From G7 to G20: Capacity, Leadership and Normative Diffusion in Global Financial Governance

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Abstract

The Group of Seven (G7) Finance Ministers forum and now Group of Eight (G8) Summit was created as a high capacity institution to deliberate, take decisions, deliver them, and develop global governance in response to the cascading financial and other crisis starting in the 1970's. It was also created to diffuse globally its core principles of "open democracy, individual liberty and social advancement." The changes brought by globalization, notably a succession of financial crises since 1994 and the terrorist shocks since September 11, 2001, have catalyzed the development since 1999 of a broader, more collectively capable Group of Twenty (G20) to help provide global governance in finance and related fields. The G20's expanded number and range of systemically important countries as members increases the capacity, representativeness and resulting legitimacy of this new centre of collective leadership. But with non-democratic China and Saudi Arabia as members, and stability, growth and equity as core principles, to what extent can the G20 help globally diffuse the democratic norms its G8 members share? An analysis of the G20's performance since its 1999 start suggests that the G20 has done much to adopt and diffuse democratic norms. The vulnerability and shocks bred by globalization shared by both members substantially helps explains this trend, as does the deepening institutionalization of the G20 as a balanced, autonomous, valued forum led by experienced hosts during the more shock free years since 2001. The strong G20 performance in democracy diffusion as well as in its deliberative, decisional and development of global governance functions sustains the case for elevating the G20 to a leaders level L20, for doing this deliberately rather than waiting for a new galvanizing shock, and for using the well performing G20 itself, rather than existing G8 or UN Summits as the institutional nest to give the L20 its birth.

Introduction

How much and why has the Group of Twenty (G20) systemically significant countries, founded in 1999 to advance the core principles of stability, growth and equity, diffused the Group of Seven's (G7) and Group of Eight's (G8)'s core commitment to open democracy, individual liberty and social advance? This question has acquired a particular poignancy for policymakers at a time when the leaders of major G20 members, notably co-founder Canada, and now France and China, are calling for the G20 finance ministers forum to be elevated into a G8-like leaders level L20 as a new plurilateral Summit institution to serve as a centre of global governance for the twenty first century world.

The L20 proposal has aroused a vigorous debate among several schools of thought. One school judges the idea "redundant", since the G8 has started as early as 1989 to involve several significant outside countries, brought many other G20 members to the G8's Evian Summit in 2003, and will very likely bring China, India, Brazil and South Africa to the Gleneagles Summit in July 2005 (Bayne 2003). A second school of "rejectionists" see the L20 proposal as expanding the existing G20 institutions "well beyond the level of their competence" (Foster 2003). The more numerous "reinforcers" advocate adding an L20 to the existing array of global governance institutions, perhaps as one of many models to respond to globalization (Le Boucher 2003), or as an ad hoc meeting to address a particular pressing global issue (Martin 2004a, Martin 2004b), or as a more permanent body with a more comprehensive agenda (Johnson 2001, Kirton 2001a, Schwab 2003, O'Neill and Hormats 2004). And an ambitious group of "replacers" call for an L20 to substitute for a G8 that would effectively fade away (Weltke 1999, Beauchesne 1999, Bradford and Linn 2004, Peterson 2004, Heinbecker 2004). Their sympathizers suggest that an L20 could revitalize an otherwise immobilized United Nations (UN), or perhaps even replace over time in practice its ineffective central command institutions such as the Security Council's Permanent Five (P5) (Stein 2004).

The L20 proposal has inspired much debate about why it is needed, how it should be created and structured, who should be members and when it should be brought to life (English et al. 2005). But seldom has this debate touched on the larger question of whether and why a Summit level group including non-democracies such as China and Saudi Arabia and devoted to non-democratic purposes would help or hinder the G8's founding mission of fostering democracy throughout the world. Nor has the limited literature on the existing G20 provided much insight. The "redundantists" feel that the G8, with its now routine inclusion of other countries, especially at the 2003 Evian Summit, has already become an L20 like Summit itself, and that the existing G20 should be left as it is to do its lower level work alongside such other G8-created finance-oriented bodies as the 1989 Financial Action Task Force (FATF) and the 1999 Financial Stability Forum (FSF) (Bayne 2003). The rejectionists concede the "competence" of the existing G20, but do so implicitly, or point to its formidable institutional defects or uncertain future (Foster 2003, Culpepper 2000, Bryant 2003, Scholte 2002). The reinforcers judge the G20, on the basis of its operation during its first few years, to be a promising institution with a potentially valuable higher level contribution, if several substantial challenges are met (Porter 2000, Johnson 2000, 2001, Kirton 2001a, Helleiner 2001). Their assessment is supported by those who assess it as "an effective and legitimate institution that delivered significant achievements" during its first two years, or an institution that has worked during its first half decade (Kirton 2002, Martin 2004b, Crockett 2004: 53, Meyer et al. 2004: 82, Knight et al. 2004: 145). The replacers assert that the G20 has been "useful," "important," "inclusive," experienced, successful and "effective," while the G8 has become an "inadequate," "obsolete," exclusionary, "antiquated," "anachronistic" "stale" "ineffective" forum for the "mere exchanges of views and pleasantries" (Bradford and Linn 2004).

The replacers advance their claims largely on the basis of often internally contradictory, selectively supported or unproven assertions about current and future transformations in the international system, the failure of the G8 and UN systems in response and the alleged or assumed advantages of a more weighty and representative L20, in an often ill-defined Summit institution, in addressing these needs. Almost never is the case made on the basis of a disciplined and detailed analysis of what the most likely model and nest for an L20 – the existing G20 finance ministers' forum - has actually done during its first six years. To be sure, select institutionalized plurilateral bodies directly designed and delivered by leaders add an essential element that mere ministerial forums lack, as the evolution and co-existence of the of the G5/7/8 finance ministers and the G6/7/8 Summits show. Yet a close examination of the design and evolution, operation, and impact of the G20 finance ministers' forum provides an essential empirical foundation for arbitrating claims about the desirability and structure of a prospective L20.

This paper thus explores what the G20 has actually done in reforming the international financial system, in modernizing the integrally interlinked larger global governance order, and in diffusing the G8's core democratic norms to a wider group of systemically significant and at times democratically reluctant or resistant states. It examines the six year performance of the G20, to show how the shared shocks and vulnerabilities bred by globalization and then the deepening institutionalization and autonomy of the G20 has, under the leadership of committed and experienced hosts, generated the growing performance the G20 has produced. To do so this paper addresses in turn the creation, constitution and charter of the G20 finance ministers' forum, its strong start in 1999 and 2000, its deliberative, directional, decisional and development of global governance performance over its first six years, and the dynamics of discussion and decision-making at its most recent ministerial meeting in Berlin in November 2004. On this foundation the paper it suggests how an L20 might be brought to life.

This paper argues that the G20 was created as a consequence of American and G8 leadership as a consensus-oriented forum of systemically significant countries with a mission to prevent financial, economic crises and their consequences, and to institute the social protections that would make globalization work for the benefit of all. Based on a strong start under Canadian and German leadership in its first two years, the G20 has evolved over its first six years from a largely deliberative forum to one setting new normative directions, taking and delivering collective decisions, and developing global governance by broadening its own agenda, thickening its own structure, and working in conscious interdependence with other multilateral organizations and the G8. It has increasingly had an autonomous impact as an international institution in bridging differences between and within the developed and emerging countries, and in hastening agreement on "constitutional" issues in outside governance forms. Important to its success has been its pattern of working closely in tandem with the similarly constructed, much more experienced, and much more cohesive G8, in support of the principles of transparency, openness, democracy, social advancement, and equity that that G8 as an institution has at its normative core. Yet also important have been a steady succession of shocks to these values and to most G20 developing and developed country members, and the deepening of the G20 as an autonomous, well led institution where most members exercise influence and have come to accept a growing array of democratic norms. The time is thus ripe for a leader's level G20 to be born, not by waiting for the next galvanizing shock but through deliberate action. This could be done not merely be creating the L20 as an add-on extension of established G8 or UN summits but as an upgrading of the high performing G20 itself, perhaps when the next two non-G8 G20, members of non democratic China and democratic Australia host respectively in 2005 and 2006.

The G20's Creation, Charter and Constitution

The Formative Causes

The G20 was born largely as a result of American President Bill Clinton's and his ranking G8 allies' desire to find a more effective, inclusive, still flexible forum, at the leaders' and ministerial level, to respond to the challenges of the rapidly globalizing world of the 1990's and to mobilize the rising capabilities of emerging countries, particularly in Asia, that were not well connected to the inner management core of the global governance arrangements constructed in 1944-5 and 1975. Clinton's leading summit-level achievements included the elevation of the Australian inspired Asia Pacific Economic Co-operation (APEC) forum into an annual autumn leader's meeting in 1993, and the expansion of the G7 Summit into the "Denver Summit of the Eight", with Russia included, in June 1997.

The advent of the Asian-turned global financial crisis in July 1997 quickly intensified American initiative and brought its G8 allies robustly in. At the Canadian hosted APEC leaders meeting in Vancouver in November 1997, Clinton pioneered a short lived Group of Twenty-Two (G22) to discuss the unfolding Asian financial crisis and the way to strengthen the international financial architecture in response. At the Summit he hosted in May 1998, British Prime Minister Tony Blair permanently expanded the G7 into a G8 leaders meeting, by adding the largest new democracy in a still limited way. He admitted the Russians to the Summit and to most of the now separated Finance and Foreign ministers meetings and the many other ministerial forums the G7/8 had created since 1994. Under German hosting in the spring of 1999 the G7 created a new body, the FSF, first for itself but soon with four new members added. The Forum was to confront the challenge of dealing with once technical issues among highly like-minded G7 members, but issues which had now become of greater political consequence and relevance to a broader world. At the same time, the International Monetary Fund (IMF) created a New Arrangements to Borrow (NAB) group of 25, to overcome earlier resistance to G7 direction, and to provide the additional available in-place financial resources that the Mexican meltdown of December 1994 had shown would be needed to contain financial crises in the new age. The IMF also created a new International Monetary and Finance Committee (IMFC), with Britain's Chancellor of the Exchequer, Gordon Brown, as the first and still only chair.

