

The Pittsburgh Summit: Creating a 21st Century International Economic Architecture

Dramatic changes in the world economy have not always been reflected in the global architecture for economic cooperation.

This all started to change today. The G-20 Leaders reached an historic agreement to put the G-20 at the center of their efforts to work together to build a durable recovery, while avoiding the financial fragilities that led to the crisis. They committed to a fundamental realignment of voting weights at the International Monetary Fund (IMF), fully vesting dynamic emerging economies in this key institution. They agreed to a significant increase in the voice of dynamic emerging economies in the World Bank and called on a reformed World Bank to play a leading role in responding to challenges that require globally coordinated action.

Establishing the G-20 as the Premier Global Economic Forum

Leading up to the Pittsburgh Summit, President Obama called on the world's leaders to reform global economic institutions to meet the needs of an interconnected global economy. Making the G-20 the premier forum for their international economic cooperation brings to the table the countries needed to build a stronger global economy, reform the financial system, and lift the lives of the poorest.

Greater Representation of Emerging Markets and Developing Countries at the International Monetary Fund and World Bank

The crisis demonstrated the need for an IMF equipped to fight the global spread of the crisis and a World Bank able to mobilize vital funds to help secure much-needed gains in the fight against poverty.

These institutions' future legitimacy, effectiveness and credibility require tangible reforms to increase the voice of dynamic emerging economies and developing countries. U.S. leadership built G-20 consensus to support a shift of at least 5% in quota share from countries currently over-represented at the IMF to countries that are currently underrepresented. This reform will give dynamic emerging market and developing economies a say in the IMF more in line with their weight in today's global economy. The G-20 also delivered on its promise to contribute over \$500 billion to the IMF's expanded New Arrangement to Borrow (NAB), dramatically increasing its financial firepower.

The G-20 also reached agreement to increase the voting power of emerging market and developing countries at the World Bank by at least 3%. This strengthens the World Bank's ability to fulfill its mission to reduce global poverty and its capacity to tackle challenges, such as climate change and food security, that require globally coordinated actions. These changes represent a major step forward in our effort to build global institutions that reflect 21st century economic realities and can effectively address key economic and development challenges.

A stronger and more effective Financial Stability Board and Global Forum

Earlier this year, all G-20 nations joined an expanded Financial Stability Board, which is coordinating and monitoring our efforts to make sweeping reforms to transform the system of global regulation. An expanded Global Forum on Transparency and Exchange of Information is the primary vehicle in the G-20's effort to promote greater tax transparency.