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CANADA'S WORLD CAN GET A LOT BIGGER: The Group of 20, Global Governance and Security

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ABSTRACT

This paper examines the Group of 20 (the G-20)* in the context of international relations, especially the G-20's impact on global governance and international security, and the G-20's significance for Canada and the conduct of Canadian foreign policy. It will show that the G-20 embodies the changing way the world interacts and it will argue that the group works and is needed, but that it can work better and become a more important and more effective element of global management.

At the same time, the G-20 will not itself be sufficient to govern the world and should not be judged harshly as a consequence. The group can complement but not replace existing international organizations, especially the United Nations, although it can provide impetus to their work and utilize their capacity, becoming, if G-20 members are sufficiently sagacious, a key steering group of the network of organizations, institutions, associations and treaties by which states govern relations amongst themselves. The paper will also argue that if, as is likely, the G-20 endures, it will change the context in which Canada pursues its foreign policy and change, as well, how that policy is conducted, making the institution of prime minister even more paramount in the pursuit of Canadian interests abroad and the protection of Canadian values than it has yet become. More than ever, the prime minister will be the face and voice, indeed the personification, of the government of Canada on the international stage.

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OVERVIEW AND EXECUTIVE SUMMARY*

It is early days to draw definitive conclusions about the future of the G-20†. It has yet to graduate fully from crisis response to agenda-setting, and from financial re-engineering to global economic governance. Regenerating global economic growth and adopting financial regulatory reforms to prevent a repeat of the worst economic crisis in nearly 100 years has necessarily remained the main task for the G-20, the self-appointed premier forum for international economic cooperation. The impact of the G-20 on the management of global financial affairs has been positive and significant, albeit not sufficient.

It is apparent already that the G-20 could do more, regarding both the international economy and financial crisis and the major political and security issues of our times. Enlarging the agenda is difficult for the group partly because the economic crisis is proving stubbornly persistent, even if the depression wolf has been driven from the world's door, and partly because the group's members are not united either on the diagnosis of what is needed to put the global economy on a strong, sustained growth path or on what a broader agenda would entail. Some believe, as French President Nicolas Sarkozy, the next G-20 host, apparently does, that the world needs G-20 leaders to enlarge its agenda. There would potentially be value in the G-20 addressing hybrid issues that have economic and other ramifications, such as climate change and political/security issues, notably failing states, terrorism, UN reform, the Iranian nuclear program, etc.

It remains to be seen whether common ground among the world's most powerful leaders will expand and a shared sense of responsibility for global governance will emerge as they address themselves to the over-arching, sometimes zero-sum problems they face. It is not impossible that in a smaller forum (smaller, that is, than the UN), their differences deriving from different cultures, languages, experiences and economic philosophies will just be more starkly apparent but little or no easier to resolve. So far there has apparently been some disposition to stake out positions in the G-20 rather than to enter into cooperative problem solving. There is a risk that if the expected benefits of small group dynamics are too slow to materialize, the G-20 will become more a mini-UN than a macro-G-8. In that case, both the G-20 and the world body would be the poorer. One of the most important global governance issues the world faces is the quality and nature of the relationship between the nascent G-20 and the sexagenarian United Nations; both are necessary but neither is sufficient and cooperation can bring synergies. It is very much in everyone's interests to work constructively for a more cooperative and productive future for both. Further, it is in Canada's interests in particular to bend every effort to make the G-20, which affords us extraordinary opportunities to promote and protect our interests, successful.

* Other works by Paul Heinbecker in the same field include: "The Future of the G-20 and Its Place in Global Governance", Centre for International Governance Innovation, April 2011; The "New" Multilateralism of the 21st Century" with Fen Hampson in Global Governance, a Review of Multilateralism and International Organizations, forthcoming, 2011 and The United Nations and the G-20: Synergy or Dissonance?", in Global Leadership in Transition: Making the G-20 More Effective and Responsive, Colin I. Bradford and Wonhyuk Lim (eds.), Brookings and the Korea Development Institute, Washington: Brookings Institution Press, June 2011.

† The G-20 comprises Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, Nigeria, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United States and the United Kingdom. Spain is an unofficial member and the Netherlands has attended. The EU qua EU is represented. See the chart at the end of this paper for group memberships.

CONCLUSIONS AND INSIGHTS

The G-20 and the Crisis

- The Group of 20 heads of government came into being in 2008 because economic catastrophe loomed, preventive action and remedial steps were urgently needed, and the existing global governance organizations and institutions were unequal to the tasks. As well, the ground had been prepared for institutional innovation.
- Notwithstanding sometimes warranted criticism, the G-20 countries have been successful in averting grievous harm to the global economy including quite possibly a depression; they have stuck tightly to their top priority of economic and financial reform.
- The G-20 countries have been largely effective in financial re-engineering to mitigate the crisis, although more remains to be done, notably with respect to implementing Basel III banking reforms, providing the authority and resources required by the new Financial Stability Board (FSB) and solving the issue of financial institutions that are too big to fail; and carrying out and strengthening the Mutual Assessment Process (MAP), the backbone of the “Framework for Strong, Sustainable and Balanced Growth” adopted at the Pittsburgh G-20 Summit in 2009.
- The G-20 countries have done less well so far in addressing the highly political tasks of resolving the current account, trade and budget imbalances conundrum, whose roots go deep into the economic and political philosophies of the world’s largest economic players, although thanks in part to Canadian brokering progress was made by G-20 finance ministers in Paris in February in establishing criteria by which dangerous imbalances can be measured and assessed.
- The larger story of the G-20, including its much criticized performance at the Seoul summit, is not that the G-20 is failing to resolve intractable issues but that the issues are intractable and the G-20 is working on resolving them.
- Absent the G-20, the world might find itself in a Smoot-Hawley environment and in depression. In any case, there is no other forum where prospects for agreement are better.

The G-20 and Global Governance

- The G-20 has not yet transformed itself from a global crisis response group to a global steering group. Further, it still lacks consensus on the nature of what it is that ties members together i.e., global interdependencies.
- The G-20 will not in any case itself be sufficient to govern the world. Through cooperative, transparent relationships, it can complement existing international organizations, not replace them.
- There would be benefits if the G-20 countries broadened their agenda to address the world’s most pressing hybrid issues such as the economic and financial dimensions of climate change, along with non-economic issues, including global governance reform.
- The exclusive nature of the group promotes efficiency but limits its effectiveness in rallying wide-scale support for its decisions. It needs the cooperation of other bodies to extend its reach.
- A reciprocal, quality relationship between the nascent G-20 and the sexagenarian United Nations is necessary. Both institutions are needed, neither is sufficient and cooperation between the two is likely to yield synergies.

- The G-20 faces serious operational challenges deriving from diverse philosophies, experiences, languages and cultures, as well as logistics that encumber the group's effectiveness. However necessary, the cooperation of 20 sovereign and powerful countries was never going to be easy or simple to achieve.
- The G-20 will probably supplant the G-8, which might survive as a high-level dinner meeting on the margins of other events. There will not be a G-2, and likely not a G-5, for the same reasons that the G-8 is inadequate: the membership would be too narrow to solve all problems on its own and insufficiently powerful to compel others' cooperation.

The G-20 and Security

- As most major states have too much at stake economically and socially to risk a role of the military dice against each other, perhaps the most effective action the G-20 countries can take to improve international security is to strengthen economic relations between them by implementing their commitment to strong, sustainable and balanced economic growth.
- To the extent the G-20 is successful in promoting an environment of trust in which all acquire "habits of cooperation," there will be spillover effects into security relations, reducing frictions between members and facilitating problem solving, as has been the case in the past between Russia and the rest in the G-8, which could be especially beneficial for the Asian members of the G-20 who have fewer effective organizations within which to subsume their differences and work cooperatively.
- If the G-8 experience is any guide, the G-20 leaders will sooner rather than later start to consider political/security issues; if they don't, the G-20 might die of boredom!
- To the extent that the G-20 qua G-20 will concern itself directly with security, it will likely do so in response to phenomena such as organized crime and terrorism, although the threat the latter poses is comparatively small (many more people died from extreme weather last year than from terrorism cumulatively in the past 40 years).
- We are entering into a time either of enhanced cooperative governance if we are wise or zero-sum international competition if we are foolish; the G-20 could be decisive in determining which it is to be.

The G-20 and Canada

- If, as is likely, the G-20 endures, it will change the context in which Canada pursues its foreign policy and become a major locus for the promotion and protection of Canadian interests and values.
- It will also change how Canadian foreign policy is conducted, becoming a vital avenue and instrument for the pursuit of Canadian interests abroad and the protection of Canadian values.
- More than ever, the prime minister will be the "point man" of Canadian high-level diplomacy, becoming the face and voice, indeed the personification, of the Government of Canada on the international stage.
- The institution of prime minister will be thus even more paramount in the conduct of Canadian foreign policy.
- Canada should make the most of its membership in the G-20, and seek to broaden its agenda to suit Canadian interests, especially as we will not be in the UN Security Council for some years to come.

THE INTERNATIONAL CONTEXT

Globalization continues to change our world before our eyes and, notwithstanding the constant repetition of bad news by today's 24-hour news cycle, largely for the better. Since 1950, gross world product has increased more than eightfold and average per capita income has more than tripled. Since 1990, almost 500 million people have climbed out of poverty.¹ Average life expectancy has increased by almost 50 percent. The global literacy rate has increased from 56 percent in 1950 to 82 percent in 2004.² Despite the predations of terrorism and the failing of fragile states, the world remains largely at peace. According to a report of the independent UN High-Level Panel on Threats, Challenges and Change in 2005, there were fewer interstate wars between countries large or small in the second half of the 20th century than in the first half, despite a nearly fourfold increase in the number of states.³ And the number of intra-state wars declined dramatically since 1992, before increasing slightly since 2003.⁴

Most countries, including most major countries, increasingly put economic prosperity at the heart of their foreign policy. The US is a major exception, although there are signs that hard economic times and vast deficits are forcing reconsideration there too. Further, the sheer destructiveness of contemporary military technology, even “conventional” technology, makes war between major states increasingly irrational and improbable, except by inadvertence or miscalculation. Most states have too much at stake economically and socially to risk a role of the military dice.

People in almost every region are healthier, richer, better educated, more secure and better connected electronically—as well as more numerous—than ever before. More than two billion people have access to the Internet, and more than five billion have access to cell phones, which together are becoming a tool of democratization or, at least, public information and protest.⁵ People are more and more linked to each other and have progressively greater access to information, as the revolution in Cairo's Tahrir Square showed. As a consequence, governing this world presents challenges more complex than ever before. States remain predominant in global decision-making but technology is making it possible for more and more people to be involved in the world beyond their borders and for more and more individuals and groups to affect the environment in which states conduct their foreign (and national) policy. The same phenomenon affects the operations of multilateral organizations.

¹ Sources: Compiled by Earth Policy Institute with 1950–1979 from Worldwatch Institute, *Signposts 2001*, cd-Rom (Washington, DC: 2001) (Worldwatch update of Angus Maddison, *Monitoring the World Economy 1820-1992* [Paris: oecd, 1995]); 1980–2005 from International Monetary Fund, *World Economic Outlook Database*, at www.imf.org/external/pubs/ft/weo/2006/02/data/index.htm, updated September 2006; United Nations, *World Population Prospects: The 2004 Revision* (New York: 2005); U.S. Commerce Department, Bureau of Economic Analysis, “Implicit Price Deflators for Gross Domestic Product,” Table 1.1.9, revised August 30, 2006, at www.bea.gov; Unesco Institute for Statistics, *Data on Illiteracy, for Population Age Fifteen and Older*: <http://www.uis.unesco.org>; Economic and Social Council E/CN.9/2010/3, January 28, 2010.

² See the UNESCO Literacy Report 2008 <http://www.uis.unesco.org/template/pdf/Literacy/LiteracyReport2008.pdf>

³ See A/59/565, “A More Secure World: Our Shared Responsibility,” Report of the High-Level Panel on Threats, Challenges and Change, December 2, 2004, p 12.

⁴ Human Security Report Project, *Human Security Report 2009/2010: The Causes of Peace and the Shrinking Costs of War*. Pre-publication. Vancouver: HSRP, 2010. (Forthcoming in print from Oxford University Press Brief, Figure 10.1.

