

“GLOBAL CRISIS IMPACT: VIEW OF CIVIL SOCIETY”

First draft

**(Civic Chamber of the Russian Federation,
China Economic and Social Council,
Council for Economic and Social Development of Brazil,
Economic and Social Council of Greece,
European Economic and Social Committee)**

I Global Civil Society and the global crisis: new challenges and new solutions

1- Global Civil Society – a new actor of global decision-making

The global crisis has strengthened the idea of construction and reconstruction of a democratic state, being based on a model of governance that seeks balance between the state, civil society and market. The attempts to implement the market driven economic models – as well as other tools proposed by international credit organizations to boost economic growth – were weakened by the social pressure for the state to open up to the demands of the citizens, among them participation in the definition of the path of national development.

A definition of the term “civil society”: Civil society is a collective term for all types of social action by individuals or groups that do not emanate from the state and are not run by it. The participatory model of civil society also provides an opportunity to strengthen confidence in the democratic system so that a more favorable climate for reform and innovation can develop.

Global Civil Society is a new subject of decision-making in global relations. In most countries there is a set of civil society structures including business associations, professional unions and other non-governmental organizations. These organizations have become players or actors in national governmental, economic and social relations; their representatives in economic and social councils and similar institutions are involved into elaboration and expertise of governmental decisions.

Nowadays Global Civil Society is accepted to be polycentric, with complete unity of national and international forms of self-organization. The active role of social movements has been instrumental in the cultural transformation that expanded the political space and questioned the ability of representative democracy to recognize the diversity of specific agendas and identities, the plurality and the differences existing in societies. In this sense, we have experienced situations in which society and the state have shared responsibility for the formulation, implementation and monitoring of public policies.

Recently, the emergence of movements demanding a new governance model was noted in many countries. The model is to be based on patterns of coordination and cooperation between multi-actors. The patterns include traditional mechanisms of aggregation of interests, such as political parties and pressure groups, and informal social networks, hierarchies, and associations of various kinds.

Social dialogue, strengthened at the international level in recent years, has shown the capacity to produce knowledge and alternatives that, enhancing the potential of groups and individuals, favors the convergence of ideas and suggestions on structural issues and the removal of barriers to building a sustainable development project. The spaces for social dialogue have demonstrated their value in clarifying differences, in building new syntheses, in triggering transformations, in pointing directions and in designing the future.

The Global Civil Society views on crises are influenced by positions taken by various national and international civil society organizations faced with specific agendas and challenges. Moreover, with a current crisis of confidence in governments, typical of various countries, civil society is able and is called to take responsibility for the crisis challenges. It can be stated, that governments will not be able to overcome the challenges without active involvement of civil society. For the first time ever is the modern global crisis to be overcome with Global Civil Society being significantly involved.

International cooperation of civil society structures is being developed. Economic development councils and similar institutions constitute a privileged space for placing the debate on national development strategies, linking social and political actors and seeking convergences and agreements. These councils, as a representation of Global Civil Society, articulated by the International Association of Economic and Social Councils and Similar Institutions (AICESIS), can become a major player in global decision-making.

AICESIS is an important channel for expressing the views of Global Civil Society. Crisis poses new challenges to Global Civil Society. Capacities of self-organization are declining; social tensions – class, ethnic, confessional, international – are being aggravated.

However, crisis gives rise to new opportunities as well as new demands and new claims for civil society. The demand for self-organization increases in fields where governments fail.

The civil society organizations (CSOs) are leading players in development in their own right and they should play the same part in cooperation policies. They need to be involved in drafting, implementation and monitoring of cooperation policies and programmes. They should be among the strategic bodies providing funds.

Demands for equity and solidarity, values typical of civil society, are becoming more precise and clear. National authorities are increasingly ready to cooperate with civil society and becoming less arrogant. These factors enable Global Civil Society and its national echelons to move to a new level of development and influence, to turn into a significant actor of global problem-solving.

The Economic and Social Councils (ESCs) statutory tasks focus on social and employment protection and various forms of support for public policies (conception, implementation, evaluation). These constitute the core mission of the ESCs. The main interfaces between economic and social considerations highlight the issues of employment and protection of individuals and social groups, particularly the most vulnerable, as being the focus for public action and the foremost concern for civil society.

As institutions that are committed to working towards sustainable economic and social development and that also offer an appropriate framework for social dialogue, ESCs have included decent work and social protection on their agendas as key areas of concern that determine their order of priorities and their efforts towards much broader involvement of organized civil society networks.

Global Civil Society is increasingly becoming a subject of international affairs. Enhancement of this subjectness is explained by the elaboration of common approaches to key problems of global development. The Global Civil Society position is to cover the generally accepted global agenda.

The present Report is a part of the mission.

On the other hand, Global Civil Society's becoming a subject of global affairs implies its involvement into decision-making of multilateral institutions that deals with key global development issues. The AICESIS-ECOSOC dialogue is an important component of such involvement. The next logical step is entering into the dialogue with G20, the leading structure taking part in solving global problems. The solutions adopted by G20 have a great impact on economic and social living conditions of Global Civil Society. The dialogue, reflection of society's interests and understanding of the specificity of these interests are an important factor for enhancement of Global Civil Society's subjectness.

A new actor emerging within the structure of global dialogue encourages responsible decision-making in favor of majority.

2- The specific vision of global problems

The sustainability of global development, and of countries in particular, depends on policies and initiatives that articulate, in intrinsic and interdependent ways, environmental, social and economic elements, taking as the basis for decision the political, ethical, cultural and legal dimensions and equity and fundamental freedoms for all as core values. Today, more than ever before, it is vitally important that we adopt a new development model that focuses on people and addresses their real needs. Key priority is to provide responsible policies that will face security challenges of the 21st century and ensure a better quality of life for every citizen.

