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## Evolution of the G Groupings: A Progress Check

Recent decades of multilateral cooperation have seen the growing importance of informal series of summits and other meetings such as the G-8, and now the G-20. At the Stanley Foundation's 51st Strategy for Peace Conference at Airlie Center in Warrenton, Virginia, participants discussed the evolution and assessed the progress of the G groupings. In particular, participants were asked to consider the following: G-x evolution to date and the hints of what is to come; relations between the traditional and emerging powers; the Gs in relation to the broader multilateral agenda and system; and how the G-x may proceed in the future. Discussion focused primarily on the juxtaposition of the G-8 and the G-20—as participants defined each group's comparative advantages, and the prospects for their continued coexistence. In doing so, participants devoted substantial attention to evaluating the G-20's accomplishments thus far and the forms it may take in the future.

Most participants believed that the G-8 and the G-20 can and should continue to operate alongside each other. Nearly all participants judged their issue areas to be sufficiently different—with the possible exception of development as that topic enters the G-20 agenda—that overlap does not pose a problem. Moreover, the G-8 and the G-20 have different comparative advantages: whereas the G-8 boasts like-mindedness, a club-like informality, and a more manageable size, the G-20 enjoys greater legitimacy because it includes all “systemically significant” countries. Even so, many participants were unsure about the continued importance and effectiveness of the G groupings. The G-8 has a stable foundation and track record, but its exclusion of emerging powers may relegate it to irrelevance; the G-20 is inchoate and must still prove its effectiveness, to both international leaders and publics.

This summary of conference discussions begins with the question of G-8/G-20 coexistence, with an emphasis on each group's accomplishments, strengths, and weaknesses. The second and third sections focus, respectively, on G-20 institutional architecture and its substantive agenda. The summary concludes with an appraisal of the future of the G-20.

### The Origins and Background of the G-8 and the G-20

One conference participant thought it was important to begin with questions of context: the history of the G groupings' evolution and the essential factors of multilateral cooperation, formal or informal, in international relations. “We cannot understand where we are,” the participant argued, “if we do not grasp the

This brief summarizes the primary findings of the conference as interpreted by the rapporteur, Rebecca Friedman and Alan S. Alexandroff and David Shorr. Participants neither reviewed nor approved this brief. Therefore, it should not be assumed that every participant subscribes to all of its recommendations, observations, and conclusions.

dissatisfaction with existing modalities and performance.” The evolutionary process involves varying degrees of broadening, deepening, and enlarging—guided by considerations of efficiency, effectiveness, legitimacy, representation, and inclusiveness. In the end, though, global governance is judged mainly on pragmatic grounds: what works and delivers results on the issues at hand. Recent history prior to the G-20 summits showed a stark disconnect between the distribution of decision-making authority in formal and informal multilateralism and the actual global distribution of military, economic, and diplomatic weight. This undermined effectiveness because those who count are not always “at the table.”

Earlier on, the G-8 was effective because the rich industrialized countries that comprised it shared similar attitudes and problems. Collectively, they represented the majority of the world’s military, economic, and diplomatic power. By the mid- to late-2000s, however, it was clear that no major world problem could be addressed effectively without China, India, Brazil, and other rising powers missing from the G-8 table. The time was ripe for the G-20, but its growth in prominence and importance was spurred only by the “exogenous shock” of the 2008 financial crisis.

### G-20's Accomplishments

Conference participants split over the G-20’s record of success to date. Several argued that the G-20 had been instrumental in mitigating the 2008 global financial crisis. In the words of one, the G-20 is doing a “great job” so far and has had a greater impact than the G-8. Another pointed to the ardor with which non-G-20 states pursue membership as evidence of the group’s success. For yet another participant, the G-20 is the sole institution that is capable of addressing the critical issues of currency and fiscal consolidation, owing to its unique ability to fashion cooperative—rather than purely national—solutions. One speaker seemed to speak on behalf of many others contending, “It is not the financial crisis that caused the G-20, it was the lack of the G-20 that led to the crisis. If we had the G-20 to deal with the problems more effectively, we might have avoided crisis. If we can let the G-20 grow, we can avoid future crises.” (It was pointed out, though, that the G-20 did exist before the 2008 crisis, even if not at the leaders’ level.)

A few others were much more skeptical about the G-20’s accomplishments. According to one, the

G-20 was more “lucky” than smart. When it held its first summit, many countries actually already had stimulus packages on the table. Since then, he argued, the G-20 has not achieved very much.

