The G30 at Thirty

Peter B. Kenen

Group of Thirty, Washington, DC

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30

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The views expressed in this paper are those of the author and do not necessarily represent the views of the Group of Thirty.

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About the Author

Peter B. Kenen is Walker Professor of Economics and International Finance Emeritus at Princeton University. He earned his B.A. at Columbia University and his Ph.D. at Harvard. He taught at Columbia from 1957 to 1971, where he served as Chairman of the Economics Department, and, during 1969–70, as Provost of the University. He was Director of the International Finance Section at Princeton from 1971 to 1999, and was a Senior Fellow in International Economics at the Council on Foreign Relations from 2004 to 2008. He is the author or coauthor of several books including *Asset Markets, Exchange Rates and Economic Integration*, *Economic and Monetary Union in Europe*, *The International Financial Architecture*, and *Regional Monetary Integration*. He was a member of President Kennedy's Task Force on Foreign Economic Policy, the Review Committee on Balance of Payments Statistics, and the Economic Advisory Committee of the Federal Reserve Bank of New York, and he has been a consultant to the U.S. Treasury, the Federal Reserve, and the International Monetary Fund.

Foreword

This Occasional Paper is a personal memoir by Professor Peter B. Kenen, reflective of his years of membership in the Group of Thirty since joining at the group's inception in 1978. This paper is not an official history of the Group; rather, it is a personal account of Peter's experiences as a member. Professor Kenen recounts a number of the Group's achievements over the past 30 years, in which he often played an important role.

An organization such as the Group of Thirty relies on the commitment of its membership to common goals and objectives. Membership requires dedication not only in attending regular events and discussions, but also a willingness to participate in the many studies that we have undertaken during the past thirty years. While the makeup of our membership has changed a great deal over the years, Professor Kenen has remained consistent in his dedication and support, and has brought to bear his analytical skills in order to make a significant contribution to the policy analysis and policy debate of the Group of Thirty. He has always engaged in our lively deliberations, supported our studies, and added to our seminars with his customary incisive intellect and humor. In a recent plenary meeting, the Group of Thirty recognized Professor Kenen for his contributions over the past thirty years.

We are all thankful to Professor Kenen for his friendship, counsel, and support these three decades. We look forward to many more years of our close association.

Paul A. Volcker *Chairman of the Trustees* *Group of Thirty*	**Jacob A. Frenkel** *Chairman* *Group of Thirty*

Preface

This Occasional Paper is not an official history of the Group of Thirty. It is a personal account, based on my own involvement with the Group from its formation in 1979 until my retirement from active membership at the start of 2008, when I became an emeritus member. But it owes much to conversations with other members, especially Geoffrey Bell, and to the generous assistance of the staff, especially Stuart Mackintosh, the Executive Director, and Nicole Firment, the Office Manager. I am deeply grateful to them and to those members of the Group who took the time to read and comment on earlier drafts of this paper.

This paper celebrates the major achievements of the Group, but it is at times mildly critical of the way the Group has evolved. I trust that my concerns will be read as they were written—as constructive criticism that may be useful to the Group as it enters its fourth decade.

Membership in the Group of Thirty has been an extremely rewarding experience. I have learned a great deal from its deliberations and its publications, and my wife and I have made what I trust will be long-lasting friendships with many of its members and their partners. This Occasional Paper is my way of saying thank you.

Peter Kenen
Princeton, New Jersey
October 2008

I. The Antecedents of the G30

In 1963, the governments of the Group of Ten, comprising the major industrial countries and several smaller ones, together with the International Monetary Fund (IMF), launched a study of the international monetary system. When one of the principal officials involved was asked at a press conference whether the official participants would solicit the views of academic economists, he answered rather emphatically that the academics would not have much to contribute. He may have been right about that, because the official study was to be concerned with improving the workings of the Bretton Woods System of pegged exchange rates; its terms of reference ruled out consideration of more ambitious reforms. Nevertheless, his answer offended the academics, who undertook to prove that he was wrong.

