

## Contours of global governance

It was a learning experience to have participated in two international conferences that focussed on issues on the agenda of the forthcoming G-20 Summit in Pittsburgh. The first, called the Global Economic Symposium, was organised by the Institute of World Economics, Kiel, Germany. The second was an international conference in Delhi, organised in collaboration with two premier European think tanks, CEPII in Paris and Brugel in Brussels. The Delhi conference (September 14-15) brought together participants from 15 of the G-20 countries. This reflects widespread interest among both advanced and emerging economies, especially in trying to distil lessons from the global financial and economic crisis and taking forward the agenda on financial sector reforms, preventing incipient and murky protectionism from taking hold and discussing the possible contours of global governance in a multi-polar world.

The remark by former Reserve Bank of India governor that the G-20 agenda is in danger of being hijacked by the US and the UK adds urgency and importance to these efforts at bringing together academics and researchers from both advanced and emerging economies. Both conferences highlighted the importance of developing well-researched and well thought-out positions that can be used to drive the G-20 agenda in the right direction and ensure that emerging economies' interests are taken fully on board.

We, in India, need complete clarity on whether or not a proactive participation in informal groups such as G-20 or G-8 plus O-5 reconciles with our national interest. The question arises because many among us would tend to argue that given our limited share in global gross domestic product and trade (about 2 per cent and 1.5 per cent, respectively) and the relatively insulated and 'over-regulated' state of our commercial banking and financial system, we are not really affected by the global cycles and events.

Those who hold this view also argue that it is far more important for India to focus its limited governance capacity on addressing domestic supply side constraints to achieve the potential growth rate, which is a necessary condition not only for fighting poverty but also for improving our standing in the global community and multilateral institutions. This view has some merit, as it basically advocates getting on with the national domestic reform agenda, achieve our growth potential and await our turn in the global governance stakes.

The alternate view is that India should seize the opportunity, at a time when G-8 countries are keen on its active involvement, to build a stronger case for its eventual membership of the UN security council, which remains a national aspiration. A more visible and proactive role in informal global groupings such as G-20, it is argued, will yield economic and security dividends in line with our long-term national interests, such as minimising the chances of losing a vote in multilateral institutions on making public a sanitised version of the India country strategy that mentioned a project in Arunachal Pradesh. A more prominent international stature will be more in line with our dynamic and evolving status in the global economic and strategic arena, a trend that was emphasised in both conferences.

Ascribing to the earlier view, I had argued for India to effectively disengage from these informal groups or simply to tread water and basically attend as an observer, awaiting its turn. But the discussion persuaded me change to change my stance. It is amply clear that we cannot simply

walk away from the expectations that our partners have of us. This will be akin to turning away from our global responsibilities and not be seen as worthy of an aspiring global player.

So, we have to remain engaged. And, therefore, the unanimous view was that emerging economy leaders, attending the G-20 meetings, should be better armed with inputs from think tanks working together and providing analysis and insights on issues. A network of G-20 think tanks and institutes needs to be built so that civil society and intellectuals can better influence the direction and substance of the ongoing transition in global governance.

There are, however, clear budgetary constraints for a revenue-strapped country like ours. But, the effort is well worth it and the return on resources allocated by the government on this research and networking will more than justify the outlay. Our Chinese counterparts have clearly shown the way by allocating some of their best human resources and large-scale financing to issues in global governance such as the adoption of an alternate reserve currency. Surely, India's richer friends will also not hesitate to lend a hand in mobilising such resources, provided there is a clear signal from the government about its interest in developing such capacities and networking.

The Indian government can take the lead by establishing a mixed working group comprising government and academics to provide inputs for those participating in the summits or its preparatory meetings. Such broad-based interaction can prevent the agenda from being hijacked by any interest group and also, as the lecture by Professor Andrew Sheng at the Delhi conference highlighted, prevent a consensus emerging simply by default.