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This brief summarizes the primary findings of the conference as interpreted by the rapporteur, Deanne Leifso. Participants neither reviewed nor approved this brief. Therefore, it should not be assumed that every participant subscribes to all of its recommendations, observations, and conclusions.

How Are Key 21st-Century Powers Arranging Themselves— For Competition, Coexistence, or Cooperation?

The Stanley Foundation, The Centre for International Governance Innovation (CIGI), and the China Institutes of Contemporary International Relations (CICIR) co-hosted a three-day international conference at the Airlie Conference Center in Warrenton, Virginia, to examine issues that are the current foci for the G-20 and others that may or may not be added to that forum's remit. The conference also assessed how the G-20 fits into the broader global governance landscape.

After the group's successful initial summits in Washington, London, and Pittsburgh were followed by lacklustre 2010 summits in Toronto and Seoul, mounting pessimism has led some observers to view the G-20 as a "dead forum walking." It remains to be seen whether the G-20 can shift from crisis response to a medium-term agenda and show the same strong leadership that they demonstrated during the financial meltdown.

Looking toward further evolution of the G-20 under the French and Mexican terms as chair in 2011 and 2012, the conference reviewed a wide range of issue areas on the international agenda. Each issue poses its own challenges of global public goods or global governance, and participants discussed progress made to date and the prospects for further multilateral cooperation. While the conference agenda grouped topics based on how they fit with the G-20's mandate, the discussion highlighted other kinds of differences among issues such as degree of difficulty, governmental capacity, and decision-making bandwidth.

The framework for much of the analysis was the idea of a supply and demand for global governance. Given the shortfall of and considerable demand for global governance supply, there have been calls to add issues to the G-20 agenda that lie beyond its traditional scope. However, most participants were wary of potential "mission creep" and thought that the G-20 should focus principally on its economic agenda. As they saw it, the key for the G-20 to survive and thrive is to engage top leaders' attention and interest via forward-looking agendas. Summit organizers are acutely conscious of the need to keep heads of government from being distracted from anything other than the highest-priority matters. Against this backdrop, the core question of the conference was the extent to which the G-20 should expand beyond its core agenda of global economic growth and financial stability.

The G-20's Core Mandate

The roots of the G-20 trace back to consultations among finance ministers and central bank governors where, as one participant described it, “considerable progress was made in part by having people around the table discussing issues in a very open, frank, and analytical way.” Meanwhile the G-8 summits devoted shrinking focus to economic and financial issues—doing little more than declare “nonaggression pacts” on macroeconomic concerns such as budget deficits and trade imbalances. The financial crisis of 2008-2009 was a ripe moment to elevate the G-20 from a ministerial forum to a series of summits, a step taken by President George W. Bush when he invited fellow heads of state to Washington in November 2008. At the Washington, London, and Pittsburgh summits, leaders used the G-20 to stabilize the global economy through coordinated fiscal stimulus, additional resources for the IMF, and a renewed push for better financial regulation. As the sense of urgency faded, however, and the choices became harder, this has proven a tough act to follow.

In a sense, the G-20 has been struggling with the broad ramifications of mounting interdependence as well as the interconnections among different issues and challenges. Given functional spillovers and the reality of an untidy world, many participants thought it was important to recognize that issues can no longer be within traditional bureaucratic stove pipes. Effective policy now requires that issues be tackled in interrelated sets—to account for the strategic implications of adopting a tactic for issue x that will affect issues y and z and also the associated problems of coordination. Consider, for instance, the links between issues such as home mortgages, personal and national debt as they relate to international macro-finance. In a high-level forum such as the G-20, there are opportunities to square some of these interrelationships and resolve differences of national interest by “trading across baskets” of different issue areas.

