



## **Potential Partnership in Global Economic Governance: Canada's G20 Summit from Toronto to Turkey**

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### **Introduction**

#### **The Challenge**

In three weeks the most powerful leaders of the world's twenty most systemically significant countries will be arriving in Toronto, Canada for their fourth G20 summit, their first of the newly proclaimed permanent priority centre of international economic co-operation, the first co-chaired by an established and emerging economy, and the first held in tight tandem with the older, smaller Group of Eight major power democracies. There they will confront several critical global challenges. The first is the European-turned-global financial crisis, erupting in May even before the previous American-turned-global financial crisis of 2007-9 has been solved. The second is to cope with the devastation to trade, investment and development that these financial-turned-economic crises cause. The third is to deal with the environmental and social problems they exacerbate, from climate change and energy to food and health. And the fourth is to strengthen the G20 itself and the international financial institutions and other global bodies more generally to govern more effectively and equitably today's complex, uncertain, intensely interconnected world.

Can Canada and Turkey work together at Toronto to cope with these and other challenges that the world confronts? At first glance, Canada and Turkey would appear to be dramatically different countries, within the global community and as members of the Group of Twenty (G20), the institutionalized club of systemically significant countries that was created in 1999 in response to the Asian-turned-global financial crisis then and that leapt to the leaders level in response to the American-turned global financial crisis the world is still living with. Yet in many more important ways, Canada and Turkey

have much in common in their position and potentially performance, in the Group of Twenty (G20), First, as prospective hosts of the G20 summit, with Canada serving in 2010 and Turkey probably perhaps in 2013, they confirm the clubs institutional position and potentially operational performance as a genuine club of equals, in which one of the least powerful members of the established Group of Eight (G8) members and then of the non-G8 and non-OECD members was quickly asked to host and chair the now summit club. Second, they share a geographic position as great global connectors in a systemically-dedicated club, with a trans-continent Canada standing as a country of the Americas, Arctic, Atlantic and even Pacific, and Turkey as one of both Europe and the Middle East. Thirdly they share an international institutional position as great global connectors through their leading position in other institutionalized summit clubs that embrace the richest and poorest countries, and collections of great diversity, from around the world, with Canada as the second most powerful country in the Commonwealth and Francophonie that together embrace half the countries in the world, and Turkey as a consequential member of the Islamic Conference Organization (ICO). Fourth they have long assumed their global responsibilities, as members of NATO that won the Cold War, liberated Kosovo from an erupting genocide in 1999, and fought with many other G20 hosts and members to defend the Republic of Korea from 1950 to 1953. Fifth, they contain a rich multidimensional diversity within their domestic polities as well.

## **The Debate**

With this configuration of characteristics and capabilities, how have Canada and Turkey connected within the G20, and how can they in the future, to serve their interests and build a better world? In the limited literature on Turkey's role in the G20 and its connection with Canada in this regard, there is the start of a debate about the answer to these critical questions.

The first school sees Turkey as an active participant in the G20 due to Turkey's presence in an inclusive club that combines developed and developing countries and the west and the rest, the Prime Minister priority on the G20, and crisis-bred concerns about the end of capitalism (Sekercioglu 2009). A second school sees Turkey as a status seeking development advocate through G20 membership, FSB expansion, and offer of G20 summit hosting, due to the threat from a G13/14 competitor, Turkey's rising relative economic capabilities at the 6<sup>th</sup> largest in Europe and the 17<sup>th</sup> largest in the world, and its financial stability (Today's Zaman undated).

A third school portrays Turkey, while a status seeking assertive advocate of conservative economic ideas, more as a mediating leader of a new middle power coalition. This is due to Turkey's financial stability, frustration with its EU membership bid, position on the UNSC, the 2010 capital of European culture (Sanders 2010). A fourth school sees a stronger, skilful, undistracted Turkey by the time of the Pittsburgh summit securing several tangible benefits, from a greater voice and vote in and resources for the IMF and World Bank, through support for Turkish exports, domestic political attention and acclaim, an equal place in the new permanent priority centre of international economic

co-operation, and an opportunity to meet more with President Obama of the USA (Sekercioglu 2009b).

A fifth school urges a middle power Turkey to move from member to leader to realize its own interests of enhancing its international standing, advancing energy security, Middle East peace, global financial stability, and reform of international financial institutions (IFI), expanding its influence in the western-dominated EU, IMF, NATO and UN, and rendering effective and even permanent the G20 summit by expanding its agenda and adding a secretariat as the leading advocate of a non-western approach (Bradford and Linn 2009). This is because the G20 “mirrors the emerging global cultural matrix” and Turkey’s own dualistic identity and because Turkey stands at ‘the crossroads of a multitude of critical geographies.”

### **Puzzles**

None of these schools are based on a detailed examination of what Turkey has actually done and why it has done it in the G20 club thus far. None offer a robust recognition of Turkey’s vision of using the G20 to shape global order for the benefit of others, rather than just itself. Nor is there any hint at Turkey’s essential character as a democracy, as an active animator of Turkey’s place in, approach to and accomplishments in the club. And none provide an explicit place for any form of a Canadian-Turkish relationship, partnership or co-leadership as comparable democracies in using and shaping the G20 to create a global order on this democratic core.

