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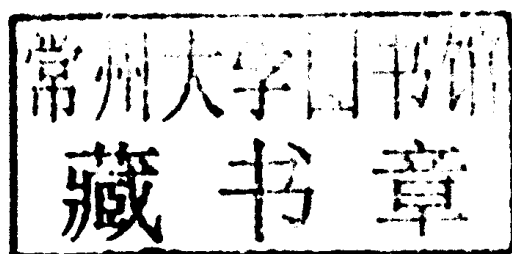
# G20 Governance for a Globalized World

John J. Kirton

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JOHN J. KIRTON

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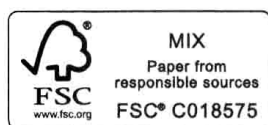
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## Preface

The research for this book began more than a decade ago, as part of my ongoing work on Group of Eight (G8) governance. When the Asian-turned-global financial crisis struck in 1997–99, the finance ministers of the Group of Seven (G7) and the G8 leaders endorsed a new body—the G20 finance ministers’ and central bank governors’ forum in 1999—in what appeared to be the latest of many extensions of the G8’s global governance reach. The new G20 remained a subject of particular interest amidst rising concern about governing globalization at the start of the twenty-first century and then combating terrorism after al Qaeda attacked the United States from Afghanistan on September 11, 2001. Enriched by concerns about legitimacy and effectiveness in global governance, my research on the G20 continued until 2005, when I systematically assessed G20 governance over its first five years. That assessment and its broader concern with legitimacy and effectiveness in global governance, well used by scholars, students, and other stakeholders to this day, suggested that the G20 was not only here to stay but also worth a closer look.

However, my attention turned to the G8’s efforts during that decade to include emerging powers and international organizations in its annual summit and governance system beneath. This process took a great leap forward when the Group of Five (G5) of Brazil, China, India, Mexico, and South Africa joined the G8 leaders as participants in the latter’s Gleneagles gathering in 2005. There followed the Heiligendamm Dialogue Process at the official level in 2007, the meeting of the Major Economies Forum (MEF) as part of the G8 summit in 2008, and efforts at more inclusive, more variable participation culminating in 2009.

Even before the American-turned-global financial crisis erupted in full force in the autumn of 2008, my attention had turned back to the G20, first in the form of a separate G20 Research Group, which I created, and then with a book, co-edited with Madeline Koch, to commemorate the first decade of G20 governance on the occasion of its annual autumn ministerial meeting in São Paulo, Brazil. By the time that book arrived, so had G20 summitry, with the first encounter in Washington DC on November 14–15, 2008. That started an intense sequence that continued with its fourth summit in Toronto on June 26–27, 2010, which is where I have chosen to end this book. By the end of the Toronto Summit, I had written 50 articles, chapters, and edited volumes on the G20 in its various parts. Yet, in doing so I was frustrated by the fact that within the great global outpouring of commentary on the G20, there was no single work that reliably—comprehensively, continuously, and in detail—told the story of the G20—a group whose leaders had, at their Pittsburgh Summit in September 2009, proclaimed it to be theirs and thus the

world's permanent, premier forum for international economic cooperation. This book has been written as a result.

## Approach and Methods

This book seeks to be the first full, comprehensive, independent, authoritative, analytical account of the G20 from its birth at the level of finance ministers and central bank governors in 1999 through to its fourth summit in Toronto in 2010. It avoids the popular, proliferating program of advising G20 governors what they should do or criticizing them for not using it differently. Nor is it a sanitized account as seen from the inside, as is the G20's own valuable history, published in 2008 before the G20 became a summit club. Instead, it draws on the best concepts and theories of international relations and global governance to offer an account of G20 governance and the G20 itself.

