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The time is now

Parliaments need to assert their role in ensuring the G20 members deliver on the Washington and London programme of work

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The One World Trust promotes education and research into changes required in global governance to achieve the eradication of poverty, injustice, environmental degradation and war. We develop recommendations on practical ways to make powerful organisations more accountable to the people they affect now and in the future, and how the rule of law can be applied to all. We educate political leaders, decision makers and opinion-formers about the findings of our research.

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At the recent London Summit the G20 have made significant commitments to address both the economic downturn, and regulatory failures of global and national financial markets, instruments and institutions. Together with the Washington Plan of Action of November 2008, the London Summit final Leaders' Statement of 2 April 2009 brings these central issues on one common global policy agenda. This agenda translates into a programme of work that is supposed to provide benefits for all people around the world, today and tomorrow, as the final Leader's Statement claims with strong reference to the G20 founding statement of purpose.

As the Leader's Statement emphasises, principles and standards for joined up regulation shall be strengthened and added, as well as some limited functions and additional lending capacity for the International Monetary Fund, to the governance toolbox available at global level. Yet the G20 leaders are clear that the majority of regulatory power and decision-making regarding fiscal measures to revive the economy shall remain with the nation-state, for better or for worse.

In the absence of relevant global democratic oversight structures, it is thus now more than ever the time and task of Parliaments and parliamentarians to ensure that prerogatives and powers of the nation-state are matched by an effective capacity and political will to engage in parliamentary oversight that takes a global view. However, as research in the reality of parliamentary oversight shows, neither is the political will, nor the capacity of Parliaments to conduct such effective oversight, a given. To the contrary, experience from Britain, France, but also South Africa and India, shows that both the broad sweep and detail of foreign policy, writ large, is very little under scrutiny. As a result, in many countries government policy on major issues that concern people around the world is only marginally influenced by those who have the most developed statutory powers and legitimacy to do so. Today, Parliaments mostly lack the capacity and established mechanisms that would enable them to conduct effective oversight of government action and progress on the G20 programme of work. Building on research into existing good practice of policy and legislative scrutiny, the briefing highlights a number of key ways in which Parliaments could strengthen their own work in relation to global governance issues. Having a constructive yet critical and proactive partner in their national Parliaments will also help the G20 governments ensure that they live up to their promises and remain accountable to those they claim to serve.

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On 2 April 2009 the G20 published its Leader's Statement¹. While Gordon Brown declared that the agreements reached might herald a 'new world order'², others were more muted in their praise. Yet overall the assembled leaders seemed satisfied with what had been reached: additional means for the International Monetary Fund, and to a lesser degree the World Bank and other Multilateral Development Banks, to proactively support national economies and development initiatives; commitments to enhance regulation of financial institutions, instruments and markets; and the creation of new globally hinged functions for monitoring, early warning, reporting and advice on economic stability. Consensus was weaker on what the actual levels of any fiscal stimulus should be, and what individual nations could be expected to provide as part of a world effort to revive the global economy. While the need for continuing progress on the reform of international financial institutions and their accountability did feature in the Statement, the actual phrasing of propositions to for instance depoliticise the management and senior appointments, and strengthen the involvement of the Board of Governors in the work of the IMF contained little new, and arguably only scratches the surface of accountability issues that need to be addressed within the organisation.

Still, in many ways the summit was quite an achievement. Many of the issues rounded up in the final Statement had never been expressed so clearly, and as part of one agenda, carried jointly by the most important economies in the world. By focusing on the economic and financial issues the G20 also concentrated on their core mission³ and withstood pressures to overload the delivery cart with programming on other challenges in global governance. Problematically billed by the media ahead of the meeting as the "Committee to Save the World"⁴, it would have been too much to expect any realistic progress on topics such as climate change, poverty, peace, justice, and nuclear disarmament, to name some of the major issues that were raised externally. While these are important issues which are interconnected with economic recovery and financial regulation, this meeting would almost certainly not have delivered solutions to anyone's satisfaction on any of these topics, and did better to stick to its core agenda.

