G20 cooperation: The way forward

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Source of G20 success is eroding

• Based on extraordinary correlation of interests.
  – Rich at fault; not poor.
• Now: 2 global crises, not 1.
  – North Atlantic Banking crisis (supply-side damage);
  – Aggregate demand shock (Caballero’s “Sudden Financial Arrest”).
• What G20 did/does:
  – Financial regulation. Done (grade = C+)
  – Macro coordination.
  – Global imbalances.
• Ergo: Sustained focus on trade wise.
Sources of protection “success” are eroding

• Protection: Lots or little?
• Low frequency things:
  – GATT/WTO centricity in rich nations.
  – Production unbundling (Effective Rate of Protection).
• High frequency things:
    • 1930s echos;
    • Local and export demand collapsed in tandem.
• Now 2 crises, US unemploy’t, GI, etc.
What? WTS at a juncture

• Deep changes in international trade cumulating; Formal governance stagnating.

• But business doesn’t wait.
  – Unilateral efforts;
  – North-South RTAs creating parallel trade governance is “beyond tariffs” disciplines.

• US, EU, Japan & middle-sized emerging economies.

• What about China, India & Brazil?
Specifics

• WTO is not the right place to talk about this
  – (e.g. last Ministerial September 2009).

• Mandate experts group to report on:
  – Methods to prevent protection & rollback crisis-linked measures.
  – Doing DDA? (“Doha, Ha Ha”)

• Beyond Doha issues:
  – Trade & climate “the train wreck” scenario.
  – Deeper disciplines to underpin “production sharing”.
End

- Thank you for listening.

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