Most participants agreed that it is too early to render judgment on the G-20. Many G-20 watchers are “expecting too much too quickly.” It has only been around for two years at the leaders’ level and is still “embryonic,” according to one participant. Another pointed out that some of the group’s tasking out of the 2009 London and Pittsburgh summits is just coming to fruition now and that “work is percolating.” Financial reform initiatives “don’t get created overnight.” Even among optimists, expanding the G-20’s agenda was seen as potentially detrimental. Many agreed that, given the long road to recovery from the financial crisis, the G-20 should continue to focus solely on international economic cooperation. For proponents of an expanded agenda, the biggest factor in the G-20’s success is world leaders’ commitment to progress rather than its substantive breadth.

### G-8/G-20 Coexistence

Most conference participants agreed that the G-8 and the G-20 will coexist for the foreseeable future (with one person further pointing out that the G-7 is still alive as well). One speaker summarized the view of many in the group: “Two years ago, I would have said goodbye to the G-8. Now I would say there are important dimensions, such as political and development issues, that don’t fit into the G-20.” Several others mentioned international security as an issue better suited to the G-8—Iran and Afghanistan were mentioned specifically. With France scheduled to host the G-8 in 2011, President Sarkozy has already outlined an ambitious security agenda. Unlike the G-20, the G-8 has shown its ability to take initiative on a range of issues, as well as a vibrant civil society constituency.

Whereas a few participants argued for alternating among different forums in search of “coalitions of the willing,” others expressed concern about “forum-shopping on the basis of self-interest,” which would undermine key institutions’ ability to “deliver collectively in the common interest.” Another participant added that attention to the G-8 and G-20 is not zero sum: just because there is more enthusiasm for the G-8 (at least in comparison to the time of the Pittsburgh summit) does not mean that the international community is giving up on the G-20.

Coexistence, however, does not mean equality of impact. As one participant noted, “The G-8 will continue to meet and make pronouncements, but for all intents and purposes, the G-8 is over. We have moved on to the G-20.” Another echoed this sentiment, stating, “International organizations never get up and announce surrender; they just become increasingly irrelevant. This will happen to the G-8 over time because it excludes major emerging powers and therefore cannot have a legitimate impact in the future.” One participant suggested that the G-8 might be best for caucusing around specific issues, rather than holding annual summits with announcements and communiqués. Other participants refrained from predictions or prescriptions of the fate of the G-8, preferring to concentrate on the interactions between the G groupings, and between the G groupings and other international institutions.

In the realm of international economic cooperation, the G-20 is now clearly preeminent, with distinct advantages over the G-8. First, the G-20 includes China, which is not a member of the G-8 and, according to one participant, is “much more important than [G-8 member] Russia.” Second, it is conducive to variable geometry, enabling it to link outward by inviting countries to represent different groupings—regional organizations, for example, or the Global Governance Group (known as the 3G), which represents small countries favoring stronger ties between the United Nations and the G-20.

Although in some ways the G-20 is the progeny of the G-8, a few participants emphasized that the G-20 must not be seen as the “G-8 plus.” Whereas the G-8 included “countries that count” as well as a group of likeminded countries, the G-20 is only the former. One speaker cautioned against any G-8 expectations that the inclusion of emerging and middle powers will lead directly to their endorsement of G-8 priorities. Rather, for the G-20 to work, it must genuinely respect the views of the additional members. If not, the forum will become “a confrontation place where people argue rather than agree.” Indeed, many participants agreed that the essential innovation of the G-20 is to bring together developing and developed countries as genuine peers.

The discussion also focused on the implications of the G-20 for US influence and interests. Several participants saw a diminished American appetite for significant renovation to the multilateral architecture or engagement with new institutions. As

one put it, “Some in the US government would say that spending time on building architecture hasn’t yielded dividends.” For example, the United States “had more influence to be a spoiler in the G-8,” whereas the G-20 is a different dynamic. With such equivocation on the part of the US, one participant judged that “the G-20’s future is always in doubt.” Even so, one participant noted, the G-20 has an “institutional existence that is difficult to change” with summits scheduled through 2013.

### G-20/UN Relations

For the G-20 to thrive, it must establish constructive relationships with other international organizations. All of the conference participants agreed that such complementarity is quite feasible. According to one, “If the G-20 works well, it helps all other organizations to work well.” Because G-20 countries are the “countries that count,” they are the most powerful countries in other international organizations, and should generate a synergy. In other words, the G-20 is not a separate multilateral universe. Even so, the G-20 still has yet to figure out how best to link to other intergovernmental organizations (IGOs).

