Making the G-20 a Reservoir of Global Leadership—A Maximalist Argument

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The elevation of the G-20 in 2009 to the status of an ongoing summit-level forum is emblematic, to a point, of the power shifts that are now straining the old post-World War II order. No other recent multilateral innovation is so clearly premised on bringing together the established and emerging powers as peers.

Yet the caveat of to a point is an important one. Looking at the extent of the G-20’s development, and where that progress leaves off, is a way of delving into the forum’s difficulties and its potential. The shortcomings of recent G-summitry—limitations that highlight the project of emerging/established power cooperation as being far from completed—actually offer a useful vantage point on its possibilities. Assuming that this forum has not exhausted its potential in two short years, what path can G-20 leaders take toward a greater impact?

As its title indicates, this brief takes a consciously maximalist approach. The premise is that the G-20 can become a vital multilateral hub where political leaders overcome policy differences and combine their leverage to tackle the most pressing challenges of the era. Along with this optimism and ambition, though, the argument will be leavened with some patience and realism.

Inasmuch as multilateral diplomacy is a political process, it is subject to the same “expectations game” as any other form of politics. And this begs the question of reasonable expectations versus being set up for disappointment and perceived failure—which G-20 skeptics/cynics have certainly used against it. In the pundits’ familiar game of grabbing attention through pithy labels, for example, Ian Bremmer mounted a miniature campaign in early-2011 to gleefully trumpet the G-20’s failure by calling it the “G-0.”

What follows is a set of assessments, frameworks, and proposals dealing with the major impediments to a dynamic and effectual G-20:

- The question of converging or diverging interests among pivotal powers.
- The role of the G-20 and scope of its agenda.
- Key practical measures and issues for an optimal G-20.
- Situating the G-20 in a multi-multilateral world.

The test of the argument is whether it paints a future that can be considered plausible.

The Shared Interests Hypothesis

Of course the development of the G-20 falls within a broader strategy of building cooperation between established and emerging powers. This strategy, in turn, depends on the willingness and ability of key global players to cooperate—i.e. that they even want to work together, or want it badly enough to put their shoulders to the diplomatic/policy wheel.

This is a question of how we view the political magnetic forces. What do we expect to be more significant: common interests in, say, averting climate change, nuclear proliferation, and economic instability, or the differences of perspective and approach that have hindered progress on these issues? At a time when diplomatic stalemate is more preva-
lent than compromise in multilateral discussions, optimists can justifiably be pressed to show the grounds for their optimism.

This common-interests cheeriness stems from a view of interdependence as a powerful undertow—a shared fate that will bring hazards rather than rewards if powerful nations try to maneuver purely for selfish advantage. One way to reckon the shared stakes in cooperative problem solving is to look at the consequences of the international problems at hand. To illustrate, we merely have to pick nearly any major problem on the agenda, and the trajectory, without an infusion of leadership and cooperation, could lead to a dire future: nuclear arms races in Northeast Asia and the Middle East, a tipping point of irreversible climate change, a generation of malnourished and developmentally stunted children, a global economy gone out of balance, mounting suspicion that globalization is rigged for the benefit of the few, mounting bitterness over the Israeli–Palestinian conflict... In sum, inertia is not a good option—which is what senior US officials mean when they say, in various contexts, that “the status quo is not sustainable.”

The essential issue for the 21st century is whether the world will be shaped by the entropy of disorder or by the social contract of a rules-based international order. So, if a nation is truly strategic about foreign policy, it must calculate the opportunity costs of diplomatic deadlock or drift. That is the calculation, and the perspective, on which optimists base their hopes for increased cooperation and collective action. And it is the most powerful nations—those most integrated in the global economic, political and security systems—for which these choices matter most.

More than five years after it was delivered, then Deputy Secretary of State Robert Zoellick’s famous “Whither China” speech remains among the most concise statements of the shared interests hypothesis:

All nations conduct diplomacy to promote their national interests. Responsible stakeholders go further: They recognize that the international system sustains their peaceful prosperity, so they work to sustain that system.3

Zoellick’s throwing down of the responsible stakeholder gauntlet was received with suspicion and considered-the-hegemonic-source cynicism. But if responsible stakehodship is taken at face value and viewed as applicable to any major power and not just China, isn’t the passage above simply a commonsense explanation of the need for the upkeep of the global order in an interdependent world?

