

Globalization & Summit Reform: An Experiment in International Governance

February, 2009

Genesis of L20 Project

- Bringing Leaders together
 - G7/8 originally established in 1976
 - G8 – USA, UK, France, Germany, Japan, Italy, Canada, Russia (plus EU)
- Events leading to founding of G20 Finance Ministers group in 1999
 - Serial financial crises of 1990s
 - Role of Paul Martin, Lawrence Summers

What is G20?

- G20 Membership = Finance Ministers and Central Bank Governors from ...
- G8 -- USA, UK, France, Germany, Japan, Italy, Canada, Russia

PLUS

- Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, Turkey, EU

G20 Activities

- Focus of G20 Finance Ministers group
 - G20 represents 90% of global GNP, 80% of world trade, two-thirds of world population
 - Tried to develop common view on possible reform of key institutions such as WB and IMF
 - Generates analyses on key issues such as impacts of demographic change, regional integration, and evolution of international commodity and financial markets

Martin Proposal

- In 2003, reflecting experience with G20 Finance Ministers group, Paul Martin proposed a research project based on belief that –
 - Existing international institutions (including G8) are incapable of dealing effectively with impacts of globalization
 - Newly emerging large economies (eg China, India) must be fully involved in managing global events
 - Role of government leaders is critical to resolving key global deadlocks
 - Possibility of raising G20 Finance Ministers group to leaders level should be systematically investigated

L20 Project Approach

- Overall objective is to produce realistic policy alternatives for international institutional change
- Key element is mobilizing cutting edge academic research for use of government decision-makers
- Project workshops include an unusual mix of present and past government practitioners, academics, business and NGO reps
- Project meetings are timed to coincide with and provide input to activities of main international actors, eg sherpa preparations for G8 meetings

Early Project Focus

- Initial scoping meetings – October 2003 Waterloo, December 2003 Bellagio
- Project launch – February 2004 Ottawa
 - Decision taken to pursue series of subject-focused workshops to determine suitability of issues as potential L20 agenda items
 - Problems to be examined were -- globally important, requiring immediate action and currently deadlocked

First Round of Workshops

- Agricultural Subsidies – June 2004 Oxford
- Climate Policy – September 2004 New York
- Infectious Diseases – November 2004 San Jose Costa Rica
- Water – December 2004 Alexandria Egypt
- Terrorism/WMD – December 2004 Princeton
- Financial Crises – January 2005 Mexico City

- Project Review – February 2005 Ottawa

Second Round of Workshops

- New Multilateralism – May 2005 Brussels
- Pandemics – May 2005 Geneva
- Fragile States – May 2005 Berlin
- UN Reform – May 2005 Tokyo
- Energy Security – October 2005 Stanford
- International Fisheries Governance – October 2005 Victoria
- Improving Official Development Assistance – November 2005 Amman
- New Perspectives on Regimes to Control WMD – January 2006 Livermore
- Financing Global Public Goods – February 2006 Princeton
- Furthering Science and Technology – March 2006 Maastricht
- International Institutional Reform and Global Governance – May 2006 Washington DC

Role of United States

- Project participants all agreed – ideally, reform of the main international institutions should proceed with full US involvement and support.
- Some participants -- move ahead with an L20 approach; in the end, the Americans will have to join in. Others -- progress can only be made with US backing.
- In the end, consensus view -- without US support, an L20 approach is doomed.
- Realistically, the US view was likely to be clarified only after the 2008 Presidential election.

Global Fairness/Legitimacy

- Concerns about L20
 - legitimacy of proposed L20 (still a self-appointed “club” of large countries)
 - even an enlarged Leaders group will ignore interests of smaller countries, developing countries and the poor
 - lack of transparency and accountability
 - impact on existing institutions (eg UN)
 - lack of direct access for civil society or business groups (as opposed to through L20 governments)
- General response
 - L20 will establish its legitimacy through its effectiveness; L20 should remain a grouping of nation states, not an estates general; L20 will only deal with limited number of topics suited to action by Leaders

Project Lessons

- G8 insufficiently representative
- Role of Leaders is key
- Systematic preparation for and follow-up from Leaders meetings is critical to success
- Determining L20 composition is difficult; merit of G20 list is that it already exists
- Focus/agenda of first L20 meeting will be important; success will determine whether further meetings occur
- Network of think tanks could provide useful backup to L20 process

Launch Options

- Option 1 – managing a crisis
 - Leaders meet to deal with vital/pressing global challenge
 - Best recent examples -- responding to SARS and bird flu epidemics; international financial meltdown
- Option 2 – building a package
 - Attempt to develop a large package of measures (“grand bargain”) which would bring a number of key countries onboard and provide the basis for the first L20 meeting
 - Possible examples – re-launching Doha trade round; negotiating post-Kyoto climate change regime; re-building nuclear proliferation controls

Findings as of May 2006

- Gaps in global governance are worse than in 2003
- L20 approach of bringing together leaders to deal directly with global issues is valid
- Workshop series narrowed likely focus of realistic potential L20 agenda items to -- climate change/energy security, pandemic disease, nuclear proliferation
- L20 composition remains unclear/controversial
- Time for research and review is over – launch the L20!