It was generally felt that for the immediate term the G-20 should concentrate on its designated priorities: global imbalances, more specifically current account balances and balance sheet repair. The *Framework for Strong, Sustainable, and Balanced Growth*, launched at the September 2009 G-20 Summit in Pittsburgh, was viewed as an opportunity for G-20 leaders to engage in constructive “blue sky thinking”—though participants also acknowledged the ambitious scope of the Framework. Some portrayed

the Framework and the *Mutual Assessment Process* (MAP) on the causes of imbalances as crucial to the near-term success or failure of the G-20. Representatives of G-20 governments took 18 months to agree on a set of indicative guidelines on which assessments will be based; the next stage will be to start analyzing the world’s major economies to identify the ways in which they may be contributing to global imbalances. A consensus of participants saw it as vital for leaders at the November 2011 summit in Cannes to be as specific and transparent as possible about the timeline and plan for the assessments.

Participants also saw the need for the G-20 to focus on other major issues for the global economy such as the international monetary system, capital flows, the threat of competitive devaluation (“currency wars”), and continued financial regulatory reform efforts. Some wondered whether reform of the international monetary system belongs on the agenda, but most agreed that the world could ultimately evolve toward a multicurrency system—a possibility worthy of at least preliminary discussion.

Participants were forthright and sometimes pointed in their discussion of G-20 legitimacy. The point was made that the G-20 is an exclusive club for a reason—the very premise of the forum is the supposed importance of the world’s largest economies to the health of the global economy as a whole. At the same time, nations that are in the club have studiously avoided speaking on behalf of anyone other than themselves. A participant reminded the group that the Pittsburgh communiqué designates the G-20 as the “premier forum for *our* international economic cooperation” [emphasis added]. Besides, how should expansion, formalized consultations, or even the “invited guests” that already attend summits be synchronized with the vital links the G-20 already maintains with the International Monetary Fund (IMF), Financial Stability Board, or Basel process? To its credit, the informal Singapore-led Global Governance Group strikes a constructive posture of trying to maintain links between the G-20 and the United Nations.

Substantial discussion was devoted to the challenge of holding the attention and interest of G-20 governments over time, and the related issue of setting the right expectations for the forum. As a matter of domestic imperatives, the task of the day for most political leaders is to foster a robust global recovery that eases the hardship for *their* people,

but participants pointed out that 21st-century global interdependence makes insularity a losing strategy. Given the complexity of the issues, though, G-20 nations will not be able to achieve this through a few bold policy strokes. The more realistic template will be a process that gradually yet steadily narrows differences and builds cooperation. Under this approach, the highly visible summit meetings should not overshadow the multi-level consultations that take place in between. Perceptions and characterizations of the G-20 must therefore balance between emphasizing the respective roles of top leaders and the experts in their government ministries.

With the European Union's strong advocacy of French Finance Minister Christine Lagarde's appointment as IMF managing director, emerging economies see a retreat from bold statements at the Pittsburgh G-20 summit on shifting the IMF management selection to a merit-based system. Conference participants disagreed over whether or not the selection process for a new managing director, with all the early jockeying already laid bare in the media coverage, qualifies as open and transparent. Some asked whether advocates of greater transparency could envisage realistic steps that would make the process more transparent. Given the close connections between the G-20 agenda and the IMF (e.g., the MAP process), participants said it may be more important for the two bodies to clarify the relationship between the two as well as further clarify the IMF's role as a standard-setting body and the related governance issues. As an overall matter, the most important form of transparency for the G-20 will be to track member nations' compliance with the commitments they have made—thereby holding leaders to account for progress, or lack thereof, on the important issues on the group's agenda. The G-20 will lose credibility if it loses sight of its core mandate.

Beyond the Core

Stepping back from the G-20's job description and mandate, what generic criteria could be used when determining if new items should be added to the group's agenda? Participants noted useful filters:

1. **Bandwidth:** How much time and effort—both of them scarce commodities—would it cost to add a new item to the agenda? One can fairly ask whether it is worth the meeting time of the world's most influential governments to discuss a given issue.

2. **Capacity:** Does the G-20 have expertise on the issue? Would it benefit from international cooperation at the leaders' level?
3. **Reputation:** The perceived usefulness of the G-20 as a venue and stature of the world leaders themselves depends on building a solid track record.