With regard to the United Nations, one participant summarized the group’s view: “The UN relationship is fundamental. For all its flaws and dysfunctionality, the United Nations is the only universally validated and legitimate forum.” Another participant agreed that the United Nations is helpful as a “native platform and institution for coordination”—but it needs to be reformed. In the economic arena in particular, though, the United Nations does not offer a viable venue, and the G-20 thus fills a sizeable gap.

The conference’s most outspoken critic of the G-20’s relations with the United Nations called the G-20’s efforts to date “undermining” and “duplicative.” Instead, this speaker suggested imbedding G-20 activities within the UN system—with the G-20 meeting at the United Nations and the United Nations serving an accountability function with respect to G-20 nations’ pledges and commitments. If the G-20 remains wholly outside and apart, this participant warned against relying on the United Nations for implementation of commitments made in the smaller body because non-G-20 member states would be strongly resistant. A more optimistic speaker commented that relations are beginning to thaw between the United Nations and the G-20. Whereas last year in the General Assembly, many

UN member states opposed any explicit reference to the G-20 in resolutions, now UN member states are more accepting of the G-20's important crisis role.

Several participants suggested that heightening foreign ministries' involvement in the G-20 process could improve coordination with the United Nations. According to one participant, foreign ministers are the only ones who can "comprehensively represent these issues." On the other hand, a more prominent G-20 role for the ministers with responsibility for political and security affairs would likely arouse suspicion among UN members who already see the G-20 as an interloper. Indeed, this concern is a significant source of the resistance to a more wide-ranging G-20 with noneconomic items on the agenda.

### Architecture of the G-20

In discussing the architecture of the G-20, participants divided over whether form should follow function or vice versa. While some participants argued that the G-20's substantive responsibilities should continue along its current form and core competencies—which were not designed with its current purpose in mind—others advocated modifying the G-20's architecture to better suit the issues that it "ought" to address.

Some participants took a deterministic approach to the G-20's current form. One stated, "If we'd had our druthers, we would have come up with something different than the G-20" because it has some "inherent problems." As this speaker saw it, the primary problems are the forum's pliability and the difficulty of having world leaders deal with essentially technical issues. Because the G-20 was conveniently "on the shelf" as a preexisting entity when the financial crisis hit, it was given a pivotal global role for which it was not designed and would not otherwise have attained. Consequently, it is important to be modest and realistic about its capabilities.

Others were more optimistic about the adaptability and potential of the G-20. Since it is still evolving, they asserted, it can tailor its processes based on functional needs. One argued that "form should follow function," insisting that new supporting infrastructure—like document translation—could be instituted "within a month or two" and new norms could be institutionalized after being fashioned at three summits.

Taking a step back from the conversation, one participant argued strongly against "structural debates"

or elaborate organizational schemes because the immediate "need is to focus on economic issues." Any structure, he asserted, must be arrived at organically in an "iterative trial and error" process similar to evolution in the natural world. Another speaker saw it differently, saying that structural innovation can either promote or impede; "to ignore structure when countries are clearly using different institutional platforms would leave the problem isolated from the process."

Looking at the question more systematically, conference participants discussed the G-20's current core competencies, and then evaluated nine aspects of the G-20's architecture and categories of possible reform: composition, informal caucusing, a secretariat, hosting, duration, accountability, sherpas, agenda-setting, and formality.

**G-20's Core Competencies.** In assessing the G-20's core competencies, conference participants disagreed about whether the G-20's comparative advantage lies in specific substantive issue areas or in its structure as a multilateral forum. Several participants stressed the G-20's substantive policy competency in economic and financial matters. Others tempered this view slightly, suggesting that economic issues provide the G-20's "context" and should continue to inform its agenda even as it broadens its portfolio. Climate finance was suggested as a subject that could broaden the G-20's focus while still remaining rooted in its traditional core competency. Either way, several participants agreed that two issues will test the G-20's effectiveness on its "bread and butter" issues: disagreement over currency valuation, and the divide between countries advocating fiscal stimulus and those preferring fiscal consolidation.

Several other participants believed the G-20's basic multilateral structure and process are its comparative advantage—arguing that its agenda should be determined by "ripeness and urgency" rather than thematic categories. One participant suggested that the "essential comparative advantage is mobilization of political will"—the capacity for leaders to raise an issue, draw focus to it, and give it a "spark of electricity." "If what we are looking for is delivery and effectiveness," he continued, "that doesn't strike me as a matter of subject matter consistency." As characterized by one participant, the reason for the group's success during the financial crisis was its mobilization of political will, flexibility, and the ability to devise policy approaches at the highest level then to be carried through elsewhere.

