

**GROUP OF GREAT TWENTY
AND STABILITY OF WORLD ECONOMY**

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ABSTRACT:

The Group of Great Twenty (G20) is a non-official forum supporting the constructive and open discussions between the prominent states of the market and the industrialized states regarding the key issues related to the stability of the world economy in order to reinforce the global financial structure and provide the dialogue opportunities about the internal economic policies of the countries, cooperate between one another and invest the international financial institutions in the service of the world economy. Has this group of states been really able to invest the international financial institutions in the service of the world economy? Does it support the economic growth and development in the various states of the world? Has it achieved transparency in the financial policy, tackled the money laundering and funding terrorism?

Keywords: Group of Great Twenty, World Economy,
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INTRODUCTION:

The Group of Great Twenty (G20) is a non-official forum supporting the constructive and open discussions between the prominent states of the market and the industrialized states regarding the key issues related to the stability of the world economy in order to reinforce the global financial structure and provide the dialogue opportunities about the internal economic policies of the countries, cooperate between one another and invest the international financial institutions in the service of the world economy. The Group of Twenty also endeavors to support the movement of the economic growth and development in all parts of the world. The Group also aims at following the internationally recognized criteria through the example given by the members in such scopes as: transparency of the financial policy, tackling the money laundering and funding terrorism. Has it achieved transparency in the financial policy, tackled the money laundering and funding terrorism? Or does this group endeavor only to achieve its interests even if this achievement is made at the expense of the developing states and the poor states so that the rich get richer and the poor get poorer?

(The Group of Twenty (G20) is the premier forum for its members' international economic cooperation and decision-making. Its membership comprises 19 countries plus the European Union. Each G20 president invites several guest countries each year).¹

Endeavoring to cherish the international financial stability cannot be achieved by holding dialogue only between the industrialized countries and emerging countries and neglecting the

other countries of the world, in particular the developing countries. Participation of the various countries of the world in this dialogue is a must for the good of all.

(G20 leaders meet annually. In addition, Finance Ministers and Central Bank Governors meet regularly during the year to discuss ways to strengthen the global economy, reform international financial institutions, improve financial regulation and implement the key economic reforms that are needed in each member economy. Underpinning these meetings is a year-long program of meetings among senior officials and of working groups coordinating policy on specific issues).²

Objectives:

- Displaying the Historical Roots of Foundation of the Group of Great Twenty. (The origin and evolution of the economic bloc of the Group of Great Twenty).
- Can The Group of Twenty face the world financial crisis for the sake of the stability of the world economy?
- Clarifying whether the bloc of the Group of Great Twenty has contributed to alleviating of the harmful results resulting from the world financial crisis.
- Reviewing the activities and results of the summits held by the Group during the period 2008 – 2014.
- Revealing the most important challenges facing the bloc of the Group of Great Twenty.

1- The Historical Roots of Foundation of the Group of Great Twenty:

The Group of Great Twenty (G20) was established on the sidelines of the summit of the Great Eight (G8) held on 25 September 1999 in Washington in the meeting of the ministers of finance of the Group of the Twenty States. The purpose of this new

group is to cherish the international financial stability and to create opportunities for dialogue between the industrialized countries and the emerging countries, which the meetings of the ministers of finance with the Group of Seven (G7) could not solve. The Group of Twenty, as an economic group, is consisted of the greatest 20 industrially advanced states in addition to the European Union (EU). The G20 membership comprises a mix of the world's largest advanced and emerging economies, representing about two-thirds of the world's population, 85 per cent of global gross domestic product and over 75 per cent of global trade. These states represent most of the states of the world in terms of the economic and strategic importance. The group of the economies of these states account for 90% of the total world product.³

When the group of the European countries was subjected to the first oil shock in the period 1973 – 1974, the former French President, Giscard d'Estaing, called the great industrialized countries (Group of Great Eight (G8) to hold an economic summit in Rambuen to discuss the recession problems which affected their economies for the first time since the great depression in the thirties. The inflation issues, the inflationary recession and unemployment represented the most important economic problems facing the decision makers in these states. Then the list of participants got increased in this grouping to include Canada, China and Russia in the nineties after Russia under the leadership of Boris Yeltsin had adopted the policy of market economy. Then the Group of Great Eight (G 8) adopted the Eight + Five (8 + 5) formula, namely to annex the Great Five from the edges world or from the developing states. This formula included the United States, Germany, France, Britain, Italy, Japan, Canada, and Russia in addition to China, India, Brazil, South Africa and Mexico.

The call was intended for the participation of the developing states in the dialogue through the eight + five formula, but what took place was the participation of the emerging states such as China, India, Brazil, South Africa and Mexico all of which are emerging states. This makes it certain that the economic bloc is never interested in the interests of the developing states excluding the strong ones of them, especially when we notice the decline of the volume of the credit aids provided by the advanced states.

