1. INTRODUCTION

The simmering economic and environmental crises of our small, fragile planet accentuate the need for a new architecture of global governance which, at the political level, would reflect the irresistible shift towards multipolarity while, simultaneously, promoting the structural transformation towards low-carbon, sustainable prosperity for all. As is generally recognized by now, the centuries-old dominance of Western nations has come to an end. Rising powers, particularly in Asia, have become indispensable partners in global affairs, whereas European states still have to become fully aware of their relative decline in international power relations. Deepening interdependencies, the diffusion of power and a proliferation of actors have complicated global decision-making compared to the hierarchically structured bipolar order after World War II.

Escalating transboundary threats are exacerbated today by the erosion of cooperative multilateralism, as evidenced by the dismal failure of the recent climate conference in Copenhagen. Fuelled by the renewed national fervor of traditional and rising powers alike, collective efforts towards the provision of essential global public goods seem on the retreat. It is yet unclear, if the newly created G-20 of heads of state and government will develop a common identity as guardian of the global well-being or, instead, function as space for old-style rivalry and national power struggles. And it remains to be seen to what extent excluded countries as well as non-state actors from civil society and the corporate sector can have an impact on the design, implementation and outcome of global problem-solving.

This contribution looks at the present shape and yet unresolved contradictions of the new summit architecture which has come about unexpectedly after the collapse of international financial markets in the fall of 2008. It touches on the relationship of club governance and universality and addresses the inherent tensions between effectiveness and legitimacy on the one hand and national self-interest and global responsibilities on the other. Finally, the particular roles and contributions of European nations and rising powers are explored in regard to the potential of the G-20 as premier forum for dialogue and policy coordination for the foreseeable future.

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2. **Summit Architecture at a Turning Point**

The economic crisis of 2008 has brought about a sudden, unexpected shift in the summit architecture. Almost overnight, leading industrialized countries have opted to elevate the Group of Twenty (G-20) of finance ministers and central banks to the apex of the global system, notwithstanding the fact that the composition of the group reflects the perception of systemic relevance in the aftermath of the Asian financial crisis of 1987-88. Consequently, the G-8, which dominated global policy coordination since 1975, has lost its original purpose and functionality and now looks more like a subordinated caucus of a certain country grouping. Rising powers rightly claim that the G-20 cannot be understood as an extension of the G-8 but rather constitutes a novelty which heralds a new era in global politics. In order to symbolically signal their recognition and acceptance of the irreversible power shift, industrialized countries would be well advised to quickly disband the G-8 altogether. This would also help to limit excessive demands on leaders’ schedules through proliferating summits.

To better appreciate the unprecedented speed of political transformation it helps to look at the fate of the so-called Heiligendamm dialogue process which was initiated at the 2007 G-8 summit by German chancellor Angela Merkel (Cooper/Antkiewicz 2008). Against explicit opposition from the USA and Japan, Merkel at the Baltic resort established an institutionalized format of outreach towards five rising powers, namely Brazil, China, India, Mexico and South Africa (Fues/Leininger 2008). Considered a highly innovative, albeit, contested step at its inception, the process has in a matter of few years been marginalized by the emergence of the G-20 at leaders’ level. The 2009 decision to prolong the Heiligendamm mandate for further two years cannot mask the factual demise of the initiative, also reflected in the announced closing down of the support unit at the Organization for Economic Cooperation and Development (OECD). The participating developing countries now prefer to interact with industrialized states at eye level, and with their Southern peers, in the G-20 framework rather than acting out a supporting role in a script controlled by others.

While the G-20 has quickly become the leading platform for global governance, 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 pursue have been settled. Rising powers have initially followed their instincts to tread with caution and have acted in a more responsive mode. As they grow more familiar with the setting and broaden their alliances with fellow developing countries, they can soon be expected to become much more assertive in the collective representation of interests with regard to agenda and outcome. The harmonization of goals among developing member countries will necessarily extend to the desired mandate for the G-20. Neither developing nor industrialized countries have so far positioned themselves on the question whether the leaders’ forum should restrict itself to economic and financial issues or assume a broader responsibility for global affairs but the group is opening up to global development issues (see below).

