Original Article

NIFA-II or 'Bretton Woods-II'?: The G-20 (Leaders) summit process on managing global financial markets and the world economy – quo vadis?

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ABSTRACT Since November 2008, there have been four historic G-20 Leaders meetings (with a fifth scheduled for Korea in November 2010), in lieu of the traditional G-8 Heads of State meeting format, to address the current Global Financial Crisis and other related economic matters of global concern. This new global governance rubric has been denominated by the G-20 Leaders (representing 80 per cent of the world's population and 90 per cent of world GDP) as the 'premier' forum as to future international economic cooperation. This new governance model is rooted in a short and medium-term 'Action Plan' and within a broader and longer-term 'Global Framework for Strong, Sustainable and Balanced Growth' (a new global growth model under the G-20 Leaders' direction).This article considers retrospectively the roots of this new economic governance paradigm and prospectively whether and in what ways this framework/process might signal a new international collaborative approach to global economic governance for securing 'financial stability' as a 'global public good' (that is, a 'new international financial architecture') and otherwise for better rationalizing the policy management of the global economy and the underlying globalization processes. Will this G-20 (Leaders) process prove to be able to function constructively and on a consensus basis as the G-7/8 tried to do previously; and, will it provide the global platform and umbrella framework within which a 'new Global Deal', and 'Grand Bargain' – a new 'Bretton Woods II' economic, monetary and financial World Order – might evolve so as meaningfully to direct and coordinate global monetary, financial, development, investment, trade and other related global policy considerations (for example, labour, energy, and environmental issues)? Or will this process prove to be merely an *ad hoc* enhancement of existing global instruments, institutions and arrangements that were put into place in the mid-to-late 1990s by the G-7/8 in addressing the various financial crises of the 1990s – the so-called 'New International Financial Architecture' (NIFA-I)? Also, in this article, the makeup and nature of the range of informal global financial 'network' arrangements, institutions and instruments generated in advance, otherwise related to NIFA-I, or being generated under the new governance framework will be considered, along with the newly envisioned roles of the IMF, Financial Stability Board, World Bank and OECD. Also, a brief discussion will be undertaken as to whether the G-7/8 forum will continue, and if so, in what context and in what relationship to the new G-20 Leaders framework.

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INTRODUCTION

The recently initiated Group of Twenty (G-20) 'Leaders' Summit process will provide the general focus of this article.[1,2] In the peak throes of the current Global Financial Crisis (GFC),[3] former President Bush on 22 October

2008,[4] apparently at the suggestion of the UK and French Heads of State,[5] issued an invitation for, and on 14–15 November 2008 hosted, a Summit respecting 'Financial Markets and the World Economy' in Washington, DC.[6] In lieu of utilizing the traditional Group of 7/8 (G-7/8)[7] Heads of State vehicle (or a French suggested 'G-8 plus 5'[8]) for addressing areas of major global economic concern, President Bush's Summit invitation was made within the context of a new, *ad hoc* G-20 (Leaders) forum. This would be the first time the G-20,[9,10] originally established for Finance Ministers and Central Bank Governors in 1999, would meet in a Heads of State (Leaders) format. However, as discussed in the latter parts of this article, the Washington, DC Summit would be the first of a progressive, ongoing series of G-20 Leaders Summits: London in April 2009, Pittsburgh in September 2009, and Toronto in June 2010, with others planned for Seoul in November 2010, France in November 211 and Mexico in 2012.

In the context of global economic policy governance under the new G-20 (Leaders) rubric, this article will consider retrospectively the roots of this new global economic governance framework and prospectively whether and in what ways this framework/process might signal a new international collaborative approach to 'global governance' for securing 'financial stability' as a 'global public good' (that is, a 'new international financial architecture') and otherwise for better rationalizing the policy management of the global economy.[11–13] For example, will this G-20 (Leaders) process prove to be able to function constructively and on a consensus basis as the G-7/8 tried to do previously; and, will it provide the global platform and umbrella framework within which a 'new Global Deal', a 'Grand Bargain',[14] 'a new global governance' and a 'reengineering of the international monetary system' might evolve?[15] In effect, can a new 'Bretton Woods II'[16] economic, monetary and financial World Order evolve so as to meaningfully coordinate global monetary, financial, development, investment, trade and other related global policy considerations (for example, labour, energy, and environmental issues)? Or will this G-20 (Leaders) process prove to be merely an *ad hoc*, short-term initiative geared to addressing the GFC and its immediate aftermath and resulting more in enhancements of existing global instruments, institutions and arrangements that were put into place in the mid-to-late 1990s by the G-7/8 in addressing the various financial crises of the 1990s – the so-called 'New International Financial Architecture' (NIFA-I)?[17]

In the immediately following major part to this article, several background perspectives will be provided on the developments from the 1940s to 1990 leading up to the formulation of the NIFA-I in the mid-late 1990s. Then, in the next two major parts of this article, the makeup and nature of the range of informal global financial 'network' arrangements and instruments generated in advance of or otherwise related to NIFA-I will be discussed. As will be seen, these networks and instruments became 'steered' largely through the G-7/8 Leaders and G-7 Finance Ministers process, in conjunction subsequently with a newly created G-20 Finance Ministers and Central Bank Governors grouping, a newly established Financial Stability Forum (FSF) for coordinating the various 'international standard setting bodies' (ISSBs) that had come into being over the prior two decades, and a redirected and revamped International Monetary Fund (IMF). The following major part will address how NIFA-I is being impacted by the new G-20 Leaders Summit process commenced in the fall of 2008. The final major part of this article will present concluding observations. In this context, this concluding part will consider how far beyond specific financial sector reform subject-matter reactive to the GFC, the new G-20 Leaders and related network processes will need to go to constitute a true Bretton Woods II global economic and financial system. Also, a brief discussion will be undertaken as to whether the G-7/8 forum will continue, and if so, in what context and in what relationship to the new G-20 Leaders framework.

HISTORICAL AND CONTEXTUAL BACKDROP TO NIFA-I[18]

For a better understanding and analysis of the import of the new G-20 Leaders Summit process, this part provides a brief historical and contextual background and perspective on how the foundation for the NIFA-I framework of the mid-late 1990s resulted largely from the rather random and fragmented development over the prior three decades of a series of international financial 'regulatory' networks and 'networks of networks' respecting central banking, commercial banking, capital market, insurance, money laundering, deposit insurance and bank and corporate insolvency subject-matter, with the G-7/8 (Leaders and Finance Ministers) evolving into the primary global economic policy 'steering committee' during the 1990s.

Bretton Woods I: What it was intended to be and what it was not

The phrases 'Bretton Woods I' and 'Bretton Woods II' have been readily and uncritically bandied about with respect to the G-20 Leaders process. At best, the specific context of 'Bretton Woods I system', when used in reference to the GFC and the G-20 Leaders process, is an 'enigma'. For some, the phrase appears to connote some imagined 'glory' period that emerged from the end of World War II respecting the World economic and monetary order. For others, the term refers to the two actual 'sister' international institutions that emerged from the Bretton Woods international conference in July 1944: the IMF and the International Bank for Reconstruction and Development (World Bank), which (in the view of some commentators) apparently operated for the first 25 years or so of their existence in some optimal manner. Moreover, when 'Bretton Woods II' is employed, this seems to imply some dramatic, fundamental and historic remake. Unfortunately, none of the above is actually the case.[19]

The points being made for present background purposes are several.[20] First, 'Bretton Woods' is not just about the IMF or World Bank, but is about a group of international cooperative institutions intended to be interconnected and collaborative among themselves. Second, of the IMF, World Bank, the International Trade Organization (ITO) and the International Labor Organization (ILO), the ITO was to be the primary specialized institutions with the broadest mandate. Third, in terms of the post-WWII global grand design, the United Nations (UN) was to be the overarching universal institution, to which the IMF, World Bank and the ill-fated ITO would be attached as specialized agencies of the UN under the oversight of the UN Economic and Social Council (ECOSOC). As such, the UN (particularly as to ECOSOC) should be considered the Bretton Woods umbrella institution, and the ITO and possibly the ILO should be familial BW-I institutions (along with the IMF and the World Bank). Fourth, Bretton Woods was intended to be a 'rule-based' post-War economic and monetary 'system' based on international treaties, formal international institutions and meaningful international collaboration that was intended to promote global economic growth in a balanced and expanding world economy, the betterment of worldwide standards of living, and the maintenance of high levels of employment and real income, and generally the creation of conditions of economic and social progress and development.[21] This was the intended 'Bretton Woods System'.

We all know now that this grand global design was never to be – at least not as of the present. Not only did a divide set in between the Western Allies and the Soviet Union, but tensions developed amount the Western powers also. Further the United States perceived the necessity for prompt unilateral economic recovery actions. The UN lost its way; the IMF and World Bank were sidelined and had to relaunch themselves in the 1950 and periodically thereafter; the Bank for International Settlements (BIS), which was to have been dismantled under the BW-I system, quietly carried on behind the scenes as the central banks' central banker; and the ITO project was abandoned until the 1990s GATT Uruguay Round leading to the World Trade Organization (WTO) in 1995.[22]

A further preliminary background point as to the original notion of a Bretton Woods System is that there was a clear distinction between monetary matters and more financial market matters. Though over the past decade or so the IMF and World Bank have become somewhat glibly referred to as international 'financial' institutions, in its origin the IMF was designed to be a 'monetary' institution, and the World Bank was to be a 'development' institution. The IMF's mandated monetary 'menu' was to include the following monetary subject-matter: exchange stability, orderly exchange arrangements based on a par value system, avoidance of competitive exchange depreciation, the elimination of foreign exchange restrictions, a multilateral system of payments respecting current account transactions, adjustments of balance of payments maladjustments, and generally the promotion of consultation and cooperation on 'international monetary problems'.[23] Additionally, the IMF's mandated role of surveillance and consultation were intended to be directed on a bilateral basis to such purposes of monetary stability.[24]

A final set of observations as to putting the notion of a 'Bretton Woods System' in context is that the focus on matters of financial markets, market failures, financial crises and commercial financial institutions was not on the plate of the 700 or so delegates at the Bretton Woods conference in 1944, and the international financial system in existence in 1945 bears little resemblance to the highly globalized and interconnected system that has evolved since the 1960s. For example, the concerns for 'financial stability' only became of increasing concern for the IMF and Central Banks largely since the failure of the IMF par value system in the early 1970s and particularly since the 1990s when the globalization processes' transformative and volatile impact on financial markets became most evident.[25] The policy result is that today as the Governor of the Bank of England most recently commented: 'Monetary stability and financial stability are two sides of same coin'.[26] But, the Bretton Woods institution of the IMF was not designed originally to deal with these related but non-monetary matters: its mandate was to be an international monetary institution in a traditional sense.[27]

As to the so-called 'international financial system', to the extent it existed at the end of World War II, it was a commercial bank-centred system focusing for the most part on trade and corporate finance for corporate customers and on private foreign exchange operations; and (as discussed above) was without the direct contemplation of the Bretton Woods framework, except that the banks obviously would be bolstered by a stable international currency regime and the banks at times bolstered governmental pursuits (for example, the British banks and Britain's maintenance of its worldwide Empire). The commercial bank markets and the capital markets operated separately, with the bank markets being dominant. However, over the past couple of decades since the breakdown on the BW-IMF-'par value system' of exchange rates in the early 1970s and the move to essentially a floating exchange rate system, the financial system has moved more and more toward a capital and derivative market-dominated system where bank and securities markets are linked increasingly through the asset securitization processes; and, where the banks themselves engage more and more in 'universal banking' and financial conglomerate activities. Moreover, new unregulated (or lightly regulated or at least differently regulated) financial 'players' (for example, mortgage and finance companies, credit rating agencies, mutual funds, hedge funds, private equity firms, pension funds and sovereign wealth funds) have entered the global markets, joining investment and merchants banks (collectively comprising the so-called 'shadowing banking market').[28,29]

In addition, global capital flows accelerated most rapidly, but with increased volatility. More generally, financial innovation gave rise to increasingly complex (and opaque) new financial products/instruments (particularly in the derivatives area); and, there was an expanding economic and financial importance of the emerging market countries. Further, financial risk management was being pushed more toward forms of qualified self-regulation, with reliance on internal computer stress-test models and on external credit rating agencies that also were utilizing internal computer models. Also, there came to be systemically important but largely unperceived high-risk interconnections between and among a whole range of financial institutions and intermediaries that found their way into and throughout the global financial system and that was based upon an excessively leveraged overall global financial system.[30]

For present purposes, it should be noted that the current international financial system is one where, over the past several decades, there has been increasing usage of informal mechanisms of global and domestic 'soft law rule-making' and domestic 'regulators' addressing international subject-matter functioning largely through 'transnational cooperative networks' involving formal and informal, domestic and international institutions/arrangements, and public and private actors – often relying on 'international standards' or 'best practices', a few evaluation/assessment/enforcement 'tools', and various non-binding international joint statements and positions papers, joint recommendations – some of which might be labelled 'international soft-law administrative instruments'.[31] But, at the top of the international regulatory pyramid, there was really no institutional mechanism in place that could take a full and clear view of the total global financial landscape and have a true 'regulatory' impact in a timely manner.

In addressing, the current international/global financial arena, we also need to bear in mind that we really do not have 'international financial regulators' in any strict sense. Primarily, we have domestic regulators dealing with each other on a bilateral, plurilateral or multilateral basis – often through informal groupings/networks and memoranda of understandings (MOUs). These regulators remain part of and accountable to their respective domestic regulatory system. We have some international civil servants of various IFIs and RFIs germane to the networks (as will be discussed later in this article); but, basically, the relevant networks are comprised of domestic regulators/officials/representatives acting as to international/global subject-matter and, at times, alongside or in conjunction with private international bodies.

NIFA-I's foundation stone: The creation of the Bretton Woods I-based G-10 grouping of Finance Ministers and Central Bank Governors within the IMF framework

In the financial markets regulatory area, and initially the bank regulatory area, the origins of transnational financial regulatory networks can be traced to a formal Bretton Woods institution, the IMF, in the early 1960s when an informal grouping of Finance Ministers and Central Bank Governors of major Western countries came together to support and to oversee the Fund's General Arrangement on Borrowing (GAB).[32] This grouping/network came to be dubbed the G-10 (the United States of America, the United Kingdom, Japan, France, West Germany, Canada, the Netherlands, Italy, Belgium and Sweden, with Switzerland a non-IMF member until 1992 to join in 1984). It is significant to note and to keep in mind that the G-10 representatives are national civil servants addressing 'international' subject-matter and are not 'international' civil servants as would be employees of the IMF. Also, it is important to keep in mind that the G-10 provided an informal, discrete and flexible forum/meeting place for the major Central Bank Governors and Finance Ministers and their Deputies to meet annually (and the Deputies more frequently) for purposes of considering not only GAB matters but also others matters of common concern as they may arise.[33] That main country Finance Ministers and Central Bankers come to meet on international matters of common interests and within different informal fora becomes a central feature of the 'regulatory' and 'policy' sides of the international financial 'architecture' over at least the past four decades - whether in the context of the G-10, G-7/8, G-20 or in *ad hoc* situations.

As will be discussed immediately below, the G-10 Central Bank Governors put into being the primary bank regulatory ISSB, the Basel Committee on Banking Supervision (Basel Committee).[34] In addition, the G-10 has also generated several other informal 'network bodies'. More specifically, the G-10 helped generate two lesser-known but significant informal international Committees of domestic regulators: the Committee on the Global Financial System (CGFS) (formed in 1971 as the Euro-currency Standing Committee for monitoring international banking markets and refocused and renamed in 1999 as to financial stability concerns)[35] and the Committee on Payment and Settlement Systems (CPSS) (set-up in 1990 as successor to the Group of Experts on Payment Systems formed in 1980).[36] Both these permanent Committees of the G-10 have become ISSBs in their respective areas of competence and components of the NIFA-I FSF 'umbrella'.[37]

The forerunners: The G-10 Basel Committee, the SEC-derived IOSCO, the insurance sector created IAIS and the G-7-generated FATF – the separate and random evolution of ISSBs for financial sector

As alluded to above, one tool for achieving international 'regulatory' objectives has been the development, implementation and dissemination of 'international standards', 'best practices' or 'principles' with respect to a number of financial-related areas. Particularly germane for present purposes are the various financial standards, principles and guidances formulated, over the past quarter-century, by the Basel Committee,[38] the International Organization of Securities Commissions (IOSCO),[39] the International Association of Insurance Supervisors (IAIS)[40] and the Financial Action Task Force (FATF).[41]

The Basel Committee was established as a G-10 subcommittee informally formed by the Central Bank Governors of the G-10 and accountable to the relevant heads of the member Central Banks and bank supervisors. The Central Bank Governors of the G-10 in 1974 became concerned with possible development of international bank supervisory standards as a result of the non-systemic, inter-related insolvencies of three modest-sized international banks (the German Bankhaus Herstatt, the American Franklin National Bank and the Israeli-British Bank in London) because of excessive exchange rate risks and the lack of any coordinated cross-border supervision by the concerned domestic regulatory authorities to address this problem.[42] The G-10 Central Bank Governors were not, as to these 1974 incidents, concerned about any specific systemic crisis, but it dawned on them that in the new 1970s era of global floating exchange rates, as indicated above, there were increased international risks for banking institutions and that there was no agreed mechanism for co-coordinating cross-border supervision of such institutions. In addition, the Bank of England Governor was becoming concerned that 'capital adequacy' of banking institutions was turning into an issue of international import: traditionally, bank regulators/

supervisors were primarily concerned with institutional liquidity. As such, the first tasks of the Basel Committee came to be consideration of cross-border supervision and capital adequacy. The objects of this focus were international banks of the industrialized countries comprising the membership of the Basel Committee. The initial driving forces behind the Committee were the Bank of England, the US Federal Reserve Board of Governors and the then European Community's 'Contact Group'.[43]

During the 1980s, the Basel Committee did produce a revised framework 'Concordat' for attempting to allocate international bank supervisory authority among the host and home regulator/supervisor: a rather sketchy version had been quietly put together in 1975. This framework was to be revised on several further occasions during the remainder of the 1980s and the 1990s, largely as a reaction to specific non-systemic Western bank failures that exposed the framework as inadequate.[43] Also, during the mid-1990s it became apparent that 'international banking institution' was an incomplete notion for supervision of the large industrialized banks as they tended to operate more and more within the structure of banking/financial 'conglomerates'. Thus, a supervisory framework for dealing with these conglomerates also was developed by creating an *ad hoc* group in 1993 called the Tripartite Group to prepare a report on financial conglomerates,[44] which in 1995 morphed into a cooperative, informal 'network of networks' called the Joint Forum,[45] comprising the Basel Committee, IOSCO and the IAIS.[46] This in turn, led to consideration of the issue of the 'lead regulator' as to such conglomerates, a still largely unresolved and even more relevant issue today in light of our current GFC.[47]