### **The Thesis of Canada and Turkey as Critical Connectors**

This study argues that Canada and Turkey have served and can serve as critical connectors and democratizing co-leaders that can make the G20 the genuine club of equals providing the effective global governance based on democratic openness that it was designed to be. This is due to their similar shift from consumers to producers of global financial and economic security, their global geographic, status and international institutional connectedness, and their deep devotion to open democracy and diversity as polities today. But to transform their past accomplishments and potential assets into actual performance, they must meet several challenges that await them and the full G20. First, Canada must as host and co-chair of the G20 Toronto summit on June 26-27, 2010 advance the G20’s broad and difficult built-in agenda, respond effectively to the new European-turned-global crisis and make the G20 function as a real institutionalized, systemic summit club where the diplomacy of equals, the diplomacy of leaders and the diplomacy of the future can flourish to produce effective results. Second, Turkey must build on this foundation to design and implement G20 strategy, starting now, that goes well beyond using its membership and potential hosting to enhance its status, and advance national preferences to meet the core challenges that the full G20 and global community commonly confront. And third, Canada and Turkey must find a way to work together more closely to have the G20 realize its full potential from 2010 to 2013.

## **A. Canada's G20**

### **Canada and the G8**

Canada has long known what it is like to be excluded from the inner circles of global governance, despite its striking systemically significant capabilities and the world's clear need for them. Canada was excluded from the UNSC-P5 in 1949, from NATO's Berlin Dinner-4 of NATO since 1948, and from the G4-5 finance ministers who first started meeting in the Library of the White House in 1973 and continued without Canada and Italy until 1986.

Canada was also physically absent from the first G-6 summit at Rambouillet, France in November 1975. But even before it opened, its architect Henry Kissinger had promised the Canadians that there would be a second summit, which the US would host and that Canada would be invited to.

Kissinger knew that he needed Canada inside the concert. He needed it not as another loyal North American ally to support whatever the American President said, to balance European Italy that the French had allowed in at Rambouillet. Rather Kissinger, the ultimate realist, coldly calculated Canada's relative capabilities and quickly concluded that Canada's first tier capabilities in oil, most minerals, food and soft commodities were needed inside the concert to stop the copycat cartels sprouting everywhere in the wake of the OPEC oil embargo in 1973 and the uranium fuelled Indian nuclear explosion in 1974.<sup>1</sup>

Power was backed by principle. For in Kissinger's conception and construction, the G8 was a modern democratic concert, designed and devoted, as its first communiqué began, to protect within its members and to promote globally, the values of "open democracy, individual liberty and social advance." Canada was then a durable democracy, indeed a charter member and great connector of the North Atlantic community and club, with a democratic tradition dating back to the Magna Carta in 1215. As Prime Minister Harper put it, in his news conference at the conclusion of the 2009 Pittsburgh G20 summit, Canada stood out as a democratic country, unbroken by foreign occupation, civil war, or strife civil for centuries.

When Canada came to the G7, Canada supported its American ally when its convenient, and its French and British mother countries too. It also allied with the rapidly rising global powers of Japan, German and Italy, as the other rising powers still excluded from the UNSC-P5 and, save for Germany, from the Berlin Dinner 4 too. Liberal Prime Minister Pierre Trudeau's close relationship with Social Democratic Chancellor Helmut Schmidt of Germany helped contain a France that a few years before had actively tried to

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<sup>1</sup> Prime Minister Stephen Harper also accurately calculated Canada's relative capabilities when he judged Canada to be an energy superpower and then a clean energy superpower in the world. British Prime Minister Tony Blair did too when he publicly agreed.

destroy Canadian unity and thus the survival of Canada itself. The two also led the G7 in north-south dialogue and development and in instituting the world's first effective regime against terrorism from the air.

In 1979 Canada's Progressive Conservative Prime Minister Joe Clark in 1979 supported Schmidt in having the G7 produce the first, most ambitious and most effective climate change control regime the world has ever seen. Schmidt's impressive leadership arose in part because he knew the world had to go off coal, in part to save the lives of the many Turks who were dying of accidents where they worked in Germany's many coal mines.<sup>2</sup> Canada as the world's leading power in uranium and a top tier power in nuclear technology could induce the G7 to deal not only with conventional energy, but also nuclear energy and then nuclear proliferation as well, in a crusade where its closest soul mate was antinuclear Japan.

By the time it hosted its first G7 summit at Montebello in 1981, Canada, focused the summit for the first time on north-south development. He talked the new US president Ronald Regan into attending a north-south summit in Cancun to prepare for global negotiations for a new world order between the rich north and the poor south. Backed by Japan, Germany and Italy, he made the G7 explicitly a new and effective centre of global security governance in the world

### **Canada's Conception, Creation and Chairing of the G20 Finance, 1999-2008**

This Canadian tradition of reaching out across north-south divides to embrace rising powers from a more diverse world dated back to Canada's role in creating the modern, multiracial Commonwealth in 1947 and 1960, and the Francophonie in 1986. It continued in 1999 when Canada's finance minister, Paul Martin, conceived and co-created with American Treasury secretary Larry Summers the G20 finance ministers and central bankers' forum. They got the G7 finance ministers and G8 summit formally to create the G20 along with the new FSF in 1999. Canada chaired the first three annual autumn meetings, and expanded the club's mission from financial stability and sustainable growth to globalization that works for the benefit of all. When it hosted the second meeting in Montreal it vastly expanded the agenda and secured a new Montreal Consensus to replace the discredited Washington one. When New York and Washington were devastated by the 9/11 terrorist attacks, and the multilateral organizations headquartered there could not meet, Martin stepped up to host the third G20 meeting, which he successfully focused on terrorist finance, the American's core security rather than financial pre-occupation at the time.

### **Canada's Crusade from L20, 2004-2005**

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<sup>2</sup> On May 21, 2010 it was reported that rescuers in Turkey found the bodies of 28 miners in a damaged coal mine, making the methane-gas explosion three days earlier one of the deadliest mine accidents in Turkey in recent years.

