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by The Rt. Hon. Paul Martin
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POLICY PERSPECTIVE

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These remarks were originally delivered in a speech at the China-West Dialogue at Boston University's Global Development Policy Center on March 20, 2020



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The period between the end of the Second World War and today has been one of unparalleled economic growth and geopolitical stability for the most part. Few would debate that this was due to the creation of the United Nations, the Bretton Woods institutions, and the Marshall Plan. From these bodies, one of the most important instruments in moving the world forward has been collective action between nations and the establishment of a global rules-based order.

At the present time, unfortunately, the rules-based order is being called into question. One of the reasons for this is the tensions between the world's two superpowers: China, which on occasion has a tendency to create its own rules, and the United States. As Gordon Brown put it recently: "In the unipolar age, America preferred to act multilaterally. Ironically, in the multipolar age, America now prefers to act unilaterally."¹

The question is – what should those of us who believe in a rules-based order do? The answer is that we should ask the G20 to take up the challenge. I suggest this for a number of reasons:

First, because navigating global blockages is what the G20 is supposed to do.

Second, because from its earliest days there has been consistent support for the G20 throughout its membership. It was U.S. president George W. Bush who raised the G20 from a meeting of finance ministers and central bank governors to the leaders' level. And, in China's case, when I worked with former president Hu Jintao and former premier Wen Jiabao, they were strong proponents of the G20. Not long ago, the current Chinese government confirmed this when it said: "We will promote the role of the G20 as the premier forum for international economic co-operation, and help it transform from a crisis management body to a long-term and effective governance mechanism."²

Furthermore, support for the G20 is not only strong among the biggest economies. Support is also strong among those rising economies whose populations are increasing rapidly. This is significant because, looking ahead in a world that is aging, the younger generations in emerging economies will be a major element of growth. For instance: Brazil and a rising Asia, including Indonesia; India, which will be a future superpower; and Korea, which chaired a ground-breaking G20 meeting in 2010.

And further down the road, Africa, now represented by South Africa and the African Union, in 30 years will have the largest, and even more importantly, the youngest population of any continent in the world. When its attempt to form a common market is successful, it will be a formidable player.

¹ Speech delivered in New York City, Dec. 17, 2019.

² "China and the World in the New Era," *China Daily*, Sept. 28, 2019.
www.chinadaily.com.cn/a/201909/28/WS5d8ec524a310cf3e3556e02d_22.html .



Another reason that I recommend the G20 for the purpose at hand is that at its founding at the finance ministers' level, the criterion for membership was not political compatibility. A government could be democratic or authoritarian – it could be free market or state-owned – what was important was that every region of the world had to be represented. This continues to be the criterion.

May I say as an aside, it should be obvious that it was not and is not necessary that the G20 members like each other for the group to function. This is important today when populist and nativist rhetoric fuels global tension.

Now all of this being said, I do not believe that it is enough to call for the restoration of a rules-based order in words alone. The work of restoration must begin with the acceptance of collective action, starting with the most urgent issues.

There are two issues on the table today that are the world's priorities and which must be the G20's. They are pandemic disease and climate change.

There is no way we can avoid these issues. Rather, we should understand that the negotiations surrounding them will provide unassailable indicators of why the rules-based order is so important.

As well, due to the buffer created by these issues, I believe that the G20 can work on the need to heal a fractured world order without incurring what could be a damaging confrontation between the U.S. and China. In fact, having a wider debate within the G20 should make the job of bringing the U.S. and China into consensus much easier.

The first issue at hand is pandemic disease, the obvious case being COVID-19.

One of the G20's most important tasks is to support and empower the great multilateral institutions, in this case the World Health Organization (WHO). Just a few weeks ago in the *Financial Times*, Prabhat Jha, a public health professor from the University of Toronto, suggested that the WHO set up a global data collection agency.³

It is ideas such as this that, if embraced by the G20, could begin the kind of reform and necessary funding that the WHO seeks. Clearly, the issue is urgent and the timing is now. There must be no more delay.

The second example, climate change, will lead to the ultimate stress test of the rules-based order because it will force governments to make difficult choices that will have deep domestic political ramifications.

Ultimately, I believe that as hard choices are made by some countries and ignored by others, the political ramifications in those countries that made the hard choices will lead to retaliation, forcing recalcitrant nations into action. We were given a hint of this when there was an outcry

³ Prabhat Jha, "Coronavirus: WHO Must Learn from the IMF to Stop Pandemics," *Financial Times*, Feb. 26, 2020 www.ft.com/content/a78f3512-5879-11ea-abe5-8e03987b7b20.



from the U.S. after the EU raised the idea that it might institute tariffs on imports from countries that don't face up to climate change on their own.

Climate change is about the future of the planet and our very own existence. The tensions that lie ahead between those countries that have acted versus those that have not will be tensions of a nature that we have rarely navigated outside of war.