Problems faced by many developed or developing countries point to the understanding of a systemic unsustainability of current patterns of economic and social development.

Observable elements of such patterns are:

➤ The real risk of poverty for people in developed and developing countries. The at-risk-of-poverty rate is the share of people with an equivalised disposable income (after social transfer) below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers. We need to note that in developed countries apart from the overall risk of poverty, there is also the risk of poverty for people at work (unemployment, disadvantaged people, etc);

➤ Increasing inequality between countries and between people: considering the current crisis, there is a prospect of increasing world population living in absolute poverty (UNDP) – currently more than 20% - which means growing food insecurity and hunger, precarious work, diseases, wars, drug trafficking and other problems that have marked the daily lives of entire populations.

➤ Deforestation, water, soil and air pollution have worsened, and influencing the increasing and the intensity of weather occurrences, shortage of arable land and potable water, and biodiversity loss.

➤ Global financial and economic crisis, which affects and will continue to affect the economies in the coming years, leaving a trail of increasing global unemployment, and restricting access to social rights, generating uncertainty about the future, especially among young people and vulnerable social groups.

Nowadays the range of views on global agenda lack Global Civil Society's vision. A compound mosaic of views typical of supranational institutions, international organizations has

been formed. Civil society networks have become important players in international politics. Networks such as the World Social Forum provide a broad and diverse environment for discussion of global agenda issues and an opportunity for citizen mobilization.

Global Civil Society has its own quite specific vision. The vision is significantly different from the 'from above' vision, typical of intergovernmental and elite structures. The Global Civil Society vision is an opinion coming 'from below', based on analysis of economic and social aspects of living conditions, formed by civil society organizations, labor unions, employers' associations, different economic and social organizations. This vision serves to reflect the specific interests of Global Civil Society. The participation of intellectual, highly-qualified experts allows to carry out analysis at the level of professional dialogue with intergovernmental and elite structures.

3- The focus of the Report

The focus of the Report is defined both by the interests of Global Civil Society and the global agenda set by the mounting global crisis. The agenda has been described in reports of leading international organizations and recognized experts.

The objective is to develop a comprehensive diagnosis of the global crisis in its multiple dimensions, from the point of view of organized Global Civil Society, represented in AICESIS, and present to G20 a common position, which would be concrete and proactive towards construction in the post-crisis context of a new distribution, consumption and production model, which is to be more sustainable, equitable and participatory.

The Report is focused on global changes and their consequences, influencing the interests of the majority; measures to be carried out to react appropriately to the anticipated changes.

II- Crisis and a post-crisis world

1- New global order and changes in economic disposition

The international economic and financial crisis that erupted in 2008 in the U.S. mortgage market and expanded for the rest of the world becoming systemic, produced major changes: opened the way for construction of a model that represents a break in emerging economies with the hegemonic model; simplifications concerning the dichotomy between state and market attitudes have given way to common sense, pragmatism and the search for a balanced environment. In some ways, to innovate in politics was legitimated.

The development of global financial market during the pre-crisis period provided conditions favorable for intensive growth, mainly, in the countries with developing markets. In developed countries these financial resources set up a basis for venture investment and 'high technologies'.

One of the obvious aspects of the global crisis concerns large-scale secondary financial instruments – derivatives. In 2011 the assets of 50 largest banks of the USA had derivatives exceeding other types of assets by 51 times. Before crisis the same index was by 31 times. But 'financial bubbles' were caused by real disproportions in world economy, mainly, in balances of payments and savings creation and management. Considerable savings, achieved by economies

with a surplus of accounts and a positive budget balance, were transferred to the countries-debtors, which are nowadays as follows: the USA, Japan, most countries of the EU. Financial resources were allocated among countries with developing markets, where they were invested, mainly, into production, as well as among European countries, where they were invested into the instruments of national debt to cover social programmes.

The volatility of commodity prices is a key issue to be addressed and for which there is no easy solution in sight in the current crisis scenario. The idea is not to control prices, but to give greater transparency to financial instruments.

One of the urgent challenges of modern development is a search for balance between the necessity to develop financial markets, drivers of economic and technologic growth, on the one hand, and the reduction of impact of 'speculative capital', separated from the real sector. The challenge of overcoming 'casino capitalism', which is not restricted either by financial nor by social responsibility and that inevitably causes 'financial bubbles', requires active involvement of civil society.

The global disposition is changing. What arises is an order where the new emerging countries, on their way to become global players and therefore protagonists in the world scenario, will be those with a strong internal market, abundance of natural resources such as energy, gas and oil and with the possibility of producing a large amount of food. The existence of a modern industrial park is an aspect of great relevance as well.

The crisis revealed the existence of a new world economy dynamics where the inclusion of emerging economies in the political-strategic context of prevailing economies such as the United States, Japan and the European Union plays an important role. The need for a more active state in the process of smoothening economic cycles and in the field of regulation of the international flow of goods and financial services became clear. GDP in the so-called developing and developed world is getting equal. In the near future the developing world is likely to exceed the developed one in investments. The next step is GDP.

Nowadays budget deficits in developed countries can't be covered by savings inflow into financial markets, as previously. Governmental regulation in developed countries has been reduced to a primitive quantitative easing monetary policies, as well as preventing bankruptcy of companies and banks to avoid the 'domino' effect with uncontrollable consequences. No other way out is considered to exist.

We are faced with the threat, that the reduction of general economic growth will be followed by global scale inflation. The only way to solve the problem with national debts in long-term perspective is to devalue them by means of inflation. At the same time inflation is a strong social factor, tax, imposed, mainly, on poor people, poor countries and poor social groups.