This view sparked debate among participants, a number of whom questioned whether the G-20 would really gravitate toward issues that need its attention most. One speaker did agree, though, that it is impossible to “get leaders in the room and tell them you can only focus on certain issues.” However, she still questioned whether this more flexible approach to the agenda would “really address the global challenges we are facing.” In the economic realm, for example, the G-20 emerged precisely due to the absence of an effective institutional mechanism for the realm of global finance. As an alternative filter, it was suggested that most of the G-20 work could be accomplished at the finance ministers’ level, with issues being elevated to leaders only when “ripe.” Another participant expressed concern that there are too many issues that deserve G-20 summit-level focus, prompting the risk of an overloaded agenda with too many disparate issues vying for attention. One participant noted that Asia-Pacific Economic Cooperation (APEC) is an example of summitry gone awry due to an overly broad focus.

**Composition.** With the G-20 still in its formative stages, many saw its membership as a work in progress. There are lingering questions about whether 20 is the most appropriate number and truly incorporates all the key players. Spain will be the next full member of the G-20, and participants discussed the significance of its inclusion. One stated, “Spain represents high unemployment.” Another suggested, “Spain is a ploy to make sure European numbers remain large.” A third participant argued that Spain should not be viewed as a part of “Team Europe” but instead linked to its linguistically kindred Latin American states. A few participants traced Spain’s participation to France’s inclusion of Spain when it had two seats because of the European Union presidency. According to another speaker, Spain merited inclusion because its major banks make it “systemically significant” for the global financial system. In response to one participant’s concern that Europe is “overrepresented,” another participant queried whether it would be feasible to substitute the European Union (EU) for the G-20’s European member states. Yet another responded it would not be feasible because of heterogeneity within the EU, noting the contrast between the EU and the United States, a single federal republic.

A heuristic sifting of possible criteria for inclusion versus exclusion prompted a spirited discussion of

how international organizations (IOs) should be represented at the G-20. Participants agreed that the litmus test for G-20 participation should depend on the G-20’s substantive aims. They also agreed that the most effective way to link with relevant IOs for items on the G-20 agenda is to keep grounded in those IOs’ political and practical perspectives and expertise “before, during, and after” summits.

When it comes to status and standing, however, participants had diverging views. In the words of one speaker, “If the key thing about the G-20 is that emerging and traditional powers are peers, if that is the symbolism and essence, it is not appropriate for international organizations to be full participants.” Many others agreed that international organizations should not be given an equal seat at the table, though a distinction was drawn between secretaries-general representing IOs as institutions and the national governments currently chairing an IO and providing political/diplomatic leadership. Given the inclusion of regional organizations in the G-20, several participants disputed the idea that non-G-20 states would feel better represented by the UN secretary-general than by their regional grouping. One speaker even cautioned against “cross-infecting” the G-20 with the United Nations’ problems by including it. Nevertheless, one participant allowed that it would be easier to include international organizations if summits lasted thirty, rather than eight, hours.

But, another participant countered, if the ambition of the G-20 is to “develop a paradigm to govern or structure world relations, there is a problem with not having international organizations there representing the voices of people who aren’t at the table.” And it is particularly important to have international organizations represented if they are expected to implement the decisions of the G-20, as some participants suggested they ought to do. One participant suggested that the president of the UN General Assembly would be more appropriate given the hierarchy established in the UN Charter, but another pointed to the Global Governance Group’s advocacy for Ban Ki-Moon’s inclusion in the Seoul G-20 summit as evidence that UN member states prefer the secretary-general as their representative. Regional organizations are suboptimal because “there are regional animosities everywhere.”

**Variable Geometry Within the G-20.** Although the G-20 summit agendas are set primarily through extensive sherpa meetings, another important

political dynamic is also at work: informal caucusing by member states. There are several “operating groups” within the G-20, according to conference participants: the traditional G-7; the BRICs (Brazil, Russia, India, and China); the G-5 outreach group with which the G-8 consulted (the three non-G-8 BRICs plus South Africa and Mexico); and India, Brazil, and South Africa (or IBSA). As several participants noted, these groups are fairly fluid, as different coalitions coalesce around different issues. One speaker noted that the “richest” caucuses are those that are nonregional.