For the first time, the Presidents of states and governments and not only the ministers of finance have met. The first emergency summit of the Group of Twenty was held in Washington in November 2008 hosted by the American President, George W. Bush. Then the 8 + 5 formula expanded to become 8 + 11. In addition to the above-mentioned states, Saudi Arabia, Turkey, Indonesia, Mexico, South Korea, Australia and The European Union as an independent unit, participated in this summit so that these states formed the Group of Twenty.⁴

The Managing Director of International Monetary Fund (IMF), President of the World Bank had also unofficially participated in the meetings of the Group of Twenty in addition to heads of the international financial committees, international monetary committees, the development committees of the IMF and World Bank. Thus, the Group of Twenty had gathered together the prominent market states, the major industrialized states and some emerging states from all regions of the world.

The Leaders' Summit is the most important event in the G20 year. The summit provides a valuable opportunity for leaders to discuss a wide range of global economic issues and to use their collective power to improve people's lives. The summit is informed by the policy discussions held throughout the year. At the

end of the summit, leaders release a communiqué which outlines the G20 policy discussions and commitments.

(Each year the G20 president invites guest countries to attend the Leaders' Summit to participate in member discussions about the agenda. Inviting guest countries gives non-members an opportunity to bring their views to the G20 table. The selection of guests reflects the G20's commitment to ensuring all regions of the world are represented, and in consulting with countries beyond the G20 membership so as to understand fully their economic challenges, how they experience changes in the global economy and how G20 decisions affect them.

Each year, the G20's guests include Spain (a permanent invitee); the Chair of ASEAN; two African countries (the chair of the African Union and a representative of the New Partnership for Africa's Development (NEPAD)) and a country or countries invited by the presidency, usually from its own region. Since the first leader-level meeting of the G20 in 2008, guests have included Benin, Brunei, Cambodia, Chile, Colombia, Equatorial Guinea, Ethiopia, Kazakhstan, Malawi, the Netherlands, Spain, Switzerland, Thailand, the United Arab Emirates and Vietnam.

In 2014 Australia welcomed Mauritania, as the 2014 chair of the African Union; Myanmar, as the 2014 Chair of ASEAN; New Zealand; Senegal, representing NEPAD; Singapore; and Spain.⁵

The population of the states of the Group of Twenty accounts for 65.2% of the population of the world. Their systems are divided as follows: Federal system, 14 states; Republican system federal republics, popular republic; 5 kingdoms (1 absolute kingdom). According to groupings the states of the Group of Twenty are divided as follows: 3 states from the NAFTA bloc, 2 states from the common market, 4 states from the European Union states (which represent their own states at the same time) and 3

states from the Organization of Islamic Conference. It is observed that there is disparity in the political, economic and social systems of the member states of the Group, which may limit the results, ambitions and aims which the Group endeavors to achieve. Asian continent is represented in the Group of Twenty by states such as China, South Korea, India, Indonesia, Japan, Russia in addition to Turkey, and the Kingdom of Saudi Arabia. The European continent is represented by Germany, France, Britain and Italy. The African continent is represented by South Africa. South America is represented by Argentina, Brazil and Mexico. North America is represented by the United States and Canada in addition to Australia. We will review the most important summits held by the states of the Group, the factors of their success or failure and the results adopted by each summit since Washington summit held in 2008 until St. Petersburg summit in 2013.

There have been nine Leaders' Summits since 2008. These summits were:

- Summit in Australia 2014 Brisbane
- Summit in Russia 2013 St Petersburg
- Summit in Mexico 2012 Los Cabos
- Summit in France 2011 Cannes
- Summit in The Republic of Korea 2010 Seoul
- Summit in Canada 2010 Toronto
- Summit in 2009 Pittsburgh
- Summit in The United Kingdom 2009 London
- Summit in the United States 2008 Washington.

2 -The Group of Twenty and the World Financial Crisis of 2008: ⁶

The first emergency summit of the Group of Twenty was held under the conditions of the world financial crisis which developed into an economic crisis. The summit concealed the fact of the

dimensions of this crisis and the extent of its depth. It went on for one day and it was more as opening and closing ceremonies than holding an objective and detailed discussion of the key issues facing the world economic order. The statement issued was more proximate to recommendations to transfer such issues to the London summit expected to be held on the second day of April 2009. The general headlines of the statement were represented in the call for reviving the global demand, encouraging the international trade, keeping away from the protectionist policies and reconsidering the role played by the international funding institutions in line with the developments witnessed by the world since the Bretton Woods agreement in 1944.

