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G20 and the World Economic Policy: Agenda Development

Abstract

Current financial crisis has seen numerous intergovernmental organisations' declarations and plans to handle international finance in order to create conditions for strong, sustainable and balanced growth, with G20 leading this way. The crisis spill-over has clearly demonstrated a rising level of interdependence in the world economy. In spite of that, a unilateral state-level approach has so far been firmly in place and primarily national packages were implemented to minimise the adverse crisis effects to the real (national/regional) economies. This paper aims at evaluating the progress in creating a global regulatory scheme since the 2008 G20 Washington Summit, through reviewing shifts in political responses and changing agendas. The financial crisis of 2008 might have been a direct motive to start a global political interplay regarding regulation, but it was also a unique opportunity for numerous actors to start pressing their own agenda vis-à-vis a global economic (and political) order. Even though G20 efforts to coordinate policies and agree on regulatory common denominators have to be welcomed, the present level of discrepancy among national/regional agendas is still too significant for longer term and sustainable effects on the world economy to be foreseen. Nevertheless, the group's unique position and the evolution of its agenda may point to a new form of informal minilateralism emerging in international relations.

Key words: crisis, global economy, international cooperation, international regulatio.

Introduction

In March 2010, Anton Valukas, appointed by a US court to examine the Lehman Brothers failure in September 2008, made his report

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available to the general public. One of the key findings was that significant regulatory differences between the US and the UK systems, in the area of repo operations, presented (and still do) excellent opportunities to be used for financial malversations.[2] This was an extreme case with catastrophic consequences but most illustrative for the issue of international (non)cooperation in the area of financial regulation.

With the emergence of transnational banking and definitely since the beginning of the current crisis, the issue of international financial regulation has been among the most contentious ones on the global agenda. From the pictures taken, it seems that major actors on the scene have the same goal: stabilising the financial world and designing new mechanisms that could prevent future turbulence on a global economic/financial scale. Nevertheless, declarations produced at intergovernmental fora did not in any way point to a regulatory/legal framework through which such global actions would or could be implemented. This was evidently the case at least until the Greek crisis in December 2011 when the actors suddenly took their focus away from global cooperation in financial regulation. Since then, the global agenda seems to diverge in several directions: the EU dealing with the Euro problems, the US coping with an Executive-Legislative stalemate and the budget cutting and developing countries trying to manage their own economic hardships, etc. One way of looking into the possibilities to devise a global economic/financial policy is to analyse the work done by and within the Group of Twenty (G20) since the onset of the crisis.

II. Politics of International Regulation

The severity and scope of the present crisis have not only seriously affected most national economies but also exhibited an opportunity to question, test and change basic principles of the dominance of neoliberalism and even capitalism itself.

Since the crisis outbreak in September 2008, governments in developed market economies have implemented actions aimed at supporting individual institutions (so-called 'too-big-to-fail' institutions) and programmes directed to the system as a whole. National measures have included, inter alia, injecting the capital to the banks, taking over contaminated assets or extending guarantees to help reduce the banks' exposure to large losses, strengthening deposit insurance schemes, cutting

2 For details see: http://lehmanreport.jenner.com.

reference rates and nationalising banks. In 2011, new measures were introduced in a great number of economies, aimed at reducing government and private debt, raising new finance, cutting the budgets, etc.

International financial institutions have also stepped in to provide additional lending at more favourable conditions, especially for developing countries (Panetta 2009). At the same time, a plethora of diverse political ideas, plans, statements and declarations were made on the causes, effects and prospects of the current crisis.

Regardless of their differences, the intensity of national and international political debates, particularly around the issues of interdependence and global linkages, may point out that a new global/transnational social space is coming into being and all social, political and economic activities are becoming affected by its logic. Such a supraterritorial social space seems not to be bound by territory, distance or legal systems, and structural change occurs independently of agency, frequently used by political leaders to justify their decisions as inevitable (Scholte 2002: 7).