Regardless of capacity, leaders will bring an issue to the G-20 table if they see prospects for diplomatic success and positive media coverage. It is axiomatic in politics that “nothing succeeds like success.” Even participants who have been deeply involved in international economic policy said they understood leaders' impulse to rack up a “win” on a peripheral issue in order to burnish their image—thus conserving their ability to tackle matters that are more central.

Development

While the G-20 has a full plate in its core issue areas of global economic growth and financial stability, it has nonetheless branched out toward agenda items on development, anticorruption, and food security—all of which are prominent on current G-20 host President Sarkozy's list of priorities. With the adoption of the Seoul Consensus at the November 2010 summit, a development agenda was formally endorsed by leaders and put into a framework emphasizing the importance of economic growth. The G-20 Development Working Group is drawing up work plans in conjunction with developing nations that focus on removing the particular obstacles to growth in those countries. Looking toward the 2011 Cannes summit, innovative finance for development will also be a priority. The added emphasis on less-developed countries represents the major economies' aim to spread the benefits of globalization more widely, but also solidarity especially on the part of the largest emerging economies. And development is an ongoing challenge that rising powers still face domestically. A few surprising statistics illustrate the point. For instance, there are more people at the absolute poverty line within the G-20 countries than outside of them, and the majority of the world's extreme poor (who live on less than \$1.25/day) live within the G-20.

The topic also exposes significant differences in key G-20 nations' approach to and perspective on development (even within the BRICS group, which is hardly monolithic). With its strong views on respect for national sovereignty, China stresses that every nation should determine its own development

path. As one participant highlighted, Chinese policy treats national development and foreign aid as separate matters: viewing its overseas assistance as *foreign aid*, not as *development aid*. In the G-20, China seeks greater focus on fulfilment of pledges by the traditional donors and advocates enhanced roles for the more inclusive multilateral bodies such as the United Nations, IMF, and World Bank. Participants believed that the G-20 can help clarify the aid-development relationship and thereby narrow the gap in perspectives. Despite the differences over development, participants saw the emerging economies as committed to the *G-20 Framework for Strong, Sustainable, and Balanced Growth*.

Anticorruption

Participants discussed efforts in the G-20 to combat corruption, which has drawn a great deal of interest from G-20 governments. As one expert put it, “in a world in which money is of great concern, there is some interest in making sure the aid that is provided is just not lining the pockets of an unpopular leader that is stealing from his or her people.” While G-7 and G-20 finance ministers worked on anticorruption after 9/11, the G-20 Anti-Corruption Working Group represents a new level of commitment and activity. The group has been implementing a comprehensive and ambitious action plan that includes ratification by parties to the UN Convention Against Corruption (UNCAC), adoption of anti-foreign bribery legislation, clamping down on ill-gotten assets, cooperation with the OECD, whistleblower protection, and stronger national anticorruption agencies and denial of safe haven to corrupt officials. The working group has been particularly successful in prodding governments to ratify UNCAC. Within the G-20 itself, every country is a UNCAC party, although South Africa, Germany, and Japan have signed but have yet to ratify.

The G-20’s work has benefited from the recent ripening of the issue; until recently, corruption was a fraught subject—confronting resistance and difficult even to discuss. For the purposes of our conference, the key point is the degree of activity and progress generated with only a modest investment of high-level time and attention.

Food Security

Given the longstanding and direct involvement in food security of the UN specialized agencies (Food and Agriculture Organization and World Food Programme) and other development-focused bodies, the main role of the G groupings in this area is

to provide coordination and political impetus. For example, the 2009 Italian-hosted G-8 summit promoted food security as a global priority and established priorities on the United Nations’ world food agenda. Nor is the topic new to the G-20, which dealt with the issue at its very first summit in 2008, calling for more funding for food security in the World Bank after the commodity price shocks earlier that year. The 2009 Pittsburgh Summit followed up by calling for a World Bank-based global trust fund.