In a more fundamental sense, the identity of the G-20 is also still open. Will member states see themselves as guardians of global well-being or will they primarily look at the G-20 as arena for national posturing and balancing of power exercises? One good thing that can be said about past efforts of the G-8 refers to the group’s commitment towards poor countries, particularly on the African continent (Chandy et al. 2010). The G-20 agenda, in contrast, is conspicuously void of such ethical underpinnings, for the moment at least. Considering the interconnectedness of global challenges and the lack of international leadership it seems desirable that G-20 members would opt for a comprehensive approach in providing global public goods. The legitimacy of the summit in the eyes of the world public at large will certainly depend on it being seen committed to universal concerns. In order to strengthen its inclusive character in membership and thematic substance, the G-20 should make room for a collective representation of low-income countries, for example in the shape of the African Union (Suruma 2010).

It seems obvious that the legitimacy and the public acceptance of the G-20 also depend on the quality standards it observes in all its operations. In a globalized, networked world all global governance actors have to satisfy high expectations with regard to transparency and accountability. Non-state entities, particularly from civil society and the corporate sector,
need to be provided with formal channels for policy dialogue and multistakeholder initiatives. It is obvious that the long-term effectiveness of the G-20 requires a representative leadership formula and the institutionalized support structure of a secretariat. The difficult decisions here relate to voting modalities and tenure of office. In organizational terms the locational choice for the secretariat will be symbolically important and highly contested. The Republic of Korea could emerge as a suitable host, due to the country’s impressive development success, its membership of OECD and the subsidiary Development Assistance Committee as well as its geographical position in East Asia.

3. THE G-20 AND GLOBAL DEVELOPMENT

Responding to growing concerns in the developing world on the possible impact 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 (ODI 2009). While its core mandate, up to then, had been focused on balanced and sustainable growth of the world economy, the G-20, at the Toronto Summit in June 2010, established a Working Group on Development. The upcoming summit in Seoul (November 11-12, 2010) is expected to adopt a comprehensive development agenda and multi-year action plans for implementation. This broadening of focus signals an important shift in the G-20’s mission towards the developing world (Kharas 2010). By extending the notion of balance to the task of closing the gap between advanced and developing countries, it reflects the growing commitment of G-20 member states to take on sweeping responsibilities for universal well-being and global public goods. So far, the concerns of developing countries have only been addressed in certain narrowly-focused G-20 initiatives, such as access to finance, food security and the MDGs (Millennium Development Goals).

The manifold implications of G-20 policies for developing countries will be of prime interest to scholars, policy-makers and the general public in the years to come (Payne 2010). For example in relation to the following policy issues: sustainable global growth and the respective link to the climate agenda; financial sector reform and the strategic role of international financial institutions; promotion of trade, investment and employment; international rules, standards and institutions for the transparency of private financial flows and the struggle against capital flight, tax evasion and corruption. The legitimacy, and indirectly the effectiveness of the G-20 will to a large extent depend on the commitment of the new summit structure to promote pro-poor growth and sustainability in developing countries (Fues/Wolff 2010).

4. NATIONAL INTERESTS AND GLOBAL RESPONSIBILITIES

By voluntarily accepting membership of the G-20 at top executive level, all participating countries have agreed to a leadership role in global governance. They are, therefore, confronted with the delicate challenge of permanently balancing national self-interest and global responsibilities. The performance of G-20 member states in this regard during the start-up period leaves much to be desired, mirroring unfavorable dynamics in the international system. Increasingly, the pursuit of narrow, short-term objectives has become the dominant feature of the intergovernmental process. European observers are especially disturbed by the mutually reinforcing insistence on absolute sovereignty practiced by the USA and rising powers and the concomitant rejection of legally binding commitments to problem-solving strategies. Europe’s disposition towards effective multilateralism, which has grown from the continent’s excruciating historical experience, has become the object of ridicule in other parts of the world. The unsettling incident of being sidelined in global power politics shocked the continent at the Copenhagen climate conference in December 2009. Due to the inadequate representation of European interests and the complete failure of alliance building, the concept of a global emissions regime as follow-up to the Kyoto protocol was doomed to failure. Instead, the USA and rising powers agreed on a final document emphasizing voluntary national measures and subsequently imposed it on the meeting.