In the context of crisis contradictions between the economic growth maintenance, on the one hand, and the fulfillment of environmental programmes and transitions to sustainable development models, on the other hand, are increasing. Reduction in growth rates leads to social tensions; less attention is paid to environmental issues; the result – aggravation of current problems in local communities and long-term barriers to development.

In view of the rise of new global economic powers and the impact of the international economic crisis, it is more important than ever for the EU to give itself a new, more unified and assertive framework for its external activities, in order to secure an adequate, fair and sustainable opening of markets, raise the normative standards on the basis of the relevant rights involved,

foster multilateralism and dialogue with key partners, and create a mutually beneficial area of progress that also includes the Mediterranean region and Africa.

Besides, it is to be taken into account that different international organizations tackle certain aspects of crisis (trade, mainly, protectionism, financial flows, etc.). But in global dialogue there is a lack of complex crisis consideration, including its institutional and political dimensions. An appropriate forum for political dialogue and decision regarding the social and economic impacts of global crises is relevant and it cannot ignore the voice of Global Civil Society.

2- Crisis definition

The modern global crisis has resulted from the following factors:

- Outburst of speculative capital supported by the ideology of liberal fundamentalism, restricted neither by international nor by national regulation of advanced economies.
- Irresponsible financial policy carried out by a number of developed countries, with the budget, social, and ecological policy being separate from real economic potentialities and from the level of their competitiveness.
- Incompliance of the previous globalization model based on general distribution of westernized institutional models with specific tasks of national development, historic and cultural traditions of various countries. This incompliance reduces efficiency of national institutions, leads to their dysfunction and, as a result, to social tension.
- Changes in global economic disposition, turning former leaders of global economy into the net capital importers depending on capital inflow from net export countries, financial speculators, quantitative easing monetary policy carried out by leading central banks.

3- New technological trends

A new technology wave will determine on the global economy. The previous wave, based on consumer electronics, is steadily passing.

Three components typical of the new technological wave seem to be certain:

- First, creation of new materials that substitutes rare and very expensive natural resources.
- Second, change in energy structure. The share of renewable power generation will undoubtedly increase but still it is too expensive to solve energy problems in developing countries; both developed and developing countries must continue on the track to enhance participation of clean energy sources in their national energy matrices. The significance factor would be the progress of nuclear energy in upcoming decades.
- Third, technologies focused on health and longevity. We need to emphasize the link between the new technological wave and demand for the human capital. Some different groups will create high demand for the services oriented on health and longevity. As a result, we need to develop new technologies to satisfy such demand.

4- Globalization of energy markets and energy efficiency challenges

There is a clear pattern of interaction between production and consumption, and a given distribution of income and wealth. The current process of climate change debate raises questions about the viability of the current model of economic development based on intensive use of fossil fuels, non-renewable energy and natural resources. In this context, considering the impacts resulting from climate change and global warming, we need to rethink the development model of countries, changing patterns of production, distribution and consumption, moving towards a green economy with low emissions of greenhouse gases.

This new economy must be based on the vital links between economy, society and environment. Processes should be transformed, contributing to reducing the use of resources, energy and materials in order to diversify the economy, while generating green jobs and promoting income distribution.

As such the directives are to:

- Encourage the formation of productive sustainable agglomerates (industry, commerce and services) consisting of strategic groups of companies, in which waste and unused energy can be reused generating new goods and services and contributing to reducing emissions of waste and environmental liabilities.
- Intensify efforts in the area of energy rationalization in the transport sector as a whole.
- Encourage the creation / expansion of sustainable market for energy efficiency adjusting regulatory frameworks and implementing modern mechanisms for the commercialization of energy efficiency.
- Incorporation of renewable energy to the energy matrix and encouragement of energy cogeneration from biomass.
- Improve processes in carbon-intensive activities in industrial and agricultural sectors and services aimed at lower emissions of greenhouse gases.
- Disseminate the concepts and proposals for green jobs and sustainable buildings within the public administration, private sector, entities representing workers, educational institutions, CSOs, ESCs and mass media.

The proposed changes require strong public policy measures and the creation and modification of rules, laws and institutions to provide safety and soundness to the new government's actions and to partnerships with civil society and the private sector.

5- Reforms of global financial system: civil society demands

The global monetary system, based on floating exchange rates, is characterized by constant and drastic currency fluctuations, driven by speculation. This situation is extremely damaging to the world economy but could be corrected by means of an agreement on policy between the central banks of the main industrialized countries. Under this agreement, the banks would agree to take joint action to determine whether one currency should be forced too far up or down in order to keep exchange rate volatility within reasonable limits.

The internationalization of the financial system has changed substantially the nature and determinants of world economic dynamics: the combination of deregulation of financial markets and financial innovations – such as securitizations and derivatives – the free mobility of capital, volatility of interest rates, and the “currency wars” have, on the one hand, limited the action of domestic macroeconomic policies and, on the other hand, been responsible for both type of crises: balance of payments crises and liquidity and solvency crises in emerging and advanced economies.

Measures to restore stability of the Global Financial System cannot be delayed. It is fundamental to seek a consensus on how this system should be restructured and regulated.

The lesson of the current crisis is not only that the action of national states is essential to prevent or remedy the disasters, as it is necessary, especially in critical moments, greater global coordination between the different national policies, particularly for the major developed countries.

The persistence and deepening of the crisis in many parts of the world seem to indicate that it is necessary to preserve the autonomy of monetary and fiscal policies of countries so that they can provide paths for sustainable national economic growth. Gradual fiscal adjustments with growth are needed.

