The G20

The Sciences Po Series in International Relations and Political Economy

Series Editor: **Christian Lequesne**

This series consists of works emanating from the foremost French researchers from Sciences Po, Paris. Sciences Po was founded in 1872 and is today one of the most prestigious universities for teaching and research in social sciences in France, recognized worldwide.

This series focuses on the transformations of the international arena, in a world where the state, though its sovereignty is questioned, reinvents itself. The series explores the effects on international relations and the world economy of regionalization, globalization (not only of trade and finance but also of culture), and transnational flows at large. This evolution in world affairs sustains a variety of networks from the ideological to the criminal or terrorist. Besides the geopolitical transformations of the globalized planet, the new political economy of the world has a decided impact on its destiny as well, and this series hopes to uncover what that is.

Titles include:

Karoline Postel-Vinay, translated by Cynthia Schoch
THE G20: A NEW GEOPOLITICAL ORDER

Françoise Mengin and Jean-Louis Rocca (*editors*)
POLITICS IN CHINA: MOVING FRONTIERS

Marie-Claude Smouts, translated by Cynthia Schoch
TROPICAL FORESTS, INTERNATIONAL JUNGLE: THE UNDERSIDE OF GLOBAL
ECOPOLITICS

Javier Santiso
THE POLITICAL ECONOMY OF EMERGING MARKETS: ACTORS, INSTITUTIONS AND
FINANCIAL CRISES IN LATIN AMERICA

Françoise Mengin (*editor*)
CYBER CHINA: RESHAPING NATIONAL IDENTITIES IN THE AGE OF INFORMATION

Denis Lacorne and Tony Judt (*editors*)
WITH US OR AGAINST US: STUDIES IN GLOBAL ANTI-AMERICANISM

Stéphanie Balme and Mark Sidel (*editors*)
VIETNAM'S NEW ORDER: INTERNATIONAL PERSPECTIVES ON THE STATE AND
REFORM IN VIETNAM

Daniel Sabbagh, translation by Cynthia Schoch and John Atherton
EQUALITY AND TRANSPARENCY: A STRATEGIC PERSPECTIVE ON AFFIRMATIVE
ACTION IN AMERICAN LAW

Ariel Colonomos, translated by Chris Turner
MORALIZING INTERNATIONAL RELATIONS: CALLED TO ACCOUNT

Zaki Laidi, translated from the French by Cynthia Schoch
NORMS OVER FORCE: THE ENIGMA OF EUROPEAN POWER

Samy Cohen (*editor*), translated by John Atherton, Roger Leverdier, Leslie Piquemal, and
Cynthia Schoch
DEMOCRACIES AT WAR AGAINST TERRORISM: A COMPARATIVE PERSPECTIVE

Gilles Andréani and Pierre Hassner (*editors*), translated by John Hulsey, Leslie
Piquemal, Ros Schwartz, and Chris Turner
JUSTIFYING WAR? FROM HUMANITARIAN INTERVENTION TO
COUNTERTERRORISM

palgrave▶pivot

The G20: A New Geopolitical Order

Karoline Postel-Vinay

*Director of Research at the National Foundation for
Political Science, Paris*

Translated by Cynthia Schoch

palgrave
macmillan

THE G20

Copyright © Karoline Postel-Vinay 2014.

Softcover reprint of the hardcover 1st edition 2014 ISBN 978-1-137-36774-7

All rights reserved.

First published in French in 2011 as *Le G20, Laboratoire d'un monde émergent* by Les Presses de Sciences Po, Paris, France.

This edition published in 2014 by
PALGRAVE MACMILLAN

Where this book is distributed in the UK, Europe and the rest of the world, this is by Palgrave Macmillan, a division of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

Palgrave® and Macmillan® are registered trademarks in the United States, the United Kingdom, Europe and other countries.

ISBN: 978-1-137-36775-4 PDF

ISBN: 978-1-349-47461-5

DOI: 10.1057/9781137367754

Library of Congress Cataloging-in-Publication Data is available from the Library of Congress.

A catalogue record of the book is available from the British Library.