My predecessor at Princeton, Fritz Machlup, invited a small group of economists to a meeting at Princeton in an effort to determine whether academic economists could "identify the differences in factual and normative assumptions that can explain the differences in prescriptions for solving the problems of the international monetary system." He deliberately included economists with widely different views, who could not be expected to agree completely on the differences at issue, but did agree to hold a second, larger meeting, which took place in early 1964 at the Villa Serbelloni, overlooking the town of Bellagio on the shores of Lake Como. Two more meetings were held in 1964, with an ever-growing list of academic participants. The fourth meeting, also at Bellagio, produced and published a report entitled *International Monetary Arrangements: The Problem of Choice*.

By that time, the official study had been published, and it was then proposed that a subset of the academic economists should meet with the authors of the official study. The officials agreed on the understanding that they would participate as individuals, not as representatives of their governments, and the first such meeting took place at Bellagio in December 1964. Thus was born what came to be known as the Bellagio Group of Officials and Academics, and it met regularly for the next ten years, usually twice a year. The meetings were chaired by a triumvirate of distinguished academics—Fritz Machlup of Princeton, Robert Triffin of Yale, and William Fellner of Yale.

By 1974, however, the major industrial countries had moved to floating exchange rates, and efforts to revive the Bretton Woods System of pegged but adjustable exchange rates had failed. In effect, the markets had reformed the international monetary system, and officials saw little point in further discussions with academics concerning reform of the system. Hence, the Bellagio Group ceased to meet. It was revived in 1996, however, when Andrew Crockett, the General Manager of the Bank for International Settlements (BIS), asked me to convene a meeting of academics and central bankers at the BIS. Shortly thereafter, moreover, the central bankers agreed on the need to include officials from the finance ministries of the major industrial countries, as well as the chief economists of the BIS, the International Monetary Fund, and the Organisation for Economic Co-operation and Development (OECD). Although the new group has never met at Bellagio, it adopted the name of its predecessor, and is currently led by Barry Eichengreen, Professor of Economics and Politics at the University of California. It meets once each year and is financed by the participating central banks.

The Bellagio Group has served its members well, but its mandate and membership are narrow. It does not include representatives of the emerging-market countries, nor does it include representatives of the private sector. Yet the functioning of the international economy depends increasingly on the policies and economic performance of the emerging-market countries, and the functioning of the international financial system depends importantly on the proper functioning of financial markets and financial institutions.

The creation of the Group of Thirty (G30) in 1978 provided an institutional framework for dealing with these matters and with the policies and problems of the industrial countries. Meeting twice each year, its members and invited guests discuss a wide range of economic and financial issues. It also establishes study groups, which typically include non-members qualified to deal intensively with issues of fundamental importance to the functioning of the international financial system. Its publications include the reports of those study groups, as well as Occasional Papers written by members and others. Soon after its creation, moreover, it began to convene an International Banking Seminar for members and invited guests, with the aim of enhancing the visibility of the Group. The seminar is typically held at the time of the Annual Meetings of the IMF and World Bank, and it features presentations by leading central bankers, finance ministers, and others.

II. The Founding of the G30

In early 1978, the Rockefeller Foundation began examining ways to expand its international activities, and John Knowles, President of the Foundation, convened a meeting chaired by Robert Roosa, a member of the Foundation's Board and former Undersecretary for Monetary Affairs at the U.S. Treasury, at which one participant, Geoffrey Bell, suggested the creation of a new body, having about 30 members drawn from business, banking, academia and, perhaps, governments. The group would be charged with examining the structure, functioning, and future of the international economic system, looking out three to ten years. It would aim to clarify policy issues and identify alternative options for governments and would seek to combine the perspectives of those who operate in the international economic system, those who provide theoretical underpinnings for it, and those responsible for governments' participation in it. Once the group had completed its initial study, it would then commission specific studies on key issues and would on occasion issue statements reflecting the group's views on some of those issues. John Knowles asked Geoffrey Bell and Edwin Deagle, director of the Foundation's international activities, to undertake a feasibility study involving consultations with those who could render advice concerning the group's mandate and organization, and to compile lists of potential members and those who might provide staff support.

Bell and Deagle undertook extensive consultations that took them to several countries. One of those with whom they met was Johannes Witteveen, who had just retired from a term as Managing Director of the IMF, and they decided that he would make an ideal chairman of the new group. They also concluded that the group should include current and former officials, bankers, and others working in the private sector, and academics well known for their work on international economic problems. The Foundation adopted their recommendations, and in December 1978, announced that it would make a three-year grant totaling $500,000 to finance the formation of the new group. It would be known as the Consultative Group on International Economic and Monetary Affairs, and it would hold its first meeting in early 1979. At the press conference called to make this announcement, a journalist noted that the group's full name was rather cumbersome and asked Witteveen for a nickname. He promptly proposed "The Group of Thirty," and that is how it is commonly known.