By far the most ambitious attempt to move from the G7 to a broader forum for global financial governance came with the creation in September 1999 of the G20, in accordance with the commitment made by G7 leaders at their Cologne Summit in June 1999. As with the G7 itself at the moment of its creation in 1975, the formal mandate of this new political level forum centered on financial matters but also embraced the full economic domain. As with the G7 in 1975, the members of the Group collectively contained a predominant share of the world's economic capabilities. Moreover, in sharp contrast to the many issue-specific, G7-incubated but soon broadened bodies that had regularly arisen since the G7's start, the G20 quickly generated claims that it would soon emerge as an effective centre of centre of global governance in a crisis-ridden, increasingly vulnerable world.

The G20 finance ministers' forum was thus born from several forces. The most basic were structural changes in the challenges bred by globalization, the new strength of emerging, particularly Asian economies, the failure of the existing international organizations (as shown by the 1994 Mexican peso crisis and the G7's 1995 Halifax Summit UN reform effort) and American initiative through the agency of President Bill Clinton. But equally essential were three more proximate propellers. The first was a steady succession of ever-more severe shocks that escalated through Asia in 1997, came to defeat Russia and immobilize America itself (with the collapse of LTCM) in 1998, and spread to the Americas and elsewhere afterward (Kirton 2000). The second was the active initiative of America's G8 partners, notably Canada and Germany, using the institutional nest of plurilateral institutionalized Summits and ministerial meetings such as APEC, but above all the G7/8, to foster the coalition that gave the G20 its formal birth. The third was the inadequate performance and response of the existing multilateral organizations, above all the IMF even with the new British chaired IMFC, in a world where "hard law" institutions still commanded much hard power and far superior claims to inclusiveness, representativeness and legitimacy.

The Normative "Charter"

If the G8 nest and Canadian-German leadership were important in giving birth to a G20, they were even more important in determining the charter-encoded core mission, and the particular constitution of the membership in the new forum. The G8 leaders at their 1999 German-hosted G8 Cologne Summit, after welcoming the establishment of the FSF and IMFC, gave birth to the G20 by proclaiming "the commitment to work together to establish an informal mechanism for dialogue among systemically important countries, within the framework of the Bretton Woods institutional system" (G7 1999a). Following these instructions, the G7 Finance Ministers, at their September 25, 1999 meeting, formally created the G20 "as a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system." But they immediately added the words and the new normative purpose - "to broaden the dialogue on key economic and financial policy issues among systemically important economies and to promote co-operation to achieve stable and sustainable world growth that benefits all (G7 1999b). The function of the forum thus quickly expanded from "dialogue" to "broader dialogue" and to the potentially decisional role to "promote co-operation." The mission had similarly broadened from the narrowly financial Bretton Woods framework and its principles, to economic issues aimed at "world growth" that was stable, but, in a burst of temporal and spatial equity, was also "sustainable" and would benefit all". And the membership had been defined as the "systemically important" countries, subsequently specified as being from "regions around the world" as well as representatives of the EU, IMF and World Bank.

These decisions, exclusively negotiated within and made by the G7 and G8, reflect the varying perspectives and hard bargaining there. The G20 reflected American dissatisfaction with the slow, conservative, Eurocentric Bretton Woods institutions, and the US unilateralist initiative in creating the American defined, invited and hosted G22, Willard Group and G33 as informal clubs to bypass the old. The phrase "within the framework of the Bretton Woods institutions" reflected the British and French preference, backed by the Italians, for the IMFC and IMF that their nationals headed and where their quota shares, votes and influence, fixed on a 1944 formula, remained much larger than they had become in the real world of 1999. The outcome also reflected Canadian questions about who the envisaged "GX" body would report to, from whom its mandate and legitimacy would come, and how credible it would be if it was seen as a body chaired by the US, meeting in Washington's "beltway", and thus subject to the vicissitudes of the unpredictable politics there. The final formula satisfied the "GX's" catalytic Americans, the enthusiastically supportive Canadians, the favourably disposed British, Germans, and Japanese, and the resistant French and Italians wedded to their pre-eminence and prerogatives at the IMF and World Bank. Flowing from this compromise were the decisions to hold the first meeting in Germany, and have as the first chair Canada's Paul Martin, who beat out Britain's Gordon Brown in an informal G7 poll.

In similar fashion, the mission and the agenda grew well beyond the prevailing financial focus and principles at the core of the Bretton Wood's framework of 1944-1999. The German-hosted G8 Summit, under the impact of compounding crises, had just pioneered a new Cologne consensus on socially sustainable globalization that was distinctly different from the "Ronald Thatcherism" or "Washington consensus" that dominated the earlier G7 and the Bank and Fund to that day (Kirton, Daniels and Freytag 2001). The G8 in 1999 was chaired by, and the G8, G7 and inaugural G20 meetings all hosted in, a Germany that was newly led by the Social Democratic party in coalition with the Greens. It was thus understandable that the "red" value of equity for all in outcomes, and the "green" value of intergenerational and thus ecological sustainability quickly found their way into the mission statement of the G20. Canadian Paul Martin, as chair of the first meeting, provided support from North America for these values, which were compatible with those the Clinton-Gore administration approved. Promoting global growth appealed to the many within and outside the G7 who had not yet shared the benefits from the locomotive effects that the then American "goldilocks" economy had so impressively produced for some. Moreover, within the financial core, an analysis of the recent crises showed many that exchange rates, liability management and international codes and standards were key issues for the G20's work.

The Constitution of the Membership

Although form substantially flowed from function, the question of how many and which actors would be admitted to the GX was the subject of a vigorous dispute. The final decisions were essentially made by, and through a tradeoff between, the U.S. Treasury Secretary and the Canadian Minister of Finance. All G8 countries and China were on everyone's list. India was also a clear admit. But some lists excluded Australia, Korea, Turkey and Saudi Arabia, which all made the cut in the end. The Europeans succeeded in securing a place, uniquely among regional organizations, for the European Union (EU) and European Central Bank (ECB). In the end, economic and especially financial capability, and the G8 memory of earlier energy shocks, proved decisive, as the admission of Saudi Arabia (backed by its oil resources and Middle Eastern location), and the exclusion of Canadian candidates Thailand and Chile from Asia and the Americas respectively showed.

But the G8's core mission of "open democracy, individual liberty and social advancement," transposed into the new G20, also mattered a great deal in determining who would get in. Turkey, a consumer rather than a producer of financial security, was admitted to the G20 in order to sustain Turkey's character as a stable, Muslim democratic polity in an unstable, Muslin-dominated, non-democratic Middle East. Similarly, Indonesia had a place reserved for it, once it proved that its embryonic democratic revolution, and the respect for human rights and anticorruption commitment that came with it, were for real. Asia's Malaysia was excluded, not because its flirtation with capital controls contradicted the Washington consensus of neo-liberal orthodoxy but because its leader's autocratic treatment of its well respected finance minister defied the basic standards of democracy and the rule of law cherished by Canada's finance minister, a close colleague of his Malaysian counterpart in the Commonwealth club.

The G20 was thus born as a largely but somewhat compromised democratically composed institution into a very institutionally competitive world. But the G20 had the great benefit of its G8 maternity, and the democratic bias in membership that the former's core mission helped produce.

The Strategic Concept of the Canadian Chair

Another impulse toward successful democratic diffusion was the highly developed, and highly ambitious, strategic vision of the G20's first chair, Canadian Finance Minister Paul Martin. He saw the G20 not just as a deliberative body, but as one that would encourage "the formation of consensus on international issues." (Canada 1999a). While its first crisis-bred focus was finance and its function financial stability, Martin from the start declared: "There is virtually no major aspect of the global economy or international financial system that will be outside of the group's purview" (Canada 1999b). In his view the G20's task was "translating the benefits of globalization into higher incomes and better opportunities everywhere," including for working people around the world (Beattle 1999). Six months after its first meeting Martin expanded the mandate into innovation in global governance with the words: "It has a mandate to explore virtually every area of international finance and the potential to deal with some of its most visible and troubling aspects of today's integrated world economy – including the devastating effects of financial crises, the growing gap between the rich and poor, and the system of governance that has not kept pace with the sweeping changes taking place in the global economy" (Canada 2000b). Just before he chaired the second ministerial meeting, Martin added "the broader problems associated with globalization." The G20 was thus to be a major source of political level, longer term strategic leadership, rather than a technically-oriented, limited, issue-specific forum reacting to the immediate issue of the day.

Institutionally, in the Canadian conception, the G20 would involve the chair of the IMF's Interim and Development Committees and EU to ensure the G20's work was "well integrated" with that of these existing organizations. More ambitiously, the G20 would also "help coordinate the activities of other international groups and organizations, such as the Financial Stability Forum," "facilitate deliberations" in the IMFC, and potentially develop "common positions on complex issues…to expedite decisionmaking in other fora" (Kirton 2001). Its function was thus to be the source for the direction and development of global governance in the wider institutional world.

To achieve these ambitious objectives, Canada sought an inclusive, regionally balanced group of countries that would focus on sharing experiences through open discussion, rather than restating fixed positions from the briefing notes prepared for hard law bodies elsewhere or from the all-too-familiar north-south dialogue of old. Here Canada had to fend off the instincts of some to use the G20 to press the issues of the south against the north, the fears of others that its would produce a US-led "G7-ization" of the world through a forum where the South lacked the hard law protections of the IMF and World Bank, and the concerns of still others that it might lead to the G7 losing control.

Critical to the success of the new body was the decision to join by China. It was now a relatively weighty, financially invulnerable and responsible Asian country that had long been internationally unengaged and that saw itself as standing between the north and south rather than as a member of either group (Kirton 2001b, Meridos and Fravel 2003). Martin's desire to use the G20 to promote better supervisory and self regulation arrangements made it easy for China to join.

Internally, the G20 would have a chair firmly controlled by the G7 at the start, a two year rotational cycle for the chair, a link of its meeting to those of the G7 at the start of each year, a deputies process to prepare and support the ministerial meeting, and an ability to call on the resources of the IMF, World Bank and outside experts, and to "form working parties to examine and make recommendations" on its own.