With mounting worries over a new spike in commodity prices, food security has been very prominent during the 2011 French G-20 presidency. Shortly after our conference, G-20 agriculture ministers were scheduled to meet and discuss the following topics: agricultural production and productivity, transparency of reserve stocks, coordinated response to price hikes (including tapping into reserves), and comparing best practices on financial regulation. The question was raised as to whether stronger regulations are needed in derivative markets, though participants expected the agenda to focus on improving information systems and transparency of accumulated food stocks. For political reasons, however, the G-20 may have a difficult time reaching a consensus on enhancing transparency in supplies. In all likelihood, food security will remain on the G-20 agenda in 2012, when Mexico will be the host.

Nuclear Security

Nuclear security seemed to merit consideration because of the G-8 Global Partnership against the Spread of Weapons of Mass Destruction and the natural question of shifting it to the G-20—an idea that has been broached by the French government. When it was launched in 2002 at the Kananaskis summit, the Global Partnership was given a ten-year mandate, with the United States donating \$10 billion matched with an equal amount from the rest of the G-8 for nuclear threat reduction programs in the former Soviet Union. The G-8 recently extended the life of the Global Partnership in Deauville, committed to expanding membership (currently 23 nations), and broadened its scope. The expanded mandate will shift attention from its initial focus on destruction of Russian nuclear submarines and chemical weapons and branch out into fissile material security, radiological and biological security, scientist engagement, export control, and border control (the latter particularly within the framework of UN Security Council Resolution 1540).

There has also been a push to widen the initiative's membership, which currently includes 11 countries in the G-20, especially to add African, Asian, and Latin American nations (China is also a candidate for membership). Practically speaking, the question is a choice between one-at-a-time versus wholesale expansion, and also whether the G-20 is the right set of countries, since several of the current targets for expansion are non-G-20 states. A bigger obstacle is the G-20 countries that may not want to join the Global Partnership, which could block consensus for the G-20 to take this over from the G-8. Perhaps most sensitive, the status of G-20 member India as a nuclear weapon state outside the NPT regime has prompted worries about further legitimizing India's nuclear arsenal. Participants also noted that one of the Global Partnership's major areas of focus, nuclear security, is already the subject of its own global summit process.

Nuclear Safety

The safety of nuclear power plants was added to the G-20 agenda prior to the earthquake and tsunami that hit Japan—though as a minor item. In the aftermath of the Fukushima crisis, a rich agenda has developed, including: power plant design flaws, handling of spent fuel, containment and cooling, and safe and secure shipping of nuclear material. Though participants saw a need to reexamine nuclear safety standards with a generation of aging nuclear reactors facing retirement, they also recognized the difficulty of establishing effective international supervision.

Climate Change

Intuitively, climate change seems like a problem naturally suited to the G-20 agenda; the issue demands a global response, and one can imagine the world's leading countries working in the G-20 to figure out how to reduce their emissions. Adding to the argument, it is an area in which tough decisions at the leaders' level are necessary to move forward. And those heads of state/government lately have withdrawn their personal involvement from the annual UN conferences of parties as well as the Major Economies Forum. Participants were skeptical about the prospects for significant climate change discussions in the G-20, especially since China and India prefer to deal with the issue through the United Nations. Even under the most ambitious scenario, it is hard to envision a G-20 discussion of core post-Kyoto issues such as emissions reduction commitments or climate change financing. The G-20, however, is well suited to deal with the links between

energy security and its core economic and financial agenda, such as stimulus funding for clean energy programs, energy dimensions of global trade, and World Bank energy lending.

Competition, Coexistence, or Cooperation?