Other trends in global governance are equally disconcerting. The global system is characterized by growing institutional fragmentation and a proliferation of actors, of the benign kind like well-resourced...
development foundations or of evil intent such as transnational criminal networks. In addition, the global governance architecture lacks coherence as sectoral regimes follow their own logics and rules. While a meaningful ethical foundation has been established at the global level in the form of legal conventions on human rights and labor standards as well as in soft-law adopted by the UN General Assembly such as the Millennium Declaration of the year 2000, the impact of normative frameworks is weak since member states ignore them at their will with impunity. Huge gaps in monitoring and the total absence of sanctioning mechanisms (except in international security and trade) structurally privilege the incomplete exercise of sovereign rights in the pursuit of national self-interest over the inclusive meaning of “enlightened” sovereignty (Prime Minister Stephen Harper of Canada) which puts equal emphasis on global responsibilities and multilateral cooperation.

In general, global affairs can aptly be described by a growing mismatch between systemic risks and the governance structures in place to address and manage them (Messner et al. 2009). Until now, the G-20 has not risen to the leadership challenge and has limited itself to some half-hearted remedies for the economic malaise. If member states stick to this behavioral pattern, they will, no doubt, be soon confronted with a critical examination of their shortcomings from within their own societies and from the excluded parts of the world.

5. THE UNITED NATIONS AND CLUB GOVERNANCE

If the G-20 is not ready to perform the job of global leadership who else can we turn to? And, in the first place, should the G-20 as yet another embodiment of club governance be considered a legitimate player? Many governmental actors from small or poor countries 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. A diverse alliance of 23 smaller and medium-sized Northern and Southern states, which goes by the acronym 3G (Global Governance Group), has recently lodged a formal protest with the UN Secretary-General (UN 2010). Small member states of the European Union have, however, not signed on to the initiative. The informal coalition under Singaporean leadership has articulated its apprehension that the G-20 might eventually try to upstage the United Nations and assume a key decision-making role in global affairs. The group calls for a formalization of the Secretary-General’s participation at summits and preparatory events and requests the inclusion of non-G-20 states on particular issues. In addition it is suggested, that regional bodies like the African Union and the Association of Southeast Asian Nations (ASEAN) should become regular participants. Developing countries involved in the initiative are clearly anxious that the seven G-20 countries who are also members of the G-77 of developing countries might distance themselves from poorer nations and instead defend their economic interests against the industrialized world (Deen 2010).

While the insistence on the unique legitimacy of the G-192 (referring to the total number of UN member states) 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 UN system. The emergence of the G-20 only partially explains the contemporary dilemma of the world organization. The idealistic craving for peace and global progress, which is enshrined in groundbreaking documents like the UN Charter of 1945, has always been at odds with the pursuit of myopic national goals by member states. While (input) legitimacy of the organization is exceptional due to universal membership, its effectiveness in global problem-solving is limited by structural faults. The traditional principle of sovereign equality (“one country – one vote”), which holds for all UN bodies except the Security Council, formally puts the Polynesian state of Tuvalu with its 12,000 citizens on an equal footing with China, counting a population of 1.3 billion. Another impediment to effective multilateral action is the consensus rule which is usually followed in intergovernmental decision-making outside of the Security Council. Regrettably, the UN is known for adopting high-flying resolutions on about every concern of humankind but utterly fails on implementation and outcome. Disillusioned by the Copenhagen debacle, many observers fundamentally doubt that the unstructured, chaotic multilateral process within the UN is at all able to deliver tangible results in an era of
sharpened allocational conflicts over increasingly scarce resources.