The Strong Start: Berlin 1999 and Montreal 2000

Vancouver November 1999

At the first preparatory meeting in Vancouver, Canada in November 1999, G20 deputies determined, for ministerial adjustment and approval the following month in Berlin, rules of the game that would have the new body sustain, rationalize, legitimate and globalize what was neglected in the G7. The deputies agreed that the G20 should efficiently exchange ideas on the key issues of finance, build consensus on them, and then lead by example. The Group's finance ministers and central bankers would avoid the broader economic issues dealt with by the G7. There would be one ministerial meeting per year and two deputies meetings. The Bank and the Fund would provide input for the G20's work. The G20 would not be a decision-making forum, and would work confidentially with no secretariat and no working groups.

Beyond this deliberately modest start, there were substantial differences about what the substantive agenda, and by implication the ambition, of the Group should be. The IMF led those arguing that the G20 should focus on difficult issues where the IMF's own Executive Board had not been able to agree. The counterargument, led by Canada, was to start gently, by focusing on central issues, such as appropriate exchange rate regimes and private sector involvement, where there was substantial existing, emerging or prospective agreement among all in the Group. The fledgling Group would thus tackle tough and important issues, but also build momentum for, and comfort and confidence in, the new body. Canada won its case. Nor was the IMF able to secure agreement that the G20 examine the Contingent Credit Lines (CCL), collective action clauses (CAC) for modifying bonds (where a Joint Public-Private Sector Working Group was suggested), and debt standstill, with a view to securing a G7-G20 agreement on reform. The G20 deputies also discussed exchange rates, capital account liberalization, and financial sector debt management, but broke little new ground.

The deputies finally agreed that their discussions would serve as the agenda for the ministers, where there would be only a relatively informal Chairman's concluding statement rather than a collectively drafted and agreed communiqué. The ministers would start, as Canada insisted, with issues where there was some reasonable prospect of an effective consensus being secured.

Berlin, December 2000

The inaugural Berlin ministerial was designed as an informal, "get to know you", roundtable that would set the rules of the game, and identify the purpose of the Group. Its documentation was prepared by the Canadians as chair and the Germans as host, and only to a lesser extent by the US

Starting in the evening and proceeding for the following full day, the Group dealt with standard broad topics through an open dialogue that Martin encouraged all ministers to join. Its discussions of macroeconomic forces and prospects focused thematically on areas where the global economy as a whole was vulnerable, rather than on individual countries. As the Canadian chair had hoped, the meeting featured free flowing discussion, even if the conclusions were familiar. However the European venue, German host and EU presence did encourage the European members to speak with a single European voice. This reinforced the reluctance of some non-European members to add more European claimants to the club.

Once again, the IMF-led coalition, with Europe's France and Italy within, asked that the G20 deal with issues where there was no consensus in the IMF Executive Board (EB), IMFC or international community. Once again, the Canadians, with Germany and the US, won with their consensus-based approach. Their victory eroded any initial hope or fear that the G20 would be a forum for the rapid legitimation of U.S.-bred, G7-approved ideas for IMF and international financial system reform. Moreover, contentious issues, such as Larry Summers' public call on the eve of the meeting for reform of the IMF, were discussed only a little, as part of the dialogue on “vulnerabilities” in the international system. The G20’s agenda focused rather on exchange rate arrangements, financial sector regulation and supervision and prudential liability management. These were all areas, in Paul Martin’s judgment, “of architectural reform in which national governments working collectively have become increasingly prepared to take the steps required to reduce vulnerabilities to crises” (Canada 2000a)

Having resisted capture by either the IMF and France or the G7 and the US, the meeting made some small progress in bridging the old north-south or potential established-emerging economy divide. On issues such as codes, an “Anglo-Saxon”–German project, Canada and the US were encouraged that the Turks and others appeared to agree, rather than voice the hesitations they had aired in the IMFC and IMF. The developing countries, much more modestly, viewed the meeting as a way to learn and to exchange views rather than as a negotiation from which decisions would come.

The first G20 ministerial did not immediately and clearly change any minds on the part of resistant emerging economies about the issues of transparency, codes, and governance. These were issues the three “Anglophone” countries (the US, UK and Canada), usually backed by Germany and to a lesser extent Japan, regarded as the foundation of a new international financial architecture. Following the meeting, China and Brazil continued to express their deep concerns about IMF programs and, along with Mexico and Argentina, about strong conditions imposed from an external source. Partly as a result, the G20 ended by creating no working groups. Yet all G20 countries agreed to ask the IMF and World Bank to examine how their national financial rules measured up to international standards and how they might be strengthened. Open deliberation had thus generated a balanced consensus leading to one clear decision, on codes, and a minimal form of developing global governance, with the request to the IMF and World Bank for follow-up work. It was a promising start, if not self-evidently the “important breakthrough in the establishment of generally accepted principles of global governance” that the Canadian host optimistically claimed (Canada 2000b).

Hong Kong, March 2000

G20 deputies met in Hong Kong in March 2000 to review the results of Berlin and begin preparations for the next ministerial, to be held in Montreal, Canada on October 24-25, 2000. The deputies met just prior to the IMFC deputies planning the first ever IMFC meeting at the semi-annual Bank-Fund meeting, in mid-April 2000. The G20 deputies were pleased with the results of Berlin. This led the Canadian chair to adopt a more ambitious approach to the second ministerial in Montreal. Canadian ambitions were further fuelled by the somewhat disappointing experience of the G20’s major competitor organization, the IMFC, at the latter’s inaugural outing in Washington (Kirton 2001).

Toronto, August 2000

At the subsequent G20 deputies meeting, in Toronto in August, there were strong signs of real buy in from the major emerging market members. Russia was more energized. South Africa was very active. From the Muslim world, Indonesia was variable and the Saudis good team players. Above all China, having just decided on international engagement with its decision to join the WTO, was a strong supporter of both the G20 forum and the preferred Canadian approach.

Montreal, October 2000

At the Montreal ministerial in October 2000, the G20 moved beyond the narrow, often technical issues of finance, to confront the broad problèmatique of globalization, and assure those outside the G7, many within, and global civil society, that their concerns were being heard, understood and addressed. The G20 took its first major step into normative governance, by setting new economic, social and ecological directions (Kirton 2001).

At its first meeting in Berlin, G20 ministers had come to consensus on a core agenda, an identification of the problem, and an agreement to work by cooperation on standards and rules, if not regulations, on international and domestic banking and private sector involvement. As the first year unfolded the G20 generated a growing consensus that the G20 was needed, that there were serious social costs to globalization that must be addressed through new initiatives, and that new limits must be set. A more precise consensus emerged that codes and standards were needed, that they could be shaped by developed and developing countries working together, and that the private sector must to some degree accept risk and be involved in the solution. There was also a consensus on exchange rates and mechanisms, with all agreeing that different approaches and mechanisms were required in different circumstances. Yet this emerging G20 consensus had not yet changed what member's representatives argued within the Executive Boards of the IMF or World Bank

The Canadian chair and emerging country members felt strongly that there was a shared interest in reducing the social costs of globalization, and, in the case of the Canadians, involving civil society in the task of determining how to do so. They thus had the broad topic of globalization form the centerpiece of the G20's Montreal agenda. Here Canada was supported by Britain and Australia, and opposed by a France still protective of the prerogatives of the IMF. The US, while not wanting to undermine its hard law veto at the IMF and World Bank in favour of a freewheeling forum where it was just one of twenty equal members, was comforted by the chair being held by its North American neighbour, and persuaded by intellectual arguments in favour of the Canadian approach.

Procedurally, the Canadians sought highly interactive sessions, with no distractions from social, bilateral or G7-specific sessions. Institutionally, they sought to secure the future of the forum by identifying its meeting schedule and chair for the following year. Substantively they sought to secure a concluding recognition that globalization had two sides – the finance and economic side and the social side, including health, education, welfare and employment. Martin also felt very strongly that civil society organizations (CSOs) were raising real issues. He agreed, as chair, to meet NGO's before the G20 meeting, and bring those views into the G20 meeting itself. While Martin personally wanted to do more, there was no consensus on having representatives of CSOs involved in the G20 meeting itself.

The deliberations proved to be spontaneous and substantive They dealt with four themes: responses to the challenges of globalization; the state of the world economy; action on an FSF presentation; and followup on means to reduce vulnerability to crises.

The discussion on globalization was an open, even soul searching exchange about the reasons for the reactions to globalization that members were witnessing, and what the G20 could do to better engage the opponents. Participants spoke of the marginalization of many countries in the globalization process, the insecurity it bred, the invisibility of the benefits of globalization, the increasing distance between winners and losers, and the increased demand for redistribution and insurance. Yet as globalization made it more difficult for governments to tax their citizens and corporations, who would otherwise leave, governments had less money to meet these demands. One result was a loss of control, as individuals and institutions beyond borders and beyond the electoral process were seemingly making decisions that affected people, without direct accountability to the populations of sovereign states. Globalization was infringing on sovereignty, and in the view of one participant, leading to the victory of the Anglo-Saxon model of economic and social organization.

All agreed the challenge to globalization was increasing, would continue to do so, and would require constructive action by the international community. While there was no simple solution, current developments must be put into perspective to show the gains, and more active energetic efforts taken to reduce the imbalances globalization created. The G20 must deal aggressively with trade, including the impediments to access in industrial country markets, ensure that the rules kept pace with global integration, deal with poverty, including through increases in ODA, and speak forcefully on these issues.

The discussion on the state of the world economy, centered on a presentation of the World Economic Outlook by the Chief Economist of the IMF, saw some divergence about the importance and implications of the US current account deficit. Here the US and one G7 central bank governor saw little risk in the new world of private sector dominated capital flows. Two continental European G7 governors countered that the combined European and US deficits and their exchange rates posed important risks. The developing countries generally backed the Europeans, arguing that turbulence in G7 exchange markets was a significant problem for their economic growth, and needed to be limited in some way. Both G7 and developing countries expressed concern about the price and volume of oil, but agreed prices were driven by political rather than economic factors. The oil exporters argued that prices should fall once these short term political driven developments passed.

Andrew Crockett led the discussion on the new FSF activities of market liquidity and volatility, e-finance, and the wind up of complex instruments such as hedge funds. Some argued that the FSF should expand its membership, and that if it failed to do so, it should be required to report to the more inclusive G20.