(During the 2008 financial crisis, the first ever G-20 summit was held on November 16-17 in Washington, DC. Before this meeting, most global economic plans were decided by the G-8, which are just the developed countries. Emerging market leaders asked the U.S. to regulate its financial markets more. The U.S. refused. The leaders wanted to regulate hedge funds and debt-rating companies such as Standard & Poor's. They also sought to strengthen standards for accounting and derivatives. Insufficient regulations and standards were blamed for the crisis that turned into a global recession).⁷

When the Group of Twenty held its summit in Washington in 2008 during the worsening global financial crisis, the former American President, George W. Bush, determined five principal aims including:

- Understanding the global crisis.
- Reviewing the effectiveness of responding to it.
- Developing the principles of reforming the financial system and the tools of organizing it.

- Launching a definite action plan to put these principles into force.
- Reasserting that the principles of the free market is the secure road to sustainable prosperity.

The economy of the Euro zone shrank by 0.2% in the second quarter of the year 2008, because of the global financial crisis whereas the statements indicate a weaker economic performance of the Euro zone than that of the United States whose economy shrank by 0.1% in the third quarter and registered an annual growth of 0.8%. The main reasons of the shrinkage of the economy of the Euro zone were recession and the decline of the economic growth rates in the largest economy and the third largest economy in the Euro zone (Germany and Italy). France is the second largest economy in the Euro zone. It avoided recession and registered a growth rate of 0.1%.⁸ It is expected that the American economy would shrink by 2.7% in 2009 before resuming its growth by 1.5% during 2010.

At the time the stock exchange markets are exposed to severe pressures, it has been essential to take new actions to mitigate the credit pressures and support the faltering economic growth. Continued market fluctuations and the latest indicators of the economic performance in the states of the Group of Twenty confirm the continuation of challenges.

- Increasing inflationary pressures.
- Increasing indicators of the slowdown of the economic growth.
- Reducing the interest rates.

The American Federal Reserve Council had already reduced the interest rates by 4.25 points per cent since September 2007 to come down to one per cent to avoid the credit crisis and support the declining American economy. In addition, the American

Central Bank launched several lending facilities and currencies swap to guarantee availability of funding for the financial institutions.⁹

Several banks in different parts of the world also reduced the interest rates in the first general coordinated move for launching with the predominance of fears of a deep recession over the fears regarding inflation. This move included reducing the interest rates by a half point per cent on part of the central banks of the United States, Euro zone, Britain, Switzerland, Canada and Sweden.

It was expected that China would play a leading role in solving the global financial crisis amid calls from the states of the Group of Twenty to China to use its huge financial reserves to pick up the global financial institutions from their recession. Japan proposed steps contributing to solve this crisis and avoid the collapse of the global financial system in the future including supporting the capabilities of the IMF and a call to tighten supervision over the credit classification agencies.

3- The Global Financial Crisis and the New Global Economic System in London Summit of the Group of Great Twenty 2009:

The British capital, London, hosted on the second day of April 2009 the summit of the Group of Twenty at a time reflecting the stagnation of thinking and the desire to concentrate on the pivotal role of only the states of the center of the world economy ignoring the world developments and the interests of the developing states. This second emergency summit comes after the first summit held in November 2008 for this grouping which timidly started on part of the developing states and with the donor's mentality on part of the advanced industrialized states.¹⁰

The report of the International Monetary Fund pointed to occurrence of about 88 bank crises during the last four decades

including most parts of the world. The losses of the global gross product on the medium term resulting from bank crises were big, though the continued effects of the bank crises for a long time is caused by the decline of production followed by weak investment, high unemployment rates and high inflation rates on the world level.

After one year of the global financial crisis, the IMF warned in 2009 that the global financial crisis would hamper the growth of the world economy for at least seven coming years because the bank crises might have a long-term impact on the level of the world gross product in spite of the possibility of resuming growth even with low rates and lower rates of employment, investment and productivity all of which contribute to incurring steady losses by the gross product.¹¹

- Challenges of London Summit of the Group of Great Twenty:

The Group of Twenty faces challenges in various fields as of the stoppage of the discussions on the climate change down to the world stock exchange markets. Furthermore, (any indicator of unity will move the dollar, but differences of opinion will dominate and result in no reaction of the market).¹² The leaders of the Group of Twenty agreed to work together in evaluating the extent of the consistency of the policies followed by each state apart and whether such policies are collectively coordinated with a more sustainable and more balanced growth. The leaders of the Group of Twenty also agreed to transfer some of the voting rights in the IMF from the rich states to states represented insufficiently such as China and other states in a new sign of an acceleration of the change of the economic influence balance by reason of the financial crisis.

The second summit (London summit) came at a time in which the financial crisis became a world economic crisis which hit the states of the Centre and stretched to reach the states of the edges. The poor developing states were the basic victim of the new instruments of the unbridled financial capitalism as well as of the insistence on unleashing the market forces while the emerging developing states or the new emerging industrialized states have entered the game of choosing the negotiating forces in defense of their demands.