In its early days, the Group was managed by three bodies. There was a Board of Trustees, responsible formally to the Foundation for the proper use of its generous grant. There was a Steering Committee, responsible for choosing the site and setting the agenda for the Group's meetings. And there was an Academic Panel, responsible for commissioning background papers to be distributed in advance of the Group's plenary meetings. I was asked to serve as a member of the Steering Committee and Chairman of the Academic Panel. The Group employed a full-time Executive Director and a small supporting staff and had its principal office in New York (but it is now in Washington). Robert Pringle, then editor of *The Banker*, was the first Executive Director. He was followed by David Holland, Charles Taylor, John Walsh, and the current Executive Director, Stuart Mackintosh. (The original members of the Group are listed in Appendix I of this paper, which also lists those who joined thereafter. The sites of the Group's semiannual plenary meetings and host institutions are listed in Appendix II.)

Ten of the original members were residents of the United States, twelve were European, two were Japanese, and six were from developing countries. It is difficult to classify them by occupation, because some of the private sector members and some of the academics had previously held official positions. It is worth noting, however, that three leading international institutions, the IMF, the OECD, and the Bank for International Settlements, were represented. It is also worth noting that the representation of the developing countries grew thereafter. There are today seven members from those countries, including Brazil, India, and China—three of the so-called BRICs (Brazil, Russia, India, China).

III. Institutional Evolution

The organization of the Group has undergone several modifications. The first major change was the abolition of the Academic Panel. The panel consisted originally of three G30 members and an equal number of nonmembers—academics chosen for their knowledge of the subjects that the Group was apt to discuss at its semiannual meetings. This seemed to be a sensible arrangement, but it did not work out well. We encountered four problems:

(1) To commission papers in advance, whether from panel members or other academics, we had to know several months in advance what the next plenary meeting would discuss, and the agenda for that meeting was not usually fixed that far in advance.

(2) Even when the panel knew what some of the subjects would be, there was not always enough time to commission papers by busy academics; they had their own research agendas and were reluctant to take on new time-consuming tasks, even with the promise that their papers would be published by the Group of Thirty. This problem was particularly serious when the Group was young, and its name did not have the cachet it enjoys today. (I encountered a similar problem in my last years as Director of the International Finance Section at Princeton. I found that young academic economists were reluctant to write essays on policy issues that would not "count" heavily when they were considered for promotion.)

(3) The Steering Committee of the G30 had decided early on that the authors of papers who were not G30 members would not normally be invited to attend and present their papers at the Group's plenary meetings, even in summary form. This was because the Group had already begun to invite distinguished guests to make presentations on issues the Group was considering, thus adding to the number of people in the room and limiting the time available for members to make their own observations. Members of the Academic Panel who were not G30 members were offended by this decision, and two of them resigned from the panel itself.

(4) It soon became apparent that some G30 members were too busy to read the rather long papers prepared by the panel. They preferred to listen to brief oral presentations by the outside experts who were invited to the plenary meetings.

I have to concede that the demise of the Academic Panel was barely noticed by the Group of Thirty. It looked like a good idea at the time but did not work out well.

Another body was dissolved later in the life of the Group. The Steering Committee had been created to oversee the work program of the Group and set the agenda for its plenary meetings. With the passage of time, however, those tasks were transferred gradually to the Trustees, the Executive Director, and the Chairman of the Group, currently Jacob Frenkel. I had misgivings about this development, perhaps because I had been a member of the Steering Committee and thus had a formal role in planning the Group's work. But I readily concede that the current arrangement has worked very well, thanks largely to the willingness of the Executive Director and his predecessors to entertain suggestions from the members regarding the agenda of the plenary meetings and the whole work program of the Group.