Furthermore, structural changes today allow for potential different, multiple equilibriums because actors' strategic and tactical choices interact with such changes, thus creating a number of potential outcomes. In the present world, and this is even truer for global capital, numerous and interlinked processes design the global scene: internationalisation, transnationalisation, translocalisation and so on. In addition, a multitude of actors (emerge) have emerged on a supranational scene that (has) had previously been strictly reserved for governmental actors, what Cerny calls multinodal politics (Cerny 2007: 2) and Underhill and Zhang describe as a relative disarmament of public authorities (Underhill and Xiaoke 2006: 29). Cohen (2010) goes further and describes the structural changes as favourable conditions for the emergence of public-private hybrid regulatory regimes. Even though non-governmental actors have gained importance, the extent and consequences of the current crisis have proved excellent opportunities for the authorities to invest in regaining the strength of their 'arms'.

Is this crisis just a final nudge to 'destroy' the dominant neoliberal economic order or are we witnessing a time frame wherein the level of world 'fluidness' requires a total remake (Ruggie 1993: 2)? Certainly beyond doubt is the fact that global capital today presents one of the major areas of concern for the world economy as a whole and there is a pressing demand for new/updated regulatory arrangements to be made (Sorensen 2006: 7-9). Still, the very notion of regulation deserves a brief explanation because it has always been regarded as belonging to the (national) state domain. However, as Jordana and Levi-Faur describe (2004), recent global economic developments have emphasised an expansive use of the notion, broadening to include all mechanisms of social control (in contrast to a narrow understanding limited to specific forms of governance with authoritative rules, monitoring and compliance enforcement). From this perspective, a new regulation for global problems is characterised by partially voluntary agreements, the lack of strong monitoring and enforcement rules and obvious disregard for the concept of national sovereignty. Kobrin (2002) attributes the rise of new regulatory arrangements in today's world to 'patchwork' political structures: in an interdependent world, actors stretch across fluid boundaries, adapt themselves and liaise with other actors in order to achieve their goals. As interdependence increases, the need to coordinate actions across (the ?) states and regions also increases; hence, there becomes a greater need for international regulation.

III. The G20 and the Crisis

Since 2008, the G20 has placed itself at the centre of worldwide debates and actions in order to design (and implement) a new global financial/economic order. According to Ocampo and Griffith-Jones (2010: 1), such an order should regulate all financial and capital markets worldwide, offer emergency financing, manage excessive indebtedness, guide national economic policies toward global stability and guarantee a fair and effective international monetary system. The processes of global political deliberations were directed to several culminating points: the G20 summit meetings in Washington (2008), London and Pittsburgh (2009), Toronto and Seoul (2010) and Cannes (2011). What had been planned as a show-room for united and orchestrated action actually resulted in a serious compromise between the different agendas of the Anglo-Saxon pole and the continental European 'league', while only a few of the developing countries' proposals were adopted. Once again, their overlapping but differing agendas pointed out that contemporary politics is one of detachment (Kratochwil 2007: 5) of 'cool loyalties' and 'thin' patterns of solidarity.

A number of action plans and numerous proposals and measures to counter the current crisis were adopted at the summits. The analysis that follows aims at presenting the evolution of the G20 agenda as crisis effects widened in scope and depth. These changes not only involved changing agenda items (e.g., from private actors' risk taking to sovereign financing) and rankings (e.g., from the prominence of financial regulation in 2008 to that of employment in 2011), but also changes to the agenda's comprehensiveness (from financial regulation in 2008 to monetary and fiscal coordination in 2011), its geographic focus (from the US in 2008 to Europe and the East in 2011) and modes of the Group's functioning (from the top leaders to specific ministerial meetings).

Cooperation and Coordination in Financial Regulation: Washington, London and Pittsburgh 2008/2009

The 2008 Washington Summit was the first in a series of such meetings and it was held at time when the current crisis was still developing its full force. During the previous months, numerous countries had started implementing urgent measures to stabilise their financial markets and institutions but it was soon realised that the challenges were too comprehensive for any country to act on its own.

