Multilateral Diplomacy and Multilateralism: The United Nations, the G8, the G20, and the Bretton Woods Institutions*

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I. Introduction

Following the end of World War II, Japan pursued its national security policies centered on the Japan-US Security Treaty.1 It was no different regarding economic issues: the Japan-US relationship was paramount. Japan received assistance from the Bretton Woods institutions (the International Monetary Fund [IMF] and the World Bank), and achieved economic growth within an international economic system built around the General Agreement on Trade and Tariffs (GATT). These were international institutions and an international regime that had been established under the US hegemony. Economic mutual interdependence increased, economic frictions intensified between Japan, the US and Europe, and these three sought to coordinate policy at the G7 Summits. In all of these contexts, the Japan-US relationship continued to powerfully prescribe Japanese foreign policy.

With the end of the Cold War, however, Japan began to perceive itself as a global power, and actively deployed a new multilateral diplomacy, even as it continued to remain centered on the Japan-US relationship. Regarding regional conflict resolution, Japan strengthened its cooperation with United Nations peacekeeping operations (PKO). At the G7 and G8 Summits, and again through the Bretton Woods institutions, Japan provided support to regime transition in the former Soviet Union and Eastern European countries. At the same time, it also strove to exercise leadership in development assistance.

However, during this time in the global economy Japan's economic power stalled, so much so that it has since been referred to as the Lost Two Decades, even as the BRICs were achieving eye-opening growth. In the midst of this power shift, Japan's multilateral diplomacy ran aground. The policies that Japan had promoted for United Nations Security Council reform were frustrated, while the G8 summits lost control of the governance of the world economy to the G20. Even within the Bretton Woods institutions themselves, the balance of voting power shifted sharply from the developed countries to the emerging economies, and China came to hold the third largest share in 2010. Japan has just barely been able to retain the second largest voting share in the Bretton Woods institutions. However, it is only a matter of time before it will be overtaken by China.

Today, the world economy is divided among the three poles of the US, Europe and the BRICs, and the situation is said to demand multilateral cooperation. However, be it in economic development, the

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environment, or social considerations, it is hard to say that shared interests or shared values exist among these three poles. The rise of Chinese economic power may usher in a new era in which a “G2” of the US and China will lead the world economy. However, many doubts remain as to whether China will exercise that kind of leadership, or will accept the requisite responsibilities. It has been said that we are today in a state of G-Zero, where every country acts solely in its own national interest, and there is no longer any single country that can wield leadership for the global governance of the world economy.

In this chapter I will examine the issue of rebuilding Japan's diplomacy, which at the present time seems in some sense to have lost its way, from the perspective of multilateral diplomacy. To what end has Japan engaged in multilateral diplomacy to the present? And what are the challenges that Japan should address in its multilateral foreign policy in an age of multipolarization without multilateralism?

II. Analytical Perspective

Generally speaking, there is an image that in multilateral diplomacy—unlike in bilateral diplomacy—negotiations are held for international community as a whole, or for the management of the international public interest. For example, in contrast to bilateral assistance where, together with considering the needs of the recipient country, the donor country provides assistance in accord with its own national interest, in the case of multilateral assistance there are restraints on assistance that ties directly to the interests of the donor.

However, it would not necessarily be the case that in multilateral diplomacy, each state always prioritizes the international public interest and restrains its own national interests. First, international public interest and national interest are not always incompatible. On the contrary, the question of how best to achieve both simultaneously is the crux of multilateral diplomacy. In practice, even if the assistance it provides is in line with its own national interests, a state will still assure the international community that it is acting in the international public interest, even as it appeals to its own citizenry that those policies for the international public interest are also closely tied to their own national interest. Multilateral diplomacy requires diplomatic authorities to demonstrate such abilities.

That being so, what then do states seek to achieve through multilateral diplomacy? Why is multilateral diplomacy important? I would first like to explicate this point.

First, it is often the case that the ideas and principles of international community are initially proposed at the international organizations and international conferences where multilateral diplomacy takes place, and that rules are then defined based upon those ideas and principles. For example, the doctrine of "sustainable development" was first proposed at the World Commission on Environment and Development (Brundtland Commission) set up by the United Nations, and has subsequently taken its place as a principle of international community (World Commission on Environment and Development, 1987). Again, in December 1997 the rules known as the Kyoto Protocol governing the greenhouse gas emissions of the developed countries were established at the Third United Nations Framework Convention on Climate Change.

Countries compete to identify what ideas and principles are needed to resolve the issues facing international community, to propose them, and to formulate effective and realistic rules regarding them. This is what constitutes competition for leadership in multilateral diplomacy. At the same time, those responsible for diplomacy labor to formulate international rules in line with their own countries' values and national interests. In this sense, multilateral diplomacy strives to achieve a win-win relationship between the interests of individual states and the interests of international community.

What kinds of ideas, principles, and rules of international community has Japan been able to
exercise leadership in creating through its multilateral diplomacy? And further, in what ways has Japan participated in the creation of international regimes for implementing those, principles and rules?

Second, multilateral negotiations are sometimes held for the achievement through international cooperation of policy goals that cannot be achieved by single states acting alone. As interdependent economic relationships have deepened, countries are increasingly finding that they have lost the ability to effectively control even their own domestic economic policies, making policy coordination among the governments of different countries a necessity. Policy coordination has also been addressed at G7 Finance Ministers and Central Bank Governors Meetings and the G7 Summits (the G6 when initially launched 1975). Policy coordination includes many technical aspects, but what is important at the diplomatic level is “shared perceptions” (Ogura et al. 2007, 8). How has Japan worked in these settings to create shared perceptions among participating countries on policy-level issues?

Third, when international institutions are created to serve as fora for multilateral diplomatic negotiations, and further, when these institutions implement programs for multilateral cooperation, questions inevitably arise over how to share the costs for the operational and program expenses of those institutions. From the perspective of the participating countries, this is a question of fiscal contributions to international organizations, and they have a keen interest in whether or not they can secure a position within those institutions commensurate with their contributions. This is the issue of burden-sharing and power-sharing (Ogata 1989).

In what way did Japan address these challenges as it emerged as an economic global power and increased its financial contributions to international institutions in keeping with its new economic power? And further, now that another power shift is underway and the relative weight of Japan’s economic power is in decline, what is the most desirable way for Japan to continue to address these challenges?