However, the visible differential in quality and level of commitment to the various agreed aims spelled out in the final Leader's Statement, external notes of caution on substance, and vocal disappointment voiced by many observers on its shortcomings, point into an important direction: however much or little has now been agreed, there are big questions to be asked as to who will hold the G20 members to account for delivering on their agenda. This is particularly important as this programme has been developed explicitly to serve citizens within and without the borders of the countries of the G20 member states, as the Statement says: "Our global plan for recovery must have at its heart the needs and jobs of hard-working families, not just in developed countries but in emerging markets and the poorest countries of the world too; and must reflect the interests, not just of today's population, but of future generations too."⁵

¹ G-20 (2009): London Summit — Leaders' Statement, 2 April 2009, <http://www.londonsummit.gov.uk/resources/en/PDF/final-communique>, last accessed 3 April 2009

² Brown, Gordon (2009): Transcript of G20 press conference given by the Prime Minister in London on Thursday, 2 April 2009, <http://www.number10.gov.uk/Page18934>, last accessed 3 April 2009

³ G-20 (1999): Berlin, December 15-16, 1999, communiqué (Founding session), Paragraph 2, <http://www.g20.org/Documents/1999germany.pdf>, last accessed 3 April 2009: "The G-20 was established to provide a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the discussions on key economic and financial policy issues among systemically significant economies and promote co-operation to achieve stable and sustainable world economic growth that benefits all."

⁴ Wall Street Journal (2009): G-20 Reality check. An awareness that stimulus has limits. 3 April 2009 <http://online.wsj.com/article/SB123872213415985213.html>, last accessed 3 April 2009

⁵ G-20 (2009): London Summit — Leaders' Statement, 2 April 2009, paragraph 3, <http://www.londonsummit.gov.uk/resources/en/PDF/final-communique>, last accessed 3 April 2009

Ensuring accountability for global action - at national levels

In addition, however, the programme set out by the G20 is very clear on the limits many of them wish to see for the role and powers of global institutions. While the global mechanisms proposed, such as the Financial Stability Board, would play a monitoring, early warning and advisory role on actions to be taken in collaboration with the IMF, under the 'Strengthening financial supervision and regulation' heading, the Statement sets out quite clearly that while aiming for global consistency in principles and standards applied, the G20 leaders see the actual regulation of financial markets, instruments and institutions to be handled primarily at national level. While the Statement is unspecific on the level at which action ought to be taken in response to global crises, rightly opening up space for determining the right locus dependent on context, the G20 summit for better or for worse does not envision the role for existing or new global institutions or mechanisms to be one of at the same time appraiser, decision-maker, regulator, and financier of action in response to global crises. In the absence of effective democratic oversight structures at global level it is therefore national Parliaments and parliamentarians who will have to play a key role in ensuring that G20 leaders and their governments live up to their promises. Often equipped with far reaching statutory powers of oversight of executive governments it is Parliaments who can keep governments under effective, proactive and ongoing scrutiny at a time and on issues that matter.

Importantly, given the wide impact of any steps taken or omissions in response to the crisis, Parliaments must exercise this oversight with a global view and not limit their perspectives of oversight to the boundaries of one, most likely their own country only. Further, the oversight task at hand should not be limited to Parliaments or other relevant legislative and representative assemblies in the member states of the G20. The agreements of the London Summit affect, and are meant to affect countries and people around the world. Parliamentary scrutiny of the work, and progress of work on the G20 November 2008 Washington Action Plan, and additional points agreed in April 2009 in London, falls within the purview of all parliamentarians on behalf of the citizens they stand in for, and on whose behalf the G20 explicitly claims to act.

Building political will, and capacity of Parliaments

Yet neither the political will nor the capacity of Parliaments to fulfil this role can be taken for granted. Research conducted by the One World Trust with partners Democratic Audit and Federal Trust from 2004 to 2008 on the UK Parliament's statutory frameworks, conventions and practice of parliamentary oversight of external affairs demonstrated that despite strong traditions of oversight on domestic policy issues, foreign policy, writ large to include relationships and activities of the UK to global multilateral institutions, within the European Union, and in fields such as trade, environmental governance, aid and also defence, is largely excluded from effective oversight.⁶ The research showed that "[...] for most purposes the House of Commons is no more capable of keeping the broad sweep of foreign policies under scrutiny than it is in influencing government policy on major issues; that its grasp on detail is fitful; and that it suffers from being almost wholly retrospective. [Over 2007 has] in no sense [...] either House, any select committee or members individually or collectively been able to hold the government accountable for policies and actions within the sphere of traditional foreign policy, even at the level of detail contained within our case studies."⁷ [...]