IV. The Early Years

The G30 was born in tumultuous times. The second-largest increase in the price of oil occurred soon after the Group was founded, and some members of the Group were soon involved in informal discussions with officials from key oil-producing countries. The Latin American debt crisis followed soon thereafter, and that problem figured prominently on the Group's agenda in the years that followed. William Rhodes of Citicorp, though not yet a member of the Group, was a frequent guest at its meetings and kept us abreast of developments. There were, in addition, large fluctuations in dollar exchange rates; having depreciated sharply in 1979, the dollar appreciated hugely in the first half of the 1980s, prompting the Plaza Agreement of 1985. And when the dollar began to weaken again, the main industrial countries adopted the Louvre Accord of 1978 in an effort to achieve more stability in the key countries' exchange rates. There was thus no shortage of issues for the Group to discuss, and its agenda grew longer in subsequent years with the fall of the Berlin Wall, the reunification of Germany, and the collapse of the Soviet Empire and of the Soviet Union itself. In 1989, moreover, the publication of the Delors Report signaled the start of the march toward European Monetary Union.

All of these matters were discussed at the Group's plenary meetings, and many were examined by the Group's publications. In fact, the Group issued more than 30 publications in its first five years. There were 15 Occasional Papers, some of them commissioned by the Academic Panel, some written by G30 members, and others based on their authors' presentations at the Group's plenary meetings. Jacques

Polak, formerly Director of Research at the IMF, contributed a paper on the coordination of national economic policies; Otmar Emminger, formerly President of the Bundesbank, wrote one on exchange rate policy; Tommaso Padoa-Schioppa, then Deputy Director General of the Banca d'Italia, wrote one on financial and monetary integration in Europe; Edwin Deagle and two co-authors provided a critical survey of research on the outlook for energy in the 1980s; and W. Max Corden of the Australian National University contributed a paper on the revival of protectionism. Another Occasional Paper provided two views of the challenges posed by German reunification—one by Hans Tietmeyer, subsequently President of the Bundesbank, the other by Wilfried Guth, a member of the Supervisory Board of Deutsche Bank. The Group also published Joseph Kraft's superb monograph on the Mexican debt crisis of 1982. A decade later, in 1992, it published my monograph, *EMU After Maastricht* (which I revised thereafter to become my book, *Economic and Monetary Union in Europe*).

A number of publications, however, were the work of study groups created by the G30. These included a study of the foreign-exchange markets under floating rates, prepared by a group of market participants; another suggested that the IMF might soon need to borrow from the private markets pending the ratification of an increase in IMF quotas and of the General Arrangements to Borrow (which allows the Fund to borrow from its major members). There was, in addition, a policy statement, *The Problem of Exchange Rates*, which was one of the Group's rare attempts to speak with one voice. In his introduction, however, the Chairman, Johannes Witteveen, noted that "the absence of specific reservations on particular points does not necessarily imply support by every individual member." The Group also issued a report, drafted by a study group but discussed by a plenary session, which recommended the creation of a so-called Substitution Account in the IMF. In this instance, too, the Chairman was careful to point out that "many members of the Group of Thirty hold official positions and cannot for obvious reasons be held responsible for all of the views expressed in the report." His statement, however, left the clear impression that the proposal enjoyed strong support within the G30.

The staff of the Group conducted three ambitious surveys in this early period. One was a survey of central banks that asked how they managed their reserves; it was prepared at the behest of a study group concerned with the functioning and challenges of a multiple-reserve-currency system. Another was a survey of banks and corporations asking how they were coping with floating exchange rates; it was commissioned by the study group mentioned above, comprising participants in the foreign exchange market. And the third was a survey of multinational companies, which sought to identify trends in foreign direct investment.

I have dwelt on the Group's early publications, without listing all of them, because they illustrate the wide range of subjects discussed in the early years, and they focus on key policy issues and the way in which the Group had begun to function. Issues were often raised at its plenary meetings, and smaller groups were then set up to study them intensively. In some cases, members of the G30 constituted a majority of a study group's membership, and study groups typically completed their work within a single year. In other cases, involving more ambitious projects, larger numbers of nonmembers were co-opted, and some study groups took longer to complete their work.

Nevertheless, the early years set a pattern that the Group would follow thereafter. By the end of 2007, the group had published 75 Occasional Papers, several additional monographs, and a large number of study group reports. Before discussing its subsequent work program, however, something must be said about the change in the way the Group has financed itself, because it has influenced the Group's work program.