Fourth, there is a sense implicit to multilateral diplomacy of creating fora for nakama-zukuri (coalition-building). It is theoretically possible for a hegemon to possess preeminent power in every field, and it may choose unilateralism. However, other states—no matter how much advantage they may enjoy economically, militarily, or in some specific sectors—cannot cover other sectors. For this reason, states act in international community by creating groups and teams in different sectors. Major powers endeavor to bring other countries with shared interests into their own circle, while middle-level powers strive diligently to secure inclusion in coalition-building groups. How powerful a group can you join? This, too, is an important challenge for every country’s multilateral diplomacy.

When such groups and teams take on the form of international organizations and regional systems to the point that there exist multiple, overlapping global organizations and regional systems, countries will engage in fierce power politics over which organizations and systems they should use most actively. This phenomenon has been called the problem of forum shopping (Busch 2007). What kind of coalition-building has Japan pursued, and which international systems, international institutions, and regional systems has it sought to utilize?

I would like to discuss briefly on multilateral diplomacy and multilateralism. Ruggie (1993, 11) has defined multilateralism as “an institutional form for which coordinates behavior among three or more states on the basis of ‘generalized’ principles of conduct.” In other words, multilateralism is a system where three or more countries cooperate with each other based on principles and ideas.

Multilateral diplomacy does not equal multilateralism. Simply because a forum has been provided for multilateral diplomacy, it does not necessarily follow that all participating countries will share common ideas and principles regarding the agenda discussed there. Rather, there are many instances in
multilateral diplomacy where countries openly pursue their own respective national interests. This situation could be called multilateral diplomacy without multilateralism.

In current world economic relations, the necessity of multilateral negotiations is pressing due to the globalization of economic problems, and the multipolarization of the power distribution among the US, Europe and the BRICs. However, these countries do not share an idea of how global economic relationships should be, leaving each country to act only from its own perspective. This truly is an example of multilateral diplomacy without multilateralism.\(^5\)

When discussing multilateralism, another important element is what is called in Japanese takaku-shugi (the shugi or “-ism” of takaku, or multi-sidedness) as distinct from takokukanshugi (takokukan: among multiple countries) for multilateralism in international relations. In the case of bilateralism, it is problematic if, for example, the trade imbalance between two countries becomes too large in trade issues. Under takakushugi, however, the thinking is that it is sufficient for the overall balance of trade among all the countries involved to be in balance. The multilateralism of the GATT and the WTO could in fact be characterized as takakushugi.

There are both global and regional examples of multilateral diplomacy. This chapter, however, focuses on the history of and issues affecting Japan’s global multilateral diplomacy, examining both from four perspectives: (1) the proposal of ideas and principles, and rules formulation, (2) the creation of shared perceptions in policy, (3) burden-sharing and power-sharing, and (4) coalition-building. Specifically, the following will examine them in the context of the United Nations, the G7, G8, and G20 Summits, and the Bretton Woods institutions.

III. The Return to International Community

Japan regained its independence in April 1952 with the coming into force of the San Francisco Peace Treaty (signed in September 1951). In August 1952 Japan joined the Bretton Woods institutions. Many people within Japan supported becoming a member of the Bretton Woods institutions as a way for Japan to reenter international community. They of course also expected the actual benefits that would accrue, as by joining these institutions it would become possible for Japan to secure the financing for reconstruction that it so desperately thirsted for. However, many were wary of participating in these institutions. At the time a fixed exchange rate system was adopted for international currencies, and by joining the Bretton Woods institutions Japan would thereafter need to secure IMF permission should it ever consider resetting the yen’s exchange rate. They were concerned that Japan’s sovereignty over its financial affairs would be restricted (Gyohten 2013).

At the same time, the US and Western European countries that would be accepting Japan into the Bretton Woods institutions were also not universally welcoming. Even pro-Japanese Americans like Edwin O. Reischauer held lingering skepticism as to whether Japan would be able to succeed in reconstruction or not (ibid.). Some worried that, should the Bretton Woods institutions fund the kind of dangerous country that had triggered World War II, Japan might once again rush to war. Further, in some former Allied Powers in Europe, there were strong objections to extending financing to a former Axis Power like Japan when they themselves still needed funds for their own postwar reconstruction (ibid.).

Japan joined the Bretton Woods institutions in this climate of caution both at home and abroad. It happened because it was the period when the Cold War between the East and the West was escalating, and the US government judged that, in order to bring a post-independence Japan into the Western camp, it was necessary on the political front to conclude the US-Japan Security Treaty and, on the economic front, to have Japan become a member of the Bretton Woods institutions. The US thought that if Japan
received World Bank financing and was successful in rebuilding its economy, Japanese people would not be attracted to a socialist regime. Thus Japan solidified its place as a member of the Western camp.

Japan was required to accept Anglo-Saxon market principles and corporate principles as part of its participation in the Bretton Woods institutions. The Bretton Woods institutions expected even public enterprises to pursue profitability. Likewise, they requested that consultancy work be entrusted to external independent agencies. Japanese government and companies experienced a huge culture shock in the face of these Anglo-Saxon models of corporate management and corporate governance. Toyoo Gyohten, then in the Ministry of Finance, has observed that the Japanese government in fact in certain ways used this culture shock as external pressure to effect change within Japan (ibid.).

While Japan was being called upon by the Bretton Woods institutions to accept Bretton Woods principles, it was also asked to bear a burden commensurate to its abilities in its fiscal contributions to these institutions. As subscriptions to capital stock in the World Bank and quotas in the IMF are set based on economic power, Japan's quotas at the time it joined these two institutions was the ninth highest among all the then 52 member countries, and was by no means inconsiderable. With the exception of the US, the economies of the other member states had also been exhausted by the war.

Through participating in the Bretton Woods institutions, Japan was able to secure funding for public investments to build the Tokaido Shinkansen high-speed rail system and the Meishin/Tomei expressway network, and eventually to achieve its postwar economic reconstruction.

For the Japanese government the next and greatest goal in Japan's return to international community was membership in the United Nations. Japan applied to become a member of the United Nations as soon as it regained sovereignty in 1952, but this bid was stymied by opposition from the Soviet Union and other socialist countries. With the restoration of Japan-Soviet relations in October 1956, the Soviet Union indicated it would drop its opposition to Japanese membership, and in December of that year Japan achieved its coveted UN membership. For the first time since it left the League of Nations in 1933, Japan had finally returned to international community.

