



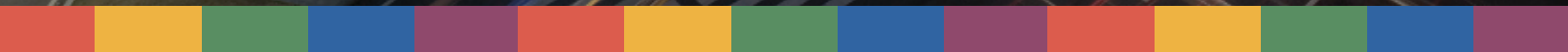
# KOREA'S ECONOMY

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Volume 27





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# THE SEOUL G-20

## A REFLECTION ON THE SEOUL SUMMIT

*By Paul A. Volcker*

The world of the twenty-first century is not the world in which I grew up. Then, influence and power were centered in the so-called industrialized world—Western Europe, Japan, and North America. For better or worse (and I think largely for better), it was the United States, “leader of the free world,” that typically took the lead internationally in both economic and political affairs. The Soviet bloc was a thing apart.

Now, quite suddenly, nations of the “emerging world” have grown from largely dependent or economically insulated status to become active participants in world affairs. As they have most of the world’s population and will soon account for half or more of the world’s production, it could hardly be otherwise.

The expansion of international trade, the close entwining of financial markets, critical environmental challenges, and recurrent political disturbances all reflect our interdependence. Any hope of managing those problems peacefully and effectively depends upon a sense of common purpose, a basis for common action.

That requires leadership beyond any single country or a few traditional powers. Of course, international institutions, from the United Nations on down, have a critical role to play. But the creation of the Group of 20 reflects that its participants felt the need for something more, a focus at the highest political level and a broadly representative forum able to reconcile varied national interests and to stimulate—even enforce—common action.

The Seoul summit is only one step, but a significant step, toward meeting those needs. Earlier agreements on financial reform and economic policy could be reinforced. By setting out forward-looking concerns about international monetary disturbances, the members of the G-20 laid the groundwork for more thorough considerations.

It was both symbolically and substantively important that Korea, led by President Lee Myung-bak, was in the chair. It is a country that has long since bridged the wide gap from impoverishment to full participation in the developed world. The dedication, experience, and negotiating effectiveness of the organizers, led by Dr. SaKong Il, were on full display.

*Paul A. Volcker is the former Chairman of the Board of Governors of the Federal Reserve System and professor emeritus of international economic policy at Princeton University.*



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