V. New Needs and Priorities

In 1985, Gordon Richardson, now Lord Richardson, replaced Johannes Witteveen as Chairman of the Trustees and Chairman of the Group. He was succeeded by Paul Volcker in 1991, who continues to serve as Chairman of the Trustees, but Jacob Frenkel replaced him as Chairman of the Group in 2001 and still holds that position.

When Gordon Richardson took office in 1985, the Group confronted a serious problem. The Rockefeller Foundation grant was not to be renewed, and the Group had to find new ways to finance its activities. Therefore, it began to solicit support from financial institutions. To do that, however, it had to demonstrate that its work was relevant to those institutions. In the early years described in the previous section, its study groups and publications dealt largely with concerns of the public sector—the functioning of the monetary system, the financing of developing countries, and other matters described in the previous section of this paper. Hereafter, it would have to devote more attention to the functioning of financial markets and other concerns of the private sector.

The Group's fundraising effort was remarkably successful, due largely to the efforts of John Heimann who agreed to serve as the Group's Treasurer, even though he was not yet a member of the Group. Thanks to his efforts and those of his successor, Sir David Walker, the Group has been able to raise the money required to finance its meetings and pay its small staff, but also to fund the work of some of its study groups. In recent years, it has received annual contributions averaging about $500,000 from more than 70 institutions and individuals, including more than

15 central banks. These numbers, moreover, do not include contributions in-kind made by the institutions at which the Group has held its meetings. Its fall meetings are usually held at the Federal Reserve Bank of New York, and its spring meetings are usually held at other central banks. In the spring of 1995, the National Bank of Poland was its host; in 1996, the Bank of Mexico; in 2007, the People's Bank of China; and in 2008, the Bank of Israel.

The Group's reliance on contributions from financial institutions has had no effect whatsoever on the tripartite composition of the Group, and it has not greatly affected the sorts of subjects discussed at the Group's plenary meetings. But it has had substantial influence on the Group's work program, including the mandates and membership of its study groups. In the early years, most of the members of the study groups were G30 members, but when it embarked on studies of the financial system, most of the participants were recruited from outside. In fact, two of its most ambitious projects were produced by study groups that had only one or two G30 members.

The first of these projects dealt with clearance and settlement practices in securities markets. It began when the Group of Thirty convened a symposium in London to discuss those practices in the world's main securities markets. The meeting was attended by almost 100 investors, traders, and others concerned with the functioning of securities markets, and the participants agreed that existing standards governing clearance and settlement were not acceptable. Therefore, the Group assembled a high-level group to make recommendations aimed at improving the functioning of securities markets. That group had a steering committee, chaired by John Reed of Citibank, which convened a working group of experts from more than a half-dozen countries. In 1988, the working group produced—and the steering committee endorsed—nine recommendations and urged that all of them be adopted by 1992. It recommended, for example, that all comparisons of trades among market participants should be made no more than one day following the trade, that every country should have a central securities depository, and that payments for securities purchased should be made at the same time that the securities are delivered. The G30 went on to publish three annual status reports assessing the progress that had been made in implementing the recommendations of the working group. In 2003, moreover, the Group prepared a new report with no fewer than 20 recommendations and aimed at a larger group of countries, and it followed this in 2006 with a final monitoring report, noting with satisfaction that much progress had been made in implementing its recommendations.

The second large project began in much the same way, with an informal meeting of market participants and others, the appointment of a steering committee, this one chaired by Dennis Weatherstone of JPMorgan, and the formation of a working group. The project was concerned with defining sound risk management practices for dealers and end-users of derivatives. It differed from its predecessor, however, in that its steering committee included three G30 members, as well as Professor Merton Miller, a Nobel Laureate in Economics. Its report, published in 1993, made several recommendations to dealers and users of derivatives. But it also included remarkably clear chapters describing the various sorts of derivatives, the benefits of using them, the various risks involved, and an overview of derivative activity. Because they provided an unusually accessible introduction to the subject, I was able to recommend them to one of my undergraduate classes at Princeton.

