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The Astana Global Economic Forum - A Review (/blog/economics/18566-the-astana-global-economic-forum-a-review)

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An Article by Come Carpentier
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The 6th Astana Forum in Kazakhstan from the 22nd to the 24th of May 2013 was held together with the World Anti-Crisis Conference (WACC) under the auspices of UN. A number of Nobel Prize Laureates and statesmen gathered to thrash out strategies to move out of the enduring economic crisis. One of the most original initiatives was the plan for a Transeurasian Development Corridor (RAZVITIE) as a catalyst for a new economic model.

THE SIXTH ASTANA FORUM

A BRIEF REVIEW

From the 22nd to the 24th of may 2013, the Astana Forum was convened for the sixth time in Kazakhstan's sparkling new capital, built in the geographic centre of Eurasia as its very name (from Sanskrit *sthana*, Persian *istan*) suggests.

As in previous occasions, numbers were impressive; it attracted more than twelve thousand registered participants from one hundred and thirty nations, including ten Nobel Laureates and three dozen serving and former heads of state and government. The annual Forum is an outcome of the Eurasian Economic Club of Scientists created by Kazakhstan's President Nazarbayev and it combined this year with the World Anti-Crisis Conference (WACC). The permanent movement that supports those various operations and provides feedback year-round is the G-GLOBAL, an Internet platform that has drawn, according to its administrators more than twenty five million visitors from 150 countries, many of whom provided input to its deliberations and submissions. The vision of the Kazakh leaders in setting up the G-GLOBAL was to associate as many citizens as possible to the debate on the economic situation and the desirable

changes, as opposite to the exclusive high power clubs known as G-7 or even G-20. It won the support of no less than fourteen Nobel Prize winners, including Robert Mundell and John Nash (of the film A Beautiful Mind fame).

As can be expected from a wide-ranging international debate many positions and proposals are at cross purposes when they are intended to support mainly one nation's or region's economy. Thus Robert Mundell, formerly a herald of free trade told Forbes columnist Eamonn Fingleton that he now favours a policy of protectionism in the USA whose economy is far too open to be sustainable, given that manufacturing now represents only 11% of the American GDP while its current account deficit is always well above 3%; though Mundell does not advocate tariffs which invite retaliation, he supports a "Buy American" policy which naturally would be reflected in similar measures in the countries that don't already have them in place. Japan for one adheres rigorously to its mercantilist faith by keeping its market relatively closed and generating huge trade surpluses in spite of its other internal problems. However is it still possible for the largely de-industrialised USA to revive its manufacturing sector in the face of fierce global competition, especially if Washington wishes to preserve its global empire while protecting the profits of its financial oligarchy? It stands to reason that when manufacturing is abandoned, the associated engineering and scientific know-how also fade and various authoritative reports suggest that American companies have lost the ability to operate or even understand many of the technologies which they rely upon but have outsourced to foreign businesses. The USA are still protectionistic where they can be, but reversing the trend their leadership initiated almost half a century ago may prove exceedingly difficult, particularly in the absence of a unanimous national will.

The officials from dominant western countries are bound to hold the Party Line that globalization (<http://wpfdc.org/blog/economics/18796-the-globalisation-of-the-crisis-and-the-geopolitical-shift>)'s effects are "globally positive" for their own societies and for the world at large but that dogma is fast losing credibility in view of the persistent and spreading crisis which is leading to their rapid decline. The new book by Paul Craig Roberts, President Reagan's former Treasury Under-Secretary, *The Failure of Laissez Faire Capitalism and the Economic Destruction of the West* (2013), prefaced by Michael Hudson, another perspicacious economist, talks of a "political and economic race to the bottom". Both agree that so-called globalism may be regarded as "a conspiracy against First World jobs" and the resulting impoverishment is turning the USA and its allies into failed or pseudo-democracies which are increasingly behaving as police-state oligarchies. Craig Roberts, never once to mince his words, highlights that Washington serves "the interest groups that control it and which are committed to financial fraud, disinformation and war". The governments of Russia, China, Kazakhstan, Brazil and other "challenger" states are quite aware of those views, echoed by many of their own top economists and are not willing to take the siren songs of OECD policy-makers and diplomats at face value.