The most significant efforts of the Basel Committee during the 1980s to the present have been on risk-based capital adequacy standards. After extended, and at times contentious, internal deliberations, a risk-based 'Capital Adequacy Accord' was promulgated by the Committee in 1988. Although a non-binding, non-official document, this Accord soon (through a detailed, informal and uncoordinated transmission matrix) became the international benchmark for bank capital adequacy within the Developed World and then the Developing World.[48] At the time, the 1988 Accord was thought to be a complex approach, while today it is considered a basic, rudimentary framework, when compared to what the Committee has proposed currently in the form of the three-prong 2004 Basel II Accord and the impending 2012 Basel III framework (yet to be finalized).[49] Moreover, beginning in the late 1980s and continuing on to today, the Committee became concerned with money laundering and, more recently, related counter-terrorism regulatory standards.[50] During 1997, the Basel Committee, as part of the G-7/8 lead-up to NIFA-I, adopted a comprehensive set of 'Core Principles of Bank Supervision' and a related methodology.[51]

With Basel I's formulation we see the interconnection of the Basel Committee and IOSCO and with private bodies (networks) of international accountants such as the International Federation of Accountants (IFAC) and its standard-setting subcommittee, the International Auditing and Assurance Board (IAASB), and the International Accounting Standards Board (IASB), the standard-setting body of the private, non-profit, International Accounting Standards Committee Foundation (IASCF).[52]

With respect to IOSCO, this ISSB (wholly unconnected with the Basel process in its initiation) finds its roots in the Inter-American Conference of Securities Commissioners, established in 1974 at the behest of the US Securities Exchange Commission (SEC). In 1984, this Conference was transformed into a 'global cooperative body'. A permanent IOSCO secretariat was established in Montreal in 1987 (now in Madrid) and IOSCO was incorporated under private Quebec parliamentary law.[53] IOSCO, in contrast to the Basel Committee, was structured as a more universal type of association, having 114 'ordinary', voting members (securities commissions or the country equivalent); 11 non-voting 'associate' members (other regulatory bodies having interests in the securities markets); and 74 non-voting, 'affiliate' members (self-regulatory bodies - SROs and international organizations having an interest in securities regulation). Noteworthy, IOSCO has four regional committees and a two-track, interconnected operational committee structure that attends to industrialized country concerns and emerging market concerns.[53] The objectives of IOSCO are 'to cooperate together to promote high standards of regulation in order to maintain just, efficient and sound markets; to exchange information on their respective experiences in order to promote the development of domestic markets; to unite their efforts to establish standards and an effective surveillance of international securities transactions; to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offenses'. [54]

IOSCO is widely recognized as the ISSB for securities regulation. Since the late 1980s, it has issued over 300 policy documents covering a broad range of securities market subject-matter such as capital adequacy, money laundering, securities fraud, information sharing, MoUs, financial and non-financial disclosure, auditing and accounting standards, financial conglomerates, market risks, derivatives, asset management, market failures, market intermediaries, non-compliant regimes, and so on.[55] The most notable of these policy documents are the NIFA-I 1998 (as revised) 'Objectives and Principles of Securities Regulation'[56] and the 2002–2005 Multilateral Memorandum of Understanding (MMoU),[57] Discussed subsequently in this article, since the early 1990s, IOSCO has been a collaborative body with other ISSBs (for example, the Basel Committee, the IAIS and international accounting standard-setters referenced above) in areas of mutual concern. Further, as discussed above and below, since the mid-1990s IOSCO was a member of the informal 'Tripartite Committee' (in late 1990s turned into the 'Joint Forum'), along with the Basel Committee and the IAIS, with respect to financial conglomerates.

As to the IASI, this 'network body' was formed independently in 1994. One can only speculate that the success of the Basel Committee and IOSCO during the late 1980s and early 1990s and the rise of financial conglomerates in the 1990s had at least some indirect run-on effect for the various domestic insurance supervisors (with the support of significant elements of the private insurance industry) to mobilize into a global forum. Today, the IAIS represents domestic insurance regulators and supervisors of approximately 190 jurisdictions (including 57 US jurisdictions) and has over 100 'observers' from the public and private sector. The IMF, World Bank and Organization for Economic Cooperation and Development (OECD) are members of the IASI. As mentioned above, from its earliest days, it collaborated closely with the Basel Committee and IOSCO (for example as to Joint Forum). Particularly, since the late 1990s, as a run-up to and a part of NIFA-I, the IASI has issued a broad range of principles, standards and guidances, which is now embodied and mapped out since 2007 into a 'Common Framework'. It also conducts a major Annual Conference 'where supervisors, industry representatives and other professionals discuss developments in the insurance sector and topics affecting insurance regulation'.[58] The IASI is now listed by the IMF/WB/FSB as one of the major financial sector ISSBs.[59]

The G-7, in 1989, established an informal 'network' body, which came to become the ISSB to deal with anti-money laundering issues (and later also counter-terrorism financing). Dubbed the FATF, this body initially was a rather obscure and non-transparent 'network' body, lightly staffed in small quarters at the OECD in Paris. However, with the rise of importance of AML and CTF to the financial sector, the FATF became of increasing institutional significance, coming to intersect with the other financial sector ISSBs and with the IMF and World Bank as to their Financial Sector Assessment Program (FSAP) initiative discussed below. As such, the FATF would become a major component of the NIFA-I framework as a financial sector ISSB.[60]

The FATF itself has given rise to two other interlinking networks: one public (the Egmont Group of Financial Intelligence Units)[61] and one private (The Wolfsburg Group, 'an association of eleven global banks, which aims to develop financial services industry standards, and related products, for Know Your Customer, Anti-Money Laundering and Counter Terrorist Financing policies').[62]

Note on other supporting financial ISSBs and public and private international/regional financial institutions/bodies

In addition to the various ISSBs and networks/arrangements mentioned above, there were numerous other supporting ISSBs and public and private international financial organizations/bodies in existence by the time NIFA-1 was put into place by the late 1990s and that have contributed to the development of the NIFA-I framework.

Other public-related bodies

As to the 'Basel process', a biennial International Conference of Bank Supervisors was initiated in 1979 by the Basel Committee for the purposes of informing the bank supervisors/regulators from non-G-10 countries, including from the Developing World, with a view toward globally promoting the efforts of the Committee.[63] As well, beginning in the early 1980s, but more so in the early 1990s, regional, sub-regional and special groups of national bank supervisors/regulators were formed informally to consider how Basel Committee-based pronouncements could be translated into the particular region, sub-region or grouping.[64] These groupings were not a part of the Basel Committee itself, but they were often technically supported by the Committee. However, the importance of these satellite groups were not so much for providing upward feedback for influencing the Committees standards formulations, but for a top-down transmission of the Committee's industrialized country determinations.

Moreover, by the late 1980s and into the 1990s (as accelerated by the collapse of the Soviet Empire and the move of the new C.E.E. countries to market-oriented democracy), we see the intervention of the IMF, World Bank Group and regional development banks such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) in getting into the business of financial sector development and related law reform, through 'conditionality' and/or technical assistance.[65] In effect, these multilateral and regional institutions became informal transmitters of the standards/best practices being developed by the Basel Committee and other of the financial ISSBs. This would become even further broadened by the reform needs created by the Asian Financial Crisis (AFC) and subsequent crises (for example, Russia, Argentina, Brazil, Turkey, and so on) of the later 1990s and early 2000s.[66] In fact, as will be discussed below, the World Bank and the IMF, in their own respective rights and in addition to their standards transmission function, will (in the mid-late 1990s and early 2000s) become ISSBs as to certain subject-matter under NIFA-I as well as surveillors and assessors respecting a range of international standards.[67]

Further, the European Community/Union, through its elaborate 'acquis communitaire' program for the CEE countries to become associated with or to join the European Union, transmits its financial sector standards to these countries and to other EU 'associating countries' in the Wider Europe and the Mediterranean Region.[68] These EU standards were 'Basel compliant', as the seven of the EU members are part of the Basel Committee and the Committee maintained close contact with the EU Contact Group and Bank Advisory Committee (now the European Banking Committee).[69] Thus, this effected a further reconfiguration of the international financial standard-setting network(s).

Often forgotten, when considering the BW-I, the mid-1970s-mid-1990s post-collapse of the BW-I par value system and the NIFA-I, are two formal international institutions. One such institution preceded and survived the BW-I, the BIS.[70] The other institution was formed shortly following the Bretton Woods Conference in 1948 for the purpose of facilitating the US Marshall Plan, the Organization for European Economic Cooperation (OEEC), as later converted to a worldwide body in 1961 as the OECD.[71]

The BIS (the oldest international financial institutions, formed by treaty in 1930) was to be axed under the plans leading up to the 1944 BW-I conference because of its suspected links with the Nazi regime. However, it quietly limped along post-WWII, continuing as a banker to central banks and as a centre for economic and monetary research. For present purposes what is significant about the BIS is that it became the secretariat base for the Basel Committee and the other G-10 Central Bank Subcommittees referred to above, for other ISSBs (for example, the IAIS and in the 2000s the IADI[72]), and for the NIFA-I FSF (now Financial Stability Board-FSB) and the Financial Stability Institute (FSI). In effect, the BIS has become a centre for heightened international financial and monetary cooperation and a focal point for NIFA-I's financial stability agenda.[73]

As to the OEEC, it came into existence in 1948 as a result of Conference for European Economic Co-operation (the 'Conference of Sixteen') and was based in Paris. Its purposes included the promotion of European cooperation for the reconstruction of Europe, the fostering of intra-European trade, studying the feasibility of a European customs union or free trade area (setting the stage for subsequent European economic integration initiatives); studying the multi-lateralization of payments (which led to the creation of the European Payment Union in 1950), and achieving conditions for the better utilization of labour. In 1961, the OEEC was superseded by the OECD. Although promoted as a worldwide international institution rooted in treaty, the country membership of the OECD was limited to industrialized countries (currently 31) who espoused Western economic, social and political values.[74]

The mission of the OECD is: '(a) to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy; (b) to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and (c) to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations'.[75] Today, the OECD shares its expertise with a range of 70 developing and emerging market economies.[76] What is significant for this article is that the OECD has been an ISSB, over the past several decades, in a number of economic areas, through the issuance of codes, principles, guidelines, model conventions, treaties, recommendations and declarations. Areas of note for NIFA-I would be anti-corruption, corporate governance, pension funds and capital movement liberalization.[77] To date, the OECD has been viewed more as a 'think-tank' for a limited group of industrialized countries; though, as will be discussed subsequently, the G-7/8 and G-20 Leaders have come to utilize the OECD more broadly under NIFA-I and under the new G-20 Leaders framework.

Also, worthy of notation is the public grouping ('network') of the International Association of Insolvency Regulators (IAIR), formally created in 1995 and informally commenced in 1993. This 'network' organization is 'an international body that brings together the collective experiences and expertise of government insolvency regulators from jurisdictions around the world', with the IMF and World Bank also as members. Recognizing that 'effective and efficient procedures for dealing with financial failure are essential for maintaining confidence in financial markets, encouraging enterprise, underpinning investment and economic growth and supporting business and consumer credit', the IARI 'aims to promote liaison and co-operation and provides a forum for discussion amongst insolvency regulators. The Association thereby contributes to a wider understanding of insolvency issues, procedures and practices and the development of approaches that reflect the different legal, socio-economic, historical, cultural and institutional frameworks of the countries from which members come'. Although not an ISSB, the IARI does collaborate actively with the World Bank and other intergovernmental and governmental bodies and with the global private insolvency law community (for example, INSOL).[78]

Private supporting bodies

As to supporting private international financial bodies, in addition to the various private international accounting bodies referred to above, there are other private-based bodies and 'networks' that have come to intersect with NIFA-I: each of which separately and randomly have evolved. These would include but not be limited to the following:

- the Group of Thirty, a private, non-profit body of experts formed in 1978 whose purpose is 'to deepen understanding of international economic and financial issues, to explore the international repercussions of decisions taken in the public and private sectors, and to examine the choices available to market practitioners and policymakers';[79]
- the Paris (official creditors)[80] and London Clubs (commercial bank creditors) which came into existence in the 1980s respecting international debt restructurings;[81]
- the International Swap Dealers Association (ISDA), a global financial trade association formed in 1985 that represents participants in the privately negotiated derivatives industry and that has come to set the international standards for swaps-derivatives contracts and practices; [82]
- Transparency International (TI) formed in 1993 as a 'global civil society organisation leading the fight against corruption';[83]
- Institute of International Finance, formed in 1983, is the world's only global association of private financial institutions;[84] and
- International Capital Markets Association (ICMA) has its organizational roots going back to 1969 as a result of the rise of the Euromarkets; took its present name in 2005 via merger between the International Primary Market Association (IPMA) and the International Securities Market Association (ISMA, formerly the International Association of Bond Dealers); and is a self-regulatory organization, trade association and standard-setting body for participants in the capital markets, with a focus on Europe.[85]

Thus, by the time the NIFA-I came to the forefront of global bank/financial system policy determination in the late 1990s, a broad range of ISSBs and supporting institutions and instruments were in existence, largely on an *ad hoc* and random basis; and the foundation for 'international bank and other financial supervisory standards' and their implementation and assessment was in place.

NIFA-I's 'INSTITUTIONAL' CORE 'ARCHITECTURE' – THE G-7 (LEADERS) AND G-7 (FINANCE MINISTERS AND CENTRAL BANK GOVERNORS) – 1995–1998[18]

Although some might discount the role and effectiveness of the G-7/8 in setting out the 'rules of the road' for the international/global financial system, this author would take the position that beginning in the mid-1990s, the G-7/8 became the key coalescing and directive, informal intergovernmental forum/network for the fleshing out and direction of NIFA-I.[86] The driving factor here was the perceived fragility of the financial systems of the emerging markets and transitioning countries and the search for crises and contagion prevention. As, it came to be, there was the 1994–1995 Mexican financial crisis, followed by the AFC in 1997–1998 (Thailand, South Korean and Indonesia), Brazil, Russia, Turkey and Argentina and a series of lesser country financial crises.[87]

In fact, the G-7/8 can be said to have invented the notion of a 'New International Financial Architecture' in the mid-1990s.[88] Yet, the NIFA was a misnomer of sorts as there really had not existed any 'old' international financial architecture since the collapse of the original Bretton Woods system in the early 1970s and as the efforts of the IFIs in the 1990s were not successful in staving off financial crisis and related contagion in the emerging and transitioning economies.[89] This being said, NIFA-I, as it has unfolded over the past decade plus, has endeavoured to coordinate and to direct a wide grouping of different, though related, international bodies that had their own 'mandates', 'jurisdictions' and 'powers': (i) multilateral agencies (IMF, WB, BIS, OECD); (ii) policy formulation groups (G-7/G-8, G-10, G-20) and (iii) international regulatory and standard setting authorities and arrangements (IFAs) (Basel Committee, IAIS, IOSCO, IASC, JF, FATF, FSF).[90]

In addition, in various and increasing ways, NIFA-I has brought into the 'equation' the private financial industry sectors. As such, arguably, NIFA-I might be viewed as an evolving policy construct in progress, moving towards a new 'governance structure' and reflecting a 'public-private partnership' among governments, financial sector authorities, international financial institutions and private international financial institutions in the search for grounding a stable, but viable global financial environment. The main focus of this 'public-private partnership' has come to be, for the most part, on *global financial stability* issues and on deepening financial markets, but not (until most recently) on financial inclusion or the meeting of global economic-social development needs.[91] Nor was NIFA-I, as conceived, about coordination with the financial services liberalization regime developing under the WTO or the development-financial sector construct of the World Bank Group; though, as will be discussed below, there appears to be some such developing coordination under the new G-20 Leaders Growth Framework.

The G-7 – 1975–1990 (including creation of FATF as an ISSB)

In reviewing the annual intergovernmental *Communiqués* of the G-7 Heads of State and Finance Ministers from the 1975 until the mid-1990s, one will note, by conspicuous absence, that the financial sector infrastructure (including its legal dimensions) is left largely unattended. Macro-economic issues of global significance were the rule of the day for the annual agendas. Monetary stability and not financial stability was the focus, along with other macro-issues of growth, inflation, employment, fiscal responsibility and multilateral trade and investment liberalization. Energy issues came to the forefront when energy crises developed, and in the mid-1980s environmental issues became a regular agenda item. The Third World Debt Crisis of the 1980s was considered as being adequately dealt with by the debtor countries, the IFIs and the private commercial lenders under an 'international strategy' which was effectively an *ad hoc*, case-by-case approach. Statements on anti-terrorism began to arise in the early 1980s, and anti-money laundering in the late 1980s and early 1990s, and later in the 1990s concerns for anti-corruption came on-stream.[92]

Arguably, the most significant contribution of the G-7 to the 'international financial architecture' during the 1975–1990 period came in 1989 at its Paris Summit, when the G-7, in light of increasing concerns over money laundering, called for the creation of the Financial Action Task Force on Money Laundering (FATF)'.[93] As mentioned above, the FATF was to become a recognized ISSB in 1999 and a part of the NIFA-I framework considered below.[94]

Initiation of the NIFA-I architecture: The 1995 Halifax and 1996 Lyon Summits

Beginning in the mid-1990s, 'financial stability' concerns came centre stage for the G-7, though initially this was primarily in a macro-economic context: concerns for increased liquidity for the international financial system and greater transparency for financial markets, their participants and for the IFIs themselves also become major concerns. The first near-direct reference of the G-7 to financial sector legal reform is a one-sentence passage in the 1992 Munich Summit *Communiqué* referencing the need in the newly 'transitioning' Central and Eastern European countries for a 'dependable legal framework for private investors'.[95]

It is not until the 1995 Halifax G-7 Summit and the 1996 G-7 Lyon Summit that the foundation for NIFA-I was laid and not until the Denver (1997), Birmingham (1998), Cologne (1999) and Okinawa (2000) Summits that the NIFA-I begins to be fleshed-out more fully.[96] With the unexpected 1994 non-sovereign debt Mexican financial crisis, it began to become apparent that financial infrastructural issues on more than an *ad hoc* basis was in order.[97] At the 1994 Naples Summit, the G-7 Heads of State made financial sector reform issues a major agenda item for its 1995 Halifax Summit.[98]

The 1995 Halifax Summit did address the issue of financial system crises in light of the 1994 and subsequent 1995 Mexican financial crises. However, the primary attention of the Heads of State was on 'the growth and integration of global capital markets [which] have created both enormous opportunities and new risks'. It was agreed that 'an improved early warning system so that we can act more quickly to prevent or handle financial shocks', was needed. Such a system (EWS) was viewed as including 'improved and effective surveillance of national economic policies and financial market developments and fuller disclosure of this information to market participants'. The IMF was given this mandate, along with establishing a new 'Emergency Financing Mechanism' for greater international liquidity.[99] Thus as early as 1995, the IMF was directed more into developing EWSs and in heightening surveillance mechanisms.