In its first Diplomatic Bluebook issued in 1957, the Ministry of Foreign Affairs defined the three main pillars of Japan's foreign policy: centered on the United Nations, collaboration with Free World countries, and adherence to its position as an Asian country. The Bluebook further stated that the United Nations had not yet adequately achieved its initial goals, and that Japan had therefore strengthened its collaboration with the countries of the free world as a practical measure. At the time, those countries close to the Western bloc still constituted a majority in the United Nations, and the orientation toward the United Nations could easily coexist with the other principle of collaboration with Free World countries. In practice, however, the US-Japan relationship was positioned as the cornerstone of Japanese diplomacy, and from the third edition onwards, the idea of a United Nations focus disappeared from the Diplomatic Bluebook.

IV. Multilateral Diplomacy in the Cold War Era

Whether at the United Nations or in the Bretton Woods institutions, in the loci of multilateral diplomacy during the Cold War, Japan expressed a strong interest in securing positions within those institutions commensurate with its financial contributions, which increased in line with the growth of the Japanese economy. However, with the launch of the Summit Conference of the Leading Industrial Nations in 1975, Japan also came to see the Summits as an important stage for multilateral diplomacy on a global level.

First, let us consider Japan's UN diplomacy during the Cold War era. During the Cold War, the United Nations was unable to play a major role in security issues since the US and the Soviet Union
frequently used their vetoes in the Security Council. The United Nations initiated peacekeeping, but Japan was unable to play an active role as it was constrained from deploying the Japan Self Defense Force overseas for United Nations peacekeeping by Article 9 of the Japanese Constitution.

From the 1960s on, large numbers of newly independent countries in Asia and Africa joined the United Nations, and soon formed a majority in the organization. Throughout the 1970s the United Nations General Assembly became a stage for confrontations between the North and the South. The Japanese government did not exercised strong leadership during these North-South negotiations.

On the other hand, during the Cold War the Japanese government did place a particular emphasis on burden sharing and power sharing in its United Nations diplomacy. For one, the United Nations demands that each member state make compulsory contributions to the regular budget, and the rates of these contributions are calculated based on the country's capacity measured by indicators including GDP. Japan's assessed contributions to the United Nations regular budget was 8.66 percent in 1977, and by 2000 had risen to 20.57 percent, approaching the US contributions of 25 percent. In addition, for the program expenses of the United Nations Development Programme (UNDP) and other UN organizations that implement its programs, each country voluntarily determines how much it will contribute. Japan's voluntary contributions to UNDP totaled 5.3 percent on a cumulative basis for the years 1977-1981 (the ninth largest contribution). While the total amount was extremely low compared to its assessed contribution to the United Nations, Japan also increased its voluntary contributions on a cumulative basis to 8.4 percent (the second largest of any member state) between 1982 and 1985 (Oshiba 1986).

In this way Japan did continue to raise its fiscal contributions. Yet as far as the programs of United Nations organizations and agencies were concerned, the Japanese government basically adopted a posture of non-involvement. This stance is based on the belief that member states should intervene as little as possible on the grounds that the United Nations and other international organizations should carry out their programs neutrally and pursue the public interest of international community. Japan, for its part, sought to secure a position for itself within these institutions commensurate with its fiscal contributions, and was repeatedly elected as a non-permanent member of the Security Council.

As in the case of the United Nations, Japan expected to increase the financial contributions an important consideration in the Bretton Woods institutions. However, the World Bank, the IMF—unlike the United Nations—adopted a weighted voting system in which member states are allocated voting powers based upon their subscriptions to capital, and Japan was therefore far more proactive in expanding those subscriptions. By 1968 Japan's GDP had grown to become the second largest in the capitalist world. However, in the International Bank for Reconstruction and Development (IBRD), the most central World Bank institution, European countries strongly opposed the idea of Japan increasing its subscription ratio. It was not until the 1984 negotiations on World Bank capital increases that Japan finally became the second largest subscriber in the IBRD. The attitude of European advanced countries was that, even if Japan had the capacity and the will to increase its subscription ratio, Japan had no need to do so. From the European perspective, Japanese capitalism appeared to represent a different model than that in Europe and the US, and European countries were reluctant to allow such a country to increase its voting power in the World Bank and IMF. There are some commonalities between those concerns back then and the wariness displayed by Europe and the US today toward China expanding its own voting power in Bretton Woods institutions.

During the Cold War, Japan adopted a hands-off approach to the lending programs carried out primarily by the Bretton Woods institution secretariats. One reason for this was the World Bank rule that lending decisions not be swayed by political factors of the borrowing country. This policy is based on the
belief that if any one of the donor countries of the World Bank should intervene in the individual loan proposals arranged by Bank staff, it would inevitably lead to the politicization of the Bank's work. This principle of the separation of politics and economics well matched Japan's own diplomatic policies. Another reason for Japan's non-interventionist stance, however, was that, in any case, the US wielded overwhelming influence within the World Bank, and the Japanese government could not actively voice its own opinions on capital increases, organizational reform, and other core World Bank issues.

By contrast, during the Cold War, it was at the G7 Summit, a forum for multilateral diplomacy, where Japan took active part in deliberations on international cooperation with a clear sense of ownership.

The first Summit Conference of the Leading Industrial Nations (at the time, a G6 Summit) was held in Rambouillet, France in 1975 as a setting for the leading advanced countries as a whole to manage the international economic system while supporting the US. It came at time when, as demonstrated by the Nixon Shock (1971) and the first oil crisis (1973), the US hegemonic order had begun to waver. Japan hosted the summit for the first time in 1979.7

Unlike the rigidified structures of pre-existing international institutions, the Summit had no secretariat and was organized to be a platform for the frank exchange of views based upon relationships of trust among the individual leaders. It came at a time when Japan's trade frictions with the US and the (then) EC countries were intensifying, and economic issues could no longer be left to market principles alone, and further, could not be settled simply by the business-like negotiations of bureaucrats. There was a need for high-level, political solutions by politicians. The technical aspects of policy coordination were discussed at the G7 Finance Ministers and Central Bank Governors Meetings, while policy was debated from a more elevated perspective at the G7 Summits.

In Japan at that time, the most important diplomatic concerns were these politicized economic issues rather than national security issues, and the G7 Summits functioned as the most important forum for engaging in multilateral diplomacy in these areas.