One participant questioned how effective these subgroups really are at agenda setting. A few responded that caucusing can be quite effective to coordinate positions among states with similar interests. Reflecting on precedent, according to one speaker, when the G-5 met in advance of their consultations with the G-8, they readied their offensive and defensive aims. For the past few G-20 summits, one participant saw informal groups contributing quite constructively—with key summit deliverables tracing back to their consultations. Another participant was more skeptical, and saw no clear role for these groups in summit preparation.

**Secretariat.** Currently, the G-20 does not have a formal secretariat. Participants split on whether establishing a secretariat would be appropriate for the G-20 and, if so, what it might look like. One speaker insisted that the question should hinge entirely on its potential contribution to effectiveness. In the words of another participant, “If the G-20 needs a secretariat, it should go for it!” While many participants agreed that effectiveness is paramount, others saw a secretariat as an important institutional step toward making the G-20 permanent.

A G-20 secretariat could take one of the following three forms:

1. A traditional, permanent secretariat (similar to the United Nations).
2. A “non-secretariat secretariat,” which would lack its own staff but establish dedicated internal support capacity for the “management troika” of past, current, and future G-20 hosts.
3. A two-tiered approach whereby senior officials in the management troika would handle preparation for summits, and a small, fixed secretariat

would perform certain ongoing functions such as monitoring, archiving, and record keeping.

The Korean hosts of November’s Seoul summit have been strong proponents of establishing a G-20 secretariat. Indeed, according to one participant, “establishing a formal secretariat was one of the hidden agendas of Korean preparation” for Seoul. Although Korea’s enthusiasm for a secretariat has met with “strong opposition” thus far, French President Sarkozy indicated that discussion of a secretariat will be included on the agenda of next year’s Paris G-20 summit.

Secretariat proponents argue that it is difficult to maintain continuity when the members of the management troika change every three years. And when small and middle powers chair the G-20, with limited capacity of their own, they may require assistance from a secretariat. A secretariat, its few supporters said, would boost the G-20’s transparency and effectiveness. It could also assume administrative burdens like translation and interpretation. Some proponents argued that a robust secretariat would enable the G-20 to implement its own initiatives.

The biggest concern about a G-20 secretariat is its potential symbolism as an encroachment on the United Nations. According to one participant, a G-20 secretariat would be perceived as a threat or challenge to the United Nations. With many UN members just starting to get comfortable with the G-20, steps to formalize G-20 structures could jeopardize hard-won progress in UN/G-20 relations. One participant cautioned that UN “members will revolt” in response. Due to their continuing role in the G-77, one participant expected China and India to oppose a G-20 secretariat. Another concern is that a secretariat would betray the essential nature of the G-20. A secretariat might be at cross-purposes with G-20 comparative advantages such as informality and leaders-level attention. In general, conference participants were tepid about the idea of creating a secretariat for the G-20.

**Role of the Summit Host.** To a striking degree, the work of the G-20 is driven by the summit host. The host sets the agenda for a summit and decides who, beyond member states, are invited. Hosts also conduct all of the pre-summit outreach, which they have done with varying levels of commitment to engaging the full array of outside stakeholders. While the Korean government was credited with

having done an exemplary job in advance of the Seoul summit, participants were concerned that the Korean practices need to be regularized as a pattern future hosts should follow.

Participant views differed, however, over the efficacy of outreach, especially in particular directions. While it has become common for hosts to involve civil society in G grouping summits, participants disagreed as to whether this is helpful. One speaker highlighted the importance and value of the G-8's outreach and constituency-building among civil society. Another speaker demurred, stating that "adding civil society is not very helpful," as demonstrated by the North American leaders' summit. Someone else disputed the idea that even extensive outreach can give the G-20 the legitimacy it needs to be effective because some states and organizations will inevitably be excluded.

A few participants supported a proposal to supplement the G-20 communiqué with a host country statement. Whereas communiqués tend toward the lowest common denominator, a host statement could help nudge agenda items forward by noting the weight of opinion among the leaders and not just the weak broth that received unanimous support. Still, as one ambivalent participant pointed out, even a chair's statement would require consultation between the chair and his/her summit guests that would be difficult for a host to add to its other duties.

Some conference participants criticized the overall process as too ad hoc. One speaker emphasized the trade-offs inherent in the G-20 host-driven system. "Usually when you ask a country to host a forum or summit, it is supposed to have leeway in developing an agenda. But, this does not necessarily lead to effectiveness in positions on important issues." And if a host devises an agenda that holds little interest for big countries, there is a danger they may become disengaged.