First edition: 2014

www.palgrave.com/pivot

Contents

List of Maps	vi
List of Figures	vii
Introduction	
For a Political Reinterpretation of the G20	viii
1 The G20 in the Constellation of Gs	1
Establishment of the G20: 1997–2008	1
The proliferation of Gs and other state groupings since 1945	7
The G20, a leadership summit or a leadership network?	14
2 Does the G20 Lack Legitimacy?	25
Defining international legitimacy	25
The G20 against the UN?	33
The G20 instead of the G8?	39
3 The End of “The West and the Rest”	48
The changing South	48
Redrawing the world	57
Conclusion: The G20, A New Grand Geopolitical Narrative?	70
Appendices	74
Bibliography	106
Index	111

List of Maps

1	The Gs of the North	xiii
2	The Gs of the South	xiv
3	The G2o	xiv

List of Figures

1	Weight of the Gs in the world	43
2	Average development levels of the Gs, 2010	44

Introduction

For a political reinterpretation of the G20

“Mr. President, the Europeans want to convene the members of the G20 to discuss the crisis.” “What’s the G20?” George W. Bush reportedly replied. Yet another illustration of the American president’s legendary ignorance? Not necessarily. In the spring of 2008, the G20 was still a confidential discussion forum organized at the ministerial level, familiar mainly to economists and a small community of international relations analysts. Since then, the Group of Twenty has taken up such a place in the media landscape that it appears to be here to stay. Could it therefore be a new world directorate? The idea has become virtually a commonplace. It provokes reactions ranging from enthusiasm to concern, from hope to resignation. Yet the G20 looks more like a buzzing construction site than a long-established and well-honed institution. It probably prefigures a new but as yet undefined mode of world governance. It is more like a laboratory: within it, a rapidly changing international order is analyzed and attempts are made to organize it.

Most commentators and analysts seem to believe that the G20 is the outcome of a carefully designed plan, the response studied and approved by a certain number of world leaders for handling the major challenges presented by globalization: a more effective tool for global governance. In fact, the emergence of the G20 in the international

order arose from a combination of chance and necessity. It is partly the product of improvisation. It is also a logical consequence of the socio-economic evolution of the world. The structure of the UN was pondered for many years and negotiated among the Allies for months during the deliberations that took place at Dumbarton Oaks from August to October 1944. The European Coal and Steel Community, the future EU, was the outcome of countless projects, drafts and trial balloons before resulting in an agreement among the six founding countries. The G20 came together in the wake of events and transformations that followed the fall of the Berlin Wall. In 2008, it was in the right place at the right time.

The G20 is the result of a complex yet partly familiar chain of events that includes the Asian financial crisis of the 1990s and its aftermath, the involvement of certain nations – especially Singapore and Canada – and the economic development of the so-called emerging powers. Before being a summit for heads of state and government, up until 2008 the G20 was a forum for finance ministers and central bank governors. And before bringing together 19 countries and one regional organization, between 1997 and 1999 the Group of Twenty was made up of 14 countries, then 22, and then 23. At the very start, it was not a “G” followed by a number but the Manila Framework Group. It acted as a crisis management forum to deal with the financial turmoil affecting East Asia, then the most dynamic region in the world. Under Singapore’s initiative and with US backing, the Manila Framework became a coordination group operating beyond the Asia-Pacific region. The group expanded to become the G33. Its members themselves expressed the feeling that it was too unwieldy. The G7 finance ministers suggested trimming it down, resulting in the G20.

The new group was the result of a balance sought between size of GDP and regional representativeness. It operated in this way from 1999 to 2008, for the most part out of the public eye; then came the burst of the American real estate bubble and the ensuing economic crises that hit developed countries one after the other. France, which held the EU presidency at the time, backed by the United Kingdom, argued for an emergency summit meeting, a meeting that the Europeans believed should be held in Washington. The White House agreed. But who was to be invited? Why not the G20? The group had been functioning at the ministerial level for nearly ten years; it merely had to be upgraded a step. That way it became possible to forego arduous diplomatic negotiations over the list of participants for which there was no time.