The world had witnessed important developments between the first and second summits of the Group of Twenty the most important of which are the repercussions of the world economic crisis, its impact on the developing states in particular, election of Obama a president of the United States of America, the differences across the Atlantic with the European community, the possibility of agreement and the attitudes of the emerging industrialized states whose translation are the Chinese demands in both trade and finance sectors. The developing states were also the victim of the financial and economic crisis which exploded in the center of the world economy represented in the United States and Europe the repercussions of which were very dangerous on their economies.¹³

The UNCTAD organization addressed a number of remarks on this grouping and called for the necessity of reconsidering the policy of launching the market forces which dominated the world economy and were imposed on the developing states for the past long decades, especially after these states had been affected by the decline of the volume of the credit aids provided by the advanced states and the flight of the private capitals, which arranged for liquidation of their financial portfolios in the developing states in order to adjust their situations in the motherland. The same policy was followed by many private banks and investment funds. The

developing states were also subjected to shrinkage of their revenues from abroad as a result of the reduced world demand for their product exports or as a result of the deterioration of the proceeds of overseas workers' remittances to the motherland.

Voices rose higher demanding the necessity of following a more flexible policy on part of the International Monetary Fund and World Bank to face the urgent and emergency requirements of the stumbling developing states as a result of the world crisis and for reconsidering the balance of forces inside the international financing institutions, in particular the International Monetary Fund and World Bank, and establishing a new system for lending in the emergency cases. The only alternative for this type of grouping is represented in the necessity of reaching a new contract between all states of the world, developed and developing, and for the emerging states and the edges states to take their position at the side of the states of the center to establish a new world economic system.

(In advance of the G-20 meeting, Finance Ministers pledged to stop the currency wars, primarily between China and the U.S., that threaten worldwide inflation in food, oil prices and other commodities. The result? Treasury Secretary Tim Geithner pledged the U.S. would not flood the market with Treasuries, driving down the value of the dollar, while emerging markets countries agreed to let the forex market determine their currency values (i.e., let them rise, if necessary). So, why did this drive the dollar down, anyway, and the stock market up? First, forex traders were hoping for a more solid pledge by the U.S. and China to keep their currencies strong. Instead, the Federal Reserve will buy more Treasuries, keeping interest rates and the dollar low. Traders sold dollars, driving its value down. In response, the Dow rose one percent - a falling dollar value makes U.S. stocks cheaper

to foreigners. In addition, G-20 members agreed to transfer 6% of voting power in the International Monetary Fund (IMF) to emerging market countries, another shift in the balance of global economic power away from the old G-7 developed countries.

June 26-27, 2010 - Toronto: Leaders agreed to cut their budget deficits in half by 2013, and eliminate deficits altogether three years later).¹⁴

4 - The ways to limit the repercussions of the economic crisis in Greece in the summit of the Group of Twenty held in Cannes in the South of France in November 2011¹⁵

Under the worsening economic situation of Greece the crisis of the European political debts dominated the summit of the Group of Twenty held in Cannes in the South of France in November 2011. The states of the Group discussed their available ways to limit the consequences of the global financial crisis. The summit was preceded by a meeting of the states of the Euro zone participating in it, i.e., France, Italy and Spain. Discussions went on between the leaders of the major industrialized states and the states of the emerging economies on the consequences of the aggravation of the economic and Greek crisis and the possibility of solving it. Semi-consensus prevailed over the observers that the situation in Greece became difficult to be treated and both Europe and the world should be ready to face the result. Until holding the summit in Cannes it seemed that nobody from outside of the European Union was ready to provide the direct financial aid for an immediate solution of the crisis of debts in Greece and in other countries as well such as Italy and, perhaps, Spain.¹⁶

The American President, Obama, talked in the summit about the crisis of debts in Greece. He said, “Here in the summit of the Group of Twenty we will discuss in detail and decisively application of the whole rescue plan. We will also discuss the

situation in Greece and how it is possible to solve this problem. The United States will continue her partnership with the Europeans to face these challenges".

The French President, Sarkozy, also pointed in his speech during opening of the summit to the economic crisis of Greece and to other issues. He said, "I want to praise the understanding of the United States of all the issues subject of discussion, in particular the Greek crisis and the difficulties of the Euro. We will also see in the closing statement the understanding of President Obama of many issues, especially the issue of imposing taxes on the external financial remittances to arrive at a common analysis of the manner of the contribution of the financial sector to the solution of these problems".