⁵ “The Digital Disruption: Connectivity and the Diffusion of Power,” Eric Schmidt and Jared Cohen, *Foreign Affairs*, November-December 2010.

Although the US will long remain the pre-eminent state, Asian political and economic power is growing perceptibly and the centre of economic gravity is shifting eastward, and southward. China, though far behind the US by most economic, social and military measures, is making rapid progress⁶, as are other emerging economies, with the result that in the decades ahead, no country will determine unilaterally the course of world events. At the same time, competition between states is at least as much economic as military in character, with the size of a state's Gross Domestic Product (GDP) and its attractiveness to others in terms of quality of life increasingly a currency of power and influence. We are entering into a time either of enhanced cooperative governance if we are wise or zero-sum international competition if we are foolish. The G-20 could be decisive in determining which it is to be.

The global institutions through which the world governs itself have been struggling for over a generation to respond to the world's rapidly changing expectations and demands. The UN, the International Monetary Fund (IMF) and the World Bank have for some considerable time faced challenges of effectiveness, efficiency and legitimacy as they have considered whether and how to acknowledge the emergence of new powers and to accommodate growing popular engagement. The G-8 has faced similar problems. The G-20, potentially the most important innovation in global governance since 1976, when the G-7 was formed, or even since the creation of the UN and Bretton Woods institutions in the 1940s, is important both for what it is—a body whose membership is a frank acknowledgment of the power shifts underway in the world—and for what it can potentially do to help world leaders cooperate to deliver effective global leadership and governance, if those leaders have the wit and will to use it effectively and creatively.

This paper will attempt to answer three key sets of questions:

- How well is the G-20 doing, and what does the future likely hold for it? Will it complement or conflict with the G-8, the UN and other global institutions with security avocations? Is the G-20 still necessary?
- What are the consequences of the G-20 for international politics and security likely to be?
- How will all of this affect Canada, particularly Canadian foreign policy and what should Canada do about it?

None of these questions can be answered confidently at this time and certainly not definitively, but thinking about them now is essential to our adapting to a world that is changing rapidly.

⁶ But according to Branko Milanovich in "The Haves and Have-Nots," as quoted by Doug Sanders in the *Globe and Mail*. January 22, 2011, "Even as the Chinese worker has gone from \$525 per year to \$5,000 in two decades, the average American worker has gone from about \$25,000 to \$38,000," the income gap has widened in favour of the American.

THE SHORT, LARGELY SUCCESSFUL, BUT SO FAR MOSTLY ECONOMIC, HISTORY OF THE G-20

In international relations as in everything else, necessity is the mother of invention, timing is everything, and opportunity comes to prepared minds. The G-20 heads of government came into being in 2008 because economic catastrophe loomed, preventive action and remedial steps were urgently needed and the existing world governance organizations and institutions were unable to resolve the major financial issues that the highly innovative and equally reckless American and European financial communities and their feckless regulators and overseers had created in the preceding two decades. The G-20 also came into being because the ground had been prepared for institutional innovation.

The G-20's Origins

The origins of the Group of 20⁷ are traceable to the successive financial crises at last century's end—the Mexican peso crisis, the Asian financial contagion and the Russian default—when it became clear that existing institutions were inadequate to meet the challenges they faced. Then-finance minister Paul Martin and his US treasury secretary counterpart, Lawrence Summers, among others, recognized that the G-7⁸ of leading industrial countries was unable to respond effectively to financial crises because the governments seated around the table were not able to carry out or enforce the decisions they made. Crucial players, capable of resisting G-7 decisions or ignoring them altogether, were absent. To remedy the problem, Martin called into being the G-20 finance ministers group, which thereafter met as an entity. In Martin's words in 2001, “[n]obody's going to follow a G-7 dictate. They [the emerging powers and the faltering economies] have got to be at the table and be part of the solution.”⁹ Further, even though the G-20 represented the lion's share of global GDP, large parts of the world were not represented and the hope was that countries like South Africa, and others, would take a leadership role in their regions, promoting best practices and sound policies.

As the heat of that financial moment cooled so, too, did the ardour of finance ministers for their G-20—possibly a harbinger of things to come for prime ministers as the “Western Financial Crisis” subsides. The G-20 finance ministers, as an institution, nevertheless endured, and engaged in meaningful debate in a frank, informal manner, seeking consensus, building habits of cooperation and creating personal relationships that were ready to be called on when the time came to do so. When Martin subsequently became prime minister in 2003, he perceived before many other leaders did the rapidity with which power realities in the world were changing. To respond to the times, he called for upgrading the G-20 to the level of leaders, and he also commissioned Canadian think tanks, notably the Centre for International Governance Innovation (CIGI) in Waterloo and the Centre for Global Studies at the University of Victoria, in cooperation with Brookings, Princeton, Oxford and others, to research the modalities of such an upgrade. In 2005 he wrote that “an effective new [leaders'] group, focused on practical issues of global importance, is something that the world very much needs.”¹⁰

⁷ For an interesting and detailed assessment of North-South relations, see *Global Governance and Emerging Economies—An Indian Perspective*, by Shyam Saran, former Indian foreign secretary and national security adviser of Prime Minister Manmohan Singh, 2010.

⁸ The US, Germany, the UK, France, Italy, Japan and Canada.

⁹ Interview with Paul Martin, Canada's Minister of Finance and Chair of the G-20 conducted by Candida Tamar Paltiel, G-8 Research Group November 18, 2001, Ottawa.

¹⁰ Paul Martin, Prime Minister of Canada, *A Global Answer to Global Problems*, Foreign Affairs, May/June 2005.

It was an innovative idea whose time had not quite come, however, meeting inertia and even resistance in several G-8 capitals and above all in Washington where president George W. Bush was simply not interested in participating in one more multilateral summit group where US power and freedom to maneuver would be constrained by combinations of others less powerful. Further, most G-8 members were comfortable in their small, familiar, like-minded group, where they could talk relatively freely with one another. Further, the prestige and thus domestic partisan political advantage that such exclusivity appeared to confer were also factors; better to be seen in the intimate company of the instantly recognizable (by the public) powerful Western leaders than that of the less *médiatique arrivistes*, to be a big fish in a smaller pond. They preferred to enlarge their group informally, inviting other leaders, and heads of international organizations, to join the proceedings only on issues for which their presence could not be avoided. Various formulations were used, e.g., G-8 + others and G-8 + G-5, all of which had the G-8 as the core.

At the same time, the emerging powers, especially China and Brazil, but also India and Mexico, did not relish the idea of being “outreach” countries and were increasingly chafing at G-8 expectations that they should be satisfied to wait in the corridors for a summons to join the top table for figurative dessert—and to share the tab for dinner. As their global significance grew rapidly, their impatience with attending G-8 sessions only on the sufferance of their “betters” grew apace. They formed their own counter-group, the G-5, a divisive development that was likely to complicate global problem-solving rather than facilitate it. When subsequently the G-20 leaders came into being, the five agreed among themselves that they would not acquiesce in an organic link between the G-8 and G-20 processes¹¹ (a decision that was to cost Canada a pretty penny when summits had to be organized in Toronto as well as Muskoka). The G-20 was to be new, one of the few international bodies in which the major existing powers and the major emerging powers were to meet on the basis of formal equality, unlike the UN Security Council with its permanent and non-permanent members or the major international financial institutions, where voting power is weighted. Nor were caucuses of the eight and five to become the norm within the G-20, although the G-8 qua G-8 has continued to meet separately.

As the financial system rapidly melted down in the fall of 2008, and as G-8 leaders, especially those in Washington, peered into the economic abyss, all reticence about including the emerging powers in their midst evaporated. The G-5, for its part, welcomed the idea of being part of something that was not an appendage of the G-8. All eagerly grasped the ready-made idea of the G-20, and president Bush, apparently at the urging of President Sarkozy of France, convened the group in Washington to try to chart a course away from the precipice. Thus was born the leaders’ G-20, a made-in-Canada idea, and foreign policy success, albeit not because of any enthusiasm for it in Conservative-governed Ottawa after Martin left office. The G-8 was at least initially Prime Minister Stephen Harper’s preferred grouping.

¹¹ See “Global Governance and Emerging Economies” by Shyam Saran, former Indian Foreign Secretary and national security adviser of Prime Minister Singh, 2010.

The G-20 Record So Far

The G-20 as an entity has been effective and has the potential to be more so, although progress on its economic agenda has slowed as it addresses domestically sensitive problems. It has met five times since its inception in 2008 and has succeeded in pulling the world back from the abyss of another Great Depression, undertaking some of the financial re-engineering needed to prevent a recurrence. The G-7 finance ministers and the G-20 leaders saved, not too strong a word, the international financial system from collapse.

On October 10, 2008, facing the very real risk that markets would just not open on the following Monday and that there would be a run on British banks, with demonstration effects elsewhere, finance ministers including Canada's Jim Flaherty, agreed they would do whatever it took to prevent the banks from defaulting, unfreeze credit and money markets, re-establish lending, assure confidence in national deposit and guarantee programs and restart secondary markets for mortgages and other securitized assets. Fortunately, it largely worked.

At the Washington G-20 meeting a few weeks later, heads of governments signaled, Apollo 13-like, that they recognized that the world had a problem and pledged to work cooperatively to address it. All leaders agreed to take steps to unfreeze credit, "fix" their banks (Canada was exempted), launch financial reforms, avoid protectionism and stimulate their economies. At the next meeting in London in the spring, leaders undertook to pump large sums—a trillion dollars, using creative accounting—into the international economy through the IMF and other International Financial Institutions (IFIs), to the benefit largely of the large emerging economies. Leaders effectively reversed the descent into economic depression, launching reform of the international financial regulatory system, modernizing international financial institutions and undertaking to recognize in structural terms the growing power and influence of the emerging market countries. They created the FSB¹², a potentially major international institutional innovation, intended to provide better international oversight of the financial system and develop capital and liquidity standards for systemically important financial institutions.

In Pittsburgh in the fall, as the danger of a depression receded, the leaders proclaimed the G-20 as the "primary institution for [their] economic cooperation"¹³ and charted the transition from crisis to recovery with the Framework for Strong, Sustainable and Balanced Growth (FSSBG), commissioning work on what had to be done to achieve a new "balanced" growth model in the future.

In Toronto the following June, Canada's game plan was for the G-20 to concentrate on meeting past commitments on the core agenda, and to hand off progress to Seoul. Ottawa focused the summit agenda on four critical areas:

- Supporting the recovery and laying the foundations for the FSSBG.
- Following through on required reforms to the regulation and management of financial sectors.

¹² Global Plan for Recovery and Reform (02/04/2009), the official communiqué issued of the G-20 London Summit.

¹³ Pittsburgh Communiqué.

- Strengthening international financial institutions, particularly the World Bank and the IMF, through reforms to their governance and strengthening of their resources.
- Resisting protectionism and seeking enhanced liberalization of trade and investment.¹⁴

Leaders found themselves having to respond to the suddenly urgent sovereign debt crisis in Europe triggered by Greece. Prime Minister Harper, who had earlier written to other leaders about deficits, proposed precise targets for winding them down. With his counterparts from Britain, Germany and France, he favoured sending the markets a signal of fiscal consolidation, i.e., that leaders understood that they needed to rein in unsustainable deficits and public debt in advanced economies, although they also recognized that such consolidation had to be balanced against the continuing implementation of fiscal stimulus in some countries and a rebalancing in global demand, with a particular emphasis on emerging economies to offset the slower growth in the developed world.

US President Barack Obama, for his part, worried that the recovery was not yet self-sustaining and emphasized, therefore, leaving the door open to increased stimulus spending, the large government deficits notwithstanding. Ultimately, G-20 leaders under Harper's chairmanship effectively decided to do both, agreeing that they would complete their planned fiscal stimulus programs, but also setting targets of a 50 percent deficit reduction by 2013 and a stabilized or improving debt-to-GDP ratio by 2016, thereby sending a clear signal to markets that they recognized that budget deficits could not go on forever. The British had already moved to cut spending in order to get their fiscal books in order and others promised to do so. Others, especially the newly emerging economies, argued that they didn't have a deficit and debt problem and that they needed to continue to spend on development; in any case, the countries that had caused the crisis should get their own houses in order first. The emerging economies were effectively excused from the deal, as were the Japanese whose fiscal problems were put in the "too difficult" category. To block a British, French and German push for an international bank tax that would have unfairly burdened Canadian banks, which had not been part of the problem, the Harper government actively sought allies and made common cause with some of the emerging economies, notably China and India.