When Paul Martin became Canada's prime minister at the end of 2003, he saw the demands for more inclusive, effective global governance growing, in finance, economics, development and well beyond in fields such as health and infectious disease (Martin 2005). He knew the G20 finance forum he had confounded was working well. He judged that the alternative, of ad hoc, continuing constricted, or variable subject specific inclusion the G8 was experimenting with since 2003 was an inferior approach. He concluded the time had come to elevate the G20 finance to the leaders' level, to meet as the demand required on any burning issue of the day. He suggested that the first such meeting be held on the margins of the UN summit in September 2005, focused on avian flue and infectious disease. He secured the agreement, with various degrees of enthusiasm and acquiescence, from virtually all G20 members save one, George Bush. Even he may have come if the topic was terrorism, but if it was, other leaders might not.

### **G20 Summitry, 2008-9**

When Lehman Brothers collapsed on September 15, 2008 both George Bush and Canada's Conservative Prime Minister Stephen Harper, came to the conclusion that at summit was needed in response. Amidst the many alternatives on offer in those crisis ridden times, notably a G8 plus summit preferred by Sarkozy, Bush came to the conclusion that he would host a summit, in Washington and that it must be the G20 one (Price 2009). With only 24 days to prepare the summit he needed an existing institution, of proven performance, dedicated to the solving particular crisis of the moment by restoring financial stability and sustained growth. Thus the first G20 summit was held on November 15, with no members removed, and only Spain and the Netherlands added as temporary guests.

At Washington Harper stood out, as one of the few leaders with economics expertise or experience, in calling for exit strategies along with stimulus and joining in the leaders-created consensus on open markets and freeing trade. Back home he reversed his firm policy of running fiscal surpluses to engage in deficit spending as his fair share of the stimulus the Washington summit had agreed. He stood first among G20 members in complying with the anti-protectionist promise made there. Indeed, he unilaterally made three moves to remove tariffs on imports of capital equipment, making Canada the first G8 member to have its manufacturing sector tariff free.

At London on April 1-2, 2009, he focused on reforming domestic financial regulation and freer trade, while contributing Canada's fair share of \$10 billion to the overall package of US\$1.1 trillion dollars for development (including trade finance) that the summit raised. Canada subsequently stood fourth among the twenty members in complying with the commitments it had made.

At Pittsburgh on September 24-25, 2010, Harper called for staying the course on stimulus until a private sector led recovery was assured, while simultaneously designing the smart exit strategies to be started when it was, prospectively within a year. On the eve of the Pittsburgh summit Harper unilaterally gave the African Development Bank CAD2.6 billion in additional callable capital so it could meet its members development needs in

the poorest region composed of a quarter of the countries in the world. And Harper agreed that he would accept the responsibility of hosting and co-chairing with the successfully developed and democratic Republic of Korea the subsequent, fourth G20 summit, to be held in June 2010. It will take place in Toronto, Canada's largest city and financial capital, on June 26-27, 2010.

## **B. Turkey's Position, Performance and Perspective in the G20**

### **Turkey's Global Position and Interests**

As an open, diverse, democratic society and polity situated at a critical geographic crossroads of a globalizing community, Turkey, like Canada confronts growing global vulnerabilities that its rising capabilities to not allow it to cope with on its own. It has thus long looked to international institutions of broadly multilateral and globally plurilateral kinds, including those delivered at the summit level, to solve the challenges faced by its citizens at their global source. Turkey thus has an essential interest in making global institutions adequate, appropriate and effective in meeting its and the world's need, and in enhancing its position, responsibilities and resulting influence in them to this end. On this foundation Turkey's core interests were getting into the G20 finance from the start as an equal, having the same G20, among the many alternatives on offer, elevated to the leaders-level to cope with the American/Atlantic-turned-global financial crisis erupting in 2007, and having the G20 summit transformed into the permanent, priority forum for international economic governance in the world. It has been strikingly successful on all three. Its one remaining challenge and ultimate interest is to shape the G20 as an effective global governor guided by its distinctive vision of global order needed by today's and tomorrow's world.

### **Turkey's Treatment and Transformation in the G8**

To comprehend the scale of the accomplishment of Turkey greeting in as an equal from the start of a G20 that Canada conceived and co-created, it is necessary to examine briefly the cadence of Turkey's place in the competing comparable club – the democratically devoted G8.

Before the advent of G20 summitry, Turkey had only a fragile, if strengthening place in the predecessor centre of global governance, the Group of Eight (G8). Within the 35 years of G8 governance since its start in 1975, Turkey's relevance was directly recognized only three times: at the US hosted 1997 first genuine G8 summit (with Russia added) in 1998, the Italian-hosted 2001 summit, and the US hosted 2004 summit. But during this period, its treatment steadily progress on several dimensions, from being a problem producing old security threats in the region to a partner in solving general global problems by pioneering a new global order around the world.

In 1997, the G8 noted Turkey in paragraph 88 in the context of Cyprus, calling on “Turkey and Greece to do everything possible to contribute to a solution of the Cyprus problem and to world towards solving their bilateral disputes with regard to the Aegean through early meetings of the “Wise Men.”” Thus Turkey was portrayed, equally with NATO member Greece as a source of the old Westphalian security threats of boundary disputes, territorial control and sovereign statehood in and for the Aegean and Mediterranean region, and admonished and appealed to for action to solve these problems by itself.

By 2001, the G7 only Statement, while welcomes progress in emerging market economies in strengthening their domestic financial systems and underlying fiscal positions, added: “Recent measures taken in Argentina and Turkey represent positive steps in this direction. We commend these efforts and encourage the continued implementation of their reform programs in close collaboration with the IMF and other relevant international institutions.” Turkey had thus been transformed into an emerging market economy, along with a fellow G20 member, in regard to a global economic problem that the newer non-state created and controlled vulnerability brought and one whose domestically intrusive and internationally institutionalized actions were applauded.

