

# 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 G20<sup>1</sup> in the context of international relations, especially the G20's impact on global governance and international security, and the G20's significance for Canada and the conduct of Canadian foreign policy. It will show that the G20 embodies the changing way the world interacts, and it will argue that the group works, but that it can become a more important and more effective element of global management. At the same time, the G20 will not itself be sufficient to govern the world and should not be judged harshly as a consequence. The group can complement not replace existing international organizations especially the United Nations, providing impetus to their work and utilizing their capacity, becoming, if G20 members are sufficiently sagacious, a key steering group of the network of organizations, associations and treaties by which states govern relations amongst themselves. The paper will also argue that if, as is likely, the G20 endures, it will change the context in which Canada pursues its foreign policy and change, as well, how that policy is

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<sup>1</sup> The G20 comprises Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, Nigeria, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United States, United Kingdom. Spain is an unofficial member and Netherlands has attended. The EU qua EU is represented. See the Chart at the end of the document. See also the chart at the end of this paper for group memberships.

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.

## **Introduction and 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 eight-fold and average per capita income has more than tripled. Since 1990, almost 500 million people have climbed out of poverty.<sup>1</sup> Average life expectancy has increased by almost 50 percent. The global literacy rate has increased from 56% in 1950 to 82% in 2004.<sup>2</sup> 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 twentieth century than in the first half, despite a nearly fourfold increase in the number of states.<sup>3</sup> And the number of intra-state wars declined dramatically since 1992, before increasing slightly since 2003.<sup>4</sup>

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 in the US 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, which is becoming a tool of democratization or, at least, protest, and more than five billion have access to cell phones.<sup>5</sup> People are more and more linked to each other and most have progressively greater access to information. 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.

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 progress<sup>6</sup>, 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, with the size of a state's 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 G20 could be decisive in determining which it is to be.

The global institutions through which the world governs itself have been struggling for a generation and longer to respond to the world's rapidly changing expectations and demands. The UN, the International Monetary Fund 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 G8 has faced similar problems. The G20, potentially the most important innovation in global governance since 1976, when the G7 was formed, or even since the creation of the UN and Bretton Woods institutions in the Forties, 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 has the G20 done, and what does the future likely hold for it? Will it be effective and will it complement or conflict with the G8, the UN and other global institutions with security avocations?
- What are the consequences of the G20 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.

### **The Short, Largely Successful, But So Far Mostly Economic, History of the G20**

In international relations as in everything else, necessity is the mother of invention, timing is everything, and opportunity comes to prepared minds. 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 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 G20 also came into being because the ground had been prepared for institutional innovation.

### *The G20's Origins*

The Group of 20's origins<sup>7</sup> are traceable to the successive financial crises at last century's end—the Mexican peso crisis, the Asian financial contagion, 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 Group of Seven<sup>8</sup> 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 G7 decisions or ignoring them altogether, were absent. To remedy the problem, Martin called into being the G20 Finance Ministers group, which thereafter met as an entity. In Martin's words in 2001, “[n]obody's going to follow a G7 dictate. They [the emerging powers and the faltering economies] have got to be at the table and be part of the solution.”<sup>9</sup> Further, even though the G20 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 G20—possibly a harbinger of things to come for Prime Ministers as the “Western Crisis” subsides. The Group of 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 Paul 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 G20 to the level of leaders, and he also commissioned Canadian think-tanks, notably the Centre for International Governance Innovation 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.”<sup>10</sup>

It was an innovative idea whose time had not quite come, however, meeting inertia and even resistance in several G8 capitals and above all in Washington where



President 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 G8 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) 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., G8 + others and G8 + G5, all of which had the G8 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 G8 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 G8 sessions only on the sufferance of their “betters” grew apace. They formed their own counter-group, the G5, a divisive development that was likely to complicate global problem-solving rather than facilitate it. When subsequently the Group of 20 leaders

came into being, the five agreed among themselves that they would not acquiesce in an organic link between the G8 and G20 processes<sup>11</sup> (a decision that was to cost Canada a pretty penny when summits had to be organized in Toronto as well as Muskoka). The G20 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 G20, although the G8 *qua* G8 has continued to meet separately.