In Toronto, leaders also made progress on the goal of financial sector reform. In particular, leaders agreed on the need to recalibrate upwards requirements regarding the amount and quality of capital held by banks. Leaders agreed on the importance of creating a strong regulatory framework, including the need to create a more effective system for oversight and intervention. Whether the major powers will heed such advice is an open question.

In Toronto, the G-20 was also able to deliver on a number of earlier commitments, including ensuring \$350 billion in general capital increases for multilateral development banks, which would allow them to nearly double their lending. The group also endorsed recent reforms at the World Bank and called for an acceleration of efforts to advance additional quota and governance reforms at the IMF to reflect changed reality. On both quotas and "voice," leaders recognized that the situation at the IMF, with its northern and western, especially European, over-representation, remained inequitable, seriously undermining the legitimacy of the

¹⁴ Len Edwards, Canadian "Sherpa", speech to the Annual General Meeting of the Korea-Canada Society, Ottawa, November 3, 2010.

organization and support for it in the rest of the world. Leaders also renewed their commitment to avoid protectionism and to conclude the Doha Development Round of trade negotiations.¹⁵ Perhaps as a consequence, protectionism has not disappeared but has arguably not been as bad a problem as it might otherwise have been. Completing the Doha negotiations remains, however, in the realm of good intentions. Overall, the G-20 took forward its “core” agenda, dealt with the sovereign debt crisis, and put in train work for Seoul and beyond.

Following Toronto, Bank of Canada Governor Mark Carney commented that successful implementation of the G-20 financial reform agenda, when combined with the peer review process of the FSB and external reviews by the IMF, should increase actual and perceived systemic stability. At the same time, he warned that while the right promises had been made, implementation was less encouraging.¹⁶ It was evident already then that the G-20 was becoming a victim of its own success, having achieved enough progress to lessen the urgency of going further, and thereby taking at least some of the drive out of the financial reform effort.

In the lead-up to Seoul, the G-20 struggled to come to grips with currency valuation and credit-easing policies and their significance for current account and trade imbalances. The US and others, including Canada, took one side and China and Germany took another, with the US blaming China for currency manipulation to maintain its export-led growth, China criticizing the US for unilaterally creating excessive credit through “quantitative easing” and some other countries openly or covertly agreeing with one or the other or both. It is a sign of how tendentious discussions among the group had become on monetary policy that the veteran and very sober German politician and Finance Minister Wolfgang Schäuble characterized US policy as “clueless”—not the usual vocabulary used in these august circles—for, in his judgment, pumping too much financial liquidity into the market which would destabilize some countries’ financial systems and risk provoking international defensive responses. South African Finance Minister Pravin Gordhan warned that “developing countries, including South Africa, would bear the brunt of the US decision to open its flood gates...” which “undermines the spirit of multilateral co-operation that G-20 leaders [...] fought so hard to maintain during the current crisis.” Brazil’s Finance Minister, Guido Mantega, warned that the US move would hurt Brazil and other exporters. China asked for an explanation.¹⁷

Policy responses to the imbalances were creating strange, or at least, new, bedfellows.

In Seoul, the cracks in solidarity evident in Toronto on the causes of trade and current account imbalances and on currency values became fissures. The group effectively split several ways on this issue, but did manage to establish a 2011 target for agreeing on “indicative guidelines” by which to assess imbalances and to consider what, if anything, to do about them. Harper and Prime Minister Manmohan Singh of India were tasked with providing ideas. G-20 countries were able to agree on the need for new financial rules to render the international financial

¹⁵ Prime Minister Stephen Harper, “From Canada to Korea: Advancing Global Leadership through the G-8 and G-20” in G-20 the Seoul Summit, November, the G-20 Research Group Munk Centre for International Studies, University of Toronto, 2010.

¹⁶ Bank of Canada Governor Mark Carney’s speech, Sep 10, 2010.

¹⁷ China, Germany and South Africa criticize US stimulus, BBC Business News, 5 November 2010.

system more resilient, reduce the “moral hazard” of major financial institutions relying on governments to bail them out, limit the buildup of systemic risk and support stable economic growth.¹⁸ The G-20 adopted new capital and liquidity requirements for banks that will, however, only be implemented starting on January 1, 2013 and only fully phased in by January 1, 2019, ostensibly out of concerns for constricting lending and thereby aborting the recovery, but likely also because of the effective lobbying by Wall Street in Washington. Priority attention was also given to the regulation of commodity derivatives markets, which have been blamed for commodity price volatility and the food crisis of 2008.

The Seoul summit will likely be remembered for registering the importance of the emerging economies in the G-20, both by virtue of its non-G-8 locus and by the shift in the content of the agenda. Thanks mainly to Korean leadership, “development” in the sense of economic growth, rather than the traditional donor-recipient paradigm was added to the G-20 agenda. Seoul also put the issue of cross-border capital flows on the G-20 macro-prudential regulatory agenda, advocating the creation of “financial safety nets” to safeguard smaller states from volatile financial flows and obviate the need for the self-insurance of large reserves, which contribute to the imbalances problem.

At Seoul, G-20 leaders endorsed IMF reforms that will give developing countries greater influence in the institution. China will become the third largest IMF shareholder, bypassing Germany, as part of an overall six percent transfer of voting power to dynamic and underrepresented economies. Progress in reforming the IMF has been made, but a clear and widely shared view on the appropriate role and functioning of the IMF remains, nevertheless, elusive. In some respects, the IMF has progressed from acquiescing in G-8, especially American, views to acquiescing in G-20 views; progress of a sort. The willingness of the major economies to heed the IMF remains sketchy.

THE FUTURE OF THE G-20 AND ITS PLACE IN GLOBAL GOVERNANCE

The G-20: A Work in Progress

Because of the currency and liquidity disputes, the general public perception of the results of Seoul was negative, even if progress was made on a number of key issues (IMF reform, financial regulation, development, etc.). In the Spring of 2011, according to the Financial Times, Reuters, the Globe and Mail and others, finance ministers and central bankers made progress in reconciling the divergent views of the US, which has the world’s largest trade deficit, with those of China and Germany, who have the two largest surpluses, on establishing indicators of the causes of the imbalances, and in financial reform challenges remain, especially as regards reserve currencies and capital market volatility as well as cross-border financial institutions being too big to fail and the need to give the new FSB the authority and capacity to do its job effectively. They, also, agreed that G-20 countries accounting for more than five percent of G-20 GDP (on market exchange rates or purchasing power parity exchange rates) will be reviewed, reflecting the greater potential for spillover effects from larger economies. (Financial Times, April 2011).

¹⁸ Prime Minister Lee Myung-bak, President, Republic of Korea, in G-20 the Seoul Summit, the G-20 Research Group Munk Centre for International Studies, University of Toronto, November 2011.

The Washington summit communiqué foresaw “addressing other critical challenges” such as fossil fuel subsidies, energy security and climate change, food security, rule of law, and the fight against terrorism, poverty and disease.¹⁹ There is also a need for the international community to address water scarcity, reform of the UN Security Council and arms control. The G-20 has, nevertheless, stuck close to its self-prescribed economic and financial mandate.

For everyone’s sake, G-20 leaders do have to get the economics and financial issues right, as well as the related reforms to the governing rules and regulations. Undoubtedly, the group will be judged primarily on its success in re-engineering the financial system to preclude as much as possible recourse to risky financial practices that can bring the entire world to the brink of economic disaster. But over time, and likely not very much time, G-20 leaders will probably complement their financial and economic agenda with deliberations on other issues that require their attention. Experience derived from the G-8 has been that when leaders come together, the temptation is irresistible to take advantage of each other’s presence to discuss the pressing issues of the day, whatever they are and whatever the agenda of the meeting they are attending may be. Nor do most (perhaps not including Harper, who regards himself as an economist) want to delve too deeply into the technical details of international finance, preferring to leave that task to finance ministers and national bank governors.

The next G-20 summit will be held in France, and its host, Sarkozy, speaking before an annual gathering of French ambassadors in July 2010 signaled his preference for an expansive agenda:

“... now that relative calm has returned, there is a temptation to limit the G-20’s ambitions to implementing its decisions, supplementing them in 2011 by expanding regulation where it remains insufficient, verifying the implementation of tax exchange information agreements, adopting strong measures to fight corruption, strengthening the mandate of the Financial Stability Board and, more broadly, re-examining the prudential framework of banking institutions to avoid a repetition of the recent crisis. Completing the work that is under way is important—the G-20’s credibility depends on it. But is it enough?²⁰

He then answered his own question, asserting that “sticking with this agenda would condemn the G-20 to failure and the world to new crises.” It would also condemn the world to cope with its major governance problems using organizations and institutions that were created in other times, partly at least to address other issues.

In January 2011, Sarkozy refined his priorities for the next summit in Cannes, identifying three overall priorities that France would invite G-20 leaders to address, namely:

1. Continuing reform of the international monetary system to ensure that the decisions taken at the last five G-20 summits are put into practice, particularly as regards financial regulation, greater stability of the international monetary system, volatility in currency values, volatile capital flows that destabilize developing economies as well as indicators to measure global economic imbalances.

¹⁹ Declaration of the Summit on Financial Markets and the World Economy, Washington, November 15, 2008.

²⁰ President Nicholas Sarkozy, adapted from an address to the 18th Ambassador’s Conference, 25 August 2010, Elysée Palace, Paris.

2. The need to control the volatility of commodity prices, including oil and agricultural products, notably wheat (commodities of particular interest to Canada, especially to Western Canada), possibly through a code of conduct on food aid and emergency stocks.
3. Reform of global governance.

On the last, Sarkozy's ambitions stretch from creating a G-20 secretariat to promoting innovative financing for development such as some version of "the Tobin tax" on international financial transfers, giving the International Labour Organization (ILO) more weight in global governance, setting up a minimum standard of universal social protection, fulfilling financial commitments on climate change (the G-20 summit in France will be held just before the 2011 UN climate change conference in Durban, South Africa) and infrastructure projects in Africa. UN reform, particularly UN Security Council reform, which had earlier been an explicit part of the French governance reform package, appears to have been regrettably put on the back burner.

Whether and how far the other G-20 leaders will wish to accompany the French president in pursuing such an ambitious and wide-ranging agenda remains to be seen. Progress will not in any event come easily. Conflicting national interests lie behind all of the issues that he enumerated, not least currency values and commodity price volatility, climate change and international institutional reform. The group is unlikely to be a panacea for all that ails the world, but it is potentially important.

The G-20 and the G-8: Redundant or Complementary?²¹

The Canadian government has been one of the principal defenders of the ongoing utility of the G-8, with Harper arguing that the G-8 and G-20 have distinct but complementary roles to play. He apparently sees the G-20 as focusing on finance and economics and the G-8 on democracy, development assistance (it was at Huntsville that Harper promoted the multi-billion dollar initiative on maternal and children's health²²) and peace and security.²³

Not everyone is convinced by the logic of these divisions, especially as regards economics and development, as China, India, Brazil and South Africa are deeply involved economically in the Third World. Non-G-8 members of the G-20 are skeptical of the need for the continuing existence of the G-8, even wary of it. G-8 members seem generally disposed to continue the G-8's existence although some, including particularly Obama, have expressed doubts. Sarkozy, the host of the next G-8 in 2011, seems noncommittal, remarking to the gathering of French ambassadors last summer that while France would prepare the next G-8 summit with the requisite care, "...some have said [the G-8] is condemned. Others believe it has a rosy future if it refocuses on security issues and its partnership with Africa. The future will decide."²⁴

²¹ For a fuller treatment of the relationship of the G-8 and the G-20, see "Canada, the G-8 and the G-20: A Canadian Approach to Shaping Global Governance in a Shifting International Environment," by Gordon S. Smith and Peter Heap, SPP Research Papers, The School of Public Policy, Volume 3, Issue 8, November 2010

²² The Canadian initiative succeeded in attracting quite substantial funding—pledges equaled \$ 7.3 billion—but also drew the ire of some of our partners, notably the Americans, for our determination to exclude funding for abortion, a policy posture that had earlier been adopted by the Bush administration, but explicitly rejected by the Obama administration. US Secretary of State Hilary Clinton specifically and publicly criticized this dimension of the Harper government's initiative. The communiqué papered over the cracks.