The leaders discussed the causes of the crisis and shared opinions on the needed regulatory reform and macroeconomic policies in the short- and medium-terms. The final document of the summit[3] presented an Action Plan focused on several objectives, such as improving transparency and accountability, developing sound regulation, promoting financial markets' integrity, strengthening international cooperation and reforming international financial organisations. At the time, a general opinion was that stronger support for market principles, open trade and investment regimes and sound financial regulation would yield positive results in the global economy. For the purpose of this paper, a part of the official Statement from G20 Summit is very illustrative: 'Major underlying factors to the current situation were, among others, inconsistent and insufficiently coordinated macroeconomic policies, inadequate structural reforms, which led to unsustainable global macroeconomic outcomes'.[4] So, even at the debut summit, the leaders acknowledged that changes in regulation to prevent excessive risk-taking, the initial motive for gathering, would not suffice.

Following numerous formal and informal meetings within and outside the group, the G20 London Summit in April 2009 resulted in three

3 Full text of the document available at http://www.g20.org/images/stories/docs/eng/washington.pdf.

4 http://www.nytimes.com/2008/11/16/washington/summit-text.html?pagewanted=all.

declarations on the recovery plan, the financial system and resources to implement the plan.[5] The Global Plan for Recovery and Reform underscores that fairness/equality in enjoying indivisible growth and its sustainability are the leading values. In order to achieve them, two basic components are agreed: an effectively regulated market economy and strong, supranational institutions. Promoting global trade and rejecting protectionism fall well behind the goals to restore confidence, growth, employment and lending, but ahead of an inclusive, green and sustainable recovery. A commitment was made to implement a $1.1 trillion programme in support of credit markets, growth and employment in the world economy.

Without needing much elaboration, one must pay particular attention to different levels of norms planned to guide further actions. Four different types (or levels) of norms can be identified in the documents: global standards (most binding, applicable to all countries: related to accounting standards and principles), internationally-agreed norms (subject to separate agreements: financial system regulation), best practice (desirable, recommended: activities of credit rating agencies) and a consistent approach (most flexible: basic principles of national financial regulation, for example, coverage and boundaries). The core of the documents focuses on strengthening financial supervision and regulation. In order to secure a much greater consistency and systematic cooperation, a new international body should be established: a Financial Stability Board. It would encompass a wider membership and work closely with the IMF to provide early warning of macroeconomic and financial risks.

The London G20 communiqué resulted from an ongoing political process lasting for many months and encompassing a variety of issues, stances, interlinked and conflicting values as well as diverse proposals of how to structure new (regulatory) arrangements.

The G20 Summit in Pittsburgh proved that leaders decided to keep the spotlight on their actions, at least in the short-term. Though not yielding many results in terms of structural transformations (output side) as the London Summit did, this event brought forward two major changes. First, the G20, as a precursor to expanding the political community, should take over from the G8 the role of being the central forum for creating a new international economic architecture. Secondly, leading intergovernmental financial institutions should be reformed in a way that would give more voting power to dynamic emerging econo-

5 Official text of the documents available at http://www.number10.gov.uk/Page18914.

mies, thus enhancing the probability of a successful future implementation of global norms. Reaching a consensus on incorporating macroprudential concerns about system wide risks into international regulation is one of the most significant accomplishments.

Perhaps most important, the Pittsburgh Summit initiated a 'regulatory race to the top' for reaching international agreement and then for implementing new standards nationally. One must not forget, in the 1970s a similar state competition (though in an opposite direction of deregulation) created an impetus for a sometimes high-risk search for a friendly environment and very short-term economic restructuring.

From Responding to Steering Macroeconomics: Toronto and Seoul 2010

The Toronto Summit in 2010 showed the first signs of declining unity in dealing with the world economic problems. The sovereign debt crisis that emerged in the European Union especially affected the EU-US stance regarding the need for further spending to spur growth. Not surprisingly, China and India supported the US in favour of larger spending while Europe presented its ideas on significant deficit cuts. Once again, continental European ideas, primarily German and French, confronted Anglo-Saxon ideas.