Indeed, the subject of American hosting of, and attitudes toward, the G-20 sparked lively discussion. Several participants noted a "declining American interest in the G-20." Taking it as a given that the G-20 cannot function well without full US engagement, participants puzzled over how to elicit strong involvement from Washington. Many participants agreed that the United States pays most attention to G-20 summits when it is hosting. One speaker suggested, partly in jest, that maybe G-20 summits should always meet in Washington so that the US

government would pay attention and ensure agreement on concrete results. Another participant hypothesized that the level of American interest is linked to regional cooperation, particularly in the Asia-Pacific region. Accordingly, if the G-20 becomes a locus of regional cooperation in the Asia-Pacific, the United States will be more likely to remain engaged with the G-20 process.

**Duration.** Changing the duration of G-20 summits would substantially affect how much the group can accomplish. A few conference participants made strong cases for increasing the length of summits, a suggestion which was met with general agreement. According to one participant, longer G-20 summits would allow for more "chance encounters," which would build relationships between leaders. In addition to personal interactions, another participant pointed out that the G-20 agenda could be expanded if summits lasted longer. While three days was agreed to be the outer limit, "each marginal few hours could be of great value."

**Accountability.** Accountability for follow-through and implementation of summit declarations and commitments is a problem shared by many multi-lateral fora. Participants discussed three kinds of mechanisms for G-20 monitoring and accountability. One is a secretariat of dedicated staff, as discussed above. The second is monitoring by the United Nations or international financial institutions, though a few participants pointed out that this is problematic because of the mismatch in membership composition of the different institutions. Finally, civil society and private research and scholarly institutions could take up the task, and to some extent they already do.

**Sherpas and Summit Preparation.** Conference participants struggled to define the appropriate balance between technical coordination at the finance minister level and high-level decision making by leaders. Particularly given the G-20's focus on economic issues, there was concern that heads of state may not be able to tackle the granular complexity of negotiating agreements. At the same time, there is a need for difficult decisions and the "political will to lead."

In order for leaders to make constructive decisions and pronouncements, the summit preparation process is vital. Most of this preparatory work falls to sherpas. However, "countries aren't consistent in their use of sherpas," said one participant, and their

high rate of turnover has contributed to the dysfunction of the sherpa process. Whereas the main cabinet players in summit preparation have been finance ministries, it may be necessary for foreign ministries to become more involved. Sherpas also face difficult choices in setting the agenda. A couple of participants insisted that each summit should focus on a “narrow range of issues”—ideally one or two issues—in addition to follow-up on implementation of past agreements. Other participants advocated a more expansive agenda, as discussed below.

The majority of participants viewed increased high-level attention, rather than more extensive preparation by subordinates, as the critical factor for a more effective G-20—bolstering the argument for summits of longer duration. Leaders have the authority to make tough choices whereas ministers merely implement them. Many participants agreed that “frank and flexible” dialogue among heads of state is invaluable for making progress on intractable problems. Although directives from leaders can be critical catalysts, a few participants cautioned against expecting too much from heads of state. Depending on their political systems, even leaders can have only limited executive authority to deliver on summit commitments.

A small number of conference participants took the opposite view, arguing in favor of intensifying the traditional preparation process. Some suggested changing the ratio of summits to technocrat meetings. With the real work taking place at the finance minister level, one participant suggested that the leaders should only meet every two to three years.

### G-20 Agenda

As a young multilateral forum, the G-20 is still finding its feet. Since its inception, though, the main remit and agenda of the G-20 has been the global economy and financial system. This does not mean that the G-20 will necessarily be restricted to these issues in the future. Conference participants discussed which issues the G-20 (as it is presently structured) can and should tackle, and over what timeframe. Discussion focused particularly on the G-20’s potential role in development because the Korean hosts had already placed that issue on the Seoul summit agenda. All conference participants were acutely aware of the difficulty of defining parameters for the G-20, as well as the high stakes of failure. As one participant noted, the G-20 can fail in two ways: it can take on more than it can realistically accomplish,

or it can fail to solve the problems with which it is traditionally identified.

A related question is whether the G-20 will have better chances of success by tackling easier or more difficult issues. One participant insisted, “For the G-20 to deliver, it must focus on issues that can be agreed on.” Success will create a virtuous cycle, whereas starting with the most difficult issues will only lead to disappointment and pessimism. This speaker cited Chinese economic reforms as an example of creating momentum and buy-in by beginning with easier issues. Other participants did not view this as a model, with one observing that negotiation theory offers no conclusive guide and cited the Israeli-Palestinian peace process as an example that demands the toughest issues be tackled first. Others echoed that hard issues cannot be avoided and “if you are important enough to be in the G-20 club, you should be prepared to handle dynamite.”