²³ Statement by the Prime Minister of Canada, Stephen Harper, at the 2010 World Economic Forum, Davos, Switzerland, January 28, 2010. See also the article by Prime Minister Harper, in G-20 the Seoul Summit, the G-20 Research Group, Munk Centre for International Studies, University of Toronto, November 2010.

²⁴ President Nicholas Sarkozy, adapted from an address to the 18th Ambassador's Conference, 25 August 2010, Elysée Palace, Paris.

It does seem very likely that the G-8 will not in future meet in tandem with the G-20, given the antipathy to it of the non-G-8 members of the G-20. The G-8 might well become little more than a high-level dinner club that meets on the margins of the UN General Debate in New York each fall, which all of its members usually attend anyway. This would keep the group alive and allow its members to compare notes on issues of interest, and do so at vastly lower cost, not a trivial consideration at a time of soaring budget deficits.

Ultimately the G-20 seems destined to supplant the G-8. The time demands of summit diplomacy—exceeding a dozen gatherings per year and more for some leaders—as well as the wear and tear on leaders of travel across time zones and the impatience of those leaders with redundancies of forums and issues, militate in favour of dispensing with the G-8. For example, at Huntsville and Toronto, both the G-8 and the G-20 addressed themselves to Haiti's problems, with the G-8 discussing Haiti's security needs and the G-20 focusing on economic challenges. Had there been the will to do so, some moderately agile drafting would have made it possible to address these issues in one session. Unless the G-20 falls into deadlock, the odds are that the G-8 will go the way of the Group of Major Emitting Countries, which has near identical membership to the G-20, and which has not met since the L'Aquila, Italy summit in 2009.

THE G-20 AND THE UNITED NATIONS

One of the most important governance questions facing the international community is what the relationship is to be between the G-20 and the UN. Both are creatures of the wills of their member states, and are in some respects complementary instruments for promoting global governance and international cooperation, and, in other respects, potentially competitive. As and when the G-20 enters the international political domain, it has the ability to assist the UN to come to grips with intractable global problems, notably climate change, by importing greater consensus into UN deliberations. It can also impart a reform trajectory to the UN that is difficult to generate otherwise. The UN, for its part, can extend the G-20's effectiveness, "ratifying" G-20 decisions and thus lending greater legitimacy to them. Getting the relationship between the G-20 and the UN right holds the prospect of considerable benefits all round.

The Enduring Value of the UN²⁵

The UN Charter provides the rule book for the conduct of international relations which all states, including G-20 states, usually see it as in their interest to respect—and have respected. If the UN didn't exist, to quote the old cliché, the world would have to invent it, if the world could marshal the political will to do so in the absence of a stimulus as powerful as the Second World War.

²⁵ For a fuller treatment of the United Nations, see Paul Heinbecker, "Getting Back in the Game; a Foreign Policy Playbook for Canada," Key Porter, 2010, from which some of this line of argument is derived.

An underappreciated reality is that the UN is a kind of motherboard of global governance, performing its own core functions but also enabling other entities, for example, UNICEF, to work better as well. Were there no UN with its universal membership, the restrictive G-20 would be much more controversial and its decisions much more contested—and resented. NATO, for its part, needs the UN to certify the legitimacy of its operations in, for example, Afghanistan and Libya, and to complement NATO’s military efforts there with civilian development programs. The UN also makes it possible for initiatives such as the Millennium Development Goals (MDG) to be sub-contracted out efficiently. The reverse is also true. The products of other entities, potentially including the G-20, are imported into the UN for consideration by its larger membership and where possible endorsement, as the Ottawa Treaty on anti-personnel landmines, the Responsibility to Protect and the Global Fund to Fight AIDS, Tuberculosis and Malaria have been. From peacekeeping, peace enforcement and peace-building to international criminal justice systems, sustainable development, refugee protection, humanitarian coordination and food relief, democracy and electoral support, human rights conventions, health protection, landmine removal and managerial accountability and oversight, the organization has been innovating and equipping itself to acquit its increasingly demanding responsibilities. As a consequence, the UN has a broader presence in the world than any other organization except the United States, and much substantive expertise in dealing with contemporary challenges, such as instability, fragile states and natural disasters.

The results of the UN’s efforts are impressive—and vital. In 2009, the UN High Commissioner for Refugees protected 36 million people—equivalent to more than the population of Canada—including refugees, the stateless, the internally displaced, returnees and asylum-seekers.²⁶ In 2009, the World Food Program (WFP), operating in 75 countries, fed almost 102 million people,²⁷ which is more than three times the population of Canada. The World Health Organization (WHO), which, in its earlier years, led the successful program to eradicate smallpox, is now close to eliminating poliomyelitis. As a consequence of the work of the WHO and its private partners, including Rotary International, polio infections have fallen by 99 percent since 1988, and some five million people have been spared paralysis. With the assistance of the WHO and UNICEF, the immunization of children for the six major vaccine-preventable diseases—pertussis, childhood tuberculosis, tetanus, polio, measles and diphtheria—has risen dramatically. For example, about 20 percent of the world’s children had been inoculated in 1980 for measles; the figure by the end of 2009 was an estimated 82 percent²⁸; at least 90 percent will be immunized by 2015, the target date of the MDG. Global coverage of infants for hepatitis B in 1990 was one percent; in 2009 it was 70 percent.²⁹ Meanwhile, the WHO has also been coordinating the world’s response to SARS, the avian flu and the H1N1 virus. This work has been belittled in some unenlightened quarters as mere international social work. It is social work, but it delivers very real human and national security benefits, which the G-20 is unequipped to deliver.

²⁶ UNHCR <http://www.unhcr.org/pages/4a0174156.html>, Table 22. Refugees, asylum-seekers, internally displaced persons (IDPs), returnees (refugees and IDPs), stateless persons, and others of concern to UNHCR by region, 2008-2009.

²⁷ WFP Annual Report 2010
<http://documents.wfp.org/stellent/groups/public/documents/communications/wfp220666.pdf>

²⁸ Deaths from measles, a major killer, declined by 74 percent worldwide and by 89 percent in Sub-Saharan Africa between 2000 and 2007.

²⁹ See “Global Immunization Data”, based on the latest World Health Organization (WHO)/UNICEF global estimates for 2009, October 2010.

At the same time, the United Nations suffers from problems that have accumulated since 1945. Disagreements, often grounded in genuine differences of interests, persist between the rich northern countries and the Group of 77 (G-77), between the permanent five members of the Security Council and the rest, between climate changers and climate victims, between Israelis and Arabs and Muslims more generally, between Indians and Pakistanis and between North Korea and South Korea and the US, etc. These various disputes and failures hinder the UN's effectiveness and, as a consequence, diminish its efficacy.

Similarities and Differences, Complementarities and Dissonances³⁰

The UN is an organization with a written charter endorsed by 192 countries, an extensive body of international law and rules created under its auspices by its members, a General Assembly of member states, a Security Council, an international court, a Secretary-General and a professional secretariat of 63,450³¹, including the staff of the World Bank, the IMF and a constellation of related organizations, councils, tribunals, commissions, funds and agencies. Just under 100,000 soldiers and police serve under the UN flag in 15 current operations.³² Housed in an iconic building on the East River in New York, the UN disposes of a combined annual budget of about \$10 billion in contributions from its member countries (Canada pays about 3 percent) to support its operations, a modest cost compared to the budgets of most governments; the Canadian federal budget totals approximately \$260 billion³³.

The UN's legitimacy is derived essentially from the adherence of its 192 states members to the UN Charter and from the work the world body performs on behalf of its members around the world. A web of several hundred treaties negotiated under UN auspices gives expression to the wishes of its members and helps to regulate the behaviour of governments towards each other and towards their own people. The UN meets at the level of Permanent Representatives and other diplomats and is in near-constant session, addressing an open-ended agenda that extends from peace and war to economic and social development. Leaders from around the world participate in large numbers (over 150 in 2005, for example) in the annual General Debate in the General Assembly each September and in occasional, quite exceptional Security Council sessions. For example, in September 2009, Obama convened the Security Council at heads of state and government level to promote progress on nuclear arms control and disarmament.

The G-20, by contrast, is more virtual than concrete, has no international legal personality, is not an organization at all and is scarcely an institution. It has no charter, no brick and mortar assets, no standing secretariat thus far (continuity is theoretically assured by a troika of immediately previous, current and next host countries) and no research capacity beyond that which its member states and international organizations supply. The G-20's work is supported professionally by the World Bank, the IMF, the Organization for Economic Co-operation and Development (OECD), the ILO, the World Trade Organization (WTO) and the UN.

³⁰ For fuller treatment of this subject, see "Making Multilateralism Work: How the G-20 Can Help the United Nations," by Bruce Jones, Director, Managing Global Insecurity, Brookings for The Stanley Foundation, April 2010 and "The G-20: Shifting Coalitions of Consensus Rather Than Blocs," by Stewart Patrick, Council on Foreign Relations, presented at the G-20 Seoul International Symposium, September, 010.

³¹ UN Website, January 2010.

³² See Monthly Summary Of Military And Police, Contribution To United Nations Operations, UN Website, January, 2011.

³³ See Treasury Board, Government of Canada, Main Estimates 2010-11.

The G-20 also works with the new FSB to address vulnerabilities, to develop and implement strong regulatory, supervisory and other policies in the interest of financial stability and to monitor and report on progress in strengthening financial regulation. The G-20 has set up a large number of working and expert groups, each co-chaired by a G-8 member and an emerging economy country,³⁴ covering a range of mainly economic issues in considerable detail. Fundamentally though, the G-20's effectiveness depends on the exceptional international standing of its members, who number most of the most powerful countries on earth, on the strength of the consensus they can fashion on given issues and on their willingness to act in concert to give expression to that consensus.

The G-20's legitimacy derives from its success in redressing the crucial economic and financial crises of 2008-9. It also derives from the fact that its membership accounts for 90 percent of global Gross National Product (GNP), 80 percent of world trade and 67 percent of the planet's total population. The G-20 has no budget, but its members have shown they are capable of committing truly vast resources under its auspices if circumstances warrant. These characteristics do not confer the legitimacy inherent in universality, but nor are they trivial. When the G-20 reaches agreement, a large part of whatever problem it is addressing is on the way to resolution.

The G-20's effectiveness is immeasurably enhanced by virtue of the fact that it meets at the level of heads of government, who are far removed from the hothouse of the UN General Assembly and the antique ideologies, accumulated grievances, diplomatic pathologies and institutional inertias that sometimes impede progress there. At the same time, while G-20 members can bind themselves individually and collectively, if they can reach agreement among themselves, they cannot bind others. They need to work through more universal bodies, including, ultimately, the UN, to get their decisions endorsed by non-G-20 member countries.

Although the UN works best when consensus reigns among the major powers, the latter are often at loggerheads in the organization. It is not always clear whether it is the intractability of the problems the UN handles that causes divisions, or the UN's divisions that make the problems intractable. In any case, the countries of the "North" and the countries of the overlapping Non-Aligned Movement and G-77 are often at ideological odds with each other and working to cross-purposes. Unlike the G-8, the G-20 members have the built-in advantage of spanning the infamous North-South divide, its members having places in the UN's disparate political groups and in all five geographic regions, as well. The G-20 could make a major contribution to improving the effectiveness of the UN if it could iron out some of the differences that divide its members and import that agreement into UN deliberations.

To the extent, therefore, that G-20 membership induces a sense of common purpose among the 20 and diminishes its members' identification with geographic or other groups, cooperation under UN auspices would be made easier and more productive. As has been the case in the IMF, consensus by the G-20 on a particular need could be a powerful stimulus to action and reform at the UN in New York. Conversely, the very existence of the G-20 and its evident capacity to act outside of UN parameters if non-G-20 UN members are dilatory or obstructive, create an incentive in New York for action and cooperation. Those who cling in New York to ideological positions could find the organization they are obstructing bypassed altogether.

³⁴ Government of Canada website, updated 2010-08-31.