The last session, on reducing vulnerability to crises, dealt once again with standards and codes, external liabilities, exchange rate regulation, and private sector involvement. On standards and codes there was some concern about too rigid a process, with developing countries arguing that there should be more than one model. It was also innovatively suggested that there should be standards on the delivery of official development assistance (ODA). On exchange rates there were polar extremes, but more support for believing that floating exchange rates were the only viable long range option. As floating involved a concern with exchange rates, some intervention was consistent with this approach. The US finally gave a very positive assessment of the prospects for the Highly Indebted Poor Country (HIPC) legislation being passed by Congress, as it subsequently was.

The Montreal meeting was important in the deliberative domain, in making the G20 a more comprehensive centre of global governance. The G20's agenda went well beyond the hard-core finance subjects of crisis response, architecture construction, and stability to embrace debt, development assistance, trade liberalization, health, agriculture, the environment, and social policy. As Martin importantly noted, its agenda would make the conclusions of Montreal the subject of discussion among many other ministers in national governments. It was an agenda whose breadth, and arguably ambition, was worthy for G20 leaders collectively to address.

Montreal was also important for the new principled and normative directions it set. It offered what Martin called the "Montreal consensus" on globalization with shared benefits and social protections for all. The Montreal consensus, much like the G8's 1999 Cologne consensus before it, consisted of an interlinked and balanced affirmation of three central points: that globalization was good for all; that its benefits had to be more broadly shared; and that the poor had to be protected from its costs (Kirton, Daniels and Freytag 2001). In the new normative trilogy, liberalization, stability and equity through protection had an equal place. The G20 had clearly come to adopt the "social advance" component of the G8's normative core

The Montreal consensus importantly moved the G8's Cologne consensus into and through a representative group of consequential developed and developing countries. It thus hastened the global normative shift from a singular focus on stabilizing the global economy to the need to share its benefits and safeguard the poor. Montreal was also the first time that the enormously diverse and influential countries assembled in the G20 all affirmed that globalization was the proper direction for them individually and the global community as a whole to take. Coming in the immediate wake of the 1997-9 global financial crisis and embracing countries such as China and Saudi Arabia, this acceptance was remarkable. Yet the effectiveness of the emerging economies voice, and the important of the distributional dimension, was heard in the communiqué passages calling for "improved access for developing countries exports to advanced economies markets," and affirming that "Governments have an important role to play." The consensus of embedded liberalism had returned to triumph over the "Ronald Thatcherism" that had displaced it during the two decades before (Ruggie 1983).

Perhaps most importantly, the process of democratic diffusion started at Montreal. The concept of globalization endorsed by the G20 was broadly defined as "the increasing integration of national economies resulting from the greater international mobility of goods, services, capital, people and ideas." It was thus far more than the mere economic liberalization at the heart of the neo-liberal “Washington consensus” of old. Indeed, it was infused with political content, in its celebration of globalization's generation of "greater access to ideas."

Of less prominence and potency on the surface were the specific decisional commitments made at Montreal. Little new was contained in the promises to improve the effectiveness, transparency, and co-operative spirit of international institutions. The steps on the international financial architecture, detailed in an annex, represented at best small steps forward, although the emphasis on implementation was a useful reminder of the work that remained. Of more magnitude, coming from finance ministers with great influence on national budget expenditures, was the recognition that "emerging market economies should be supported with technical assistance" and the pledge to "contribute to international efforts to increase the provision of other public goods" regarding infectious disease, agricultural research, and the environment. The passage on HIPCs reaffirmed the need for a sharp focus on poverty reduction and economic reforms, and added a veiled reference for the need for the U.S. to contribute its share. Here the G20 finance ministers moved into the realm of mobilizing money to put into effect their principles and promises, with an emphasis on transferring new G8 money to the poor.

Also significant were the institutional processes the G20 put in place. The agreement to have two deputies meeting and one ministerial meeting (time and place to be determined) in the following year represented a weakened continuation of the year-one pattern, rather than a move to a more dense schedule. It did, however, ensure that the G20 had become a permanent body, with an agenda - guiding globalization - to give it a rationale well beyond the initial financial crisis response and architectural reconstruction subjects, once the 1997-9 shocks had passed. Moreover, with Paul Martin apparently chairing the body for another full year and thus prospectively hosting the 2001 ministerial, the body could be guided by an enthusiastic and effective chair as it went through its third year. In addition, the ministerial mandated three follow-on processes: a series of case studies of real-world countries' experiences in being affected by and responding to globalization, aimed at providing a common diagnosis and balanced evaluation to advance the debate and identify key factors; a study of international institutions, conducted by G20 deputies, to look at the gaps and overlaps and functional responsibilities for global governance; and a G20 seminar on exchange rate regimes aimed at providing concrete advice to guide real-world decisions. Private-sector representatives would be involved in these activities, as they had been when G20 deputies had met in Toronto in August. It was clear that the emphasis had shifted from Berlin’s directions to other international institutions, to Montreal’s development of the G20 as an institution to deliver implementing work in its own right.

The G20’s Institutional Development and Performance

After this strong start, the G20 produced a mixed performance in the institutional, normative and other performance domains. Institutionally, it did much to develop internally as a balanced, full function, soft law institution of equals. But it did less to reach out beyond the international institutions in which it was nested to involve other increasingly consequential countries in its expanding governance tasks. In the normative domain, it extended throughout its membership at least formal adherence to the G8’s core principles of open democracy, individual liberty and social advancement, and spread the compromises first incubated in a G7 context throughout the G20 and then into the multilateral hard law institutions of the Bretton Woods bodies and the UN. But this G20 normative consensus came primarily when its G7 members were internally divided and arrived at an accommodation among themselves that was minimally compatible with the preferences of the emerging countries in the G20. The G20 thus served first as a potential court-of-appeal that induced G7 members to come to prior consensus, rather than air their full divisions in a broader group. The active engagement and public assent of the G20 was also useful in reinforcing the more balanced G7-bred consensus that first came in invigorating the work program of outside institutions, in working with other forces to foster hard law outcomes favoured by the emerging members at the WTO and UN on trade and development issues, and in giving a real role to the systemically significant countries in shaping global governance outcomes. The G20 in particular helped the G8's smaller, most economically open, and resource dependent economies, led by Canada, secure within the G8 their preferences on principles and consequent actions that were at first only a minority within the G8 club. But there was still no strong evidence that the G20 enabled its systemically-significant members to initiative norms or collective decisions of any consequence that altered an existing consensus within the G8, or shaped outcomes in other institutions and the wider world where a united G8 stood opposed. Nor did the G20, in cases such as successfully concluding the Doha Development Agenda by its specified deadline, help the G8 succeed on matters where it had performed well in the past but was now widely thought to be impotent in acting alone.

This pattern suggests that the G20 needed the G8, and a G8 that goes first, to make an autonomous contribution to global governance, and that the G20 serve as a means for diffusing the core G8 democratic norms outward through the top of the international status hierarchy, rather than unleashing a reverse flow of influence that would infect and compromise the G8's core democratic norms

Institutionalization

During its first six years, the G20 developed internally as a "thicker', still flexible, innovative institution of 20 equal members, performing effectively in the deliberative, directional, decisional and development of global governance domains.

Institutionally, it met the liberal-institutionalist standard of providing a predictable transaction point, with a lengthening shadow of the future, from which efficient interaction, transparency and trust could come. As Appendix A shows, the G20 evolved into an institution that met at the ministerial level once a year, in the autumn, for a two-day event that began with an opening dinner and continued for the full next day. It largely avoided the distractions of social events or of subgroups caucusing on a G8, emerging economy or other basis. (The Morelia ministerial in 2003 did see an outburst of bilateral activity, especially on the part of the Americans, that affected the tenor and public impact the meeting had.) The G20 also "self-institutionalized", declaring at the end of one meeting who would host and chair the next year. At Morelia in 2003 it extended this shadow of the future to two years.

From a bifurcated beginning, the G20 came to give the chair and hosting to a single country for a full year. It increasingly acquired G8-emerging country balance, as the hosting/chairing by G8 members Canada and Germany during the first three years passed to emerging member India in 2002, Mexico in 2003, Germany in 2004, China in 2005, and Australia in 2006. To be sure, the move from G8-hosted gatherings from 1999-2001 did make the Indian-hosted meeting in 2002 less well attended than the others. But the back-to-back chairing by India and Mexico did much to restore balance more broadly after the three-year start in the G8. The Mexico-Germany-China-Australia cadence suggested that an annual G8-emerging country rotation for hosting/chairing would become the new procedural norm. The selection of Australia to follow China also showed a move to make the G20 a less G8-centered club. This is particularly the case as Canada's 2001 chairing was an ad hoc result of the September 11th terrorist shock, which made some G20 members reluctant to travel for a long meeting in distant India.

The fact that the 2001 meeting was held at all, and held in North America, was a sure sign of the G20's institutional resilience under crisis, and a visible display of global faith in a shaken North America now under attack. The Ottawa meeting showed that the G20 was needed by all its members, including the US, in the radically different post-911 world. It also indicated that the US needed the assistance of the G20, and in particular its emerging members, to win the new "war" into which it had suddenly and brutally been thrust.

The hosting-chairing sequence further speaks, in a political science version of the economists "revealed preference," of the G20's success in developing as a club or equals. Unlike the G6-7-8, and unlike APEC at the 1989 ministerial or 1993 leaders level, in the G20, the weighty G8 members of the United States, Japan, France and Britain appear nowhere in the hosting-chairing sequence of the first eight years. This represents a realization of the seminal Canadian instinct to have the new body not appear as an American designed and dominated project. Yet it also raises questions about the buy in of major G8 members with their privileges at, and preferences for, the IMF and IMFC.

The hosting/chairing sequence also shows some success in regional representativeness. Among G8 members, the German and Canadian contributions weigh Europe and North America equally, unlike the G8 with its twice as heavy European tilt. The German anomaly – of hosting in 1999 and chairing in 2004 – does, however, do little to comfort American concerns about undue Eurocentricity. Among non-G8 members, Asia with India, China, and Australia as hosts, has been the big regional winner. The Americas, with Mexico, have had a place as well. While this regional balance may roughly correlate with regional weight in the world economy, the absence of the Middle East and Africa stands out. Beyond equality across the established-emerging economy divide, the functional rather than geographic formula has prevailed.

