

Masood Ahmed

Thank you very much. The message is that you want to be clear about your own interests, and engage in multiple conversations and frameworks, but be clear about what is to the benefit of the continent and organize yourselves to better represent those interests. In that context, I assume that you and many leaders in Africa would welcome the decision about making the African Union a permanent member of the G20 – because I think that, in some ways, is one forum where that could happen.

Qiao Yide, I wanted to ask you a question. You said you have this vision about your four different scenarios – to what extent is where you end up across those scenarios a function of the relationship between the US and China? How much is that going to drive where you end up and what is your quick response to that?

Qiao Yide, Vice Chairman and Secretary General of Shanghai Development Research Foundation

Yes, I guess the relation between the US and China probably is one of the most important relationships, which will drive many things, including geopolitical tension.

Although European countries say to China, 'Don't look at us through the US', when they visit the US, they say to the US government, 'Don't look at us through China'. However, the US/China relationship now is kind of playing a very important role. If it would continue to deteriorate, the scenarios 4 would occur.

The good news from the past several months is we can see the tension between the US and China is somewhat reduced. It may not be a big improvement, but the tensions have been reduced. I think that is good for the US, for China and for the rest of the world.

However, at the same time, we should understand the "small yard, high fence" policy the US government adopts regarding China will not change. Competition will not change, but the tensions have been reduced.

That is my conclusion.

Masood Ahmed

Thank you. Thanks for being so clear about it. Of course, you have to see what the mechanism by which the small yards stays small is, because the internal pressures in all countries will be to make the yard bigger without worrying about the height of the fence.

Now, I want to turn to you, Hye-min, and ask you a question. Let us assume there is some continuing improvement in the US/China relationship, but still tension – particularly when it comes to setting up global rules. To what extent can middle powers create a set of rules that govern relationships among them, even if the largest economies in the world are not so actively participating?

I am thinking of this feud resolution in the WTO, where the formal process is frozen, but there is a parallel process that has been created by middle powers which works to basically govern disputes as if it was within the WTO, more or less. To what extent do you think that is a model that can be used in lots of different ways to provide frameworks for the world?

Lee Hye-min, Senior Advisor of KIM & CHANG, former G20 Sherpa of Korea, former Ambassador for International Economic Affairs of the Republic of Korea

Thank you for your questions. In fact, what you mentioned is an idea but, in reality, it cannot be applied. In fact, the US, the European Union and China are the only powers who make the regulations. Without them, it is not possible.

I participated in the Uruguay Round of negotiation in the 80s and 90s. It was *de facto* bilateral negotiations between the European community at the time and the United States, despite more than 100 countries participating. Now, the landscape has totally changed, especially with the joining of China to the WTO in 2001.

I think it is very important to persuade the middle powers in the role – including Korea, Japan, the European Union if you say it is a middle power, the UK, Canada, and other countries – to persuade both China and the United States to participate in strengthening rule-based international order because it is the only solution to their dispute. Without clear rules, they cannot make any settlements.

I think the middle powers must enhance their efforts to persuade China and the US respectively to honor the already-established commitment and agree to strengthening the rule-based order.

Masood Ahmed

Thank you very much. That is also very clear. The middle powers' role is not to create a framework that works for them because, from what you are saying, it does not work without getting China and the US into it – but they can play a major role in helping to persuade, and I think that is quite relevant for a conversation we will have later about climate change.

We are going to be having COP here in a few weeks, is that the approach one has to follow also in COP?

Pierre, I want to come to you with a question, which is you had a very long list of things that need to be fixed in the world order.

Everybody will add to it. If we go round the room, we will add another 20 things to this. What is, would you say, the set of issues on which we cannot make progress without international cooperation and for which it is in our mutual interest to create a framework to operate them?

Then there are other things where it would be nice to have cooperation, but the world will struggle along without cooperation. What is your priority list of things?

Pierre Jacquet, Professor of Economics at the École nationale des ponts et chaussées (ENPC), member of the Cercle des Économistes



Well, there are many ways to answer that question. First, I would be tempted to say that whatever I personally think does not matter, because what we need to do is reach a consensus to initiate collective action. For that to happen, we need to discuss with others. I think the priority today is not to pick an issue and a solution, it is to meet and discuss and see where national interests are, and how they can be combined to define a common good.

However, of course, as an analyst, I am tempted to answer differently and say there are major issues today that cannot be addressed without collective action – and certainly climate change is one.

It is going to be a mix of these two approaches. I think that we come to the negotiating table with ideas, with convictions, but these convictions can reach nothing unless they are shared by others. It is part of the negotiating process – and, to negotiate, you need to understand and try to know more about the other parties. That is why I think that more research, more knowledge is needed to understand our potential partners and allies better than we do. We are working with stereotypes and that is not going to make the negotiation easier.

Now, there is a third way to address your question, which is to say that we cannot progress without a common vision, which is what at least part of international negotiations are about.

The difficulty is that, looking at history, common mobilizing visions or shared visions, tend to emerge from wars. Therefore – to paraphrase William James in the early 20th Century, a big question today is: what is the moral equivalent of war today? Sustainable Development Goals? Unlikely. Climate change? Again unlikely. Net Zero economics? Not mobilizing enough. Where is the mobilizing project that can generate a shared vision globally?