Several other studies of the financial system were published thereafter. In 1994, the Group published a study group report on the roles of accountants, bankers, and regulators in the United States. In 1997, it published one on *Global Institutions, National Supervision and Systemic Risk*, which recommended, among other things, that global financial firms should subject their worldwide operations to review by a single, independent external audit firm, that national supervisors should agree upon a lead coordinator for global financial firms and develop consistent reporting requirements for those firms, and that national legislatures should strengthen laws regarding the enforceability of netting and of collateral contracts and provide for speedy and sure insolvency procedures. In 1998, it went a step further, publishing a new study group report on *International Insolvencies in the Financial Sector*. This study group also convened a conference in London cosponsored by the International Insolvency Practitioners Association and attended by about 100 experts from 19 countries. Two years later, moreover, the G30 published a study group report concerning work in progress on this same subject.

In 2003, the Group published a volume on *Enhancing Public Confidence in Financial Reporting*, and in 2006, it published a study group report on *Reinsurance and International Financial Markets*, which drew attention to the growing role of non-bank financial institutions, including reinsurance firms, in the overall redistribution of risk in financial markets. It also explained the nature of the reinsurance sector and sought to assess the degree to which the reinsurance industry poses a systemic risk to the financial sector, focusing in particular on four issues: (1) the extent to which the reinsurance industry poses a potential source of systemic risk, (2) whether the securitization of risk via the capital markets can help to meet the growing demand for reinsurance by supplementing the contribution of the reinsurance industry, (3) the appropriate framework for disclosure of reinsurance risks and ways to improve the transparency of the industry, and (4) the adequacy of the reinsurance regulatory regime and how it might be strengthened.

In 2007 the Group began an ambitious project proposed by Paul Volcker. He suggested that the Group establish a Working Group comprising G30 members to examine the strengths and weaknesses of the ways in which various countries regulate their financial systems, ranging from countries that rely primarily on a single regulator to those in which responsibility is shared by several institutions, as in the United States. The subject is now central to the concerns of governments and the private sector, due to the issues raised by the financial crisis that is still unfolding as this is written. The study itself will have two parts.

The first phase was completed, and the report entitled *The Structure of Financial Supervision: Approaches and Challenges in a Global Marketplace*, was published in October 2008. It involved site visits to 17 countries and interviews with principal regulators, central bank governors, and finance ministers.

The second phase of the project, led by Paul Volcker, Tommaso Padoa-Schioppa, and Arminio Fraga, will result in a report on financial reform that will contain concrete recommendations for the global financial policymaking community. It will include a series of guiding principles of supervision and a number of related objectives of supervision, and recommendations for financial reform that flow from these principles and objectives. It is expected that this latest G30 endeavor, designed to influence the debate and direction of financial supervision and regulation, will be completed by the end of January 2009.

The Group continued to organize study groups on other issues. One of them, chaired by Sylvia Ostry, a G30 member, examined the challenges facing the G-7 Summits following the collapse of the Soviet Union. Its report, published in 1991, recommended that the summit adopt a core agenda comprising issues that pose continuing challenges, that it define and monitor the sharing of responsibilities among the G-7 governments, and that it seek to involve other countries' governments in dealing with issues that require their collaboration. Another study group, chaired by Geoffrey Bell and William Rhodes, both G30 members, examined the challenges posed for Latin American countries by the volatility of capital flows. Its report, published in 1994, called for conferring independence on the region's central banks, reforming financial institutions and markets, pursuing fiscal consolidation, and allowing greater exchange-rate flexibility to stimulate nontraditional exports. In 2001, following the Asian financial crisis, a study group issued a report entitled *Post Crisis Asia: The Way Forward*, and another study group issued a report in 2002 entitled *Enron et al: Market Forces in Disarray*.

The Group also sponsored two study groups dealing with international trade and investment. One of them, chaired by Marina Whitman, produced a report in 1999 on *The Evolving Corporation*. I was a member of that group and greatly enjoyed working with Sylvia Ostry in drafting the introductory chapter. The other group, the last with which I was involved, was made up mainly of G30 members and issued a report entitled *Sharing the Gains from Trade: Reviving the Doha Round*. Its report was drafted by Professor Alan Winters of the University of Sussex. Unhappily, it did not have the desired effect. The Doha Round has not been concluded successfully, and the political climate in the United States does not bode well for that outcome.