The meetings of the Group of Twenty constitute the clearest components of the bloc of the Group of Twenty and its political issues which have become a permanent feature of the attributes of the agenda of the world economic policy. The closing statement of the meetings of the summits of the Group represents the clear result of the discussions conducted between the government officials, ministers of finance and others all around the year in preparation for the summit of the Group of Twenty. The importance of this process is reflected clearly on many of the arrangements mentioned in the closing statement. One of the concrete examples is the trade, as, after years of returning the undertakings by the Group of Twenty to complete the round of the Doha of the multilateral commercial talks, the Group of Twenty confessed in the closing statement that it was clear that the " Doha development agenda" would not be completed if the negotiations would continue in the same way as they had been done in the past. The statement adds, "To contribute to building confidence we are

in need of using a new credible approach to reinforce negotiations in 2012".¹⁷

It was supposed that the summit of the Group of Twenty would give China a more prominent role in the management of the world economy, but the explosion of the situation in Greece and the probable fall of the government and the failure of the rescuing plan had dominated the agenda of the summit. On the agenda of the summit of the twenty other issues were listed concerning means of acceleration of the economic growth in the world and limiting the security, political and environmental threats. Those issues, however, will not occupy a great area in the discussion despite mentioning them in the closing statement on the next day of the summit. Some suggestions arose which had been ignored before such as the suggestion of the BRICS states for increasing contributions in the International Monetary Fund to be able to save the stumbling states.

Under the instable situation of the world economy the most important matter in the meetings of the summit of the Group of Twenty is represented in calling states to shoulder their responsibilities towards imparting stability to the world economy and maintaining its growth in a strong, sustainable and balanced way. Under the slowdown of recovery and the debts crises which are sweeping the United States and the Euro Zone, (in the advanced world where those economic difficulties had originally arisen, the political anarchism and the party interests should be abandoned so that the most urgent task will be execution of brave reforms to get rid of the fundamental structural defects. It is also essential for the advanced economies to focus on protecting themselves from crises and enjoy the sufficient courage to shoulder their responsibilities through clear, reliable and concrete procedures).¹⁸

5 - The world economic crisis at the top of the agenda of the summit of the Group of Twenty in Los Cabos resort in Mexico 2012:

Summit in June 18-19, 2012 - Los Cabos, (focused on the Eurozone debt crisis. The G-20 leaders pressured German Chancellor Angela Merkel to work with other European Union leaders to develop a more sustainable Grand Plan to resolve the Greece debt crisis. Germany did not want to continue to bail out Greece without continued austerity programs. That's because German taxpayers ultimately face higher costs to fund the bailout, and Germany itself is already highly indebted. In return for continued bailout funds, Germany pushed for a fiscal union to support the EU's monetary union. This meant EU members would give up political control of their budgets to an EU-wide approval process. This was necessary before she would support Euro-wide bonds).¹⁹

The summit was held at a time at which the world economy is facing great risks and a state of uncertainty. The Mexican President, Felipe Calderon, made a speech in which he said, " The summit of Los Cabos is a unique opportunity to face crises". "The crisis of debts in Greece", he added, " should not dominate the agenda of the summit. We want to set a comprehensive action plan in order to achieve a long-term sustainable growth".

The agenda of the meetings of the summit of the Group of Twenty held in Los Cabos in Mexico on 18 June 2012 included the developments of the world economy, the framework of the strong, sustainable and balanced growth, reinforcing the international financial structure and the world financial system, reinforcing the world financial governance and strengthening the world financial sources, in addition to discussion of topics regarding environment,

world food security and the role of trade as a source to create employments and avoid the protectionist policies.²⁰

At the closing of the summit of the Group of Twenty in Los Cabos the American President, Obama, praised the plans of the European leaders to treat the financial crisis hitting the Euro zone. He turned to the journalists and said, " We draw the attention of the European leaders to the necessity of taking decisive and clear steps to treat the financial crisis in the European Union. I think, according to what I have heard from the leaders that they are well aware of the challenges and know why they have to take ambitious and determined actions. I am sure of their ability to pass this examination".²¹

The leaders of the emerging states in the BRICS group expressed their readiness to contribute to increasing the revenues of the International Monetary Fund to which the Europeans have frequently resorted during the last months. The states of the BRICS group offered to provide about 6.4 billion US dollars against changing the mechanism of voting and giving them a greater weight in the international body.²²

6 - St, Petersburg's development strategy in the summit of the Group of Twenty in Russia 2013:

(The September 5-6 meeting was hosted by President Vladimir Putin in St. Petersburg, Russia. It was unofficially dominated by discussions over how to respond to Syria's chemical weapons attack. President Obama sought support for a U.S. strike, while others argued for economic sanctions. Russia supports the Syrian government with arms and trade, while China is concerned about an increase in oil prices. France, Turkey and Saudi Arabia support an air strike).²³

The leaders of the Group of Twenty met in the Russian St. Petersburg city (the birth place of President, Putin) on Thursday

and Friday 5 and 6 September 2013. The leaders have reviewed the developments taking place during the five years which passed since their first meeting of the presidents of the states and governments of the Group. The conferees discussed many topics the most important of which were the economic growth and the world economy, strategy of determining the priorities of development of the states of the Group at the medium term, helping the low-income states, the Syrian crisis and the expected American aggression against Syria.