The very composition of the G20, finalized in 1999, is not entirely arbitrary. It seems logical that countries such as Mexico, Brazil, India and China, already qualified by financiers in the early 1980s as “emerging markets” should be part of it. There is also Argentina, Indonesia and Turkey as well as South Africa which were called the new “big emerging markets” in the late 1990s, until international investors invented new and now familiar acronyms such as BRIC (Brazil, Russia, India and China) and other, less familiar ones such as VISTA (Vietnam, Indonesia, South Africa, Turkey and Argentina), CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) and MIST (Mexico, Indonesia, South Korea and Turkey). Unsurprisingly, given that it was the G7 finance ministers that had drawn up the list, the Group of Twenty includes the G8 member states. The passage from ministerial meeting to summit meeting in 2008 was not an entirely new idea, either. Canadian Prime Minister Paul Martin had already made such a suggestion in 2005. It was later picked up on by some of his fellow countrymen as well as intellectuals from many other horizons: Turkey, India, United States, Mexico, South Africa and so on. There was no other forum for dialogue at the state level that included developed and developing nations without distinction. World institutions such as the UN and the International Monetary Fund (IMF) had not managed to overcome the North-South divide in their mode of deliberation. The two main “Gs” for informal cooperation, the G8 and the G77, perpetuated this dichotomy. For large countries that were both rich and poor, such as China, India and Brazil, and thus from the standpoint of the world order, the North-South divide was no longer as clear, and the contrast between the two was becoming less relevant. Standard geopolitical representations were becoming somewhat obsolescent, and the G20 offered an initial response to the need for reform.

One of the leitmotifs in discussions about the G20, both among its proponents and its critics, is that the group supposedly lacks sufficient or even any legitimacy. The G20, it is pointed out, does not bring together all the world countries, unlike the UN. The so-called least developed countries are conspicuously absent from it. To start with this entirely accurate observation to measure the G20’s legitimacy objectively is to forget that legitimacy is precisely not an objective notion. It is a fundamentally political one. The historian Pierre Rosanvallon has shown how within the internal workings of democracies, legitimacy is reliant on a notion of general interest that cannot be defined solely by arithmetic

majority and that moreover evolves over time.¹ In the case of international society, legitimacy is gauged by the coherence between collective norms that are accepted at a given historical moment and the actions of those that share them.

International legitimacy is thus based on a judgment that cannot be reached simply by counting up states. That being said, if the G20's legitimacy arose solely from quantitative criteria, it might be noted that the majority of the world population living beneath the poverty threshold does not reside in the least developed countries but in the so-called emerging nations. This is due to the usually very inegalitarian development within them, a phenomenon amplified by the sheer population size of some of them, China and India being in the lead. The emerging powers are all in the G20: the majority of the world's poorest inhabitants are therefore represented by it. Furthermore, the change in the South illustrated by the rapid development of emerging nations has led to redefining the issue of poverty: it has in fact become a transnational issue of inequality.

Furthermore, the legitimacy of an international body is judged in terms of what is expected of it. That, too, is a matter of political interpretation, whether the entity is an informal club such as the G8, the G77 and the G20, or instead the UN, whose mission has grown considerably since 1945. A few years after the end of the Cold War, the UN and the IMF have more and more frequently been criticized for lacking legitimacy. The UN was accused of not fulfilling its mission of peace and development, of being undermined by a bloated bureaucracy and recurrent corruption scandals and especially, of giving only five out of nearly two hundred countries the right of veto on strategic decisions. The IMF was criticized for the brutality of its interventions in the financial crises of the 1990s, having imposed stringent policies on debtor countries that were not even required of their creditors. The IMF was also deemed to grant too much decision-making power to the West, and its critics had grown weary of always seeing a European at its head. Today when a "legitimate" UN is contrasted with an "illegitimate" G20 or that is "not legitimate enough," shortcomings of the Organization that only a few years before were considered to have sapped its legitimacy seem to have been forgotten, those very failings that made a vast overhaul necessary that even the Organization itself favored and still wishes to implement.

The most radical "G20-skeptics" fear that the Group of Twenty will replace the United Nations. Yet in the G20 declarations as well

as in its initiatives, it is hard to detect any intention on its part of mounting a takeover of the world body. Everything on the contrary indicates that all the Group's members, including the EU (which, not being a state, has no vote in the United Nations General Assembly), recognize the need to preserve a place where all the world's nations can congregate. "Pro-G20s" argue that the legitimacy deficit affecting the Group with respect to the UN is offset by its greater effectiveness. In contrast to the United Nations' cumbersome processes, they point out that the G20 managed to come together swiftly in 2008 to curtail the damage of the financial crisis and that it played a decisive role in the reform of IMF voting rights announced in 2010. But there again, gauging the effectiveness of an international body depends on the mission assigned to it. The goal the G20 set for itself – to provide a forum for discussion – is incomparably more limited than that of the main international organizations, and notably, it claims no legislative or executive power.