V. The End of the Cold War and Economic Globalization

With the end of the Cold War, a direct war between the superpowers became less likely, and many experts shared a belief that internal conflicts were what needed to be resolved in the field of security. At the same time, many believed that global governance in the sense of how the globalizing world should be managed was becoming a major issue.

In Japan, expectations were growing that an economic global power in the 21st century could take the lead in international politics even if it was not a military power in the twentieth-century style. As Japan's perception of itself as a global power grew, the Japanese government began to engage in multilateral diplomacy with an intensity inconceivable during the Cold War. However, Japan subsequently entered a long doldrums following the collapse of the 1980s economic bubble, and as the rise of the BRICs, and in particular of China, became more pronounced, Japan's multilateral diplomacy began to run up against the wall in various ways.

In this context, let us next consider Japan's diplomacy in the United Nations regarding security and regional conflict, and its policies at the G8, the G20, and the Bretton Woods institutions regarding the management of the world economy, in that order.

1. United Nations Diplomacy after the Cold War

During the 1980s Japan had perceived its own role as a major economic power. However, with the end of
the Cold War it initiated a policy of engaging in the resolution of regional conflict by dispatching personnel. Japan proactively took part in United Nations peacekeeping, which international community expected to play a role in regional conflict resolution, and together with supporting refugee relief operations by the United Nations also took up the issue of United Nations Security Council reform. One of the distinguishing features of Japan’s United Nations diplomacy in the 1990s was the presence of two Japanese under-secretary-general-level staff within the United Nations in the persons of Yasushi Akashi and Sadako Ogata. Akashi and Ogata actively developed policies and implemented programs, and drew global attention for their leadership. It was a powerful demonstration of just how important it is to multilateral diplomacy to have outstanding leaders.8

Has Japan been able to propose any new principles for international community in the course of its energetic UN diplomacy since the 1990s? On this point, it should first be pointed out that Japan used the United Nations to spread the concept of human security in the international community. It goes without saying that ”human security” was first proposed by the UNDP in its 1994 Human Development Report (UNDP 1994, 22-46). The Report of the Commission on Human Security was prepared with Ogata and Amartya Sen serving as co-chairs (Commission on Human Security 2003), and the Japanese government established the United Nations Trust Fund for Human Security within the UN to support it in 1999. Aided by such efforts, the concept of human security as a doctrine of international community spread more widely.

Another point deserving of attention was Ogata’s argument that political involvement is a necessity in humanitarian assistance activities along with the concept of human security. Although humanitarian assistance was considered to be non-political, a non-political approach is clearly inadequate for resolving humanitarian issues, and Ogata argued that what is most indispensable is a demonstration of political will, and political involvement. Ogata further delivered a speech based on this position before the Security Council in her capacity as United Nations High Commissioner for Refugees (UNHCR) (Ogata 2008).9 Nor has that been the only time that the head of UNHCR, a humanitarian aid agency has delivered a speech at the Security Council, which is responsible for political deliberations. Up until then, internal conflicts had traditionally been considered outside the UN’s responsibility. However, Ogata was able through her actions to impose the new mission of resolving internal conflicts on the Security Council, thereby gradually transforming the nature of the UN from an intergovernmental organization into a global institution.10

For Japan, the United Nations peacekeeping in Cambodia was the first time that Japan Self Defense Force personnel had participated in an overseas operation under the Act on Cooperation for United Nations Peacekeeping Operations and Other Operations (hereafter, the "PKO Act"). In the course of the Cambodia peacekeeping the United Nations was forced to make political decisions, for example, whether or not to move ahead with elections in the country following the Pol Pot group’s announcement that it would boycott them. UN peacekeeping profess to be neutral, but the UN peacekeeping in Cambodia led by Yasushi Akashi delivered a message to the Japanese government and the Japanese people that, just because the UN was neutral, it did not necessarily mean that they might not find themselves drawn into politics.11

The peacekeeping Act ignited the most heated domestic debate on foreign policy in Japan since the 1970s movement against the US-Japan Security Treaty. It was extremely difficult for the Japanese people to comprehend United Nations peacekeeping activities. Even when it was explained to them that military personnel did not take part in combat roles in peacekeeping but rather were engaged in policing operations, many Japanese still found the difference difficult to parse. Meanwhile, on the opposite side, some
criticized those who cited Article 9 of the Japanese Constitution as justification for their opposition to sending the Japan Self Defense Force abroad for the peacekeeping as practicing ikkoku heiwashugi (Japan-only pacifism). These critics pointed out that the peace of international community represented one form of the international public good, and Japan alone could not hide behind the shield of Article 9 and be labeled, deservedly or not, a free rider. The Japanese public was forced to think seriously about the meaning of the international public interest, Japan’s national interest, and the pacifism of the Japanese Constitution.

Following the withdrawal of the UN peacekeeping mission from Cambodia the local government and UN headquarters could not agree on the question of establishing a war crimes tribunal. In response to the UN’s proposal for an international tribunal, the Government of Cambodia instead called for a domestic tribunal. The Japanese government acted as mediator in the negotiations, and the parties finally reached an agreement to create a domestic tribunal that would include foreign judges. This was a further indication of the Japanese government’s strong perception of itself at the time as a mediator between Asia and the West.

While the Japanese government was supporting the work of Akashi and Ogata, it was also working to set the agenda for Security Council reform.

International relations had been transformed since the time of the creation of the United Nations, and from the perspective of furthering the international public interest through the United Nations, the idea that the Security Council should be reformed to better reflect the characteristics of contemporary power relationships and international relations was convincing. At the same time, from the Japanese government’s perspective, in addition to providing its share of UN finances Japan had demonstrated leadership in peacekeeping and at the UNHCR, and it was now in the state’s national interest to secure a level of power-sharing at the UN commensurate with its burden-sharing.

How best to balance the international public interest and national interest? This was the question confronting the Japanese government as it addressed United Nations reform.

A wide variety of opinions already existed in Japan and abroad regarding United Nations reform, and in particular, reform of the Security Council. First, as to the question of whether or not Japan was suited to be a Security Council permanent member, those in the affirmative frequently cited the “no taxation without representation” argument, given that Japan’s assessed contributions to the United Nations regular budget were now the second highest after the US. It was, in short, the argument for linking burden-sharing and power-sharing. However, even the Ministry of Foreign Affairs was cognizant of the fact that this assertion would not be persuasive to the rest of the world (Kikuchi 2008, 180).