It is here that the G20 will play a crucial role – as not only are the two largest emitters, China and the U.S., part of the debate, but the G20's wider membership is comprised of countries making the hard choices, as well as emerging nations which must be given a say.

Now so far, I have made the case for the G20 handling the restoration of the rules-based order and I've taken it further in terms of proving the system by dealing with the two major issues the world faces today.

It would not be unnatural at this stage that you would raise the question – this is putting a lot on the G20; are there not better options to defend the rules-based order?

I don't believe so. Bilateral meetings between the U.S. and China in the current climate won't do the trick and the number of players makes it impossible for the United Nations to do so until others have taken the lead.

Some may say that we should create a different organization with new countries to deal with the rules-based order, and to this I would say good luck. The original G20 was put together by then-U.S. Treasury secretary Larry Summers and myself in a short period of time because of the 1997 Asian financial crisis. If new governments were to engage in this exercise today, it would take them five years to agree on the membership. We don't have the time to wait.

In any event, the G20 exists and it has shown the capacity to add new discussants in addition to the original 19 when needed, and it works.

A further question would be: Has the G20 proven itself? Many would say that it hasn't of late and to be honest, the weather looks a little cloudy at the present time.

The fact is, however, the G20 proved itself when it had to. The G20 rose to the challenge when it met at the London Summit following the 2008 financial crisis where, thanks to Gordon Brown, it rejected knee-jerk protectionism on the one hand and it created the Financial Stability Board on the other. Indeed, when that happened, the G20 was recognized as the only body deemed capable of handling a financial crisis of that size. This is not surprising, considering the fact that the countries comprising the G20 account for 85 per cent of the world's nominal GDP. I have no doubt that the G20 could handle crises like this again if given the task.

However, one of the G20's biggest obstacles today is consistency. Every time there's a new host country, the focus changes and thus much-needed action is frustrated. The G20 has to learn that none of the problems it deals with is going to be solved in one summit meeting. Even if the players agree at the summit, we need to see dedicated follow-through.



One way to ensure this happens is to allow pre-summit ministerial meetings to play a much greater role than they do today. In fact, in my experience, I found that many ministerial meetings were actually more productive than leaders' summits, and the fact that there is less time spent on the show doesn't hurt. Let us not forget that the G20 itself was created at a ministerial meeting.

In this context, it is essential that the G20 health ministers' meeting on April 20 focus on the spread of pandemic disease, support of the WHO, and the other collective efforts needed in what will undoubtedly be the most important meeting this year.

Similarly, the environment ministers' meeting on September 16 will have to advance the yardsticks on climate change.

As well, the G20 finance ministers and central bank governors will have to meet quite frequently in the coming months to ensure that the global economy finds a way to recover from the massive costs of the pandemic and to rewrite the economy, putting the environment into its core.

The time has come to re-establish the rules-based order, a system of global governance that has gotten us through so much and one which we need now more than ever to deal with matters inherent in a globalized world. The rules-based order will only be confirmed once the world demonstrates that it can collectively deal with the most critical issues at hand, issues that face us all: global disease and climate change, to name but two. In order to tackle these issues, communiqués are not enough; G20 countries must stay at the table until solutions are brought forth, putting pressure on all to ensure that the world moves forward collectively.

► About the Author

*The Right Honourable **Paul Martin** was Prime Minister of Canada from 2003 to 2006.*

As Prime Minister, he set in place a ten year plan to improve health care and reduce wait times. He also signed agreements with the provinces and territories to establish the first national early learning and child care program. Under Mr. Martin's leadership, following an 18 month consultation process involving Canada's provinces, territories, First Nations, the Metis Nation, and Inuit leaders, the Federal government reached a historic consensus with the 2005 Kelowna Accord to eliminate funding gaps in health, education, housing, and clean water for Indigenous people.

He was Minister of Finance from 1993 to 2002, where he erased Canada's deficit and recorded five consecutive budget surpluses while paying down the national debt and setting Canada's debt-to-GDP ratio on a steady downward track. He was a Member of Parliament for the riding of Lasalle-Émard from 1988 to 2008.

In 1999, as co-founder of the G20 Finance Ministers and Central Bank Governors, he served as its inaugural chair and continued in that position for 3 years.

After leaving public life, Mr. Martin advised the African Development Bank and worked closely with the Advisory Council of the Coalition for Dialogue on Africa. He was also a founding co-chair of the Congo Basin Forest Fund and a Commissioner of the Global Ocean Commission.

In 2008, he founded the Martin Family Initiative (MFI) a charitable organization committed to improving education, health, and the overall well-being of Indigenous children and youth in Canada.

Before entering politics, Mr. Martin had a long career in the private sector. He graduated from the University of Toronto's St. Michael's College and from the University's law school. He was called to the Ontario Bar in 1966.

He is married to Sheila Ann Cowan and they have three sons and five grandchildren.

► **Canadian Global Affairs Institute**

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