Russia, the hosting state of the summit, assumed the periodical presidency of the Group of Twenty in 2013. At the outset of the summit the Russian President, Vladimir Putin, said to the participants, "Despite the improvement of the situation thanks to the measures made by the member states of the Group, it is still too early to feel satisfied because the main task of the Group underlies recovering the sustainable and balanced growth of the world economy. Unfortunately, this problem has not yet been solved. There are risks and methodological conditions conducive to recurrence of an acute crisis which is still outstanding". The Russian President also confirmed saying, "The St. Petersburg development plan has been drawn up to reflect the priorities of the Group of Twenty to help the low-income states, guarantee the food security and financial comprehensiveness, development of the infrastructure and the human capital and mobilization of the local resources.

- **Finding solution for very sensitive problems:**

In his speech the Russian President, Vladimir Putin, declared that the summit of Twenty has confirmed its ability to find solutions for very sensitive problems reminding of the suggestions offered by Russia which preclude the outbreak of new world economic and financial crises including reducing the budget

deficit, limiting the state debt in the developed countries, eliminating the negatives in the field of financial organization, and solving the problem of the lack of resources. He praised the steps taken by the European Union for the sake of forming the European mechanism of stability and weakening the relationship between the state debts in some of the European states and the stagnant bank system, taking into consideration that the world economy is in need of comprehensive structural reforms which will guarantee the long term stable growth. Have the leaders of the Group of Twenty been able to find solutions for the very sensitive problems in the world economy and for solving the problem of the lack of resources and preventing the outbreak of new world economic crises?

- **St. Petersburg's Development Strategy:**

The committee of the development works of the Group of Twenty has determined in detail St. Petersburg's development strategy whose priorities are represented in the commitment of the Group of Twenty to the common development and improvement of the approach of achieving development followed by the Group. Russia has given priority to setting out this strategy for the following aspects which are the pillars of the strategy of the Group of Twenty for development:

- Creating new job opportunities.
- Increasing investments.
- Achieving transparency and confidence.
- Setting out effective rules for the economic growth.
- Avoiding the policies which lead to the slowdown of recovery or promoting growth at the expense of the other states.

(We need to have an uninterrupted control, expect the probable consequences and adopt other preventive measures in

such a way as to be effected in due course on both national and world levels; but let us once again reiterate that the major goal underlies making available of the basic conditions for the recovery of the world economy through a high quality development whereupon both stimulating the economic growth and creating job opportunities are crucial matters for the presidency of Russia of the Group of Twenty).²⁴

- **Limiting the high level of unemployment:**

The question of finding effective solutions for the problem of unemployment in the world was one of the most important economic issues on the table during convention of the Group of Twenty in St. Petersburg. In this context, the president of the International Labor Organization (ILO), Guy Ryder, called the states of the world to move to limit the high level of unemployment and create new suitable job opportunities. Ryder said, "In the countries of the Group of Twenty alone there are 93 million unemployed workers, which is a figure equal to the population of Germany whereas the total number of the unemployed all over the world amounts to about 200 million".

The states of the Group of Twenty face problems in the employment question. This question has brought out social problems in some states of the world and if no firm measures are made in this context, it will not be possible to have this situation changed. Therefore, it is necessary to carry out solutions and movements to remedy this problem, emphasizing the necessity of following a new policy to be in line with the local reality of every state with the aim to create new job opportunities to ensure a sustainable development. Some states have begun applying this policy including Russia which has set forth this year an extremely ambitious plan to create about 25 million new job opportunities.

The common declaration issued after the closing of the summit which continued for two days in St. Petersburg indicated that "reinforcing growth and creating jobs are at the top of our priorities and we will be fully committed to take decisive actions to go back to a growth path rich with employments, strong, sustainable and balanced". The common declaration of the Group of Twenty also indicated that "as we are the leaders of the largest economies in the world we have a common responsibility to strengthen the open, rules-built world economic system. We are committed to work together to tackle the principal world economic challenges".