VI. A Concluding Note

In his Foreword to the report of the study group on the *Evolving Corporation*, Paul Volcker, the Chairman of the Trustees of the G30, began with these two paragraphs:

> Most of the projects undertaken by the Group of Thirty focus on the operations of the international financial system, the risks facing the system, and some of the more arcane details of risk management and supervision. While we often publish Occasional Papers on economic issues, trade policy and other features of the real economy, our studies tend to focus squarely on finance.
>
> The study that follows diverges from that pattern. It was the economists among the G30 membership who argued that profound changes have been taking place in large corporations and labor markets, and that these developments merited study by the Group. These changes are being driven by the same forces affecting financial markets to which the G30 devotes much of its attention, but the effects go well beyond the realm of finance to the well-being and prosperity of workers and entire economies…

This description of the Group's work program is, of course, quite accurate. In my view, however, it reflects too narrow a view of the concerns and priorities that should govern the Group's agenda and the way in which it pursues that agenda.

The decision to rely on study groups was eminently sensible, as was the decision to undertake studies of the financial system, a decision taken in part to strengthen the Group's ties with the financial sector and thereby to solicit financial support. But it has had costly side effects.

First, the Group's emphasis on the structure and problems of the financial sector may have diminished its potential influence on other major economic issues facing the world economy—issues that are debated vigorously at the Group's plenary meetings but have not figured as prominently in the Group's work program.

Second, it has limited the involvement of the Group's own members in the Group's work program, because few G30 members are involved directly in some of its principal projects. At each plenary meeting, the Executive Director reports to the Group on the creation and work of study groups, but these reports are brief and are often presented at the very end of the Group's plenary meetings, leaving little time for the Group's members to comment on the Group's work program.

The Group may need to remind itself of the remit implied by its official name—The Consultative Group on International Economic and Monetary Affairs. It should also bear in mind that the Group's members include academic economists, central bank governors past and present, and others who have dealt extensively with macroeconomic and monetary issues, including a former Managing Director of the IMF, Jacques de Larosière, and three former Directors of the Fund's Research Department, Jacques Polak, Stanley Fischer, and Jacob Frenkel, the current Chairman of the Group of Thirty.

If I am allowed a parting wish, it is that the G30 will return to its early practice of forming small study groups to wrestle with economic and monetary issues as they arise, so that the Group can make a timely contribution to the debate on those issues and thus contribute to policy formation. It can do that without abandoning its present practice of forming larger, long-lived study groups to wrestle with the problems posed by the financial system. The events of 2007–08 underscore the need to continue that practice, but they also underscore the urgent need to understand the interactions between the functioning of the financial system and macroeconomic stability, and the effects of financial and macroeconomic problems on the real economy and the stability of the global trading system.

The Group of Thirty has surely fulfilled the expectations of those who created it and those who have supported it. It has helped to frame the international economic issues of the last three decades and has put forward thoughtful proposals for the resolution of economic and financial problems and for the reform of the official institutions that deal with those problems. The Group is unique in its mandate, membership, and achievements, and those who have supported it have been well rewarded. I trust they will continue to be so.

Appendix I
Members of the Group of Thirty
1979–2008

Names in italics indicate founding members.
Asterisks (*) denote current members, including senior and emeritus members.

Josef Ackermann
Chairman of the Management Board and the Group Executive Committee
Deutsche Bank AG

Montek Ahluwalia*
Deputy Chairman, Planning Commission of India
Former Director, Independent Evaluation Office, International Monetary Fund

Abdulatif Al-Hamad*
Chairman, Arab Fund for Economic and Social Development

Pedro Aspe
Former Minister of Finance, Mexico

Abdul Aziz Al Quraishi
Former Governor, Saudi Arabian Monetary Agency

Leszek Balcerowicz*
Chairman of the Board, Bruegel
Former President, National Bank of Poland
Former Deputy Prime Minister and Minister of Finance, Poland

Geoffrey Bell*
Executive Secretary, Group of Thirty
President, Geoffrey Bell & Company, Inc.