Many CSOs that act globally have argued that the main tasks of reforming the global financial system are as follows:

- to increase stability, to make it significantly less dependent on speculative activities, to link in a higher degree the decisions of the financial system's actors to fundamental indicators of national economies, state and private companies;
- to move towards a greater predictability, to assure possibilities for developing economies to finance their realistic long-term and medium-term strategies;
- to create conditions for maintaining structural changes in economy at global, national and local levels; for implementing large-scale technologic projects assuring economic growth and transition to sustainable development strategies;
- to engage organized civil society in supervising the financial activities of national and international markets. It can also play an important role submitting to G20 a strong recommendation toward the improvement of global governance that may lead to changes in multilateral institutions.

A new global financial system (including, above all, effective regulation of the banking system, as well as hedge funds and private equity businesses) must facilitate the development and provision of sound financial instruments which support the real economy and are also of benefit to citizens.

There is still a need to adopt a system of rules that, whilst allowing the free movement of capital, also introduces a system of supervision and penalties to prevent any recurrence of the negative impact of an uncontrolled system. Eliminating tax havens, banking secrecy and some of the perverse mechanisms of the past connected with speculative instruments would help achieve this. We need to return to a distinction between retail banks and investment banks.

6- Development and growing influence of Global Civil Society

The necessity of a greater engagement of Global Civil Society as a relatively new actor in resolving urgent problems of global development are determined by specific features of its positions and capabilities:

- Global Civil Society is the main beneficiary of a stable world economic development that enables growth of human and social capital at global and national scale, implementation of citizens' political, social and economic rights. Global Civil Society's interests in the context of global stability is a prerequisite for its significantly greater engagement in facing global challenges.
- Civil society institutions uniting socially active citizens are capable of accumulating positive institutional initiatives and proposing solutions that would meet development imperatives as well as specific conditions for implementing relevant projects.
- Civil society institutions are not subject to restraints caused by national electoral cycles and conjunctural business interests. They can provide social support for elaboration and implementation of medium-term and long-term strategies embracing a large spectrum of social interests.
- Civil society institutions are able to form broad social coalitions exerting social control over efficient use of resources assigned by international and national institutions for development programmes.
- Isolating CSOs from real participation in elaboration and implementation of development programmes and forming the institutionalized framework corresponding to civil

society's interest decreases civil engagement and social control, raises opportunism and reduces chances for success of development programmes.

These features of civil society determine the necessity to engage its representatives in a reform of the global financial system and relevant negotiations. Their engagement should help interested parties aimed at a balanced long-term development strategy to reach mutually acceptable compromise.

III- Global crisis impact on economies and regions of the world

1- A shift in development trends. New dimensions of development. National and multinational strategies for a new standard of living and sustainable development

A deliberately emerging new model of globalization which is capable of replacing the previous one based on spreading universal economic and social institutions is a considerable challenge. Theoretically and practically we know the modernization is not equal to the westernization. Moreover, thorough scrutiny shows that the most successful countries are those that can build their own specific models of development. Models can resolve their specific problems. Models based on specific national resources and growth opportunities. The old models are in process of substitution by the new ones founded on the diversity of growth patterns. New models rely on specific institutions with due account for national and cultural peculiarities. Institutions lacking historic and cultural roots are not efficient, and we are increasingly aware of it. History and culture are meaning again.

It is no longer possible to propose production and consumption models which reproduce the current models and that do not contemplate the issue of distribution and availability of natural resources.

The question of the finiteness of physical resources is already a reality. We live in a time when the global consumption is already more than 30% beyond the possibility of planetary replacement; it has been lost more than 30% of the total biodiversity. It is time to consider the consequences of the world population moving from 7 billion of individuals currently to 9 billion, at least by 2050. And that will require food production – to stay in a single item – a 70% increase. Not to mention the billion people who go hungry and 40% of humanity who still live below the poverty line.

It is necessary to restore and enhance the capacity of countries, based on their cultural, social, economic and environmental specificities, to formulate national agendas to guide actions aimed at sustainable development.

Global segmentation into 'long living' and 'short living' is a serious challenge related to the new technologic wave and the threat of burdening access to new health and longevity technologies. This potential segmentation is a new source for injustice and social tension.

2- New standards of competitiveness. Human capital as a crucial resource of development. Favorable investment climate

Nowadays human capital becomes a key factor determining competitive conditions. Countries accumulating highly qualified human capital at reasonable expense are able to attract

financial resources into their economies, predetermine rapid development. Struggle for good price-quality ratio in human capital along with increasing budget restrictions is a key element of national strategies.

Education is a priority – it is a structural cog of development, a vector to unleash creative and innovative potential. It is also an enabler of the cultural construction of a new standard of living in society and a new way of interacting with the environment. It is relevant and strategic to relate the concepts of education with knowledge society.

National efforts to promote education are at odds with the economic system dependent on global market fluctuations. Firstly, the growth of unemployment among educated and active youngsters runs to escalation of social tensions. Secondly, give the emigration of educated and active youth – “brain drain”. It means subsidizing developed economies by developing economies on expenses on education of high-skilled migrants. National strategies need methods to tackle “brain drain”, linked to the necessity of acting locally on education and innovation, in order to avoid the drain of brains.

The guidelines in the direction of guaranteeing new patterns of competitiveness and a favorable climate in the context of sustainable development are as follows:

- Strengthen the role of the state as a promoter of development, by means of integrated sustainability policies, managing economic policy tools – foreign exchange, interest rates, the public funding system – having strong public and private companies, planning capacity; a social protection system, involving education, health, housing, welfare; and an appropriate environmental regulatory framework.

- Promote the generation of decent work opportunities and ensure a fair transition, requiring social protection policies and active labour market policies to fill gaps in the transition to green jobs. Ensure professional education and impact assessments of projects and works aimed at the adaptation and mitigation of climate change in terms of job creation, thereby strengthening the institutional capacity of agencies involved in managing such policies.