The Astana Forum of this year issued a Declaration (text attached in annex) and the WACC drafted an Anti-Crisis Plan which has many components but which emphasizes primarily the need to reach a "sound integration of the three Es: Economic, Environmental and Ethical measures to combat the crisis and promote prosperity and true development, as opposed to mere growth. Special emphasis was placed on the need to adopt and promote new, non-polluting, carbon-neutral and renewable energy sources as far as possible.

Both the Declaration and the Anti-Crisis Plan are to be presented to the G-20 summit to be held in Saint Petersburg, chaired by Russia on the 5th and 6th of September. Russia which is a partner of Kazakhstan in the Eurasian Economic Community (EURASEC), the Shanghai Cooperation Organisation (SCO) and the Community of Independent States (CIS) among other regional coordinating bodies participated actively in the preparation of both the Plan and the Declaration and is expected to support them, especially

since the Kremlin wishes to see the leading economies step away from both the profligate creation of consumer debt and trade deficits and the stifling austerity policies practiced on both shores of the Atlantic. Whereas the Russian and Kazakh Governments see the global crisis as an ongoing and worsening process which is likely to lead to a collapse of the international economic system in the coming few years, the USA and the European Union are unwilling to address the real problems and prefer to proclaim their belief that the crisis is over and that a slow recovery is underway, despite plentiful evidence to the contrary.

There are worrisome signs of a rapid decay of the global economic architecture such as the ploys and gimmicks being resorted to by various states such as "bail ins" of banks with depositors's funds -- as in the recent case of Cyprus which was highlighted by the Kazakh President in his opening speech and other such desperate steps that are described by French economist Christophe Poitou in his 2013 book *Totalitarisme Economique* as "export of inflation, fiscal extortion, stretching the maturity date of bonds, manipulation of exchange rates and --perhaps worst of all -- negative interest rates on deposits" (which destroy savings through inflation). Poitou writes that a global collapse was due to happen in 2009-10 but was prevented or rather postponed through a combination of those stop-gap measures. He gives as an example the notorious and morally illegitimate recourse to using the citizens' life insurance policy funds in France for the purpose of rescuing troubled "too big to fail" banks and corporations and estimates that this de facto misuse currently amounts to some hundred billion Euros.

The sorry state of affairs was alluded to, though obviously not in such details by the former Director of the IMF, Dominique Strauss Kahn who chastised the EU's "unemployment policy" and its refusal to undertake large infrastructural projects that could boost the economy and provide large-scale employment. That assessment made him a pessimist on the future of the Euro-Zone.

Many see a contradiction between the real problem caused by ballooning state and private debt and the call for vast public investments in the aforesaid massive projects. However the issuance of public credit is an alternative to the generation of debt to private banks through their emission of speculative instruments. Instead of printing ever larger amounts of fiat currency to be lent at almost no interest to banks and large corporations which lend it back to states at an interest or use it to buy back their own shares in order to artificially raise their market value, states could emit long-term credit instruments specifically tailored to directly finance priority schemes mainly in the areas of transportation, land and resource management, telecommunications, environmental restoration, development of new technologies and generally engineer a "transition to a new, green civilization" in the terms used at the Forum.

This approach was advocated and described in economically precise terms in one of the panels of the Forum, dedicated to the Transeurasian Corridor of Development RAZVITIE ("holistic development" in Russian) which chose a provocative theme for its deliberation: Can Russia and Kazakhstan help draw Europe out of the Crisis?. The proposal is in fact to coordinate through the existing and growing Long-Term Institutional Investors Club (LTIC) a number of pan-Eurasian initiatives, embracing the continent, from Lisbon to Vladivostok and from Norway to Indonesia.

