

The April G20 Agenda

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The UK government paper *The Road to the London Summit: the Plan for Recovery* calls for reform of global financial institutions, more resources for the IMF and World Bank, new financial regulation, new credit through multilateral development banks and internationally coordinated measures to restore stability and a sustainable recovery.

Reference also has been made by UK ministers to a 'rescue plan' through the IMF and World Bank for developing countries and for pushing measures to counter tax evasion higher on the international agenda. Gordon Brown also has indicated the case for the G20 to have its own secretariat.

A New Coordinating Framework

The G20 clearly needs a secretariat. But if there are to be 'coordinated measures to restore stability and for sustainable recovery' these merit a dedicated institution, for which there are good precedents.

For example, when the US decided on Marshall Aid it did not rely on the IMF and the World Bank but created the OEEC for the highly successful European Recovery Programme.

At present there is no coordinating mechanism for the Bretton Woods or other global institutions. Each reports independently to its governing body, and the UN agencies also to the UN. This is proper and correct, but not coordination.

There now also are new key global players, such as the sovereign wealth funds, which need a central role in a coordinated recovery since they have the surpluses which need to be recycled into global investments to assure a long-term recovery of employment, income and trade.

Coordination of recovery strategies also is needed between regional economic unions and regional investment banks and funds. This is vital for a new more plural framework for global cooperation reinforcing joint actions by the G20.

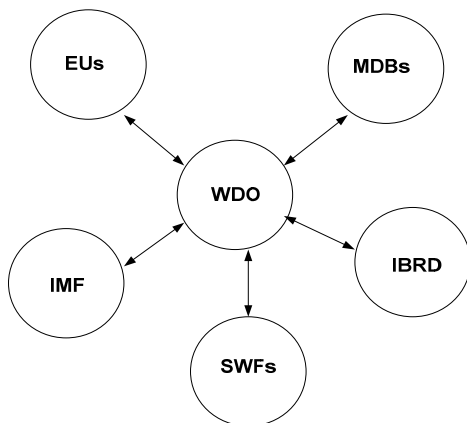
There also is a question of sequencing in relation to the aim of a major reform of institutions such as the IMF and the World Bank. The very modest April 2008 quota and vote reform took nearly two years to negotiate. Global recovery cannot wait for so long.

A World Development Organisation

It is for such reasons that an earlier paper recommended that the G20 decide to constitute a new World Development Organisation or WDO which can combine the forces of its governments, regional economic unions, the IMF and the World Bank with those of the multilateral development banks and the sovereign wealth funds.

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Institutional Framework for a World Development Organisation



EUs - Economic Unions MDBs - Multilateral Development Banks SWFs - Sovereign Wealth Funds

While the G20 agenda centrally concerns the recovery of trade, the World Trade Organisation remains the global authority for trade agreements and practices.

Central banks will continue to liaise with the IMF, and governments needing its financial support will need to take account of its conditions for this. But such an agenda is reactive rather than proactive. A World Development Organisation could match it as the focal global authority for proactive joint actions.

A WDO also would liaise with the ILO, UNCTAD and other UN institutions, as well as with the OECD, and also could take representations from, and respond to, the G77 member governments which are not already part of it.

Decision-making by the governing body of the WDO would aim to be unanimous. But it also would need to avoid lowest common denominator outcomes and show global markets that it can do so. The one member one vote enabling decision-making procedure recommended in the earlier paper could achieve this through initiatives and policies agreed by a majority of its members which nonetheless are not binding on those not prepared or not yet in a position to adopt them. A key example of enabling decision-making is the euro, which was agreed by a majority of the then EU 15 member states without being imposed on the others.

Thus a majority of the members of a WDO could agree *The Road to London* agenda for 'a substantial, quick and targeted increase in trade finance', or new codes for banking practice and avoiding tax evasion, without these needing unanimity. The strong case for such a decision-making procedure is that it could facilitate joint actions by most G20 member states without challenging their sovereignty or claiming jurisdiction over them.

Agreeing both a World Development Organisation and such a decision-making procedure also could carry conviction both on markets and with global public opinion that the G20 can advance on statements of intent and rapidly effect the policies needed for 'coordinated measures to restore stability and for sustainable recovery'.

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Establishment of a World Development Organization

Aims

With regard to the aims of the G20 London Summit and in view of the need to:

- implement initiatives and policies concerning the financial and economic stability of the global economy;
- recover sustainable growth in global demand and trade;
- bridge the institutional gap between the former G7 and the G77;
- assure a more appropriate balance between the needs of markets and those of global society.
- support social investments and income in the least developed countries;
- enhance coherence in policies on savings and investments by public financial institutions including central banks and multilateral development banks and sovereign wealth funds;
- enable joint initiatives and policies, and be effective in pursuing them;
- monitor accounting and accountability of major private financial institutions;
- convince both markets and publics that governments can act to promote global recovery;
- mobilise all available forces and institutions to effect such aims.

Composition and Agenda

The G20 decides to constitute a World Development Organisation whose governing body is composed of its member states and which can:

- enable joint initiatives and policies which are to the mutual advantage of its members and the wider global community.
- combine actions by G20 governments, regional economic unions, the IMF and the World Bank with those of the multilateral development banks and the sovereign wealth funds;
- liaise and reinforce the agendas of the OECD, UNCTAD, the ILO, the UNDP and other UN agencies;
- take recommendations for initiatives and policies from the G77 and report on them;
- report annually to the UN General Assembly.

Enabling Decision-Making

The WDO will not have jurisdictional authority over its individual member states, or over others.

Decisions will be taken by the governing body of the WDO. Its decision-making:

- will aim to be consensual;
- will be enhanced by an Enabling Decision Procedure that to facilitate joint actions supported by a majority of its members.

The Enabling Decision Procedure will concern joint initiatives and joint policies. It be on the basis of:

- one member one vote;
- will not be binding on members who decline to support an initiative or policy on which such a vote may be called;
- will be similar in this regard to 'enhanced cooperation' in the European Union but on a majority basis;
- may obtain for its finance committee or other committees which it chooses by unanimity to establish, such as for employment, or the environment.

Committees of the WDO may advise on implementation of decisions made by the G20 and make proposals to the governing body of the WDO.

The secretariat of the WDO may offer an opinion to a committee and to its governing body, but has no monopoly of initiative.