- Through financing, tax and credit systems and a favourable regulatory environment, foster the transition to a green economy, with a production structure requiring fewer non-renewable resources, generating fewer negative externalities, striving for efficiency, reuse, recycling and reducing the use of raw materials.

- Support the expansion of local markets and supply chains, entrepreneurship, associations, cooperatives and sustainable harvesting.

- Implement actions for the preservation, restoration and conservation of natural resources, to increase the environmental quality of ecosystems and the progressive reduction of deforestation in national biomes. Earmark incentives and / or compensation to human activities related to restoring, recovering, maintaining and improving ecosystems that generate environmental services.

- Implement policies and actions that promote the reduction of race, ethnicity and gender inequalities, and enable the full involvement of traditional communities (indigenous, slave-descendent and riverside communities, extraction workers, family farmers and fishermen) in the sustainable development process. Ensure the protection of native-national lands.

- Implement tax justice, while respecting the principles of a progressive, simplified and non-cumulative tax system, focusing on correcting inequalities, stimulating production and productive investment, and remaining attentive to environmental issues as important vectors in building tax incentives.

- Encourage agricultural practices and technologies aimed at conserving natural resources – agro-ecology – and prioritize the adoption of policies in favour of food and nutritional security, and the eradication of hunger and poverty.

➤ Foster coordination between governments and civil society, to ensure social cohesion and governance of sustainable development agendas, as well as the sharing of responsibilities and social control over the implementation of policies, programmes and projects.

3- Sources for implementation of development programmes

The struggle for financial resources is an urgent issue for developing countries. The problem is to create infrastructure for capital inflow into these countries, including internal savings. The result of this competition inevitably leads to changes in social structure and defines gaps between social groups. Social contradictions in the context of aggravating competitive struggle will be large-scale.

With slowing global growth, emerging countries maintain their growth potential while advanced economies are likely to encounter a new wave of crisis, recession and stagnation. The situation in the United States is more favorable than in the European Union. Such position will rest the same for a long time due to the sovereign debt system.

There is a certain exhaustion of growth strategies such as “export-led growth” models. Growth strategies through expansion of mass consumption, coupled with growth of the domestic market, have been increasingly adopted by emerging countries. Social policies of income transfer, enhancement of the real minimum wage, vocational training, and formalization of work, among others were decisive for the success of some of these strategies.

Access to credit and financing, both in production and consumption sides, is essential for the generation of the virtuous circle of growth. In this aspect, when a country is endowed with public banks the financing of development can have strong support of the state, which is highly desirable.

Investment in infrastructure is also essential to support the implementation of development and improving competitiveness in the international market. Due to its structuring effect and the impact that radiates on all the activities, this area should be seen as one of the major strategic dimensions. Traditionally, here are included the sectors of logistics, transport, urban mobility, energy, communications, and water / sanitation, networks that need to be far reaching and universal.

In the field of innovation, governments should facilitate, integrate and accelerate the innovation process through regulatory frameworks, financing, public policies, etc. It is needed to ensure access for micro and small enterprises and associations of small enterprises to public resources, to finance investments in science, technology and innovation, especially in emerging countries, which must also share the knowledge for development.

It is also necessary to ensure resources for promotion of new technologies, products and services aimed at solving social problems: health, sanitation, housing, food security, mass transport, etc.

IV- Structural economic and social problems in developed and developing countries

1- Climate change and its economic and social effects

Climate change will affect many different sectors of the economy and many different businesses and individuals. It is important that there should be a wide understanding of these

impacts, and that everyone should feel involved in the implementation of the changes that will be necessary to handle these impacts. At present, public engagement with the climate change issue tends to focus primarily on what individuals, groups and organisations can do to help the mitigation efforts by the decisions they make in their own lives and businesses.

However, in parallel, it will soon be necessary for the wider public to address adaptation issues that may affect them, such as:

- where to live, work and take holidays in the light of changing climate patterns;
- how management of long-life trees and forests should cope with continuously changing climate conditions;
- what plants and trees will thrive in gardens in changing circumstances and how traditional landscapes can be preserved;
- how the distribution of health risks may change and what precautions to take;
- how our food and diets may have to be altered.

It will be important to keep the general public and the most affected groups fully abreast of the latest analytical understanding of these types of climate change impacts as they emerge, and of the further changes that may lie ahead. At the same time, the society and particularly the most affected groups will need help to be able to take adaptive measures within their own capacity.

The current global climate framework is challenging. Occurrences of extreme events such as torrential storms and melting perennials glaciers are becoming more frequent. Considering the fact that the impacts of climate change reach, in a more intense manner, the poorest portion of the population, we believe that the discussion should not be performed solely by the government, but also by scientific community and NGOs.

Civil society is a key player in national and international dialogue on climate change and its participation in debates and forums on this topic, as well as in related topics, should be considerably increased. Discussions and negotiations indicate that countries should take responsibility (common but differentiated) to reduce the emission of greenhouse gases since COP – 15 in Denmark. Therefore, the expansion of civil society participation should confer robustness and sustainability to adopted policies and ensure social control of the commitments made by the governments, private sectors and civil societies to tackle climate change and mitigate its effects.

All this without jeopardizing the sustainable growth of countries, poverty eradication, and the progressive reduction of economic, social and regional inequalities.

2- Green economy

At present the global economy does not work in a way that will deliver sustainable development. On the environmental side it encourages over-consumption of natural resources, allows pollution of the environment, and fails to prevent climate change; on the social side it allows pervasive unemployment and widespread poverty, poor health and lack of education.

Greening the global economy means reorienting the way it operates so as to deliver more sustainable outcomes. Other economic objectives need to be reassessed in terms of their contribution to sustainable development. All the tools of economic management need to be reset so as to steer the economy in a more sustainable direction.