Down the line of priorities, but of great significance for the financial sector reform area, the Halifax *Communiqué* states: 'Closer international cooperation in the regulation and supervision of international institutions and markets to safeguard the financial system and prevent an erosion of prudential standards'. To this end, the G-7 encouraged a 'deepening of cooperation among regulators and supervisory agencies' in order to help ensure 'an effective and integrated approach, on a global basis' so as to foster the 'safeguards, standards, transparencies and systems necessary to monitor and to contain risks'.[99] In addition, the G-7 Finance Ministers were directed to prepare a study derived from the international organizations responsible for banking and securities regulations (that is, the Basel Committee and IOSCO) for the 1996 Lyon Summit.[100] The G-7 also noted that 'international financial fraud is a growing problem'.[101] These recommendations were largely taken from a relatively abbreviated 'Background Document' comprising a 'Review of the International Financial Institutions'.[102] The over-arching context for these recommendations was that of the global financial system environment and related international institutions/arrangements as they might pertain to financial crises and their containment.

The implementation of the G-7 financial sector reform were assigned to a group of disparate IFIs/IFAs, primarily to the IMF and the World Bank (and to a more limited extent, the OECD), which were directed to engage in increased cooperation.[103] In effect, both the IMF and the World Bank were thrust into embracing new mandate territory; and, though fundamentally different institutions and 'cultures' with different institutional original mandates, they were directed to undertake 'cooperative' efforts in this new mandated area of financial sector reform. The different, but related Bretton Woods I sister institutions and the OECD were being asked to participate in new tasks and to try to do this jointly.

In any event, G-7/8 'marching orders' were being put in place for the IFIs, with increasing emphasis on institutional cooperation. At the Lyon Summit in 1996, the G-7 Heads of States and Finance Ministers were still concerned primarily with macroeconomic issues facing the international financial community: more effective macroeconomic surveillance, greater international system liquidity, closer cooperation as to exchange markets, and the increased strengthening of EWSs for financial crisis prevention. However, they also gave considerable attention to 'better prudential safeguards in international financial markets'.[104]

The G-7 Finance Ministers were impressed with the work over prior years by the Basel Committee and IOSCO on developing 'international standards for prudential supervision' of banks, securities firms and markets and payments and settlements systems. The Ministers particularly approved joint Basel Committee/IOSCO work on 'market risk' and capital adequacy, derivatives and futures exchanges - all sophisticated area of concern for the industrialized countries. The Ministers also recognized the cooperation among the bank, securities and insurance supervisors through the Joint Forum (JF) and recommended better vehicles for increased institutional cooperation.[105] With hindsight, one can see from this thread the subsequent increased importance and spread of 'international standards and codes' and the later formation in 1999 of the international standards coordinator, the FSF.[106]

G-7 and fleshing-out of NIFA-I: 1997–1999

At the 1997 Denver Summit, the G-7 Heads of State and Finance Ministers again kept 'financial stability' centre stage, issuing a 'Final Report on Financial Stability'.[107] Greater cooperation among supervisors of internationally active supervisors and among the IFI is further encouraged. The issue of corruption and anti-terrorism also become main subjects for consideration. Focus was as to the wider transmission of the new Basel Committee's 1997 *Core Principles* (subsequently to be revised as of 2006) on bank supervision to these countries.[51]

At the May 1998 Birmingham Summit, the G-7 Finance Ministers delivered a report to the G-7 Heads of State and Government entitled 'Strengthening the Architecture of the Global Financial System'. This report identified five key areas in need for action: 'enhanced transparency; helping countries prepare for integration into the global economy and for free global capital flows; strengthening national financial systems; ensuring that the private sector takes responsibility for its lending decisions; and enhancing further the role of the International Financial Institutions and co-operation between them'.[108] This report also outlined the implementation steps to be taken in going forward with each of these areas and identifies other areas for attention.

The G-7 Finance Minister Reports in Cologne (June 1999) and Okinawa (June 2000) specifically followed up, in some detail, on the following NIFA components[109]:

(i) strengthened macroeconomic policy for emerging economies; (ii) strengthened and reformed IFIs (in particular the IMF); (iii) accurate and timely informational flows and transparency; (iv) strong financial regulation in industrial countries; (v) strong financial systems in emerging markets; (vi) exchange rate policies; (vii) sound accounting standards;

(viii) legal infrastructure; (ix) corporate governance; (x) anticorruption/money laundering; (xi) technological innovation/adaptation; and (xii) risk management.

An integral dimension of all this would be a significant 'law-based dimension' evolving around 'global principles and standards setting' of the following[110]: banking regulation; capital markets regulation; insurance supervision; corporate governance; financial conglomerates; payment, settlement and custody mechanisms; pension funds and collective investment schemes; and, accounting and auditing standards. Addressed but not adequately so (in the view of this author) by the Finance Ministers as to NIFA-I were such matters as exchange rate stability, short-term capital flows, regional responses to financial crises, reform of the IFIs, offshore centres and highly leveraged institutions ('HLIs'). Other relevant matters that were not really addressed included major moral hazard issues (for example, deposit insurance), interaction of international prudential standards and the WTO/GATS financial services liberalization process, social safety net component issues, and consolidated, supervision of global banks and banking/financial organizations, and financial conglomerates.

With respect to the June 2000 Okinawa Summit, the G-7 Finance Ministers delivered a further report: 'Strengthening the International Financial Architecture'. The report noted, with much support the recent creation of the FSF and the G-20 to help support the new architecture. More specifically, the report primarily focused on reform of the IMF, including enhancement of its surveillance functions and its lending facilities.[111]

From 2000 to 2008,[112] the G-7/8 appears to be absorbed by a proliferating range of international political and security crises. As to financial sector reform, the use of FSAPs and greater IFI cooperation is encouraged and there is increased concern as to financial crimes, corruption and fighting terrorism financing. Debt relief for the poorest countries gained further and more detailed traction with the 2005 Gleneagles Summit. It is with the 2008 G-7/8 Summit that the current GFC comes on the G-7/8 agenda, a matter that will be discussed later in the next two major parts of this article.

NIFA-I's 'INSTITUTIONAL' CORE 'ARCHITECTURE': G-20 FINANCE MINISTERS, FSF AND IMF[18]

The NIFA-I picture that unfold as of 2000 is one driven by the G-7/8 Leaders and the G-7 Finance Ministers (and also its Central Bank Governors).The NIFA-I becomes largely concerned with financial crisis prevention and financial stability primarily through enhanced surveillance, transparency, information sharing, international standard setting and EWSs In this context, in 1999, (i) the G-7/8 creation of the FSF as an umbrella oversight-coordination network of the international financial standard-setters, (ii) the IMF/World Bank (at the encouragement of the G-7) creation of its joint FSAP and Report on Observance on Standards and Codes programmes (ROSC),[113] (iii) the G-7's continuing efforts to effect IMF reforms, and (iv) the G-7/8 creation of a broader representative body of Finance Ministers and Central Bank Governors in the form of the G-20 Finance Ministers was of major importance as to the culmination of NIFA-I and providing the foundation for launching an NIFA-II in 2008.

Establishment of the G-20 (Finance Ministers and Central Bank Governors)

Since at least the early 1970s, there has been an ongoing jockeying among the nation states, within the UN, the WTO and the IFIs/IFAs, as to the appropriate country representation within formal and informal international institutions/arrangements.[114] Although this complex subject is without the scope of this article and would have to be analysed within each given context, I mention this as this same general tension has filtered into the *de facto* political realities concerning many of the IFIs/IFAs discussed in this article. The Basel Committee attempted to deal with this through the use of various, related but independent 'satellite committees'; IOSCO dealt with this internally through a two-track, but interdependent industrialized-developing country organizational format; and the G-7 expanded to a G-8 (except for financial matters which stayed at a G-7 level) in the mid-1990s and in the late 1990s and 2000s began inviting (based on subject-matter) guest 'observer' countries, institutions and parties.[115] Often this question of 'representation', which effectively translates into a question of governance 'legitimacy' (power), centred around North-South oppositional dialogue.[116]

But, as to the G-7, post-AFC, it became apparent that none of the member countries wanted a new international economic organization; though, the United States harboured ambivalent concerns that for global financial and other significant global matters, the G-7 was too Euro-centred and was not enough emerging market-oriented (the area where financial crisis and related contagion was thought to have arisen and to be most likely to reoccur). Also, there was ambivalence among the United States and the other G-7 countries that the IMF and WB missed the mark in trying to resolve the AFC; so, there was not much governmental excitement about putting the IMF/World Bank in charge of the new NIFA-I that was unfolding since the 1995 G-7 Halifax Summit.[117]

The Asian Pacific Economic Council (APEC) (yet, another transnational network), at its November 1997 meeting in Vancouver and at the encouragement of President Clinton, formed an *ad hoc*, interim Group of 22 Finance Ministers and Central Bank Governors.[118] This group's mandate was to focus and to prepare reports on strengthening the international financial system, accountability and transparency, and prevention of financial crises. This informal group comprised the G-7, plus the following 15 additional members: Argentina, Australia, Brazil, China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Mexico, Poland, Russia, Singapore, South Africa and Thailand. This group first met in Washington, DC in April 1998 and again in October 1998. The G-22 reports were taken on board by the G-7 Finance Ministers at their fall 1998 meeting.[119]

As a run-on to upcoming June 1999 Cologne G-7 Summit and as a follow-on to the G-22 and its series of reports, an interim Group of 33 was formed to replace the G-22. At the June 1999 Cologne G-7/8 Summit, the Finance Ministers, after establishing the FSF and the IMF's 24-member IFMC (replacing the prior Interim Committee), called for 'the commitment to work together to establish an informal mechanism for dialogue among systemically important countries, within the framework of the Bretton Woods institutional system'.[120] This set the stage for the formation, later in 1999, of the more permanent G-20 Finance Ministers network.

In September 1999, the G-7 Finance Ministers formally announced the establishment of the Group of 20-Finance Ministers as the successor to the G-22/G-33.[2] To comprise the G-20, the following G-33 countries were omitted: Belgium, Chile, Côte d'Ivoire, Egypt, Honk Kong, Malaysia, Morocco, the Netherlands, Poland, Spain, Sweden, Switzerland and Thailand (keeping in mind that Hong Kong, the Netherland, Singapore and Switzerland were made members of the FSF). Thus, the final composition of the G-20 was to be as follows: the G-7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States), plus Argentina, Australia, Brazil, China, India, Indonesia, Korea, Mexico, Russia, Saudi Arabia, South Africa and Turkey. In effect, this is a 'G-19' unless you include the EU representation through the EU Presidency (if not a G-7 member) and the European Central Bank (ECB). In addition, the following four institutional representatives are *ex officio* members of the G-20: the IMF managing Director, the Chair of the IMF IMFC, the Chair of the IMF Development Committee and the President of the World Bank, thus connecting the G-20 with the 'Bretton Woods institutional framework', but not putting these IFIs at the helm. The 19 member countries were drawn from the 'systemically important' industrialized countries and emerging economies, and represent approximately two-thirds of the world's population, 80 per cent of world trade and 90 per cent of world's GDP.[121]

The G-20 (Finance Ministers)'s mandate was to be 'an informal forum that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international financial institutions, the G-20 helps to support growth and development across the globe. The G-20 was created as a response both to the financial crises of the mid-late 1990s and to a growing recognition that key emerging-market countries were not adequately included in the core of global economic discussion and governance'.[122] Ironically, it appears that although 'financial stability' (that is, crisis prevention and resolution) was a main focus of the G-20 (Finance Ministers) during its first four years, this focus appears to have run its course by 2004–2005, when broader financial and economic issues came to dominate the Group's agenda.[123] Now, with the GFC and the holding of the Washington, DC November 2008 Summit meeting within the rubric of the G-20 (though on a Heads of State level), the focus shifted back to financial stability in a much more intense and broader fashion.[124]

Procedurally, the G-20 (Finance Ministers) was designed after the informal G-7 (Finance Ministers) format, rather than after that of a formal IFI.[125] The Group was to be comprised of the finance ministers and central bank governors of the respective member countries (the G-7 was a Leaders grouping with a sub-ministerial grouping), with a deputy system being used as needed.[126] There would be no formal secretariat: administrative matters would be handled by the meeting host and then passed on to the next host. There would be no constituent document, formal structure or formal process. There would be annual meetings of the ministers and two additional meetings of the deputies (often in the form of workshops or seminars). Members would be considered equal: there would be no formal voting. Group positions would be by consensus. Members are actively encouraged to provide their input and to discuss/debate actively - all within a collegial environment.[127] To ensure continuity in face of the annual Chair turnover, the G-20 has instituted a unique 'Troika', comprising the current, most recent past and the next Chair.[128]

The G-20 (Finance Ministers) was conceived as a complement to the G-7 (Finance Ministers), not as a replacement. Although the G-20 finds its origin from the G-7 and the G-7 countries are a core component of the G-20, there does not appear to be any formal intersection of the two Groups. A review of the various Communiqués of the G-7 (Finance Ministers) and G-20 (Finance Ministers) since 1999 does not reflect any priority of one Group over another or that the G-20 (Finance Ministers) had to report to and be accountable to the G-7.[129] This being said, there appears to be a *de facto* interdependence between the two Groups.

The primary, but not sole function of the G-20 (Finance Ministers) was to consider global and emerging market financial matters and otherwise to assist in overseeing the international financial system post-AFC and the implementation of NIFA-I.[130] Looking at the context and circumstances under which the G-20 was established by the G-7 (Finance Ministers), it appears that the G-7 Finance Ministers wanted a body representing the consensus views/input of the G-7 countries, certain other industrialized countries and of the main emerging economies when looking at how best to put into place NIFA-I as called for by the Cologne 1999 G-7 Summit and otherwise on global economic and financial issues of common concern. The G-7 Finance Ministers were not off-loading entirely the NIFA-I responsibilities onto the G-20; but, it does seem that the G-20 (Finance Ministers) was to be a key network in addressing NIFA-I on a go-forward basis.[131]

As mentioned above, the governmental level of the G-20 was to be at the ministerial/deputy ministerial level. The G-7/8, which is constituted at the Leader level (with a supplementary Ministerial level) would remain the primary global economic policy formulator and director; and, the G-20 (Finance Ministers) would take on NIFA-I related tasks and other assignments agreed to by this new larger grouping. The G-20 (Finance Ministers) would be distinct from the IMF, World Bank Group and the FSF, but would be interconnected with the two Bretton Woods institutions and would actively cooperate/collaborate with the FSF.

When looking at the efficacy of the G-20 (Finance Ministers)'s endeavours as to NIFA-I, one can see that this group did provide meaningful input from 1999 through 2004, when the G-20 and G-7 thought the imminence of GFC has been dealt with adequately. During this initial five-year period, the G-20 made significant NIFA-related contributions as to the following: (1) commitment to and promotion of the IMF/World Bank FSAP and ROSC initiatives, with the concomitant results of supporting the various international codes and standards; (2) cooperation with the FSF; (3) work on sovereign debt restructuring, in particular as to the use of bond collective action clauses (CACs) and voluntary capital markets codes of conduct; (4) work on sustainable exchange rate arrangements and on sequenced capital control liberalization; (5) efforts to meaningfully involve the private sector in financial crisis prevention; (6) efforts to combat financial abuse (for example, money laundering and post 9/11 also terrorist financing) in support of market integrity as a precondition to financial stability; (7) fostering of better crisis prevention/resolution mechanisms, such as prudent asset-liability management, adoption of codes and standards, greater transparency, effective and accountable IFIs, and enhanced worldwide surveillance and EWSs; and (8) the role of 'institution building' in the financial sector.[132]

But, the G-20 (Finance Ministers) also, from the start in 1999, was concerned generally with how best to integrate the emerging economies into the globalization processes underway in the world economies and financial systems.[133] Also, with the UN's 2000 Millennium Development Goals (MDGs) project[134] and the ensuing UN Heads of State Conference in 2002 in Monterrey, Mexico (the Monterrey Consensus),[135] the G-20 (Finance Ministers) began to explore major issues entailed with 'financing for development' and the MDGs. In addition, in 2005, we see the G-20 (Finance Ministers) starting to focus on 'balanced and orderly world economic development', which included consideration of the volatility in oil and other commodities prices, completion of the WTO Doha (developing country) round of negotiations, a sustainable growth agenda, the internal governance reform of the IMF and World Bank (for example, quota arrangements, representation/legitimacy, effectiveness and accountability issues), review of IMF's role and facilities respecting emerging economies, energy security and nature of development aid programmes.[136]

It was not until the fall of 2007 that the G-20 (Finance Ministers) (as with the G-7-Finance Ministers) became sanguine that a significant global economic/financial disruption was on the horizon. Emphasis was replaced on 'financial stability' and 'the need for greater effectiveness in financial supervision as well as to increase transparency among financial intermediaries'. The G-20 became aware that the 'nature of recent financial turbulence also suggests that there may be important new lessons for understanding the origins of crises, the way financial shocks are transmitted; and the respective role of regulators, rating agencies, the private sector and the international financial community'. In addition, there would be heightened focus on reform of the Bretton Woods-I sister financial institutions of the IMF and World Bank, a matter which in fact (as mentioned above) had been on the G-20's agenda at least since 2005.[137]

FSF: International oversight and coordination[138]

As referenced above, in order to foster robust and stable international financial markets – especially subsequent to the 1990s crises in Mexico, Asia, South America and Russia – the FSF was set up by G-7 Finance Ministers and Central Bank Governors in February 1999, with its first meeting held in April 1999. Political concern for financial stability had been rising and it has been consequently on the agenda of G-7/8 Summits since 1995. The primary purpose of the FSF was 'to promote international financial stability through information exchange and international co-operation in financial supervision and surveillance'.[139]

In response to a growing voice for the need of a international coordinating body for financial stability, and a recommendation by the British Chancellor of the Exchequer, Gordon Brown, Hans Tietmeyer, President of the Bundesbank, was commissioned by the G-7 Finance Ministers at their October 1988 meeting in Washington, DC, as a follow-up to concerns expressed at the 1998 Birmingham Summit, to report on ways to strengthen the international financial system.[140] In recognition of these recommendations, the G-7 at its 1999 Cologne Summit reaffirmed that better processes are needed for the monitoring and promotion of financial stability in the international financial system. This depended, in part, upon increased sharing of information and establishment of a proper policy-coordinating vehicle. In this context, the G-7, in its Cologne Report, recognized the importance of the newly formed FSF by the G-7 Finance Ministers earlier in 1999.[141]

The FSF comprised a main forum and utilized various *ad hoc* working groups. The FSF contained a mixed membership comprising 42 representatives as follows: 26 senior representatives of national financial authorities (for example, central banks, supervisory authorities and treasury departments) from Australia, Canada (3), France (3), Germany (3), Hong Kong SAR, Italy (3), Japan (3), the Netherlands, Singapore, Switzerland, United Kingdom (3) and United States (3); six IFI representatives (IMF-2, WB-2, BIS, OECD); seven representatives of international regulatory and supervisory groupings (Basel Committee-2, IOSCO-2, IASB, IAIS-2; two representatives of committees of central bank experts (CPSS and CGFS); and the ECB. Mr Mario Draghi, Governor of the Banca d'Italia, was chairing (in his personal capacity) the FSF in 2009, at the time of the conversion of the FSF to the FSB, and he remained Chair of the FSB. The BIS provided the FSF with a small secretariat in Basel (and now the FSB with an enlarged one).

