

BANKING ON KNOWLEDGE

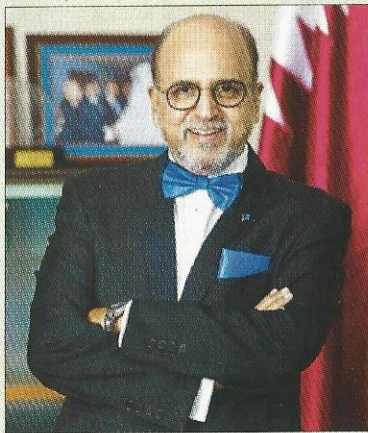
Will this IMF-World Bank meeting provide roadmap to resolve key global issues?

By Dr R Seetharaman

The annual meeting of IMF and World Bank Group is going to be held this month in Washington DC. Some of my areas of interest which are expected to be discussed at this meeting include the future of globalisation, the future of work, rise in sovereign debt vulnerabilities, systemic risk and macro prudential testing in banking, trade development linkages, harvesting for tomorrow and economic and financial issues related to the impact of climate change.

The future of globalisation is also expected to be discussed. Globalisation is widely perceived to be at a crossroad. Its long-acknowledged benefits to economic growth, poverty reduction, and consumers' access to varied goods at lower prices, have given way to growing public scepticism out of concerns of job losses, de-industrialisation, and inequality.

Such a scepticism has been aggravated



by a string of international financial crises that have heightened unemployment and public debt in many countries in recent years, as well as by concerns about loss of national sovereignty and homeland security, all of which help fuel anti-foreigner sentiments.

The future of work is also an interesting area. The new economic forum will focus on the future of work from three areas. First, technological innovations that will bring about changes in our work, places and labour markets. Second, the socioeconomic impact of technological innovation. Lastly, the skills and education necessary to adapt to change and how to design policies that respond to change while ensuring sustainable and inclusive prosperity.

As the global economic recovery is still modest, the rising vulnerabilities on sovereign debt in developing countries will also be discussed. The recent rise in sovereign debt vulnerabilities in many developing countries merits attention, especially in the context of a new creditor landscape and rising shares of domestic, non-concessional and collateralised debts.

On the financial services sector, the systemic risk and macro prudential stress testing is an area which received



attention. The global financial crisis has placed the concept of systemic risk at the centre stage for the guardians of financial stability. While efforts by central banks and regulatory authorities since the crisis have led to groundbreaking advances in identification and measurement of systemic risk, less explored is the use of these measurements in implementing policy.

The global trade has witnessed challenging times, and discussions on macro trade development linkages will also be an interesting area. Lower trade barriers and greater openness to trade have been historically associated with higher income growth in many countries, but this relationship has not

been foolproof. Should we expect large emerging market economies to take the lead in the trade liberalisation agenda going forward?

In relation to food security, a question is coming up as to who will grow tomorrow's food? Global food demand is projected to skyrocket in the future, creating vast job opportunities in food production, transformation and marketing.

With low access to land, finance and knowledge on the one hand, and the pull of urban lifestyles on the other, farming is indeed a hard sell for many young people.

Yet, other trends give reason for optimism: in surveys, younger generations express a thirst for innovation, private entrepreneurship and meaningful work.

Younger generations care much more about the quality, sustainability and provenance of the food they eat than their parents do. And many are drawn to technologies that have the potential to break new ground in food and agriculture.

The 'economic and financial issues related to the impact of climate change' will also be discussed. The discussion will focus on the key economic and financial issues related to the impact of climate change, including systemic financial stability risks from climate change, regulatory perspectives on green financing with industry perspectives, and measuring the social cost of carbon.

As various topics are going to be discussed at this annual meeting of IMF and World Bank Group, it needs to be seen whether it can provide a roadmap to address the key challenges faced by the global community.

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