China for one has taken the lead in such a global initiative by engaging in hundreds of massive infrastructure projects at home but also in Central and South East Asia, West Asia, Africa and Latin America. By 2020, the Chinese Foreign Direct Investment is expected to range between one and two trillion in US Dollar equivalent value, much of it in the construction roads, railways, power plants of various types, dams, new cities and agricultural ventures. If a similar strategy can be implemented cooperatively by long term investment institutions backed by several governments, not to the primary benefit of one country which is under suspicion of harbouring imperial ambitions, but multi-laterally for global welfare and

prosperity, many major problems of mankind linked with sanitation, pollution, irrigation, energy generation, food and drinking water supplies and education could find their solution.

The Resolution adopted by the Razvitie Panel reads as follows:

"Can Russia and Kazakhstan draw the European union out of the ongoing economic crisis and recession?", VI Astana Economic Forum

Participants of the panel session at the VI Astana Economic Forum in continuation with the ideas discussed at the Strategic Scenario Sessions in Milano (Bocconi University, November 2012), in Astana (V Astana Economic Forum, May 2012), in Modena (Modena, July 2008) express their commitment to pursue the common endeavours to elaborate the conceptual and practical means for the Development (Razvitie) paradigm. This Development (Razvitie) paradigm can ensure the shift from the currently dominant approach underlying the collapsing world financial system, that is connected with a primitive linearity in the concept of growth and financialization of world economy.

The new paradigm should be based on the three main pillars: ethos, knowledge and space within which to operate.

The main idea for practical implementation of the Razvitie approach is connected with the initiative of the Trans-Eurasian belt of Development. The Trans-Eurasian belt of Development can become the new engine for producing physical material wealth on a planetary scale, thus drastically decreasing the unemployment rate.

The Trans-Eurasian belt of development is connected with construction of multi-infrastructure (railroads, electricity grids, water transportation system, telecommunication system and also new settlements). This project of Trans-Eurasian belt of development can be realized only through cooperation among nations: Russia, European Union, Kazakhstan, China.

New financial instruments of long-term investment need to be designed so as to initiate and realize such a program. This program is regarded as a new integration platform to spur development, integration of knowledge and give impetus to the creation of new institutions for the infrastructure projects.

The Trans-Eurasian belt of development as Razvitie (Development) initiative is in sensitive resonance with the trend for infrastructure and social-cultural development in Latin America, South-East Asia and Africa.

Implementation of Razvitie (Development) approach requires a new value system that could be revealed and realised only on the basis of scientific, technological and social-cultural development (urban, educational, cultural) and the disclosure and implementation of breakthrough energy technologies (BET).

Participants of the panel session suggest to initiate a new international integration platform Razvitie together with the international network of Razvitie university.

Participants of the panel session:

Yury Gromyko, Russia

Paolo Raimondi (<http://wpfdc.org/community/18344-raimondi-paolo-italy-economist-editorialist-of-the-economic-daily-italia-oggi>), Italy

Mikhail Baydakov (<http://wpfdc.org/community/18212-mikhail-baydakov-director-general-permanent->

forum-dialogue-west-east-integration-and-development-russia), Russia
 Come Carpentier (<http://wpfdc.org/community/18520-come-carpentier-director-editorial-advisory-board-world-affairs-journal-india>), France/India
 Lorenzo Carrasco, Mexico/Brazil
 Eamonn Fingleton, Ireland/Japan
 Gian Guido Folloni, Italy
 Henry C. K. Liu, Hong Kong
 Victor Popov, Russia
 Edoardo Reviglio, Italy
 Victor Zyukov, Russia

World Anti-Crisis Conference
22-24 May, Astana, Kazakhstan
Astana Declaration

United Nations General Assembly resolution 67/197 "International financial system and development"

"The General Assembly notes the initiative of the Government of Kazakhstan to host an international conference in Astana from 22 to 24 May 2013, entitled "World Anti-Crisis Conference: effective countermeasures to global uncertainty and economic downturns"

The Astana Declaration

World Anti-Crisis Conference

Preamble

The Global Economy is currently facing a major set of new challenges, and remains under considerable distress amid continued concerns about sovereign debt sustainability and financial system fragilities. The uncertainty stemming from the euro crisis and questions regarding the effectiveness of certain policy measures, such as the rounds of quantitative easing, underpin growing unease about the quality and strength of the current recovery and future economic growth and financial stability.