As the financial system rapidly melted down in the fall of 2008, and as G8 leaders, especially those in Washington, peered into the economic abyss, all reticence about including the emerging powers in their midst evaporated. The G5, for its part, welcomed the idea of being part of something that was not an appendage of the G8. All eagerly grasped the ready-made idea of the G20, 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' G20, 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 G8 was at least initially the Harper Government's preferred grouping.

### *The G20 Record So Far*

The G20 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 and 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 G20 meeting a few weeks later, heads of governments signaled, Apollo Thirteen-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 International Monetary Fund (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 Financial Stability Board<sup>12</sup>, 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, the leaders proclaimed the G20 as the "primary institution for [their] economic cooperation"<sup>13</sup> and charted the transition from crisis to recovery with the "Framework for Strong, Sustainable, and Balanced Growth (SSBG) and 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 G20 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 Framework for Strong, Sustainable and a Balanced Growth;

- Following through on required reforms to the regulation and management of financial sectors;
- Strengthening international financial institutions, particularly the World Bank and the IMF, through reforms to their governance and strengthening of their resources; and
- Resisting protectionism and seeking enhanced liberalization of trade and investment.<sup>14</sup>

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 doing so. 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 re-balancing in global demand, with a particular emphasis on emerging economies to offset the slower growth in the developed world. President 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, G20

leaders under Prime Minister 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 per cent 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. They 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 had 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 financial sector reform goal of preventing a return to the excessive risk-taking by financial institutions, which had contributed to the crisis in the first place. 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 G20 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 International Monetary Fund 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 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.<sup>15</sup> 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 G20 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 Financial Stability Board (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.<sup>16</sup> It was evident already then that the G20 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 G20 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 exports-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 veteran and very sober German politician and Finance Minister Wolfgang Schaeuble 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 Africa's 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 G20



leaders [...] fought so hard to maintain during the current crisis". Brazil's Finance Minister Guido Mantega warned that the US's move would hurt Brazil and other exporters. China asked for an explanation.<sup>17</sup> 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. Prime Minister Harper and Prime Minister Singh of India are asked to give advice on tackling the vexed issue of trade imbalances and currency disputes. G20 countries were able to agree on the need for new financial rules to render the international financial system more resilient, reduce "moral hazard" of major financial institutions relying on governments to bail them out, limit the build-up of systemic risk and support stable economic growth.<sup>18</sup> It 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 G20, both by virtue of its non-G8 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 G20 agenda. Seoul also put the issue of cross-border capital flows on the G20 macro-prudential regulatory agenda, advocating the creation of “financial safety nets” to safeguard smaller states from the vicissitudes of volatile financial flows, and obviate the need for the self-insurance of accumulating large reserves, which contribute to the imbalances problem.

At Seoul, G20 leaders endorsed International Monetary Fund 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 under-represented economies. Progress in reforming the IMF has been made but a clear and widely shared view on the appropriate role and functioning of the Fund remains, nevertheless, elusive. In some respects, the Fund has progressed from acquiescing in G8, especially American, views to acquiescing in G20 views, progress of a sort. The willingness of the major economies to heed the IMF remains sketchy.

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). Financial regulatory reform remains a work in progress, especially, the issue of some financial institutions being too big to fail and the need to give the new Financial Stability Board the authority and capacity to do its job effectively.

## **The Future of the G20 and Its Place in Global Governance**

### *The G20: A Work in Progress*

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.<sup>19</sup> There is also a need for the international community to address water scarcity, food security and arms control. The G20 has, nevertheless, stuck close to its self-prescribed economic and financial mandate. For everyone’s sake, G20 leaders do have to get the economics and finance 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, G20 leaders will probably complement their financial and economic agenda with deliberations on other issues that require their

attention. Experience derived from the G8 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 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 G20 summit will be held in France, and its host, President 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 G20'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 G20's credibility depends on it. But is it enough?<sup>20</sup>

He then answered his own question, asserting that “Sticking with this agenda would condemn the G20 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, President Sarkozy refined his priorities for the next summit in Cannes, identifying three overall priorities that France would invite G20 leaders to address, namely:

1. to ensure that the decisions taken at the last five G20 summits are put into practice, particularly as regards financial regulation, greater stability of the international monetary system, volatility in currency values, speculative money flows that destabilize developing economies as well as indicators to measure global economic imbalances;
2. 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; and
3. to advance global governance reform.