Project Activities since 2006

- Series of 11 meetings in 2006-8 aimed at disseminating research results (especially among sherpas in key countries) and moving L20 concept closer to reality.
- Especially close contact with 5 countries invited by G8 to 2005 Gleneagles Summit – China, India, Mexico, Brazil, South Africa (G5)
- Climate change/energy security used as example of area where potential exists for more representative summit to achieve breakthroughs
- Series of “grand bargains” developed for consideration

Reform of the G8: Composition Options



L20

G8 + 2



G8*+5

*G8 Includes EU & EC

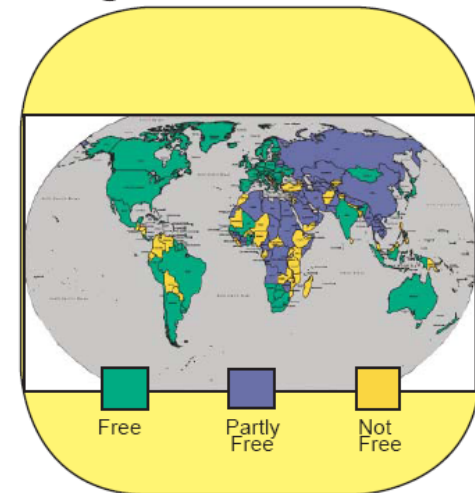
Major Emitters' Meeting

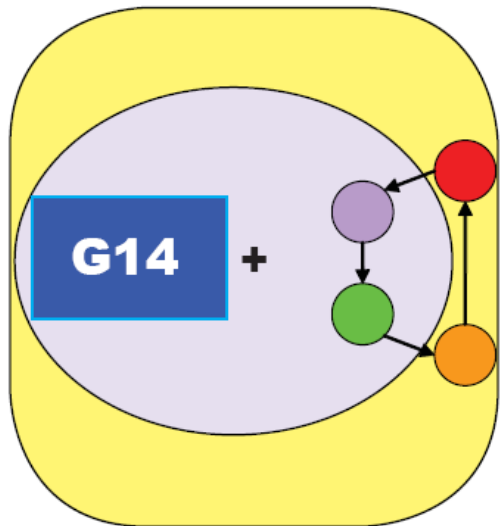


G8+5+1=G14

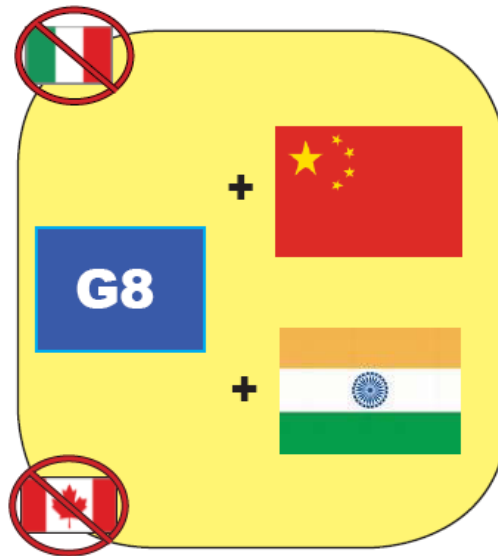
*Egypt, Indonesia, Turkey, or Pakistan

League of Democracies





G8 + Variable Geometry



G8 minus 2, plus 2

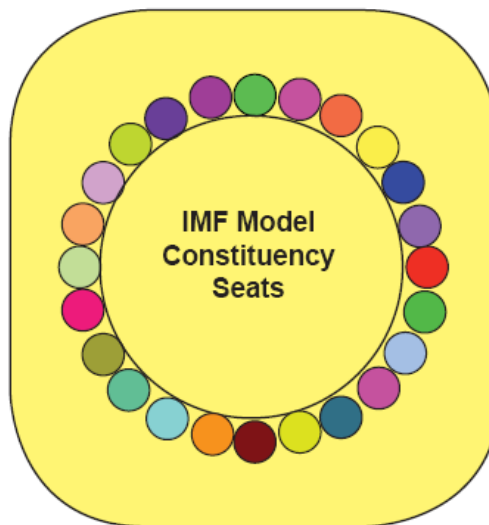


G8 + Biggest Economies

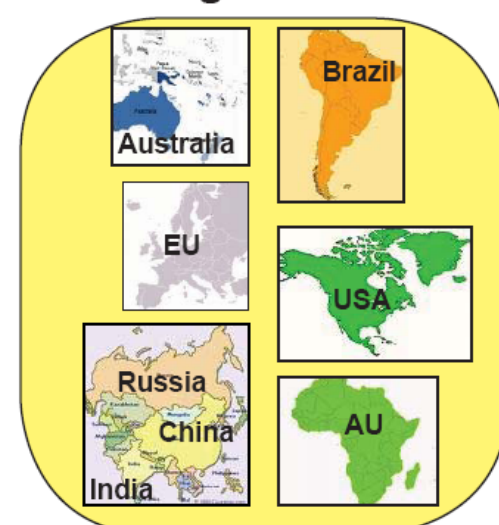
G2



Constituencies



Regional G8



The Real World Catches Up

- International financial crisis builds through last half of 2008
- Sarkozy/Brown/G5 call for reform of international institutions
- President Bush calls first G20 meeting at Leaders level – November 2008 – financial focus
- 2nd G20 Leaders meeting to be hosted by Britain in April 2009 – focus broadening to include energy, climate change
- CFGS to brief UK organizers of April meeting

- Deck available on Centre for Global Studies website at
 - <http://www.L20.org/petersbook.php>