
The October 26-27 Waterloo Meeting was the first of a series in a joint CIGI/CFGS Project. For the project, authors have been commissioned to respond to Paul Martin's challenge to flesh out his G 20 proposal. He has proposed that the G 20 might meet at the Leaders level and consequently be a positive constructive force shaping globalization and meeting specific global challenges. The purpose of the Waterloo Meeting was to inspire and energize commissioned authors (from the US, UK, China, India, Mexico, Germany, Egypt and Canada).

To provide direction to the research, the commissioned authors were asked to respond to a selection of questions from those below:

Would it be desirable to have the G 20 meet at head of government level?

Would this mean the end of the G7 and G8 machinery? If not, what would be the impact?

Should other countries be added to the 19 that are now members? Should some be dropped? How big could the group be?

How broad should the mandate of the G 20 become? What consequences would this have for membership?

What priority issues should the G 20 address?

Would there also be ministerial level G 20 meetings? If so, which ministers and with what tie in to leaders?

Should other international institutions be added to the IMF and the World Bank, which at present attend the G 20? If so, which ones? Should international institutions be excluded altogether?

Should there be some form of secretariat established? If not, should the responsibility for preparing the meetings be that of the host country?

Should civil society be engaged in some way?

Would it be desirable to create a network of influential research institutions in the G 20 countries which would track G 20 issues and stimulate informed global discourse?

What are the most effective means to represent the views of those countries excluded from the table?

What can the G 20 do to make a difference with respect to dialling down the burgeoning protests against globalization?

How would a Leaders G 20 relate to civil society?

Does further evidence need to be marshalled regarding the results that can be achieved when leaders work together?

The October 26 -27 Meeting commenced with an informal address by Paul Martin on the history of the G 20 Finance Ministers, including his thoughts and questions on the prospects of moving the G 20 to Leaders level. Several of the commissioned authors then presented their views; this elicited commentary and reaction from the audience of distinguished practitioners and academics. (Participants are listed in Annex A).

This was the first step in an ongoing process. One of the next steps is to test the ideas of the commissioned authors (now that their terms of reference and the views of the intended champion are known) at a February 29, 2004 Conference hosted by IDRC in Ottawa. The conference will end with a session where the ideas and recommendations of the authors will be presented and discussed with Mr. Martin.

At the Waterloo Meeting there was very strong (although not unanimous) enthusiasm for the recommendation that the G20 be transformed into a Summit of Leaders. Support for this proposal was expressed in terms of better representativeness of the G 20, a quality which offers an attractive solution to concerns about the legitimacy of already established international institutions. Efficiency considerations added further weight to the recommendation. The extant architecture of international governance has problems associated with representation and with deficiencies of performance. A G 20 upgraded to the Leaders level would temper such criticism directed at other institutions. The perceived value of this new forum would be enhanced considerably by its expected ability to offer instrumental advantages in issue-specific terms.

The appeal of the G 20 as a Summit for Leaders is based on two firm pillars. The first is as a necessary default option. The crisis of legitimacy facing the web of established institutions was well expressed throughout the CIGI seminar. The United Nations – and especially the Security Council – was criticized, as were the Bretton Woods institutions, and the G7/8 with its image of ‘the club of the rich’. The second source of appeal for a revamped G 20 was the intrinsic appeal of its own institutional design. The transformation of the G 20 to a Summit for Leaders could include many of the original features of the G7. Rather than the carefully scripted communiqués of the G7/8, the G 20 forum could revert back to an informal and free-flowing format. In terms of scope of membership the G 20 forum can offer a balance between the exclusivity of the G7/8 and the difficulty in reaching consensus associated with many other larger organizations, such as the WTO. The G 20 would have a degree of representation wide enough to allow both legitimacy and effective decision making.

Despite the generalized appeal of a G 20 upgraded to Leaders level, participants identified objections based on principle as well as some practical obstacles. Some participants argued, firstly, that this design could damage rather than reinforce the institutional fabric of international governance, especially in the context of the UN. An ‘end run’ around existing institutions might open up some creative ad hoc possibilities for problem-solving but it might also have the effect of further de-legitimizing the UN.

The prospect that other institutions could become catalysts for change was dismissed. Hope for reform of the UN Security Council – notwithstanding the rash of proposals – was minimal. Although the image and functional effectiveness of the Bretton Woods institutions attracted strong debate and varying opinions, there was a view that there were positive, albeit imperfect, aspects to their governance, in terms of the constituency system for Board seats.

Supporters of the recommendation for a Leaders G 20 cautioned that the criticisms and obstacles should not deter the pursuit of this option. The need for such a breakthrough was simply too great. The G 20 Summit of Leaders represents a bold step that is badly needed to break the dysfunctional nature of the architecture of international governance. Indeed, without this initiative, there is a risk that anti-globalization forces would further erode the effectiveness of existing institutions.