Persistently low growth in the leading nations implies prolonged stress in the global financial system and advanced economies. Indeed, the knock-on effects on growth, employment, income distribution, poverty and social cohesion have been profound and deep despite various policy measures in place. The umbrella term "global crisis", however, conceals a great deal of heterogeneity. The crisis did not occur everywhere: some countries were at the epicenter, while others merely felt its spillover effects.

Wherever one stands on the origin of the crisis, the model of debt-driven, highly leveraged growth appears unsustainable. This is the most challenging task we face: how to achieve and maintain inclusive, sustainable, and balanced growth through greater international cooperation, trade, and investments, while ensuring global and national financial system stability, minimizing vulnerability to exogenous shocks and internal credit bubbles, through appropriate, open, integrated, transparent, predictable, and responsible regulation, oversight, and systemic risk management. This is the task we set forth for our Anti-crisis conference.

The Anti-Crisis Conference highlighted the considerable challenges facing the international community. We, the conference participants, stressed significant shortcomings to address the on-going crises in the

Eurozone, U.S. and other advanced economies, which undermine stability and growth of the global economy. Weak global economic governance was seen as a major obstacle to more effective international crisis resolution. At the same time, the increasing importance of emerging local currency markets was seen to represent a critical source of future growth and stability of the international economy, but concerns were raised that integration remains incomplete. The orderly integration of major emerging markets' currencies and financial assets into international capital markets was considered to represent one of the most important international economic developments over the medium term.

On adjustment in the Eurozone, we remain concerned that substantial policy efforts and considerable institutional adjustments have not led to an expected recovery. The Eurozone suffers a fundamental confidence crisis that risks undermining the foundations of the European project itself. Mounting inter-Eurozone economic divergence raises doubts about the effectiveness of common economic policies while uncertainty remains what alternative policies would be feasible in the current international economic environment. Policies need to be sought that restore confidence in the viability of the Eurozone.

On monetary policy and financial stability, we urge clarification on the sustainability and possible adverse consequences of current unprecedented monetary expansion of key international currencies. This is seen as critical to ensure that the measures translate into a robust recovery in affected countries. Clarity is also needed on possible exchange rate effects the measures produce and whether greater cooperation is required to avert disorderly exchange rate adjustments. We also seek a reassessment of whether financial restructuring has been sufficient to establish greater financial stability.

On global capital markets, we see that capital markets remain disproportionately dominated by a relatively narrow set of financial assets. The increasing integration of emerging markets into international currencies and capital markets is seen as essential to bring greater stability and broaden the financial resources of the international economy. We urge to support measures to bring about a true globalisation of currencies and capital markets.

On the new global financial architecture, we emphasise that existing institutional arrangements need to be reassessed as to whether they remain sufficient and sufficiently adaptable to support effectively international cooperation.

On the new realities of the global economy, we stressed that proper understanding is required of the permanent effects of high levels of indebtedness, demographics and the expansion of China and emerging markets on markets and the global policy environment.

On the fragmentation and divergence in the global economy, we urge clarification on the advantages and disadvantages of financial markets disintermediation and inter-country economic performance differences.

In order to prevent the future recurrence of such devastating crises, and better insulate populations and economies from the adverse consequences thereof, the Government of the Republic of Kazakhstan through the World Anti-Crisis Conference has proposed to the United Nations a Declaration of Anti-Crisis measures and policies. The World Anti-Crisis Conference is held on the level of ministers of finance, economy, Central bank governors and official representatives of United Nations Member States and international experts. The main outcome of the conference is current declaration and possible guidelines for the draft World Anti-Crisis Plan to be considered at the II World Anti-Crisis Conference in May 2014.

