



TALKING POINTS

Asan Plenum 2013: “New World Disorder”
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Panel: How is the G-20 Dealing with Disorder? (Grand Ballroom III)

Date/Time: Wednesday, May 1, 2013 / 09:00-10:15

Talking Points for: Zhu Liqun, Vice President, China Foreign Affairs University

The role of G20: challenges and future

The G20 is the most significant innovation in global governance. Economically, it played a crucial role in dealing with the immediate challenges posed by the financial and economic crisis. It has been an important platform for global economic governance, including providing a working framework for a strong, sustainable and balanced growth for the world, and strengthening supervision and surveillance on international finance. Politically, creation of the G20 bridged established powers and emerging economies to work together in a process of decision-making on international affairs. It is trying to reform current international institutions like IMF and the World Bank, with transferring more voting shares to the emerging economies, and sharing responsibility on a more equal footing based on power reality. Institutionally, the G20 is an innovative project. Unlike these formal international organizations established after the Second World War, It is an informal institution without treaty-bounding basis and a formal secretariat. But it can be more flexible and adaptable. Its strength comes from pulling together energy and wisdom of all member states and outreach members and getting things done quickly if consensus reached.

Now the G20 is in a transitional period, from being a crisis management mechanism to become a long-term one to manage global economy. The transition seems facing more difficulties than expected with some degree of uncertainty. On the one hand, the sense of urgency gradually abated with reassertion of diverging national interests, especially between the advanced and the developing countries due to their different agendas and priorities in restructuring their economy and their development. On the other hand, there is a lack of strong leadership with political will of cooperation to improve coordination of multilateral policy, to promote more power-sharing based on economic reality, and to facilitate necessary

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reform to meet the concerns of the developing countries. The recent summits and ministerial meetings could not provide one voice on criticizing the competition for an easing monetary policy between the developed countries, a rising protectionism and a slow implementation of the Basel III Accord. All these have raised frustration and disappointment among officials, scholars and media in terms of the G20’s future.

Nevertheless, global governance, as a new project and a process of international community building, is a tough but necessary job to be done, especially when the world is in a fluid time of changing featured with power shift and deepening interdependence. As a new project, the global governance with G20 as a core needs to make progress through building consensus over focused agenda-setting and rule-making. As a process of practice of community building, the global governance should be allowed to try different ways of getting things done with a balanced and complimentary development of the G20, G8 and the BRICS, for each of them can not be replaced in today’s world. How has the 2008 financial crisis impacted Japanese capitalism? Since the early 1990s, economic reform has remained a key agenda for Japanese politicians and policymakers. The burst of the bubble economy and the Asian Financial Crisis generated unprecedented political rhetoric and pressures for market-oriented reform throughout the 1990s and 2000s. Yet, even the market reforms led by former Prime Minister Junichiro Koizumi have left many Japanese experts wondering whether fundamental changes are possible in Japanese capitalism. With the onset of the financial crisis in 2008, Japanese political leaders once again face the task of reforming and revitalizing its economy. Especially Prime Minister Abe’s strategy to boost the economy through monetary easing, fiscal stimulus and structural reform (dubbed ‘Abenomics’) has raised expectations (or perhaps concern) on the impact of these policies on Japanese capitalism. When examining Japanese capitalism, it is important to distinguish changed rhetoric and policies from the actual changes in policy outcome. What are areas of change and resilience in Japanese capitalism?

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