



Forum for the 21st Century on Global economic issues

Notes:

-  In the era of global financial and economic crisis, the global economic environment is changing at considerable pace. Both the countries coming out economically stronger than ever and the ones being affected substantially can be observed. At times, the backbone of rapid economic recovery lies in instruments that hinder the recovery of other countries.
-  Throughout the world, there are still many countries which are, almost exclusively, reliant on help from the developed countries. Unequivocally, the UN Millennium Goals are not being fulfilled at expected rate. That being said, it is essential to come up with new impulses of development that will help diminish the poverty in the least developed countries.
-  One of the global development issues is the “brain drain” phenomenon. In many cases, people educated in their home countries free of charges, leave without the home country being compensated for the resources spent on the education itself. Therefore, it is necessary to implement rules that would permit developing countries to recoup the resources spent on the people who leave the country and do not contribute to the its gross domestic product after benefiting from the free education.
-  Despite significant progression in eliminating barriers of world trade, there are still many measures which, besides hampering maximization of effectiveness in the world merchandise exchange, do not allow attaining the most effective distribution of labour on the worldwide scale based on the countries’ comparative advantages and thus penalize the countries exporting with less favourable terms of trade.
-  The global dispute over the depletion of conventional sources of energy does not provide enough space for those who oppose pessimistic scenarios of future development. Redirecting resources and scientific capacities into economically and ecologically sustainable and more profitable sources of power is fundamental.
-  US dollar slowly loses its dominant position as the world’s reserve currency. Consequently, it is necessary to look either for alternative reserve currencies or for an entirely new system of preserving countries’ national wealth.
-  International bank system has recently reached the stage where no relevant control can be done and the flow of money almost cannot be followed and verified. That being said, setting up new rules of the bank system is needed so that generating virtual money uncovered by real values, and thus creating bubble economics, will no longer be feasible.
-  Finding a way to protect small and economically weaker countries against speculative attacks on their currencies and hence their economies is essential. Forum for the 21st



Century recognizes the pressing issue of improving legal ways of protecting national economies against such actions.

Proposes:

-  In the time span of seven forthcoming years, the tariff restrictions on agricultural products import from the developing countries should be removed completely. Already benefiting from extensive subventions (doubled in the case of EU member countries), agricultural production in developed countries holds twice the advantage on the world markets. As the world food prices soar, Forum considers the suspension of subventions and removing tariff restrictions as one of the most reasonable ways to stop the steep increase in food price levels that endangers the already troublesome access to nutrition in the poorest regions of the world. Furthermore, it would provide developing countries vital incomes to spur their progress and at the same time cheaper food in developed countries.
-  Of the main imbalances present in the world economy, Forum finds China's long-term trade surpluses and, on the other hand, US trade deficits the most pressing one. Yuan, China's national currency is considerably undervalued compared to US dollar. Taking this into consideration, it is apparent that China's exports hold unfair advantage in the world trade. Moreover, the amount of Chinese monetary reserves in US dollars creates the unprecedented situation when the exchange rate of the main world reserve currency, that US dollar still remains, could be significantly influenced by the economic policy of China. Therefore, Forum suggests that China, as well as some other Asian countries, namely Japan and South Korea; stop intervening in favour of keeping the exchange rates at artificially low levels.
-  Forum for the 21st Century recommends that, in the global dispute over the sources of energy, greater space is given to scientists who oppose pessimistic scenarios concerning the depletion of conventional sources of energy. Existing scientific studies, which question the pessimistic scenario accepted worldwide without contradicting voices being heard, provide us with a different perspective regarding the future use of energy resources. Using financial resources and scientific capacities to further improve efficiency of already existing facilities is substantial. Funding the development of alternative sources of energy should be done based on both environmental and economic arguments. Forum regards reopening the debate on the use of nuclear energy highly essential. Thermal energy should be taken into consideration as a cheaper alternative to solar and wind energy, where possible, as well.
-  With its value falling due to the long-term Federal Reserve Fund inflationary policy, the unique position of US dollar slowly but steadily deteriorates. Forum proposes that the use of the International Monetary Fund reserve currency shall be augmented. SDR



currency basket should be composed of five currencies belonging to the countries with the highest share of the world trade, strictly in the proportion equal to their respective shares. The second alternative is the return to the gold standard where the new money could not be printed by central banks unless adequately covered by gold. This would stabilize exchange rates around their real values and stop the widely adopted countries' inflationary policies leading to losing control over their currencies.

- According to Forum, the "brain drain" phenomenon is, amongst many other issues, one of the most common that hamper the progress of developing countries. Often, individuals benefiting from the free education in their home countries leave in pursue of better careers. However, countries have currently no means to recoup the funds spent on professional growth of such individuals. To counterbalance drawbacks caused by the brain drain phenomenon, Forum recommends the adoption of measures that would guarantee the return of funds invested in education of individuals who do not contribute to the gross domestic product. As a possible solution, Forum proposes legal precautions, which would ensure that either the individual or the country of destination would refund the money spent on the individual's education, to be taken.