The Declaration involves measures which would potentially help all nations to better cope and respond to future economic crises. Under the auspices of the United Nations, a multilateral approach to crises

prevention and invigoration of growth is proposed under the following measures:

The Declaration

We the Nations of the World:

1. **Global economic governance:** We would seek a review to assess of whether current institutional and governance structures remain conducive to conduct effective international economic policy coordination, cooperation and dialogue. An action plan for relevant reforms should be approved and implemented in the short term.
2. **Adjustment in the Eurozone:** We would welcome a reassessment of whether there are credible alternative policy options that would produce less disruptive adjustment in the most affected Eurozone countries. Fiscal consolidation and austerity measures in the long term can erode the growth potential and bring an array of negative consequences. Hence disciplinary measures are part of a stabilization/recovery menu. Measures that promote growth with fiscal responsibility should therefore be examined and adopted.
3. **New macroeconomic realities:** We commit to the development and maintenance of long-term sustainable, inclusive and balanced growth through closer international cooperation, with growing participation of emerging and developing market economies as a reflection of new global realities, in order to eradicate poverty and continue to reduce global and domestic income inequalities.
4. We commit to the correction of global and domestic savings-investment imbalances, through more productive and equitable use of capital, and increased diversification of reserve assets.
5. We pledge to build and enhance crisis prevention mechanisms through adequate reserve funds and policy tools. It is therefore imperative to strengthen the existing global network designed to provide financial protection to countries that seek IMF resources in times of economic distress.
6. **Global capital markets integration:** We would study measures to construct a road map of a transition framework to allow for the orderly integration of major emerging markets' currencies and financial assets to establish the true globalisation of currencies and capital market.
7. We affirm our commitment to the long-term stability and growth of local and global financial systems, with greater international integration supported by robust local market infrastructure, clear and adequate regulation and oversight that incorporates both the banking system and shadow banking, and flexible, transparent tools and mechanisms for the appropriate monitoring and management of systemic risks.
8. We pledge to foster collaborative scientific research and development to find innovative, long-term solutions, including with regards to adaptation methods and practical applications in emerging and developing market economies.
9. We acknowledge the urgent need for new, "greener" economic practices in light of the enormous environmental challenges currently facing the world.
10. A collective global commitment to promote the creation and support of national and regional programmes to eradicate hunger is of utmost importance. Education as a basic human need has a crucial role in personal development and socio-economic growth. Its function as a predictable and long-term driver of higher quality employment generation, with positive externalities further should benefit the

common good (<http://wpfdc.org/icc/18218-kamran-mofid-founder-globalisation-for-the-common-good-initiative-member-international-coordinating-committee-wpf-dialogue-of-civilizations-uk>).

11. We commit to contribute to social inclusion and the reduction of social inequality by enhancing our social safety nets, ensuring and providing continuous safeguards for the welfare and well-being of our citizenry.

12. We affirm that it is necessary to increase investments in global agricultural production and social protection of population, including programs assisting poor people to gain access to food, as well as to review the existing policies of some countries that encourage the alternative use of crops. In this case, developing countries should scale up the agricultural production. Developed countries may help developing countries in meeting their needs for agricultural products.

13. We recognize the work undertaken by the Ad Hoc Open-ended Working Group of the United Nations General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and invite the Ad Hoc Open-ended Working Group to take into account, as appropriate, in its possible further deliberations the issues contained in the present document.

14. We encourage and invite all member states of the United Nations to participate in the II World Anti-Crisis Conference in May 2014 in Astana, which main result will be the draft of the World Anti-crisis plan for the United Nations.

NEW MACROECONOMIC REALITIES

1. There is a major, Great Experimentation and significant transformation under way in terms of the macroeconomic framework in advanced countries, which will have major consequences akin to the rebuilding of the global financial system after World War II.

2. Debt overhangs, significant macroeconomic distortions, adverse incentives for adjustments, and deficient governance structures in advanced economies risk causing an increasing fragmentation of the global economy. This state of play has created significant distortions in the global marketplace. Central banks' balance sheets have increased exponentially through net domestic asset creation in advanced economies, and net foreign asset creation in emerging markets has led to unprecedented monetary expansions.

3. Overall global economic growth still remains weak, despite the expansionary monetary policies adopted by some central banks. Their limited success in stimulating the economy may be attributed to the fact that the nature of monetary expansion is not favourable to credit expansion, with the monetary base being created mostly through collateralized flows on the basis of securities of deleveraging governments. Policy uncertainty remains very high, and the long-term repercussions of unprecedented, unconventional monetary stimulus, as well as the impact of eventual exit strategies, debt-servicing, global markets, and currency volatility, are yet to be completely known.