The general original mandate of the FSF was to strengthen the surveillance and supervision of the international financial system. More specifically, the original FSF's mandate was:

1. to assess vulnerabilities affecting the international financial system;
2. to identify and oversee action needed to address these; and
3. to improve coordination and information exchange among the various authorities responsible for financial stability.[142]

The FSF worked under a broad and flexible agenda for strengthening financial systems and the stability of international financial markets. However, the necessary changes were enacted by and through the relevant national and international financial authorities. The FSF held bi-annual plenary meetings and met otherwise as needed (in person or through teleconferences). From 2001 to 2008, the FSF also conducted regional meetings with non-member financial authorities in the Latin-American, Asia-Pacific and CEE regions.[143]

IMF reforms: Surveillance, consultations, ISSB, assessment and EWSs

The three primary, current functions of the IMF are surveillance, lending and technical assistance.[144] Over the years, these functions have been revised from time to time, 'consistent' with the IMF's mandate under its Articles of Association.[145] Subsequent to the breakdown of Bretton Woods I in the early 1970s, particularly during the 1980s with an array of sovereign debt crises and during the 1990s with certain CEE, the 1994–1995 Mexican crisis, the Asian crisis and the Brazil-Turkey, Russian-Argentina crises, it became apparent that microeconomic institutional and structural issues had considerable impact on countries abilities to effect sound macro-economic and exchange policies. It is during these past three decades and currently that the Fund had been adrift in search of a relevant mission(s).[146]

As a result, the Fund has become a 'multi-product' IFI. For example, the Fund has created a distinct place in the areas of financial sector reform, financial stability and crisis prevention through its 'transmission' of various international financial standards via its technical assistance and facility 'conditionality' functions.[147] In this connection, since 1994, with the Mexican financial crisis and particularly with the subsequent AFC, the G-7 Finance Ministers (and now also the G-20) have consistently pressed the IMF to increase technical assistance and to provide enhanced surveillance for purposes of an effective EWS and otherwise more generally for crisis prevention.[148] Also, under G-7 pressure/direction, the Fund became an ISSB itself.[149]

Surveillance/consultation/EWS

The IMF surveillance role under its Bretton Woods-I mandate pursuant to Article IV of the Fund's Articles was rather narrow, was on a bilateral basis, and was limited to macroeconomic matters and monetary matters such as balance of payments and exchange rate issues. As this has expanded into the financial sector and financial crisis prevention areas, we see the Fund developing and enhancing a series of 'tools' under Article IV.[150] As discussed above, the joint IMF/World Bank FSAP programme and ROSC initiative are geared more to promoting longer-term financial sector reform than to crisis anticipation. As to crisis anticipation, the IMF has come to rely on bilateral country consultations and surveillance,[151] a range of 'financial soundness indicators' (included as part of FSAP programme),[152] multilateral surveillance involving ongoing analysis of global and regional trends,[153] multilateral consultations on global imbalances,[154] various EWS models,[155] and data quality and dissemination frameworks.[156] Although the IMF had begun to develop capacities in providing enhanced surveillance and EWS models, the efficacy of these remained problematic.[157] For instance, the Fund cannot operate in isolation and at the end of the day the policy-makers and implementers are on the national level.

FSAP programme

Also coming out of the Birmingham and Cologne G-8 Summits were mandates for the IFIs concerning both the internal evaluation of the effectiveness of their IFI reform programmes/projects and more broadly to develop assessment mechanisms concerning the condition of the financial sector as a whole and recommendations for reform. The policy thought is that identification of financial system strengths and vulnerabilities will help promote financial stability and to reduce the potential for crisis. These mandates had led to the enhancement of IMF surveillance mechanisms, to the establishment of independent internal offices, and to the establishment of a joint IMF-World Bank *Financial Sector Assessment Program (FSAP)*, beginning with a joint pilot programme in 1999.[158] Functionally, an FSAP is requested voluntarily by a country and is normally effected over several joint IMF-World Bank team missions. Upon completion, the team prepares an *aide-memoire* presenting the findings. This non-published, confidential document will be used by the IMF to prepare a Financial Sector Stability Assessment (FSSA) for presentation to its Executive Board, and is often used also in connection with the Fund's surveillance role under its biennial 'Article IV consultations'. The Bank staff will use the aide-memoir to put together a Financial Sector Assessment (FSA) for its Executive Board.

The FSAP itself entails three main components: (i) systematic analysis of financial soundness indicators (FSIs) and stress tests; (ii) assessments of standards and codes; and (iii) assessment of the broader financial stability framework, including systemic liquidity arrangements, governance and transparency, and financial safety nets and insolvency regimes. The FSAP work has come to support the IMF's role in the standards and code area and to support the World Bank's development efforts (particularly as to technical assistance), including as to its Country Assistance Strategies (CAS). The FSAP is separate from but substantively linked to the IMF's role as to Reports on Observance of Standards and Codes (the ROSC initiative).[159] In recent years, the Fund and Bank have been attempting to integrate the FSAP, FSA and ROSC processes into its evolving development agenda.

For present purposes, the FSAP, along with the ROSC and the new FSB 'peer review' programme[160] become key components of the G-20 Leaders post-GFC reform efforts.

NIFA-II – BRETTON WOODS II AGENDA: A NEW GLOBAL GOVERNANCE FOR THE INTERNATIONAL FINANCIAL SYSTEM?[161]

Since the G-7/8 became the paramount coordinator, policy determinate and general director for NIFA-I (á la the 1995 Halifax and 1999 Cologne Summits), the 'international policy and administrative' efforts of the various informal global financial regulatory networks and collaborating IFIs (discussed above) in fleshing out NIFA-I initially focussed on the formulation of 'international standards' and on domestic financial sectors and related legal infrastructural reforms of domestic emerging, transitioning and developing economies. Turning the corner into the current Millennium, this NIFA-I process, from 2000 to 2008, goes from standard-setting to implementation and assessment; though upgrading existing international standards and creating new such standards and ISSBs remains an ongoing objective.[162] However, no one then or even now was prophetic enough to propose seriously a comprehensive financial sector/system reform package that would factor in relevant developmental, trade and investment objectives; and, no one really interconnected the NIFA emerging country focus with comparable focus on the financial systems of the highly industrialized economies, which (as events came to be) were themselves highly fragile and the source of the GFC.

But, as with much of the international, regional and domestic financial sector/markets reform over the past several decades, it takes a major crisis for fundamental reform to occur, with such reform being largely reactive. So it has been with our current GFC, and the ensuing call by French President Sarkozy and British Prime Minister Brown, in 2008, for a 'Bretton Woods II conference'.[10–14]

The first G-20 Leaders Summit – Washington, DC

While the initial idea of the British and French, President Bush and his Treasury Secretary, Henry Paulson, quickly took over this project of a GFC conference/summit. Though neither Bush nor Paulson had any grand global vision, though President Bush was in 'lame-duck' status awaiting a change in presidency in a couple of months, and though they were intensely focused on major and complex domestic GFC-related legislation, they did determine that the ultimate objective of this conference/summit (with a series of follow-up summits) was to come up with a set of agreed 'principles' for the management of the global financial system. Originally conceived as a G-7/8 venture, it became apparent that other 'systemically important' countries needed to be participants. Initial talk within US-European-Japanese circles was about a 'G-7 plus', possibly another seven countries. Although resisted initially on the rationale that the larger the group size the harder to gain a consensus, President Bush and the British ultimately pressed for the G-20 Leaders format as the negotiation framework: as was mentioned above, the thrust of G-20 (Finance Ministers)'s mandate is to 'promote international financial stability'.[164]

In his invitation, President Bush stated the following: 'The leaders will review progress being made to address the current financial crisis, advance a common understanding of its causes, and, in order to avoid a repetition, agree on a common set of principles for reform of the regulatory and institutional regimes for the world's financial sectors. These principles can be further developed by working groups for consideration in subsequent summits. In addition, we expect that the leaders will discuss the effects of the crisis on emerging economies and developing nations. The summit will also provide an important opportunity for leaders to strengthen the underpinnings of capitalism by discussing how they can enhance their commitment to open, competitive economies, as well as trade and investment liberalization'.[165] But, going into the First Leaders Summit, while there was a general agreement as to severity of the GFC and impending dire consequences for the global economy,[6] there were a broad range of views as to what the Summit agenda should be. When one digs under the surface, there was no common agreement at this point among the United States, United Kingdom, France, EU, never mind the other G-20 participating countries.[166] Yet, what is most significant is that, though President Bush did not have any 'grand design' for a BW-II conference, he did have a clear recognition that a multilateral approach involving the major developed and developing countries and the key IFI/IFAs would be required in addressing the GFC.

Although there was little preparatory lead time to the 15 November 2008 First G-20 Leaders Summit, the Leaders did have the benefit of the G-7 Finance Ministers' annual meeting in Washington, DC, on 10 October 2008 (which President Bush himself addressed – another first) and their strong call for a concerted 'Plan of Action'.[167] In addition, they had the benefit of the G-20-Finance Ministers and Central Bank Governors' regularly scheduled meeting in Sao Paolo, G-7 Finance Ministers 8–9th November 2008 meeting[168] and prior input on the GFC on the IMF and FSF.[169]

Starting with a strong collective commitment 'to enhance our cooperation and work together to restore global growth and achieve needed reforms in the world's financial system',[170] the G-20 Leaders recognized that their task was not only to continue the strong stimulus many of the countries had already initiated, but that they 'must lay the foundation for reform to ensure that the global crisis, such as this one, does not happen again'. They then connected this with 'a shared belief that market principles, open trade and investment regimes, and effectively regulated financial institutions…'.[171] Although these generalities smack of platitudes, they do identify real, possible geopolitical fault points for the global economic system: a rejection of market capitalism; a return to protectionism and 'beggar thy neighbor' policies; a moving away from global financial market regulatory reform efforts; and a drift toward economic unilateralism and more closed financial systems. In the hindsight of 18 months post-fall 2008, one can observe that these platitudes have become core, common principles by which the efforts of the G-20 Leaders can be evaluated in going forward.

A major gap in these global objectives was the failure to identify and to address the fundamental global economic imbalance and disequilibrium underlying the global economic and financial systems: that is, the disequilibria as to Sino-American monetary and exchange rate policies, trade and current account imbalances and the more general global policy dilemma of how best to manage the ongoing globalization processes.[172] Yet, the G-20 Leaders did pick up on their Finance Ministers call for a 'Plan of Action', tasking them to initiate the processes and timeline for such an Action Plan based on a set of common principles[173] and related specific measures including 28 'high priority items'[174] that were to be completed before 31 March 2009 and the follow-up April London Leaders Summit and a set of 19 'medium-term' actions required.[175]

In effect, the Leaders set the global policy direction but also the immediate and medium-term framework for prompt and specific actions by the Finance Ministers and Heads of Central Banks. In addition, the Leaders requested the Finance Ministers 'to formulate additional recommendations': (a) mitigating against pro-cyclicality in regulatory policy; (b) reviewing and aligning global accounting standards, particularly for complex securities in times of stress; (c) strengthening the resilience and transparency of credit derivatives markets and reducing their systemic risks, including by improving the infrastructure of over-the-counter markets; (d) reviewing compensation practices as they relate to incentives for risk taking and innovation; reviewing the mandates, governance and resource requirements of the IFIs; and (e) defining the scope of systemically important institutions and determining their appropriate regulation or oversight'.[176] Further, the Leaders issued a strong commitment to maintaining an 'open global economy', to rejecting protectionism (stressing the urgency to conclude the WTO Doha Round), to reaffirming the importance of the UN MDGs and the Monterrey Financing for Development Agenda (MFDA).[177]

In terms of the NIFA-I framework discussed in the prior two major parts of this article, the G-20 Leaders and Finance Ministers and Central Bank Governors drew upon, restructured and enhanced virtually all the NIFA-I components. Thus, we see not a BW-II set of institutions, but a reconfiguration of existing networks, institutions and arrangements being moulded to address the GFC. In effect, multilateral networks involving official and informal bodies became the basis of the upcoming first GFC Summit and the ensuing follow-up G-20 Leaders summit meetings. For example, from the 1999 G-20 forum of Finance Ministers and Central Bank Governors, there is added a Leaders level of policy determination, though there is no elaboration as to how the new G-20 Leaders structure will interrelate to the G-7/8 Leaders structure. The new G-20 Leaders structure presents a broader country membership, representing approximately 90 per cent of the world's economy, and brings together on equal footing and at the same policy table the major developed and developing countries. The geopolitical implications of this institutional shift cannot be underestimated. Moreover, with this broader membership, one begins to see in the *First Summit Declaration* a more integrated focus on the issues of concerns for the developing countries, but also a Group call for the 'comprehensive' reform of the IFIs, the FSF and Basel Committee, as to membership, governance, resources and mandates.[178]

Further, as to financial sector reform, the IMF and FSF are to be the central operative 'institutions' for implementing G-20 policy direction. Interestingly, the FSF was established after the AFC as an arrangement of limited membership and as one separated from the IMF (though the IMF was a participant in the FSF). Now, the IMF and FSF (FSB) are being forged together is a closer collaborative arrangement, with the Fund being directed to 'focus on surveillance, and the expanded FSF, with its focus on standard setting, should strengthen their collaboration, enhancing efforts to better integrate regulatory and supervisory responses to the macro-prudential policy framework and conduct early warning exercises'. In effect, the Fund is expected to upgrade its prior NIFA-I surveillance and EWS efforts, integrating these with the expanded and upgraded international standard setting oversight of the FSF (now the FSB).

The G-20 Leaders also called for greater collaboration among domestic financial regulators/supervisors, deposit insurers and central banks as to a broad range of prudential oversight, risk management and financial stability matters.[179] As discussed previously, on the securities market side, there had already been a wide use of bilateral and multilateral MOUs through IOSCO. In the *Summit Declaration*, the Leaders suggested the use of 'supervisory colleges' for 'major cross-border institutions':[180] in fact, the use of such colleges had been utilized on an *ad hoc,* limited basis in the 1990s.[181] In addition, in the First Summit Declaration, one can see the encouraged expansion and coordination of the ISSB notion to cover not only official authorities but private bodies.[163] Also, greater responsibility for and cooperation is encouraged as to the private financial institutions in putting in place better internal risk management systems.[182] There is only passing mention of the OECD as to promoting tax information exchange and of the FATF as to the UN Stolen Asset Recovery Initiative.[183] There is no mention of the BIS; though, it was assumed it would engage in expanded research and would provide expanded secretariat services for central banks, the FSF, the Basel Committee and certain other ISSBs (for example, the IAIS, IADI, CGFS and CPSS).[184]

When patched together, the various parts of the *First Summit Declaration*, in this author's view, indicate that the Leaders recognized a real and fundamental linkage among the global monetary, financial, trade and development regimes. As mentioned above, the Leaders saw the connection with the objectives of fighting poverty and disease and fulfilment of the UN MDGs, of prompt completion of the WTO Doha Round, of continued support of the MFDA, of food security, and of maximizing the resources and capacities of the World Bank and MDBs in pursuing their development goals.[185]

On a practical level, the Washington Summit gave the G-20 member countries and institutions a specific short and medium-term work plan and sets of responsibilities, the progress toward which could be monitored on an ongoing basis for accountability and adjustment purposes.

Second Leaders Summit – London – April 2009

In following up on the 'Action Plan' devised at the conclusion of the First Summit and as a lead-up to the Second Summit, a group of mid-level national officials (so-called 'sherpas') conferred on an ongoing basis from November 2008 through March 2009 and numerous high-level bilateral meetings of various G-20 Heads of State occurred. In addition, during March 2009 an array of high-level meetings of G-7, FSF, and European Union (EU) officials were held.[186] Further, four substantive 'Working Groups' were established and tasked with presenting reports for the April Leaders London Summit, with each Group submitting detailed reports for the April 2nd Summit.[187] Perhaps, even more significant, was the large personal investment put into the success of the London Summit by the then UK Prime Minister and former Chancellor of the Exchequer (Treasury) Gordon Brown. Mr Brown was facing a difficult May 2010 general election and wished to project a figure of international and domestic leadership. Also, this was a matter as to which he had considerable expertise from his years in Treasury and in being the UK representative at the various G-20 and G-7 Finance Minister meeting for the prior decade.[188]

Though in one sense, the London Summit served as an amplification and tweaking of the Washington, DC Action Plan, this Plan was upgraded to a 'Global Plan': the London Summit Communiqué was entitled 'Global plan for recovery and reform'[189] and was rooted in the following six Leaders' pledges: (i) restore confidence, growth, and jobs;[190] (ii) repair the financial system to restore lending; (iii) strengthen financial regulation to rebuild trust; (iv) fund and reform our international financial institutions to overcome this crisis and prevent future ones; (v) promote global trade and investment and reject protectionism, to underpin prosperity; and (vi) build an inclusive, green, and sustainable recovery. What we see added from the Washington Declaration are brief references to 'inclusiveness' (a development notion)[191] and 'greenness' (an environmental notion)[192] for the recovery. In addition, when considering global economic growth, the Leaders stressed the importance of job creation.[193] But, sensitive to the fiscal concerns of certain countries (for example, Germany), the Leaders called for international macroeconomic coordination 'for preserving long-term fiscal sustainability' and 'price stability' in dealing with the GFC.[194]

The London Summit 'big ticket dollar items' pertained to making available US$850 billion in resources through the IMF, World Bank and other MDBs, including a $500 billion increase of IMF resources, an allocation of $250 billion SDRs, and at least a further $100 billion for additional MDB lending. Further, the leaders directed an additional $250 billion be made available for trade financing and for the selling – off of a $50 billion of the IMF's gold reserve in order to further support the poorest and most vulnerable nations.[195] Moreover, the Leaders reaffirmed their prior commitments on development aid pledges and on the MDG goals.[196]

Although the G-20 Leaders at their First Summit raised their concerns about the legitimacy and accountability of the IFIs in terms of their governance structures, the Leaders at London provided more specific direction in this area by agreeing that World Bank quota/voting reform be completed by its spring 2010 meeting and that comparable reform for the IMF be completed by January 2011; that the heads and senior leadership of the IFIs be appointed on a merit-based, open and transparent selection process; and that 'consideration should be given to greater involvement of the Fund's Governors in providing the IMF and increasing its accountability'.[197] Although discussions have existed within and without the IFIs for the past several years concerning these issues of representation, selection and accountability, it is clear that the shift to the G-20 Leaders format has brought these issues to a head.