The summit agenda simultaneously focused on both critical components of any macroeconomic policy: monetary and fiscal policy. In order to consolidate economic recovery, fiscal sustainability issues were placed high on the agenda. Reducing medium-term fiscal deficits and reducing debt were targeted as promising achievements of the summit, but later proved unachievable and/or politically unsustainable. The main developed G20 countries' reluctance to coordinate fiscal policies, regardless of a significant economic potential of doing so, might have defined the final frontier in developing the Group's joint policies. Still, the Group reached a common understanding that financial supervision should improve its effectiveness, specific resolution mechanisms for financial institutions should be developed and particular attention should be paid to systemically important financial institutions (SIFIs). A much contested issue of a new global bank tax (financial transaction tax) was removed from the agenda but it was concluded that banks should participate in bearing the costs of crisis. It was nevertheless left to governments to decide how to implement this. Even before the summit, the UK, France and Germany had decided to introduce a type of bank tax. In addition, further commitments were made to enlarge resources of multilateral development banks to support the financing needs of members as well as to reform the World Bank's voting system. The Toronto Summit agenda also included deliberations and commitments on issues outside the financial domain, such as climate change, development and the elimination of subsidies for fossil fuels.

The fifth G20 Summit in Seoul was the first summit held in Asia and hosted by a newly industrialised country. The importance of this venue for the G20 was further emphasised by the fact that it was organised together with the Asia-Pacific Economic Cooperation (APEC). Even more than before and during the previous summits, the global economic/financial climate at the time was very challenging: the recovery was uneven, Europe faced the possibility of another financial crisis, currency management in major centers started to deviate from previously agreed principles, etc. It was no longer possible to 'mask' the large debts of several eurozone members (Greece, Portugal and Ireland), so other members started preparing for severe austerity measures in order to calm markets as much as possible.

Contrary to the previous meetings, the G20 agenda in Seoul focused more on a number of developmental issues and growth revival, particularly emphasizing employment and social protection.[6] Rising inequalities and unbalanced growth pushed the need to accelerate growth in low income countries higher on the agenda. Surprisingly, the leaders committed to developing a common view of global economic problems, in stark contrast to the conclusions from the previous summits when they sought to develop particular norms/practical standards to handle the crisis. This new, common view should have macroeconomic policy as its centre, especially fiscal policy and debt reduction, as well as market-based currency policy. In conjunction with this new common view, a mutual assessment of the group members should be enhanced. Although general conclusions were made that 'rescue' capital should be provided, it was not meant for the troubled Eurozone and the US and Canada clearly dismissed calls for more resources to be allocated for this purpose. This development later induced strong efforts by Germany and France toward building a European monetary fund and moving the European focus away from the G20 agenda.

6 Full text of the final document available at http://www.g20.org/images/stories/docs/eng/seoul.pdf.

In developing its global governance structure, the Seoul Summit resulted in the creation of several institutions around the G20, such as regional consultative groups for its Financial Stability Board, in order to more comprehensively include the problems and issues of developing countries. In addition, one can detect certain signs of the inevitable strengthening of multinodal politics (Cerny: 2007), as the G20 promised that in the future more influence on its agenda would be allowed from other types of actors, such as the corporate sector, civil society and the academic world in general.

From a number of perspectives, the Seoul Summit was assessed as successful due to its 'globally predominant, internally equalizing capabilities among members of the group' (Kirton 2010: 7). This is particularly true if advances in national financial regulation and safety nets are reviewed but much less true for reforms of international financial organisations. Once again, the arguments of Higgot (2004) and Mueller and Lederer (2003) that discursive organisations such as the G20 (as opposed to decisional organisations) may be building a new road to multilateralism are supported.