On the last, President Sarkozy's ambitions stretch from creating a G20 secretariat to promoting innovative financing for development such as some version of "the Tobin tax" on international financial transfers, giving the International Labour Organization

more weight in global governance, setting up a minimum standard of universal social protection, fulfilling financial commitments on climate change (the G20 summit in France will be held just before the 2011 UN climate change conference in Durban) 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 put on the back burner. Regrettably.

Whether and how far the rest other G20 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 G20 and the G8: Redundant or Complementary?*<sup>21</sup>

The Canadian government has been one of the principal defenders of the ongoing utility of the G8, with Prime Minister Harper arguing that the G8 and G20 have distinct but complementary roles to play. He apparently sees the G20 as focusing on finance and economics and the G8 on democracy, development assistance (it was at Huntsville that Prime Minister Harper promoted the multi-billion dollar initiative on

maternal and children's health<sup>22</sup>) and peace and security.<sup>23</sup> 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-G8 members of the G20 are skeptical of the need for the continuing existence of the G8, even wary of it. G8 members seem generally disposed to continue G8's existence although some, including particularly President Obama of the United States, have expressed doubts. President Sarkozy, the host of the next G8 in 2011, seems non-committal, saying to the gathering of French Ambassadors last summer that while France would prepare the next G8 summit with the requisite care, "...some have said [the G8] is condemned. Others believe it has a rosy future if it refocuses on security issues and its partnership with Africa. The future will decide."<sup>24</sup>

It does seem very likely that the G8 will not in future meet in tandem with the G20, given the antipathy to it of the non-G8 members of the G20. The G8 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 G20 seems destined to supplant the G8. 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 G8. For example, at Huntsville and Toronto, both the G8 and the G20 addressed themselves to Haiti's problems, with the G8 discussing Haiti's security needs and the G20 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 G20 falls into deadlock, the odds are that the G8 will go the way of the Group of Major Emitting Countries, which has near identical membership to the G20, and which has not met since the L'Aquila summit in 2009.

### **The G20 and the United Nations**

One of the most important governance questions facing the international community is what the relationship is to be between the G20 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 G20 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 otherwise difficult to generate otherwise. The UN, for its part, can extend the G20's effectiveness,



“ratifying” G20 decisions and thus lending greater legitimacy to them. Getting the relationship between the G20 and the UN right holds the prospect of considerable benefits all round.

### *The Enduring Value of the UN<sup>25</sup>*

The UN Charter provides the rule book for the conduct of international relations, which all states, including G20 states, usually see it as in their interest to respect-- and to 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.

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, and other organizations, to work better as well. Were there no UN with its universal membership, the restrictive G20 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 to complement NATO's military efforts there with civilian development programmes. The UN also makes it possible for initiatives as such as the Millennium Development Goals to be sub-contracted out efficiently. The reverse is also true. The products of other entities, potentially including the G20, are imported into the UN for consideration

by its larger membership and where possible endorsement, as the Ottawa Anti-personnel Landmines Treaty, 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 political 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.<sup>26</sup> In 2009, the World Food Program (WFP), operating in 75 countries, fed almost 102 million people,<sup>27</sup> that 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, now, is 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% 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 percent<sup>28</sup>; at least 90 percent will be immunized by 2015, the target date of the Millennium Development Goals. Global coverage of infants for hepatitis B in 1990 was one percent; in 2009 it was 70%.<sup>29</sup> 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 G20 is unequipped to deliver.

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, between the Permanent Five Members of the Security Council and the rest, between the climate changers and the climate victims, between the Israelis and Arabs, and Muslims more generally, between the 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 Dissonances*<sup>30</sup>

The United Nations 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 63,450<sup>31</sup>, 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.<sup>32</sup> 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%) to support its operations, a modest cost compared to the budgets of most governments; the Canadian federal budget totals approximately \$260 billion<sup>33</sup>.

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, President Obama convened the Security Council at Heads of state and government level to promote progress on nuclear arms control and disarmament.

