

Eyes on G-8 meeting: Will poor be abandoned?

Dennis Sadowski | Catholic News Service | Jul. 7, 2009

WASHINGTON

As the participants in the Group of Eight summit gathered in L'Aquila, Italy, July 8-10, the economic crisis gripping the world was getting lots of attention.

The worldwide recession not only has taken a toll on developed nations, but has been even more devastating to countries with high levels of poverty, according to leading development agencies.

Developing nations will be watching the G-8 meeting for signs that the world's leading economic powers will continue working to alleviate poverty, reduce hunger and maintain their commitments under the U.N. Millennium Development Goals, aimed at significantly reducing poverty by 2015.

The summit follows a late June U.N. conference that looked at the crisis and its impact on poor nations. The conference released a statement from the 192 participating delegations acknowledging that all nations must work together to address the challenges of an economy gone awry so that developing countries are not forced to bear the brunt of the crisis.

Aldo Caliari, director of the Rethinking Bretton Woods Project at the Center of Concern in Washington, has tackled global development issues and the role developed nations can play in addressing the needs of undeveloped countries. As a faith-based organization with strong Catholic ties working for social and economic justice, the center is the U.S. partner with the International Cooperation for Development and Solidarity, known as CIDSE, an alliance of 16 Catholic development agencies headquartered in Brussels, Belgium.

Caliari recently spoke with Catholic News Service about the U.N. conference and its possible implications for the G-8 summit.

What was the result of the recent U.N. economic conference on the impact of the worldwide recession on developing nations?

It was an important moment to reinforce the role that the U.N. can play in the development of a global response to the financial crisis. You had the 192 countries coming together on a consensus statement which at some point it seemed to be very difficult to arrive at. But in fact it was achieved. You can actually note the difference between such a document where the poorest countries in the world participated and other documents only coming from rich countries.

There was very detailed recognition that the developing countries are going to suffer most from the crisis and the crisis did not originate in the developing countries. You have a linkage between the economic crisis, the food crisis and the climate crisis. And it makes it very difficult to address it by solving only one crisis.

Why is this important?

As a Catholic organization, we highlight this as a matter of justice. It used to be believed that financial reform was for the experts. Now with this crisis, what we have seen, first, the experts didn't really know what they were talking about. And second, the poorest countries were really the ones suffering.

The poor countries should have a seat at the table because ultimately what is decided is going to affect (them). This is right from a justice perspective.

And for effectiveness, from the local level, we have the need for ownership by all of the countries. If you have ownership, the reforms stay. The same thing on the economic level. If you try to effect the reform from the top down, the reforms may not stay. A joint response to the problem generates more sustainability for the outcome.

What was the role of CIDSE in these meetings?

We were there at the conference, building coalitions with various organizations. Our main goal was to provide some assessment and make some public presentation of what the conference achieved and messages about what was happening, what was important for our constituencies and the general public.

In part we wanted to highlight Catholic social teaching ... because we do have some faith-based basis on which to build our position. We bring the Roman Catholic perspective to the situation and what needed to be achieved at the conference.

How do the results from the U.N. conference lead into the G-8 summit July 8-10 in Italy?

I am not sure. My feeling is that the agenda for the G-8 is very much set, usually by the host country. And usually the host country likes to play up what are their pet issues into the agenda. It seems to me we're not going to see a lot of discussion on the issues discussed at the U.N.

I imagine some of the messages that appear from the conference might appear in this (summit's concluding) statement. I don't think the perspective we saw (at the U.N.) will be the one that will be served at the G-8 meeting.

What can the leading economies of the world do to help developing nations and the world's most vulnerable people?

I think there is one clear area that was pushed in the U.N. conference. If there was political will it could be achieved. The political will has the use of the Special Drawing Rights of the International Monetary Fund. It could play a role as a development and financing tool.

Special Drawing Rights is a special reserve asset the IMF issues. Countries that receive it can actually swap it for any currency. So if you are a country in need of dollars for example you can use the SDR and exchange it for dollars that you borrow. If you had to get those dollars in the market it would cost you more. So you pay a limited interest rate.

The problem is the ... richest countries would be getting most of it. This is not the purpose. There is no reason why the U.S. would need them. The discussion going on is if the SDRs would be allocated on the basis of need.

Could they do it?

This is something they can do tomorrow. They could decide if the SDR is allocated on the basis of need and the interest rate is going to be waived for the poorest countries.

The other thing they could do ... (develop) a global economic council within the U.N., to have a more democratic and representative body to discuss economic issues. ... They could establish an institution within the U.N. ... that could be more democratic.

The other thing I think would be very important is a debt moratorium for three years. In the meantime, while that moratorium is being enacted you could have a discussion for a framework to solve the debt dispute. This is really a big problem that we're going to see developing. You have a situation where countries are borrowing extra ... in a situation of crisis when deficits tend to increase and for the first time in 60 years there is going to be a contraction in world trade. You think about that, the debt crisis we saw in the 1980s is nothing with what is going to happen. At the last crisis in the '80s you didn't have a contraction in world trade ... which means countries cannot raise revenue through foreign currency.

This is going to be an explosive situation and we have to develop a mechanism to develop an orderly exit from that situation.

Archbishop Celestino Migliore, apostolic nuncio to the U.N., discussed some of the concerns the Vatican has about the global economy and dire poverty around at the world at the U.N. conference. Do you think the concerns will be heard?

I really hope so. I hope people will pay attention. If the G-8 is taking place in Italy, one hope there is through some formal channels that what the Vatican says will enter into the discussion.

The Vatican could play that role even more importantly. No matter whether it is heard or not, it is important that the church does that. If the G-8 doesn't hear it, it will be heard by other countries. I really hope that the message will come out strongly.

Pope Benedict XVI, in his World Day of Peace message this year, urged the world to develop a "strong sense of global solidarity" between rich and poor countries. How do we accomplish that?

I think there's a lot of work that needs to be done to raise awareness about the interconnection of the developed countries with all economies. This is where we talk about sustainability in the environmental sense. We need to see all of this together, the food issues and water crisis. This is important because it has to do with the climate. It has to do with the agriculture, with the capacity of the earth to continue to feed 9 billion people.

I think the results of maintaining an unsustainable lifestyle in the North will eventually catch up with all the people in the North. ... And we're going to be forced into solidarity (with the people of the world) in a more dramatic way than if we realize it now and we prevent the worst from happening.

Any final thoughts?

The sense of urgency. The G-8 has made commitments that they haven't fulfilled. We had this understanding in the U.N. last week, but (the commitments) won't mean anything if they aren't carried out. I really hope this happens soon. We cannot afford to find out in five or six years that what this conference at the U.N. agreed to is not happening.

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