In terms of the determinants of the G-20's substantive focus, participants emphasized the importance of domestic politics in the host country—something of a “wild card” in relation to a coherent multilateral agenda. As with any political figure, inevitably heads of state are bound to play up issues that will make good headlines for them. With a rotated presidency, the host leader's first question will always be: “what is going to distinguish me?” Looking toward Mexico's turn in 2012, for instance, President Calderón's political gains from hosting a successful climate meeting in Cancun in 2010 may make him eager to deal with that topic at the G-20 summit. More structurally, as each host government tries to make its mark by adding a major new set of issues to the agenda, this pattern could, absent practical constraints, build up an unwieldy workload.

Conference participants expected the G-8 to endure as a forum while the architecture of global leadership sorts itself out and believed it should be preserved. They discussed the scenario, for instance, of a G-20 limited to core economic and financial issues *and* the discontinuation of the G-8, which together would leave a gap in the global architecture for political and security issues. It was also pointed out that the US decision to host the 2012 G-8 summit is a sign of the group's continued vitality.

Speaking more broadly, participants saw the value of informal multilateralism amidst the current shifts in global power and sought synergy between the key nodes of the international political order. One participant noted that China sees the legitimacy of G-20 and its place in the international system. Embedding the critical US-China bilateral relationship in multilateral forums can reinforce positive impulses. Participants expected the G-20 process to help compel the United States and China to work together on issues of mutual concern while limiting the scope for conflict. It is important to find issues where agreement can be reached, to build a “win-win” mentality that will go a long way to tackling potentially divisive issues down the road.

The conference participants also discussed the natural limits of potential G-20 agenda expansion. Three considerations were noted that make some issues highly unlikely to be taken up by the G-20. In colloquial terms, these disqualifying traits were identified as “the local, the fuzzy, and the prickly”—matters that are (respectively) too particular to a region, that lack a clear and proper policy response, or that are too geopolitically sensitive.

Aside from the clear priority of the G-20’s core mandate for economic growth and financial stability, participants were divided over proper scope for the group’s agenda. One participant said that staying “lean and focused” would be key for the G-20’s future as an influential multilateral hub. A number of participants stressed that the most effective and credible organizations are focused and disciplined, with tightly coherent agendas. At the same time, they recognized the trend of agenda expansion, driven by leaders’ (understandable) need to make headlines—though with some potential cost to discipline and effectiveness.

Compared with similar expert discussions, the conference developed a strong practical sense of different kinds of agenda items—breaking them down in other ways than just their relation to the G-20’s core mandate. Practically speaking, not every issue lying outside the forum’s legacy agenda poses the same threat of distraction. Depending on the given problem, issues make very different demands on higher- and lower-level officials in terms of actual work. This led to the idea of a G-20 agenda cost-benefit analysis comparing the diplomatic attention an issue would demand versus the progress it could yield. In that vein, the conference discussion of the G-20 anticorruption effort portrayed a significant success story—an example of how major strides can be spurred by the summit process with just a modest investment of high-level time and attention.

Further, practical ideas emerged for how the summit agenda could be organized, perhaps classifying topics according to whether those demands are substantial or modest. For instance, leaders could spend one summit working session going through relatively noncontroversial items that do not require any diplomatic heavy lifting from them. And given that the communiqué is the documented record of a summit, participants advised leaders and Sherpas to heed the principle that less is more and to be as rigorous as possible in making every

paragraph count. To ensure that the G-20 engenders meaningful progress on the agenda topics, every section of a communiqué should represent a step forward for its policy subject. Indeed, as demands for increased accountability grow louder, analysts inside governments and out are scrutinizing the commitments spelled out in communiqués ever more closely.

While the G-20 faces no immediate threat to its survival, the need for success on its primary agenda issues intensifies as the “G-20 honeymoon is fading,” in one participant’s words. This was the sentiment behind participants’ call for leaders at the upcoming Cannes summit to be as specific and transparent as possible about the timeline and plan for the assessments on macroeconomic imbalances under the IMF mutual assessment process. Participants recalled that international institutions are not static but evolving, just as G-20 predecessor the G-8 did. These institutions also typically struggle to find a *raison d’être*, something that the G-20 can also be expected to grapple with.

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