Not surprisingly, much of the UN's membership is apprehensive of the G-20. They recognize that the G-20 came into existence when and how it did because a myriad of political and structural problems prevented existing institutions, principally the G-8 and the IMF, but also the UN proper, from addressing the global financial crisis effectively. They realize that similar impediments are obstructing progress on other global issues more directly under the UN's purview and they are well aware that the G-20 is capable of sidestepping the UN when disagreements prevent effective action.

At the same time, they are troubled by the G-20's structural shortcomings. Despite the presence at the G-20 table of some developing countries, no place is reserved for the poorest, least developed countries and no one is carrying their proxies. Also problematic, the capable smaller countries of the UN such as Norway, Switzerland, Chile, Singapore and New Zealand, are absent from G-20 tables as well, effectively depriving G-20 deliberations of these countries' generally constructive and frequently innovative diplomacy. The Norwegian Foreign Minister, Jonas Gahr Store, who presides over one of the most widely respected and effective small country diplomacies in the world, said bluntly in the lead-up to the Toronto and Muskoka summits last year that "the spirit of the Congress of Vienna, where great powers assembled to effectively govern the world, has no place in the contemporary international community. The G-20 is sorely lacking in legitimacy and must change." While acknowledging that "there is value in having an effective, smaller forum of nations, equipped to act quickly when necessary," he warned that "if the G-20 cooperation should effectively result in decisions being imposed on the great majority of other countries, it will quickly find itself stymied."³⁵

Singapore's Permanent Representative, Vanu Gopala Menon, speaking on behalf of the Global Governance Group, an informal group of moderate countries who have joined forces in the hope of developing a constructive dialogue on coordination and cooperation between G-20 and non G-20 members, made much the same point:

"We firmly believe that the G-20 process should enhance and not undermine the UN. All countries, big and small, will be affected by how the G-20 deals with the issues it takes under its charge. Given the complexities and interdependencies of the global economy, it is important for the G-20 to be consultative, inclusive and transparent in its deliberations for its outcome to be effectively implemented on a global scale."³⁶

It is in the interest of the countries of the G-20 to work out an effective relationship with the G-172 (i.e., the UN members not also members of the G-20) because the more the 172 are excluded, the less they will have confidence in the ultimate fairness and efficacy of the multilateral system, and the less interest they will have in responding to G-20 wishes. Global problems require global solutions and, as Bruce Jones of Brookings has pointed out, "however much influence the G-20 have, the problems they confront are the kind where the weakest link

³⁵ Jonas Gahr Store, "G-20 sorely lacking in legitimacy" *New Straits Times*, Mar 29, 2010.

³⁶ Statement By Ambassador Vanu Gopala Menon, Permanent Representative Of Singapore to the United Nations On Behalf Of The Global Governance Group (3G) At The Meeting Of The Ad Hoc Open-Ended Working Group To Follow Up on the Conference Last June of the World Financial And Economic Crisis and its Impact on Development. "Strengthening The Role Of The UN In Global Economic Governance," 2 June 2010.

can break the chain.”³⁷ Unless smaller states see their views reflected in decision-making processes, or at least judge that their interests have been duly and fairly taken into account, they are unlikely to “buy into” the solution of whatever is at issue. This kind of unresponsiveness can have repercussions in, for example, the G-172’s attitudes towards illegal migration, transnational crime and the drug trade, international terrorism and piracy, evasion by unscrupulous industries of climate change regulations, the prevention of the spread of pandemics of infectious disease, and collaboration on financial regulation notably regarding tax havens and banking reforms, and so on.

The G-20 needs to take outreach seriously, in ways consistent with efficacy and inclusion as well. There are several steps the G-20 can take, none of which will be fully satisfactory to those who are absent, but all of which are likely to be better than nothing. Most fundamentally, the chair of the G-20 in a given year will need to consult others beyond his/her G-20 counterparts on the G-20 agenda and seek substantive rather than pro forma input through, for example, the African Union (AU), ASEAN, the Shanghai Cooperation Organization, the Gulf Cooperation Council, the Organization of American States, etc.

A further idea is to adopt at least an informal constituency approach, so that G-20 leaders at the table, or some of them, carry de facto proxies of those not present. Canada and the UK could, for example, “represent” the Commonwealth. Canada and France could do the same for the Francophonie while Mexico and Brazil could carry briefs for Latin America, etc. This would imply effective consultation with members of the constituency before G-20 meetings and timely debriefings and cooperation afterwards. A variation on this idea is that G-20 finance ministers should form a council to take strategic decisions on the international monetary system, effectively replacing the IMF monetary and financial committee, with each G-20 country representing a constituency of smaller countries, mirroring the IMF’s system of constituencies.³⁸ At the same time, the more effectively the G-20 worked with the UN, the less need there would be for outreach and for G-20 members to try to represent constituencies, informal or otherwise.

In order to ensure a voice for the G-172 at the G-20 table, especially for the poorest, the UN Secretary-General could attend the G-20 as a matter of right, as could the heads of the IMF and the head of the World Bank when economic issues were on the agenda. While the Secretary-General works for the G-20 as well as the G-172, it is in the latter capacity that he/she can give voice to the absent. As is the case with the EU, the AU and any other transcendent political unions could attend as a matter of convention. Further, the UN (and the Bretton Woods organizations) could be encouraged to contribute their perspectives and ideas at G-20 preparatory ministerial meetings and working groups.

There are numerous global issues on which the G-20 and the UN can help each other, but two stand out: Security Council reform and climate change.

³⁷ Bruce Jones, , Policy Brief, Stanley Foundation, “Making Multilateralism Work: How the Can Help the United Nations” April 2010.

³⁸ See Peggy Hollinger, Financial Times, Wednesday February 9, 2011.

The G-20 and Reform of the Security Council.

The UN Security Council is the world's top security table. It is empowered under Chapter VI and VII of the UN Charter to authorize the use of force, the only international body that has that legal right. Signatories of the North Atlantic Treaty pay due deference to the UN Charter and undertake under its Article I "to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations." Under Article V of the Treaty, they pledge to come to each other's defence "in exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter of the United Nations." The Security Council is also equipped by Chapter VII of the UN Charter with the power to "legislate" for all member countries, for example its post 9/11 decision to deny terrorists access to the world's financial system, a power that the self-appointed G-8 and G-20 do not (and should not) have.

The Council's writ covers peace and security, fairly broadly defined. Major international political and security issues continue to be brought to the UN for deliberation and decision where possible and for surveillance and management where solutions are not possible. For example, the US successfully sought Security Council authorization in 2001 to use military force in Afghanistan in response to 9/11 and again in 2011 in Libya, but was denied authorization by the Council in 2003 to use military force to topple Saddam Hussein's regime in Baghdad. The Israeli-Lebanese war of 2006 was brought to the Council for a diplomatic conclusion. Further, the international sanctions in response to the alleged Iranian nuclear weapons program are currently coordinated in the Council. There are literally dozens of less high-profile issues on the Council's docket.

There is no prospect that the G-20, operating at leaders' level, or even at foreign ministers' level, will supplant the Council. The five permanent members of the Security Council are unlikely in the extreme to acquiesce in any sort of formal encroachment by the G-20 onto Council turf and in doing so to undermine their own privileged positions there. The Council is too valuable to them, and taking on its burdens would be too time-consuming and impractical for leaders.

There is, though, a strong argument for the G-20 members to invest greater effort in making the Council work better. G-20 leaders could, for example, debate certain issues among themselves and import whatever consensus they can reach into the Council via their Permanent Representatives, as the G-8 did to end the Kosovo war in 1999. G-20 members could also participate more actively in Council-sanctioned, UN-led military missions. Participation by G-20 countries, including Canada, would upgrade the UN's capacity to act effectively. G-20 leaders could also inject high-level political energy periodically into issues of surpassing importance, as Obama did in 2009 in chairing a Security Council session devoted to arms control and disarmament.

One issue on which the G-20 could make a major contribution is reform of the UN Security Council, specifically the number and composition of permanent seats. For a generation, member states of the UN have endeavored vainly to revamp Council membership. Several emerging market countries—who are members of the G-20—see themselves as entitled to permanent Security Council seats by virtue of their significant and growing standing in international relations. Further, neither Africa nor Latin America has a permanent seat on the Council, whereas Europe has two permanent seats, three counting Russia. For the aspirant countries, a Council that does not reflect contemporary power realities is unrepresentative and illegitimate. Worse, it is ineffective and their solution is to enlarge the Council to include themselves as permanent members.

Others do not equate enlargement with reform and regard the whole idea of permanency with distrust. Some opponents of an increase of permanent seats cite the cases of Darfur, Rwanda, Srebrenica, etc., to argue that the Council has a performance deficit more than a representational deficit. They contend that more members do not necessarily increase the Council's effectiveness, and that permanency is in any case incompatible with accountability. Further, opponents of adding permanent seats, including Canada, favour democratic, electoral practices over autarchic, anachronistic privilege.

Resolving the issue of permanent seats is important because the role of the Council is important. The G-20 might well be in a position to assist the reform process in the coming months and years, as all the main protagonists are members of the G-20 and in some respects are the economic equivalent of the Security Council. It should be possible for experienced leaders for whom compromise and politics as the art of the possible are everyday realities to find practical political accommodations.

It happens that there is a potentially useful overlap between the G-20 and the Security Council in the next period. Ten G-20 members (six G-8 members) will be on the Council in 2011, as will five of the leading six aspirants for permanent Council membership. While the overlap might lessen the perceived need for the G-20 to address political issues, it also presents an opportunity that might not come soon again to solve this chronic problem. Whether the G-20 wishes to seize it remains to be seen.

The G-20 and Climate Change³⁹

The leaders' G-20 was created to deal with the last economic crisis. The next economic crisis might well be driven by an inadequate global response to climate change. Preventing climate change, the mother of all tragedies of the commons, was never going to be easy. There are only a few examples in modern history of humanity coming together in its own enlightened self-interest to change its collective course on a major governance issue: World War III has been avoided (so far), the widespread proliferation of nuclear weapons has (largely) been averted and the ozone layer has been (mostly) preserved.

For climate change, as for most over-arching global issues, the crucial negotiations have usually taken place in the back rooms of large gatherings, among groups of 20 or so of the most engaged countries. In the Copenhagen conference in November 2009, even that process was bypassed as five countries—the US, China, Brazil, India and South Africa, some of the worst polluters—cut a deal among themselves that they then offered to others on a take-it-or-leave-it basis.

The Copenhagen solution, however, was inadequate substantively and unfair procedurally. While it had some merit—more than 70 countries including 35 developing countries signed on to the deal and pledged to take “nationally appropriate actions—it lacked targets and timetables and it back-end loaded its promises of financial assistance to poorer countries harmed by a problem the richer countries created. Further, G-20 members from the EU and Japan, South Korea, Saudi Arabia, Mexico, Australia, Turkey, Indonesia and Russia were sidelined from the backroom negotiations as was Canada, itself a significant generator of greenhouse gases (GHG) and the leading foreign supplier of oil, gas, electricity and uranium to the worst GHG emitter, the US. Nor were the innocent victims represented.

³⁹ For a fuller treatment of the G-20 and climate change, see Barry Carin, PhD, Senior Fellow, Centre for International Governance innovation, “Can the G-20 Save the Environment?” Centre for International Governance Innovation, prepared for The School of Public Policy, April 2010.

More progress was made at Cancun, Mexico in November 2010 (after Copenhagen, the bar was set low) and a more constructive, even hopeful tone was established for subsequent negotiations. United Nations Framework Convention on Climate Change (UNFCCC) Executive Secretary Christiana Figueres called it “a new beginning...not what is ultimately required but [an] essential foundation on which to build greater, collective ambition.”⁴⁰ Nevertheless, in the absence of any prospect of progress in the US Congress on climate change, much had to be kicked down the road to Durban in the fall of 2011 and likely beyond the next US presidential and congressional elections in 2012.

Agreement by all 192 members of the United Nations, while essential, remains elusive. Negotiations have been too unwieldy and complex, too hampered by politics and contradictory ideologies and too vulnerable to the actions of a handful of spoilers to be able to reconcile competing interests and conclude an effective omnibus global treaty. Partly in frustration with the difficulty of making progress while emissions grow and the climate change clock ticks, negotiators have in some cases sought to reach agreement on those discrete parts of the problem on which agreement is achievable.

