

**Presentation to the Standing Committee on Foreign Affairs and
International Development on the G8 / G20 in 2010
by Fraser Reilly-King, Halifax Initiative Coalition**

Thank you for inviting us to appear before the Standing Committee to discuss issues related to next year's Group of Eight and Group of Twenty meeting in Huntsville, Ontario in June.

My name is Fraser Reilly-King and I am the Coordinator of the Halifax Initiative, a coalition of nineteen development, environment, faith-based, human rights and labour organizations. Over the past fifteen years – in fact since just before the Group of Seven Summit in Halifax in 1995 – we have focused on the activities and policies of the World Bank, International Monetary Fund and Export credit agencies, working to identify shortfalls in their policies and practice, to fill those gaps, and to enhance the accountability and transparency of those institutions.

Our organization is also a member of the 2010 G8 Civil society Coordinating Committee, who is responsible for developing the Chapeau document, an overview of which my colleague will be providing you with today.

Before my colleague provides you with that overview, I want to provide some context for the 2010 G8/G20 summits - in particular with respect to structures for governing the global economy.

Over the past two years, countries the world over have been battered by a series of interconnected and unrelenting crises: food, fuel, finance and climate. No nation has gone unaffected. And the scale of each crisis is certainly one which no one could have anticipated, let alone imagined.

In response, global leaders through the G-20 have met in Washington, in London and in Pittsburgh to address many of these crises. Parallel to this, the United Nations has initiated a process pulling together a Commission of experts – central bankers, finance ministers and academics from around the world – to develop a set of proposals for rethinking the global financial architecture and to inform last June's UN conference on the global financial and economic crisis.

Last month, leaders in Pittsburgh announced that the G-20 would become the premier forum for discussing global economic and financial issues. Importantly for Canada, Prime Minister Stephen Harper also announced that we would co-Chair the next G-20 meeting with South Korea in June, in addition to an abbreviated G8 Summit. For many, the G-20 is seen as a positive more inclusive step forward.

The countries of the G-20 boast 65 percent of the world's population, and 85 percent of global gross national product. The G-20 brings to the table such key emerging economies as Brazil, India, China, and South Africa, as well as other important players such as Mexico, Argentina, Indonesia, Saudi Arabia, South Korea and Turkey. But the G-20 also excludes 173 countries. There is not a single low-income or least developed country in the pack. Not a single fragile state. The African Union is shut out. From that perspective, it is not inclusive, legitimate or credible. Furthermore, the G20 – like its predecessor, the G8 – remains largely untransparent and unaccountable.

Therefore, we need to be careful not to freeze this new institution and its membership into a historical moment in time – what works in 2009, needs to also work in 2029. Just think of the UN Security Council.

So what then? We come to next year's G-20. Canada could play a hugely important role by initiating a process with other countries to transform the current structure of the G-20 into a forum that models

democratic and transparent policy and decision-making and kickstarts a new era of multilateral cooperation. What are the principles that the government should strive for? We propose the following:¹

- Limited in size, but representative in composition – A “G-20” in principle isn’t a bad idea. In past years, various entities have underscored the need for a Global Council to help govern the global economy. The 1995 Commission on Global Governance, Mexican President Ernesto Zedillo, French President Jacques Chirac, and even the recent UN Commission of Experts on the global financial and economic crisis have all flagged such an idea. But a forum of world leaders handpicked by the powerful will have no global or public credibility. Such a forum, then, should include 20 to 29 countries, with representatives nominated by the members of regional multilateral bodies, whose spokesperson would rotate on a periodic basis.
- Inclusive of the poorest countries - Brazil, India, China and South Africa have emerged as important new players. But South Africa cannot be expected, nor entrusted, to speak effectively to the agenda of Sub-Saharan Africa. South Africa’s political and economic realities and needs are very different from those of economies with less diversified economies. These countries have high debt loss, a narrower range of exports, a weaker industrial base, a large rural population, greater dependence on external resources such as aid, and weak governance and regulatory systems. Including these countries at the table necessarily informs the agenda and the broader solutions that need to be addressed. By implementing the more representative forum outlined above, Canada would set the stage for addressing a more comprehensive agenda.
- Providing voices for civil society – Non-state actors are increasingly important players in multilateral organizations. Civil society analysis, critiques, proposals and protest have positively impacted governments’ understanding of the issues, methods of work and the policy agenda. Engaging civil society is key to democratic process, and has become a central element of a range of discussions within different fora. Formalizing a process for engaging civil society within the G-20 process would be an important step forward. This can take the form of expert working groups involving a range of stakeholders that could make formal submissions to the G-20 for consideration, or opening up Canadian consultation and parliamentary debate ahead of next year’s meeting.
- Transparency of process and accountability for decisions – Ironically, the financial crisis – a crisis whose origins can be linked to a lack of transparency in financial institutions – has given renewed vigour to a set of institutions which are neither transparent nor accountable. A leaders’ G-20 should publish agenda and background documents on public websites ahead of their meetings. It should also be a first step towards an effective and representative leaders summit process within the framework of the UN – which would strengthen the broader multilateral system - contributing reports from G-20 discussions to the General Assembly and the Economic and Social Council.

Without such changes, the G-20 rapidly risks losing credibility and legitimacy just as it has found renewed need for its existence. Strong Canadian leadership during this important period of transition could go a long way to redressing that.

¹ The elements of this proposal are drawn from a 2004 paper drafted by the Canadian Council for International Co-operation, entitled “Jumpstarting Multilateralism: Ensuring a Leaders G-20 promotes Global Equity and Democratic Global Governance”.