Among G8 members, the Canadian-German combination suggests that the G20 is particularly committed to rendering more prominent those systemically important countries that were, for various reasons, awarded less than first tier positions in the organizations created in 1944-45. Beyond the G8, Australia does as well. In the case of the emerging members, the selection of India first, Mexico second and China only third points to the primacy of the principle of durable, developed democracy, over raw capability as key. With 12% of India's 1.1 billion people being of Muslin faith, it may also speak to the embryonic importance of domestic diversity in language, culture and religion, and of the need for multicultural dialogue and tolerance, especially in a post-September 11th world.

The G20's Deliberative Performance

G20 performance should be first assessed, especially given its seminal purpose of open dialogue, as a deliberative forum aimed at a free exchange of views among its members, with transparency, trust, understanding and an emerging consensus on legitimate and key issues as the key results. As Appendix B shows, when measured by its collective, public product released in the written record at the end of each ministerial meeting, the G20's deliberative performance has risen. From its slender start at Berlin in 1999, with a communiqué of only six paragraphs and no substantive annexes, it soared at Montreal in 2000 to a communiqué of 14 paragraphs, and a substantive annex of 24 paragraphs. Crisis-afflicted Ottawa in 2001 saw a sharp drop to 9 paragraphs, but came with an Action Plan on terrorist finance that added 22 paragraphs. The subsequent two meetings held steady at a 9-10 paragraph communiqué, with no annexes. Germany in 2004 produced a great explosion, with a communiqué of 11 paragraphs, accompanied by three additional documents (on sustained growth, reform, and transparency) with a new high of 29 paragraphs. Taken together, Germany marked a new high of 40 paragraphs in all, slightly above the previous peak of 38 at Montreal.

At first glance, a look at the individual issues on the agenda show a slow start in 1999, with only five issues on the agenda, a great leap forward in 2000 with 19, and then a fall off in crisis-ridden 2001 to 13. But there was a rapid return to a high level and thus broad agenda, in 2002 with 19 and in 2003 with 18 issues discussed. More importantly, as befits a flexible forum for free exchange, there has been a major expansion of the agenda, with 13 new issues added in 2000, 4 in 2001, 3 in 2002 and 6 in 2003. There has also been some selectivity, with many earlier issues being dropped in 2001, 2002 and 2003.

The G20 has thus featured a core agenda of three subjects discussed at every meeting – global economic growth and conditions, trade liberalization, and international codes and standards. Apart from crisis-ridden 2001, two other subjects - financial system vulnerability and crisis response and prevention (– the initial focus for the forum –) can be added to the core. The 2000 great leap forward added two items that have survived – poverty reduction and development assistance. 2001 added terrorist finance as a continuing item. 2003 brought the Millennium Development Goals (MDG).

This evolution in the core agenda shows that the initial financial crisis-inspired focus on the G8 agenda of growth-trade-codes, quickly added (in 2000) the emerging economy agenda of poverty reduction and development assistance, and, a year later, the "American and all allies" agenda of terrorist finance. In much the same way as the G7 Summit, the G20 thus expanded from an economic into a development and political-security body. Terrorism on aircraft provided the spur for this "politicization" of the G20 in its third year, just as it had for the G7 Summit in its fourth year with the issue of "skyjacking" at Bonn in 1978. In addition, the rather neo-liberal agenda of growth-trade-codes quickly passed into a distributive agenda of development, then a "common enemies" (or "public bads") agenda of terrorism and crime, and finally an embryonic democratization-as-good governance agenda with the addition of NEPAD in 2002. At the same time, the agenda moved from general issues such as globalization, into more specific, targeted, and action-oriented concerns, including country-specific crisis response, as in the case of Argentina. However quickly dropped were many of Canada's social policy expansions at Montreal – notably the public goods of health, agriculture, the environment and social safety nets.

The 2004 G20 ministerial saw a major increase in deliberative performance. It encompassed a record high 27 subjects, including an unusually high 12 new ones. For the first time its agenda began to resemble that of a G7 Summit, with the international practices of the G7 members as well as the G20 emerging economy members now under detailed discussion. The agenda had become very balanced indeed.

The G20's Directional Performance

The normative evolution of the G20 can be assessed by tracing its development of publicly declared consensus principles on the three dimensions of distribution, embedded liberalism under globalization, and democratization. Since its start the G20 has constantly affirmed that its ultimate core values or targets are those of stability, growth and equity. As the 1999 communiqué noted, the G20 sought "to achieve stable and sustainable world economic growth that benefits all." Ottawa 2001 extended this to "growth, equity, and well-being for all our peoples." New Delhi in 2002 ended with "a more stable, prosperous, and equitable global economy." This constant core normative commitment stands in considerable contrast to the G8's equivalent, "constitutional" normative trilogy of "open democracy, individual liberty and social advancement." Yet the G20 has come much closer to the G8's core normative commitment, through significant G20 extensions toward a new consensus on embedded liberalism under globalization in the economic and social domain, and on open democracy, if not individual liberty, in the political sphere.

The first normative evolution came in regard to distribution or equity, as Appendix D charts. 1999's sparse distributional principle of "growth that benefits all" expanded in 2000 to a focus on income inequality, poverty reduction, and benefits to the poorest countries, most vulnerable groups of society all members as individuals. 2001 brought minor extensions, 2002 a specific attachment to the MDGs and 2003 a "fairness" norm. The strong sustained commitment to delivering benefits to the poorest, most vulnerable and all members of global society is clear.

A second normative development came in regard to embedded liberalism under conditions of globalization (Ruggie 1983). This centered on changes in major values related to international opening/closure and domestic opening/closure and adaptation/strengthening, and the balance between the two. As outlined in Appendix E, international openness has been a constant value. It started with trade liberalization, added globalization in general in 2000, extended to "well" and then "appropriately" sequenced capital account opening in 2000 and 2002, and added the internally interventionist principle of "no safe haven" for terrorists from 2001 onward, and internal access to combat financial abuse in 2003.

Yet this normative attachment to expansive forms of international openness was tempered from the start with a strong emphasis on domestic protections by national governments. These started in 1999 with sound economic and financial policies that could differ by country, and extended in 2001 to domestic government's important role in producing policies that spread benefits to all and promoted social safety nets to protect the vulnerable. As the initial financial shocks of 1997-9 were superseded by the terrorist shocks of 2001, the domestic emphasis shifted to sound policies that accorded with international best practices, sound structural policies, and efficient and solid markets. Yet these domestically adaptive neo-liberal additions were balanced by an equally strong extension into strong institutions, sound social policies, investments in infrastructure and human capital and appropriate management of the process of reform. Taken together, the overall emphasis had shifted from the question of "how much and what can and should a national government domestically protect" to "what should national governments domestically build." And the embryonic additions of environmental values in 1999 and 2000 were soon ended, stopping the G20 from evolving into the consensus on embedded ecologism that had become a hallmark of the G8 (Kirton 2002b).

The third normative development came in regard to "open democracy." As Appendix F shows, the G20 started in 1999 on the fragile foundation of "transparency" alone. But in 2000 it quickly added international mobility and citizen's access to outside ideas in all countries of the world. Since 2001 "good governance" has formed the new core, with long democratic India's ministerial in 2002 adding accountability, worldwide surveillance, the rule of law, support for NEPAD and information and knowledge exchange. Although Mexico's ministerial in 2003 saw some fall off, the generic principle of "good governance" remained firmly in place.

Even more important was the way the G20 progressively linked these principles in an ever tighter causal model. The major move came in 2001, when the communiqué stated: "To obtain the full benefits of globalization, our governments have a *critical* role in creating well-developed domestic institutions, good governance and sound domestic macroeconomic, social, and structural policies. As reflected in the Montreal Consensus, by sustaining such policies we *ensure* that our economies are better able to maximize the contribution of open markets to growth, equity and well being for our peoples" (emphasis added). 2002 proclaimed that "strong institutions, a climate that fosters savings and investment, transparency, and the rule of law, coupled with increased investments in infrastructure and human capital in developing countries, are *essential* ingredients for promoting growth and reducing poverty" (emphasis added). 2003 declared that "The G-20 is uniquely placed to deepen the linkages between aid, good governance, financing and trade." In the G20's consensus, democracy in the form of good governance and the rule of law had thus become instrumentally necessary to produce the ultimate goals of growth, equity, social well-being and poverty reduction. The G20 has also become necessary to forge the liberalized trade, aid and finance for development, and democratic good governance link.

At Berlin in 2004, the diffusion of democratic norms took a further step. The three documents accompanying the communiqué gave equal prominence of the values of "Sustained Growth," "Reform" of each member's economy, and "Transparency and Exchange of Information." Moreover, the core communiqué continued to deepen the democratic norms of transparency, information and knowledge exchange, surveillance and monitoring, and accountability, while adding that of creditors' rights. The texts of the three accompanying documents affirmed a much broader set of democratic norms.

The G20's Decisional Performance

The G20 has also put in a rising performance in the decisional realm. As Appendix G displays, the G20 ministerial meetings have generated a steady stream of collective commitments, with an average of five a year in the main communiqué and 14 a year in the documentation overall. The G20 has thus acquired the decisional productivity, measured by number of commitments that the G7 Summit had in its first few years. It has also matched the number of commitments produced by most G7 Finance ministers' sessions from 1999 to 2004 (notably the average of 15 per meeting from April 20, 2002 to May 17, 2003).

More importantly, the number of commitments in both the core communiqué and overall show a solid start from 1999 to 2001, a drop in 2002 and poor performance in 2003, but a great leap forward to a new high of eight core and 42 overall commitments in 2004. The great drivers were first the shock of September 11th in generating the 2001 spike, and then the determination and prowess of the Canadian and German hosts, when chairing for their second time.

The G20's Development of Global Governance

At the same time, the G20 has done much to develop global governance, both as an institution in its own right and as one that provides direction and support to an expanding array of other institutions, now including those long dominated by the G8 alone. As Appendix H shows, internally, the G8 has made increasing reference to itself in its present, past and future, notably by monitoring its follow up on past directions and decisions, and giving itself "remit mandates" to return to specified subjects in future years. It has also moved to mobilize money to back its promises. These internal, mechanisms for self-binding suggest that a respectable compliance performance is likely to have come. Externally, the G20 has issued a large and expanding array of instructions and expression of support to other international institutions. As the years have passed its targets have broadened from finance to more broadly focused institutions, and from broadly multilateral to plurilateral and more G8-centered ones. In 2003 and 2004 it started to instruct the "rich country club" of the OECD what to do. It has, however, still to issue any instructions or endorsements to the G8 system itself.