This purpose imposes demands of evidence far greater than those adopted by the many who engage in the abundant advisory, advocacy, or assessment tasks. Such evidence comes from the usual sources: scholarly works on the G20, accounts of think tank analysts, publications by practitioners, biographies of G20 participants, policy commentaries, and, importantly, newspaper and other media accounts. In addition, this book has benefited from more than 100 private interviews and participation in policy dialogues with key G20 governors, several of whom have reviewed drafts, taking place from 1999 to 2011 and embracing those from almost all the member countries and multilateral organizations of the G20, from the level of leaders on down. I remain the proverbial pygmy standing gratefully on the shoulders of those giants who have offered inevitably instant or early analyses so I could begin the task of explaining and understanding the G20 and its work. I thus begin each empirical chapter with a summary of their arguments to show the reader where my analysis fits and to allow others to decide for themselves who offers the more convincing account. To be sure, at this early stage before the archives are open and before practitioners are willing to tell all in publishable form, much of relevance is no doubt missing. But the evidence assembled for this work is sufficient to achieve its purpose of providing the first and most comprehensive, reliable, detailed, independent, and scholarly account of G20 governance for the moment, and as the foundation for others that will follow and build better accounts of G20 governance in the years ahead. This is not a work that will last for all time—only until a better one comes along.

# Acknowledgements

In producing this book I have acquired an enormous debt to many individuals in many ways. My first debt is to those G20 leaders, finance ministers, central bank governors, their officials, and their colleagues in leading intergovernmental organizations who agreed to be interviewed by me, to review my draft chapters, or to write for my publications, often several times. I am also grateful to Newsdesk Media, which allowed me to include contributions by G20 practitioners from the present and past in the books that I co-edited and that they have published for each G20 summit that has taken place. Kirstin Howgate, Margaret Younger, and their colleagues at Ashgate were a joy to work with, as they always are. I appreciate the willingness of Ashgate Publishing to allow me to draw on portions of my previously published work. I also thank the important assistance of the Canadian embassies, academic relations programs, and scholarly partners in several capitals and countries, including Belgium, Turkey, Korea, and Indonesia, for hosting my G20-related visits there and putting me in touch with G20 governors who helped broaden and balance my understanding of what went on within the G20. David Shorr and his colleagues at the Stanley Foundation in the United States were exceptionally helpful in assembling and inviting me to several workshops where key practitioners and observers freely exchanged information and views about the G20.

I owe much to the exceptional support of many colleagues at the University of Toronto, the home hub of the global network of scholars, students, and professionals that make up the G20 Research Group. Professor Peter Hajnal, Dr. Ella Kokotsis, the Honourable Michael Wilson, Ivan Savic, Kathryn Kotris, Lida Preyma, and Sandra Larmour served in important ways. Carol Moore, head librarian of the University of Toronto Libraries, hosted the G20 Information Centre website. Linda Corman, head librarian of the John W. Graham Library of Trinity College, oversees the G8 and now G20 archives, reading room, library collection, and artefacts. Professor Louis Pauly, first as director of the Centre for International Studies and subsequently as deputy director of research of the Munk School of Global Affairs, always offered wise counsel, assistance, and reminders of the high standards that we scholars are obliged to meet. My many other scholarly colleagues at the Munk School, starting with Joe Wong and Jeff Kopstein, were always ready to help. At Trinity College in the University of Toronto, provost Andy Orchard, dean Derek Allen, and bursar Geoffrey Seaborn, and Bob Bothwell and then Mairi McDonald, directors of the International Relations Program, have been essential pillars of strength and support. In my home Department of Political Science, chair David Cameron was too. At Simcoe Hall, President David Naylor and his team provided the strategic global vision and leadership essential to our work. And outside the

University of Toronto, the help of my good friends Andrew F. Cooper and John English were vital in intellectual and material ways. So were my key international partners in the G20 Research Group's global network, above all Paolo Savona in Rome, Michele Fratianni in Bloomington, Domenico Lombardi in Washington DC, Marina Larionova in Moscow, Dries Lesage in Ghent, Lee Dong-hwi in Seoul, Zhu Jeijin in Shanghai, and Xu Ting in Beijing.