With even more conceptual rigor, Steve Weber and Bruce Jentleson have offered the “principle of mutuality” as a basis for civic-minded foreign policy. According to this notion of enlightened national interests, when leaders mull tough diplomatic compromises or tithes they might contribute toward global public goods, they should use an accounting system that takes a long view. They shouldn’t expect repayment or benefits of equal value, but should instead trust that if everyone does his or her part, “an ongoing set of mutuality moves will roughly balance out the accounts and leaves us all better off than we were.”

The G-20 as a Locus of Cooperation and Spur to Progress

As an analytical matter, the G-20 is an empirical test bed of multilateral cooperation between traditional and rising powers. Looking beyond the accumulated diplomatic record to envision what the G-20 could be, the forum represents an opportunity to marshal copious political will and use it to galvanize effective responses to the challenges on the global agenda. Since G-20 meetings are propelled by top-level leaders of the world’s top-tier nations—always pointed toward summits that are supposed to make the politicians look statesmanlike—it has all the key elements. If a loose concert of powers is going to emerge anywhere, it will originate here.

How Broad a G-20 Agenda?

The first question regarding the impact and function of the G-20, however, is what portion of the multilateral agenda the group will tackle. As things stand, there is an unresolved tension between the G-20 as a symbol of inclusion—with rising powers taking their seats at the table—and the limits that have been set regarding the issues discussed at that table. When G-20 leaders committed themselves in September 2009 to an ongoing series of summits, they designated those meetings as “the premier forum for international economic cooperation.” They would thus remain focused on the forum’s traditional brief: global economic growth and financial stability.

Indeed, the G-20 was created as a vehicle for finance ministers to respond collectively to the 1998 Asian financial crisis and was elevated to summit-level amidst the 2008 global financial meltdown. As the familiar tale goes, President George W. Bush invited G-20 leaders to Washington in November 2008 after concluding that the traditional G-8 powers lacked the
The economic muscle to buck up the system. Faced with a stark and urgent reminder of global interdependence, world leaders quickly recognized the need for new patterns of cooperation, particularly between established and emerging powers.

The legacy of a top-level venue for economic diplomacy, however, raises an important but under-examined question: is the need to bring the world’s pivotal powers around the same table peculiar to the challenges of the global economy? The phenomenon of rising powers has typically been recognized as multidimensional. The growing influence of the BRICs and other emerging economies is not solely economic, but also political, social, cultural, etc.

In other words, given the dual trends of shifting power and the spreading impact and stakes of various global problems (i.e., interdependence), the logic behind George W. Bush’s original summit invitation is just as valid for other portions of the multilateral agenda as it is for economic cooperation. This is the basis for portraying the development of the G-20, especially the definition of its portfolio, as partial and incomplete. This is the rationale for the forum to tackle the full range of major challenges on the global agenda, including political and security affairs. Yet beyond the logic of a comprehensive venue for pivotal power cooperation, there are still questions about why the G-20 is the right body for the job and where the proposal for a broader agenda leaves the group’s traditional economic focus.

The Advantages of Informal Multilateralism

Recalling the points made above about the nettlesome policy differences that are thwarting cooperation and progress, the only way to surmount them is through statesmanship and political will—in a word, leadership. Compared with the multitude of multilateral forums in the contemporary international system, the G-20 is a natural reservoir of global leadership. An extremely cogent (and prescient) inventory of the virtues of a loosely structured summit process can be found in Barry Carin and Ramesh Thakur’s policy brief “Global Governance for a Global Age: The Role of Leaders in Breaking Global Deadlocks.” The authors pinpoint the distinct contributions of world leaders and how they fit into the larger multilateral picture:

- Governments and government leaders have a unique and indispensable role to play in resolving critical global issues. In the right circumstances, leaders can transcend narrow national interests.
- The evolution of an existing informal intergovernmental process is more likely to occur than the comprehensive reform of existing formal organizations (such as the Security Council or the IMF) or the creation of new institutions.
- At summits, leaders do not solve complex problems themselves. Based on an intensive and inclusive preparatory process, they commit to act in their own countries, and they commit their ministers to act in concert with other countries’ counterparts. Leaders commission work and agree to work together in international organizations, and they agree to collaborate on specific global or regional challenges. Occasionally they create new entities.

In other words, heads of government can break global deadlocks—just another way of saying overcome differences and the shortfall in collective action—by making the politically sensitive shifts in their governments’ policy stances, setting new normative guidelines and frameworks, and providing impetus for those moves to be carried forward in other multilateral settings. Ironically, the lack of formal structure, defined authority, or decision rules are strengths rather than weaknesses. These features of leadership club summitry are conducive to a focus on generating political will. In order to reinforce this comparative advantage, the crucial task is to deal with agenda items that truly need that impetus from the highest level, to make sure none of the issues on the docket fall below the leaders’ “pay grade.”

