

Man 1: Welcome to Carnegie Mellon online. For more multimedia from Carnegie Mellon University, visit www.cmu.edu/multimedia.

Bruce Gerson: Hello, I'm Bruce Gerson, and welcome to this Carnegie Mellon University G-20 podcast. In these interviews, you'll hear from several leading Carnegie Mellon faculty members about some of the issues facing the G-20 summit this September 24, and 25, in Pittsburgh. With us today is David McCormick, Distinguished Service Professor of Information Technology, Public Policy and Management at Carnegie Mellon's Heinz College. Professor McCormick is a former Undersecretary for International Affairs at the United States Department of The Treasury, and was President George W. Bush's personal representative to the Group of 8 Industrialized Countries. Professor, welcome.

David McCormick: Good afternoon, it's good to be with you.

Bruce Gerson: Professor, what is the G-20, and what is its mission?

David McCormick: Well the Group of 20, has been around for almost ten years now, and it was created in the aftermath of the Asian financial crisis to be a body that would come together on a periodic basis at the Finance Ministers' level, to talk about the global economy, and to think about ways to coordinate the global economy. In the last 12 months or so, really a little bit less, about 8 months, the global 20 has taken on a new role, which is that of coordinating the response to the global crisis. And these 20 large economies, almost line up directly with the top 20 economies in the world, are critical in terms of responding to the crisis in a coherent and comprehensive way. And this group has now come together at the leaders' level. So Heads of State, to talk about the global crisis, and to agree on a response. And so the G-20 has now become, I think it's fair to say, more significant, more important than it's ever been in the past, and of course, the big question going forward, is how successful it will be in responding to that crisis, and what shape and form the G-20 takes going forward, in terms of the agenda that it focuses on. It's quite possible that the agenda could be broadened to reflect the growing importance of the Group of 20, and the global importance of economic issues in terms of the broader global agenda.

Bruce Gerson: How does the G-20 work?

David McCormick: Well, it's a work in progress, I think is the short answer, so historically, the Group of 20 would meet once a year at the Finance Minister level, so Finance Ministers from those 20 countries would come together. And typically the central

bankers from those countries would join the meeting. And then there would be a third person, which is typically the Deputy Finance Minister from the 20 countries, and that's the role that I played for the United States, so I was the third person in the room at the Group of 20 meetings, and so you'd have 60 people in a room, 40 around the table, and the person that served in my role, would be behind those two representatives from each country and the focus would be on a set of critical economic issues. So it might be things like free trade, it might be things like regulatory reform in the financial markets, it might be things like climate change. And there would be weeks of negotiation leading up to the meeting, where the parameters of the discussion would be identified, and papers would be prepared, and those 40 principals, the Central Bankers and the Finance Ministers, would sit around that table and talk about those issues. And various speakers would kick off the discussion, and it was typically a very candid discussion, but not one that necessarily would shape the global response. It didn't necessarily result in action in many cases in the past. And now I think we're in a period of transition, where the Group of 20 has taken on new importance, and the question will be on whether all the statements that this Group of 20 leaders have made, will actually result in action. And so far, I think the results are encouraging. There's been some very tangible things that have come out of the G-20 since it started to meet at the Leaders' level in November of 2008. But of course, the test will be how effectively we respond and recover from the global recession, and how well coordinated that body can be in the future. And I think those are important priorities for the Group of 20 countries and an important priority for the United States.

Bruce Gerson: What preparations and negotiations take place in the months leading up to the G-20?

David McCormick: Well, the answer is different, depending on whether it's at the Leaders' level, or at the Finance Ministers' level, but typically what happens is there's a country that's the host. And the country that is the host of the meeting proposes an agenda. That typically happens three or four weeks in advance of the meeting, and then that agenda is refined through discussions among the different countries, and there's a communiqué, a draft communiqué, that's proposed by the hosting country, usually about two weeks in advance of the meeting, and that is meant to be the outcome of the meeting. So you come into the meeting with some sense of where the host wants to take the meeting, and what he is- that country is hoping to agree on. And then there's a negotiation that takes place in the preceding week or two before the meeting, that typically ends with several late night sessions, sometimes all night, by the person who serves in my-- the role that I had, where you're negotiating with 20 other people around the table, to try to finalize the agreement. And the hope is that that agreement is more or less finalized by the time the Ministers come into the room. That meeting is usually one day in advance, so the whole G-20 meeting usually takes about a day, day and a half, and so the idea is to have this document agreed to with probably several outstanding issues and those outstanding issues are resolved by the Leaders during their discussion

around the table. So it's a laborious process, but it reflects the breadth of issues that will be discussed, and the very technical nature of them, that there's a lot of work that has to be done in advance.

Bruce Gerson: As Undersecretary for International Affairs in the US Treasury Department, you represented the US in past G-8 meetings. Can you tell us what happens in these meetings?

David McCormick: Well the Group of 8, the G-8, is representative of the eight largest industrialized countries. So, while the G-20 comprises many of the emerging markets, like, India, Brazil and China, the G-8 is largely a European group, plus the United States, Japan, Canada and Russia. So these are the eight industrialized countries that come together. It's got a much longer tradition than the G-20, and this group has always met at the Leaders' level, or, for the last two decades, has met at the Leaders' level. And so that's a very different dynamic. It's a smaller room, each of the eight leaders has one person that accompanies them into the meeting. And I was that person for President Bush for some time, and it's a much more informal discussion, because, with only eight people in the room, it's much easier to have a dialogue, there's not as many prepared statements, the people there know each other quite well, and the agenda is a very broad one. It goes well beyond economic issues. So it goes into things like human rights, it talks about big political issues, national security issues, proliferation, so it's a much broader agenda, a much more intimate setting, and typically at a fairly remote place that keeps some distance from the hoards of media and the many people that typically try to come to these types of events. And so it's very interesting, and I think often leads to a much more informal and candid discussion than the Group of 20, which is a much larger room. And the difficulty of taking on tough issues is usually a little more easily accomplished in that smaller room. The problem with the G-8, and this is why we're in a real transition, is that it doesn't represent the global economy any more. And without having China, and India and Brazil, and many of these other countries at the table, it's very hard to talk about these big global issues, and make any meaningful progress. So it's very difficult to talk about nonproliferation within the context of North Korea, without the Chinese at the table. It's very, very difficult to talk about climate change, without India and Brazil and China at the table. So there's a real debate underway, on whether the G-8 is still relevant, and whether that's the appropriate body to solve global problems, or whether that group should be expanded to something that goes beyond the G-8, or maybe be replaced altogether by the G-20, which, for the moment at least, focuses exclusively on economic issues. So this is a debate I think we'll see play out in the coming months, probably the next several years, and my guess is, there will be some real changes in, certainly how the G-8 is operated, but maybe whether the G-8 exists at all.

Bruce Gerson: Thank you, Professor McCormick, for your time and your insights. This has been a Carnegie Mellon University G-20 podcast. Learn more from our faculty experts at cmu.edu/g20. Thank you for listening.

End of What is the G-20_5.mp3