With respect to the area of 'strengthening financial supervision and regulation' in the Second Summit Declaration,[198] the Leaders issued a detailed *Declaration on Strengthening the Financial System*.[199] What is of key significance with this *Declaration* is the transformation of the FSF into the FSB, with a 'strengthened' mandate and an increased membership to include all G-20 countries, FSF members, Spain and the European Commission.[200] Interestingly, before the April Summit, the FSF had prepared comprehensive reports for the G-20 Leaders respecting procyclicality in the financial system, principles for sound compensation and principles for cross-border cooperation on crisis management, along with an update on the implementation of its April 2008 Report on Enhancing Market and Institutional Resilience.[201]

The Leaders considered a 'Progress Report' on the Washington Summit Action Plan respecting 47 action items: considerable progress had in fact been made.[202] They committed to continue to pursue vigorously the remaining immediate and medium-term action items of the Plan. In doing so, the Leaders stressed that '(s)trengthened regulation and supervision must promote propriety, integrity and transparency; guard against risk across the financial system; dampen rather than amplify the financial and economic cycle; reduce reliance on inappropriately risky sources of financing; and discourage excessive risk-taking'; and, in furtherance thereof, regulators and supervisors 'must protect consumers and investors, support market discipline, avoid adverse impacts on other countries, reduce the scope for regulatory arbitrage, support competition and dynamism, and keep pace with innovation in the marketplace'.[200]

In effect, the Washington Action Plan, as fleshed out more fully, remained the guiding blueprint, as to which the Leaders and their Ministers will be held responsible and accountable. Periodic, cumulative Progress Reports would be furnished to the Leaders. More broadly, the Leaders agreed to begin discussion on a 'charter on sustainable economic activity' that would be further discussed at the next Leaders meeting[203] to be held before the end of 2009 'to review progress on our commitments'.[204]

Third Leaders Summit – Pittsburgh (September 2009)

The 24-25 September 2009 Leaders Summit at Pittsburgh (the third Leaders Summit within a 12-month period) was hosted by President Obama. On the one hand, the Preamble to the Third Leaders Summit Statement[205] presented an air of hubris - being self-congratulatory of the G-20 countries' 'forceful response' to avert a global economic depression ('It [the G20 efforts] worked')[206] and being highly ambitious by endeavouring to present the 'charter' referenced at the Second Summit in the fleshed-out form of a G-20 Leaders' 'Framework for Strong, Sustainable and Balanced Growth'.[207] There was some basis for this collective exuberance: many macroeconomists had concluded that the recession had bottomed or was bottoming and a slow global economic recovery was underway or was imminent;[208] the global financial system had been stabilized; substantial progress had been made on a set of 93 action items pursuant to the enhanced Action Plan[209]; the G-20 Leaders structure had been working well; and it appeared that the Copenhagen Climate Treaty would be agreed upon the following month (which it was not).[210]

The Leaders made clear for the first time that the G-20 Leaders format was to be 'the premier forum for our international economic cooperation'[211]: this, indeed has the potential of proving an historic statement in terms of global economic governance. However, they provided no specifics as to the future structure of this Group or to its future relationship to the G-7/8. To this author, it appeared that this statement signalled that the G-7/8 Summit to be held in June 2010 in Muskoka, Canada (a resort town outside of Toronto), contemporaneously with the G-20 Third Leaders Summit in Toronto, would mark the final G-7/8 meeting (which was not to prove the case). Of further note, the Leaders made their first time commitment for the successful conclusion of the WTO Doha Round - the end of 2010 (again, now most likely non-viable).[212]

Concerning the G-20 New Growth Framework, the Leaders committed to an ambitious global process for developing a 'new, sustainable growth model'. Under this new model, it is conceived that each G-20 member country sets out its objectives and puts forward policies to achieve these objectives, and collectively the Leaders will assess. The G-20 countries agreed to work together 'to ensure that our fiscal, monetary, trade, and structural policies [including macro prudential and regulatory policies] are collectively consistent with more sustainable and balanced trajectories of growth'. The main components of this global 'compact' are the following: (1) G-20 members will agree on shared policy objectives. These objectives should be updated as conditions evolve; (2) G-20 members will set out their medium-term policy frameworks and will work together to assess the collective implications of their national policy frameworks for the level and pattern of global growth and to identify potential risks to financial stability; and (3) G-20 Leaders will consider, based on the results of the mutual assessment, and agree any actions to meet their common objectives.[213] If this new Growth Framework proves viable in time, this would clearly be a major qualitative advance in global economic governance and management of the globalization processes.

To assist the Leaders with their new growth model process, the IMF is called upon to provide advice and assistance to help the Leaders with their analysis of how their respective national or regional policy frameworks align. The World Bank is requested to advise on progress in promoting development and poverty reduction as part of the rebalancing of global growth. It is also envisioned that other IOs (for example, UN, ILO and OECD) would advise as to the social and environmental dimensions of economic development. The Leaders directed their Finance Ministers and Central Bank Governors to launch this new Framework by November 2009 'by initiating a cooperative process of mutual assessment of our policy frameworks and the implications of those frameworks for the pattern and sustainability of global growth'. It was also envisioned that there will be 'regular consultations, strengthened cooperation on macroeconomic policies, the exchange of experiences on structural policies, and ongoing assessment….' The Finance Ministers and Central Bank Governors were to report back to the Leaders at its June 2010 meeting. As acutely noted by the Leaders: 'This process will only be successful if it is supported by candid, even-handed, and balanced analysis of our policies'.[213]

With respect to global financial sector regulator reform, the Leaders committed to a package of four essential reforms: (1) finalizing revised bank capital adequacy rules (including factoring in counter-cyclical capital buffers) by the end of 2010, with all major financial centres to adopt this revised framework by 2011 and to implement them by 2012; (2) having all standardized OTC derivative contracts moved onto exchanges by the end of 2012; (3) reforming compensation in the financial sector to support financial stability; and (4) addressing cross-border resolutions and systemically important institutions by the end of 2011, with the FSB being charged to present a report on these matters by the end of October 2010. [214] The FATF was charged with keeping the momentum with respect to 'non-cooperative' jurisdictions as to tax havens, money laundering, corruption, terrorist financing and prudential standards.[215] The international accounting bodies were also asked to 'redouble' their efforts at achieving 'high quality, global accounting standards within the context of their international standard setting process and [to] complete their convergence project by June 2011'.[216]

The Leaders continued to press for prompt and meaningful reform of the 'mandate, mission and governance' of the IMF and the MDBs[217] and for strengthening support for 'the most vulnerable' (including support of the MDGs, delivery on pledged official development assistance pledges, and utilization of the UN monitoring Global Impact Vulnerability Alert System).[218] Looking to advice from the ILO, the Leaders committed to implementing ILO fundamental principles and rights at work.[219]

Although the Pittsburgh Summit can be viewed as a global success for the new G-20 Leaders framework, there did still linger beneath the surface of the Declaration various unresolved issues among the Leaders. For example, it was not clear that there was in fact firm and specific agreement as to how and according to what timing to craft the 'exit strategies' of the member countries from their respective stimulus programmes. Further tensions still were present as to the Chinese currency situation and also to perceived issues of increasing country trade protectionism. Moreover, as the Leaders were getting closer to the true specifics for global financial sector reform, it was not clear that everyone was on the same page as to such matters as the specifics of executive compensations, cross-border resolution of failure of systemically significant institutions and the revised capital adequacy agenda. Numerous critical matters were to await the G-20 Leaders at their Fourth Summit in Toronto in June 2010.

Fourth Leaders Summit – Toronto (June 2010)

At the time of the submission of this article, the G-20 Leaders had just completed their Fourth

Leaders Summit in Toronto held on 24–25 June 2010. This Summit immediately followed the G-8 Summit held a few miles away in the Toronto resort suburb of Muskoka. The G-8 had a more limited agenda than that of the ensuing G-20 Leaders, focusing on development, peace and security and environmental issues[220]: of particular note is that the G-8 did produce an Accountability Report on its development commitments made from 2004 to 2009.[221] Though the G-8's Declaration did not elaborate, it did indicate that the G-8 forum would be continuing, with its next meeting to be in 2011 in France.[222] This leaves open the fundamental ambiguity of what are the respective roles of the G-20 and G-8 Leaders framework and their relationship; and, even more basically, why continue the G-8 at all, a matter to be touched upon in the concluding part of this article.

The G-20 Leaders were provided a report from their Finance Ministers and Central Bank Governors: with the assistance of the IMF, World Bank, OECD, ILO and other international bodies, these Ministers presented the Leaders with a 'basket' of policy options for them to consider at the Leaders meeting.[223] Of particular note are substantive IMF and World Bank reports to the G-20 on the new G-20 'Mutual Assessment Process' respecting the New Growth Framework for sustainable and balanced economic growth,[224] and a comprehensive FSB report to the G-20 respecting 'Overview of Progress in the Implementation of G-20 Recommendations for Financial Stability'. This FSB Progress Report detailed the most significant interim efforts undertaken since the Pittsburgh Summit in conjunction with the Basel Committee and other international/regional bodies (for example, IOSCO, CPSS, IASB and the EC). These efforts included : building high quality capital and liquidity standards and mitigating procyclicality; addressing systemically important financial institutions and resolutions; improving OTC derivatives markets; strengthening accounting standards; reforming compensation practices to support financial stability; developing macroprudential tools; and expanding the regulatory perimeter for hedge funds, credit rating agencies, supervisory colleges and securitization.[225]

The Toronto Fourth Summit Declaration was, on its face, comprehensive in scope, containing also separate Annexes on the G-20 New Growth Framework, on Financial Sector Reform and on 'Enhancing the Legitimacy, Credibility and Effectiveness of the IFIs and Further Supporting the Needs of the Most Vulnerable',[226] along with an attachment on 'Principles for Innovative Financial Inclusions'.[227] However, in reviewing the first stage of its New Growth Framework, the G-20 conceded that the G-20 countries could do 'much better'.[228] In addition, though the Leaders committed, once again, 'to taking concerted actions to sustain the recovery, create jobs and to achieve stronger, more sustainable and balanced growth', they recognized that these actions would need to 'be differentiated and tailored to national circumstances'.[229]

In effect, the Leaders had failed to agree to a common exit strategy. Moreover, it was most telling that when the Leaders came to the WTO Doha Round, that reference to completion by 'end of 2010' had been omitted:[230] and, even, more generally, the Leaders seemed to have skirted the concerns for growing trade protection among member countries. Again, there appears to be slippage on this matter among the Leaders. Moreover apparently, China had made it know before the Toronto Summit that any mention of the Chinese trade account and exchange rate situation was an inappropriate topic for the Group: thus, the Summit Declaration or ancillary documents did not specifically speak to these issues.[231]

Further, there were various financial sector reform commitments that had been deferred from Pittsburgh that were further deferred to the Seoul Fifth Leaders Summit to be held in November 2010,[232] though the Leaders did acknowledge the significant progress that had been made by the IMF/World Bank respecting their enhanced FSAP initiative and by the FSB respecting their new 'peer review' programme.[233] The Leaders also continued to call upon the IMF, World Bank, WTO, ILO, OECD, UN, FSB and Basel Committee for their input and assistance.[234] In addition, the Leaders called for the ratification and full implementation of the UN Convention on Corruption.[235]

Fifth Leaders Summit – Seoul (November 2010)

As indicated in the Introduction to this article, a Fifth G-20 (Leaders Summit) is scheduled to be hosted by the President of the Republic of Korea (South Korea) and to be held in Seoul on 11-12 November 2010).[236] Conceivably, this Summit could be a critical challenge respecting the post-GFC, long-term viability of the expanded and elevated G-20 (Leaders) global economic governance model. As acutely pointed out recently by the South Korean President Lee Myung-bak: 'The November [2010] Summit of the G-20 in Seoul can be seen as the first major test of this new global forum as it attempts to establish itself as a regular feature of the framework for international economic cooperation'.[237]

CONCLUDING OBSERVATIONS

NIFA-I portrayed largely an *ad hoc* evolvement that has produced a relatively extensive global financial sector reform framework, albeit admittedly an incomplete, often random and reactive and not entirely coherent one. The NIFA-I efforts had been largely driven by the G-7/8 and its concerns for financial crises prevention, financial stability and financial sector integrity. Central to all this was the creation of a range of ISSBs and related 'soft law' regulatory standards, mostly through informal 'networks' and networks interconnecting with other networks, the establishment of the informal umbrella network of the FSF/FSB and the gradual redefinition and enhancement of the roles of the IMF and World Bank as to financial sector reform, surveillance, assessment/peer review and evaluation. Further, as to NIFI-I, we have seen greater dependency on the IMF-World Bank-OECD as 'knowledge banks' for specific purposes – the IMF for monitoring and reporting on financial stability and EWS matters; the World Bank for pursuing financial sector reform initiatives in the Developing World, with a new focus on issues of access and equity; and the OECD as to transnational investment and corporate governance matters.

Yet, the NIFA-I framework of 1999–2000 obviously was not adequate in forecasting and managing the GFC.[238] However, NIFA-I, as it unfolded in the mid-late 1990s and as it continued to evolve from 2000 to 2008, clearly set a broad and reasonably sound 'soft law regulatory' foundation, upon which the G-20 Leaders and Finance Ministers could build upon from the fall 2008 to the present (July 2010) and in going forward.

Clearly, we do not have a 'Bretton Woods II' system, but we presently do have a qualitatively enhanced international financial architecture based in large measure on the G-20 Washington Action Plan – an NIFA-II system. This enhanced financial architecture will be coordinated and guided through a close cooperative effort of an additionally 'mandated' IMF and the revamped FSB, coordinating and putting in place a system of macro and micro-prudential oversight and 'regulation'. The scope of global regulatory oversight will be broadened to cover a greater range of global financial institutions (for example, hedge funds, credit rating agencies and SWF) and global subject-matter (for example, cross-border resolution of 'systemically significant' financial institutions, OTC derivatives trading, and financial institution executive compensation), focusing more on their interconnections, their leverage[239] and liquidity, and their relation to global and domestic 'financial stability'. There is already underway a sophisticated, multilevel and multi-dimensional matrix for assessment and evaluation on a country, institutional and global level, utilizing heightened FSAPs, Article IV consultations, institutional stress-tests, FSB peer reviews, intensification and betterment of qualified internal institutional, self-regulatory efforts and now country peer reviews and mutual assessments.

As with the recent IADI principles on deposit insurance and the most recent Santiago Principles for SWFs, new standards and standard-setters may well come into existence as to currently 'unregulated' or lightly regulated financial subject-matter, financial institutions and financial instruments of global significance. Considerable substantive 'regulatory' upgrades will come about as to financial conglomerates and affiliate groups/arrangements, Basel II (that is, the 2012 Basel III) and current approaches to financial institutions risk management. There probably will not be any specific common rules or guidance as to how all this 'global administrative rulemaking' should occur. But, most likely, there will be greater 'rule-orientation' ('hardening') of soft-law and self-regulatory practices and increased and ongoing emphasis on greater transparency, more effective evaluation and assessment procedures, some acceptable levels of and mechanisms for accountability, effective but fair administrative and enforcement processes, and better overall coordination and oversight of the new NIFA-II framework.

Under NIFA II, there will be no new formal international institutions or treaties, but there is in process significant adjustments to the respective roles and/or mandates of the IMF, the World Bank, other international organizations such as the WTO, OECD, BIS, ILO and UNCTAD, other multilateral development banks (MDBs), and the NIFA-I-derived FSF (now the FSB under NIFA-II). Yet, at the end of the day, the efficacy of the new architecture will depend not just on effective global cooperation, but on cooperation of the domestic regulators and the domestic enactment, implementation and enforcement of roughly coordinated domestic reform financial legislation/regulation/supervisory practices. Already there has been expanded collaborations of the major Central Banks and domestic financial market regulators and supervisors, including the use of 'Colleges of Supervisors' for 'systemically significant' financial institutions, wider usage of Memoranda of Understandings (MoUs and MMoUs) and of periodic reviews and assessments respecting the G-20 countries themselves.

Will the new NIFA-II have the capacity and tendency to morph into a Bretton Wood-II system? In this author's view, the essential 'ingredients' are there for this to occur. Certainly the shift of global economic policy governance to the G-20 Leaders structure is a most positive step in this direction. The original Bretton Woods-I concept envisioned a universal, representative 'political' organization at the top of the system pyramid. Obviously, reverting back to the UN is not a realistic option; but the G-20 appears to be a good middle ground. However, for the G-20 Leaders construct to work, there needs to be a 'hardening' of its current lose, informal structure. When one looks at the broad agenda items the G-20 Leaders are taking on board (for example, its new Economic Growth Framework discussed above), it appears that some form of permanent secretariat is required, rather than passing the 'administrative baton' annually from one member country to another. It is suggested that this secretariat be based at, but not be a part of, a credible international economic organization, such as the OECD. The mandate and membership of such an IO might have to be revised and some form of contract or MoU agreed to between the G-20 and the IO.

The original BW-I concept also envisioned a range of formal international economic organization that would function in a collaborative manner. NIFA-II does appear to be bringing together the IMF, WB, WTO, ILO, OECD and certain organs/programs of the UN – at least, at an incipient level. It also appears that various of these organizations have or are considering adjusting their membership and mandates to accommodate the new global economic realities. In this context, the monumental challenge for the new G-20 (Leaders) process will be in coordinating these IOs with the G-20 process respecting the interconnection of 'the global policy dots' as to the intersection of international monetary stability and international financial stability; accessible and equitable development; trade liberalization and sustainable and equitable economic growth; and the fundamental global economic imbalances that have arisen over the past several decades and which underpinned the GFC and which well might trigger future global economic and financial crises. The recently launched G-20 New Economic Growth Framework might provide the policy platform for trying to meet this challenge. But again, adequate G-20 dedicated personnel and other resource will be needed. Thus, a further rationale for a permanent G-20 secretariat. The future success of this Growth Framework could well be the 'acid test' for the future viability of the G-20 Leaders process.