The G20 has also done much to institutionally "thicken." In its vibrant deputies' process, senior officials meet twice a year to follow up and prepare for the ministerials. The G20 has conducted a rich set of workshops and conferences, and involved the private sector, on specified subjects. More than the G8, the G20 has regularly welcomed presentations by the heads of international organizations, and most recently by the head of an American-based "think tank." Yet unlike the G8, the G20 has done nothing to include outside countries, on even a partial and flexible basis, in its forum. Far more than the UNSC or G6/7/8, the G20 has been a closed club that no-one else can join or even participate in, regardless of their claim to relevance in the changing world from 1999 to 2004 (See Appendix I). Still, in the Darwinian world of international institutional competition and selection, it is surviving well. More influential individuals favour the G20 taking over the FSF and understand the skepticism developing countries have of an IMFC dominated by the G7

The Debt Restructuring Case

Perhaps the clearest evidence of the G20's growing performance is the role it has played in developing an alternative to the IMF proposed, US-backed Sovereign Debt Restructuring Mechanism (SDRM) as a way of dealing preventatively with the destructive defaults of the Argentinean sort. The G20 had an important role, second only to the G7, in securing acceptance of a voluntary, market based Collective Action Clause (CAC) mechanism, rather than a mandatory, inter-governmentally driven SDRM. The G7 then asked the G20 to play the major role in the second stage of developing a voluntary code of conduct that would outline the rules of the game and, unlike in the Argentina case, let everyone know in advance what should and would take place when a sovereign borrower faced default. The G20 was chosen because it was thought to be a balanced group of debtors and creditors, unlike an IMF and IMFC seen as the captive of G7 creditors and that had much less ongoing contact than the G20 with relevant stakeholders such as policymakers at the banks, controllers of the currencies, financial market operators and supervisors. Even with this recent success, those within the G20 prefer to keep it as a technical, intimate, club, rather than push it into a leader's level forum with the large decision-making burdens, stress and global attention that such a body would inevitably involve. Should such a L20 emerge, it could well need a pull from the leaders above, rather than flow naturally from a push from below.

The Berlin 2004 Dynamics

The dynamics at the sixth ministerial meeting, held in Berlin in November 2004, showed how far the G20 had come as an effective, balanced, democratic norm-diffusing forum. Berlin had a broad array of eight major agenda items. A few were discussed in real detail and produced unexpected results.

The first item was current economic and development issues. The IMF prepared an issues note. U.S. Federal reserve chairman Alan Greenspan, the first speaker, gave a balanced view of the U.S. recovery and prospects, saying the next few quarters would be favourable. But he did note some concern that this was not being reflected in significant increases in capital investment, that there was a flattening of profit margins in companies, that there was likely to be some slowdown in the high productivity rates of the past, and that there was a temporary increase in core inflation. While higher energy prices had not yet affected wages, Greenspan said he would be watching that closely. Greenspan was upbeat about American deficit reduction, expecting revenue growth to come back as growth increased, even if there were longer term problems were Asia. He issued a warning about the dollar, particularly the balance of payments, which showed aggregate demand for dollar assets falling below American financing needs. Thus current account balances would have to adjust. He was relatively optimistic this could happen without massive exchange rate adjustment, provided capital and labour flexibility continued.

While several spoke after Greenspan, only ECB governor Trichet referred to exchange rates. Trichet said there was no clear signal yet that rise in euro would hurt recovery in Europe. This view was diametrically opposed to his earlier public statements. The difference showed that the G20 had become a forum where members could speak freely with no fear their remarks would be leaked in politically embarrassing ways. On global balances Trichet noted that developing countries were financing the industrial countries with their savings, while it should be the other way around.

The Germans challenged the Europeans to match American productivity levels, and called for more international labour flows to even out the differences. U. S. Treasury Secretary John Snow noted he was encouraged by what he called the more sophisticated treatment of issues than he found in the press. This was a shot at the Europeans who had been trying to talk up the dollar in public.

On energy, Wolfensohn presented World Bank research showing that recent oil price rises had a $25 billion negative impact on low-income countries. The Indian finance minister said he was also very concerned about oil.

Gordon Brown stated he was very concerned about the lack of progress toward the MDGs. He drew attention to the 2005 MDG summit, which would have to recognize that many African countries were “a century away” from meeting the goals. He wanted to resolve debt relief issues and provide financing for development. He was vocal in pitching the cause of developing countries, embellishing the plans for Britain’s G8 Summit at Gleneagles, and putting the concerns of developing countries, particularly Africa, at the core. His remarks clearly showed that the G20 had become a forum where developing country issues and distributional norms, including those of the poorest not at the table, could be advanced by their G8 allies against the recalcitrant members of the G8, including the most powerful U.S.

The second issue was combating the abuse of the financial system, with a focus on tax evasion. There was broad support for the considerable work of the OECD in trying to get more international co-operation. On money laundering, Mexico’s finance minister suggested that outgoing transactions should be routed through international centre, like IMF or BIS, which would serve as a clearing house for scanning for suspicious transactions and communicating back to national authorities. Many people welcomed China’s imminent membership in the FATF as another sign of China’s growing integration into global policy-making bodies.

The third issue was demographic challenges for both developed and developing countries. It was broadly recognized as a problem, based on the results of a recent G20 seminar in Paris. People referred to the seminar, pointing out the importance of retaining a stable financial system that controls flows at different points of the demographic transition. The communiqué called for more intensive monitoring and for the IMF to have integrated analysis on long-term challenges and analysis every four years for every country. This new development was not expected by the IMF.

The fourth issue generated two long communiqués – the G20 accord for sustained growth and the reform agenda. While some wanted to call the reform agenda a consensus, others argued successfully that the Washington "consensus" was not a good thing to replicate. The reform agenda consisted of a collection of unilateral policy statements by each of the members. The most notable feature was the absence of any reference to exchange rate flexibility in the lengthy Chinese section. The list was mostly a rehash of previous policies and commitments, much like the G7 agenda its members had been following. But it showed growth in the structure and cohesion of the G20 as a group, as members now recognized they had to assess the reform on the basis of what they had written down.

The fifth issue, regional integration in global context, attracted no discussion. The sixth issue of institution building in the financial sector did. Here deputies had produced a report that was welcomed and that ministers agreed to keep on the agenda. The Australians pointed to the need for countries to have deep markets in domestic currency debt. Canada's central bank governor David Dodge pushed hard for adherence to international standards and codes. His main point was that they needed to be enforced, as they remained completely voluntary. He suggested that they be made less voluntary in some countries. The implication was that the institutions responsible for various standards and codes would make them less voluntary. On the issue of insolvency and rights, most welcomed the World Bank's work in developing a set of principles. China called for help from the Bank, the Fund, the G20, and anyone who would help them urgently upgrade China's insolvency system.

The seventh issue was principles for stable capital flows and fair debt restructuring in emerging markets. A number of people participated in this G20 discussion, in a free flowing productive exchange. Argentina, in default, was not one, for it did not attend the meeting at all. It did not want to be pestered again by finance ministers demanding their money back. More importantly, Argentina objected to the code of good conduct agreed by the G20. Its principles, strongly supported by Brazil, were: 1. strengthen transparency by the issuer, 2. maintain close dialogue in good and bad times, 3. good faith actions during restructuring, and 4. fair treatment of all creditors. Argentina had violated all these principles. The treatment of this issue showed both that the G20 has become a consensus forum that could shame its sinners, and where the old north-south division was gone.

The principles were presented as a complement to the collective action causes put into bond contracts to guide the restructuring when things went wrong. Some said the principles did not deal with the issue of standstills, when people stop paying. Others regretted the omission of bearing creditors' costs, where the current practice was that if a sovereign stopped payment, the sovereign had to pay such costs of the restructuring as credit rating and legal fees. This was the main reason Argentina did not come. The French welcomed the principles, as it was their initiative. It had started with Trichet as head of French central bank. He started in 2002 at the G7. The G7 pushed it into the G20 after the IMF had pushed it away, claiming it had no authority to take it up

The eighth issue was the strategic reform of the Bretton Woods institutions. The G8 at its 2003 Summit had launched a review of the IMF in particular. The Germans thought the G20 was the appropriate forum to follow up because the most important shareholders sat around the table. Snow also liked the idea and underlined the critical importance of having the G20 discuss the issue. All welcomed the UK's commitment that the issue would be on the agenda of their G8 Summit in 2005, and China's commitment that it would stay on the G20 when they chaired in 2005. The aim was not to be critical but to keep the institutions relevant in a changed world and make sure they pursued their missions effectively.

The IMF Managing Director made several significant interventions on this topic. The IMF was trying to make a self-analysis and to take ownership of this issue so as not to have the G7 or G20 tell it what to do. Apart from institutional sovereignty the IMF wanted to ensure that all voices were heard and not just a subset of the membership. Wolfensohn was also defensive. But it was clear that changes would come. The G7 wanted more bang for buck, more scrutiny of budgets, only modest if any increases in budgets, and a clear set of aims and rules for use of the finances of the World Bank and IMF. The British were adamant that the institutions should not review themselves. They wanted G20 to ask very fundamental questions: what are the institutions for? If we were to set them up again would we do it this way? British central bank governor Mervyn King was upset this review had not been done 10 years ago at 50th anniversary of the founding of the Bretton Woods bodies. He did not want these issues ignored this time around. The Asians came into debate in support. But the Koreans and Japanese demanded a discussion of representation, pointing to the overrepresentation by European countries and the significant under representation of emerging countries in the governing structures. The Europeans suddenly stopped listening. But China vowed to make this an important issue when it hosted the G20 in 2005.

The Canadians insisted on a G20 review of the Bretton Woods institutions. Dodge, making a link to the delicate exchange rate issue, said the problem for the IMF was managing the uneasy coexistence between traditional Bretton Woods adjustment mechanisms and a floating rate order with a well defined adjustment path. Other emerging market members, notably Turkey and Brazil, said that if there was a fundamental review, who would make the decisions and how? Brazil claimed that the G7 impeded creation of a proper crisis prevention facility in the IMF for emerging markets. They believed the IMF should be there to help members and the countries that needed help were those transitioning to greater integration into the world economy. The Brazilian finance minister asked that the agenda include a precautionary arrangement in the Fund to prevent crises. He challenged the G7 to come up with a position next year.