In 2004, Turkey was invited by host George Bush to participate in the G8 summit for the first time, due to its position as a democratic leader in the Broader Middle East and North Africa and the broader Muslim world. The White House announcement, titled “President Bush Invites Turkey to G8 Summit as Democratic Partner” (Statement by the Press Secretary, White House, May 26, 2004) read: “President Bush has invited Turkish Prime Minister Erdogan to meet with leaders of G8 countries and regional partners from the broader Middle East on June 9, 2004, in Sea Island, Georgia. He looks forward to a discussion of how the G-8 can support political, economic, and social freedom in the broader Middle East and North Africa, and to Turkey's contribution to this effort. Turkey's participation in specific programs to advance key reforms in this region, especially on democracy, will foster collaboration among G8 and EU countries, Turkey, and regional partners.

Turkey chose to come. At the summit Bush thus held a lunch with Turkey and other countries from the middle east, which *National Security Advisor Condoleeza Rice reported on* (<http://www.g8.utoronto.ca/summit/2004seaisland/rice040601.htm>) as follows: “On Wednesday, June 9th ... During lunch, the G8 leaders will be joined by the leaders of Afghanistan, Algeria, Bahrain, Jordan, Turkey and Yemen. This is an opportunity for the G8 to discuss how it can support freedom and political, economic and social progress in the Middle East, and to hear from these leaders about their efforts to pursue democracy and reform in their countries, as well as to hear about Turkey's success in developing secular democracy in a country with a mainly Muslim population.”

The Chair’s Summary of the 2004 G8 summit began: “We met at Sea Island for our annual summit to advance freedom by strengthening international cooperation to make the world both safer and better. Leaders from Afghanistan, Algeria, Bahrain, Iraq,

Jordan, Yemen and Turkey joined us at Sea Island.” In the G8 communique, Turkey now stood front and centre at the very start. Turkey had been transformed in to a G8 participant with a seat at the table of this leaders-level, top tier club. It was the only G20 member in this invited group, and the largest, leading country from a region that had expanded to embrace the Middle East and Asia as a central global concern. Turkey thus acquired a front-line role in general global governance, from winning the war against the new security threat of terrorism to creating a new global order based on democratic values as a whole. It had gone from being the source of a small problem to a key part of the solution of the greatest global threat of the time.

The 2004 summit represented an alternative to the expanded participation formula the G8 had pioneered in France in 2003 and returned to in Britain in 2005, Russia in 2006, Germany in 2007, and Japan in 2008. It was centred on a growing partnership with the G5 of China, India, Brazil, Mexico and South Africa (with no Mid East state at all) and then the broader MEM/MEF 17 with G20 members Turkey, Saudi Arabia and Argentina left out. A third threat to Turkey’s inclusion in the centre of global governance came in Silvio Berlusconi and Nicholas Sarkozy’s vision of having non-democratic Egypt represent the Middle East, perhaps even for the latter in the form of an institutionalized G14.

But in part because of Turkey’s membership in the new G20 summit, Turkey defeated the threat. On November 12, 2008, Italian prime Minister Silvio Berlusconi, the incoming host of the G8 summit in 2009, held the first ever Italian-Turkish summit in the western province of Izmir. It took place immediately before the first G20 summit in Washington DC on November 15<sup>th</sup> which both leaders would attend. The Izmir meeting was to discuss the participation of Turkey and some other countries in the G8 (November 10, 2008, *Anadolu Agency*). Due to the G20, Turkey was moving more into the more exclusive, more multi-subject, more democratic G8 club

Turkey did arrive again at the G8 summit in 2009, after an absence of five years. It came along with almost 40 leaders for the discussion of food security on the final day. While Turkey’s status was diluted by the large numbers, the food security initiative endorsed that day, backed by 20-22 billion in new money, was the signature achievement of the summit overall. In this way Turkey helped make the G8 that year a success. It also sued its G8 participation for a high profile achievement that responded directly to the top international issue on the minds on the minds of Turks at home (see below).

### **Turkey as a Founding Democratically Diverse Member of the G20, 1999**

Long before Turkey started partially participating in the G8 club, it became a full equal founding member from the start of the G20 born in 1999. It did so because Turkey was a democratic part of the west and a proven democratic pillar in the Middle East and Muslim world beyond.

Turkey had not been on everybody's list as a candidate for inclusion in the G20 when the club was being designed. Its financial and economic weight and systemic significance was much in doubt back then. It was ultimately accepted due to the American-Canadian-led overall strategy of linking Turkey more firmly to the West. The case for G20 membership, as one important component of the strategy, proved persuasive. The calculation was that such a move was needed, given the precarious probability of EU membership for Turkey. The calculation was that a G20 association would help further solidify the relationship between Turkey and the West and deepen the democratic tradition in the country. As consumer rather than a producer of financial security, Turkey was admitted to the G20 (but not the EU it desired), in order to sustain its character as a stable, Muslim democratic polity in a Muslim-dominated Middle East. Turkey's inclusion paved the way for it to receive significant new financial support from the IMF.

Turkey has not yet hosted and chaired a G20 finance ministers meeting, even though non-G8 members India, Mexico, China, South Africa, Australia, Brazil and Korea now have. Turkey joined Group 2 in the chair rotation of the G20, along with India, Russia and South Africa, when this arrangement was created a few years after the G20 finance began. South Africa hosted the 2007 G20 meeting, and India the 2002 one. Thus either Russia or Turkey is due to host the 2012 meeting, assuming the group follows its rotation schedule devised some time ago.