The G20, as it currently functions, is not set up to manage world affairs. It is a place for consultation that has the essential merit of bringing together around one table actors whose habits have been more confrontational than cooperative. On the basis of his experience in supranational management, President of the European Commission José Barroso considers that "the very fact that [these actors] are engaged in a joint process of addressing global imbalances... should be recognized for what it is: enormous progress that simply would not have been possible some years ago."² The world order is undergoing a major upheaval on a scale that is rare in international history and which encourages diplomatic creativity, as similar changes have done in other times. Such was the case at the end of the 19th century when the world's first international organizations were founded, both governmental organizations such as the International Office of Public Hygiene (forerunner of the World Health Organization) and the Inter-Parliamentary Union, forerunner of the League of Nations, and non-governmental organizations, such as the Red Cross. Another watershed in the world order was 1945, which gave rise to the United Nations systems and the Bretton Woods institutions. Today, the legacy of the end of the Cold War, combined with the rise of emerging powers, is producing a new situation of which the magnitude is obvious, although it is too early to assess the consequences with any great accuracy.

The G20 is at once the illustration and the mirror of this historic moment, which again requires re-imagining the regulation of international relations and demonstrating diplomatic creativity. In this regard, the G20 functions like a research institute. It is a platform for observing the world's socioeconomic changes. One of the G20's major activities involves using the expertise of specialized organizations such as the OECD, the ILO and the FAO to take stock of the world situation on key issues such as taxation, growth, employment and food. The G20 is also a place for experimentation. The so-called Northern countries are learning to work on an equal footing with the countries referred to as the South. All its member countries are establishing new channels of communication with the world's regions, not only the EU but also other regional organizations that are regularly invited to the G20 summit meetings. Together, vastly different countries, religious and secular, democratic and authoritarian, highly developed and less developed, are defining a discussion agenda on concrete issues. The Group of Twenty may or may not become a more formal and institutionalized entity. The question is rather secondary. The most important thing at this point is to have an operational framework within which to design the future of international cooperation.

MAP 1 *The Gs of the North*

1981: The term "emerging markets" is coined by a World Bank economist.

1985: Plaza Accord signed by the G7, ratifying a strong depreciation of the dollar.

1990

1997: The G7 becomes the G8 with Russia. The G7 Finance continues to exist without Russia.

1998: Russian financial crisis. The IMF ratifies the "New Arrangements to Borrow" (NAB), on a proposal from the G10.

2000: Opening of a G8 dialogue with Africa.

1981: The G77 launches a program of action on Economic Cooperation among Developing countries (ECDP) in Caracas. China becomes a guest member of the G24.

1994: Mexican monetary crisis.

1997: Asian financial crisis.

1998: Caracas declaration II by the G24. Call for developed countries to assume greater responsibility.

2000: The G77 has 131 members. It holds its first South Summit in Cuba.

Member countries

■ of the G77 (all G24 members are members of the G77) see complete list in appendix

■ of the G24

□ observer (China)

Sciences Po - Atelier de cartographie, 2011

Sources: Intergovernmental group of 24 (G24), www.g24.org,
The Group of 77 at the United Nations (G77), www.g77.org

MAP 2 The Gs of the South

Indicative Chronology:

Presidency

1998

Canada

India

Mexico

Germany

China

Australia

South Africa

Brazil

UK

South Korea

France

Mexico

1997: The G22 formed alongside the Asia Pacific Economic Cooperation (APEC) forum, with IMF participation.

March 1999: The G22 is enlarged to become the G33, in coordination with the G8.

December 1999: The G33 is overhauled resulting in the G20, announced by the G8. The G20 is a meeting of finance ministers and central bank governors.

2008: The G20 becomes a leadership summit.

Members countries

■ of the G20 (names in bold)

● of the former G22 (all G20 members were members of the G22*)

● of the former G33 (all G22 members were members of the G33*)

* except the EU

Source: G20, www.g20.org

Sciences Po - Atelier de cartographie, 2011

MAP 3 The G20

Notes

- 1 Pierre Rosanvallon, *Democratic Legitimacy. Impartiality, Reflexivity, Proximity*, trans. Arthur Goldhammer, Princeton, Princeton University Press, 2011.
- 2 José Manuel Durão Barroso, “The G20. Putting Europe at the Centre of the Global Debate,” European Parliament plenary debate on the G20, Strasbourg, November 24, 2010.