

The G20: Shifting Coalitions of Consensus Rather than Blocs

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The emergence of the G20 as premier steering group for multilateral coordination on global economic matters marks arguably the most profound evolution in global economic governance since the creation of the World Trade Organization (WTO). It represents the first adaptation of the infrastructure of global governance to reflect dramatic changes in the distribution of power since the end of the Cold War. It is also the only forum in which major established and emerging players meet in setting of formal equality—unlike the 2-tiered Security Council or the weighted voting of the international financial institutions.

The G20 acknowledges that global governance cannot be accomplished by the West alone, and it provides a flexible, problem-solving framework in which established and emerging powers can hammer out agreement and negotiate breakthroughs on pressing global issues. While the G20 has focused on economic issues, it will almost inevitably—like the G8 before it—be drawn into a broader agenda, including development, climate, energy and eventually peace and security issues. Critical to the success of the G20 will be the degree to which it complements and drives reform within—as opposed to replaces—standing international institutions.

As the G20 becomes increasingly established and expands its agenda, it has the potential to shake up the geopolitical order, introducing greater flexibility into global diplomacy and transcending the stultifying bloc politics that have too often hamstrung cooperation on global governance in formal, treaty-based institutions, including the United Nations. The very size and diversity of the G20—while not without drawbacks—may inject new dynamism into global governance, by facilitating the formation of shifting coalitions of interest. As such, the G20 presents particular strategic advantages for the United States, which will remain *the* indispensable partner for the vast majority of winning coalitions within the new steering group.

One of the biggest challenges the shift from the G8 to the G20 poses is the expanded diversity of the group. This diversity has some inevitable drawbacks, but it can also become an asset, if the United States and other parties handle it skillfully.

Generally speaking, when it comes to constructing a steering group for the global economy, there are inevitable trade-offs to be made between three essential values: like-mindedness, effectiveness, and representation. Let me touch on each of these, because they are worthwhile bearing in mind when one considers possible negotiating dynamics within the G20—as well as outside of it.

One possible organizing construct is *like-mindedness*, in terms of political values. If one were looking merely for this quality, one might have stuck with the G7 (the G8 being hamstrung by Russia's inclusion). The G20, by contrast, is extremely diverse in terms of political organization and ideology.

What the financial crisis revealed, however, is that for the management of some global issues, it is not enough to stick with a coalition of likeminded Western market democracies. Moreover, evidence suggests that democratic and authoritarian governments are quite capable of finding common ground on some global governance challenges, as long as they do not address norms of *domestic* governance. At the same time, the Obama administration has taken the position not to do away with the G7/G8 but to see some continued role for it in dealing with the most sensitive issues, suggesting the like-mindedness considerations remain important.

A second logic would be to focus on *effectiveness*. Truly implemented, this would envision a larger steering group than the G7 but limited to the smallest number of states that really matter. Based on this consideration, one might have stopped at a "G13", by formalizing the G8+ "Outreach 5" dialogue that emerged through the Heilegendamm-L'Aquila process. Such a scenario would have brought Brazil and other big countries in, while keeping Argentina and other lesser players out.

The third logic—and one to which the G20 has moved (arguably too far)—is toward *representation*, which places a premium on an entity that looks like the world and presumably enjoys stronger (though hardly perfect) *legitimacy* as a result. The G20's size comes at some cost to effectiveness, as discussions typically require a time-consuming "tour de table"—a challenge that has only increased with the presence of gate-crashers like Spain. Such a large steering group risks reproducing the unfortunate dynamics in large-membership organizations, including pursuit of lowest common denominator policies.

Given these sometimes competing priorities of like-mindedness, effectiveness, and representativeness-legitimacy, one would anticipate the United States and other countries to make use of multiple frameworks of consultation. In a world of "multi-multilateralism," countries will inevitably forum shop, adopting the right institutional arrangement or coalition that fits their needs, as well as creating issue or context-specific coalitions of limited membership. Such a pattern has already emerged in the realm of climate change, with the creation of the Major Economies Forum (MEF), and in the sphere of non-proliferation, where like-minded states have created the Proliferation Security Initiative. At the same time, the transactions costs of establishing a new "Gx" grouping for each new problem, as well as "summit fatigue" among the world's leaders, may well drive them toward some institutional consolidation.

Given the structural limitations of "variable geometry" outside the G20 context, we are likely to see the emergence of complicated coalition dynamics within the G20 itself.

States will shift alignments across issue areas, and may form separate coalitions based on weight, like-mindedness, and representation.

Divergences among the G20 were masked during the first year of the crisis, as countries focused on the short term, urgent goals of preventing global financial meltdown. As the world starts to come out of crisis, the underlying diversity of opinions, interests, and perspectives in the G20 will reemerge. It will be hard to coordinate exit from crisis, the timing of which will be based primarily on national interests and contexts. Coordinating shifting monetary and fiscal policy will be much difficult than during the crisis, as countries seek to follow their own schedules.