From Saving Banks to Saving States: Cannes 2011

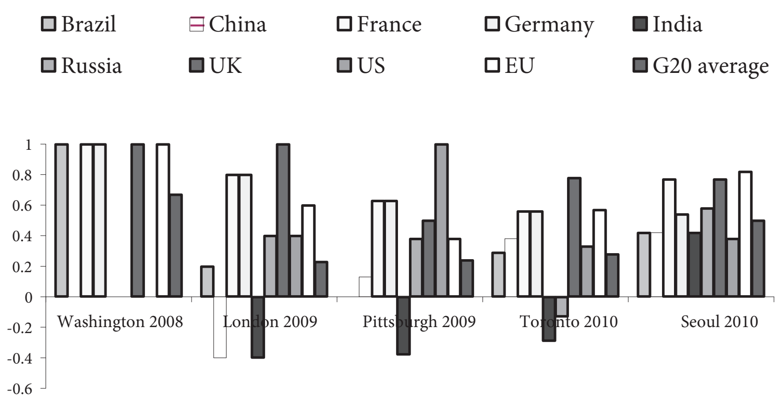
The economic and political climate of the 2011 G20 Summit in Cannes did not favour further developing the Group's 'premier economic forum' role: the EU economic recession was deepening, investors were losing confidence and Greek debt was overshadowing Eurozone prospects. At the same time, BRIC countries were unsuccessfully invited to finance Europe's recovery while the US was slowly distancing itself from bailing out the EU.

Amidst such disarray, the leaders nevertheless managed to form an agenda and discuss various issues. The final declaration of the Cannes Summit[7] reiterates members' growing concerns about the slow recovery, high unemployment and rising sovereign risks in the Euro area. Its focus on a renewed collective action for the 'common future' may imply certain changes of the Group's 2008 objectives: regulating finance and harmonizing rules may be critical for future crisis prevention but are far from sufficient for a global economic revival in today's interdependent world. A G20 Task Force on Employment has been set up and the Group has invited other multilateral organizations (e.g., IMF, ILO

7 Available at http://www.g20.org/images/stories/docs/eng/cannes.pdf.

and World Bank) to assess the Group's impact on job creation. After employment, international monetary stability was prioritized on the agenda, particularly regarding currency and (procyclical) capital flow management. Furthermore, excessive currency reserves (most probably regarding China) have been identified as one of the causes of imbalanced global liquidity and capital flow volatility; thus, their reduction is necessary. With regard to financial regulation, there were not many changes to the 2008 Washington objectives: to have an internationally-consistent and non-discriminatory regulation of all markets and participants. Still, it is planned to have another regulatory category of market participants: global systemically important financial institutions (G-SIFIs) will have an additional safety net as of 2016. In this way, the 'too-big-to-fail' principle has not been abandoned; rather, its scope has been broadened across national boundaries. Notably, when it comes

G20 Compliance by Member, 2008-2010 Summits



Note: score 1= full compliance, -1= failure, 0=partial compliance
Source: Ellis, S. et al, 2010 Seoul G20 Summit Final Compliance Report, November 2011.

to submitting national to internationally agreed rules, the term 'double standard' still falls short. For example, (only) a framework will be developed for national macro-prudential policies but a single set of global accounting standards are planned.

It was planned to further develop the Seoul Consensus on the new development agenda, improve food security on the global scale and further deliberate on a controversial financial transaction tax in order to raise funds for G20 objectives in the areas of development and environment protection. The latter became the major stumbling block as it was proposed by France and supported by Germany but strongly opposed by other developed countries, such as the US and the UK. Regarding trade, the summit recognized that the Doha Round 'would never be completed' and hence turned to short-term objectives of opening developed countries' markets for imports from developing countries. Further institutional development of the G20 itself was evident: the first meetings of new bodies (Agriculture Ministers and Development Ministers) were held.

When the Cannes final document is analyzed compared with the G20's previous ones, one of the most striking differences is its repeated reference to a great number of international organizations, such as the IMF, World Bank, ILO, OECD, IOSCO, BIS, etc. One may understand this as a new 'reality-check' for the G20: although it has positioned itself as a global economic-policy centre and comprises 90% of world GDP, the issues may be beyond reach of such an informal, minilateral group (Grevi 2010: 3).