I am most grateful to Heather Keachie, who served as the lead researcher for this book during the crucial summer of 2010, and to Irena Erema, who did so during the summer of 2011. Marissa Semkiew, Sophie Langlois, and Aleksandra Susak were a constant source of inspiration as we shared ideas in a summer reading course on G20 governance. Zaria Shaw, Robin Lennox, Caroline Bracht, Maria Marchyshyn, Ryan Hilmoniuk, and Julia Kulik were tireless in generating the data for the appendices and assisting with other tasks. And Jenilee Guebert, Director of Research, and Madeline Koch, Managing Director of the G20 Research Group, were there, as always, to help when the hard work needed to be done.

This book could not have been written had the G20 itself not been conceived, created, and continued in ways that led it to become a summit-level success. While many made their contribution, this ultimately happened because two men were smart enough to have the vision and wise enough to work together to bring it to life. It is for that reason that this book is dedicated to the Right Honourable Paul Martin of Canada and Lawrence Summers of the United States.

John Kirton  
Mile Island, Morrison Lake  
August 2012

# Abbreviations and Acronyms

3G	Global Governance Group
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEM	Asia–European Union Meeting
AU	African Union
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BJP	Bharatiya Janata Party (India)
BRIC	Brazil, Russia, India, and China
BRICS	Brazil, Russia, India, China, and South Africa
BSE	bovine spongiform encephalopathy (mad cow disease)
CAC	collective action clause
CCL	contingent credit line
ECB	European Central Bank
EITI	Extractive Industries Transparency Initiative
FATF	Financial Action Task Force against Money Laundering
FSAP	Financial Sector Assessment Program (of the International Monetary Fund)
FSB	Financial Stability Board
FSF	Financial Stability Fund
G5	Group of Five (Brazil, China, India, Mexico, and South Africa)
G7	Group of Seven (Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and the European Union)
G8	Group of Eight (G7 plus Russia)
G10	Group of Ten central bank governors (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States)
G20	Group of 20 (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, Turkey, the United Kingdom, the United States, and the European Union)
G22	Group of 22 (Argentina, Australia, Brazil, Canada, China, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Korea, Malaysia, Mexico, Poland, Russia, Singapore, South Africa, Thailand, the United Kingdom, and the United States)



G33	Group of 33 (Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Côte d'Ivoire, Egypt, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom, and the United States)
G77	Group of 77 (now 131 developing-country members of the United Nations)
GAB	General Arrangements to Borrow
GDP	gross domestic product
GNP	gross national product
HAP	Heiligendamm L'Aquila Process
HIPC	heavily indebted poor country
IASB	International Accounting Standards Board
IBSA	India, Brazil, and South Africa
IEA	International Energy Agency
IFI	international financial institution
ILO	International Labour Organization
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee (of the International Monetary Fund)
IOSCO	International Organization of Securities Commissions
JODI	Joint Oil Data Initiative
L20	Leaders' Twenty
LIBOR	London inter-bank offered rate
LTCM	Long-Term Capital Management
MAP	Mutual Assessment Process
MDB	multilateral development bank
MDG	Millennium Development Goal
MEF	Major Economies Forum on Energy and Climate
MEM	Major Economies Meeting on Energy Security and Climate Change
NAB	New Arrangements to Borrow
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NEPAD	New Partnership for Africa's Development
NIE	newly industrializing country
NGO	nongovernmental organization
O5	Outreach Five (see Group of Five)
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OIS	overnight indexed swap
OPEC	Organization of the Petroleum Exporting Countries
R2P	responsibility to protect
SARS	severe acute respiratory syndrome

SCO	Shanghai Cooperation Organisation
SME	small and medium-sized enterprise
SOA	Summit of the Americas
SDR	special drawing right
SDRM	sovereign debt restructuring mechanism
SPP	Security and Prosperity Partnership
TARP	Troubled Assets Relief Program (in the United States)
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNGA	United Nations General Assembly
UNSC	United Nations Security Council
WTO	World Trade Organization

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# PART I

## Analysing G20 Governance