I do not know and that frightens me because it means we may need a crisis of major proportions – much bigger than what we have experienced – or a big war to regenerate and reach a common vision. This is obviously not a preferred scenario.

I will stop there because it is not very optimistic, but I believe that the pessimism of analysis can lead to the optimism of action, and that we need more multilateral discussions. In that sense, even when summits do not reach any practical conclusion, it does not mean that they are not useful or successful.

Masood Ahmed

Thank you very much, Pierre. This was getting a little somber towards the end. Vladislav, do you agree that we need common vision and understanding each other before we can actually reach agreements on things that matter to us? It may be quite hard to get to a common vision without more of a crisis. Do you think that it is possible to isolate one or two areas, where we really need to, in our mutual interests, without a common vision about the world and where it is going, still make progress? How do you see this big vision, big bargain versus 'let us pick a few things'?

Vladislav Inozemtsev, Director of the Center for Post-Industrial Studies in Moscow, Special Advisor to Middle East Media Research Institute's Russia Media Studies Project in Washington, DC.

I would say that, listening to the discussion, I reflected on the current situation in general, and to my mind, we now are in a situation where a lot of old and fundamental processes are still evolving and we do not see the end of this trend close enough to realize whether we can orchestrate a new order or not.



First, we have seen, since the beginning of the 21st Century, the intensification of military conflicts in many parts of the world. In any case, I would say no political goals were really met with armed intervention. The economic effect was very devastating for many countries. This new circle of war, like the war between Russia and Ukraine, also contributes to the understanding that the military interventions and the military confrontation is ruinous for the contemporary world, just destroying the economic wealth and possessing no positive consequences. In the 17th, 18th, 19th Centuries, wars delivered economic benefits for the victors. Now, it is not the case. Before this is understood, I think there is little chance for a new order to emerge.

The second point is that every time the New Economic Order was heralded, new trends emerged that made all hopes for it senseless. For example, in the 1960s/70s, resource-producing countries became very high-fliers in an economic sense as the commodity prices surged and more sovereign nations were created, so the concept of a New International Economic Order was presented at the United Nations back in 1971. However, in less than twenty years, all these countries were ruined by their huge debts, and they had to be bailed out by the United States and other developed countries.

The same situation was, as I already mentioned, happened to the Soviet Union and Japan in the 70s and 80s. They were also high-fliers. And then a huge systemic shift emerged putting them to the sidelines.

Now, we have this competition between China and the rest of the world, and I think we should wait for another ten to fifteen years to understand what the perspective of China is. If China comes to the same result as Japan in 1989, by the end of this decade, it will be an absolutely different perspective for a new economic order to emerge.

The last point which my colleagues talked about and that was very interesting was the problem of taxation and of offshore safe havens. Here, I would say that the tax system which exists in the whole world these days takes its roots from the early 20th Century, when all the tax systems were designed for either mercantilist economy of trade or for industrial economy, where everything was fixed inside nations' borders, the resources and products were reproducible, and the stock market and the capital gains were not so much dissipated.

Nowadays, the post-industrial economy and informational technologies create a lot of wealth. This wealth creation is a major engine for economic growth and prosperity in developed countries. If we tax personal incomes or capital gains, as we did for the last decades, we will reduce and probably stop economic growth there while demotivating people from creation and innovation.

Therefore, my point would be that there is a good reason for some wealthy countries to switch from taxing the incomes to taxing the consumption. This may change immediately and generally the whole economic framework for the world because the first country that introduces the new system will get enormous competitive advantages over all others as the income inequality is these days much larger than the consumption inequality, and therefore to tax the final personal consumption will create huge incentives for the wealthy and innovative people to flow to those countries which introduce the scheme becoming, I would say, productive and livable "offshores".

I would say that too many trends coming from a quite distant past are still dominating the global economic order, and many of them can evaporate and can be changed in the coming decade or two. Therefore, afterwards, I think the perspective for changing this economic order would be much more realistic than they are now. Now, we are in a kind of tunnel vision, and we cannot jump out of it.

Masood Ahmed

Thank you. We should wait for a decade or so until things become clear – and I guess my question to you, Yann, is can we afford to wait?

Yann Coatanlem, CEO of DataCore Innovations LLC, President of Club Praxis

I do not think we can afford to wait, and I want to clarify something about the idea of setting priorities. We need a holistic view in which the impact of our decisions is clearly assessed in order to avoid unattended consequences.

If you take the example of the carbon tax, that is going to have an impact on a single mum struggling to raise a child and who needs her car to visit patients because she is a nurse. The sad truth is that, today, governments do not have the ability to target very specific categories of population. You can set policies in broad terms, but if you look at how much money we wasted during Covid or during the high inflation period on gas prices at the start of the Ukraine war, it shows you that the price to pay is too high.

Therefore, we really need to raise our game in terms of pricing externalities. I think that is essential. One key area is the right level of carbon pricing. If you look at the reports from the Intergovernmental Panel on Climate Change, there is a lot of debate on whether new projects in fossil energy should be allowed. You see a lot of opposite arguments from different players, but no consensus. If we had a fair carbon price (i.e. consistent with our decarbonization goals), various interests would be more likely to be aligned.

Overall, it is very important that NGOs and companies become more involved in understanding and pricing externalities, in building more granular data, for their own benefit and to help governments make better decisions.