Minimal Common Denominator or a World Government?

Since 2009, the G20 Research Group at the University of Toronto and the International Organizations Research Institute of National Research University Higher School of Economics in Moscow have analyzed the progress of each G20 member in implementing the main commitments of each G20 Summit. Monitoring each country's efforts is based on publicly available information and the latest report was made in November 2011 (Ellis et al.: 2011).

More than 150 commitments can be drawn from the official G20 Seoul Summit Leaders' Declaration and the Seoul Summit Document. On that basis, 13 issue areas can be identified including macroeconomics, finance, development, trade, reform of international financial institutions, employment and growth, international cooperation, institutional development, etc. Most commitments belong to the area of macroeconomics (market-determined exchange rate systems and credible medium-term fiscal consolidation), finance (bank capital, risks, sound regulation and important financial institutions) and development (assistance to poorest countries and mobilization of domestic resources).

Far fewer promises have been made regarding summit institutionalization, international cooperation and environment.

If the period between the Seoul and Cannes summits is analyzed, the level of compliance varies considerably among the issues. It has been assessed that significant progress has been achieved (by advanced economies of the G20) regarding fiscal consolidation and improving infrastructure, while there has been much less compliance related to the issues of international cooperation (partnership with international organizations) and trade (completion of the Doha round).

The report (Ellis et al, 2011) strives to quantify deliverables against the G20 commitments (compliance-relevant actions) for issue-specific areas and for each member of the group. The methodology is based on a scale from -1 to +1 (+1 indicating full compliance with commitment, -1 showing a compliance failure or a counterproductive action taken and 0 indicates partial compliance or work in progress). In this way, compliance progress of the members and in the issue areas can be compared. Also, different analyses can be made combining issue-specific and member-specific scores. For example, regarding the Seoul commitment to resort to a market-driven exchange rate mechanism, some members have started to deliver (partial compliance); some have fully complied with the commitment while Japan, Mexico and Brazil have undertaken action completely opposite from the commitment. The least data is available for another macroeconomic commitment, fiscal consolidation, but overall the compliance of those members who supplied information is very high, except for the US score of 0 (G20 average of +0.89). The G20 members almost completely failed the Seoul commitment in the area of international cooperation. Australia has delivered majority of promises and has taken actions related to most of the Seoul commitments (a score of +0.85), followed by the EU. On the other hand, Turkey, Saudi Arabia and Argentina received the lowest scores. The US has not made any counterproductive action regarding the Seoul commitments but has fully complied with only a few of the commitments (mainly related to finance). Trade has actually shown retrogression (a score of -0.05) due to counterproductive actions taken by Argentina, Brazil, Russia, China and South Africa.

If a general view (average G20) of the five summits' commitments and compliance is taken, one can conclude that a very significant decline is evident after the 2008 Washington Summit. That summit was later assessed as the most successful, followed by counterproductive actions. It must be mentioned though, that almost all the issues deliberated during the Washington Summit focused on financial regulation and immediate measures to be implemented in response to the crisis.

After the Washington Summit, the general level of compliance with the commitments more than halved but some degree of progress was evident after the summits in London, Pittsburgh and Toronto. The Seoul Summit resulted in much more commitment-related actions, despite the fact that the agenda has been broadening all along. Nevertheless, one still has to wait and see the effects (if any) of the Cannes Summit at the end of 2011.