In economic development hitherto, economic growth has been an important prerequisite for raising the general standard of living. This must remain a central aim in future, particularly for most developing countries, in which decent living conditions for all have yet to be created. A green economy is designed to decouple economic growth from negative environmental impact. It

must be an element in a sustainable development strategy aimed at qualitative economic growth that helps to eliminate poverty and social injustice whilst preserving natural resources for future generations. The transition to a green economy must be compatible with the fundamental principles of justice, cooperation and shared but different responsibilities.

The transition to a green economy should be a relevant issue for the agendas of governments and society. It is essential to promote effective action toward the expansion of the green economy and green job creation (which have as basic assumption promotion of decent work), especially in agriculture, forestry and environmental services, construction, recycling industry and new clean and renewable energy sources.

The new development model aims to create wealth by maximizing the potential to improve and expand agriculture, tourism, manufacturing, construction, and energy industries. The scale and complexity of the financial, social and environmental crises we face demand fundamental changes to our existing model of development. Green growth model respects the environment and sees it as a source of growth, rather than a drain on development.

We must invest in our competitive advantages: in our natural environment, in the creativity and intelligence of our people. Green Growth will, if changes in the production, distribution and consumption patterns also take place, make many countries more competitive in the global economy, create quality jobs, attract important new investments, create new business opportunities, and improve our quality of life. Green Growth will create a robust new production network that will generate wealth for the country, fiscal revenue for the public coffers, employment opportunities and opportunities for young scientists.

The three key priorities for Green Growth are climate & energy, the changing patterns of production and consumption and the conservation of natural resources, priorities.

We firmly believe that the transition to a model of socially and environmentally sustainable development will enhance the dynamism of the economies, by the necessary investments in infrastructure and sustainable technologies and social policies such as health, education, culture, sanitation, housing. This transition presents itself, then, as an alternative path to overcoming the current economic crisis.

3- Food security and food safety

It is a challenge to promote food and nutritional security in order to ensure social inclusion and access to food - in proper quantity and of proper quality – for all peoples. Poverty eradication is a crucial step in sustainable development processes. The challenge for emerging, less-developed countries is to grow, economically speaking, while distributing income and promoting social inclusion, reducing inequalities without sacrificing environmental resources and biodiversity.

There are twenty-two countries that, according to the Food and Agriculture Organization of the United Nations (FAO), are considered to be in protracted food crisis. Protracted crisis is characterized by recurrent natural disasters and/or conflict, longevity of food crises, breakdown of livelihoods and insufficient institutional capacity to react to the crises.

The global food crisis is a problem of distribution rather than production (global production is equivalent to over 150% of global consumption), and therefore requires a political and economic solution more than agricultural innovation. AICESIS recognizes that global food security will become further strained by rapid population growth. Investing intensively in

sustainable agriculture could give a unique and innovation-driven leadership position worldwide, with positive effects for the economy and employment, innovation and the competitive.

Booming economies of China, India and countries of South-East Asia need more food products as personal incomes rise but these countries are lacking fertile soil and fresh water. These two resources are critical for agriculture and they should be present at once on a territory. Unfortunately, a limited number of countries have both resources in abundance and thus there is a limited number of net food exporters that can considerably influence the world food market.

Many countries can't produce enough food even if they invest much in agriculture because they are lacking arable land or fresh water. There is a well-known saying: "Give a man not a fish but fishing tackle", but any fishing tackle is of no use in a desert.

According to the FAO, food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.

Household food security is the application of this concept to the family level, with individuals within households as the focus of concern. Undernourishment exists when caloric intake is below the minimum dietary energy requirement.

Globalization has made food markets international. Many countries depend on food imports. Global financial crisis brakes trade and payments balances and poor food importers suffer from global instability.

Civil society can improve the situation by stimulating government institutions to perform the policy targeted at production and more fair distribution of food.

Both food exporters and food importers can benefit from food production and trade. Exporters will have new jobs and economic growth in real sector that is important when financial sector is in crisis. Importers will insure food security, social stability and better human quality.

4- Access to the advanced technologies and modernized management

It is also crucial to improve the quality of public management orienting it toward results, providing it with a strong technological and information bases, organizational structures and adequate instruments. Mechanisms for following-up and assessing the state efficiency and effectiveness under the participative control by society are essential as well.

5- Poverty, global economic and social stratification

The eradication of poverty, and in association, the guarantee of food security and nutrition also present challenges for the least developed countries and emerging countries; to grow economically is needed, distributing income and reducing inequalities without sacrificing environmental resources and biodiversity is the way to sustainable development.

6- Non-official economy

The non-official economy is a challenge to combat unemployment and stimulate the formalization, considering that the world is experiencing a severe crisis and is in a process of fast technological change. It is needed to implement active policies to promote employment and productive inclusion. Guaranteeing of social security is essential to overcoming the economic crisis and sustainable development challenges.

7- Demography, social effects of demographic shifts. Youth unemployment. New challenges for national systems of social security

Concerning population growth and demographic shifts, it is necessary to strengthen employment programmes and policies with focus on youth, including youngsters playing a productive role in society, increasing the development potential and reducing the demand for compensation or emergency policies.

Young people face a much higher unemployment risk than adults. Youth employment revealed a declining trend over the last decade, the recent crisis made youth unemployment increase sharply and there is an at-risk group of young people who are neither in employment nor in education or training (NEET).

The barriers faced by young people entering the labour market differ between countries, as do the policy options to tackle them. Improving the labour market outcome for young people requires an in-depth understanding of country-specific issues. There are common trends however: policies promoting strong and sustainable growth are vital to give young people a fair chance in the world of work, and improving school-to-work transitions requires action on multiple fronts: education and training, labour market programmes, and labour market institutional settings.