Dirk de Bruyne
Former President, Royal Dutch Petroleum Co., London

The Honorable Roberto Campos
Former Brazilian Ambassador to the United Kingdom

Sir Roderick Carnegie
Former Chairman & Chief Executive, CRA Limited

Jaime Caruana*
Counselor and Director, MCM Department, International Monetary Fund
Former Governor, Banco de España
Former Chairman, Basel Committee on Banking Supervision

Domingo Cavallo*
Chairman and CEO, DFC Associates, LLC
Former Minister of Economy, Argentina

W. Max Corden
Professor of International Economics Emeritus, School of Advanced International Studies, The Johns Hopkins University
Professorial Fellow of Economics, University of Melbourne

E. Gerald Corrigan*
Managing Director, Goldman Sachs Group, Inc.
Former President, Federal Reserve Bank of New York

Andrew D. Crockett*
President, JPMorgan Chase International
Former General Manager, Bank for International Settlements

Richard Debs*
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Former Managing Director, World Bank

Appendix II
Plenary Meetings of the Group of Thirty
1979–2008

Spring 1979	Bermuda
Fall 1979	Opatija, Yugoslavia
Spring 1980	Mallorca, Spain
Fall 1980	Charlottesville, Virginia, USA
Spring 1981	Deutsche Bundesbank, Frankfurt, Germany
Fall 1981	Federal Reserve Bank of New York, USA
Spring 1982	National Bank of Hungary, Budapest, Hungary
Fall 1982	Montreal, Canada
Spring 1983	Bank of Japan, Tokyo, Japan
Fall 1983	Washington, D.C.
Spring 1984	Washington, D.C.
Fall 1984	Washington, D.C.
Spring 1985	Banca d'Italia, Rome, Italy
Fall 1985	Bank of England, London, the United Kingdom
Spring 1986	De Nederlandsche Bank, Amsterdam, the Netherlands
Fall 1986	Federal Reserve Bank of New York, USA
Spring 1987	Banque de France, Paris, France
Fall 1987	Federal Reserve Bank of New York, USA
Spring 1988	Bank of Japan, Tokyo, Japan
Fall 1988	Deutsche Bundesbank, Frankfurt, Germany
Spring 1989	Banco de España, Madrid, Spain
Fall 1989	Federal Reserve Bank of New York, USA
Spring 1990	Banca d'Italia, Rome, Italy
Fall 1990	Federal Reserve Bank of New York, USA
Spring 1991	Bank of Belgium, Brussels, Belgium
Fall 1991	Federal Reserve Bank of New York, USA
Spring 1992	Bank of Israel, Jerusalem, Israel
Fall 1992	Federal Reserve Bank of New York, USA
Spring 1993	Austrian National Bank, Vienna, Austria
Fall 1993	Federal Reserve Bank of New York, USA
Spring 1994	Danmarks Nationalbank, Copenhagen, Denmark
Fall 1994	Banco Pastor, Madrid, Spain
Spring 1995	Banque de France, Paris, France
Fall 1995	Federal Reserve Bank of New York, USA
Spring 1996	Banco Central de la República de Argentina, Buenos Aires
Fall 1996	Federal Reserve Bank of New York, USA
Spring 1997	Bank of England, London, The United Kingdom
Fall 1997	Hong Kong Trade Development Council, Hong Kong
Spring 1998	Bank for International Settlements, Basel, Switzerland

Fall 1998	Federal Reserve Bank of New York, USA
Spring 1999	European Central Bank, Frankfurt, Germany
Fall 1999	Federal Reserve Bank of New York, USA
Spring 2000	Banco de México, Mexico City, Mexico
Fall 2000	Federal Reserve Bank of New York, USA
Spring 2001	Bank of England, London, the United Kingdom
Fall 2001	Federal Reserve Bank of New York, USA
Spring 2002	Banco de España, Madrid, Spain
Fall 2002	Federal Reserve Bank of New York, USA
Spring 2003	Banque de France, Paris, France
Fall 2003	Federal Reserve Bank of New York, USA
Spring 2004	European Central Bank, Frankfurt, Germany
Fall 2004	Federal Reserve Bank of New York, USA
Spring 2005	Bank of Poland, Warsaw, Poland
Fall 2005	Federal Reserve Bank of New York, USA
Spring 2006	Banco de México, Mexico City, Mexico
Fall 2006	Federal Reserve Bank of New York, USA
Spring 2007	People's Bank of China, Hangzhou, China
Fall 2007	Federal Reserve Bank of New York, USA
Spring 2008	Bank of Israel, Jerusalem, Israel
Fall 2008	Federal Reserve Bank of New York, USA

Group of Thirty

The G30 at Thirty

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