It is also a fact that club governance outside of the UN’s ambit is on the rise, beyond the G-20. Rising powers have become particularly fond of setting up new formations thus risking to further marginalize the world organization (Bissio 2010). Recent additions to the intergovernmental alphabet soup comprise IBSA (India, Brazil, South Africa), BRIC (Brazil, Russia, India, China), BASIC (Brazil, South Africa, India, China) and SCO (Shanghai Cooperation Organization). While these coalitions certainly provide valuable benefits to participants, they also point to the fact that the tensions between legitimacy and effectiveness are not adequately managed in the global governance system.

From a normative as well as from a functional perspective it would seem desirable to integrate the G-20, or an analogous body, into the UN system. Otherwise the excluded nations can be expected to resist a global architecture that they played no part in designing. A commission of experts recently recommended that the UN establish a global economic coordination council which could assume the function of the G-20 (UN 2009b). 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 UN in economic affairs. Looking at the stalemate of multilateralism, it seems likely that incremental steps will not suffice. Some scholars have therefore called for a grand design in restructuring the world order equal to the historic effort of founding the United Nations or setting up the Bretton Woods system in the aftermath of World War II (Maxwell/Messner 2008).

The insistence of many policymakers and scholars on the pre-eminence of the United Nations in global governance cannot deny the usefulness and functionality of multi-actor, ad-hoc initiatives outside universal structures. With reference to global climate diplomacy the German Advisory Council on Global Change has, for example, developed a multi-level approach to overcome the international logjam (WBGU 2010). While the scholars support the creation of a legally binding global agreement on emissions reductions under the UN framework convention on climate change (Kyoto II), they simultaneously encourage the formation of cutting edge innovation alliances between industrialized and developing countries and favor bottom-up multistakeholder initiatives from civil society and the corporate sector as complementary approaches.

6. Europe’s role in the new world order

With a population of 500 million and a combined share of 30 percent of the world’s gross product, the European Union (EU) as an economic giant increasingly finds itself marginalized in global politics. With the centre of gravity shifting from the Atlantic to the Pacific hemisphere, the 27 EU member states have still not figured out their collective identity as global actor (Mahbubani 2010). Even after the entry into force of the Lisbon treaty at the end of 2009 and despite the new office of the high representative for foreign affairs and security policy, Europe’s stand on key international issues is often divided and mostly irrelevant in terms of global power politics. The universal trend towards re-nationalization of foreign policies also affects Europe, witness the projection of national interests by European countries in the G-20 parallel to the participation of European authorities.

The continent’s states continue to hold on to historically outdated positions of influence in international organizations which are no longer justified by the contemporary distribution of power. They have thus become a serious obstacle for meaningful reform which would include a redistribution of voting rights in favor of rising powers. This is particularly true for the Bretton Woods institutions, where the cumulative vote of the European Union adds up to 32 percent, exemplified by the International Monetary Fund. Better sooner than later, Europe will have to make up its mind on suitable representation in the global system. Does it want to actively contribute to an equitable order by downsizing its quantitative weight or is it determined to hold on to anachronistic positions of privilege? Fortunately, a modest step in shrinking European voting rights has just been accomplished at the World Bank. This has led to Germany losing its third rank in voting rights to China. The cumulative voting power of developing countries has been boosted by three percent, bringing the total for this group to 47 percent.

An important contribution, which Europe could
make to global governance, consists in its experience of building up supranational institutions on the basis of shared sovereignty (Hill 2010). The charter of fundamental rights, which is part of the Lisbon treaty, breaks new ground by embracing basic economic and social rights, alongside the more traditional civil and political rights as well as citizens’ rights resulting from EU treaties. It can be interpreted as a crucial milestone on the road towards European citizenship in providing a single normative framework for the continent. Another pertinent European experience relates to the widespread inclusion of non-state actors in policy design and implementation, particularly with a view towards harnessing the strength and resources of civil society.

