

## TOPICS FROM THE YAROSLAVL FORUM APPEAR CHALLENGING



CHAN HA JOON is a renowned British and South Korean economist. Currently, he is serving as a Lecturer on the Political Economy of Development at the University of Cambridge. He is also a Fellow at the Center for Economic and Policy Research in Washington, D.C. Chan is the author of several monographs on the theme of institutional and economic policy, the latest among them being 'Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism' (2008)

Exclusively for RJ

The author of the words embodied in the title of this article lacked the time to be able to obtain enough information about the international conference held last year in Yaroslavl. Indeed, at this time, it is also hardly possible to consider the information on this year's impending conference as sufficient. What I can say at this time, however, that the topics put forward for discussion at the next Yaroslavl Forum all look quite interesting. At present, it is still difficult to anticipate which public figures and scholars are going to address the conference, and what the results of this year's meeting will be. For me, it is difficult to say anything specific on this theme apart from that.

As for the topics that are slated for discussion at this year's event, when we turn to the issues related to the global economic system, it is worth noting that the rich countries more or less tend to agree on how things should be run. That does not, however, necessarily mean that this system is run

effectively. **The current global system makes it difficult, if not totally impossible, for developing countries to use those political concepts and policies that they actually need** (trade protection and subsidies for 'infant industries', regulation of foreign investment, control of capital flows, more relaxed intellectual property rights, etc.). This is making it difficult for these countries to grow, which in the long run is not even good for the rich countries, because these policies reduce their export and investment opportunities in those very developing countries. This is for brevity's sake. For more details on this issue, I refer you to an article of mine, which is based on my most recent book, 'Bad Samaritans', which was published in the British magazine 'Prospect' in 2007. ■

## A NEW GLOBAL GOVERNANCE IS NEEDED



CARLO PELANDA is an Italian political scientist and economist, professor of political science and economics at the University of Georgia (USA), a consultant for Rolls Royce, and a former consultant for the Italian Ministry of Defense. He has written many books, the most recent being 'The Grand Alliance: The Global Integration of Democracies' (2007) Exclusively for RJ

The recession of 2007-2008 will surely continue and the reason for this is simple: **the capitalist system will try to reconstruct itself along the same lines as before the crisis.** The reason for this is also simple: there is no alternative model. The only way out in such circumstances is to create a truly global system of governance.

**A global market without a geopolitical framework of governance is nothing but a utopian ideal.** In the second half of the 20th century, the American empire has functioned as the arbiter of global governance. Yet even in the 1970s it was already clear that America was too small to sustain such a role in a growing global economic and monetary system. In 1975, the G5 group of countries (later to become G7 and beyond) was the answer to the problem: to put the western allies in charge of the management of the global crisis. And today even this architecture is too small. It is not possible to govern the world economy without the consensus of new economic giants such as China, India, and Brazil. Today, President Obama favors a system based around the G20 as the body of global governance, led by the two supergiants America and China. Will this wide-reaching multilateral body be able to oversee real global governance? No way. Emerging countries tend to

pursue their self-centered national interests rather than global stability.

The G2 leadership (America and China) is no longer a utopian goal but a harmful myth; America is based on a model of democratic capitalism while China is based on an authoritarian model. They will never really be able to converge.

The real choice is between future disorder and the reconstruction of an 'empire' to fill the void in global governance. Two versions of such an empire would be possible: either 'Greater China' or a sort of 'Grand Alliance' of democracies. Yet could China really assume the role of global hegemon? This would be an extremely stupid development for mankind. What is needed therefore is a reorganization of the previous western alliance in order to reinvent it as an effective global governing body, that is, an empire (internally multilateral) that is able to admit other states and civilizations.

It would be wonderful if Russia would consider playing an active role in the creation of such a new 'empire of democracies' rather than pursuing the reconstruction of its old national empire. The eagle of Third Rome should have three heads. ■