The World Trade Organization (WTO), Organization of Economic Cooperation and Development (OECD) and the United Nations Conference Trade and Development (UNCTD) have asserted that there is a need for promotion of the multilateral cooperation and asked the states of the Group of Twenty to demonstrate the leadership in maintaining their open markets. The Secretary General of the Organization of Economic Cooperation and Development, Angel Gurría, said, "The temptations to go towards protectionism have reached now their peak compared with any past time because the crisis still undermines our economies". He stressed that the leaders of the Group of Twenty have to take a core part in promoting the multilateral trade and the investment system saying, "Governments today have to be more committed than ever to their pledges related to achieving open and transparent investments".²⁵

- **The Syrian crisis dominates the summit of Twenty in St. Petersburg:**

At the onset of the tasks of the summit the Russian President, Vladimir Putin, recommended to have the Syrian file discussed during the dinner banquet. He said, "Some of the participants (in the summit) requested to discuss the questions of the international

policy which are not listed on our agenda including the situation in Syria.” I recommend this to be done during the dinner banquet. Now we will discuss the issues for which we are already meeting, which are considered fundamental for the states of the Group of Twenty”.

The meetings of the summit of the Group of Twenty in St. Petersburg have witnessed intensive consultations about Syria amid assertions on part of diplomats from the United Nations that the participating leaders will do their utmost to accelerate convention of Geneva 2 Conference which the international community is trying for many months to have it held in order to find a peaceful solution for the Syrian crisis, completing a previous conference held in Geneva on 30 June 2012 in spite of the current military preparations under the leadership of the United States for aggression and directing a limited military strike to Syria.

The Ambassador of Australia in the United Nations, Gary Quinlan, whose country assumes the periodical presidency of the Security Council in September of this year said that even the difference between Russia and the West concerning the military strike intended to be made by Washington is still outstanding, the members of the Security Council are in agreement that convention of Geneva 2 Conference is still necessary and urgent.

It was supposed that the world economic issues should be at the top of the agenda of the summit of the Group of Great Twenty currently presided by Russia, but the Syrian hot event imposed itself strongly too on the discussion agenda, especially with the presence of great differences between the most prominent members of the Group on the way of handling the Syrian file.

It seems that the world financial crisis calls for forming and crystallizing a new world economic system characterized with frankness and transparency between the advanced countries and

the developing countries. The group of the emerging industrialized states headed by China and the developing states call for the necessity of establishing a new world economic system.

7 - The Group of Twenty facing the world financial crisis for the sake of the stability of the world economy:

The leaders of the Group of Twenty declared the “Success” of their response to the world financial crisis, this response which helped to stop the acute decline of the activity of the world economy and achievement of the stability of the stock exchange markets. (The leaders have agreed to make their meetings the replacement of the conferences of the Group of Seven because they are the main forum for making the world policies. They have undertaken to give emerging forces such as China a greater role in rebuilding and directing the world economy while the states of the Group of Twenty were right in agreement of the inevitable loosening of their grip on the world economy as a result of the rapid industrial growth of the poor states. Analysts say that the size and diversity of the Group will most probably complicate coordination of policies).²⁶

Under the economic globalization the world economies have become increasingly more correlated. It is possible that the financial and monetary actions which are adopted by a certain state would affect the other states of the world. Under such circumstances, the need requires making coordination of the policies or even establishing a just world governance system instead of short-term analgesics to help achieve the sustained economic growth. It is necessary to have coordination set up between the member states to facilitate the reform of the world financial system and setting forth a new formula for the quotas of the International Monetary Fund, pointing out the fact that the

process of reform and restructure may be carried out when every member state grasps the national and common interests.

(Over the past five years, the G20 has framed the world's efforts to restore growth and build the resilience of financial institutions and national economies. It led the world out of an economic crisis and through the initial stages of the recovery. With the world now free from immediate economic crisis, the G20 can increasingly shift its attention to driving practical actions that will lead to sustained global growth).²⁷

8 - G-20 Protests:

(G-20 meetings are usually the site of protests. Protesters say the G-20 leaders focus on economic and financial interests and globalization. During the 2010 meeting in Toronto Canada, the protesters wanted the G-20 leaders to focus on these issues:²⁸

- Poverty - The Ontario Coalition against Poverty (OCAP) leader, John Clarke, said "The whole process of putting together this grouping has been about impoverishing people, and benefiting the richest members of society." Protesters were against the G-20's focus on fiscal responsibility and austerity at the cost of social programs. They also were opposed to the \$1 billion cost of the meeting itself, which was borne by Canadian taxpayers.
- Climate Change - Protesters wanted the G-20 to refocus on global warming as a priority.
- Gender Equality - G-20 countries need to pay more attention to rights for homosexuals and provide funding for family planning, including abortions.
- Immigration - Protesters sought more open borders for immigrants fleeing "humanitarian and climate crisis).