Next, could Japan in fact become a permanent member? At the time it was common to generalize this question into the larger issue of whether or not the number of permanent members on the Security Council could be increased.

Further, another opinion contends that there was no reason to restrict the question of United Nations reform to the Security Council alone. However, the position of the Ministry of Foreign Affairs regarding this particular argument can be best summed up in the words of former UN Ambassador Yoshio Hatano: “When it comes to the United Nations, I consider the Security Council to be everything” (Hatano 2008, translated by the author). Hatano cites as his reason the fact that, when conflicts are addressed in the Security Council, the Council debates all issues involved, including economic, social, and human rights issues.

UN Secretary-General Kofi Annan emphasized the need for United Nations reform in advance of the 60th anniversary of the institution’s founding in 2005. In 2003 he organized a high-level panel on
United Nations reform. When the possibility arose that the panel’s report would pass over proposals for creating new permanent members and instead only present a proposal for creating non-permanent members with longer terms. Whereas the Japanese government lobbied strongly in concert with Germany, Brazil and India as a G4, with the result that the final high-level panel report presented arguments for both (1) a plan to create new non-permanent members with longer terms than before, and (2) a plan to increase the number of permanent members by adding new permanent members (Haraguchi 2008).

In 2005 Japan, Germany, Brazil and India produced their so-called G4 proposal, and worked to secure a two-thirds majority in the UN General Assembly to get it passed. By assigning two of the new seats to Africa, they anticipated that African countries would back their proposal. In the end, however, African countries could not reach a consensus among themselves, and the G4 proposal was ultimately dropped.

In this context, I would like to examine a few points. First, why did the G4 proposal fail? Most importantly, the G4 failed to recognize that Security Council politics are a battle among middle powers. By clinging to a plan that guaranteed permanent seats in the Security Council only for themselves, the G4 invited pushback from other middle powers. As for other reasons, some have highlighted the wide division in public opinion on the matter at home that shackled Japan as it pursued its UN diplomacy. Others have noted that Japan’s diplomatic policy-making style is fundamentally unsuited to multilateral diplomacy. Their argument is that Japan’s policy-making mechanism is not quick enough to match the requirements of Security Council deliberations.

Second, why did Japan create the G4 with Germany, Brazil and India? According to the oral histories of successive UN ambassadors, it appears that this was not necessarily a choice based on deep deliberation or a careful calculation of the chances for success (ibid., 310-311).

Third, how should we evaluate the Japanese government’s G4 proposal? The Asian-born scholar of international relations Acharya has observed that it is necessary to pay close attention to whether the three major Asian powers of China, India and Japan are seeking to change the rules of global multilateral frameworks as a matter of global governance, or if they are only doing so for their own national interest or to further their own positions. Her comment is both an expression of hope and wariness toward Asia’s leading countries (Acharya 2011, 861).

Taking this perspective into account, by presenting the G4 proposal the Japanese government made it only too clear that what Japan called a plan for reforming the United Nations Security Council was, in the end, nothing more than a way for Japan to achieve its own national interests. Conversely, the plan proposed under Secretary-General Annan to create non-permanent Security Council members with longer terms was attractive if United Nations reform was to be viewed as a public good. Viewed from the perspective of coalition-building—that other goal of multilateral diplomacy discussed earlier—Japan should have been able to discern its own national interest in supporting the Annan plan for creating non-permanent Security Council members with longer terms, rather than in rushing to become a permanent, veto-wielding member of the Council.

Needless to say, in multilateral diplomacy the most persuasive logic would be: while your proposal may serve your own country’s national interest, it will also serve the public interests of international community as a whole.

2. The Search for Global Economic Governance
The 20 years following the end of the Cold War were decades characterized by a search for global economic governance in response to advancing economic globalization. I would like to divide these 20 years
into three distinct periods: the period leading up to the Asian financial crisis, the period from that crisis to the Lehman Shock, and the period of the post-Lehman Shock transition from the G8 to the G20.

First is the period leading up to the 1997 Asian financial crisis. During this period Japan was confident that it would be able to establish Japanese-style economic development as an international growth model, and exercise leadership in the economic governance system as a major economic power, assuming a regime in which the Bretton Woods institutions would carry out programs based upon policy discussions at the G8 Summit.13

Japan became the second largest contributor to the World Bank in 1984, and the Japanese government began lobbying to have the World Bank recognize the Japanese style of economic development as a model for economic development. At the strong insistence of Japan, the World Bank in 1993 published *The East Asian Miracle: Economic Growth and Public Policy* (The World Bank 1993). This book asserted that a government-led economic model had proven successful in Japan and in other Asian economies including Hong Kong, South Korea, Singapore, and Taiwan. However, the World Bank professional-staff members strongly supported the so-called Washington Consensus that advocated the achievement of economic growth through deregulation and the privatization of state-owned enterprises under the small government. They opposed the claims for Japan's approach, asserting that the economic growth of East Asian countries could not be reduced to a generalized model and should still be treated as an exception. As a result, the word *Miracle* was added to the final title of the book.

In the United States of the time there was strong interest in what new axis of confrontation might emerge in international relations with the end of the Cold War to replace the previous confrontation between capitalism and liberalism, and socialism. Debated possibilities included a clash between the West and Islam, and a confrontation between the West and Asia. Americans after the end of the Cold War, or the second half of the 1980s, tended to believe that capitalism in Japan and other Asian countries was fundamentally different in nature from Western capitalism. Japan's advocacy of an Asian economic development model seemed, from an American perspective, further confirmation of such fears.

Second is the period during which, against the backdrop of 1990s financial globalization, an economic crisis occurring in Thailand in 1997 spread outward to South Korea and other Asian countries. These events drastically transformed Japan's position as well.

In order to contain the growing crisis, the IMF imposed severe fiscal austerity measures on South Korea and other Asian countries. The emerging economies of Asia had no choice but to acquiesce, and the reputation of the East Asian model advocated by Japan plunged.

