

G20 Pittsburgh 2009: a new order worldwide

The Pittsburgh G20 summit has produced good results for tackling the financial crisis and promoting global development. The promotion of G20 in the global affairs and the increasing role of emerging countries in the international organizations will ensure a better global coordination in financial regulations and economic policies. All the measures announced in the London G20 summit and concerning financial regulation have been confirmed including the banking sector to strengthen the capital basis, the risky activities to be more carefully monitored, transparency to be improved at global level, and reasonable compensation practices to be implemented. At last, continuous global expansionary monetary and budgetary policies have been decided to avoid the Japanese mistake in 1990s including a too early exit of expansionary policies.

Nevertheless some doubts on the efficiency of the announced measures remain. The increasing role of emerging countries in the decisional process of international organisations can lead to a blockage of the latter. Concerning financial regulation, a lack of discrimination in dealing with the risks of banking activities could lead to over-penalize the banking sector including the investment banks in particular. Furthermore, the announced principles in terms of coordinating economic policies, promoting global trade, and reducing global imbalances, could end up as a wishful thinking, especially when the global economy gradually picks up. At last, the absence of discussion on public debt and the international role of the dollar mean that emerging countries including China in particular will have to continue to finance the deficit of the developed economies.

Overall, the good results in terms of regulation and coordination besides some doubts reflects a new order at global level. A lesson is learned from the financial crisis. The most important is to avoid another crisis in the future.

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