### **Turkey as a G20 Finance Participant**

During the first decade of G20 finance ministers meeting, Turkey has made its mark, mostly notably in its successful quest for status-enhancing and effectiveness inducing IMF voice and vote reform. At Berlin in 2004 Turkey, along with other developing nations, wanted to know who would be behind a revision process of the IMF. At Australia in 2006 one of the achievements getting the IMF directors to agree to a package of reforms including quota increases for the most significantly underrepresented countries, a group that included Turkey, along with China, Korea, Mexico. The G20 worked out the two-staged approach to reform which would be implemented in subsequent years. It was significant, and a vote of confidence, that the international economic community looked to the G20 to help deliver on IMF reform. And the G20 thus delivered an enhanced status and influence for Turkey where the IMF alone had long failed.

Subsequently Turkey began to bear of burden of making the G20 as an institution work. In 2007, of the three workshops held in preparation for the ministerial meeting, the one on Fiscal Elements of Growth and Developments was hosted in Istanbul, in July.

### **Turkey as a G20 Summit Participant**

#### ***Washington***

Turkey has been an eager participant in G20 summitry since it began. To the first summit in Washington its head of government, Prime Minister Recep Tayyip Erdogan, rather than the head of state of state, President Abdullah Gül.

### ***London***

Turkey attended the London summit sporting one of the strongest records in finance within the G20. It was also a member that could maintain its general public finance, according to an analysis prepared by G-20. This analysis showed that its inflation would drop in 2009 and 2010. G20 financial stimulate packages were expected to contribute between half and quarter percent to Turkey's and other members' growth.<sup>3</sup> Turkish ministers and officials worked seriously to prepare for the Summit, base don Turkey's important position as an emerging economy. Its experience in confronting its own crisis in 2001 had a real value for the other countries afflicted now.

Prime Minister Recep Tayyip Erdogan represented Turkey at the summit.<sup>4</sup> It secured its goal of becoming a full member of an expanded, strengthen FSB. Following his conversation with President Obama, Erdogan said that Turkey was a country that could use its communication network successfully with both the Middle East and the West. Obama in return underlined Turkey's leadership in the region and the importance of working together. At the conclusion of the summit Turkish Premier Recep Tayyip Erdogan said the decisions taken were "crucial to minimize the effects of the global financial crisis" (*Journal of Turkish Weekly* Friday, 3 April 2009). He said that the G-20 countries had displayed a common will to minimize the social impact of the global financial crisis. "As G-20 countries, we will continue to work against the global crisis and shape a new international financial structure in the upcoming term...Turkey has made serious contributions to relevant efforts within the G-20.. an IMF delegation will arrive in Turkey in April. We are in a position to reach a result based on the talks between Turkey and the IMF".

### ***Pittsburgh***

Turkey approached the Pittsburg summit saying its strong response to the economic downturn were those of a developed OECD, not a developing or emerging country, and thus that it warranted membership in the EU (*BBC*: 19 September 2009). The week

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<sup>3</sup> Turkish State Minister Mehmet Simsek will travel to London on March 13 to represent Turkey at G-20 economy ministers and central bank governors meeting scheduled for March 14. Simsek will also meet executives of IMF and World Bank before returning to Turkey on March 15. The ministers and central bank governors will review preparations for the G-20 Leaders' Summit scheduled for April 2.

<sup>4</sup> Minister of Foreign Affairs Ali Babacan stressed that decreasing the impact of the current crisis and preventing similar events in future is not possible without a global approach. Therefore the G20 meetings play an important role. The London Summit at the beginning of April is important for international cooperation and coordination. Coordinated action is vital in order to overcome the crisis with minimum damage. We need a new architecture in which no country can say 'I'm big, I'm special'.

before the summit, Turkey's central bank cut its benchmark interest rate further in September to 7.25%, even as tentative signs emerged that the country's economy is stabilizing, thus showing it was contributing to the stimulus that the European and global economy still needed. After shrinking severely in the first quarter of 2009, Turkey's economy had expanded about 5% in the second quarter. However, unemployment remained above 13%. Investors were waiting to see if Turkey would sign a loan deal with the IMF, after the last one ended over a year before.

Turkey was thus in a strong position at the summit, It sought and secured its key priority of making the G20 the permanent, priority centre of international economic co-operation. For here Turkey was a permanent, equal member of the top tier club. In the IMF and all other international financial institutions that mattered, such as the EBRD, Turkey was not.

## **C. Working Together for the Toronto to Turkey Transition**

### **Toronto 2010**

From this firm foundation, both Canada and Turkey are approaching the fourth G20 summit in Toronto with confidence, in common and convergent ways. As the first G20 summit co-chaired by an established G8 and emerging G20 only country, the Toronto summit has been prepared on the basis of a broader and more balanced approach than the previous ones chaired alone by formerly hegemonic Britain and the United States.

### ***Turkey's Standout Strengths***

Among the newly empowered emerging members of the G20, Turkey stands out in several ways. Amidst the new European-turned-global financial crisis catalyzed by the Greece's bailout, Turkey comes as a once consumer-turned-provider of financial security – a sharp contrast to its arrival at the old Canadian-chaired G20 from 1999-2001. It also comes as stronger more supportive economic power than its neighbour Greece that is already inside the EU.

As Turkish foreign minister Babacan recently noted Turkey was the only country that raised its credit ratings by one or two grades despite economic crisis; and could catch up with its growth before the economic crisis if it continued to grow around 5 - 5.5 per cent. Turkey had started to recover in the last quarter of 2009, even if unemployment, at 14.5% in January 2010, remained a key concern (Anatolia news agency, Ankara, in English 0734 GMT 15 Apr 10). Turkey also comes as a country with expertise in Islamic finance which is a rising source of capital and investment in the world. It also comes with a leader who is a founding G20 summit veteran, as the United States, Japan and the United Kingdom do not.