At the meeting the Chinese signaled their intentions and priorities for next year. They would hold the meeting on October 15-16 outside of Beijing and two deputies meetings, on March 14-15 in Chongquing and September 1-2 in Dalian. Their focus was strengthening global cooperation and balance in the world economy. Their three key issues were: 1. in the context of globalization to have a rational and orderly flow of factors of production; 2. an orderly development of the world economy, which would include reform of the Bretton Woods system, international financial mechanisms for trade and development, and the co-ordination of international economic institutions; and 3. encouraging laws governing a balanced world economy.

The idea of elevating the G20 to an L20 did not arise at the meeting. But the Canadians sounded deputies and officials in the corridor. The Americans were not eager, being reluctant to let George Bush out of his cocoon. Bush himself was not interested in talking to those he did not know well across a linguistic divide. The Americans were concerned about spending their "political capital" it in an area they did not see of much benefit to them.

The Chinese viewed this issue as others from the perspective of a developing country, but one clearly on the path to becoming a great power. They appeared to be very interested in taking more of a leadership role, making their voice heard, and exercising more influence. China's central bank governor said that in the reform of the IMF and World Bank, "software" was more important than "hardware", meaning that ideas were more important than how much money the institutions had. China, pleased with support it received from World Bank and IMF, said it wanted more reform and openness there.

Although several ministers of finance did not attend the meeting, it was clear that the G20 was institutionally coming of age. To be sure, there was more cohesion among the G7 than any other group within the G20. Nor was there another natural pole. Within Asia the Chinese, Japanese, Koreans, Chinese, and Indians were divided in many ways. The G7 was thus likely to remain the central co-ordinating committee, due to its cohesion, long history and regular meetings. It was a powerful force to create common decisions. A counterbalance could come from the emerging China-Brazil axis — two large powers, from different continents, both suspicious of the Americans and wanting to improve relations between themselves. But even here, one was a dedicated democracy and the other engaged in a process of democratization from below.

Conclusion

From this record, it is clear that the G20 was created as a consequence of American and allied leadership as a consensus-oriented forum of systemically significant countries with a mission to prevent financial, economic and resulting crises, and to institute the social protections that would make globalization work more equitably and assuredly for the benefit of all. It got off to a strong start in its first two years, especially with a great leap forward in its institutional and normative contribution, and in its deliberative, directional and development of global governance performance at its second meeting in Montreal in 2000. Catalyzed first by the financial shocks of 1997 to 1999, the shock of September 11th showed the G20's flexibility, resilience, legitimacy and necessity in the judgment of its members. For the G20 held its third meeting in Ottawa in the immediate aftermath of the attack on North America, and shifted its deliberative agenda, normative directions regarding domestic intervention to fight common enemies, decisional commitment to collective action, and development of global governance to the fight against terrorism and crime in the global security field. These achievements largely endured, even as hosting passed from G8 to emerging country members in India in 2001 and Mexico in 2003. Montreal in 2000 showed the influence that the smallest G7 member, Canada as the second time chair and now host, had in the G20. Ottawa in 2001 showed the G20's importance to the largest G8 member - a shocked and highly vulnerable America now under attack. New Delhi 2002, with its strong emphasis on both development and democracy indicated that the G20's most democratic and second most powerful emerging country member could also be influential in bringing its values of equity together with those of open democracy at the core of the G8 club.

Yet there were still few signs that the G20 had become, or was even trending toward becoming, an institution strong enough to replace the G7/8 at the level of either the finance ministers or leaders themselves. In particular, its decisional performance has been irregular. In developing global governance, unlike the G8 system, it has shown no sign of involving other portfolio ministers in its existing forums, nor of inspiring colleagues in other portfolio's to constructs G20's of their own. And while doing well in involving international organizations and civil society think tanks, it has completely frozen non-member countries out.

The overall cadence of the first six years shows that the G20 has served as the essential connector, transmitting G8 principles into a commensurate consensus among a broader array of consequential countries, and then pushing that consensus into and through a wide array of multilateral institutions, both formal and informal, in the economic and security fields. Most noteworthy has been G20's move from its normative core of stability, growth and equity, toward its adoption of the G8's charter principles of open democracy and social advancement, if not individual liberty, and if only as essential instruments to reach the G20 target trilogy rather than as ultimate values in their own right. Even so, a consensus incubated in the G8, then broadened and reinforced in the G20, had helped set the pace and path for the diffusion of democratic norms and behaviour in the broader multilateral world.

The G20 has served as an intervening institutional variable through its role in driving normative consensus in particular directions when the G8 members have been divided and when the G20's lesser members have found it useful to have a broader constituency to back their case. Yet important to the G20's success has been its pattern of working closely with the similarly constructed, much longer experienced, and much more cohesive G8, in support of the principles of transparency, openness, democracy, social advancement, and equity that that G8 shares at its institutional core. There is thus an analytic foundation for now adding a L20 as an outward looking G8 reinforcement, the help diffuse democratic norms throughout the world.

There are at least three major ways this might happen, each employing a different international institution as the incubating nest. The first is as an outgrowth of the G8's sustained twenty-first century move to outreach and inclusion, in the global strengthening of the core G8 principles of open democracy, individual liberty and social advancement, under a steady succession of shocks to these values that the G8 and other institutions know that they cannot eliminate on their own. Here the L20 would be held in the immediate lead up to, or as the first part of, a regular, or even special inter-sessional G8 Summit, along the lines that all twenty first century G8 Summit's have already done with regional leaders from Africa and the Middle East and with a larger select group of leading countries from around the world. Such a G20 Summit could have a single issue focus, ideally one similar to the thematic emphasis of the G8 Summit, as did the 2002 G8 Kananaskis Summit that culminated in a joint session with invited African leaders.

Such a gathering, as at Rambouillet in 1975, could usefully be presented as an ad hoc one-off event, in part to make it easier to add to, or even adjust, the existing G20 membership to deal more optimally with the specific single issue at hand. For example, a G20 gathering focused on terrorism, and concerned generally about the G20's global weight in population and geographic representation, might do well, despite the additional transaction costs, to add Pakistan, Nigeria and Egypt – countries with far less functional relevance should completing the WTO's Doha Development Agenda be the issue at hand. Moreover the desire to support the normative democratization of the G20, and the effectiveness of its role in taking the democratic revolution from its G8 core to global governance as a whole would reinforce the Nigerian claim. It is unlikely that the existing G20, picked as a result of the financial crisis in 1999, will be the optimally constructed permanent group to globally govern all subjects for all time. But as with the G4/5/6/7, growing upward from the finance ministers to the leaders' level, and outward from the "Berlin dinner four" to a regionally representative and globally weighty G7, from 1973 to 1977, it would be best for the L20 to remain flexible and potentially open to others at first.

The G8's Sea Island Summit of June 2004 suggested the moment might be at hand to give birth to a G8 Summit this way. Sea Island showed an America willing to listen, learn and adjust to the priorities and perspectives of its G8 partners, to address a broad range of global issues, and to include 13 outside leaders, from the Middle East and Africa, for a dialogue with the G8 (Kirton 2005). Both the G8 leaders and their guests found the dialogue productive, despite the rather late decision to add the outreach sessions to the long scheduled G8. Moreover at Sea Island there was a consensus among all the G8 leaders, virtually all of whom had been meeting with outside leaders at all their G8 Summits for the past four years, that its would be valuable to expand participation in the G8. Yet as with the perennial debate over UN Security Council reform, they then became deadlocked over which and how many new members to include. The use of an upgraded version of the existing G20 would solve this impasse. The G20 has already proven its worth on the subjects – Africa and financing for development, if not sustainable development and climate change – that will be the focus of the G8 at the Gleneagles Summit on July 5-8, 2005. A G20-G8 dialogue at Gleneagles could also address the vital question, core to both the G8 and G20's seminal agenda, of the reform of the international financial system – a subject that the G8 alone neglected as the world marked the 60th anniversary of the creation of the Bretton Woods principles, rules, decision-making procedures and institutions in 2004.

As G8 hosts, however, the British chose to join the "redundant camp" by looking to invite to Gleneagles the leaders of China, India, Brazil and South Africa alone among members of the G20. While these countries are important for Gleneagles climate change, if not African agenda, the excluded G20 members such as Saudi Arabia and Australia have much to contribute on the climate change issue too.

A second Summit-level nest that could give birth to the L20 in 2005 is the United Nations Millennium Development Review Summit in September in New York. Here G20 leaders could easily meet on the margins of this Summit as the L20, along the lines of the "Evian Group in 2003. They could perhaps gather for a dinner to discuss how to approach the Millennium Development Goals and the critical issue of financing for development – issues where the contribution of the broader G20 members will be critical for success..

A third 2005 possibility, and one supported by this papers analysis of the successful performance of the G20 finance ministers' institution itself, is for the L20 to be born along the lines of the APEC model, where the ministerial-level body had a Summit added onto it after its first five years. Under this model the Chinese as 2005 hosts would add to their G20 finance minister meeting a leaders-level meeting as well. Should the Chinese issue such an invitation, there is some chance that even the most skeptical G20 leaders, led by the USA and thus Japan, would come.

Should the Chinese prove unwilling or unable to launch the L20, an appropriate opportunity arises for democratic, developed Australia to make the L20 leap as the G20's host in

2006. The Australians, long shut out of the G8 Summit both directly and indirectly, despite both Japanese and American sponsorship in earlier years, have an incentive to create a new effective Summit level forum where they are a founding member in the first rank. Australia as the pioneer in 1989 of an APEC that became a leader-level forum in 1993 has already proven it can be a successful international institutional innovator of clubs that the Japanese and the Americans want to join. And if Australia issues the invitations, there are grounds for believing that the otherwise skeptical leaders of its military allies in Iraq - the United States and Japan - might come.

