



Competing Gs?

The increased importance of the G20 is calling into question the role of the G8. Is the G20 establishing itself as the hub of global policymaking?

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The G20 leaders format appears to be an ascendant form of summitry. Acting as an economic crisis committee, the G20 has served an important symbolic function, sending a clear message that leaders of an extended group of states across the North-South divide recognise the gravity of the fallout from the financial and economic shocks. It also provides significant instrumental value, with its extended plan of action in a host of technical areas.

It is thus easy to suggest that the G20 summit constitutes a mechanism ready to seize the moment, turning a structural dilemma into institutional innovation and creative initiatives. The initial November 2008 meeting in Washington – and the momentum toward this second gathering in London in early April 2009 – has sent a sharp message that world leaders prefer hanging together through collective efforts to

hanging separately through instinctive but short-sighted unilateral efforts. With its solid association via the G20 finance machinery and the International Monetary Fund (IMF) – another institution that has revitalised itself in a time of crisis – the G20 not only boasts technical capabilities, but is also favourably positioned as a catalyst for wider technical reform.

Yet, for all of these early positive attributes, some constraints remain before the G20 can emerge as the summit of summits.

The G20 as a hub of global policymaking and governance is premised on the assumption that leaders (as opposed to finance ministers and central bank governors) will maintain their focus on the solutions as well as the problems associated with the financial crisis. But most of these remedies are highly technical, whether dealing with a college of supervisors, the Basel banking standards or the International Organization of Securities Commissions. Will this agenda continue to contain the right



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ingredients necessary to get all G20 leaders to attend? The London meeting counts in part on the star power of its host – UK prime minister Gordon Brown. This is only amplified by the first major appearance on the world stage of United States president Barack Obama. But as the crisis deepens, will there emerge a sense of G20 fatigue beyond the April summit?

The G20 summit is not free from criticism, particularly of its representational claims or its performance quality. As a replica of the G20 finance forum, the G20 leaders format has the merit of convenience while glossing over membership conditions. Argentina and Turkey were included in the G20 finance largely because of their position as debtor states, but does this rationale still stand up? The G20 also privileges Saudi Arabia as a wealthy Arab country, as opposed to others with greater claims of representation, most notably Egypt. And the issue of European over-representation continues to be sensitive. French president Nicolas Sarkozy may be lauded for his diplomatic skills in adding Spanish and Dutch participants at the Washington meeting – along with the presence of the four European G8 members and the European Union president. However, this imbalance creates a backlash, prominently from the African Union (AU), demanding equal representation and renewed calls from the global South for IMF reform to address the disproportionate European weight.

In terms of performance, the G20 summit appears to have made good progress on several technical items relating to regulation, standards and surveillance. Missing is a signal from the G20 that it is linking

institutional reform to the issue of inclusiveness, in particular to the emerging countries with the highest degree of global economic or diplomatic reach. A case in point is the apparent lack of progress on the expansion of the Financial Stability Forum, which includes Hong Kong but not China.

The ascendancy of the G20 has brought into question the future of the G8 as the established hub of global policymaking and governance.

On the face of it, the G8 has difficulty justifying itself as the 'likeminded' group – due to the presence in its ranks of Russia – particularly in a time of economic crisis with all of its global ramifications. Yet there are serious reservations about any form of 'big bang' membership expansion. To its credit, as host of the 2009 G8 summit, Italy has shown some considerable agility in minimising the deficiencies and maximising the comparative advantages of this summit process vis-à-vis the G20.

Italy has emphasised the presence of the big emerging states, namely China, India, Brazil, South Africa and Mexico, the self-described G5. This group was formally convened at the 2007 Heiligendamm Summit with a two-year mandate to build an extended dialogue on a number of key issue areas. While low key, this process – facilitated by the Organisation for Economic Co-operation and Development – has been vital in going beyond the image of outreach. The entire second day of the 2009 Italian-hosted G8 will be given over to a meeting between the core membership and the G5. Significantly, in another break from the G20 formula, Egypt is added to this mix.

The third day will be devoted to extending the discussions both on a substantive and an inclusiveness basis. The 16 members of the Major Economies Meeting on Energy Security and Climate Change (MEM-16), as convened at the Japan-hosted 2008 Hokkaido Summit – will once again be invited for talks on the climate change agenda. As in the case of the G20, the AU president (the mercurial Colonel Muammar Ghaddafi) is also invited. This form of participation gets around some of the problem related to selecting African representation beyond South Africa (and now Egypt). It also signals that Africa will not be forgotten by the G8 amid the financial crisis.

As the nature of their relationship plays out, some element of tension between the G20 and the G8 is inevitable. If the core components of the G8's traditional economic mandate are carved out to the G20, does this weaken the G8? Or does it create a better division of labour where the G8 can concentrate on other important areas? The Italian summit suggests the latter by its focus on development as well as security issues (including Afghanistan). Or, alternatively, if fatigue sets in on the G20 after April 2009, will the G8 be able to grab back the economic agenda as an ongoing summit process that can deal with the extended financial shock waves?

If so, the G8 will also have to regain some of the legitimacy associated with the G20 – due to its more representative membership – and signal that it is ready to provide a comprehensive vision for 21st-century policy making and global governance. ♦