### ***The Agenda***

Canada's approach to its twin summits of the G8 in Muskoka on June 25-6 and the G20 in Toronto on June 26-7 is based on a few fundamental features. The first is a sharp division of labour between the two, with the G8 doing its traditional development and security and the G20 doing its traditional finance and economics. Duplication will thus be avoided, the time for global governance doubled, and a broader arranger of issues covered than would otherwise be the case.

The Toronto G20 will thus focus fully on Turkey's key, well established priorities of IFI reform in voice and vote and resources, trade, and development. It will add coping with the Euro crisis catalyzed by Greece next door, that affects Turkey more directly and severely than Canada or other more distant states. It will also add the unemployment that afflicts Turkey, climate change, clean energy and the food security that its public puts in first place.

### ***Participation***

Second, each summit will have fewer participants than its predecessors, and allow the G20 leaders to behave more as real leaders the way they do in the smaller more likeminded, informal G8. As a result, under Canadian hosting and chairing of the G8 and G20 in 2010, Turkey's relative position is enhanced. At the 2010 G8 summit in Muskoka, the ten countries invited as guests are generally so small and new that they pose no threat to Turkey's standing in the world.<sup>5</sup> At Muskoka there will be no G8-G5 meeting and no MEM-17 one. All the G5 and MEM members will be only at the G20 in Toronto, along with Turkey as a full equal all the time. Egypt will be absent from the G20, but has been at Muskoka, even though Canada when Canada invited Egypt to the last G8 summit Canada hosted, in 2002, Mubarak chose not to come. To Toronto Canada has invited as weighty guests only Spain and the Netherlands, giving Turkey's leader a chance to perform and lobby in ways that advance Turkey's European concerns.

### ***Domestic Acclaim***

Third, this division of labour for the agenda and outside participation allows the leaders of Turkey and Canada to respond well to the key concerns of their citizens and voters back home. This is of particular importance to leaders who might face an election soon, as Prime Minister Harper leading a minority government always might and Prime Minister Erdogan might as well.

A GlobeScan poll of 25,000 respondents across 23 countries, taken for the BBC from June 19-October 13, 2009 showed those in Turkey rated the rising cost of food and energy as the most serious of the ten problems offered, rather than the extreme poverty that will be dealt with at Muskoka and that was in first place globally at 71% or the environment and pollution in second at 64% or climate change in sixth at 58%. Turks

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<sup>5</sup> These are Algeria, Egypt, Ethiopia, Malawi (as chair of the African Union), Nigeria, Senegal and South Africa, Columbia, Haiti and Jamaica. These ten, together with the G8's ten (including two from the EU) make up a different "Muskoka G20," still small enough and democratically like-minded enough (save for Egypt) for productive discussion to be held.

also rated terrorism as one of the top three global problems, along with those in India, Pakistan, Indonesia, Spain and the UK. Globally, food and energy prices stood first as the issue respondents had talked with friends and family about recently, while in Turkey terrorism was in first place here.

In Canada, the state of the global economy was the most discussed issue. A subsequent Canadian poll, taken from April 30-May 3, 2010 showed they saw global warming as the most important agenda item (at 33.7%) facing world leaders at the forthcoming Muskoka-Toronto summits, with economy recovery in second at (27.2%) (Nanos 2010). It will be dealt with both the summits Canada will host. Moreover Canadians felt Canada's place in the world was strongest in freedom, democracy and human rights, with economic recovery second, open markets third, child and maternal health fourth, nuclear security fifth and global warming in sixth and last place. The first will feature at Muskoka and the second at Toronto, allowing Canada to place from its domestically perceived strengths at both summits it will host..

It is however, worth noting that the G20 summit had dealt, along with the economy, with terrorist financing from the start and with food and energy since Pittsburgh in a serious way. The G20 finance forum had long had a strong track here as well. There was thus a strong popular base for Turkish and Canadian leaders in contributing to make the G20 a central global governance forum.

### **Format**

Fourth, Canada, Turkey and its colleagues have redesigned the G20 summit so that the many heads of multilateral organizations invited will sit in the second row, as civil servants usually do, and speak only when they are spoken to regarding their technical expertise. All leaders, including Turkey's will have more airtime to speak and be heard, especially as the heads of these multilateral organizations overwhelmingly come not from Turkey but from other states.

This format allows more flexibility and spontaneity for leaders, who could thus use their summit time together to address the crises erupting at the time. Financial sanctions are relevant not only for terrorist finance but also against the North Koreans that have just attacked their neighbour to the south and against Iran against which a new round of UN sanctions seems likely to come. President Obama used his Pittsburgh G20 summit to send a message to a nuclear devoted Iran. The leaders of Turkey and Brazil, along with a supportive South Africa, could use their free time at Toronto to advance their approach to this issue as well.

### **Shaping the G20 System for the Future**

Looking ahead to the future, Turkey sees the G20 as a central institution of global governance in which it is eager to play a leadership role. At the start of 2010, when the question of defining a hosting order for the now permanent G20 summit after the French

year in 2011, Turkey, along with Mexico and perhaps China, offered to accept this responsibility in the near term.

Turkey's vision for the future G20 contains a desire to expand its agenda (Kim 2010). It views the G20 as having both the power and responsibility to address issues beyond the finance core. This is particularly the case as finance and economics affect people as a whole and their central concerns and because the G20 finance ministers and central bank governors have shown their capacity to make concerted efforts in broad field. Turkey's central candidates for agenda expansion are climate change and poverty. They are thus highly compatible with those of Korea as chair of the November 2010 summit and with similarly placed members such as Mexico and South Africa.

It is far too soon to forecast what Turkey's key priorities might be when it hosts its first G20 summit. But several appropriate candidates already appear. One is the need, beyond the IMF's conditionality and even flexible credit lines for additional financial safety nets and swaps that can be quickly deployed. A second is development that is driven more by the private sector, as recently graduated Korea will advance at its G20 summit in Seoul in November. A third is development amidst diversity and danger. A fourth is helping get the MDG's delivered by their fast approaching due date in 2013. A fifth is domestic financial regulation that works for and with Islamic finance. A sixth is climate change and key energy, led by a Turkey on track to increase its share of renewables from the existing 20% to 30% by 2020.