4. The changes in the global economy are profound, with structural, long-term implications. We are moving towards a new phase, witnessed by a shift in focus from the legacy of the crisis in the West towards the emerging and developing world. There are opportunities for global recovery and growth. Many American and European businesses are sitting out the recession with increasing amounts of cash. There is plenty of room for supply side driven growth if this liquidity were invested in R&D of new technologies,

activities in which advanced economies have a clear comparative advantage. The expanding emerging economies that have enough savings to finance high rates of investments are absorptive markets for the technological and managerial services of the established multinationals and successful technological start-ups of the advanced economies. Other emerging economies with low rates of domestic savings, which create conditions to absorb financial capital from abroad will also become markets for advanced economies' technology and management. Reinvigorated global trade in capital goods and technological and managerial services could help to implement available technologies in emerging economies and spur global growth and progress. However, taking advantage of these opportunities requires a greater degree of economic strategy and policy coordination at the global level.

5. Sound medium-and long-term fiscal management provides greater policy room for shorter-term stimulus during economic downturns, of particular importance when an impaired monetary transmission mechanism hinders the effectiveness of monetary policy. Furthermore, countries with significant ("twin") current account and budget deficits and automatic stabilizers face the additional challenge of a lower fiscal multiplier during a down-cycle, at a time when a more accommodative fiscal stance would be required and more appropriate.

6. Advanced economies are projected to see their share in world GDP decline from 75 percent in 2000 to 54 percent in 2016 (IMF WEO September 2011). Emerging markets are projected to produce twice as much additional GDP on average through 2016 as advanced economies. The importance of emerging markets, as a driver of economic growth, a major consumer of goods, and increasingly as a global price setter and a rising repository of technological innovation, has not been consistently incorporated into economic analyses, market views, and policymaking. Emerging markets continue to be portrayed as disproportionately vulnerable to global economic trends, despite their remarkable resilience since the onset of the global financial crisis and growing importance and influence in shaping global trends.

7. The secular forces of globalization (<http://wpfdc.org/blog/economics/18796-the-globalisation-of-the-crisis-and-the-geopolitical-shift>) and the increasing weight of international trade as a share of total global economic activity, with the advent and growth of intra-emerging trade, further substantiate the growing importance of emerging and developing economies for the global economy, and warrant a greater voice and more equitable role for these countries within multilateral institutions and coordinated global policymaking.

8. Since the start of the millennium, many emerging countries have taken advantage of their healthier balance sheets and engaged in sterilized FX interventions, serving the dual purpose of minimizing local exchange rate appreciation and building reserves, which helped finance fiscal stimulus in the throes and aftermath of the global recession.

9. A profound transformation has been taking place in recent years in favor of local currency bond markets as an alternative, increasingly scalable means of financial intermediation for some emerging market countries. For domestic issuers, local currency markets reduce maturity and currency mismatches; for foreign investors, they potentially provide risk-adjusted returns superior to almost all global asset classes, with additional benefits from diversification. The market has seen impressive growth in market size and depth over the past decade, especially in developing Asia with the advent of the offshore RMB market based in Hong Kong and related dim sum bond market. Nevertheless, and despite strong growth across all emerging and developing regions, local markets remain largely concentrated in a handful of larger emerging countries.

10. The strong performance of local currency bonds over the last two years, despite tough exogenous

challenges such as the US fiscal crisis and ongoing turmoil in the Eurozone, is at least as much an indication of the positive fundamentals of emerging economies and domestic bond markets' development and maturity as it is a reflection of exceptionally low yields in advanced countries; the former provide structural, longer-term tailwinds, whereas the latter may be cyclical in nature, and could provide potential headwinds in the event of "the Fed exit", for instance, causing excessive interest rate and exchange rate volatility.