The economic crisis and factors including globalisation, technological progress, demographic ageing and the gradual transition to a low-carbon and low-particulate economy have triggered rapid changes in the qualifications and skills required on the labour market, with strong growth in new occupations.

At the sectoral level, the recession has accelerated the ongoing employment shift from the primary and basic manufacturing sectors to the service sector, with forecasts of substantial reductions in employment in primary industry and farming, as well as expected job losses in the manufacturing and production sectors during 2010–2020. On the other hand, employment is set to rise in the service sector, especially in services to industry and market services. Increases are expected in distribution and transport, and in the hospitality, catering, tourism, health, education and security sectors.

8- Economic and social instability. Social sustainable development. New models of social governance. Civil society's participation

A fair transition to a new pattern of production and consumption, which combines economic growth with environmental sustainability has assured. The costs and benefits of transition to the so-called green economy should be distributed equitably, taking into account the existing responsibilities for the situation we want to reverse. For developing countries in order not to pay for solving problems that they have not caused, it is necessary to launch a comprehensive initiative to disseminate technology, both in regard to human resources training and licensing of intellectual property in a flexible manner.

Democracy, participation and social dialogue are essential for change and for the building of a more sustainable world in which prevails justice and solidarity.

The backbone of the national economy today, and the process of addressing the crisis lie not only in the strength of economic fundamentals, but also in the measures for social inclusion and income distribution, and it is revealed in the central role of its social protection system as main variable to inhibit the negative impacts of the crisis on the poorest of the population, while simultaneously avoiding significant drop in the level of economic activity.

The objectives of these policies are the social protection of citizens, however, as a consequence, they are generators of employment and income, and enhance the economy in that it stimulates the entry of new consumers in different markets, whether individuals or governments themselves, through government procurement and contracting services.

In this sense, the main recommendation to be taken to G20 is that old measures, those that inevitably lead to recessions, implemented to overcome past crises do not come to be suggested again by risk rating agencies and other multilateral agencies such as the IMF. The option for cutting social benefits, for constraints and increase unemployment has failed in the past. It is essential to bring to the center of the discussions, in both G20 and the IMF, the need of a transition to a new pattern of production and consumption with more equitable distribution of income and wealth and that attaches to social policies importance as generators of economic security for individuals and families, while being, at the same time, organic to the effort to maintain production, consumption and therefore the dynamic of the economic flow.

V- Global Civil Society's solutions to new challenges: "corridors of opportunity"

1- Global Civil Society and global governance: principles and values; influence and institutionalization of participation

In order to improve social governance AICESIS suggests that:

- support be provided for the establishment of structured dialogue between international organisations (UN, World Bank, IMF, OECD, WTO, ILO, etc.) to achieve better results and avoid conflicting programmes and wasted resources;
- regional inter-governmental organisations be brought into this structured institutional coordination to involve them in efforts to achieve the Millennium Development Goals;
- steps be taken to boost the powers of developing countries in international institutions helping them to focus attention on the issues of poverty, epidemics, the environment and agricultural production;
- action be taken to encourage international organisations to increase transparency and make a formal commitment to provide access to their documents within a timescale that enables stakeholders' to respond;
- civil society be involved in the way international organisations are run by using established, structured mechanisms and in particular reviewing their representativeness, independence, expertise and management of resources;
- both governments and business be made to acknowledge moral principles of corporate social responsibility. Impacts of production, its social costs, the export and treatment of waste not only affect third countries but humanity and the environment globally.

Global governance to deal with the strategies of the new challenges should be guided by an irreversible political commitment for sustainable development, translated into national development agendas and in the mold of multilateral governance with social participation, respecting the principle of common but differentiated responsibilities. The participatory and multilateral institutional architecture should be able to coordinate and provide synergy with national agendas, coordinate and monitor global commitments and funding for inclusive and sustainable development.

Global Civil Society's recommendations or actions to be taken:

- The right of Global Civil Society to participate actively in global problem-solving is based on its distinctive features which are as follows: self-organization as a capacity of

structured communities to act sensibly in difficult situations related to various social interests; solidarity; responsibility, hope and social optimism. It is the global community of motivated social actors capable of setting, promoting, harmonizing and reaching its aims that has the right to take part in solving global problems.

➤ The development of NGOs network providing social services (ecologic, educational, training, health, etc.) can become an important instrument in tackling urgent social issues in developing countries. It enhances budget expenses efficiency as well, what is essential for countries faced with serious budgetary problems. The AICESIS priority task is the strengthening of civil society through the support and dissemination of economic and social councils and similar institutions, to promote the development of socially-oriented NGOs in member countries. Technology exchange, bench-marking etc. are to be launched.

➤ Systematic preparation of AICESIS reports (in cooperation with Civicus and the international association of civil society researchers) on the state of Global Civil Society.

➤ Regular dialogue between AICESIS and relevant UN agencies, G20. Preparation of AICESIS reports on issues within agendas of these organizations.

2- Global Civil Society Agenda for G20

The solution to the current economic crisis requires the implementation of a set of policies for building an economically, socially and environmentally sustainable virtuous cycle.

The challenges are as follows:

➤ Regulate the financial system to avoid instability and support sustainable development. In this sense, one should prioritize long-term, solid and not-speculative investments. Additionally, strong bank supervision must be coupled with tighter liquidity control.

➤ Promote changes in production and consumption patterns, investing in the transition to a green economy, capable of supporting economic growth coupled with social and environmental sustainability.

➤ Make a broad definition of sustainable development requires returning the economy to its social function, which involves redistributing wealth, fighting unemployment, promoting equity and guaranteeing universal and comprehensive social policies. In this sense, assuring social security for everyone is a powerful tool.

