

The G-20 and Global Development: Which Road to Take?

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The economic crisis of 2008 has brought about a sudden and unexpected shift in the world's summit architecture. Almost overnight, the leading industrialized countries have elevated the G-20 at the level of finance ministers and central bank governors from its reincarnation as a leaders' forum to the apex of the global system. This is notwithstanding the fact that the G-20's composition reflects the perception of systemic relevance in the aftermath of the 1997-98 Asian financial crisis. As a consequence, the G8, which has subtly steered the global economy since 1975, has lost its original purpose and now looks like a subordinated caucus of a particular country grouping. Rising powers rightly claim that the G-20 cannot be considered a continuation of the G8 but rather heralds a new era in world politics. In order to symbolically signal their recognition of the irreversible power shift, industrialized countries would be well advised to disband the G8. In order to gain a legitimate place in the global governance architecture, the G-20 should assume a leadership role in global public policy that takes into account the specific needs of developing countries while striving for universal justice. Instead of adding another layer of well-meaning development programs, the G-20's contribution to global development should strategically focus on framework conditions of the global economy and support overall policy coherence for pro-poor growth and planetary sustainability.

Mission and Identity of the G-20

Currently it is unclear whether the G-20, as a self-selected global steering committee, will develop a shared identity as a guardian of global well-being or rather function as a political space for old-style rivalries and national power struggles. And it

remains to be seen to what extent the remaining 173 member states of the United Nations, as well as non-state actors from civil society and the corporate sector, can affect the design, implementation and outcome of global strategies adopted by the G-20. As an unprecedented representation of club governance, the G-20 needs to address its own inherent tensions between effectiveness, legitimacy and accountability. Its members must also find an adequate balance of (legitimate) national self-interest and global responsibilities if they want to be seen as a legitimate driver in the evolution of global governance. While the G-20 has quickly become the leading platform for dialogue and policy coordination in economic and financial matters, the shape and reach of the new summit architecture are still undetermined. Neither the power relations within the group nor the particular mandate it is meant to fulfill in a global perspective have been conclusively settled.

Role of Rising Powers

Rising powers have emerged as indispensable players on the global stage—a key reason for their inclusion in the summit architecture. By joining the G-20, they have voluntarily accepted the privileges and obligations of global leadership. This encompasses the acceptance of fair burden-sharing in the provision of global public goods, which is in accordance with national capabilities guided by the principle of “common but differentiated responsibilities” enunciated by the Earth Summit of 1992. It must be recognized, however, that the normative foundations of global governance are still heavily skewed toward Western norms and interests. In order to become an effective force, the G-20 needs to bridge the gaps between

different value systems and translate common principles into operational guidelines for the common good. The contributions of rising powers to policy harmonization at this point are still at an incipient stage (Castaneda 2010). This can be exemplified by reference to international standards in environmental protection, human rights, social welfare and anti-corruption, such as the Extractive Industries Transparency Initiative (EITI), the Equator Principles for the banking industry, or the Global Reporting Initiative (GRI) on sustainability in the corporate sector. There is, however, a growing involvement of Southern powers in some areas of norm-creation—witness the new ISO 26.000 standard on social responsibility, where Brazil and China play a leading role.

Challenges to the G-20

Governments outside of the G-20 and many voices from global civil society are deeply suspicious of the summit architecture (Cooper 2010). They insist on the premier role of the United Nations in global deliberations and consensus-building. While the emphasis on the unique legitimacy of the G-192 (referring to total U.N. membership) carries considerable weight, the advocates of universality cannot deny the fact that the world organization is in a state of deep crisis. Wherever one looks, there is no appetite for reform on any of the issues debated in the U.N. system. Regrettably, the U.N. is known for adopting high-flying resolutions on about every concern of humankind but utterly fails regarding their implementation and outcome. Disillusioned by the 2009 Copenhagen debacle on climate negotiations, many observers fundamentally doubt that the unstructured, chaotic multilateral process at the U.N. is able to deliver tangible results in an era of sharpened allocational conflicts over increasingly scarce resources.

From a normative and functional perspective, it would seem desirable to integrate the G-20, or an analogous body, eventually into the U.N. system. A commission of experts recently recommended that the U.N. establish a global economic coordination council that could assume the function of the G-20

(U.N. 2009). A similar proposal was put forward by French President Nicolas Sarkozy and German Chancellor Angela Merkel. While civil society actors have supported the idea, governments so far have generally shied away from empowering the U.N. in economic affairs. Looking at the stalemate in multilateralism, it seems likely that incremental steps of reform will not suffice. Some scholars have therefore called for a grand design in restructuring the world order, equal to the historic effort of establishing the United Nations or setting up the Bretton Woods system in the aftermath of World War II (Maxwell/Messner 2008).

G-20 and Global Development

One good thing that can be said about past efforts of the G8 refers to the group's commitment toward low-income countries, particularly in Africa. The G-20 agenda, in contrast, is conspicuously devoid of such ethical underpinnings, at least for the moment. Responding to growing concerns in the developing world on possible impacts of the new summit architecture on the South, the G-20 has recently begun to turn its attention to the specific challenges of global development and the plight of the poor (Fues/Wolff 2010).

The G-20 can and should become a relevant actor for global development but not follow the road of the G8, which has become famous for announcing a myriad of well-intentioned programs without much effort of implementing them. With this disappointing performance in mind, the G-20 should resist calls in that direction from civil society (Oxfam 2010) and not get caught up in aspirational declarations or operational programs. Instead, and in close consultation with relevant bodies at the United Nations, the new summit architecture should concentrate on a strategic role in designing a global framework for pro-poor growth and sustainability in developing countries. In this approach, the following three steps are of paramount importance:

1. The G-20 should assume responsibility for overall policy coherence in the global economy that recognizes and promotes the

interests of low-income countries, with a particular focus on trade, financial markets, cross-border investment and illicit capital flows.

2. The G-20 should negotiate a consensus on a focused list of global public goods, including the Millennium Development Goals, and should agree on a related order of priorities. In this context, the G-20 should also elaborate a reform proposal for a restructuring of multilateral organizations that allows for optimal synergies and a clear delineation of mandates (Linn 2010).
3. The G-20 should strive for agreement on a comprehensive model of burden sharing in relation to financing for global public goods, including the introduction of innovative financial instruments. This could be the basis for bringing about a “regime change” in international cooperation by moving from official development assistance to global public finance (Severino/Ray 2010).

Beyond such a substantive focus, the G-20 should quickly resolve important institutional and procedural questions, for example by including the U.N. and regional organizations in its deliberations, establishing a permanent secretariat, and providing institutionalized dialogue channels for non-state actors from civil society and the business sector. If the Seoul Summit makes progress on these open questions, the G-20 can become a relevant and effective actor in the global development system.

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