Judging G-20 Success or Failure

While the economic policy focus of the G-20 is a result of path dependence and the expedience of reaching for ready-to-wear multilateral arrangements, it also represents a status quo from which we must work. Indeed, it’s hard to counter the crawl-before-you-walk argument that the G-20 needs to make headway on its core agenda before significantly broadening its purview.

And it is within the context of the global economic agenda that the G-20 falls prey to the harsh politics of the expectations game. As much as there is a need to hold G-20 governments accountable through rigorous scoring of their compliance with commitments—and extensive official as well as scholarly efforts are being made in this area—qualitative judgments on effectiveness and the competing narratives of success or failure are also important. While experts are always amused, for instance, by the simplification of multilateral diplomacy in media accounts, the same
experts appreciate the power of those news stories in shaping perceptions and take care in crafting their own sound bites. One major initiative focused on the G-20, the National Perspectives on Global Leadership project of the Brookings Institution and Centre for International Governance Innovation, has used “back home” media coverage of G-20 summits as a gauge of the domestic political impact for the leaders taking part.6

Any qualitative assessment of multilateral diplomacy must factor in the degree of difficulty of the items under discussion. The declarations of G-20 ineffectualility usually point to the fiscal expansion versus contraction debate within the group and the persistent controversy over currency valuations. It’s hard to think of a more stringent standard of effectiveness to apply, but then, commentators also sometimes highlight the G-20’s ritual calls for completion of the World Trade Organization’s Doha Round. (Since these statements are perfunctory, they are probably ill-advised in the first place.)

On the other hand, the G-20’s signature agenda of macroeconomic rebalancing could serve quite well as a template for steady incremental progress. The challenge of spreading domestic consumption more evenly across the major economies, as a stable basis for global growth, seems to be a reasonable test of G-20 effectiveness. Developed within the G-20, the “framework for strong, sustainable, and balanced growth” (SSBG) offers an alternative multilateral frame to the fraught currency dispute.

It has also showed encouraging signs of helping nudge China along and embedding it in the next generation of norms for the global economy. Prior to the launch of the SSBG agenda at the Pittsburgh summit, Chinese leaders had resisted any discussion of tilting their economy away from its heavy dependence on exports—considering it a purely sovereign domestic matter. Currently the struggle in the G-20 concerns how macroeconomic imbalances should be measured (i.e. the “indicative guidelines” mandated by the Seoul summit) and the next iteration of mutual assessment.

The dilemma for judging success or failure in such high-stakes high politics is that the issues are difficult by definition, yet there must be some progress to show for all the multilateral effort. The essence of the matter is that the process must help elicit policy moves that are difficult within the domestic context but are vital for the international common good. In reality, China will not commit itself to a sizable specific revaluation of the RMB, nor will the G-20 agree to a set of triggers, mandates, or sanctions that compel rebalancing. Any such expectations in the media or elsewhere are useless. Yet it should be possible to apply a different sort of standard of effectiveness, say: that the normative frameworks, quantitative metrics, and ongoing dialogue in the G-20 generate pressure for exporting economies to boost consumption and consuming economies to reduce debt.

Charting Near-Term G-20 Evolution

A Widening Agenda

G-20 leaders have already started to broaden the range of issues they deal with, especially as summit-hosting governments have asserted their prerogative to tailor the agenda. The Development Working Group co-chaired by Korea and South Africa has been particularly noteworthy, building toward the grandly named “Seoul Consensus” endorsed at the November 2010 summit. Patterned on Korea’s emergence as an economic powerhouse, this initiative focuses on growth-led development and putting the building blocks for economic growth in place in underdeveloped nations (physical infrastructure, employable skills, access to finance and investment). The aim of the process is to produce and implement detailed action plans to put certain less-developed countries in a good position to grow.

Given the emphasis on economic growth, this development effort does not take the G-20 too far afield from its core mandate. At the same time, such a focus on not-even-emerging economies—which hardly qualify as systemically important—certainly goes beyond the traditional agenda of aggregate global growth. On the heels of the Development Working Group, meanwhile, the G-20 has also launched an Anti-Corruption Working Group. This moves it into the area of good governance, albeit a dimension that serves as a drag on development. If the anti-corruption push gains momentum, it will be interesting to see if the complementary question of revenue collection (an element of the Seoul Consensus) gets a similar boost on the agenda.