As to the innovate creation of the FSF/FSB, it has already adjusted its mandate and membership and has most aggressively been pursuing its financial stability oversight agenda. Here, this author would suggest that its secretariat housed at the BIS be expanded with permanent dedicated staff and other relevant resources. In addition, as the interchange among domestic Central Banks and financial regulators/supervisors undoubtedly will continue to increase, the BIS should consider reviewing its mandate and expanding its facilities and staff to accommodate the NIFA-II and possibly a future Bretton Woods-II financial/economic system.[240]

As time ran against and eventually marginalized many of the originally conceived BW-I components, so also as time moves further from the overwhelming urgency of the GFC, this may lend itself to dilute the G-20 Leaders resolve for a new global economic governance framework. Moreover, worrisome and possibly cutting against the future development of this framework is the tacit, unexplained decision of the G-8 Leaders to continue their format. Obviously, at Muskoka, the G-8 Leaders created an agenda that did not conflict with the G-20 Leaders'. But, why continue the G-8 and detract from the need to concentrate on making the G-20 format work? Is it that there is doubt that the G-20 Leaders structure can hold together, so a fall-back needs to be kept in place? Or, is it the concern of certain European members and Japan that the G-20 represents a loss of influence. Certain commentators have begun to speculate about the implications. For instance, it has been suggested that there could be a rational and mutually supportive division of labour between the G-20 and G-8; others speculate the G-8 will carry on because of common political and security values shared by this smaller grouping.[241] In this author's view, the G-8 ought to dissolve and give the new G-20 format its head and the full opportunity to succeed.[242]

As observed by Il SaKong, Chairman of the South Korean Presidential Committee for the upcoming November 2010 G-20 Leaders Summit in Seoul, the numerous pledges in the Toronto Summit Declaration and the shifting of numerous key policy items to the Seoul Summit 'puts even heavier responsibilities on the part of Korea to make the Seoul summit another success in producing deliverables'.[243] At Toronto, it appears the wind might be coming out of the G-20 Leaders: the ability of this new, enlarged global economic policy governance group will need to muster its full collective political will, if it is to succeed in the medium and long-term. In effect, the jury is still out as to whether this new G-20 (Leaders) construct centred process will demonstrate the capacity to tackle, over time, to putting into place a new 'Bretton Woods II' system of comprehensive and effective global economic policy determination and governance? At the moment, what has evolved in an enhancement of NIFA-I – that is a new NIFA-II model of global economic and financial governance - which, by itself is no mean global geo-political accomplishment.

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2 See G-7, Communiqué, Meeting of the G-7 Finance Ministers and Central Bank Governors, para. 19, 25 September 1999 at Washington, DC, at www.g7.utoronto.ca/finance/fm992509state.htm and related press release 'Finance Minister Paul Martin Chosen as Inaugural Chairperson of New Group of Twenty' at www.g7.utoronto.ca/finance/fm992509.htm.

3 The GFC is the worst international financial crisis since the Great Depression of the 1930s and is a US-generated crisis having significant adverse impact upon both the Developed and Developing Worlds. For a detailed consideration of the crisis, see, *inter alia*, G-20, (2009) Workshop on the Global Economy – Causes of the Crisis and Key Lessons. May, at http://www.g20.org/Documents/g20_workshop_causes_of_the_crisis.pdf. See also Arner, D.W. (2009) The global credit crisis of 2008: Causes, consequences and implication for financial regulation. *International Lawyer* 43: 91; Scott, H.S. (2009) *The Global Financial Crisis*. New York: Foundation Press; and Singh, D., LaBrosse, R.J. and Carminal, R.O. (eds.) (2009) *Financial Crisis Management and Bank Resolution*. London: Informa Law: Lloyds of London Press; and Lastra, R. and Wood, G. The Recent Financial Crisis: Why did it Happen and What Lessons Can it Teach, (2010 forthcoming) Special Symposium on 'The Quest for International Law in International Financial Regulation' organized by Jackson, J., Cottier, T. and Lastra, R. in *Journal of International Economic Law* (in press) ('JIEL 2010 Symposium'). See further the IMF's website on 'Key Issues: Financial Crisis' at http://www.imf.org/external/np/exr/key/finstab.htm.

4 See US White House, Statement by Press Secretary Dana Perino, 22 October 2008, at http://www.g7.utoronto.ca/g20/2008-leaders-081022.htm.

5 See Rieffel, L., The G-20 Summit: What's It All About? 27 October 2008, Brookings Institution, at http://www.brookings.edu/opinions/2008/1027_governance_rieffel.aspxIn fact, one could argue that the G-20 Leaders concept is attributable to suggestions of then Canadian Finance Minister Paul Martin, who in 2003, suggested a G-20 Leaders forum, only to be rebuffed by most of the G-8 countries (including US President Bush).

6 See Group of Twenty Heads of State. (15 November 2008) *Declaration of the Summit on Financial Markets and the World Economy*. Washington DC, at http://www.g7.utoronto.ca/g20/2008-leaders-declaration-081115.html ('First Summit Declaration'), which sets out a 'Plan of Action'.

7 The G-7 was inaugurated in 1975 by the then Heads of the French and Germans for the purpose of creating a more meaningful forum for Heads of State Summits of the major industrialized countries and meets annually to consider major global economic and geo-political issues. The respective Finance Ministers and Heads of Central Banks of these countries would also meet annually or more so, six countries (France, Germany, Italy, Japan, United Kingdom and United States) met in 1975 with Canada coming on board in 1976 along with the European Community in 1977. In the late 1980s, the G-7 Leaders started a practice of inviting selected non-member countries to informally meet with the G -7 Leaders on matters of mutual interest/concern. In 1998, Russia was invited as a formal member of the Group, making it the 'G-8' (except Russia did not participate in the G-7 Finance Ministers Meetings). See also Dobson, H. (2007) *The Group of 7/8*. London: Routledge, The G-7/8 Leaders and G-7 Finance Ministers groupings will be discussed in more detail, subsequently in this article. When used in this article, 'G-7/8' collectively refers to both the Leaders and Ministerial levels.

8 See French President's Sarkozy's suggestion to incorporate formally Brazil, China, India, Mexico and South Africa into the G-8. This was an expanded notion of the G-8 plus an outreach group of these five countries which was originally proposed by former UK Prime Minister Blair at the 2005 Gleneagles G-8 Summit and formalized at the 2007 G-8 Heiligendam Summit (the so-called 'Heligedman process' which was to have a platform at the OECD). See http://www.g-8.de/nn_92160/Content/EN/Artikel/_g8-summit/2007-06-08-heiligendamm-prozess_en.html.

9 On a history of the G-20, see G-20 Study Group, The Group of Twenty: A History (2007), at http://www.g20.utoronto.ca/docs/g20history.pdf.

10 See also Hanjal, P.I. (2007) *The G8 System and the G-20: Evolution, Role and Documentation*. London: Routledge.

11 Cf. Arner, D.W. and Buckley, R.P. (2010) Redesigning the architecture of the global financial system. *Melbourne Journal of International Law* 11(2).

12 Pan, E.J. (2010 forthcoming) Challenge of international cooperation and institutional design in financial supervision: Beyond transnational networks. *Chicago Journal of International Law*, 11 (in press).

13 On the evolving notion of global financial stability, see, *inter alia*, Arner, D.W. (2007) *Financial Stability, Economic Growth and the Role of Law.* Cambridge, UK: Cambridge University Press, and Lastra.[3]

14 See Brown, G. (2009) Global Solutions for Global Problems. Speech to Meeting of European Leaders. Berlin, 22 February, at http://news.bbc.co.uk/2/hi/europe/7904300.stm.

15 See Sarkozy, N. (2009) Address to the United Nations general assembly. 4 October, at http://www.maximsnews.com/news20091004FrancepresId.entUNGA10910040104.htm.

16 See, for example, Financial Crisis: Gordon Brown calls for a new Bretton Woods, 13 October 2009, at http://www.telegraph.co.uk/finance/financetopics/financialcrisis/3189517/Financial-Crisis-Gordon-Brown-calls-for-new-Bretton-Woods.html.

17 See discussion of NIFA-I in the third and fourth major part of this article.

18 This and the next two major parts of this article, in part, draw from and expand upon prior research conducted by this author in connection with a conference presentation given at SMU on Comment: Developing a Transnational Network(s) in the Area of International Financial Regulation. (2009) *International Lawyer* 43: 175; and with a 2007 World Bank study on Taking Stock of the 'First Generation' of Reform , at siteresources.worldbank.org/…/LDWP4_FinSecLegRef.pdf.

19 See generally Eichengreen, B.J. (2008) *Globalizing Capital: A History of the International Monetary System*, 2nd edn., Ch. 3 Princeton, NJ: Princeton University Press, and Norton.[20]

20 These observations are derived from this author's reflections made in the context of a presentation delivered at the SMU Institute of International Banking and Finance, 2010 on A Bretton Woods II? 13 April (mimeo with author).

21 For further discussion, see Jackson, J.H. (2000) *The Jurisprudence of GATT and WTO: Insights on Treaty Law and Economic Relations*. Cambridge, UK: Cambridge University Press, Part II. The aborted ITO was to be the top of the institutional pyramid of the originally conceived Bretton Woods-I framework, with close collaboration with the IMF, World Bank and other international institutions. However, President Truman was unable to secure the Senate ratification of the ITO that had resulted from an ECOSOC-led conference in Havana in 1947. Instead a 'half way house' was formalized in 1948 through a 'Provisional Protocol' of the General Agreement on Tariffs and Trade (GATT), which did not require Senate approval, only Presidential Executive Order.

22 See Gaddis, J.L. and Gaddis, J. (1972) *The United States and the Origins of the Cold War.* New York: Columbia University Press.

23 See IMF Articles of Agreement (1945, as amended), Art. I, at http://www.imf.org/external/pubs/ft/aa/index.htm.

24 IMF Articles,[23] Article IV.

25 See generally Eichengreen, B. (2008) *Globalizing Capital: A History of the International Monetary System*, 2nd edn. Princeton, NJ: Princeton University Press.

26 BBC News. (16 June 2010) quoting Mervyn King in Osborne to give Bank of England top regulatory role, 16 June, at http://news.bbc.co.uk/2/hi/business/10326027.stm.

27 In his over a half century of legal service to the IMF, beginning in 1946, Sir Joseph Gold diligently and consistently emphasized the importance of the Fund operating according to its mandate and Articles of Agreement and as a monetary institution. Yet, at the same time, he was well aware that the Funds Articles of Association should not be viewed as a static document, but as a vital document with capacity to adapt within legal parameters and through the resolutions of the Fund's governing bodies. Sir Joseph's file of Fund correspondence and memoranda are maintained in a special collection at the SMU Dedman School of Law's Underword Library, Dallas, Texas. See also Lastra, R. (2006) *Legal Foundation of the International Monetary Stability.* Oxford: Oxford University Press, Part III.

28 For an introductory consideration of modern international financial markets, see, *inter alia*, Stephen Valdez, S. and Molyneux, P. (2000) *An Introduction to Global Financial Markets*, 6th edn. London: Palgrave Macmillan.

29 For practical applications, see Philip Wood, P. (2008) *Law and Practice of International Finance*, university edn. London: Sweet & Maxwell.

30 I refer to these 'interconnection' risks as 'stringing' risks, which import the sense that we are talking about more than traditional counterparty risks, but about an often opaque global matrix of interconnected arrangements, transactions and interconnections that are 'strung together' - the unravelling of which (for example, Lehman's collapse in the fall of 2008) can have a contagion-domino effect upon and within the global financial system.

31 See, *inter alia*, Norton, J.J. (1995) *Devising International Bank Supervisory Standards*. Amsterdam, the Netherlands: Martinus Nijhoff, and Giovanoli, M. (2000) A new architecture for the global financial market: Legal aspects of international financial standard setting. In: M. Giovanoli (ed.) *International Monetary Law: Issues for the New Millennium*, Ch. 1. Oxford: Oxford University Press. For an interesting article trying to make sense out of the array of financial sector ISSBs, see Rolf Weber, R. (2009) Mapping and structuring international financial regulation: A theoretical approach. *European Business Law Review* 20: 651.

32 The GAB is a special IMF fund financed by the G-10 countries and to be used when the IMF's own resources are insufficient.

33 For example, much of the negotiations that led to the establishment of the IMF's 'special drawing rights' (SDRs) under the 1969 First Amendment to the Fund's Articles of Agreement, to the short-lived Smithsonian Agreement of 1971 that tried to partially salvage the IMF 'par value' system of fixed exchange rates, and to the Fund's Second Amendment to its Articles in 1978 that attempted feebly to provide a transition to the new and current floating exchange rate regime was conducted through the G-10 framework. By aside, it is also interesting to note that, the

Fund itself created an internal administrative network (that is, the Interim Committee, now the IMFC) to collaborate with the informal external G-10 network.

34 For Basel Committee's website, see http://www.bis.org/bcbs/index.htm.

35 On the CGFS see http://www.bis.org/cgfs/index.htm. The Committee 'has a mandate to identify and assess potential sources of stress in global financial markets, to further the understanding of the structural underpinnings of financial markets, and to promote improvements to the functioning and stability of these markets. It fulfils this mandate by way of regular monitoring discussions among CGFS members, through coordinated longer-term efforts, including working groups involving central bank staff, and through the various reports that the CGFS publishes. The CGFS also oversees the collection of the BIS international banking and financial statistics'. Id.

36 On the CPSS, see http://www.bis.org/cpss/index.htm. The CPSS is 'a standard stetting body for payment and securities settlement systems. It also serves as a forum for central banks to monitor and analyse developments in domestic payment, settlement and clearing systems as well as in cross-border and multicurrency settlement schemes. The CPSS undertakes specific studies in the field of payment and settlement systems at its own discretion or at the request of the Governors of the Global Economy Meeting. Working groups are set up as required. Over the years the Committee has developed good relationships with other central banks, particularly those of emerging market economies, in order to extend its work outside the G-10. In 2009 the membership of the CPSS was enlarged considerably'. Id.

37 The FSF/FSB is discussed subsequently in this article.

38 Basel Committee.[34]

39 For IOSCO's website, see http://www.iosco.org.

40 For IASI website, see http://www.iaisweb.org.

41 For FATF website, see http://www.fatf.

42 Norton,[31] Ch. 4.

43 See Thompson, C.J. (1992) The Basle concordat: International collaboration in banking supervision. In: R. Effros (ed.) *Current Legal Issues Affecting Central Banks*. Washington DC: IMF.

44 See http://www.bis.org/publ/bcbs20.htm.

45 On Joint Forum, see http://www.iosco.org/joint_forum/.

46 IAIS.[40]

47 See Walker, G.A. (2001) *International Banking Regulation, Law Policy & Practice*. London/NY: Kluwer/Aspen, concerning the conglomerate banking and lead regulator issues. Under the G-20 Leaders Action Plan 'Supervisory Colleges' are being set up for 'systemically significant' financial institutions.

48 See generally Norton, J. (1989) The work of the Basle supervisors committee on bank capital adequacy and the July 1988 report on 'international convergence of capital standards,'. *International Lawyer* 23: 245.

49 On Basl II: Revised International Capital Adequacy Framework, see www.bis.org/publ/bcbsca.htm, and Federal Reserve Board, Basel II Capital Accord, Basel I Initiatives, and Other Basel-Related Matters, at http://www.federalreserve.gov/GeneralInfo/basel2. See also Basel Committee (2008) Comprehensive strategy to address the lessons of the banking crisis announced by the Basel Committee, 20 November.

50 See Basel Committee, Money laundering and terrorist financing (document list from 1981–2009), at www.bis.org/list/bcbs/tId._32/index.htm.

51 See Basel Committee, Core Principles for Effective Banking Supervision and related Methodology (originally adopted 1997, last revised 2006), at www.financialstabilityboard.org/list/fsb_cos_issuing_body/index.htm.

52 For example, the IOSCO Technical Committee's Standing Committee 1 on Multinational Disclosure and Accounting works with the IASB on developing and monitoring International Financial Reporting Standards (IFRS). The Basel Committee also maintains Accounting and Audit and International Liaison Subcommittees. On IFAC and IAASB, see http://www.ifac.org. On IASB and IASCF, see http://www.iasb.org.

53 For further discussion of IOSCO's development, see http://www.iosco.org/about/index.cfm?section=background Zaring, D. (1998) International law by other means: The twilight experience of international financial regulatory organizations. *Texas International Law Journal* 33: 281, On IOSCO's organizational structure, see http://www.iosco.org/about/index.cfm?section=structure.

54 See http://www.iosco.org/about.

55 See http://www.iosco.org/library/index.cfm?section=pubdocs.

56 See http://www.iosco.org/library/pubdocs/pdf/IOSCOPD323.pdf.

57 See http://www.iosco.org/library/index.cfm?section=mou_main.

58 See IAIS,[42] and for the framework, http://www.iaisweb.org/index.cfm?pageID.=440.

59 See http://www.financialstabilityboard.org/cos/key_standards.htm.

60 See FATF.[41] In 1990, the FATF produced a set of *Forty Recommendations*, 'which provide a comprehensive plan of action needed to fight against money laundering'. In 2001, the FATF added the *Eight Special Rec*ommendations to deal with the issue of terrorist financing, and in 2004 published a Ninth Special Recommendations, 'further strengthening the agreed international standards for combating money laundering and terrorist financing – the *40+9 Recommendations*'. Also, '[d]uring 1991 and 1992, the FATF expanded its membership from the original 16 to 28 members. In 2000 the FATF expanded to 31 members, in 2003 to 33 members, and in 2007 it expanded to its current 34 members'. In the 1990s, FATF became interconnected with the World Bank and the IMF as to their financial sector reform efforts and later as to their financial sector assessment programs (FSAP). Id.

61 See http://www.Egmontgroup.org.

62 See http://www.wolfsberg-principles.com/index.html.

63 The first Biennial Conference was held in London in 1979: the most recent (XVth) was held in Brussels in 2008: http://www.icbs2008.org. The Conference does not have a permanent secretariat or website but is hosted by differing banking authorities. The XVI Conference will be held in Singapore in September 2010.

64 See Basel Committee. (2009) History and membership. August, at p. 5, at http://www.bis.org/bcbs/history.pdf.

65 See generally Norton, J.J. (2001) *Financial Sector Reform in Emerging Markets*. London: BIICL.

66 See, *inter alia*, Arner, D. Yokoi-Arai, M. and Zhou, Z. (2001) *Financial Crises in the 1990s*. London: BIICL, Part Two.

67 For an interesting perspective of the vast array of 'international legal standards' in the global economic area that have come into being over the past 3–4 decades, see OECD (with ILO, World Bank, IMF and WTO) (2009) A 'Global Charter'/'Legal Standards' – An Inventory of Possible Policy Instruments, March, available at http://www.oecd.org/dataoecd/35/63/42393042.pdf.

68 See, for example, European Commission, 'Enlargement' at http://ec.europa.eu/enlargement/enlargement_process/accession_process/how_does_a_country_join_the_eu/negotiations_croatia_turkey/index_en.htm.

69 See http://ec.europa.eu/internal_market/bank/ebc/index_en.htm.

70 For BIS website, see http://www.bis.org.

71 For OECD website, see http://www.oecd.org.

72 International Association of Deposit Insurers, which was formed in 2002 to promote financial stability by enhancing the effectiveness of deposit insurance systems through guidance and international cooperation. See http://www.iadi.org. The IADI has formulated 'Core Principles for Effective Deposit Insurance'. See http://www.iadi.org/NewsRelease/JWGDI%20CBRG%20core%20principles_18_June.pdf. Though not yet an official financial ISSB, *de facto* this body is an ISSB.