World Bank President Richard Zoellick encapsulated the challenge when he called for “reaching real results on the ground while at the same time working on overall international regimes and arrangements, and not letting the perfect be the enemy of the good.”⁴¹ A notable accomplishment at Cancun in this respect was agreement to create a program—Reducing Emissions from Deforestation and Forest Degradation (REDD)—that uses market and financial incentives to reduce GHG emissions from deforestation and forest degradation. Elsewhere, coalitions of the willing have been turning to “bottom-up” actions on a national and regional basis, although that course risks making the world a crazy quilt of incompatible regulations and trade protectionism masquerading as climate sensitivity.

Whether the solution is to be an over-arching mega-deal or a series of internationally sanctioned regional or issue-specific deals, the world has to be brought to act. The G-20 is, by its own declaration, the world’s “premier economic forum,” and climate change mitigation and adaptation raise primordial economic issues, including the probability that not acting promptly is going to be more costly for all than acting promptly would be, as British economist Nicholas Stern has persuasively argued.⁴²

It would make sense for climate change, starting perhaps with its economic and development dimensions, to be put on the G-20 agenda. Given the fundamental disagreements that continue to bedevil progress, particularly over who bears the major responsibility for creating the problem and on whom it is incumbent to act first and do most to fix it, as well as the reluctance of the American Congress to acknowledge US responsibility and support the president on this issue, miracles will not happen. But the greater the extent to which the G-20 can narrow differences between themselves on principles and import some consensus into the necessarily larger UN negotiating framework, the more likely it is for progress on climate change to be made.

⁴⁰ “UN Climate Change Conference in Cancún delivers balanced package of decisions, restores faith in multilateral process” Press Release, (Cancún, 11 December 2010)

⁴¹ Robert B. Zoellick, President, World Bank Group, Transcript of Remarks at Cancun Summit on REDD+, December 7, 2010.

⁴² See Nicholas Stern, “The Global Deal: Climate Change and the Creation of a New Era of Progress and Prosperity,” Public Affairs/Perseus Books Group, 2009. See p 90 ff.

The G-20 and the UN: Neither Is Sufficient, Both Are Necessary

The UN remains a necessary but not sufficient response to globalization, as is the G-20. The inescapable conclusion is that there is room and need for both the UN and the G-20, and for cooperation between them. Effective global governance depends considerably on the success of both the nascent G-20 and of the sexagenarian UN.

The UN embodies universality and the G-20 efficacy. Together, they can produce synergies, with the G-20 strengthening the UN by reducing the gaps among the major powers on contentious issues, making decision-making in the world body easier and more effective, with the UN returning the favour by extending the G-20's effectiveness vis-à-vis the G-172, a group that the G-20 cannot command but whose cooperation it does need. The UN, for its part, needs to be sensibly responsive and strategically savvy, resisting the blandishments of its ideological "spoilers." And the G-20 needs to take the initiative to develop an effective *modus operandi* with non-members of the group to resolve legitimate issues of inclusion and exclusion, find a way to give voice in its deliberations to the less powerful poorer countries and to the small but very competent richer ones.

The G-20, International Security and Asia

The G-20 has not given itself a direct security mandate. Its effectiveness in bringing better governance to the global economy and increased oversight to the international financial system will, nonetheless, be beneficial in security terms in a world in which GDP is as good or better an indicator of power and influence as military capability, and also a more urgent and less dangerous subject of contention. Further, to the extent the G-20 is successful in promoting an environment of trust in which all acquire "habits of cooperation," there will be spillovers into security relations, reducing frictions between its members and facilitating problem solving, as has been the case in the past between Russia and the rest in the G-8. This could be especially beneficial for the Asian members of the G-20 which have fewer effective organizations within which to subsume their differences and work cooperatively.

As the current economic crisis recedes, as it inevitably will, the G-20 can pick up on security issues and challenges, much as the G-7/8 did after the macroeconomic instabilities and energy price shocks of the 1970s. Initially the G-7/8 also had no security mandate, but over time its members found it necessary and useful to expand their agendas to discuss and, where possible, act in concert on the major and pressing political/security issues of the day, from Bosnia and the Kosovo war, on which the group was divided (Russia versus the rest), to Indian and Pakistani nuclear weapons tests, terrorism, crime and illegal drugs, failing states, the dénouement of the Cold War, the safeguarding and destruction of nuclear and other weapons materials, the Middle East and other regional hotspots, etc. Many leaders found dealing with these political/security issues a welcome respite from the more technical, some might say dismal, albeit important, fields of international finance and economics. If the G-8 experience is any guide, the G-20 leaders will likewise progress to political/security issues. If they don't, the G-20 might die of boredom!

All G-20 countries are significant members of the international community in their own rights, but they are obviously far from equal; power disparities among them remain important background and sometimes foreground factors in their meetings. Militarily, the US, in particular, bestrides the group like a colossus. According to the 2009 Yearbook of the

Stockholm International Peace Research Institute (SIPRI), US defence expenditures in 2008, in current dollars, were \$607 billion USD, just over 40 percent of total global defence expenditures (a relative decline attributable in part to currency volatility—the figure has approached 50 percent in the recent past). The US outspends the next ten countries combined, five of which are allies. That kind of expenditure buys stupendous capability including, for example, 11 aircraft carrier groups, as many as the rest of the world combined. In Asia, the US navy effectively ensures balances among China, Japan, the Koreas, Russia, Taiwan and, to a lesser extent, India. The G-20 changes little in this regard, beyond reducing tensions.

The central strategic imponderable of the G-20 for a long time to come will be the relationship between the US and China, financial Siamese twins joined at the wallet. China needs a strong US economy to consume its excess industrial output, thereby helping to prevent labour unrest and the US, with its nearly unprecedented indebtedness (the worst since 1792, the Second World War excepted⁴³), needs a growing China to keep lending it money to cover its deficits. As observed by US Treasury Secretary Timothy Geithner, “China needs the United States, but the United States also benefits very substantially from our rapidly expanding economic relationship with China... We have a great deal invested in each other’s success.”⁴⁴

China, although more assertive latterly, especially as regards Japan, has generally been circumspect in the military expression of its personality, first because its primordial interest is economic development which it does not wish to jeopardize and second because, classically, the more China asserts its power, the more it unites others in opposition to itself. While the sheer size of China’s economy is causing it to bump up against others more and Chinese leaders realize that fulfilling their needs at home requires a more activist, global strategy,⁴⁵ they are still behaving largely according to former Chinese leader Deng Xiaoping’s variously expressed maxim, “conceal ambition and hide claws.”⁴⁶

US Secretary of Defense Robert Gates, in reflecting on his talks with Chinese leaders earlier this year in China, had commented that “...both the military and civilian leadership [of China] seemed determined to carry this relationship further and build upon it... I’m very encouraged going forward.”⁴⁷ In the latter part of 2010, however, strains emerged again in the US-China relationship, with each accusing the other of pursuing economic policies that contravene accepted international rules and norms. Different conceptions of human rights, accentuated by the Chinese response to the awarding of the 2010 Nobel Peace Prize to Chinese dissident Liu Xiaobo, also disturbed the relationship, as did evidently different assessments of how to respond to North Korean belligerency. Perhaps partly for these reasons, during Chinese President Hu Jintao’s state visit to Washington in January 2011, both leaders were at pains to

⁴³ See especially “American Profligacy and American Power: The Consequences of Fiscal irresponsibility,” by Roger C. Altman and Richard Haass, *Foreign Affairs*, November-December, 2010.

⁴⁴ US Treasury Secretary Timothy Geithner’s Remarks on “The Path Ahead for the U.S.-China Economic Relationship,” School Of Advanced International Studies, Johns Hopkins University, January 12, 2011.

⁴⁵ See Elizabeth C. Economy, “The Game Changer”, *Foreign Affairs*, November-December, 2010.

⁴⁶ Emmott,, p 48.

⁴⁷ “Gates Says China Relations Ready for Next Level”, By Jim Garamone, American Forces Press Service, Mutianyu, China, Jan. 12, 2011.

show that they can work together for their mutual benefit. Hu described the purpose of his visit as being “to increase mutual trust, enhance friendship, deepen cooperation and advance the positive, cooperative and comprehensive China-US relationship for the 21st century.”⁴⁸ An effective G-20 that deepens understanding of the international economic system and encourages acceptable compromises on zero-sum problems can help that process along, and bring security benefits as it does so.

It was as a hedge against China, and perhaps in the hope of leaving some sort of positive legacy, that former US president George W. Bush initiated a strategic partnership with India. Relations between India and Japan are similarly developing and for some of the same reasons—to strengthen India vis-à-vis China. China, for its part, is cultivating its relations with Pakistan, Burma and Sri Lanka to offset perceived Indo-American and Indo-Japanese encroachment. Indian relations with Pakistan, especially if the latter descends further into Islamism and terrorism against its big neighbour, have the potential to split the G-20, as does the erratic, belligerent behaviour of North Korea. Taiwan is another potential spoiler.

India, like China, welcomes the advantages inherent in G-20 membership but wants to be recognized as a *developing* major power, with different, lesser responsibilities than the richer countries. India, like Brazil to some extent and some of the other southern members of the G-20 as well, is looking, Janus-like, backwards to the impoverished South and forward to its new standing among the world’s major powers. India is gratified by the recognition of its new standing and the respect and deference that goes with it, but is loathe to give up the residual advantages of solidarity among the countries of the South and the South’s voting power at the UN. India is nonetheless happy to benefit from G-20 membership, notably the opportunity the G-20 offers to protect its interests directly, especially in avoiding commitments to measures that could slow down economic growth. Much of the international discussion of India focuses on its hearteningly rapid progress, but it has major, underestimated and underreported problems, including extensive poverty, ethnic and religious divisions, serious health and educational shortfalls and illiteracy.

Strictly militarily, Russia remains the second most powerful country in the world, with the world’s largest stockpiles of nuclear warheads of all kinds, in excess of 16,000, albeit useable only in suicidal circumstances. At the same time, Russia has very little soft power, i.e., getting results through emulation rather than coercion. In any case, in its vocal opposition to NATO’s expansion into Ukraine and by its own military intervention in Georgia, Russia has made it clear that it intends neither to be taken for granted nor dominated. Nevertheless, the ratification by the US of the New START Treaty has eased some of the underlying tensions between the two, as have changes in NATO’s ballistic missile defence posture that less directly threatens Russia.

NATO’s expansion eastward and Russia’s truculence notwithstanding, NATO appears gradually to be transforming itself from an active alliance into an insurance policy against the remote possibility of return to a more dangerous time. In the absence of an enemy posing a credible, existential threat to the West, traditional, formal defensive alliances will matter progressively less, and good international governance, which the G-20 can facilitate, will matter more.

⁴⁸ The White House, Office of the Press Secretary, Remarks by President Barack Obama and President Hu Jintao of the People’s Republic of China in an Exchange of Toasts at the State Dinner January 19, 2011.

To the extent that the G-20 qua G-20 will concern itself directly with security, it is likely to be with countries beyond its own membership and triggered by phenomena such as organized crime and terrorism, although the threat the latter poses is comparatively small (many more people died from extreme weather last year than from terrorism cumulatively in the past 40 years⁴⁹). In most cases, the most effective instruments against terrorism are likely to be cooperation by intelligence and police services, rather than armies. In any case, the prospect of terrorists armed with nuclear weapons tends to unite rather than divide the various members of the G-20.⁵⁰

International responses to conventional and unconventional security challenges are likely to be “ad hoc, informal, improvised and opportunistic,”⁵¹ as well as pre-emptive. Nor will the protagonists necessarily be exclusively or even primarily the permanent members of the Security Council. Cooperation is growing among countries that are not themselves great powers by traditional definitions but that nonetheless have both compelling strategic interests in a peaceful and prosperous region and world and the diplomatic and military capacity and political disposition to influence outcomes. Brazil and Turkey’s initiative on the alleged Iranian nuclear weapons program is a case in point; there are others.

Further, the G-20 can contribute to international security by distinguishing between stability and security. In the interests of promoting the latter, counter-productive emphasis has often been placed on preserving the former, for example in earlier years in Iran and latterly in Egypt and most of the Arab world, with the result that the political lid has blown off repeatedly, from Tehran to Gaza to Cairo, Tunis and Tripoli. In an age of satellite television, the Internet and social media, change in repressive states seems likely to accelerate. To the extent that G-20 leaders accommodate, even embrace, such change and promote widespread economic progress, they can bring about a dynamism that is likely to be inherently less dangerous than fossilized stability.