From another perspective (Ocampo and Griffith-Jones: 2010), the effects of the G20 summits have not been that profound with respect to specific issue-areas. The most significant advances have been made in the areas of national financial regulation (bank supervision and capital base) and emergency financing (complement to central bank financing). Also, certain improvements have been made regarding the coordination of national economic policies in order to avoid (as much as possible) policies with adverse and harmful effects on other countries. This could be attributed less to a developing common view on the global economy among the G20 members and more to harsh economic consequences of deteriorating trade and capital flows. Substantial reforms of the existing monetary system and proposals for creating an international debt resolution mechanism have not received proper attention. The issue of coordinating the core of any macroeconomic policy, i.e. its fiscal mechanism, on the global scale has met significant resistance. The issue, however, moved to the top of the EU agenda with a new fiscal agreement drafted and to be entered into by 26 EU member states later in 2012. But most important, the issues of development and more appropriate inclusion of small- and medium-sized developing countries are where the least advances have been made. Recent G20 meetings have nevertheless widened the scope of deliberation by emphasising economic issues in addition to finance, e.g. development, trade, environmental costs, employment, agriculture, etc.

Not surprisingly, those proposals were quite comprehensive and focused on issues beyond a 'classical' monetary/fiscal policy approach to macroeconomic stability. The comprehensiveness of the G20 proposals also derives from linking various issues, such as poverty reduction, social inclusion, emerging and low income countries, aid flows, climate change and cooperation with the private sector. The G20's current status as a discursive organisation is in this way contrasted with the more strongly decisional types of other intergovernmental actors, such as the

IMF (Higott 2004) and may shed more light on the future of multilateralism. Following the arguments of Muller and Lederer (2003), the power and activities of the G20 may point to a new developing form of managing global affairs, with specific actors, instruments and practices. Hence, this organization may be the centre point from which new, soft-law instruments of international financial and economic regulation would appear.

Despite its contentious policy effects, the G20 has certainly impacted improving global governance with respect to its own institutional development and a greater involvement of some developing countries. At the Pittsburgh Summit, the G20 unequivocally took a role of the premier forum for global economic cooperation. At the London Summit, the Special Drawing Rights (SDR) mechanism was somewhat revived to draw on some developing countries' resources. New bodies (FSB) and new ways of operation (specific ministerial meetings) have been created.

Let us return to possibilities for the G20 to build a road toward economic and financial regulation on a global scale. In 2008, all the major actors gathered in Washington with their own agendas which they have been pushing ever since. Not only did they have their own sets of goals but those particular agendas have been changing and transforming since the first summit (Filipovic 2011). For instance, the EU was pressing for building new rules for a new capitalism, which should create conditions for an increase of its endangered competitiveness. Four years after the first summit, the EU's agenda has changed dramatically and includes contentious issues of fiscal unity and states' bail-outs. The US had been pushing for allocating more responsibility to other members of the group, which finally became explicit after the Cannes Summit: the US stated it had no intention to provide financial assistance to the troubled Eurozone. BRIC countries had taken the G20 summit road with plans to press for numerous changes in the international monetary system and the world economy, giving more rights and chances to the developing world. At the end of 2011, although certain progress was made in that respect, China and Brazil have revoked their offers to provide additional resources to the EU. Other factors influencing changes of the global agenda or those of the major actors may be growing regionalism, a shift of the US toward the East, economic turbulence in Europe, the rising economic and financial strength of the BRIC countries, yet unknown consequences of the 'Arab spring', etc.

As the analysis of the London Summit documents shows, the participating states have basically agreed to have binding norms only in the field of accounting principles. Other important aspects of international financial and economic regulation were left out, waiting for future, separate agreements to be negotiated and designed. This clearly reflects that, beyond group photos and statements, the G20 leaders have set a particular 'scale' of submitting their own policies and principles to global harmonisation. Unless the norms and the policies in which they manifest themselves are perceived by the community as authoritative and they can be justified in terms of shared beliefs (Underhill and Zhang, 10), there is still a long way for new, global governance in the field of economy to emerge. Taking this into the picture, one may see certain possibilities in creating an economic regulatory framework in the future. As globalisation progresses, the challenges significantly influence domestic politics. Failure to recognise the overlap and trade-offs between domestic and international/global policies undoubtedly result in losses for the whole world economy's welfare (Freytag et al.: 2011).