7. RISING POWERS AND GLOBAL GOVERNANCE

Rising powers have emerged as indispensable players on the global stage. Their new weight needs to be recognized by the industrialized countries in the design of the future global governance arrangements (Freemantle/Stevens 2010). In normative terms, the value systems of all major cultures need to be reflected, instead of following the prescriptions of Western countries as happened in the past. However, the rise to the top also implies that major powers from the South must be ready to assume global responsibilities, in accordance with national capabilities (“common but differentiated responsibilities”, earth summit declaration of 1992). By joining the G-20 they have accepted the privileges and obligations of global leadership on a voluntary basis. This includes the acceptance of fair burden-sharing in the provision of global public goods. As elaborated above, the balancing of national self-interest and global concerns is not yet practiced adequately, as is also true for many industrialized countries. International duties and binding commitments are systematically shunned; the contributions of rising powers to international policy coordination and harmonization are mostly inadequate (Castaneda 2010). By joining the G-20 they have accepted the privileges and obligations of global leadership on a voluntary basis. This includes the acceptance of fair burden-sharing in the provision of global public goods. As elaborated above, the balancing of national self-interest and global concerns is not yet practiced adequately, as is also true for many industrialized countries. International duties and binding commitments are systematically shunned; the contributions of rising powers to international policy coordination and harmonization are mostly inadequate (Castaneda 2010).

As developing countries with their voting majority hold the key to substantive outcomes at the United Nations, the future role of the world organization critically depends on the attitudes and policies of rising powers. Judging from current practices it can be assumed that they put little faith in the world organization and are not ready for adequate political and financial support, notwithstanding rhetorical praise for the UN as supposedly indispensable linchpin of the global system. One example of this ambivalence can be found in the ongoing process for system-wide coherence which aims at the reform of UN development architecture (UN 2006). Due to the disinterest or outright antagonism of numerous developing countries, progress has been elusive so far, depriving low-income fellow states of potential benefits. The rising powers’ lack of confidence in the UN is also reflected in their modest contributions to the operational activities of its development agencies: In 2007, the latest year for which official figures are available, China provided only USD 49.1 million to the UN, Brazil USD 48.8 million and India USD 30.6 million (UN 2009b: 22). The resources made available by Western countries are at a much higher level; the USA taking the lead with USD 2.78 billion in the year, followed by Great Britain with USD 1.15 billion.

Rising powers will also have to clarify their role as development partners who increasingly provide resources to poorer developing countries (“emerging donors”). So far, they are unwilling to accede to comprehensive transparency and accountability on their “aid” programs, fearing outside scrutiny and the loss of sovereignty. And they are also not yet adequately supporting the Development Cooperation Forum under the UN’s Economic and Social Council so that it can fulfill its mandate as premier platform of dialogue, exchange of experience and joint learning across all groups in international development cooperation. Ambiguities are often characteristic of Southern attitudes towards non-state actors, particularly those from civil society. Until the inhibitions on transparency and accountability in international affairs are overcome, the new heavyweights from the developing world will not be able to realize their full potential as constructive co-creators.
of a new global governance system.

8. Conclusions and outlook

New attitudes and changed ethical orientations are needed on all sides if global arrangements are to be made fit for the challenges of the 21st century; business as usual will not suffice. Effective global governance which serves the aspirations of all societies will require new modalities of inclusive consensus-building and effective policy implementation. The G-20 can play an important role here in exploring trajectories of possible consensus which then would be forwarded to universal bodies such as the UN for formal decision-making. In addition, the G-20 should transform its operational routines to move from club to network diplomacy in reaching out to a wide range of actors (Heine 2010). And not to be overlooked, one of the most important contributions of the G-20 could consist of providing a conducive environment for the pivotal bilateral relationship of the new era, between the USA and China (G-2).

In order to ensure global stability, the two superpowers must be able to rely on a multilateral setting which tempers their rivalry and allows for compromise without the danger of losing face (Dyer 2010).

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