More broadly, as Turkey will be the first country from the Middle East to host the G20 summit, its essential character as a country that durably respects democracy and diversity will stand out. It can thus pave the way to showing how development through democracy and diversity can bring progress to that troubled region of the world, and to the global Muslim community that lies beyond.

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Today’s Zaman (undated)

**Link to the press briefing given by a Turkish official at the 2004 G8 summit**  
<http://www.g8.utoronto.ca/summit/2004seaisland/turkey040609.html>

## Appendix A: G20 Compliance, London Summit 2009

Member	Sept 2008	April 2009	September 2009	
	N=1	N = 5	N =	CCN =
<b>Germany</b>	+1	+1		
<b>United Kingdom</b>	+1	+1		
<b>France</b>	0	+1		
<b>Canada</b>	+1	+0.8		
<b>European Union</b>	+1	+0.8		
Australia	+1	+0.8		
<b>Russia</b>	0	+0.4		
<b>United States</b>	0	+0.4		
Brazil	+1	+0.2		
<b>Japan</b>	+1	+0.2		
Saudi Arabia		+0.2		
Turkey		+0.2		
<b>Italy</b>	+1	0		
Mexico	+1	0		
South Africa	+1	0		
South Korea		0		
China	0	-0.4		
India	0	-0.4		
Indonesia	0	-0.4		
Argentina	0	-0.6		
All Average	+0.58	+0.23		
G8 Average (9)	+0.75	+0.62		
Non-G8 Average (11)	+0.50 <sup>a</sup>	-0.03		

Note: G8 members are in bold.

<sup>a</sup> Saudi Arabia, Turkey, and South Korea were excluded from this calculation due to lack of compliance data.

## Appendix B: Shocks 2009-2010

	Subject	Status	Source	Spread	Speed	Scale: Deaths	Scale: Destruction	Democracy in Doubt
<b>Political Security</b>								
Afghanistan	War	Old- New	BMENA (Afghanistan)	Bilateral Border (Pakistan) Regional (BMENA)				Yes
Korea – Cheonan	War	Old	Asia (North Korea)	Bilateral Border		49		
NYC	Terrorism	New	Yemen-USA	Africa- America		0	0	
Detroit (Dec 12/09)	Terrorism	New	USA			0	0	
New York City (May 2/10)	Terrorism	New	USA			0	0	
Moscow (Mar 29/10)	Terrorism	New	Russia	N/A		38		Yes
<b>Energy-Environment</b>								
Haiti	Environment	New Natural Disaster	Americas	(Dominican Republic)		30,000- 50, 000		
Chilean Earthquake	Environment	New Natural Disaster	Americas	N/A	N/A	300		
Icelandic Volcano	Environment	New Natural Disaster	Europe (Iceland)	Europe- North America	1 day	0		
Gulf of Mexico	Environment- Energy	New – human accident	USA	America- Mexico	April 20- ongoing	11		
<b>Finance-Economy</b>								
2007-9 American- Atlantic	Banking- Finance	New	USA-Britain- Germany	Global	18 months	0		No
Greece Debt	Sovereign Debt	Old	Greece	Europe	Weeks	3		Yes
European Debt	Sovereign Debt (Bank)	Old (New)	Europe	Global	1 day	0		Yes

## Appendix C: Leader Continuity in G8/G20 Countries

G8	# of changes	Summit 1 (Nov 1975)	Summit 2 (Jun 1976)	Summit 3 (May 1977)	Summit 4 (Jul 1978)	Summit 5 (Jun 1979)	Summit 6 (Jun 1980)	# of summits for June 2010 Leader
France	0	d'Estaing	d'Estaing	d'Estaing	d'Estaing	d'Estaing	d'Estaing	Sarkozy = 4
United States	2	Ford	Ford	Carter	Carter	Carter	Carter	Obama = 2
Britain	2	Wilson	Callaghan	Callaghan	Callaghan	Thatcher	Thatcher	Cameron = 1
Germany	0	Schmidt	Schmidt	Schmidt	Schmidt	Schmidt	Schmidt	Merkel = 5
Japan	2	Miki	Miki	Fukuda	Fukuda	Ohira	Ministers <sup>h</sup>	Kan = 1
Italy	2	Moro	Moro	Andreotti	Andreotti	Andreotti	Cossiga	Berlusconi = 9
Canada	2	N/A	Trudeau	Trudeau	Trudeau	Clark	Trudeau	Harper = 5
Russia		N/A	N/A	N/A	N/A	N/A	N/A	Medvedev = 3
European Union	0	N/A	N/A	Jenkins	Jenkins	Jenkins	Jenkins	
<i>Total:</i>	<i>10</i>							
G20	# of changes	Summit 1 (Nov 2008)	Summit 2 (Apr 2009)	Summit 3 (Sep 2009)	Summit 4 (Jun 2010)	Summit 5 (Nov 2010)	Summit 6 (2011)	# of summits for June 2010 Leader
United States	1	Bush	Obama	Obama	Obama	Obama	Obama <sup>a</sup>	3
Britain	1	Brown	Brown	Brown	Cameron	Cameron	Cameron <sup>b</sup>	1
Canada	0	Harper	Harper	Harper	Harper	Harper	Harper <sup>c</sup>	4
Korea	0	Lee	Lee	Lee	Lee	Lee	Lee <sup>d</sup>	4
France	0	Sarkozy	Sarkozy	Sarkozy	Sarkozy	Sarkozy	Sarkozy	4
Argentina	0	Kirchner	Kirchner	Kirchner	Kirchner	Kirchner	Kirchner <sup>e</sup>	4
Australia	0	Rudd	Rudd	Rudd	Rudd	Rudd	Unknown	4
Brazil	0	da Silva	da Silva	da Silva	da Silva	Unknown	Unknown	4
China	0	Hu	Hu	Hu	Hu	Hu	Hu	4
Germany	0	Merkel	Merkel	Merkel	Merkel	Merkel	Merkel	4
India	0	Singh	Singh	Singh	Singh	Singh	Singh	4
Indonesia	0	Yudhoyono	Yudhoyono	Yudhoyono	Yudhoyono	Yudhoyono	Yudhoyono	4
Italy	0	Berlusconi	Berlusconi	Berlusconi	Berlusconi	Berlusconi	Berlusconi <sup>f</sup>	4
Japan	2	Aso	Aso	Hatoyama	Kan	Kan	Kan	1
Mexico	0	Calderón	Calderón	Calderón	Calderón	Calderón	Calderón	4
Russia	0	Medvedev	Medvedev	Medvedev	Medvedev	Medvedev	Medvedev	4
Saudi Arabia	0	Abdullah	Abdullah	Abdullah	Abdullah	Abdullah	Abdullah	4
South Africa	1	Motlanthe	Motlanthe	Zuma	Zuma	Zuma	Zuma	2
Turkey	0	Erdoğan	Erdoğan	Erdoğan	Erdoğan	Erdoğan	Erdoğan <sup>g</sup>	4
<i>Total:</i>	<i>5</i>							