Conclusion

The G20 summits from 2008 to 2011 clearly show significant efforts invested in creating, organising and supervising international responses to the current crisis. The G20 agenda has been evolving to include more and more issues which seem very relevant to the world economy and finance, or at least to the major actors in the group. The 2008 Washington Summit focused only on a limited set of particular issues directly related to global financial trends: stronger (national) supervision, hedge funds, tax havens, bankers' remuneration, and so on. National policy actions implemented in that time were more comprehensive. Most of those actions, implicitly or explicitly, relied on some sort of protectionism which by its nature contravenes globalisation and international cooperation. In 2009 and particularly in 2010, the G20 summits were directed toward a number of issue areas: macroeconomics, development, finance, trade, energy, intergovernmental cooperation, the Group's institutionalisation and cooperation with other international organisations, etc. Still, one commitment ran through all the summits: most of the world leaders, groups and organisations felt obliged to point out that in the present world, cooperation and joint efforts are unavoidable if the global economy is to resume its 'normal' functioning.

And here comes the critical part: what should normal functioning of the world economy or a condition for that be? Is it a completely new world economic system, based on non-neoliberal principles (though proponents of these ideas do not offer alternative principles)? Should such a change necessarily involve a change of global leadership (though the proponents have not openly submitted their candidacy)? Should a new social order ('new' capitalism) be based on social welfare, strong state presence and ownership? Is that perhaps a return to traditional (Protestant) ethics of honesty, hard work and a responsible way of living? Or does a normal functioning of the world economy depend on the development of public-private partnerships and a critical re-modelling of the governance concept? So far, the leaders have agreed jointly to support the global economy with a number of financial injections. From the perspective of unbalanced world growth and rising economic problems of developing countries, this may not seem like much but it is certainly a beginning. What lies ahead, after the pledged resources are spent, is maybe a long process of building a set of shared values that may create a basis for legitimate and efficient governance.

Despite all the criticism, the G20 has managed to induce numerous and somewhat coordinated national policy responses to the crisis. There are many possible reasons behind such an improved level of measures implemented in accordance with the summit's declaration. One of the reasons may be the severity and outreach of the crisis in today's world of rising interdependence. Another factor may be related to the institutional development of the group itself in terms of better profiling of its role: from a financial crisis management group (its primary role in 2008) it is being transformed into a steering committee to propose design for new global economic order. This change has been clearly reflected in the agenda evolution. Another factor may be that the G20 has adequately used opportunities for collaboration, relying more on strengthened pressure and the reputation of the actors. 'If the G20 can continue to improve its performance on delivering on its promises, it can validate its claim for legitimacy as a global governance institution' (Ellis et al, 2010: 8). But having in mind the different 'scale' of readiness of individual governments to accept global standards, it is very unclear how such an extension of supranational regulation will be designed and put in practice.

Years ago Kenneth Waltz (1979, 141) wrote that it was not possible to understand an economy or explain its functioning without considering the rules that have been politically laid down. This paper presented an overview of the official G20 declarations at the beginning of and during the crisis. Future research related to international financial and economic governance should focus on three major areas: political processes to allow a convergence of various agendas, implementation of the agreed norms and structures and the developments in global economic flows. Irreversibly transterritorial economic activities have started to exert such a significant pressure to heads of states that some sort of heterarchical compromise may be expected in years to come. The G20 might have a unique opportunity to use the prerogatives of an officialdom it strives to become and create conditions for a new global framework to emerge. Despite all the criticism, the G20 may be in a position to (at least partially) provide a new forum to discuss and confront complex issues of today's world economy – a remedy for the shortcomings of the Bretton Woods institutions which have been too issue-oriented and specific in their operations (Freytag et al.: 2011). Also, the G20 may serve as an example of new forms of 'informal minilateralism' that could complement the larger multilateral system and enhance the effectiveness of its responses to increasing global interdependence (Grevi 2010: 3). Bearing in mind that an order's legitimacy strongly depends on the body of shared beliefs, what remains to be seen is to which of today's multiple agendas (input side) new or adapted global rules and norms (output side) will be closer.

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