**Global Financial System.** Given the G-20’s well-established role in the global economy and financial system, all of the conference participants agreed that the G-20 should, and will, continue to focus on international economic cooperation. The most pressing topics in this space are, according to participants, global imbalances and currency misalignment. However, participants held different views on how the G-20’s economic agenda should evolve.

To begin with, participants could not agree on whether the global financial crisis is in fact over. If the crisis is ongoing, said one speaker, the G-20 should remain in “crisis committee” mode, focusing only on how to sustain the economic recovery. On the other hand, if the crisis has largely passed, according to another speaker, the G-20 can transition from crisis mode toward a longer-term agenda with more latitude to pick its issues. As participants weighed options for the agenda to branch out, there was particular interest in adding issues that, while not core questions of economic growth and stability, have a financial or economic dimension. Climate finance was the most frequently mentioned candidate, but commodity and food prices, financial arbitration mechanisms, and illicit financial flows were also proposed.

**Trade.** Opinions varied as to the G-20’s ability to catalyze progress in the World Trade Organization (WTO) Doha Round, though the general tone was



cynical. Everyone agreed that token statements about Doha in G-20 communiqués accomplish nothing. Some participants harbored hope that a more significant G-20 political intervention on this issue might break the logjam. “Leaders are the only ones that can,” one said. Another suggested that reaching agreement on a single controversial Doha round issue could constitute progress. Others were far more skeptical. One stated that he would be “amazed” if the G-20 tackled Doha; another flatly asserted, “Doha won’t go anywhere.”

**Development.** Due to Korean initiative, development has made its way onto the G-20 agenda. Given the roles of other forums such as the United Nations, G-8, and Organization for Economic Co-operation and Development (OECD), some conference participants were uneasy about this move and the difficulty of effective coordination. Others were enthusiastic about the possibilities of engaging emerging powers in this kind of multilateral development discussion.

As the G-20 embarks on this agenda, participants warned it must consider the multilateral work that has already been done in the area. Some expressed a hope that the Seoul communiqué will credit the good work that has been accomplished by other organizations.

More ambitiously, several participants looked to the G-20 to begin building “new development paradigms.” According to one speaker, “The G-20 may be the best structure to engage G-8 countries while also talking about development in a new way.” While the G-8 has concentrated on development, and particularly foreign aid, for decades, emerging powers bring new perspectives to the table. Indeed, Korea’s initiative at the Seoul summit is to launch an extensive process of multiyear action plans that focus on removing impediments to economic growth—hoping to replicate their country’s own experience—more than the human development indicators of the UN Millennium Development Goals (MDGs).

The “South-South” efforts such as those of Brazil and China were highlighted as diverging markedly from the traditional aid-based approach. Brazil focuses on technical cooperation on agriculture to ensure sustainable development. China has devoted substantial resources to infrastructure in Africa. One participant cited a forthcoming World Bank study on the development impact of this

type of infrastructure investment. A few participants questioned whether emerging powers offered viable development “paradigms,” however, suggesting that the Brazilians and especially Chinese are more interested in market building than democracy building. In connection with the G-20 itself, one participant warned that the limited time at summit meetings gives scant opportunity to debate broad principles.

The shift away from large monetary pledges and the MDGs gave several participants pause. One expressed concern about the implications of such a shift in a venue notable for its lack of African representation. That participant was reassured by another participant that Korea had made “lots of effort to hear the opinion of the poorest African countries” on that issue.

**Climate Change.** Participants did not see the G-20 as an appropriate forum to negotiate over carbon emissions reductions, but they did see ways for the G-20 to contribute solutions to climate change. First, the financial and subsidy issues associated with climate change could be fruitful, given the large and complex climate change financing commitments made in Copenhagen. According to one participant, the US government sees the G-20 fossil fuel subsidy agenda as positive. A second area is commitment to a green stimulus.

**Security.** Most participants agreed that the G-20 is not a suitable forum for discussion of political and security issues. While one participant advocated adding broad security challenges and principles to the agenda, most participants believed that the G-20 lacked enough common frameworks to be effective on security. Absent similar outlooks and interests, security issues would likely turn the G-20 into a battleground.