In broader perspective, however, the advent of the G20 has the potential to play a positive, transformative effect on world order.

First, it has the potential to inject fresh air into stale negotiations over global governance that are frequently split along North-South lines, thus avoiding the destructive bloc dynamics that exist in the United Nations and other large membership forums. The fact that several prominent G77 nations are now in the G20 may encourage some to cast off their ideological blinkers, expand their horizons and interests, and adopt more nuanced positions. In the G77, it is often possible to play to the galleries without any responsibility; in the new context of the G20, major emerging economies may have more at stake. Indeed, Brazil, India, China, Indonesia and other rising players may find themselves whipsawed between their new status in the inner sanctum and outdated ideologies that are decreasingly relevant for solving global problems. One can imagine the emergence of new alignments and strange bedfellows within the G20—and, ideally, such new, flexible postures being exported back into the UN, IFIs, and other standing institutions. India in particular is a critical country here; perhaps even more than China, it faces a tug between its traditional orientations and more recent political, economic and geostrategic trends.

The greatest threat to this more flexible diplomatic dynamic would be the development of standing bloc caucuses within the G20, something that fortunately has not occurred to date. Given the comfort which the United States has gained within the G7, as a grouping of like-minded countries, some have suggested that Washington should promote a formal caucus of Western countries within the G20. Although superficially appealing, this approach could well backfire, as others—perhaps G77 members or the BRICs or BASICs—respond in kind. The United States should accordingly avoid actions likely to lead others to import toxic bloc dynamics into the G20.

A second major advantage of the G20 is in offering a potential framework in which to “socialize” emerging powers to accept the obligations and responsibilities inherent in their power. As members of the G20 club, rising states—as well as established ones—will be expected to assume a greater share of obligations for the provision of global public goods, and may also feel some pressure to comport with established international norms. While

free riding will no doubt be a problem, the dynamics of summitry—including joint pledges and harmonized positions--will create peer pressure to comply with group norms.

Getting greater contributions from China, India, and Brazil is particularly important. Although they have few strategic interests in common, they do share a general interest in sustaining the dual identity of emerging great powers and developing countries: they want to be at the high table, step onto the global stage, but at the same time are focused on the internal challenges of development. They thus seek continued differentiation from the OECD world, and enveloping selves in mantle of the “developing country” to reduce pressures to share burdens and provide global public goods.

One big fissure between established and emerging powers is over multilateralism itself. The new players in general want to increase their weight and participation *in* global governance, but they do not necessarily want *more* global governance.¹ Consider the IMF agenda: there are many established G20 members that would like the fund to take on a more overt early warning role to prevent crises, including by monitoring member state policies. But the Chinese, Saudis, Indians, and other rising players are not enthusiastic. What they are after is bigger voting shares.

Third, the G20 promises to give the United Nations some healthy competition. The reality is that the real world is being transformed but the UN has not adapted, and in many respects remains paralyzed . The G20 will not replace the United Nations, for reasons Paul Heinbecker persuasively enumerates. But we are likely to see increased issue migration to the G20 unless the United Nations raises its performance and proves its relevance. The G20 also offers a near-term surrogate for stalled UN Security Council expansion, while offering a testing ground to gauge the readiness of leading aspirant countries to assume the duties that permanent membership—or a new category of long-term membership—would entail.

Fourth, the more fluid negotiating environment presented by the G20 is particularly attractive for the United States. For all the hand-wringing over alleged U.S. decline, the United States will remain the premier, often indispensable, coalition partner for other G20 members seeking to push particular initiatives. As the key actor in most winning coalition, Washington will be the central node for G20 diplomacy, giving it freedom of action to advance its national interests and policy priorities with a flexible set of coalitions across the G20 membership. Indeed, while some wax nostalgic about a declining Western order, a more sober-minded approach would suggest that depending on the issue area, the United States may have more in common with the Indian, Chinese, or Brazilian positions than with those of the Europeans. As the hub of G20 system, the United States will have freedom to shift its alignments depending on the issue area². Such a strategy of variable geometry within the G20 gives the United States a clear avenue to prolong its hegemony for the foreseeable future, while building relations with the big emerging players.

¹ I am indebted to David Gordon for this insight.

² This paragraph builds on insights from Bruce Jones.

As the scope of the G20's agenda expands, which seems inevitable, the United States will find a wider range of potential alignments with non-traditional partners. For instance, on counter-terrorism cooperation, one could imagine the United States having a natural convergence of interests not only with the Europeans but also with Russia, China, Saudi Arabia, Indonesia and India—all of which have been vulnerable to home-grown terrorism. The G20 might also create new possibilities for cooperation on global energy, by providing a forum in which producer and consumer countries might reach common ground. The new dynamics of coalitions within the G20 may well produce some strange bedfellows.