The G20, 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, the International Labour Organization, the World Trade Organization and the United Nations. The G-20 also works with the new Financial Stability Board 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 G20 has set up a large number of working and expert groups, each co-chaired by a G8 and emerging economy country,<sup>34</sup> covering a range of mainly economic issues in considerable detail. Fundamentally, though, the G20'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 G20'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% of global gross national product, 80% of world trade and 67% of the planet's total population. The G20 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 G20 reaches agreement, a large part of whatever problem it is addressing is on the way to resolution. The G20'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 hot-house 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 G20 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 adopted by non-G20 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 Group of 77 (G77) are often at ideological odds with each other and working to cross-purposes. Unlike the G8, the G20 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 G20 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 G20 membership induces a sense of common purpose among the twenty 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 G20 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 G20 and its evident capacity to act outside of UN parameters if non-G20 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.

Not surprisingly, much of the membership of the UN is apprehensive of the G20. They recognize that the G20 came into existence when and how it did because a myriad

of political and structural problems prevented existing institutions, principally the G8 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 G20 is capable of sidestepping the UN when disagreements prevent effective action. At the same time, they are troubled by the G20's structural shortcomings. Despite the presence at the G20 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 G20 tables as well, effectively depriving G20 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 G20 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 G20 cooperation should effectively result in decisions being imposed on the great majority of other countries, it will quickly find itself



stymied.”<sup>35</sup> Singapore 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.<sup>36</sup>

It is in the interest of the countries of the G20 to work out an effective relationship with the G172 (i.e., the UN members not also members of the G20) 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 G20 wishes. Global problems require global solutions and, as Bruce Jones of Brookings has pointed out, “however much influence the G20 have, the problems they confront are the kind where the weakest link can break the chain.”<sup>37</sup> 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 G172’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 G20 needs to take outreach seriously and, in ways consistent with efficacy, inclusion, as well. There are several steps the G20 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 G20 in a given year will need to consult others beyond his/her G20 counterparts on the G20 agenda, and seek substantive rather than pro forma input through, for example, the African Union, 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 G20 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; Mexico and Brazil could carry briefs for Latin America, etc. This would imply effective consultation with members of the constituency before G20 meetings and timely debriefings and cooperation afterwards. A

variation on this idea is that the G20 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 G20 country representing a constituency of smaller countries, mirroring the IMF's system of constituencies.<sup>38</sup> At the same time, the more effectively the G20 worked with the UN, the less need there would be for outreach and for G20 members to try to represent constituencies, informal or otherwise.

In order to ensure a voice for the G172 at the G20 table, especially for the poorest, the UN Secretary General could attend the G20 as a matter of right, as could the heads of the IMF and the head of the World Bank, as well, when economic issues were on the agenda. While the Secretary General works for the G20 as well as the G172, it is in the latter capacity that he/she can give voice to the absent. As is the case with the EU, the African Union 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 G20 preparatory ministerial meetings and working groups.

There are numerous global issues on which the G20 and the UN can help each other, but two stand out. Security Council reform and climate change

*The G20 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 G20 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 sought Security Council authorization, successfully, in 2001 to use military force in Afghanistan in response to 9/11, but was denied authorization by the Council in 2003 to use military force to topple the Saddam Hussein regime in Bagdad. 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 G20, 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 G20 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 G20 members to invest greater effort in making the Council work better. G20 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 G8 did to end the Kosovo war in 1999. G20 members could also participate more actively in Council-sanctioned, UN-led military missions. Participation by G20 countries, including Canada, would upgrade the UN's capacity to act effectively. G20 leaders could also inject high level political energy periodically into issues of surpassing importance as President Obama did in 2009 in chairing a Security Council session devoted to arms control and disarmament.

One issue on which the G20 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 G20—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 G20 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 G20, in some respects the economic equivalent of the Security Council. It should be possible for experienced leaders for whom compromise and the politics of the art of the possible are everyday realities to find practical political accommodations. It happens that there is a potentially useful overlap between the G20 and the Security Council in the next period. Ten G20 members (six G8 members) will be on the Council in 2011, as will be five of the leading six aspirants for permanent Council membership. While the overlap might lessen the perceived need for the G20 to address political issues, it also presents an opportunity that might not come soon again to solve this chronic problem. Whether the G20 wishes to seize it remains to be seen.

### *The G20 and Climate Change*<sup>39</sup>

The Leaders' G20 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 overarching 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, G20 members from the European Union and Japan, South Korea, Mexico, 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.