Of course, Japan did not sit idly by during the crisis. Asian countries were consumed with discontent at the IMF's measures, and pursued an alternative crisis response mechanism. In this context, the Japanese government floated a concept for an Asian Monetary Fund (AMF), calling for participating countries to contribute and pool funds that would then be used to support countries suffering from foreign currency shortages. This AMF concept was ultimately blocked both by the US, which disliked any overlap with the role of the IMF, and by China, which opposed any systemization of Japanese influence in Asia. In October 1998, Japan countered by announcing the New Miyazawa Initiative, which included a financing facility, and subsequently the Chiang Mai Initiative was agreed upon.14

The 1997 Korean economic crisis made it clear that an economic crisis beginning in one emerging economy could escalate into a global crisis, and there was a growing recognition that, in order to avoid such global crises in the future, it was essential to have not only the G8, but also a new framework that included the emerging economies. This in turn led to the convening of the first G20 Finance Ministers and Central Bank Governors Meeting in 1999.
Numerous countries engaged in energetic diplomatic negotiations over the future membership of the G20. The US and Canada normally preferred small-scale, informal gatherings for multilateral diplomacy. However, when it came to the G20, both countries called for it to be a large body; regarding membership, they asserted that the G20 should be composed of more diverse countries. The US and Canada were actually seeking to lower the relative proportion of European countries in the newly created institution (Wade 2011, 354). Specifically, the US called for the inclusion of Australia, Argentina, Saudi Arabia, and South Korea—all US allies—in the G20. Japan, for its part, worked to ensure as many Asia-Pacific countries as possible were included (Nakabayashi 2013, 18).

The European countries countered that, rather than creating a new forum, the G8 Summit should instead be expanded to thirteen countries, or even fourteen. The US and Japan, however, maintained that any participant in the Summit had to be a democratic state, and that they were in any case opposed in principle to having too many countries participate in the Summit. As the Korean economic crisis began ebb, interest in the G20 also waned, and the debate over an expanded G8 withered with it.

Third, we come to the period of the subprime crisis of the summer of 2007, and the Lehman Shock of September 2008.

As the subprime crisis worsened during the summer of 2007, French President Nicolas Sarkozy criticized the Anglo-Saxon model of financial policy, and in September that same year the United Nations proposed a financial summit. That same month, British Prime Minister Gordon Brown joined in, declaring in a meeting with European leaders the G20 was the most appropriate forum for cooperation among countries (ibid., 19).

As the shockwaves from the Lehman Shock spread during September 2008, the G20 Summit on Financial Markets and the World Economy (the G20 Washington Summit) was held in Washington, D.C. in addition to the regular G20 Finance Ministers and Central Bank Governors Meeting. This was the first G20 Summit.

At the G20 Washington Summit, both Japan and the United Kingdom volunteered to host the next G20 in 2009, but Japan’s offer was declined. Instead, the second G20 Summit was held in London in April 2009. It was followed by the third G20 Summit in Pittsburgh in September 2009 and the fourth in Toronto in June 2010. The fifth G20 Summit was convened in Seoul in November 2010. By chance, this came at the height of the Euro Crisis.

In 2011 the G20 summit participant countries together accounted for 80 percent of world GDP and two-thirds of the world’s population. Once the impact of countries’ monetary policies was taken into account, it was clear that it was no longer sufficient to consider only the Western countries as in the past and that China now needed to be included as well. In addition, the G20 is expected to play a major role given the growth in “South-South” trade among the BRICs and other emerging countries has been growing as illustrated by the fact that Brazil’s largest trading partner is now China.

Nonetheless, there was also dissatisfaction directed at the G20 by countries outside the group, including Norway, African countries, and ASEAN member states. The United Nations was also critical of the G20 concept. At the 2010 Seoul Summit, in addition to the regular G20 members, it was agreed that two countries from the African Union, one country from ASEAN, one country from the Global Governance Group composed of 28 smaller countries, and the EU as institutional representatives would also be allowed to participate in G20 meetings.

Can the G20 indeed appropriately supervise and manage a multipolar world economy? The country that holds the key to this question is China, and in 2010 an agreement was reached giving China the third-largest voting share in the Bretton Woods institutions that play the core role in economic gover-
The economic growth of the BRICs became ever more dazzling as the world entered the 2000s. In the US, many took the view that the role of the World Bank as a lender to middle income countries had come to an end, and that in future it would be sufficient for the World Bank to handle only the flow of funds to the poorest countries. However, the Lehman Shock occurred at this very moment, and 2009 saw the World Bank conversely increase its new funding up to 2.5 times as much as that in the previous year. Subsequently, in April 2010, the World Bank decided to seek a capital increase in response to the expanding demand for its financing (Chart 1).

When the World Bank boosts its capital, each country pays additional capital into the World Bank, with their voting powers determined by their subscription ratio. Therefore, negotiations over capital increases were of critical importance.

In light of the striking economic growth of the BRICs and other emerging economies, the US made a strong claim for an expansion of their voting powers. The US intent lay in strengthening its relationships with the BRICs, while at the same time reducing the voting powers of European countries. The European countries opposed the proposal, but as the shift in economic power toward the developing countries was an undeniable reality, in the end the Europeans did accept a reduction in their voting powers. Indeed, counted as a group, Europe experienced the largest decline in voting power. However, on a single-country basis, it was Japan that saw its voting shares fall the most. The US, for its part, secured for itself the voting shares required (15 percent or more) to exercise veto powers on any changes to the World Bank Articles of Agreement and the implementation of capital increases.

In contrast to the US argument on behalf of expanding the voting powers of developing countries, in practice the majority of new voting shares were distributed to China, Brazil and Turkey, with China gaining the World Bank’s third-largest subscriptions and voting power. In addition, China won additional plaudits for redistributing a portion of its increase to other developing countries.

In 2010 there was also a review of IMF quotas. Here, too, the US worked to reduce the quotas of European countries. The European countries pushed back. In response, in October 2010, the US applied pressure on the IMF to reduce the number of director countries from 24 to 22. The US and Europe subsequently negotiated and concluded that, while the US agreed to letting the number of executive directors stand at 24, it did so on the condition that the number of European executive directors be cut from eight to six. In this way the IMF negotiations were brought to a conclusion. China emerged with the third largest voting power, while Brazil, India and Russia joined the ranks of the 10 largest IMF contributing countries. Japan today continues to retain the second largest voting power in the IMF, but it is clearly only a matter of time before it is overtaken by China.

With what attitude will China, a member of the G20 and holder of the third largest voting power in the Bretton Woods institutions, approach the management of the world economy?

The US had high expectations for policy coordination with China in the G20 on Yuan revaluation and other issues, but those expectations have diminished over time. While China certainly values the G20, at the same time it does not perceive itself as having any special responsibility nor leadership duties.