The International Monetary Fund sees that the world economy has begun to recover its expansion in the light of the great

improvement taking place in the financial conditions in the world. The IMF also expects that the losses of the banks during the period 2007 – 2010 will arrive at about 3.40 trillion US dollars compared with the expectations at the beginning of the world financial crisis which indicated that the banks would lose about 4.00 trillion dollars. The IMF's expectations indicated that Asia would lead the world economic recovery efforts because it withstood the financial disturbances better than it was expected.²⁹

(The challenges that now confront the global economy are less pressing and urgent than those faced at the height of the global financial crisis but they are no less important. In 2014, the global economy continued to produce far less than it would have if the crisis had not occurred; there are tens of millions fewer jobs and global trade growth is still too slow. While always remaining vigilant to risks and vulnerabilities, the G20 is now more focused on improving the future of the global economy).³⁰

In spite of the manifestations of solidarity between the states of the Group of Twenty there were some aspects of difference because many Europeans were disappointed for not reaching any agreement regarding the means of financing the fight against the climate change. President of the European Commission, Jose Manuel Barroso, said in a statement, "I do not conceal my anxiety for the slow tempo of progress. The time to have courage is now and not later on". The leaders agreed that companies shall have the right to recover the rewards in certain cases, aiming at arranging for ensuring that the bankers would not get huge costs for high risk pledges that may cause losses later on.

Mixed results:

The **Group of Twenty** aims at promotion of the international cooperation and reinforcing the expanded dialogue principle taking into consideration the economic weight which comes to be enjoyed

by a number of states. How can promotion of the international cooperation and reinforcement of the expanded dialogue with observance of only the economic weight be achieved while only a limited number of states (20) enjoys it and more than 150 states are neglected and not participating in the dialogue ?

(The G 20 meeting in Brisbane, Australia 2014, undertook to address poverty, economic inequality and youth unemployment, mainly by increasing members' economic growth by 2 per cent during the next four years. One issue was the so-called "jobless recovery", in which economies resume growth but without creating jobs, as the underemployed increase their hours and businesses seek to grow in an uncertain economic environment without taking on labour commitments. In a world of globalised trade and an increasing use of technology, there are all sorts of ways of improving productivity and thus doing more without increasing the number of workers. What wasn't discussed was that one reason why ever-increasing employment is required is to meet the needs of an additional 80 million people every year as world population grows. The combination of increasing productivity and increasing population make it hard for economies without robust growth to ensure full employment.)³¹

Climate change was also a major issue and developed countries pledged to limit or reduce carbon emissions and to provide funds to help developing countries adapt to the effects of climate change. Scientists are already concerned about the impact of economic growth on those carbon emissions targets. And, even if the G20 countries do limit their emissions, countries like India with their "dash for coal" as they seek universal electrification will have their own impact.

Amongst all of these plans, goals and commitments, there was some mention of greater employment for women, but no

discussion of population, a key driver of demand for employment and of carbon emissions. In addition, there were no calls for a lower birth rate or a higher prevalence of the use of modern family planning.

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Footnotes:

- ¹ - https://www.g20.org/about_G20_Ibid.
- ² - Ibid.
- ³ - https://www.g20.org/about_G20_Ibid.
- ⁴ - Russia is a member of the Group of Eight though it is one of the emerging economies. Australia is the only one state among the industrialized states which remained outside of the G8. Perhaps with South Korea and Spain and of a little bit less Holland, Belgium, Sweden, Switzerland are not invited though their Gross National Product (GNP) is relatively big in G8. Of the most important emerging states not listed among the Group of Twenty which have Medium National Product are Iran, Thailand, Colombia, Venezuela, United Arab Emirates, the United States and Malaysia.
- ⁵ - https://www.g20.org/g20_priorities/g20_and_world.
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- ⁹ - Italian official statements indicated that the Italian economy shrank by 0.5% in the third quarter of 2008 exceeding the expectations and entering the deepest recession witnessed for ten years.
- ¹⁰ - Ben Bernanke, President of the Federal Reserve Council, the American Central Bank.
- ¹¹ - The Report of the World Monetary Institution issued concurrently with the annual meeting of the International Monetary Fund in December 2009 in Istanbul.
- ¹² - Christopher Lu, the Chief Economist in F.T.N Financial in New York.
- ¹³ - Before convention of the summit some people expected failure of London summit 2009 as it already happened in London Conference in 1933 when the American President Roosevelt withdrew from the conference.
- ¹⁴ - (Source: Reuters November 11-12, 2010 - Seoul:),
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- ²¹ - http://www.bbc.co.uk/arabic/business/2012/06/120620_g20_obama.shtml
- ²² - Bloc of BRICS states comprises Brazil, Russia, India, China and South Africa.
- ²³ - Source: USA Today,
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- ²⁴ - The Russian Minister of Finance, Anton Silwanov. Declaration to the press before convention of the summit in St. Petersburg
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- ²⁹ - The Global Financial Crisis, Ibid.
- ³⁰ - https://www.g20.org/about_G20.
- ³¹ - <http://populationmatters.org/2014/blog/one-handed-clap/> 20 November 2014

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- 1 - https://www.g20.org/about_G20, Ibid.
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