More progress was made at Cancun in November, 2010 (after Copenhagen, the bar was set low!) and a more constructive, even hopeful tone was established for subsequent negotiations. 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".<sup>40</sup> 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".<sup>41</sup> 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/financial incentives to reduce the emission of greenhouse gases 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 overarching mega-deal or a series of internationally sanctioned regional- or issue-specific deals, the world has to be brought to act. The G20 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.<sup>42</sup> It would make sense for climate change, starting perhaps with its economic and development dimensions, to be put on the G20 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 US President on this issue, miracles will not happen. But the extent to which the Twenty can narrow differences between themselves on principles, and to import some consensus into the necessarily larger UN negotiating framework, the more likely it is for progress on climate change to be made.

*The G20 and the UN: Bottom Line: Neither Is Sufficient; Both Are Necessary*

The UN remains a necessary but not sufficient response to globalization. The G20 is a further necessary but insufficient response. The inescapable conclusion is that there is room and need for both the UN and the G20, and for cooperation between them. Effective global governance depends considerably on the success of the nascent G20 and of the sexagenarian UN, both. The UN embodies universality and the G20 efficacy. Together, they can produce synergies, with the G20 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, and with the UN returning the favour by extending the G20's effectiveness vis-à-vis the G172, a group that the G20 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 G20 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 G20, International Security and Asia**

The G20 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 is, and also a more urgent and less dangerous subject of contention. In fact, perhaps, the most effective action the G20 can take to improve international security is to succeed in implementing its commitment to strong, sustainable and balanced economic growth. Further, to the extent the G20 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 G8. This could be especially beneficial for the Asian members of the G20 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 G20 can pick up on security issues and challenges, much as the G7/8 did after the macroeconomic instabilities and energy price shocks of the 1970s. Initially the G7/8 also had no security mandate but over time its members found it necessary and useful to expand their agendas to discuss and, where possible, to 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 G8 experience is any guide, the G20 leaders will likewise progress to political/security issues. If they don't, the G20 might die of boredom!

All G20 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 \$US 607 billion, 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 a stupendous capability including, for example, eleven 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 G20 changes little in this regard, beyond reducing tensions.

The central strategic imponderable of the G20 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, WWII excepted)<sup>43</sup>, 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." <sup>44</sup>

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<sup>45</sup>, they are still behaving largely according to Deng Xiaoping's variously expressed maxim, "conceal ambition and hide claws".<sup>46</sup>

US Secretary of Defense 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."<sup>47</sup> 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 a Chinese dissident, also disturbed the relationship, as did evidently different assessments of how to respond to North Korean belligerency. Perhaps partly for these reasons, during President Hu's state visit to Washington in January, 2011, both leaders were at pains to show that they can work together for their mutual benefit. President 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-U.S. relationship for the 21st century"<sup>48</sup>. An effective G20 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 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 G20, as does the erratic, belligerent behaviour of North Korea. Taiwan is another potential spoiler.

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, the Alliance 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 G20 can facilitate, will matter more.



To the extent that the G20 qua G20 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 years <sup>49</sup>). 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 G20.<sup>50</sup>

International responses to conventional and unconventional security challenges are likely to be “ad hoc, informal, improvised and opportunistic”<sup>51</sup>, and 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 definition 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 G20 can contribute to international security, as well, 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 Teheran to Gaza to Tunis and Cairo. In an age of satellite television, the internet and social media, change in repressive states seems likely to accelerate. To the extent that G20 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 G20: Stock-Taking and the Future**

On the eve of the Seoul summit, former Prime Minister Martin, the godfather of the G20, 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.”<sup>52</sup> That transition has not yet happened. The G20 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 G20 made much progress on issues of a more indirect economic character, and still less on security issues.

The G20 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 not universality, with capacity and effectiveness<sup>53</sup>. But it is not a panacea. G20 countries have different capacities and dispositions, and disparate senses of civic duty. Further, 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 G20. Interests are not a factor of the institution in which they are addressed, and ways of thinking and acting established over generations are not modified easily. For the heretofore hegemonic US, G20 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 G20 is to prosper, their conceptions of their interests need re-tooling to include more frankly the wellbeing 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 G20 as a more cordial venue in which to pursue their interests than the UN whose legitimacy and solidarity 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 back-room bargaining at the

climate change negotiations in Copenhagen. For the G20 qua G20 to prosper and achieve its potential, all twenty governments will have to reconcile self-interest with the common interest, and privilege co-operation 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.