➤ Fight against unemployment in a world in crisis and undergoing technological changes is an important challenge. Active policies for promoting employment and productive inclusion are fundamental to overcoming the financial crisis and achieving sustainable development.

➤ Develop international accounting standards and indicators that consider the imperatives of sustainable development and the objective mechanisms for disseminating the economic and financial implications of sustainable development actions.

➤ Strengthen democracy, participation and social dialogue as indispensable factors for change, and for building a more sustainable, just and caring world.

It is important that, as civil society organizations, we convey to G20 the understanding of sustainable development that addresses the three pillars intricately linked: economic, social and environmental. Dialogue and participation of civil society as an essential part of the structures and practices of multilateral governance can contribute much in this direction. The active dialogue of between governments and society allows searching for alternatives and making the most appropriate critical choices to deal with new challenges and opportunities and to build a future that is configured on principles of sustainability.

AICESIS suggests the following measures (the subject of decision-making during the General Assembly):

- Create mechanisms within the World Bank for supporting national and regional long-term and short-term programmes aimed at:
 - ❖ maintaining economic growth dynamics in countries with high rates of population growth;
 - ❖ working out national strategies for sustainable development with attention to specific development conditions typical of these countries;
 - ❖ supporting projects of developing countries carrying out programmes for sustainable development;

Nowadays the time has come to create a different innovative form to finance sustainable development, new models of development through cooperation among national banks.

- Work out an international agreement on transnational migration flows regulation. The treaty is to provide compensation mechanisms for developing countries, allowing for their expenses on educating migrants. It is essential to support national programmes focused on migrant integration in recipient countries.

- Establish, with the support of the world community, national and regional centers for advanced medicine providing high quality treatment and training of national specialists.

Appendix I.

CRISIS SCENARIO.

Two key scenarios are suggested by experts:

➤ ‘Consolidation’ (probability of different scenario variations is 85-90%) - steady overcoming urgent crisis impacts in the medium term (within 5-7 years), forming preconditions for a new phase of global economic recovery:

❖ International actors take an active common stance to discourage economic speculations, with dynamic global financial system stimulating global economic growth being preserved.

❖ International financial institutions pursue efficient anti-crisis policy, maintain global economic growth and support the development of global and national institutional areas, with due consideration to specific tasks of national development, peculiarities of historic and cultural traditions.

❖ Global economic growth leaders - Peoples' Republic of China (PRC) and India – successfully refocus on economic growth based, primarily, on the domestic market, with competitive advantages and export potential being preserved. The achieved success along with the development of new economic leaders is a formula for global growth, a chance to maintain global offer of financial resources necessary for global financial stability.

❖ The USA and the European Union conduct political mobilization, providing responsible budget, social and ecological policy, reduction in capital imports demand, avoiding high inflation and fall in the exchange rate.

❖ “New wave” technologic projects are launched to be the drivers of global economic development.

Significant risks of the mentioned scenario refer to inflation being used as a means of debt load in advanced countries, primarily the USA and the EU. In the mid-term, inflation decreases investments and affects technological progress. With the scenario of ‘mild’ inflation being applied, growth rates of the US and the EU economies are likely to remain low during 7-10 years.

The scenario leads to decrease in demand for exports from developing countries, engendering sometimes crisis tendencies in certain countries. The scenario also provokes a serious reduction in migration from developing countries to the EU and the US, as well as increased social tensions in a number of developing countries. The risk of social instability grows in case countries fail to solve the youth employment problem (educated youth demanding for a job corresponding to its professional qualifications).

These processes enhance the likelihood of “Domino effect” scenario (see below).

➤ “Domino effect” (probability – 10-15%) – budget crisis and/or significant economic downturn in one of large advanced economies involving other national economies into the acute phase of crisis, aggravation of global financial crisis, global economic downturn, social disruptions, aggravating economic situation in many countries, long-term global depression exceeding the Great Depression (global economic decline by more than 10% over a period of years). The scenario implies complete fulfillment of one or partial fulfillment of several situations described below:

❖ Failure in the USA financial policy regulation, discrediting its financial system, increasing loan rates, threatening with decline, high inflation and social protests; severe restriction on migration from Latin America, Asia, Africa.

❖ Failure in the EU political and financial reform, incapability of its economy to bring back the level of competitiveness necessary for sustainable growth; impossibility to

mobilize necessary financial resources to prevent the default of one of leading European economies; transmission of European economy to a severe (more than 3-5%) economic recession; large-scale living standards decrease, mass social protests causing situation destabilization and decline of investor confidence, encouraging crisis; severe restriction on migration from Latin America, Asia, Africa.

❖ Reduction in exports from PRC and India, leading to decrease in rates of economic growth, less possibilities for economy restructuring, raise of competitiveness; as a result – reduced investments, crisis of business and ‘middle class’ expectations. Incomes are highly likely to drop, effective consumer demand is likely to fall, budget potentialities to provide social liabilities are likely to decline; as a result. Finally, there are less possibilities for financial support to global economy and more risks of a deep global depression.

❖ Severe military and political crisis, affecting leading oil-exporting countries, rising oil prices higher than \$150 per barrel for a period longer than half a year. This price cap causes enormous expenses in both developed and developing economies, leading world economies decline.

❖ Serious restriction of global migration flows from developing countries to the developed ones (mainly, the USA and the EU), bringing about the crisis of expectations held by young educated and the most active groups of people in developing countries. Here is the source of risk of social and political mobilization of the mentioned groups and, with ideological and financial support being provided from outside, launch of projects on political changes, destabilization of different countries. One of the scenarios is the risks propagation (similar to the Arab spring) among several countries of economic significance capable of influencing global economy on the whole.