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for the running of the world economy (Wade 2011, 355), and the US cannot dispel its unease over the
G20’s global adjustment role. Of course, one can say that the fact that the US and China will still have
opportunities for bilateral contacts at the G20 no matter how tense the US-China bilateral relationship
may become (ibid., 355) does represent another of the roles of multilateral diplomacy.

In the midst of these various developments, the IMF-World Bank Annual Meetings were held in
Tokyo in October 2012. The meetings came at a time when Japan-China relations were strained over
territorial issues, and no cabinet minister-class officials from China attended.

It is on social and environmental issues that China’s policies differ most widely from those of the
World Bank. It is a basic policy of the World Bank today that in the planning and implementation of
development projects assessments must be carried out on a project’s impact on ethnic minorities and the
socially disadvantaged and on any potential negative impacts on the environment, and similar issues.
However, based on Chinese conduct in the Sub-Sahara and Southeast Asia where it has accelerated its
investment and development aid in recent years, it seems that China has not embraced this attitude
toward societal and environmental considerations. Indeed, acknowledging the pushback in developing
countries toward the World Bank, China is cooperating with the BRICs for the establishment of New
Development Bank BRICs in 2014.

While multilateralism can be considered essential to the running of the world economy given the
multi-polarization of economic power, the problem undeniably exists today of there being no shared
values, interests, and identity between the US/Europe and the BRICs or China (ibid., 353). What role will
Japan bestow upon itself in the G8, in the G20, and in the governance system for the world economy built
around the nucleus of the Bretton Woods institutions? This is the challenge now facing Japan in its mul-
tilateral diplomacy.

VI. Conclusion
American unilateralism was a salient feature in the field of national security during the administration of
George W. Bush. However, that policy reached a dead-end in the Iraq War, and today international coop-
eration is once again considered as a necessity. In international economics, the rise of the BRICs, and of
China in particular, stands out, and the world is gradually becoming more multipolar. In this way, the
multipolarization of power has advanced in both international politics and international economics,
rendering multilateral cooperation more important than ever. Yet despite these trends, governance based
on multilateralism is conspicuous in its absence, so much so that some have even dubbed the present day
the G-Zero era (Bremmer 2012).

How are we to shape governance based on multilateralism? Regarding Japan’s role in this process, I
would like to consider the issue focusing on three different aspects: the international public interest and
national interest, multilateralism and bilateralism and lastly, multilateralism and domestic politics.

First is the question of how to balance the international public interest and national interests in
multilateral diplomacy.

During the Cold War era, Japanese diplomacy adopted a passive stance toward the proposal of prin-
ciples and creation of rules for international community. However, with the end of the Cold War, Japan
became more proactive. In the United Nations, United Nations High Commissioner for Refugees Ogata
was an active proselytizer for the concept of human security, and the Government of Japan supported her
efforts well. It made human security one of the principles behind Japan’s own diplomacy, and proposed
that a humanitarian global power should be the national image that Japan could aspire to. It was a vast
improvement from before, when for many years Japan had been accused of having no principles at all.
Regarding economic development models, in the 1990s Japan presented the Asian growth model in *The East Asian Miracle*. We can also give Japan major credit for proposing the AMF concept at the time of the Asian economic crisis, even if the initiative was frustrated at the time, and for ultimately bringing it to fruition in the form of the Chiang Mai Initiative.

However, in multilateral diplomacy, where national interests are most closely intertwined in the issues, Japan stepped far back from the approach of resolving problems multilaterally while seeking to balance international public goods and national interest. Rather than working to increase opportunities for multiple middle-power states to participate in policy decisions at the Security Council through the creation of longer terms for non-permanent Security Council members, Japan instead proposed its own G4 plan that sought to create just six new permanent members, Germany, Brazil, India, and Japan, and two countries from Africa. According to Acharya’s analysis, we must say that on the issue of Security Council reform Japan, rather than offering its proposal in the interest of the international public good of preserving international peace, instead sought to push through Security Council reforms that emphasized the aspects best serving its own national interest. Seen in this light, we cannot say that Japan displayed leadership as a major Asian power.

As we entered the 2000s, the same logic of power shift that Japan had deployed in its pursuit of Security Council and Bretton Woods institutions reform now began to work against it. Declaring “no taxation without representation,” Japan had heretofore emphasized its disproportionately high share of the UN regular budget. However, between 2011 and 2013 that share fell to half of what it had been at its peak, and the prospects for Japan becoming a Security Council permanent member became increasingly bleak. Regarding subscriptions and voting shares in the Bretton Woods institutions as well, while Japan managed to barely maintain its position as the second largest contributor and wielder of the second largest voting share in these institutions, it had become only a matter of time before it would be outstripped by China. And then came the shift from the G8 to the G20.

Because Japan originally postulated itself as a major world power, the idea that it should acquire positions in international institutions in line with its financial contributions was adopted as a national interest that Japan should pursue in its multilateral diplomacy. However, given the aforementioned power shifts, it should also be possible for Japan to discern a national interest in coalition-building. To that end, how best to devise principles and policies that can garner greater support from other countries will doubtless be critical for Japan in the future.

Second, the question of how to combine multilateral diplomacy and bilateral diplomacy will likely also prove a major challenge for Japanese diplomacy.

The old dichotomy that liberally-minded people stress multilateral diplomacy while realists focus on bilateral diplomacy is too simplistic by far. In reality, it is obvious that the two are deeply interrelated.

Bilateral diplomacy is frequently pursued even in forums for multilateral diplomacy. This has been a prominent feature of the G8 and G20 Summits. When bilateral relations are tense, bilateral negotiations may only intensify confrontations. However, many instances have shown states trying to avoid such direct confrontations and finding points of compromise in a multilateral diplomatic setting. There has been a significant element of that in US-China negotiations at the G20.

In Japanese diplomacy as well, when tensions in Japan-China relations or Japan-South Korea are heightened over territorial or other issues, multilateral diplomacy can prove a truly important channel. The G20 Summits proffer opportunities to both Japan and China for bilateral contacts, and in that sense the IMF-World Bank Annual Meetings held in Tokyo in October 2012 were interesting indeed.
Next, there are both global and regional dimensions to multilateral diplomacy. At present, multilateral negotiations have been conducted more and more at the regional level, with global-level negotiations at an impasse. However, as is apparent from the Asian financial crisis and the Greek economic crisis, an economic crisis in one region can escalate into a global crisis, and pushing forward with the creation of crisis management systems not only at the regional but the global level as well has again become an issue. Further, regionalism itself subsumes both open regionalism that leads toward globalism, and closed regionalism that is exclusionist toward other regions. It is of course essential for Japan to work to see that regionalism moves in the former direction, and it will be one of the tasks of Japanese diplomacy to examine what steps it can take to prod regionalism toward greater openness, and to put them into practice.