The key ingredient of ‘new’ multilateralism of the G 20 at Leaders level is the participation of influential leaders from the South. The G 20 would become the forum of choice, obviating the need for developing countries to establish competing “Groups”, and avoiding the “UNCTADization” of the WTO. The G 20 at Leaders level would provide a venue to focus on bridge-building between the leaders of the G7/8 and select leaders from developing countries. Expectations should not be exaggerated – some issues are intractable. The prospect was that the G20 Leaders would gain traction providing guidance at the apex of power, and building on success.

Both the symbolic optics and delivery application of the G 20 hold some considerable appeal. The G20 initiative does not have the look of the “coalitions of the willing” put together on an ad hoc basis. Nor does it have diplomatic connotations associated with established institutions (an exclusive membership and/or veto power). The focus on networking – while privileging the interaction among leaders – allows spillover into a wide number of subsidiary and interconnected networks at the governmental and non-governmental level. This, through networks, will satisfy an existing need to link knowledge to policy. Instead of requiring an elaborate “bricks and mortar” bureaucracy (or extensive secretariat) this model for an enhanced G 20 is lean and results driven. Government silos can be broken down under pressure from top-down political pressures. Mr. Martin expressed this last opinion forcefully.

The question of the relationship between the G7/8 and the G20 if the latter was also a summit for leaders was raised. Some would conclude the fate of the G7/8 is insignificant, having deteriorated from an organization of great promise into a “photo op”. However, others did note the importance of documenting and promoting the positive accomplishments of the G7/8. In the discussion of the relationship between structures, there is the issue of what overhang would exist between the established structure of the G20 as a meeting between Finance Ministers (and representatives of the Bretton Woods institutions) to one featuring the engagement by heads of government.

The question of the relationship between the new G 20 and the G7/8 drew considerable attention. One strong line of reasoning supported the view that the best way forward was a merger between the G7/8 and the G 20. This scenario was viewed as consistent with the development of the G7/8 itself not only through the addition of Canada, Italy, and Russia to the original members, but the ad hoc inclusion on a number of occasions of leaders from developing countries for a portion of the summit. An equally strong argument was made for the “big bang” transformation of the G 20 from a meeting of Finance Ministers to Leaders. The G7/8 as Finance Ministers would still exist for some time in parallel. The argument to abolish the G7/8

Russia, Singapore, South Africa, and Thailand. Hong Kong, Singapore, Poland, Malaysia, and Thailand were all excluded from the current G 20; Saudi Arabia and Turkey were added. One view was that Saudi Arabia m

accretion, maintaining the G 7/8 mandate, moving to the G 10, then the G 12, has the great advantage of finessing the intractable question of the G 20 mandate.

There was consensus that the key determinant actor would be the United States, and (to a lesser extent) China. Some participants thought the US was an unlikely initiator/partner in any project to upgrade the G 20 (with its sense of exceptionalism with respect to adherence to international rules and preference for a unilateral/bilateral focus). Others thought we should not rule out a change of US priorities and approaches. Reports of the recent G 20 meeting in Mexico indicated the US was very happy with the meeting and its outcomes. In the short term the US might see some advantages in a parallel or even alternative approach to the G7/8, channeling its initiatives through the more dispersed and representative G 20. In the longer run there was a hope that under different circumstances/leadership the US might revert to more investment in multilateral leadership as a means of responding to complex interdependence and to pressures for change in international institutions.

China's preference may be to use a Leaders G 20 in a limited capacity as a bridge between regional and global efforts to mitigate financial crises. China has expressed frustration at living with the G7/8's "two world" dynamics and the impression that deals

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should cooperate with others whenever it can across the broadest range of areas and act alone only if it must (a paraphrase also from Clinton)? How can President Bush be convinced (not using citations from Clinton) that it is an American idea that a G 20 at Leaders level would help him solve some of the big problems on his desk. Current events in Iraq and elsewhere seem to be making the time propitious to raise the issue with the President. Is it counterproductive to canvas other Leaders to solicit endorsement of the idea? When might it be done and how?



Kevin G. Lynch, Deputy Minister of the Ministry of Finance, Canada

Ambassador Kishore Mahbubani, Singapore's Permanent Representative to the United Nations, Singapore

The Honourable Paul Martin, Former Finance Minister, Canada

The Honourable Marcel Massé, Executive Director of the World Bank; Former Cabinet Minister, Canada

Rohinton Medhora, Vice-President of the Program and Partnership Branch, International Development and Research Centre (IDRC)

Andrew Moravcsik, Director of the Program on European Union Studies and Professor of