Leading up to the French-hosted G-20 summit in Cannes, November 3-4, food security will likely be the major new focus for 2011, particularly the volatility of prices in the commodity markets. After the 2008 global financial meltdown put a spotlight on the enormous derivatives markets, the role of speculation in fueling price spikes became plain. G-20 interest in financial markets makes commodity prices a natural agenda
item, one with very human consequences for households the world over. President Sarkozy has also argued for the questions of reform of global reserve currency and the UN Security Council to be on the agenda, but it is unclear how the discussions that he acknowledges as merely preliminary would advance those issues.

What are the potential next frontiers of a further broadened G-20 agenda? One compelling “candidate” would be climate change financing. Whatever other terms can be worked out for a post-Kyoto regime, the Copenhagen and Cancun Conference of the Parties meetings made clear that the traditional industrial powers are expected to come through with sizable financing ($100B) for mitigation, adaptation, and technology transfer. This is the unavoidable price that donors must pay for the privilege of industrializing (i.e. causing the problem) before, rather than after, carbon limits came into force. If the G-20 can be the workshop where solutions are developed to meet that resource mobilization challenge, it would make a substantial contribution to progress on the multilateral agenda.

Farther down the road, any item for a broadened G-20 agenda should likewise be a subject of longstanding diplomatic/political divergence. As argued above, the G-20 should extend its portfolio to political and security affairs. In order to strengthen the norms of the international order, it could tackle (with greater or lesser levels of ambition) issues such as:

- The protection of core labor standards/minimum wage laws.
- The shift away from fossil fuel energy.
- Prevention of, and response to, mass atrocities.
- Regulation and internationalization of the nuclear fuel cycle.
- Standards for the detention/prosecution of terror suspects.
- Cybersecurity.
- A more secure Middle East.

One step closely linked to G-20 involvement in political and security affairs would be ministerial consultations among foreign ministers, who are responsible for that portfolio, in parallel with the other sets of cabinet ministers that the G-20 process brings together. This idea raises an interesting question of sequencing that analysts have been weighing. Do we expect that foreign ministerials will be initiated to bring in these governmental players for the current G-20 agenda, or will such a move only come after a decision to add political and security affairs to the G-20’s mandate? Two sets of sensitivities point toward the latter. For many governments inside and outside the G-20, a move into traditional high politics would represent an encroachment on the role of the United Nations. Meanwhile, finance ministries are quite jealous of their privileged position in the G-20 process and are likely to resist an increased role for foreign ministries.

The Discipline of Working at “Pay Grade”

The point of the above list is to highlight a category of issues whose political sensitivity and ramifications for the international system make them worthy of attention at the highest levels. Clearly, if many of these issues emerge as ripe topics for negotiation and compromise, this would indicate a significant narrowing of key diplomatic gaps. Short of such a harmonic convergence, there remains a more modest yet still essential challenge: to streamline the agenda for the G-20 summits and preparatory meetings to preserve a focus on only those matters that truly require policy impetus from heads of government.

This is the pay grade test, which is posed as a discipline to be practiced by all officials of G-20 states who are stewards of the process. If the macro challenge for the world’s influential governments is to bridge differences and join in solving shared problems—transcending multilateral diplomacy as usual—this implies a sort of microeconomics for the G-20 of avoiding being distracted by the small stuff. The attention of world leaders is a precious commodity indeed. In a form of multilateralism focused so directly on heads of government, there is a special opportunity to steer their attention where it’s most needed. Any time devoted to issues with modest political sensitivity is wasteful.

Think of the final hours of a summit meeting—the communiqué representing the substantive output of the process and journalists’ hustling to discern the true significance. As we know, a mere handful of passages within a communiqué typically engender the lion’s share of controversy and negotiation. Notwithstanding the comment on the media’s tendency to oversimplify multilateral diplomacy, they are operating on the exact right instinct as they try, in their coverage, to separate the diplomatic dross from the solder. For their part, the diplomats should try to minimize the dross in their deliberations.

The Argument for Longer Summit Meetings

Summit communiqués often leave issues unresolved because limited time and a packed docket give meager opportunity to work them through. After months of preparation and extensive consultations among their
Of course, the decisions of the G-20 countries do not automatically translate into action within any formal multilateral organizations, and there is no international institution (except perhaps the IMF) where consensus among the G-20 even constitutes enough votes for a decision. But neither is there any institution in which a G-20 consensus would not be a powerful position around which other states could rally and which could form a firm basis for negotiations. Most global deals on any subject are prebrokered by a “green room” of 15-25 leading countries plus representatives of other groupings. The G-20 process—or a G-20 caucus of permanent representatives—could play similar roles, especially if tentacles were even further extended via informal consultation with five or six others representing broader clusters of states.8