⁶ Not in our Name (2006): Democracy and Foreign Policy in the UK, edited by Simon Burrall, Brendan Donnelly, and Stuart Weir, London, Politicos, and A World of Difference (2008): Parliamentary Oversight of British Foreign Policy, edited by Stuart Weir, One World Trust, London

⁷ In our 2008 report (A World of Difference) focusing on parliamentary practice over the year 2007, these included Global Security, Home and Justice Policy Integration in the EU, and responses to armed conflict / the Responsibility to Protect. In the 2004 to 2006 study (Not in our Name) we touched on oversight of war powers, arms exports and export credits, EU legislation,

The most that can otherwise be said is that committees and members have been able to maintain a degree of pressure on smaller issues of importance, to let ministers know that they are under, as it were, parliamentary surveillance, and occasionally to gain concessions.”⁸

In respect to strong traditions of exclusion of certain (that is: foreign) policy areas from scrutiny, and limited capacity of parliamentarians to engage in it, the study of practice in the UK in 2007 confirmed to large extent what we had previously identified as a critical problem in 2006, namely a “[...] stoic acceptance [by parliamentarians] of both executive dominance and their own powerlessness [...].” We concluded that what is needed is “[...] a self-confident Parliament, willing to demand the powers and resources that its committees and members require to hold the executive to account [...].”⁹

Yet it would be wrong to assume that these weaknesses are a purely British problem. The same challenges remain in other older democracies and key emerging powers too. Our subsequent research into the situation in France demonstrates that in another key nuclear power and veto wielding member of the UN Security Council and core member of the G7, certain areas of policy, such as foreign policy and defence, are by constitutional command excluded from parliamentary review. This is compounded by the fact that the head of the executive, the President, cannot be questioned by the *Assemblée Nationale*, and that until very recently, the *Assemblée Nationale* only had limited powers to set its own agenda. Altogether its in-depth substantive scrutiny capacity is further undermined as until recently it was allowed no more than six, and now ten standing committees.¹⁰

Similarly, Parliaments from some of the emerging economies which are part of the G20, such as India and South Africa, put on display important failures of foreign policy oversight. In India this proved to be primarily due to general capacity problems and significant backlogs on all areas of legislation. In South Africa, as the South African Parliament recognises itself in its annual review of its own work for 2007/8, part of this failure is due to the fact that the government department to which the committee had to address its statutory powers of oversight turned out not to be the locus of decision-making in key issues that mattered, such as Zimbabwe. The President’s office, however, where relevant policy decisions were effectively made, remained out of the statutory reach of parliamentary scrutiny.¹¹

Across all cases reviewed, and typically the case for most Parliaments, the mostly departmentally organised system of committee oversight of government policy, fails to match the increasingly integrated nature of policy responses to global governance challenges. Issues such as climate change and global finance may run across the remit of multiple parliamentary committees, just as they often run across multiple government departments. In difference to the latter, the former are however only rarely joined up in a systematic. While scrutiny of legislative proposals is as a matter of good practice conducted from time to time by specifically purpose assembled committees, such as in the UK committees on public bills in the UK, or in the French *Assemblée nationale* additional ad hoc committees or joint

World Bank, International Monetary Fund, Bank for International Settlements, G7, G8, United Nations, World Trade Organisation, and World Health Organisation.