Third is the question of the relationship between multilateral diplomacy and domestic politics. It is undeniable that certain myths about multilateral diplomacy exist domestically in Japan today.

There are two aspects to Japanese mythology about the United Nations, and more broadly speaking, about multilateral diplomacy in general. One is that the Japanese people generally have a positive impression of international institutions. There is a widely held view regarding UN humanitarian and development assistance that the United Nations carries out these activities from a position of neutrality. For example, UNICEF—which implements various programs from protecting street children to health and education, campaigns to ban the use of child soldiers, and more—has become perhaps the most widely known of all UN institutions not only in the US but in Japan. It is also well recognized in Japan that other UN organizations are also involved in emergency, humanitarian and assistance activities.

In these activities, the United Nations and other international institutions are perceived as being neutral institutions that do not pursue national interests in the way national governments do, and instead are pursuing the public interest of international community.

The second aspect of these myths about the United Nations and multilateral diplomacy is the view that it is sufficient to leave the programs and activities of the United Nations and other international institutions to their staffs. In this view, involvement by member state governments constitutes intervention, and can only serve to politicize these programs and activities. Ultimately, this constitutes a leave-it-to-others attitude that, in the final analysis, also perceives the activities of United Nations institutions and Bretton Woods institutions as somebody else's business.

The myth of multilateral diplomacy in Japan shares the two aspects noted above. In fact, however, even humanitarian assistance activities require the political support of member countries, and when necessary, the top leadership of that humanitarian assistance organ, the UNHCR, will even speak before the Security Council. The reality is that multilateral diplomacy cannot be separated politics, and how best to promote greater understanding of this point within Japan should also be considered an issue for the future. To that end, it will be essential to take steps to make information about what happens on the ground in multilateral diplomacy public, and to deepen the Japanese public's understanding of the role of politics in multilateral diplomacy, that is, of the reality of how each country in their negotiations is, or is not, working to balance the international public interest with their own national interest.

1 A multilateral security regime like that in Europe did not develop in Asia (Hemmer and Katzenstein 2002).
2 There is one argument that views the regional rules in the EU as superior for adoption as international rules, and characterizes this superiority as the EU's regulatory power (Endo 2012). For a definition of the EU's regulatory power, see Suzuki (2012, 20-28).
3 Term coined by Dr. Motoshi Suzuki (of the Kyoto University School of Government).
4 Based on the concept that state-centric international relations could be controlled through the construction of various
international institutions and frameworks for governing international relations, it was hypothesized that, as multiple, stratified international institutions and frameworks were put in place, we would in time transcend the world of state-centric realism. However, discussions on forum-shopping consistently point out that we have in fact been seeing the paradox of power politics been played out over which international institutions and frameworks should be used.

5 Regarding globalized problems, the term *global governance* may be more appropriate than *multilateralism* for a regime in which diverse actors, both state and non-state, share common principles and work together to solve those problems.

6 As US-Soviet confrontations intensified after World War II, Japan's return to international community came to carry strong connotations of its incorporation into the Cold War Western camp. However, the country that clashed most sharply with the US at the time of the establishment of the Bretton Woods institutions was not the Soviet Union, but the UK. The intent of the Bretton Woods regime was to prevent the resurrection of the prewar block economies dominated by the UK and France and to pursue the creation of an open international economic regime.

7 In more structural terms, economic interdependence among states blurred the border between domestic politics and diplomacy, and therefore each government now cannot achieve their own goals of the domestic economic policy without political coordination with other countries. As one forum for such policy coordination, the establishment of the G7 Finance Ministers and Central Bank Governors Meetings was agreed upon at the 1986 Tokyo Summit.

8 It is also true that their policies and actions came in for criticism in some world newspapers and other media. It goes without saying that we should avoid giving unqualified praise.

9 Ogata herself has this to say on the subject: "Even humanitarian aid workers hesitated, but the humanitarian relief organizations required a political solution" (Ogata 2008, 46, translated by the author).

10 Ogata has the following to say: "I think, if there is one thing I can be somewhat proud of, it is that the role I did in bringing internal conflicts under the purview of the Security Council. This is because, while the Security Council's responsibility is international peace and security, it had consistently been unable to grasp the reality of and respond to internal conflicts" (Ogata 2008, 48–49, translated by the author.).

11 Following the May 1993 general election, there were many different opinions among those involved in the Cambodia peacekeeping over what kind of government should be created based on the election results. Akashi writes that in his talks with Prince Norodom Sihanouk he supported the concept of a grand coalition cabinet that would include the first and second political parties (Akashi 2008, 21).

12 Acharya defines global governance as "collective efforts to identify, understand or address worldwide problems that respect no national or regional boundaries and go beyond the capacity of individual States to solve" (Acharya 2011, 851).

13 Following the conclusion of the 1991 G7 Summit, the G7 countries held a meeting outside the Summit with the (then) Soviet Union, and from the 1994 Naples Summit onwards Russia took part in Summit political deliberations. Russia has participated in all of the Summits since the 2003 Evian Summit until 2013.

14 The Chiang Mai Initiative included a number of measures, including creating a network of multilateral currency swap arrangements that established a pool of funds to be available should a financial crisis occur in Asian countries.

15 For the 2003 Evian Summit, the G8 invited the leaders of 12 other countries to attend including China, India, Brazil, and South Africa. At the 2008 Heiligendamm Summit the dialog between the leaders of the advanced countries and the five important emerging economies was dubbed the Heiligendamm Process, and Germany advocated officially designating this process a G13 Summit (Nakabayashi 2013, 19).

16 The IMF Articles of Agreement establish the number of Executive Directors are twenty, and require a supporting vote of 85 percent or higher to increase or reduce that number (Article XII: Organization and Management, Section 3. Clause (b)). The Executive Board did in fact raise the number of Executive Directors from 20 to 24. However, in 2010 the US announced that it was opposed to the proposed further expansion of the Board to 24 Directors. As the US holds a voting power in the IMF exceeding 15 percent, the European countries had no choice but to accept various American conditions in exchange for increasing the number of Board countries to 24.
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