73 See http://www.bis.org/about/chronology/1929-1939.htm.

74 See http://www.oecd.org/pages/0,3417,en_36734052_36761863_1_1_1_1_1,00.html.

75 See Convention on the Organization of Economic Cooperation and Development (1960), Article 1, http://www.oecd.org/document/7/0,3343,en_2649_201185_1915847_1_1_1_1,00.html, accessed 21 June 2010.

76 See http://www.oecd.org/pages/0,3417,en_36734052_36761800_1_1_1_1_1,00.html.

77 See Global Charter,[68] at pp. 142–155.

78 See http://www.insolvencyreg.org/sub_about/index.htm.

79 See http://www.group30.org.

80 See http://www.clubdeparis.org.

81 See http://www.imf.org/external/np/exr/facts/groups.htm.

82 See http://www.iasd.org.

83 See http://www.transparency.org.

84 See http://www.iif.com.

85 See www.icmagroup.org.

86 For Group of 7/8 Information Centre containing all relevant Declarations, Ministerial Reports, see http://www.g8.utoronto.ca.

87 See generally Arner *et al*.[67]

88 Beginning in the mid-1990s, the G-7 (now G-8) began to focus on that it referred to as the 'international financial architecture'. The first use of the specific term 'New International Financial Architecture' is often attributed to Mr Michael Camdessus, former Managing Director of the IMF who first began regularly to use this term in 1998 (for example, Michel Camdessus, Toward a New Financial Architecture for a Globalized World, address at the Royal Institute of International Affairs, London, 8 May 1998).

89 Some commentators speak of NIFA as the period from the early 1970s through mid-1990s, then of NIFA II from the mid-late 1990 to 2008, and NIFA-III in connection with the Bretton Woods II Summit Series. I prefer to think of there being the 1945–1973 Bretton Woods I period; next, a period of floating exchange rates and *ad hoc* approaches from 1974 to 1995; then a period from 1995 to 2008 where the G-7/8 have tried to direct a more managed international financial system focusing primarily on financial stability; and, now a Bretton Woods II-NIFA-II period that started with the November G-20 Bretton Woods II Summit. See, *inter alia*, Norton, J.J. (2000) A new financial architecture? – Reflections on a possible law-based approach. *International Lawyer* 33: 891, and Attanasio, J.A., John, A. and Norton J.J. (co-eds. and contribs.) (2001). *A New International Financial Architecture: A Viable Approach*. London: BIICL.

90 See, for example, Sheng, A. The New International Financial Architecture, Ch. 1 in Attanasio-Norton.[90]

91 Virtually all the involved international bodies directly or indirectly involved the financial industries sectors (as they are direct subjects of such standards) in their devising, revising and implementing international financial sector standards, whether by way of seeking input, through more direct and ongoing cooperative involvement, and/or through the good faith implementation of the standards. Further, in certain areas (as the capital adequacy area, private financial came to provide viable operational models).

92 See generally G-7/8 website.[87]

93 See www.fatf-gafi.org/pages/0,3417,en_32250379_32236836_1_1_1_1_1,00.html.

94 See note[61] and accompanying text. For an interesting and insightful analysis of globalization, money-laundering and the FATF, see Shams, H. (2004) *Legal Globalisation: Money Laundering Law.* London: BIICL, The FATF is not a formal member of the FSF/FSB, but it is an international-standard setter for FSF/FSB purposes and it maintains close collaboration with the FSF/FSB and also with the UN Office on Drugs and Crime and its Anti-Money-Laundering Unit.

95 1992 Munich Economic Declaration, para. 33 at http://www.g7.utoronto.ca/summit/1992munich/communique/russia.html.

96 See generally G-7/8 information centre.[87]

97 See, for example, Norton,[66] Ch. 7 ('The Mexican Experience with Financial Sector Reform').

98 See section 1, para 3 of the 1994 Naples Summit, at www.g7.utoronto.ca/summit/1994naples/communique/introduction.html.

99 See generally Halifax Summit Communiqué, at http://www.g7.utoronto.ca/summit/1995halifax/index.html.

100 Halifax Summit Communiqué, section 5.

101 Halifax Summit Communiqué, section 6.

102 To access this document, see http://www.g7.utoronto.ca/summit/1995halifax/financial/index.html.

103 See, for example, para. 22 of the Halifax Communiqué.[100]

104 See (1996) Finance Ministers Report to the Heads of State and Government on International Monetary Stability (Lyon Summit), 28 June, at http://www,g7.utoronto.ca/summit/1996lyon/finance.html.

105 The JF was established in 1996 by the Basel Committee, IOSCO and the IAIS for the purpose of considering issues common to the banking, securities and insurance sectors, including the regulation of financial conglomerates (accessed 12 December 2008). The JF succeeded an informal Tripartite Group formed in 1993, with the regulators acting in their individual capacity (http://www.bis.org/bcbs/jointforum.htm).

106 See www.g7.utoronto.ca/summit/1996lyon/finance.html.

107 See (1997) Final Report of the G-7 Heads of State and Government on Promoting Financial Stability, 21 June, at http://www.g7.utoronto.ca/summit/1997denver/finanrpt.htm.

108 On this Report, see http://www.g8.utoronto.ca/summit/1998birmingham/g7heads.htm.

109 See (1999) Report of the G-7 Finance Ministers to the Köln (Cologne) Summit, 18–20 June, at http://www.g8utoronto.ca/finance/fm061999.htm and (2000) Report of the G-7 Finance Ministers to the Heads of State and Government (2000 Okinawa Summit), Fukoda, Japan, 8 July, at http://www.g7.utoronto.ca/finance/fm20000708-st.html.

110 See generally Norton.[66]

111 On this Report, see http://www.g8.utoronto.ca/finance/fm20000708-st.html.

112 See the respective G-7/8 documentation during this period on information website.[15]

113 See, for example, World Bank Staff, 'International Financial Architecture: An Update on World Bank Group Activities' (2001), at http://www.worldbank.org/ifa/IFAUpdate1101.pdf.

114 See, for example, United Nations (1974) Resolutions adopted by the General Assembly 3201 (S-VI), Declaration on the Establishment of a New International Economic Order. 1 May.

115 For example, at the 2005 Gleneagles G-7/8 Summit, the following additional Heads of State from the following countries were invited to participate: Algeria, Brazil, China, Ethiopia, Ghana, India, Mexico, Nigeria, Senegal, South Africa and Tanzania. Further the Heads of the following international organizations were invited: Commission of the African Union, International Energy Agency, International Monetary Fund, United Nations, World Bank and the WTO.

116 Cf. (2008) Communiqué Brazil, Russia, India and China: First Meeting of BRIC Finance Ministers. Sao Paolo, Brazil, 7 November, at http://www.g20.utoronto.ca/2008-brics-081107.html.

117 Cf G20 History[9,10]; and Bryant, R.C. (2003) *Turbulent Waters: Cross-Border Finance and International Governance.* Washington DC: Brookings, at 424.

118 Referred to as the 'Willard Group' after the Washington DC hotel in which they would sometimes meet.

119 See IMF. (2010) Factsheet: A guide to committees, groups and clubs. June, at www.imf.org/external/np/exr/facts/groups.htm#G20.

120 Cologne Finance Ministers Report,[110] para. 14 b.

121 See G-20 History,[9,10] and Annex D thereto.

122 See G-20, About G-20- Mandate, at www.g20.org/G20.

123 See the various G-20 Annual Communiqués from 1999 to 2007 contained on G- 20 website[1], and as contained in Annex C to the G-20 History.[9,10]

124 See next major Part of this article.

125 But, the G-20 has developed a *Procedure Manual* for assisting incoming Chairs deal administratively with the various meetings, seminars and workshops.

126 By aside, with respect to both the G-7 and G-20, it is often assumed that the Finance Ministers and the Central Bank Governors of a country have unitary positions on financial and monetary matters. This is not necessarily the case, particularly where the Central Bank is organized outside the Ministry of Finance and otherwise promotes the modern principle of Central Bank independence as sought under NIFA-I.

127 See G-20 History.[9,10]

128 See G-20 History,[9,10] at 22–23.

129 The Communiqués and other relevant documentation related to the G-7 and G-20 can be accessed through the University of Toronto's G-8 Information Centre, www.g7.utoronto.ca.

130 G-20 Communiqué related to its inaugural Berlin meeting on 15–16 December 1999, wherein para. 2, the G-20 Finance Ministers envision their domain to be 'to broaden the discussions on key economic and financial policy issues among systemically significant economies and promote co-operation to achieve stable and sustainable world economic growth that benefits all'. See http://www.g20.org/G20/webapp/publicEN/publication/communiques/doc/1999_germany.pdf. In addition, see Statement by the Honourable Paul Martin, Minister of Finance of Canada, to the Interim Committee of the International Monetary Fund, Washington, 26 September 1999, wherein he speaks as to the broad mandate of the G-20 (at www.imf.org/external/am/1999/ICstate/CAN.HTM. Martin was the first Chair of the G-20.

131 Generally speaking post-1999, the G-8 Heads of State seem to defer international financial matters to the G-7 Finance Ministers and they in turn to the new G-20. This being said, the G-7 Finance Ministers remained most active in policy formulation and direction in international financial matters. See the various Communiqués of the G-7 Finance Ministers Meetings at www.g7.utoronto.ca/finance/index.htm.

132 For an insightful analysis on the work of the G-20 from 1999 to 2007, from an emerging economy perspective, see Martinez-Diaz, L. (2007) The G20 After Eight Years: How Effective a Vehicle for Developing-Country Influence? Brookings Global Economy and Development Working Paper No. 12, October, at papers.ssrn.com/sol3/papers.cfm?abstract_Id.=1080280.

133 See, for example, G-20 Communiqué (25 October 2000, Montreal), para. 1–4, at http://www.g20.utoronto.ca/2000communique.pdf.

134 See generally http://www.un.org/millenniumgoals.

135 See generally http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf.

136 See generally G-20 Finance Ministers (2005). Communiqué – Xianghe, Hebei, China, 15–16 October.

137 See generally G-20 Finance Ministers (2007). Communiqué – Kleinmond, Cape Town, South Africa, 17–18 November, at http://www.g20.org/pub_communiques.aspx.

138 See, *inter alia*, Walker, G.A. (1999) A new international architecture and the financial stability forum. *Essays in*

International Financial Law and Economics, London Institute No. 24, pp. 1–33.

139 See http://www.financialstabilityboard.org/about/history.htm. As will be discussed hereinafter the FSB has been reconstituted as the Financial Stability Board (FSB, with an enhanced mandate). As such the various 'fsforum.org' website citations are now automatically converted into 'financialstabilityboard.org' website citations.

140 See Tietmeyer, H. (1999) Report to G-7 Finance Ministers and Governors International Co-operation and Co-ordination in the Area of Financial Market Supervision and Surveillance, http://www.fsforum.org/publications/r_9902.pdf.

141 See Cologne Finance Ministers Report.

142 See http://www.fsforum.org/about/mandate.htmA copy of the original mandate is in the author's files.

143 See http://www.financialstabilityboard.org/about/mandate.htm, and http://www.financialstabilityboard.org/list/fsb_meetings/index.htm.

144 IMF, Our Work, at http://www.imf.org/external/about/ourwork.htm.

145 See IMF, Articles of Agreement, particularly Article I (Purposes). These Articles were adopted at the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, 22 July 1944. Entered into force 27 December 1945. Amended effective 28 July 1969, by the modifications approved by the Board of Governors in Resolution No. 23-5, adopted 31 May 1968; amended effective 1 April 1978, by the modifications approved by the Board of Governors in Resolution No. 31-4, adopted 30 April 1976; and amended effective 11 November 1992, by the modifications approved by the Board of Governors in Resolution No. 45-3, adopted 28 June 1990. A copy can be found at www.imf.org/external/pubs/ft/aa/aa.pdf.

146 See, *inter alia*, Truman, E.M. (ed.) (2006) Reforming the IMF for the 21st Century (Special Report No. 19, Institute for International Economics). and Sanford, J.E and Weiss, M.A. (2004) CRS Report for Congress: International Monetary Fund: Organization, Functions and Role in the International Economy, 22 April, papers.ssrn.com/sol3/papers.cfm?abstract_Id.=540482.

147 See, for example, Fischer, S. (2000) Speech: The IMF and the financial sector: Financial risks, system stability, and economic globalization. June, at www.imf.org/external/np/speeches/2000/060500.HTM.

148 See the various G-7 Reports,[130] and the G-7 Finance Ministers (2007). Report on Strengthening the International Financial System and the Multilateral Development Banks(Part C) (Rome), 7 July, at www.g7.utoronto.ca/finance/fm010707.htm.

149 Under NIFA-I process, the IMF became an IBSS for three transparency-related standards: data dissemination, fiscal transparency, and monetary and financial transparency: it also has issued guidelines for public debt management and for foreign exchange reserve management. See http://www.oecd.org/dataoecd/35/63/42393042.pdf, at p. 63.

150 See generally IMF Surveillance: Factsheet, at http://www.imf.org/external/np/exr/facts/surv.htm.

151 See IMF (2007) Bilateral surveillance over members' policies- executive board decision. 15 June, at http://www.imf.org/external/np/sec/pn/2007/pn0769.htm#decision.

152 See IMF. Financial Soundness Indicators (FSIs) and the IMF at http://www.imf.org/external/np/sta/fsi/eng/fsi.htm.

153 See IMF, Office of Independent Evaluation, An Evaluation of the IMF's Multilateral Surveillance, at www.imf.org/external/np/ieo/2006/ms/eng/index.htm. Two of the main outputs are the IMF's annual *World Economic Outlook* and the semi-annual *Global Financial Stability Report*.

154 See http://www.imf.org/External/NP/EXR/ib/2007/041807.pdf.

155 See Berg, A. Borenzstein, E. and Patillo, C. (2004) Assessing Early Warning Systems: How Have They Worked?. IMF Working Paper (WP/04/52) March, at http://Id.eas.repec.org/p/imf/imfwpa/04-52.html.

156 See dsbb.imf.org/Applications/web/dqrs/dqrsdqaf.

157 See Borensztein *et al*[156]; and GAO Report (GAO-03-734) (2003). International Financial Crises: Challenges Remain to IMF's Ability to Anticipate, Prevent and Resolve Financial Crises. June, at http://www.gao.gov/htext/d03734.html.

158 On World Bank's FSAP website, see http://www1.worldbank.org/finance/html/fsap.html; on IMF's comparable FSAP site, see http://www.imf.org/external/np/fsap/fsap.asp.

159 On World Bank's FSAP website, see http://www1.worldbank.org/finance/html/fsap.html; on IMF's comparable FSAP site, see http://www.imf.org/external/np/fsap/fsap.asp at p. 26.

160 http://www.financialstabilityboard.org/publications/r_100109a.pdf.

161 For insightful analyses of the various G-20 Leaders Summits, see Arner & Buckley.[11–13]

162 For example, IADI and related Principle;[71] Also World Bank in early 2000s formulated standards on corporate insolvency and creditors rights, and (with the IMF) on bank insolvency principles. In 2009, the IMF and OECD assisted the IWG of Sovereign Wealth Funds develop the 'Santiago Principles' for SWFs.[163] Further, we see in the G-20 Leaders' Action Plan[6] efforts to generate additional 'codes', standards, 'best practices' from the public and private sector and jointly.

163 See Action Plan[6–178] (immediate action 'Strengthening Transparency and Accountability'). For example, the Declaration envisions the formulation of accounting and credit rating agency best practices. Also, though not mentioned, the G-20 Finance Ministers contemporaneously, through the IMF and OECD, were orchestrating the formulation of 'principles' for Sovereign Wealth Funds. See Norton, J.J. (2010 forthcoming) The Santiago principles and the IWG for sovereign wealth funds: Evolving components of the new Bretton Woods II post-global financial crisis. *Banking and Finance Law Review* 29(summer).

164 For an interesting matter-of-fact discussion of the US perspective, see Henry M. Paulson, Jr, On the Brink' Inside the Race to Stop the Collapse of the Global Financial System, Chs. 14–16 (Business Plus, NY, 2010). The G-20 Leaders (see Refs.[6,122] – text on member countries) and the European Union and the IMF and the World Bank, as regular participants in G-20 meetings, also would be part of the 15 November 2008 conference/

summit, in addition to the UN Secretary General and the Chairman of the FSF, as special invitees.

165 See Perino.[4]

166 See Paulson.[164]

167 See Plan of Action.[6]

168 See G-20 Finance Ministers (2008). Communiqué: Meeting of Ministers and Governors (Sao Paolo, Brazil), 8–9 November, http://www.g20.org/Documents/2008_communique_saopaulo_brazil.pdf.

169 See, for example, IMF. (2008) Global Financial Stability Report: Containing Systemic Risks and Restoring Financial Soundness. April, available at http://www.imf.org/External/Pubs/FT/GFSR/2008/01/pdf/text.pdf and, Financial Stability Forum (2008). Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience, April, available at http://www.financialstabilityboard.org/publications/r_0804.pdf.

170 See First Summit Declaration,[6] at para. 1.

171 See First Summit Declaration,[6] at para 2.

172 See, for example, Mervyn King (Governor of Bank of England). (2010) Speech at the university of exeter. 19 January, warning of the fundamental need to address global imbalances, but also outlines the great difficulties of doing so, available at http://www.bankofengland.co.uk/publications/speeches/2010/speech419.pdf. See also insightful observation by Stanley Fisher (former IMF First Deputy Managing Director and now Governor of the Bank of Israel): 'For the Fund to have succeed[in addressing the buildup of global imbalances], it would have had to mediate between the country with the largest population in the world and the country with the largest GDP in the world, and get them to reach an agreement they were incapable of doing bilaterally' (2008) IMF Survey online, 16 October, at pp. 2–3, at http://www.imf.org/external/pubs/ft/survey/so/2008/new101608a.htm.

173 The common principles for reform set out by the Leaders were: (i) strengthening transparency and accountability; (ii) enhancing sound regulation; (iii) promoting integrity in financial markets; (iv) reinforcing international cooperation; and (v) reforming international financial institutions, namely the FSF and the IMF. See First Summit Declaration,[6] at para. 9.