Jones adds that the G-20 offers an incentive for other intergovernmental bodies to tap into the group’s access to world leaders and channel their political will, just as the United Nations did in 2009 to direct stimulus resources toward underdeveloped nations. These ideas help form an alternative picture to the idea of zero-sum competition among multilateral forums. Public policy specialists often speak of the “action” (i.e. responsibility, policy deliberation) being located in one corner of the government or another. Since policymaking is dynamic rather than static, the action actually moves from place to place. The same is true of the multilateral agenda, with issues moving among different diplomatic councils, specialized technical agencies, or transgovernmental networks of experts.9 Under this conception, issues are brought to the G-20 when they need policy measures that world leaders are uniquely capable of providing; as noted, the action then must shift elsewhere for formal adoption, refinement in detail, or implementation. The working relationship between the G-20 and the IMF and its recent evolution provide an example of effective complementarity and cooperation.

The trick, then, is to build the right connections among multilateral instruments so that they reinforce one another and thereby help solve the major challenges the international community confronts. While the G-20 is certainly viewed with suspicion in some quarters of the UN diplomatic community, others indeed view the multilateral system’s dense web of institutions more holistically. In a display of sophisticated 21st century diplomatic entrepreneurship, the Singaporean delegation in New York organized the Global Governance
Group (or “3G Network”) to build a positive-sum relationship between the G-20 and the United Nations.

One key, of course, is consultation between G-20 governments and the wider UNSC membership—a process led by the G-20 summit host/chair, the UN Secretary General and President of the General Assembly, and the 3G Network itself. In the run-up to the November 2010 Seoul summit, the Korean government mounted a global full-court press to collect the views of non-G-20 countries and invited the prime minister of Singapore to the summit in his capacity as leader of the 3G group. At the same time, former UN Deputy Secretary-General Louise Fréchette has made an interesting point about the hazards of too much consultation, noting that with the G-20’s informal, non-decision-making character, excessive outreach could reinforce perceptions of trying to usurp the role of formal institutions.

The role of intergovernmental organizations (IGO) secretaries-general (SG) at the G-20 summits has also raised questions. When the G-20 is viewed as a consultation among key world leaders and a chance to tap their political will and policy authority, SGs do not meet the criteria for membership. Indeed, there has been a practice of including secretaries-general on the summit agenda for reports and discussion for their particular specialties, rather than giving them full-fledged seats at the table for the entire discussion. (On the other hand, the idea that the UN secretary-general enjoys unique stature has gained currency.) Another pattern has taken hold for the summit invitation list to include the current chairs of the Association of Southeast Asian Nations (ASEAN), the African Union (AU), and the AU’s New Partnership for Africa’s Development (NEPAD)—though such invitations are less awkward, since sitting heads of state serve those roles.

For all the angst about the supposed upstart G-20 and the defense mounted on behalf of the venerable United Nations, Stewart Patrick argues that the G-20 is a bellwether for the United Nations, and especially for Security Council reform. In his recent report on US policy toward the G-20, Patrick notes that:

If the G20 stimulates greater global consensus, it could make the United States, and other permanent UNSC members, more confident about the prospects for eventual UNSC enlargement. Alternatively, if the G20 reveals insurmountable divisions, it might deter the United States from supporting (much less spearheading) any such reform. Which brings us back to the crux of the matter: whether the world’s leading powers will provide real leadership, forging common cause to address urgent challenges like climate change, economic growth, and nuclear proliferation. With all the focus in the global governance discourse that is devoted to questions of process and architecture (albeit for valid reasons), it is too easy to lose sight of the true purpose, and stakes. The problems on the current agenda demand a break from multilateral diplomacy as usual—a newfound impatience with international dissension rather than resignation. If nothing else, the G-20 offers a clear test of how much statesmanship the present generation of leaders can summon. To a significant extent, the expectations placed on those leaders and an awareness that the world is watching is the key source of pressure, and of hope.

Endnotes

1 This brief was originally written for a panel at the 2011 International Studies Association meeting, organized by Dries Lesage and John Kirton, with Greg Chin as the discussant. The author is grateful to them for spurring him to write it.

2 Ian Bremmer and David Gordon, “G-Zero,” The Call blog, ForeignPolicy.com, January 7, 2011 at: http://eurasia.foreignpolicy.com/posts/2011/01/07/g_zero. While Bremmer teamed up with Nouriel Roubini to offer a fuller exposition in the March/April issue of Foreign Affairs, his tone in the blogosphere was distinctly sneering.


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11 Patrick, p. 19.