Notes:

- a. Assumes Barack Obama completes his term as president.
- b. Assumes the coalition holds and no election is called.
- c. Assumes no Canadian election is called before 2012.
- d. Assumes Lee Myung-Bak completes his term as president.
- e. Assumes the 2011 Argentinian elections are not scheduled before the G20 summit.
- f. Assumes no change in government. Next election date is variable.
- g. Next election date is variable.
- h. Masayoshi Ohira died a few days before the 1980 G7 Venice Summit. Japan was represented by Saburo Okita, minister of foreign affairs, Noboru Takeshita, minister of finance, and Kiyooki Kikuchi, the prime minister's personal representative (sherpa).

## Appendix C: Finance Experience of G20 Leaders in 2010

Country	Head	Ministerial Experience	Professional Experience	Education
United States	Bush	0	0	
United States	Obama	0	Lawyer	
Britain	Cameron	0	0	Economics
Canada	Harper	0	Accountant	MA Economics
Korea	Lee	0	Businessman	
France	Sarkozy	Budget, 1992 Interior, 2002, 2005 Economy, finance, and industry, 2004	Lawyer	
Argentina	Kirchner	0	Lawyer	
Australia	Rudd	0	0	
Brazil	Da Silva	0	0	
China	Hu	0	0	
India	Singh	Finance, 2008	Economist, IMF Governor of the Reserve Bank of India, 1982-1985	PhD Economics
Indonesia	Yudhoyono	0	0	PhD Agricultural Economics
Italy	Berlusconi	0	0	
Japan	Kan	Finance Minister, 2010 Deputy Prime Minister		
Mexico	Calderón	0	0	MA Economics
Russia	Medvedev	0	Lawyer	
Saudi Arabia	Abdullah	Chair of the Supreme Economic Council	0	
South Africa	Zuma	0	0	
Turkey	Erdoğan	0	0	

## **Abstract**

Canada and Turkey have much in common in their position, performance and potential role in shaping the Group of 20 (G20), the institutionalized club of systemically significant countries that was created in 1999 in response to the Asian-turned-global financial crisis and that leapt to the leaders' level in 2008 in response to the American-turned-global financial crisis the world is still living with.

First, Canada is a co-founder and the initial chair of the finance G20 and co-chair of the G20's first summit as the premier permanent centre of international economic cooperation in the world. Turkey is also a charter member and a prospective host in coming years. Together they confirm that the G20 is a genuine club of equals in which one of the least powerful members of the established Group of Eight (G8) and one of the non-G8 members can have an influential and leading role.

Second, they serve as great global connectors in this systemically dedicated club with a transcontinental Canada standing as a country of the Americas, Arctic, Atlantic and even Pacific, while Turkey is both a European and Middle Eastern one. Third, they are both global institutional connectors as Canada is a leading member of the Commonwealth and la Francophonie and Turkey holds an important place in the Islamic Conference Organization. Fourth, they have long assumed their global responsibilities as members of the Organisation for Economic Co-operation and Development and a North Atlantic Treaty Organization that won the Cold War, liberated Kosovo from erupting genocide in 1999 and fought alongside many other G20 members to defend the Republic of Korea from 1950 to 1953. Fifth, they contain a rich, multidimensional diversity within their domestic societies and must deal at home and abroad with the challenges that this brings.

Canada and Turkey are thus critical connectors that can make the G20 work as the genuine club of equals providing effective global governance that it was designed to be. But to transform their past accomplishments and potential assets into actual performance, they must meet several challenges. First, as host and co-chair of the G20's Toronto Summit on June 26-27, 2010, Canada must advance the G20's broad and difficult built-in agenda, respond effectively to the new European-turned-global crisis and make the G20 function as a real, institutionalized, systemic summit club where the diplomacy of equals, the diplomacy of leaders and the diplomacy of the future can flourish to produce results. Second, Turkey must build on this foundation to design and implement a G20 strategy starting now that goes well beyond using its membership and potential hosting to enhance its status and advance national preferences to meet the core challenges that the full G20 and global community commonly confront. Third, Canada and Turkey must find a way to work together more closely to have the G20 realize its full potential from 2010 to the years beyond.