G20 members' varied cultures, values and disparate governance and economic philosophies, different 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 G20 make that task more difficult. English is not quite a lingua franca for the G8, but it is even less so for the G20. 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 G20 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 G20 suffers from disadvantages of size, at least compared to the G8, and operates less intimately. Meeting rooms are bigger than at G8 sessions and thus less conducive to generating familiarity among the participants. To obtain the maximum benefits from the meetings of the G20, 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 the 19 or 20 government leaders should have dedicated seats at the G20 table. One or two additional rotating seats, as in the UN Security Council, could be allocated to the 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 G8 is any guide, and it is in the interests of the G20 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 G20, 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 G8, though broadly likeminded, is unlikely to constitute a formal caucus within the G20, although the EU will do so, informally. While the migration of economic and political power to Asia is generating a growing Asian voice in the G20, the competitive nature of the various bilateral relationships within the region makes the emergence of an Asian caucus also unlikely. Nor, for similar reasons, are the countries of the other regions likely to band together. The existence in one institution of twenty of the world's most significant and capable states with disparate interests does though 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 Prime Minister Harper made common cause with China and India and others to resist pressure from G8 friends the UK, Germany and France to impose a bank tax at the G20 meeting in Toronto.<sup>54</sup> Lord Palmerston's insight that nations have no permanent friends, just permanent interests, seems likely to come back into vogue in the G20.

A further likely development is cross-regional cooperation among the G20 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 G20, or outside of it, there is ample scope for new partnerships to develop in the realms of security, development and global governance and international institutional innovation. There is also room, indeed need, for cooperation between G20 members and capable G172 members.

Several lessons can reasonably confidently be drawn from the G20 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 Prime Minister 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, and perhaps the most important at this stage is that expectations need to be kept realistic. The demands on the G20 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. G20 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 (AKA, 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 G20 are wrestling with are complex. A true appreciation of the progress that the G20 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 twenty 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 Churchill, jaw, jaw is better than war, war.



G20 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 lowest common denominator outcomes 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, G20 communications need to reflect the increasing detail of the debate and its lengthening time horizon.<sup>55</sup>

The larger story of the G20, including its much criticized performance at Seoul, is not that the G20 is failing to resolve intractable issues but that the issues are intractable and the G20 is trying to solve them. And 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 G20 and Canada**

### *The Importance of Summitry and Personal Diplomacy*<sup>56</sup>

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 G20 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 and well, 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 G20 provides both. It is enormously in Canada's interest to be present in G20 summits and in a position to influence the discussions and conclusions, and to advance its ideas. While no one attending G20 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, Prime Minister 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

G20 countries, there is tremendous competition for the leaders' time and attention, and, like everyone else, those leaders have only twenty-four 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 G20 is an excellent vehicle for developing personal relationships.

Personal relations are vital,<sup>57</sup> and the onus inevitably is on the smaller partner to take the initiative to get issues important to them addressed. In his Memoirs, Prime Minister Mulroney observed how hard he worked to make sure Canada was noticed, and "that membership [in the G8] was personified so that others could see that Canada and its leadership were making a contribution". His close personal relationships with President Reagan and President 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 President Mitterrand, Prime Minister Thatcher, Chancellor Kohl and

President Yeltsin among others and to sustain this extraordinary network. What was true for Mulroney is true for all Canadian prime ministers, including Prime Minister 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, they include the G20, the G8, the UN General Debate, the Commonwealth, the Francophonie, the EU, NATO, APEC, the Summit of the Americas, the Caribbean and NAFTA, 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 G8 summit in 1998 had to respond to the Pakistan and Indian nuclear tests that took place shortly beforehand and Toronto G20 summit had to respond to the sovereign debt crisis). Boris Yeltsin's affinity for vodka produced many an unscripted G8 chapter.

Participation in international summits, meetings, and conferences are 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 G8 summit in Bonn in 1978 that when Prime Minister Trudeau came home he abruptly changed them<sup>58</sup>). Summits require leaders to expand their intellectual horizons and to check their instincts and theories against reality (Ronald Reagan was an exception, sticking close to the talking points on his 4 X 6 cards, and apparently immune to criticism, including from Pierre 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, including 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 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.