⁸ World of Difference (2009): Parliamentary Oversight of British Foreign Policy, One World Trust, London, p. 45

⁹ Not in our Name, Democracy and Foreign Policy in the UK, edited by Simon Burrall, Brendan Donnelly, and Stuart Weir, London, Politicos, p. 187

¹⁰ See Boutillier, Clément; Hammer, Michael (2007): “Un Président irresponsable”? Prospects for democratic oversight of foreign policy in France under the constitutional changes proposed by the Balladur Commission, One World Trust Briefing Paper No 107, October 2007, One World Trust, London

¹¹ See Hammer, Michael; Boutillier, Clément; Uphadyay, Anuya (2008): Ready for the global pitch? Making the foreign policy process in emerging powers such as South Africa and India democratically sustainable, One World Trust Briefing Paper No 110, May 2008, One World Trust, London

sessions of commissions to ensure adequate Budget scrutiny,¹² most processes in global governance are not legislative in nature, but largely policy led, and hence escape the use of these legislation-focused tools. To date, policy oriented oversight mechanisms that, from the perspective of Parliament, take stock of the nature of the policy issue to be addressed rather than following the government led allocation of single departmental lead responsibilities, are rare.

For effective oversight of the G20 programme of work, which is not just an agenda for the Treasury, Finance Ministries and Central Banks or the IMF, currently existing parliamentary committee structure translates into a significant structural weakness on the side of Parliaments to do their job. Yet, as the practice of open, regular inquiries, legislative scrutiny, and committee review processes in other policy fields demonstrates, there are clear benefits also for civil society from Parliament-led proactive and assertive oversight. With its critical hinge function between the executive and the public Parliament plays an important enabling role for civil society, facilitating access to information and evidence, balancing of views, and opportunities for engagement, and thus contributing to the wider accountability of the public policy process more than its function as a legislator may initially suggest.

Conclusion

At the recent London Summit the G20 have made important commitments to address the economic downturn and failures in the regulation of global and national financial markets, instruments and institutions. Together with the Washington Plan of Action of November 2008, the London Summit brought together the central set of issues in one common global policy agenda. Yet despite some additions to the capacity of the IMF and commitments to a more joined up global set of principles and standards for the regulation of financial markets, instruments and institutions, and the expression of intentions to promote the accountability of international financial institutions, the summit outcome is clear in that the majority of regulatory power shall for the foreseeable future remain with the nation-state.

It is therefore now more than ever the time of Parliaments to ensure that these powers of the nation state are matched by an effective capacity and political will for oversight that takes a global view. However, as research into the practice of parliamentary oversight of foreign policy writ large shows, neither can the political will nor the capacity of Parliaments to conduct such effective oversight be taken for granted. Experience from Britain and France, but also South Africa and India shows that more often than not the broad sweep of foreign policies undergoes little scrutiny and that in result, government policy on major global issues is hardly influenced by those who have the most developed statutory powers and legitimacy to do so. Particularly for following and engaging with a complex process such as the G20, this may lead to a problematic lack of accountability of both governments and Parliaments to the citizens they serve.

However, research into parliamentary practices, conventions and statutory frameworks of both older parliamentary systems and the political oversight exercised by Parliaments in emerging economies suggests that there are key ways in which Parliaments could build on existing practice in other areas to strengthen the effectiveness and capacity of proactive oversight in relation to issues addressed by the G20 programme of work.

In relation to both effective oversight of related policy processes, and legislative work these practices include:

- requirement by statute or convention of systematic, cross-departmental and timely government reporting on progress and problems associated with the implementation of the G20 programme of work both in detail and the broad sweep of policy;

¹² Enabled by article 117, alinéa 2, of the Règlement de l'Assemblée nationale

- formation of joint main or sub-committees which draw on members of concerned departmental committees to review and respond to such reporting by government on a timely basis;
- making use of specific thematic inquiries, such as the current investigation launched by the UK Treasury Committee into the international dimension of the banking crisis, on a regular basis; and
- further strengthening of open evidence gathering and public consultation practice as part of reporting, scrutiny and inquiry processes in relation to the G20 programme of work to ensure the greatest possible level of transparency and information sharing also for the benefit of civil society engagement.

Decisions taken by global organisations and powerful nation-states have a huge impact on global and national policy and laws, and affect the lives of individual citizens around the world. This paper is part of a series of publications by the One World Trust based on its research into current parliamentary culture, global and national governmental and organisational policy and decision making processes, and relevant constitutional arrangements that influence the engagement of influential actors in global governance. With our research and recommendations for reform we seek to strengthen and improve the responsible engagement of citizens, parliamentarians and decision-makers in government in the formulation and oversight of international affairs.