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Appendix A:
G20 Ministerial Meetings, 1999-

1. Berlin, December 15-16, 1999

G20 Ministerial Meeting, Berlin, Germany
Overview
Backgrounders
Financial Sector Regulation and Supervision
Prudent Debt Management
International Codes and Standards
Prudent Debt Management

2. Montreal, October 24-25, 2000

G20 Ministerial Meeting, Montreal, Quebec
News Release
English Videos (Department of Finance, Canada)
Vidéos français (Department of Finance, Canada)

3. Ottawa, November 16-17, 2001

Meeting of G-20 Finance Ministers and Central Bank Governors, Ottawa, Ontario
Statement
G-20 Action Plan on Terrorist Financing

4. New Delhi, November 23, 2002

Meeting of G-20 Finance Ministers and Central Bank Governors, New Delhi, India
Delhi Communiqué

5. Morelia, October 26-27, 2003

Meeting of G-20 Finance Ministers and Central Bank Governors, Morelia, Mexico

6. Berlin, November 20-21, 2004

Meeting of Finance Ministers and Central bank Governors, Berlin, Germany
Communiqué
G20 Accord for Sustained Growth
G20 Reform Agenda
G20 Statement on Transparency and Exchange of Information for Tax Purposes

7. Beijing, China, October 15-16, 2005

8. Australia, 2006

Appendix B:
The G20's Deliberative Performance by Length of Communiqué

Date	Communiqué	Annexes
1999	06	List of Participants
2000	14	Annex of 24 paragraphs
2001	09	Action Plan (Terrorist Finance) of 22 para.
2002	10	-
2003	09	-
2004	11	G20 Accord for Sustained Growth (13)
		G20 Reform Agenda (10)
		G20 Statement on Transparency (6)

Note: Length of communiqué and annexes is measured in number of paragraphs or bullets.

Appendix C:
The G20's Deliberative Performance by Agenda Issue

Issue	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*
Total	06	19	13	19	18	27
New	06	13	04	03	06	12
Global Economic Conditions	x	x	x	x	x	x
Trade Liberalization	x	x	x	x	x	x
Financial System Vulnerability	x	x	x	x	x	x
Crisis Response and Prevention	x	x	x	x	x	x
Codes and Standards	x	x	x	x	x	x
Globalization	x	x	x	x		
Poverty Reduction		x	x	x	x	x
Exchange Rate Regime	x	x	x			
Prudential Liability Management	x	x	x	x		
Private Sector Involvement		x		x	x	x
Technical Assistance		x		x		
Capital Account Liberalization	x	x	x	x		
Debt Relief for Poorest (HIPC)	x		x	x		
Development Assistance (ODA)	x	x	x	x		
Financial Abuse/Crime	x			x	x	
Health/Infectious Disease		x				
Agricultural Research		x				
Environment		x				
Social Safety Nets		x				
Security		x				
Terrorist Finance			x	x	x	x
Liquidity Maintenance		x	x			
Argentina			x			
Infrastructure and Human Capital			x			
Trade-Distorting Subsidies				x		
MDG/NEPAD				x	x	x
Economic Imbalances					x	
Structural Reform					x	
Institution-Building					x	
Precautionary Facilities (CCL)				x		
Tax Evasion/Transparency					x	x
Financing for Development					x	x
Energy/Oil						x
Fiscal Consolidation (US)						x
Structural Reform (Europe/Japan)						x
Exchange Rate Flexibility (Asia)				x		
Financial Sector Reform (Asia)				x		
Employment						x
Demography						x
Market Access						x
Financial Sector Supervision						x
Insolvency-Creditor Rights						x
Payments Systems						x
Regional Economic Integration				x		

(2004 = Communiqué Only)

Appendix D:
The G20's Evolving Norms of Distribution

Value	*1999*	*2000*	*2001*	*2002*	*03 04*
Growth that Benefits All	1				
Attack Income Inequalities		1			
Reduce/Fight Poverty		2	1	1	1
Needs of Lowest Income Economies		1			1
Benefits to All Members of Society		1			
Protect Most Vulnerable Groups of Society		1			
World's Poorest and Most Vulnerable		1	1		
Share Benefits by All, inc. Poorest Countries			1	2	
Equity and Well Being for All Our Peoples			1		
Sound Domestic Social Policies		1			
Socially Effective Response to Financial Crises			1		
Millennium Development Goals			1	1 1	
Equitable Global Economy				1	
Fairness					1
Broadly Shared, Particularly by Poorest Countries					1

Appendix E:
The G20's Evolving Norms of Embedded Liberalism Under Globalization

Value	***1999***	***2000***	***2001***	***2002***	***2003***	***2004***
Trade Liberalization/Globalization Good	1	1	1	2	1	
Sound National Economic/Financial Policies	1	1				
Range of Possible Domestic Policy Response	1					
Government's Important Role	1					
Well Sequenced Capital Account Opening		1				1
Domestic Policies to Spread Benefits to All		1				
Promote Social Safety Nets to Protect Vulnerable	1					
No Safe Havens for Terrorists		1	1	1		
Adopt Sound Policies Per International Best Practices			1	1		
Well-Developed Domestic/ Strong/Solid Institutions			1	2	1	
Sound Macroeconomic, Social, Structural Policies			1	1	1	
Appropriately Sequenced Capital Account Opening				1		
Appropriate Domestic Policies			1			
Investment in Infrastructure and Human Capital			1			
Acceleration of Structural Reforms					1	1
Efficient and Solid Markets and Institutions					1	1
Institution-Building in Financial Sector				1	1	
Appropriate Management of Process of Reform				1		
Combat Financial Abuse Through Info Exchange/Access				1	1	
Fair Market Access						1

Appendix F

The G20's Evolving Norms of Open Democracy

Value	***1999***	***2000***	***2001***	***2002***	***2003***	***2004***
Transparency	1	2	1	1		3
International Mobility of Ideas	1					
Access to Ideas in All Countries	1					
Anti-Corruption	1					
Good Governance			1	1	1	
Accountable International Institutions			1			
Surveillance/Monitoring			1		1	
Rule of Law				1		
Supporting NEPAD				1		
Exchange of Information & Knowledge			1		2	
Accountability						1
Creditors Rights						1

Note: Main Communiqué Only
Excluded from 2004: institution-building, legal mechanisms

Appendix G:
The G20's Decisional Commitments, 1999-2004

Year	***Communiqué***	***Annex***	***Total***
1999	4	00	04
2000	7	01	08
2001	4	20	24
2002	2	00	02
2003	6	00	06
2004	8	34	42
Annual Average	5.16	9.16	14.3

Appendix H:
The G20's Development of Global Governance
References of Direction, Support and Relevance in G20 Communiqués

Institution	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*
To Non-G20 Institutions:						
Bretton Woods Institutional System	1					
Bretton Woods Institutions	1					
WTO	1	1	3		1	1
IMF	1	8	3	1	7	4
World Bank	1	4	3		3	4
International Institutions		1				
HIPC Initiative	1		1	1		
IMFC		3	1			
Paris Club		1				
Financial Stability Forum		2	3			
Development Committee			1	1		
International Financial Institutions			2	3	1	
Financial Action Task Force			9		2	6
United Nations Security Council			2			
UN Convention for Suppression of Financing of Terrorism			1			
UN Convention Against Transnational Organized Crime		1				
UN Resolutions		1				
UN Counterterrorism Committee			1			
Basle Committee of Banking Supervisors			1			
Egmont Group of Financial Intelligence Units		1				
Other Multilateral and Regional Organizations		1				
Relevant International Bodies			1			
Monterrey Conference			1	1	1	
Johannesburg Conference				1		
Millennium Development Goals/Declaration				1	3	1
NEPAD				1		
OECD					1	5
Doha Round						1
UNCITRAL						1
Eurasian Group					1	
To G20 Institutions:						
Institution	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*
G20 Deputies	2	1	1		2	
G20 Deputies Roundtable		1	1			
G20 Case Studies				1		
G20 Globalization Workshop in Sydney			1			
G20 (Self)						13*
G20 Reform Agenda						1
G20 Accord for Sustainable Growth						2

Includes Annexes, * not measured in earlier years

Appendix I:
G20 and Global Country Capabilities

Country:	Population [rank]:	GDP [rank]:	Democracy:
a. G8 (excl. EU)			
Canada	32,207,113 [35]	$0.934.1 billion [12]	Free
French Republic	60,180,529 [20]	$1.558 trillion [6]	Free
Germany	82,398,326 [13]	$2.16 trillion [5]	Free
Japan	127,214,499 [10]	$3.651 trillion [3]	Free
Russia	144,526,278 [7]	$1.409 trillion [9]	P Free
Italy	57,998,353 [22]	$1.455 trillion [8]	Free
Britain	60,094,648 [21]	$1.528 trillion [7]	Free
United States	290,342,554 [3]	$10.45 trillion [1]	Free
b. G20 (excl. G8, EU)			
Argentina	38,740,807 [30]	$403.8 billion [23]	P Free D
Australia	19,731,984 [52]	$525.5 billion [16]	Free
Brazil	182,032,604 [5]	$1.376 trillion [10]	Free
China	1,286,975,468 [1]	$5.989 trillion [2]	Not Free
India	1,049,700,118 [2]	$2.664 trillion [4]	Free D
Indonesia	234,893,453 [4]	$714.2 billion [15]	P Free
Mexico	104,907,991 [11]	$924.4 billion [13]	Free
Korea	48,289,037 [24]	$941.5 billion [11]	Free
Saudi Arabia	24,293,844 [45]	$268.9 billion [29]	Not Free
South Africa	42,768,678 [26]	$427.7 billion [21]	Free
Turkey	68,109,469 [16]	$489.7 billion [17]	P Free
c. Global Top 20 (excl. G8, G20, EU)			
i. Population:			
Pakistan	156,127,453 [6]		
Bangladesh	138,448,210 [8]		
Nigeria	133,881,703 [9]		
Philippines	84,619,974 [12]		
Vietnam	81,624,716 [14]		
Egypt	74,718,797 [15]		
Iran	67,147,618 [17]		
Ethiopia	66,557,553 [18]		
Thailand	64,265,276 [19]		
ii. GDP:			
Spain	$850.7 billion [14]		
Iran	$458.3 billion [18]		
Thailand	$445.8 billion [19]		
Netherlands	$437.8 billion [20]		

A. G8 (excl. EU) Member States Population Total: 854,962,300
B. G20 (excl. EU) Population Total: 3,100,443,453 (excl. G8, EU)
C. G20 3, 955, 405,753