Largely as a consequence of the frequency, significance and the 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 G20, 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 Prime Minister Harper and Finance Minister Flaherty in G20 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 and 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?*<sup>59</sup>

It is evident that summitry is only becoming more important. We need therefore first to register in our collective consciousness just how significant summitry is for Canada and to recognize that the G20 is changing the way diplomacy is done. We need to regard G20 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, therefore, cement Canadian membership in the G20 by making ourselves as useful and near to indispensable as possible. Second, we should make the most of the G20 in promoting our own interests. We should prepare for the discussion of other (than financial) issues in the G20, notably the economic development of the world's poorer countries, UN reform, climate change, energy security, trade, arms control and terrorism. Third, we should develop a network of Canadian think-tanks and universities to backstop the expertise available inside the public service, researching these questions and conducting track II diplomacy to develop informal international consensus's on issues that governments might not be able to achieve direct. Fourth, we should devise strategies for developing and managing effective relationships with each G20 country, especially the emerging economies of the G20, notably Brazil, Turkey, Korea and Indonesia. Fifth, we should create issue-specific alliances in the G20, beyond the more familiar relationships among the old G8. Sixth, as the poorest are not represented at the G20, 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 G20's taking into account—genuinely and effectively—the views of the 172 countries that are not members of the G20. It is a role that Canada's diplomatic traditions and residual competencies position it to acquit superbly.

## **Conclusions**

It is early days to draw definitive conclusions about the future of the G20. 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 Job I for the G20, the self-appointed premier forum for international economic cooperation. And, the impact of the G20 on the management of global affairs has already been positive and significant.

It is apparent already that the G20 could do more, transcending the economic and financial crisis and addressing itself also to the major political and security issues of our times. Moving forward is difficult for the group partly because the economic crisis is proving stubbornly resilient, 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 need





























to broaden its agenda or on what a broader agenda would entail. Many observers, especially in the West, believe like President Sarkozy of France, the next G20 host, that the world needs G20 leaders to address hybrid issues, such as climate change, that have economic and environmental ramifications, and political/security issues notably failing states, terrorism, UN reform, the Iranian nuclear program (which, if left unattended by the leaders, could weaken G20 cohesion).

It remains to be seen the extent to which common ground among the world's most powerful leaders will expand and a shared sense of responsibility for global governance 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 United Nations) their differences will just be more starkly apparent but little or no easier to resolve. So far there has apparently been a greater disposition to stake out positions in the G20 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 G20 will become more a mini-UN than a macro-G8. In that case, both the G20 and the world body, itself, would be the poorer. That is not an inescapable fate, nevertheless, and it is very much in everyone's interests, including especially Canada's, to work cooperatively for a more cordial and constructive future.



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

<sup>1</sup> 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](http://www.imf.org/external/pubs/ft/weo/2006/02/data/index.htm), updated September 2006; United Nations, World Population Prospects: The 2004 Revision (New

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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](http://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

<sup>2</sup> See the UNESCO Literacy Report 2008

<http://www.uis.unesco.org/template/pdf/Literacy/LiteracyReport2008.pdf>

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> The Digital Disruption: Connectivity and the Diffusion of Power, Eric Schmidt and Jared Cohen, Foreign Affairs, November-December 2010

<sup>6</sup> 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

<sup>7</sup> 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 Singh, 2010

<sup>8</sup> The US, Germany, the UK, France, Italy, Japan and Canada

<sup>9</sup> Interview with Paul Martin, Canada's Minister of Finance and Chair of the G20 conducted by Candida Tamar Paltiel, G8 Research Group November 18, 2001, Ottawa

<sup>10</sup> Paul Martin, Prime Minister of Canada, A Global Answer to Global Problems, Foreign Affairs, May/June 2005

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

<sup>12</sup> Global Plan for Recovery and Reform (02/04/2009), the official communiqué issued of the G20 London Summit

<sup>13</sup> Pittsburgh Communiqué

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

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<sup>15</sup> Prime Minister Stephen Harper, “From Canada to Korea: advancing global leadership through the G8 and G20” in G20 the Seoul Summit, November, the G20 Research Group Munk Centre for International Studies, University of Toronto, 2010 .