174 See First Summit Declaration,[6] Appendix – Action Plan to Implement Principles for Reform. The 28 immediate tasks were: (1) The key global accounting standards bodies should work to enhance guidance for valuation of securities, also taking into account the valuation of complex, illiquid products, especially during times of stress; (2) Accounting standard setters should significantly advance their work to address weaknesses in accounting and disclosure standards for off-balance sheet vehicles; (3) Regulators and accounting standard setters should enhance the required disclosure of complex financial instruments by firms to market participants; (4) With a view toward promoting financial stability, the governance of the international accounting standard setting body should be further enhanced, including by undertaking a review of its membership, in particular in order to ensure transparency, accountability, and an appropriate relationship between this independent body and the relevant authorities; (5) Private sector bodies that have already developed best practices for private pools of capital and/or hedge funds should bring forward proposals for a set of unified best practices. Finance Ministers should assess the adequacy of these proposals, drawing upon the analysis of regulators, the expanded FSF, and other relevant bodies; (6) The IMF, expanded FSF, and other regulators and bodies should develop recommendations to mitigate pro-cyclicality, including the review of how valuation and leverage, bank capital, executive compensation, and provisioning practices may exacerbate cyclical trends; (7) Regulators should take steps to ensure that credit rating agencies meet the highest standards of the international organization of securities regulators and that they avoid conflicts of interest, provide greater disclosure to investors and to issuers, and differentiate ratings for complex products….; (8) The international organization of securities regulators should review credit rating agencies' adoption of the standards and mechanisms for monitoring compliance; (9) Authorities should ensure that financial institutions maintain adequate capital in amounts necessary to sustain confidence. International standard setters should set out strengthened capital requirements for banks' structured credit and securitization activities; (10) Supervisors and regulators, building on the imminent launch of central counterparty services for credit default swaps (CDS) in some countries, should: speed efforts to reduce the systemic risks of CDS and over-the-counter (OTC) derivatives transactions; insist that market participants support exchange traded or electronic trading platforms for CDS contracts; expand OTC derivatives market transparency; and ensure that the infrastructure for OTC derivatives can support growing volumes; (11) Regulators should develop enhanced guidance to strengthen banks' risk management practices….; (12) Regulators should develop and implement procedures to ensure that financial firms implement policies to better manage liquidity risk, including by creating strong liquidity cushions; (13) Supervisors should ensure that financial firms develop processes that provide for timely and comprehensive measurement of risk concentrations and large counterparty risk positions across products and geographies; (14) Firms should reassess their risk management models to guard against stress and report to supervisors on their efforts; (15) The Basel Committee should study the need for and help develop firms' new stress testing models, as appropriate; (16) Financial institutions should have clear internal incentives to promote stability, and action needs to be taken, through voluntary effort or regulatory action, to avoid compensation schemes which reward excessive short-term returns or risk taking; (17) Banks should exercise effective risk management and due diligence over structured products and securitization; (18) Our national and regional authorities should work together to enhance regulatory cooperation between jurisdictions on a regional and international level; (19) National and regional authorities should work to promote information sharing about domestic and cross-border threats to market stability and ensure that national (or regional, where applicable) legal provisions are adequate to address these threats;

(20) National and regional authorities should also review business conduct rules to protect markets and investors, especially against market manipulation and fraud and strengthen their cross-border cooperation to protect the international financial system from illicit actors. In case of misconduct, there should be an appropriate sanctions regime; (21) Supervisors should collaborate to establish supervisory colleges for all major cross-border financial institutions, as part of efforts to strengthen the surveillance of cross-border firms. Major global banks should meet regularly with their supervisory college for comprehensive discussions of the firm's activities and assessment of the risks it faces; (22) Regulators should take all steps necessary to strengthen cross-border crisis management arrangements, including on cooperation and communication with each other and with appropriate authorities, and develop comprehensive contact lists and conduct simulation exercises, as appropriate; (23) The FSF should expand to a broader membership of emerging economies; (24) The IMF, with its focus on surveillance, and the expanded FSF, with its focus on standard setting, should strengthen their collaboration, enhancing efforts to better integrate regulatory and supervisory responses into the macro-prudential policy framework and conduct early warning exercises; (25) The IMF, given its universal membership and core macro-financial expertise, should, in close coordination with the FSF and others, take a leading role in drawing lessons from the current crisis, consistent with its mandate; (26) We should review the adequacy of the resources of the IMF, the World Bank Group and other multilateral development banks and stand ready to increase them where necessary. The IFIs should also continue to review and adapt their lending instruments to adequately meet their members' needs and revise their lending role in the light of the ongoing financial crisis; (27) We should explore ways to restore emerging and developing countries' access to credit and resume private capital flows which are critical for sustainable growth and development, including on-going infrastructure investment; and (28) In cases where severe market disruptions have limited access to the necessary financing for counter-cyclical fiscal policies, multilateral development banks must ensure arrangements are in place to support, as needed, those countries with a good track record and sound policies.

175 Ibid., the 19 medium-term tasks are: (1) The key global accounting standards bodies should work intensively toward the objective of creating a single high-quality global standard; (2) Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards; (3) Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. Regulators should work to ensure that a financial institution's financial statements include a complete, accurate and timely picture of the firm's activities (including off-balance sheet activities) and are reported on a consistent and regular basis; (4) To the extent countries or regions have not already done so, each country or region pledges to review and report on the structure and principles of its regulatory system to ensure it is compatible with a modern and increasingly globalized financial system. To this end, all G-20 members commit to undertake a Financial Sector Assessment Program (FSAP) report and support the transparent assessments of countries' national regulatory systems; (5) The appropriate bodies should review the differentiated nature of regulation in the banking, securities and insurance sectors and provide a report outlining the issue and making recommendations on needed improvements. A review of the scope of financial regulation, with a special emphasis on institutions, instruments and markets that are currently unregulated, along with ensuring that all systemically important institutions are appropriately regulated, should also be undertaken; (6) National and regional authorities should review resolution regimes and bankruptcy laws in light of recent experience to ensure that they permit an orderly wind-down of large complex cross-border financial institutions; (7) Definitions of capital should be harmonized in order to achieve consistent measures of capital and capital adequacy; (8) Credit Ratings Agencies that provide public ratings should be registered; (9) Supervisors and central banks should develop robust and internationally consistent approaches for liquidity supervision of, and central bank liquidity operations for, cross-border banks; (10) International standard setting bodies, working with a broad range of economies and other appropriate bodies, should ensure that regulatory policy makers are aware and able to respond rapidly to evolution and innovation in financial markets and products; (11) Authorities should monitor substantial changes in asset prices and their implications for the macro-economy and the financial system; (12) National and regional authorities should implement national and international measures that protect the global financial system from uncooperative and non-transparent jurisdictions that pose risks of illicit financial activity; (13) The Financial Action Task Force should continue its important work against money laundering and terrorist financing, and we support the efforts of the World Bank – UN Stolen Asset Recovery (StAR) Initiative; (14) Tax authorities, drawing upon the work of relevant bodies such as the Organization for Economic Cooperation and Development (OECD), should continue efforts to promote tax information exchange. Lack of transparency and a failure to exchange tax information should be vigorously addressed. (15) Authorities, drawing especially on the work of regulators, should collect information on areas where convergence in regulatory practices such as accounting standards, auditing and deposit insurance is making progress, is in need of accelerated progress, or where there may be potential for progress. (16) Authorities should ensure that temporary measures to restore stability and confidence have minimal distortions and are unwound in a timely, well-sequenced and coordinated manner; (17) We underscored that the Bretton Woods Institutions must be comprehensively reformed so that they can more adequately reflect changing economic weights in the world economy and be more responsive to future challenges. Emerging and developing

economies should have greater voice and representation in these institutions; (18) The IMF should conduct vigorous and even-handed surveillance reviews of all countries, as well as giving greater attention to their financial sectors and better integrating the reviews with the joint IMF/World Bank financial sector assessment programmes. On this basis, the role of the IMF in providing macro-financial policy advice would be strengthened; and (19) Advanced economies, the IMF and other international organizations should provide capacity-building programmes for emerging market economies and developing countries on the formulation and the implementation of new major regulations, consistent with international standards.

176 Ibid., at para 10.

177 Ibid., at para. 12–14.

178 See First Summit Declaration,[6] Action Plan - Reforming International Financial Institutions.

179 See First Summit Declaration,[6] Action Plan - Reforming International Financial Institutions (immediate action terms as to 'Enhancing Sound Regulation' and 'Promoting Integrity in Financial Markets').

180 See First Summit Declaration,[6] Action Plan - Reforming International Financial Institutions (immediate action item as to 'Reinforcing International Cooperation').

181 For example, BCCI situation in the 1990s, see, *inter alia*, Norton, J.J. (1992) Projecting trends in international bank supervision: After BCCI. In: J. Norton and Raymond M. Auerbach (eds.) *International Finance in the 1990s: Challenges and Opportunities*. London: Blackwell, Ch. 4.

182 Action Plan[6–178] (immediate action items, 'Enhancing Sound Regulation-Risk Management').

183 Action Plan[6–178] (medium-term action items, 'Promoting Integrity in Financial Markets').

184 See Ref.[74] The BIS also houses the Financial Stability Institute (FSI) and the Irving Fisher Committee on Bank Statistics. The BIS and Basel Committee, as part of NIFA-I, 'jointly created the Financial Stability Institute [FSI] in 1999 to assist financial sector supervisors around the world in improving and strengthening their financial systems'. On institutions hosted by BIS, see http://www.bis.org/about/comsecr.htm.

185 See generally First Summit Declaration.[6]

186 On London Summit's website, see generally http://www.londonsummit.gov.uk. On role of 'sherpas', see http://blogs.fco.gov.uk/roller/londonsummit/entry/a_rough_guide_to_summits.

187 As Chair of the G-20 in 2009 the United Kingdom, working closely with Brazil and Korea 2008 and 2010 Chairs respectively, has established four working groups to advance this work for the next Leaders' Summit on 2 April in London. Each working group is co-chaired by two senior officials from the G-20, one from a developed and one from an emerging market economy. Each G-20 country is represented on each working group. Experts from relevant international financial institutions, standard setting bodies, non G-20 countries, business and academia have also been invited by co-chairs to input into the work of the groups.' See Bretton Woods Project, G-20 Working Groups for Leaders' Summit on 2 April in London, http://www.ifiwatchnet.org/?q=en/node/29300. For copies of these four Working Group Reports, see http://www.g20.org/Documents/g20_wg1_010409.pdf, www.g20.org/Documents/g20_wg2_010409.pdf, http://www.g20.org/Documents/g20_wg3_010409.pdf, and http://www.g20.org/Documents/g20_wg4_010409.pdf.

188 See, for example, Dale, R. (2010) CISG: Gordon brown needs G-20 summit success. 25 March, at csis.org/…/gordon-brown-needs-g-20-summit-success.

189 For copy of the London Summit Communiqué (Second Summit Declaration), see http://www.londonsummit.gov.uk/en/summit-aims/summit-communique.

190 For copy of the London Summit Communiqué (Second Summit Declaration), see http://www.londonsummit.gov.uk/en/summit-aims/summit-communique at para. 4.

191 The World Bank for the past several years has stressed that economic growth and development needs to be 'inclusive': see, for example *World Bank Development Report: 2006: Equity and Development*, at http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/EXTWDR2006/0,menuPK:477658~pagePK:64167702~piPK:64167676~theSitePK:477642,00.html. See Second Summit Declaration,[189] at paras 23, 25–27.

192 In term of the environmental element, it needs to be kept in mind that a G-7/8 and G-20 2009 priority was supposedly the successful completion of the Copenhagen Climate Treaty. See Second Summit Declaration,[189] paras 27–28. Cf. Lean, G. (2010) Independent online: Hopes for climate treaty set by G-20s weasel words, 5 April, at http://www.independent.co.uk/environment/climate-change/hopes-for-climate-treaty-set-back-by-g20s-weasel-words-1662935.html.

193 See Second Summit Declaration,[189] paras 6 and 26.

194 See Second Summit Declaration,[189] paras 10–12. This reflects the initial and ongoing undercurrent of tension among various G-20 members as to the emphasis on fiscal stimulus versus fiscal restraint.

195 See Second Summit Declaration,[189] para. 22–23.

196 See Second Summit Declaration,[189] para. 25.

197 See Second Summit Declaration,[189] at para. 20.

198 See Second Summit Declaration,[189] paras 13–16.

199 See supplemental Leaders' Declaration on Delivering Resources Through the International Financial Institutions (London Summit, 2 April 2009) (IFI Declaration), available at http://www.londonsummit.gov.uk/resources/en/PDF/annex-ifi.

200 See Second Summit Declaration,[189] at para. 15.

201 See FSB/FSF 'Quick Links' at http://www.financialstabilityboard.org.

202 See G-20. (2009) Progress Report on the Actions of the Washington Action Plan. 2 April, at http://www.g20.org/Documents/FINAL_Annex_on_Action_Plan.pdf.

203 See Second Summit Declaration,[189] at para. 21.

204 See Second Summit Declaration,[189] at para. 29.

205 See Leaders' Statement - The Pittsburgh Summit – 24–25 September 2009 ('Third Summit Declaration'), at http://www.g20.org/Documents/pittsburgh_summit_leaders_statement_250909.pdf.

206 See Leaders' Statement - The Pittsburgh Summit – 24–25 September 2009 ('Third Summit Declaration') at Preamble, para. 5.

207 See Leaders' Statement - The Pittsburgh Summit – 24–25 September 2009 ('Third Summit Declaration'), which

Framework comprises paras 2–9 of main body of the Declaration, an Annex on 'Core Values for Sustainable Economic Activity', and an attached 4 paragraph Framework (collectively, the 'G-20 New Growth Framework'). This Framework is intended to be 'a compact that commits us to work together to assess how our policies fit together, to evaluate whether they are collectively consistent with more sustained and balanced growth and to act as necessary to meet our common objectives.' Ibid., Preamble, para. 5.

208 See, for example, Reuters. (2009) Global recession ending: OECD. 3 September, at http://www.reuters.com/article/Id.USTRE5821Z420090903. However, the Leaders did note that a 'sense of normalcy should not lead to complacency', that the 'process of recovery and repair remains incomplete', and that a 'strong policy response' needed to be 'sustained'. See Third Summit Declaration,[203] Preamble, paras 8–10.

209 See (2009) Progress Report of the Actions of the London and Washington G-20 Summits, 5 September, http://www.g20.org/Documents/20090905_G20_progress_update_London_Fin_Mins_final.pdf.

210 See Third Summit Declaration,[203] Preamble, at para 29: 'We will spare no effort to reach agreement in Copenhagen through the United Nations Framework Convention on Climate Change (UNFCC) negotiations'.

211 See Third Summit Declaration,[203] Preamble, para. 19.

212 See Third Summit Declaration,[203] Preamble, para. 28.

213 See G-20 New Growth Framework.[207]

214 See G-20 New Growth Framework,[207] main body of Declaration, para. 13.

215 See G-20 New Growth Framework[207] at para 15.

216 See G-20 New Growth Framework[207] at para 14.

217 See G-20 New Growth Framework[207] at paras 18–27.

218 See G-20 New Growth Framework[207] at paras 34–39.

219 See G-20 New Growth Framework[207] at paras 43–47.

220 See generally G-8 Leaders. (2010) Muskoka Declaration: Recovery and new beginning ('Muskoka G-8 Summit Declaration'). 26 June, at http://www.g8.utoronto.ca/summit/2010muskoka/communique.html.

221 See http://www.g8.utoronto.ca/summit/2010muskoka/accountability/index.html.

222 See Muskoka Declaration,[220] at para 43.

223 See G-20 Finance Ministers. (2010) Communiqué – Busan, ROK. 5 June, at http://www.g20.org/Documents/201006_Communique_Busan.pdf.

224 See IMF. (2010) Report to G-20: G-20 mutual assessment process-alternative policy scenarios. June, at http://www.imf.org/external/np/g20/pdf/062710a.pdf, and World Bank Report to the G-20 (June 2010), G-20 and Global Development: G-20 Growth Framework and Mutual Assessment Process, available at http://siteresources.worldbank.org/DEC/Resources/G20Framework&MAP-WBReport-TorontoSummit-2.pdf.

225 See http://www.financialstabilityboard.org/publications/r_100627c.pdf.

226 See G-20. (2010) Toronto Summit Declaration ('Fourth G-20 Summit Declaration'). 26–27 June, http://g20.gc.ca/toronto-summit/summit-documents/the-g-20-toronto-summit-declaration.

227 See http://g20.gc.ca/toronto-summit/summit-documents/principles-for-innovative-financial-inclusion.

228 See Fourth G-20 Summit Declaration,[226] at para. 9.

229 See Fourth G-20 Summit Declaration,[226] at para. 10.

230 See Fourth G-20 Summit Declaration,[226] at para. 38. The words 'as soon as possible' were substituted.

231 See Love, B. and Bohan, C. (2010) Analysis: G20 put to test in an uneven recovery. Reuters, 28 June, at http://www.reuters.com/article/Id.USTRE65R0HZ20100628.

232 See Fourth G 20 Summit Declaration[226] (for example, paras 18, 20 and 22).

233 See Fourth G-20 Summit Declaration,[226] at para. 22.

234 See Fourth G-20 Summit Declaration,[226] at paras. 36–38.

235 See Fourth G-20 Summit Declaration,[226] at para. 40.

236 See generally http://www.g20.org/index.aspx. The South Korean government is presently constructing an official website for the scheduled November 2010 G-20 Summit: it will be located at http://www.seoulsummit.kr.

237 See Davos Forum. (2010) Special address by President Lee Myung-bak, Seoul G20 Summit: Priorities and challenges. 28 May.

238 Though, in truth, if one reads the IMFs biannual *Financial Stability Reports* from 2004 to 2007, one could argue that the IMF had pointed out most of the root problems of the impending global crisis.

239 Leverage is being approached from an HLI (highly leveraged institution) basis and also from a systemic basis, including how leverage can be transmitted and magnified through institutional and market interconnections.

240 In 2004, the BIS went through a thorough corporate governance review with a view to modernizing its Statute. This author is suggesting a further institutional and operation review to see how the BIS, comprised of Central Banks from 57 jurisdictions can best accommodate the new NIFA-II and possibly BW-II system.

241 See, *inter alia*, Schumcker, C. (2010) Garnet Working Paper No. 73/09: From the G8 to the G20: Reforming the Global Economic Governance System. January, at http://www.garnet-eu.org/fileadmin/documents/working./7310.pdf, and Niu, X. (2010) Global times: No high hopes for G-20 summit outcome, 23 June, at http://opinion.globaltimes.cn/commentary/2010-06/544784.html. For insightful policy analysis, see *Emilios Avgouleas, The Governance of Global Financial Markets and International Financial Regulation: Legal Framework and Policy Directions* (Cambridge: Cambridge University Press, forthcoming 2010).

242 To this author, keeping the G-8 will only distract from the G-20 and may lead to a fractionalization of the G-20 Leaders format by encouraging the emerging country members to group into its own 'caucus' group (though already there is a BRIC grouping).

243 See (2010) Growth, Banking, Trade, Development to Top Agenda at Next G-20 Meeting. *International Trade Reports* 27:1020, 8 July.