11. In order to encourage and accommodate the development, growth and increasing international integration of local markets, where appropriate, steps must be taken to:

- ensure robust market infrastructures, with efficient and transparent clearing and settlements systems;
- develop standardized, liquid exchange-traded derivatives, in order to facilitate the hedging of, particularly but not exclusively, interest rate, currency, stock market, and local commodity risks;
- assure adequate market liquidity during both normal and exceptional trading conditions;
- clearly define rules, regulations, and oversight;
- develop and maintain transparent and efficient systemic-risk monitoring and management systems for both banks and domestic institutional investors, and a flexible yet predictable macro-prudential tool kit consistent with Basel III implementation;
- improve communication channels, information flow, and coordination between domestic and foreign regulators and policymakers;
- continue the ongoing international harmonization and alignment of financial reporting standards, corporate governance, and best practices.

12. The severity of the global financial crisis and ensuing Global Recession, the effects and repercussions of which are still being acutely felt by advanced countries, gave rise to a growing movement towards macro-prudential regulations, greater transparency and oversight, and active monitoring and management of systemic risk, with higher liquidity requirements and a more restricted role for leverage. Nevertheless, despite these positive steps, the great deleveraging and growing disintermediation of the US and Eurozone banking systems, along with the monetary Great Experimentations under way and the significant fiscal challenges ahead, all provide potential risks for future stability of the global financial system.

13. In the past, accumulated currency reserves were often passively held by some emerging countries as an insurance policy for times of distress. Today, given significantly diminished reliance on external debt for funding and vastly improved debt profiles, many emerging market central banks have become more active in managing reserves, for the purpose of judiciously providing market liquidity as, when, and where required and reducing exchange rate volatility. The latter, as a major determinant of local yields, carries significant implications for domestic price-, market-, and financial-system stabilities.

14. As such and in light of these new macroeconomic realities as well as past and recent experience, reserve formation and prudent management, with clear and responsible objectives and guidelines and appropriate frameworks, today have at least supporting roles to play in the prevention and mitigation of crises, especially as part of coordinative efforts. Recently, emerging market central banks have begun to

establish direct, cross-currency swap lines in yet another indication of growing concerns about and diversification away from the US dollar and other major advanced reserve currencies. Deeper liquidity in and the potential coming of age of local currency bond markets, the increasing growth and importance of intra-emerging trade, greater intra-emerging collaboration and policy coordination, and generally lower net financing costs ("negative carry") of reserves, all suggest a potential for the growing use of local currency bonds as reservable assets by emerging central banks as part of future reserves management, with positive implications for domestic growth.

15. Despite significant exchange rate adjustments since the global recession in 2009, current account imbalances remain an ongoing, long-term problem for the assurance of sustainable growth of the global economy. Greater efforts must be made towards internal rebalancing, by encouraging and promoting savings in deficit countries, and finding new, innovative, productive, and equitable solutions to meet the investment needs of surplus countries.

16. We vigorously urge and strive for the reduction of social inequality for all children, women and men, by enhancing social safety nets, tirelessly providing for the welfare and well-being of our citizenry during good and bad times, assisting in the promotion of their personal growth and development so they can lead happy, healthy, fulfilling, productive, and enriched lives.

17. Education is a key driving factor of individual, social, and economic development and growth. We uphold that it constitutes a basic human need and fundamental right, and acknowledge and affirm our responsibilities and engagement to provide the best possible education for our peoples, so that individuals and society (<http://wpfdc.org/blog/society>) as a whole may enjoy the benefits productivity, with higher quality jobs and income, as well as extensive, positive externalities.

18. Similarly, we strongly and actively support, encourage, and promote collaborative scientific research, as a means of fostering innovative solutions to long-term problems. The significant productivity gains derived from potentially revolutionary technological advances, in addition to enormous positive externalities, constitute not only tremendous economic benefits, but also significant advancement of human knowledge and achievement.

19. Finally, scientific observations and evidence corroborating global warming imperatively impose pressing challenges on humanity. Past neglect of the negative externalities bore out of environmentally-abusive economic and business practices must be immediately rectified, and we call for a commitment for greater research into "greener" practices and technologies, and increased efforts in formulating practical, effective, and sustainable adaptation strategies, in particular with regards to pragmatic applicability for emerging and developing countries.

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