<sup>16</sup> Bank of Canada Governor Mark Carney's speech, Sep 10, 2010

<sup>17</sup>**China, Germany and South Africa criticize US stimulus, BBC Business**

**News**, 5 November 2010

<sup>18</sup> Prime Minister Lee Myung-bak, President, Republic of Korea, in G20 the Seoul Summit, the G20 Research Group Munk Centre for International Studies, University of Toronto, November 2011

<sup>19</sup> Declaration of the Summit on Financial Markets and the World Economy, Washington, November 15, 2008

<sup>20</sup> President Nicholas Sarkozy, adapted from an address to the 18th Ambassador's Conference, 25 August 2010, Elysée Palace, Paris.

<sup>21</sup> For a fuller treatment of the relationship of the G8 and the G20, see “Canada, the G8 and the G20: 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

<sup>22</sup> The Canadian initiative succeeded in attracting quite substantial funding—pledges equaled \$ 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. Mrs. Clinton specifically and publicly criticized this dimension of the Harper government initiative. The communiqué papered over the cracks.

<sup>23</sup> 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 G20 the Seoul Summit, the G20 Research Group, Munk Centre for International Studies, University of Toronto, November 2010

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

<sup>25</sup> 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

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<sup>26</sup> 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

<sup>27</sup> WFP Annual Report 2010

<http://documents.wfp.org/stellent/groups/public/documents/communications/wfp220666.pdf>

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

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

<sup>30</sup> 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 G20: Shifting Coalitions of Consensus Rather Than Blocs”, by Stewart Patrick, Council on Foreign Relations, presented at the G20 Seoul International Symposium, September, 010.

<sup>31</sup> UN Website, January 2010.

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

<sup>33</sup> See Treasury Board, Government of Canada, Main Estimates 2010-11

<sup>34</sup> Government of Canada website, updated 2010-08-31

<sup>35</sup> Jonas Gahr Store, “G20 sorely lacking in legitimacy” New Straits Times, Mar 29, 2010

<sup>36</sup> 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

<sup>37</sup> Bruce Jones, , Policy Brief, Stanley Foundation, “Making Multilateralism Work: How the G-20 Can Help the United Nations” April 2010

<sup>38</sup> See Peggy Hollinger, Financial Times, Wednesday February 9, 2011

<sup>39</sup> For a fuller treatment of the G20 and climate change, see Barry Carin, PhD, Senior Fellow, Centre for International Governance innovation, “Can the G20 Save the Environment?”, Centre for International Governance Innovation, forthcoming, prepared for the Canadian Defence & Foreign Affairs Institute, April 2010

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

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

<sup>42</sup> 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.

<sup>43</sup> See especially "American Profligacy and American Power: the Consequences of Fiscal irresponsibility, by Roger C. Altman and Richard Haass, *Foreign Affairs*, November-December, 2010.

<sup>44</sup> US Treasury Secretary 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

<sup>45</sup> See Elizabeth C. Economy, "The Game Changer", *Foreign Affairs*, November-December, 2010.

<sup>46</sup> Emmott,, p 48

<sup>47</sup> "Gates Says China Relations Ready for Next Level", By Jim Garamone, American Forces Press Service, Mutianyu, China, Jan. 12, 2011

<sup>48</sup> The White House, Office of the Press Secretary, Remarks by President Obama and President Hu of the People's Republic of China in an Exchange of Toasts at the State Dinner January 19, 2011

<sup>49</sup> 2010's world gone wild: Quakes, floods, blizzard, *Seth Borenstein And Julie Reed Bell, Associated Press* – December 19, 2010

<sup>50</sup> 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.

<sup>51</sup> "Collective Conflict Management: A New Formula for Global peace and Security Cooperation, by Chester A. Crocker, Fen Osler Hampson and Pamela Aall, forthcoming

<sup>53</sup> See "Making the G20 Summit Process Work: Some Proposals for Improving Effectiveness and Legitimacy", by Barry Carin, Paul Heinbecker, Gordon Smith and Ramesh Thakur, CIGI G20 Papers, No. 2, June 2010,

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

<sup>55</sup> Alan Beattie, "Successful Communications Strategies for G20 Summits, at the Conference on the New Dynamics of Summitry: Institutional Innovations for G20 Summits, September 27-9 2010, Seoul



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<sup>56</sup> 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.

<sup>57</sup> See especially "Canada, the G8 and the G20: 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

<sup>58</sup> John English, "Just Watch Me": the Life of Pierre Trudeau, 1968-2000, by Alfred A Knopf, 2009, p373

<sup>59</sup> 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.