THE G-20: STOCK-TAKING AND THE FUTURE

On the eve of the Seoul summit, former prime minister Martin, the godfather of the G-20, said that it was “critical that it complete the cycle from global crisis-responder to global steering committee, for that is what is required if globalization is to work.”⁵² That transition has not yet happened. The G-20 has done comparatively well in pursuing financial re-engineering but has done less well in addressing the highly political tasks of resolving the current account, trade and budget imbalances conundrum, whose causes lie deep in the economic philosophies and internal practices of the world’s largest economic players. Nor has the G-20 made much progress on issues of a more indirect economic character and still less on security issues. More fundamentally, the G-20 has yet to develop a consensus on the nature of what ties them together, i.e., global interdependencies

⁴⁹ 2010’s world gone wild: Quakes, floods, blizzards. Seth Borenstein And Julie Reed Bell, Associated Press – December 19, 2010.

⁵⁰ “GDP Matters More Than Force: A US Foreign Policy for an Age of Economic Power,” by Leslie H. Gelb, Foreign Affairs, November-December, 2010, p35.

⁵¹ “Collective Conflict Management: A New Formula for Global Peace and Security Cooperation,” by Chester A. Crocker, Fen Osler Hampson and Pamela Aall, forthcoming.

⁵² Remarks by The Right Honorable Paul Martin, Former Prime Minister, Canada, Keynote Speaker, to the Seoul International Symposium Toward The Consolidation Of G-20 Summits: From Crisis Committee To Global Steering Committee September 27-29, 2010 G-20 Summit Site, COEX, Seoul

The G-20 has shown that it can generate policy consensus and coordination when its members manifest the requisite political will to drive reform on major global challenges. It is the best solution so far to the legitimacy/efficiency trade-off, combining inclusiveness and representativeness, albeit far from universality with capacity and effectiveness.⁵³ But it is not a panacea.

While consensus is easier to generate in smaller bodies than the UN General Assembly or large international conferences, it is not yet clear how much easier in practice it is to do so in the G-20. National interests are not a factor of the setting in which they are addressed and ways of thinking and acting established over generations are not modified easily. Further, for the heretofore hegemonic US, G-20 partnership needs to mean not just hearing others before deciding and acting, but rather developing shared assessments and engaging cooperatively—rusty skills in Beltway-bound Washington.

For some others, notably China and India, if the G-20 is to prosper, their conceptions of their interests need expanding to include more fully the well-being and effectiveness of the institution, which has to be more than the sum of disparate interests if it is to work. Further, it is not clear that they and Brazil, among others, see the G-20 as a more cordial venue in which to pursue their interests than the UN whose legitimacy, solidarity and universality they value. Further, some are wary of the risk inherent in small group negotiations of being “jammed” into making deals, as China apparently felt was the case in the backroom bargaining at the climate change negotiations in Copenhagen. For the G-20 qua G-20 to prosper and achieve its potential, all 20 governments will have to reconcile self-interest with the common interest, and privilege cooperation over autarchy, multilateralism (or at least plurilateralism) over unilateralism, the effective over the merely efficient and the legal over the expedient. All of this is easier said than done, especially in the absence of the unifying power of major common threats.

There are practical problems, too. First, the G-20 agendas are too technical for many leaders to handle, even supported by the informal sherpa process. It is unrealistic to expect a group of leaders, most of whom are not themselves technically expert and all of whom are lacking the luxury of time, to resolve complex multi-dimensional problems in brief, informal meetings. Such technical issues should be the province of G-20 finance ministers and central bankers who, in contrast, meet several times a year and are backed up by dedicated ministries and staffs. A professional secretariat (or “non-secretariat”), building on formal G-20 ministerial processes, might help leaders cope better.

Second, G-20 members’ disparate cultures, values, governance and economic philosophies, domestic political structures and imperatives and unequal levels of economic and social development make finding common ground difficult. Internal communications and logistics challenges among the G-20 make that task more difficult.

⁵³ See “Making the G-20 Summit Process Work: Some Proposals for Improving Effectiveness and Legitimacy,” by Barry Carin, Paul Heinbecker, Gordon Smith and Ramesh Thakur, CIGI G-20 Papers, No. 2, June 2010.

English is not quite a lingua franca for the G-8, but it is even less so for the G-20. About half of the latter's participants have to rely on translation, making cacophony a risk (even the UN uses only five official languages) and diminishing the spontaneity of exchanges. The more translation is necessary in the course of discussions, the more the conversation is stilted and the more formalized and less spontaneous the process becomes. Further, the more technical the issues—notably as regards the intricacies of international finance—the less some leaders are comfortable discussing them extemporaneously and the more they have recourse to talking points setting out their positions, further formalizing the proceedings and shifting the emphasis from the search for compromise to the defence of interests, thereby rendering the leaders' experience as something akin to a political root canal. If the G-20 is to progress, it will need to leave economic and technical details to finance ministers and bank governors, and deal instead with the politics of international relations where only they have the authority to cut the deals needed to advance global governance.

Logistically, the G-20 suffers from disadvantages of size, at least compared to the G-8, and operates less intimately. Meeting rooms are bigger than at G-8 sessions and thus less conducive to generating familiarity among the participants. To obtain the maximum benefits from the meetings of the G-20, the number of people at the table needs to be tightly restricted. The leaders need proximity and intimacy to really understand each other's perspectives—especially their disparate political interests and limitations—and to engage each other. Distance across large tables destroys spontaneity and favours formality and disengagement. As a consequence, only 20 government leaders should have dedicated seats at the G-20 table. One or two additional rotating seats, as in the UN Security Council, could be allocated to non-government leaders to use when invited by the host chair to speak. Or perhaps there could be inner and outer circles, with national leaders seated at the inner ring and institutional leaders at the outer.

If the experience of the G-8 is any guide, and it is in the interests of the G-20 as an institution that it should be, frequent contact will lead to better understandings of the political constraints within which others must operate. As participants come to know each other better and to the extent that the common ground between them expands, misunderstandings, miscalculations and unrealistic expectations are likely to diminish and more practicable and cooperative ideas to emerge. An effective G-20, in which its members meet frequently and work cooperatively, can instill a greater sense of community among countries accustomed to seeing each other in competitive terms.

Evidence so far is that the G-8, though broadly like-minded, is unlikely to constitute a formal caucus within the G-20, although the EU will informally do so. While the migration of economic and political power to Asia is generating a growing Asian voice in the G-20, the competitive nature of the various bilateral relationships within the region makes the emergence of an Asian caucus unlikely.

Nor, for similar reasons, are the countries of the other regions likely to band together. The existence in one institution of 20 of the world's most significant and capable states with disparate interests does increase the probability of temporary, issue-based alliances forming within the group as problems and opportunities come to the fore and then retreat. Such a pro-tem alliance was evident when Harper made common cause with China, India and others to resist pressure from G-8 friends like Britain, Germany and France to impose a bank tax at the G-20 meeting in Toronto.⁵⁴ Former British prime minister Lord Henry Palmerston's insight that nations have no permanent friends, just permanent interests, seems likely to come back into vogue in the G-20.

⁵⁴ Campbell Clark, "Harper's bank-tax victory has left some scars," *Globe and Mail*, June 09, 2010.

A further likely development is cross-regional cooperation among the G-20 countries that are not great powers but that nonetheless have compelling strategic interests in a stable and prosperous world and the capacity to intervene, e.g., the effort by Turkey and Brazil to mediate the international dispute over the alleged Iranian nuclear weapons program. Whether within the G-20, or outside of it, there is ample scope for new partnerships to develop in the realms of security, development, global governance and international institutional innovation. There is also room, indeed a need, for cooperation between G-20 members and capable G-172 members.

Several lessons can reasonably confidently be drawn from the G-20 experience thus far. First, in order to address major crises effectively, it is imperative to bring all the key stakeholders into the discussion. Second, the broadening of the circle of participants sets in train a process of power-sharing and pluralistic decision-making whose full import is probably not even now adequately assimilated around the world, not even by its members. Third, the interest of the participants in the forum thus created wanes as the crisis triggering its creation retreats. The pace of progress has slowed perceptibly as meeting has succeeded meeting and the recession has eased. The instinct to cooperate in a crisis, what Harper variously called “the fellowship of the lifeboat” and “enlightened sovereignty,” yields to national interests and nationalist habits as the crisis recedes and the lifeboat reaches less turbulent waters.

The fourth lesson, perhaps the most important at this stage, is that expectations need to be kept realistic. The demands on the G-20 for immediate, concrete results have been enormous and to some extent understandable considering the financial stakes. But the demands are also unsatisfiable; the issues are difficult and progress is going to be neither easy nor fast. G-20 leaders would be wise not to issue promises in order to create the impression that they are doing something and should not establish markers for the sake of appearing accountable.

While it is right for the public and the media to expect results, it is a mistake to judge the efficacy of the group on the basis of the contents of one communiqué or another at one summit or another. The issues the G-20 are wrestling with are complex. A true appreciation of the progress that the G-20 is making, or not making, in resolving them requires a longer view. Understanding the problems, reaching agreements on them, fulfilling them, assessing the results and recalibrating approaches take time. Further, the very process of 20 of the most powerful leaders in the world meeting regularly and probing each others’ arguments and reassessing their own is important in itself. It is through such interaction and cooperation that leaders grow intellectually and that they progress from the gritty imperatives of domestic politics to the higher plains of global statesmanship. In any case, it is better that leaders be talking than fighting; to paraphrase former British prime minister Sir Winston Churchill: jaw, jaw is better than war, war.

G-20 members should not shrink from making the difficulty of achieving reforms clear to the media and the public. Allowing themselves to be pressured into presenting a happy, unified message of cooperation just to get through a media-intensive event risks either misrepresenting the views of some or settling for the lowest common denominator in their negotiations; either outcome undermines the credibility of the process and increases the pressure for more artificial results. As Alan Beattie of the Financial Times has argued, G-20 communications need to reflect the increasing detail of the debate and its lengthening time horizon.⁵⁵

⁵⁵ Alan Beattie, “Successful Communications Strategies for G-20 Summits, at the Conference on the New Dynamics of Summitry: Institutional Innovations for G-20 Summits, September 27-9 2010, Seoul.

The larger story of the G-20, including its much criticized performance at Seoul, is not that the G-20 is failing to resolve intractable issues but that the issues are intractable and the G-20 is trying to solve them. In any case, there is no other forum where prospects for agreement are any better. Just leaving the problems to the market to sort would have punishing consequences all round.

THE G-20 AND CANADA

The Importance of Summitry and Personal Diplomacy⁵⁶

As few doubt the axiom that it is better to be a policy-maker than a policy-taker, the most coveted seats in the world are at the G-20 table. It is at these summits where the world's leading countries address themselves to the world's most important and urgent economic issues. Having a place at that table positions leaders to do good by contributing to the improvement of global governance, protecting their people's interests and advancing their own political standing. It also gives leaders opportunities to develop at relatively low transaction cost personal relationships with each other that can be invaluable down the road

Like most other countries, Canada needs opportunities and vehicles to advance its foreign policy interests. The G-20 provides both. It is enormously in Canada's interest to be present in G-20 summits and in a position to influence the discussions and conclusions to advance its ideas. While no one attending G-20 gatherings forgets for a moment which countries around the table are the most powerful and which leaders are in the strongest political positions, the second-tier leaders have the opportunity nevertheless to advance their ideas to the group. In such intimate gatherings, the quality of the ideas a leader can offer can offset disadvantages in size. In June in Toronto, for example, Harper was able to lead the effort to turn aside the British, French and German push for a bank tax, which made sense in a European context but not in Canada.

For Canada, as for most other major countries, the prime minister's leadership is essential to advance Canadian interests internationally. Personal diplomacy by leaders is important because it is one of the surest ways of getting important issues addressed by their counterparts. Given that in every capital, but especially in the major capitals of G-20 countries, there is tremendous competition for the leaders' time and attention, and, like everyone else, those leaders have only 24 hours in their days, some things, even important things, will never come to their attention. For Canada to get an issue to the top of another leader's agenda, especially if the issue matters more to Canada than it does to the country in question, it is important that there be a personal relationship between the leaders, and that the leaders' programmers realize that their principals value it and want to preserve it. Such relationships facilitate the scheduling of bilateral meetings and the maintenance of telephone contact between meetings. They force both stock-taking by the respective bureaucracies and decision-making by the leaders. The G-20 is an excellent vehicle for developing personal relationships.