UN Security Council reform, which will be on the French G-20 agenda, was mentioned in passing. As is often the case with this topic, participants seemed supportive of reform, but pessimistic about its prospects. The Security Council for next year has interesting possibilities, since most of the key aspirants to permanent membership—Germany, India, Brazil, and South Africa—will hold elected seats.

#### **Lessons Learned From the G-8**

Although several participants emphasized that the G-20 should not be viewed simply as an expanded

G-8, other participants saw value in drawing lessons from the G-8's successes and failures. They outlined some key successes:

1. It is possible to add new members and still get increasing performance. However, it is not clear how far this principle can be stretched.
2. It is important to have longer agendas and agreed-upon communiqués.
3. Compliance with commitments can actually increase over time. The G-8 showed notable success in socializing the United States to conform to the group consensus and implement its G-8 commitments.
4. Much of the G-8's strongest performance has been driven by crises and shocks—ranging from economic crises to terrorist attacks.
5. An expanded ministerial process, involving a wider array of ministers, can be successful.

The following lessons could be drawn from the G-8's failures:

1. The involvement of finance ministers is very important. The G-8 lost much of its ability to deal with economic issues after excluding finance ministers beginning in 1998.
2. Equality among participating nations is important. Dividing participants into different classes hinders effectiveness.
3. Like-mindedness does not guarantee agreement on issues.
4. Don't bite off more than you can chew. The G-8's ambitious attempt to become involved in the Middle East peace process is unlikely to bear fruit and will only exhaust resources.

### Looking Ahead to Seoul

For the Seoul summit to be judged a success, the international community must manage expectations. Anticipating disagreements over currency issues, several participants stressed the importance of keeping resolution of the dispute from being the yardstick for success. Looking to the G-20 agenda, participants saw a variety of barometers for evaluating the success of the summit:

- Did the summit deliver the financial stability and governance agenda? Did the G-20 make progress on fixing banks or voice and vote in the Bretton Woods Institutions?
- Did it deliver a credible macroeconomic message about austerity and stimulus? Did it deliver action on fossil fuel subsidies and green growth?
- Did the summit appropriately institutionalize key G-20 operating and consultative patterns?
- Did the summit effectively reach out to the scholarly, labor, nongovernmental organization (NGO), and business communities?
- Did all the leaders come?
- Did the summit move the process of establishing strong mechanisms of accountability and transparency forward?
- Were good feelings and relationships developed among leaders?
- Did the summit consolidate and advance UN/G-20 relations?
- Did the summit bolster the understanding of, and interest in, multilateralism in East Asia?

### The Future of the G-20

While many participants said it was too early to judge the G-20's longer-term prospects, several gave assessments that ranged from lukewarm to pessimistic. One suggested that the G-20 will only rally in response to crises, perhaps neglecting to meet in between. Others saw warning signs that key powers will forum shop rather than make the effort to reach difficult compromises on the G-20 agenda.

One speaker saw emerging ambivalence in the US government: "Two years ago there was extraordinary enthusiasm about a new G-x; there is much greater sober realism at the moment about what a large leader level grouping like the G-20 can do. There is skepticism that it can deliver in core competency of economic and financial issues."

Another pessimist worried that the debate over fiscal stimulus versus consolidation would split the G-20. Holding out some hope, though, he suggested a push by middle powers still enthusiastic about the G-20—recommending they focus on some important yet not

divisive long-term issues, such as development paradigms, a global financial safety net, and marine environmental protection. A number of participants highlighted that the G-20 could be an important outlet for entrepreneurial middle powers, and vice versa.

A few participants voiced optimism. One predicted that the United States would regain enthusiasm for the G-20 after Seoul. Another took heart in the high ambitions that hosts still bring to the G-20 summits, as exemplified by France's addition of twelve new items to the G-20 agenda. Still another was hopeful that the G-20 might accomplish a "*deus ex machina*" in implementing reforms that other institutions could not.

In a wrap-up to the discussion, one participant offered a framework for rebuilding confidence in the G-20. The G-20 needs to blunt expectations for what it can accomplish, after the heroic cooperation during the 2008 financial crisis raised self-defeating hopes. Notably, even the pessimists at the conference see the G-20 as serving a beneficial and unique purpose in the current global governance landscape. Thus the overarching challenge is to recalibrate assessments and ambitions so that incremental progress on very difficult issues is judged as success rather than as inadequacy.

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Affiliations are listed for identification purposes only. Participants attended as individuals rather than as representatives of their governments or organizations.

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