⁵⁶ For fuller treatment of this subject see Paul Heinbecker, "Getting Back in the Game: A Foreign Policy Playbook for Canada," Key Porter 2010, on which this section draws.

Personal relations are vital,⁵⁷ and the onus inevitably is on the smaller partner to take the initiative to get issues important to them addressed. In his memoirs, former prime minister Brian Mulroney observed how hard he worked to make sure Canada was noticed, and “that membership [in the G-8] was personified so that others could see that Canada and its leadership were making a contribution.” His close personal relationships with former US presidents Ronald Reagan and George H. W. Bush were indispensable to his broad international influence and in solving bilateral issues. His influence in Washington reinforced his effectiveness abroad and, conversely, his influence in the world enhanced his effectiveness in Washington. Summitry made it possible for him to develop relationships with European leaders including French president François Mitterrand, British prime minister Margaret Thatcher, German chancellor Helmut Kohl and Russian president Boris Yeltsin, among others and to sustain this extraordinary network. What was true for Mulroney is true for all Canadian prime ministers, including Harper.

Summitry is challenging for any leader. The number of multilateral summits has multiplied over the years and the issues addressed at these gatherings have become more encompassing, more numerous and, substantively and politically, more important. Summits of various kinds happen on average more than once a month (for the Canadian prime minister and include the G-20, the G-8, the UN General Debate, the Commonwealth, the Francophonie, the EU, NATO, Asia Pacific Economic Cooperation (APEC), the Summit of the Americas, the Caribbean and North American Free Trade Agreement-related events, as well as sectoral conferences like Climate Change in Copenhagen and the Commission on Information and Accountability for Women’s and Children’s Health in Geneva, among others). The physical wear and tear is significant, the travel is time-consuming, the stakes are frequently high, much of the media tends to score the event in terms of winners and losers and the outcomes are only partly programmable (for example, the Birmingham G-8 summit in 1998 had to respond to the Pakistan and Indian nuclear tests that took place shortly beforehand and the Toronto G-20 summit had to respond to the sovereign debt crisis). Yeltsin’s affinity for vodka produced many an unscripted G-8 chapter.

Participation in international summits, meetings, and conferences constitutes important, even necessary, growth opportunities for newly elected/appointed leaders. Summits expose them to the political needs, expertise, personalities and, in some cases unsparing judgments of the only peers they have (German chancellor Helmut Schmidt and others were so critical of Canadian economic policies at the G-8 summit in Bonn in 1978 that when prime minister Pierre Trudeau came home, he abruptly changed them⁵⁸). Summits require leaders to expand their intellectual horizons and to check their instincts and theories against reality (Reagan was an exception, sticking close to the talking points on his 4 X 6 cards, and apparently immune to criticism, including from Trudeau, for doing so).

Hosting summits is a great deal more demanding than simply attending them, as the host takes charge of herding the guests, developing an agenda cooperatively with other governments, conducting the proceedings and endeavouring to deliver outcomes that serve his own political and policy needs and that are reasonably acceptable to fellow leaders, while hoping for as many favourable judgments as possible from his own media and population. Used strategically, these summit meetings also afford prime ministers opportunities to conduct bilateral business with other participants, obviating the need for additional travel.

⁵⁷ See especially “Canada, the G-8 and the G-20: A Canadian Approach to Shaping Global Governance in a Shifting International Environment,” by Gordon S. Smith of CIGI and Peter Heap, SPP Research Papers series, Volume 3, Issue 8, November 2010, p 13.

⁵⁸ John English, “Just Watch Me: The Life of Pierre Trudeau, 1968-2000”, by Alfred A Knopf, 2009, p373,

Largely as a consequence of the frequency, significance and breadth of the agendas of summits, prime ministers are increasingly becoming the personification of Canadian diplomacy, although an integrating world ensures that there is plenty to keep foreign ministers busy. It is a very demanding responsibility and, whatever the talents of a prime minister, to function optimally he or she needs to draw on the research strengths and vast experience of a professional public service. The public visibility of a prime minister at a summit is the proverbial tip of the iceberg of the massive preparatory effort.

Partly because of the G-20, international diplomacy has become increasingly economic in character. The financial crisis of 2008 and its enormous scope and complexity have demanded specialized expertise, very considerably increasing the international role of Finance and Bank of Canada officials who have been extraordinarily effective in supporting Harper and Flaherty in G-20 summit discussions of complex and crucial finance and banking issues. On the non-financial aspects of summits, the Department of Foreign Affairs and International Trade (DFAIT) and the Canadian International Development Agency (CIDA) provide the essential support, including the very influential role of the prime minister's personal representative or sherpa in summit parlance.

WHAT SHOULD CANADA DO?⁵⁹

It is evident in an age of multiple centres of power that summitry is only going to become more important. We need therefore first to register in our collective consciousness just how significant summitry is for Canada and to recognize that the G-20 is central to that reality. It is at summits that the world's most important governance issues are deliberated and decided upon, affecting Canadian sovereignty, security and prosperity. No other organization or institution, at least potentially, offers more advantages and opportunities to us to advance crucial interests than the G-20 does. The creation of a G-2 or a G-5 would force us to rely on others to protect our vital interests, a dubious proposition at best. We should, therefore, treat the effectiveness of the G-20 as a Canadian national interest and work at making it happen.

Second, we should cement Canadian membership in the G-20 by making ourselves as useful and indispensable to the institution as possible. We are there as a right, with an economy that ranks us in the top 10 or 11 in the world now and which seems likely to rank us well into the top 20 even if the emerging countries grow as rapidly as expected. But our reputation has lost some of its luster in recent years, as the UN Security Council election loss showed, and we need to ensure that our enviable and legitimate strengths are not deprecated and our standing not further downgraded.

Third, we need to regard G-20 membership as the near equivalent of a permanent seat for Canada on the UN Security Council; this is all the more true now that we have little prospect of sitting again on the Council for several years. We should endeavour, therefore, to shape G-20 agendas to promote our own interests. We should engage actively on financial reform and institutional innovation and promote the discussion of non-financial issues in the G-20, notably the economic development of the world's poorer countries, UN reform, climate change and energy security.

⁵⁹ For fuller treatment of this subject see Paul Heinbecker, "Getting Back in the Game: A Foreign Policy Playbook for Canada," Key Porter 2010, on which this section draws.

Fourth, at the same time, we should work to rebuild our diminished standing at the UN, which remains the pre-eminent body for global governance. The UN Charter provides the rule book for the conduct of international relations and also enables other entities, including the G-20 and other organizations to work better as well. A strong reputation at the UN as a constructive power would reinforce our effectiveness in the G-20. The reverse is also true.

Fifth, we should work to promote a reciprocal beneficial relationship between the nascent G-20 and the United Nations. The G-20 can make the UN more effective by importing consensus among the major powers, where that is achievable, into UN deliberations. The UN can make the G-20 more effective by extending the latter's reach and facilitating cooperation with the G-172 who are not at the G-20 table but whose cooperation is needed, for example, on curtailing international crime or terrorism. Both institutions are needed, but neither is sufficient on its own and cooperation between the two is likely to yield synergies. We could promote coherence between the two by holding the G-20 summits in New York at the same time as the UN General Debate each fall, as most leaders attend. That would save wear and tear on leaders by deleting one major trip and save a vast amount of money, taking advantage of the extensive security for leaders already afforded by the UN each fall.

Sixth, we should devise strategies for developing and managing effective bilateral and multilateral relationships with each G-20 country, especially the emerging economies of the G-20, notably China, India, Brazil, Korea, Turkey and Indonesia. Effective relationships with these countries would virtually guarantee an effective foreign policy and win us respect in Washington to boot. The G-20 summits provide a ready-made and very cost-effective instrument for developing more effective personal relationships with the leaders of arguably the 20 most important countries in the world.

Seventh, we should create issue-specific alliances in the G-20, beyond the more familiar relationships among the old G-8. The like-minded groupings of the Cold War have disintegrated as the EU united, old enemies became partners, other powers emerged and the nature of international security challenges changed. Further, there is an emerging need for cooperation and new partnerships among countries that are not themselves great powers by traditional definition but that nonetheless have both compelling strategic interests in a stable and prosperous world and the diplomatic capacity and political disposition to make a significant difference.

Eighth, as the poorest states are not represented at the G-20, and nor are some of the most effective smaller countries, notably Norway, the Netherlands, Chile and Singapore, we should work towards finding a solution to the efficiency (fewer countries around the table) and inclusivity (all countries around the table) conundrum. Canada could make itself the champion of the importance of the G-20's taking into account—genuinely and effectively—the views of the 172 countries that are not members of the G-20. It is a role that our diplomatic traditions and residual competencies position us to play superbly.

Ninth, we should reinvest in diplomacy as the Americans, for example, are doing to prepare for a world where international diplomacy will be every country's first line of national security.

Tenth, we should develop a network of Canadian think tanks and universities to reinforce the expertise available inside the public service, researching these issues and conducting track II diplomacy to develop informal international consensus on issues that governments might not be able to achieve directly.

Memberships of International Organizations and Institutions, 2011

IMF/EB	G20	G8	G5	UNSC
Argentina	Argentina			
Australia	Australia			
Belgium				
Brazil	Brazil		Brazil	Brazil
				Bosnia
Canada	Canada	Canada		
China	China		China	China
				Colombia
Denmark				
Egypt				
	European Union	European Union		
France	France	France		France
				Gabon
Germany	Germany	Germany		Germany
India	India		India	India
	Indonesia			
Iran				
Italy	Italy	Italy		
Japan	Japan	Japan		
				Lebanon
Lesotho				
Mexico	Mexico		Mexico	
Netherlands				
				Nigeria
				Portugal
Russia	Russia	Russia		Russia
Saudi Arabia	Saudi Arabia			
	South Africa		South Africa	South Africa
	South Korea			
	Spain * De facto Member			
Switzerland				
Thailand				
Togo				
	Turkey			
United Kingdom	United Kingdom	United Kingdom		United Kingdom
United States	United States	United States		United States

About the Author

Paul Heinbecker – A former career diplomat with assignments in Ankara, Stockholm, the OECD in Paris and Washington, Paul Heinbecker served as Canadian Ambassador to Germany, 1992-1996, and as Ambassador and Permanent Representative of Canada to the United Nations, 2000-2003, where he represented Canada on the Security Council and promoted compromise to forestall the 2003 Iraq war and advocated against Canadian participation in that war. From 1996 to 2000, he served as Assistant Deputy Minister of Global and Security Policy in the Department of Foreign Affairs and led the development of Canada’s human security agenda, which made the protection of people a foreign policy priority, and which included the Ottawa Anti-Personnel Landmines Treaty and the International Criminal Court. In 1996, he headed the diplomacy of the abortive Canadian-led UN intervention in Eastern Zaire and, in 1997, he led the Canadian delegation to the UN Climate Change negotiations in Kyoto. In 1999, at the G-8 summit in Germany he helped to negotiate the UN resolution that ended the Kosovo war. From 1989 to 1992, he was Prime Minister Brian Mulroney’s Chief Foreign Policy Advisor and speech writer. In the course of his career, he participated in over a dozen international summits.

Since 2004, he has been the inaugural director of the Centre for Global Relations at Wilfrid Laurier University, and a Distinguished Fellow at the independent Centre for International Governance Innovation (CIGI) in Waterloo. A frequent commentator on radio and television, he has written numerous articles on Canadian foreign policy, has co-edited three books – “Irrelevant or Indispensable: the UN in the 21st Century”, “Canada and the Middle East: in Theory and Practice” and the 2010 volume of Canada Among Nations series entitled, “As Others See Us”. In 2010, he authored “Getting Back in the Game: a Foreign Policy Playbook for Canada”. He has honorary degrees from Wilfrid Laurier University and St. Thomas University

Mr. Heinbecker is married to Ayşe Köymen; the Heinbeckers have two daughters.

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