

# Legitimacy and Credibility: Challenges of Broadening the G20 Agenda

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## Introduction

The key characteristic of the 21st century is that the old divisions of North and South, developing and developed are no longer sufficient to define the alliances that countries have to make to deal with a far more interconnected and complex world. The world's complexity demands that countries operate across ideological and power divides, with an essential role for states that can bridge such divides and help build global consensus. There is also a multiplicity of mechanisms: the global community has an abundance of formal multilateral institutions, whose mandates sometimes overlap; and informal groupings have mushroomed. They may lack universal legitimacy but nevertheless have the potential to form a nucleus around which reforms can be spearheaded.

One such informal grouping is the G20, which while lacking the legitimacy of universality conferred on the UN, combines the majority of global GDP and global populations.

Its mandate at the summit level started off as a global economic governance forum—a recognition at the onset of the 2008 financial crisis that the G7 were not able, on their own, to tackle such a systemic challenge. Its obviously improved representivity compared to the G7/8 has now raised the possibility of broadening its functions further.

How feasible and appropriate is this?

## **Broadening the agenda of the G20—a mandate for breaking global deadlocks**

At an abstract level a case can clearly be made for the need to have an informal grouping of systemically important countries whose objective is to debate the issues and seek consensus, which can then be taken to a bigger, formal multilateral body. However, one must consider the following:

- how such a body may be made effective and efficient;
- how such a body may avoid creeping into other bodies' responsibilities; and

- how such a body may avoid falling victim to rising expectations—the result of an overly ambitious mandate—which would have ramifications for its longevity and credibility.

While many people will argue that the G20 did remarkably well to address the financial and economic crisis in 2008 and 2009, once the worst of the storm was over and the pressure eased a little, it has been less able to make progress on its agenda by finding agreement among all members. The current characteristics of the G20 pose some constraints on how it may evolve over time, and there are also some operational challenges that need consideration too.

Unlike the G7, its members don't share the same political and economic systems and values. Within the G20 there are system preservers and system challengers. In other multilateral forums the make-up of these may change, for example in the UN Security Council China wishes to retain the status quo, while in the G20 it is a newcomer (compared to the G7 nations). The old G7/8 and the new G20 may not cohere on specific issues; neither do the non-G7 members of the G20 among themselves, who equally display a diversity of values and interests. Because there are overlapping and competing interests within the non-G7 members of the G20, the ability to arrive at a common, coordinated position is also difficult, although not impossible. The Europeans indicated masterfully how they have learned to arrive at certain decisions very quickly, thus benefiting from the “first-off-the-mark” advantage. This was illustrated in the nomination of Christine Lagarde, the French finance minister, to head up the IMF after the sudden resignation of Dominique Strauss-Kahn. Among the developing countries there was no unanimity on a candidate, even if it had been possible to break the European stranglehold on the headship of the IMF. Over time it is possible that deeper collaboration will emerge among the non-G7 members, but this is likely to take time. Greater cooperation (and trust) may emerge from having worked together over a long period of time, which is something the G20 clearly has not had at the G20 summit level.

Thus within the G20, the broadening of the agenda and making it an effective body in global governance requires a steady building up of coherence around what these non-G7 G20 members agree on, and not only what they are against.

However, another important element in the evolution of the G20 is that of exercising global responsibility. Some of the members of the G20 play vital regional roles, underwriting regional public goods—whether these are social, security or economic. Global responsibility, rather than narrow self-interest, should underpin the decision-making within the G20, of both established and emerging powers. If the G20 is to attain its objective it is important for these countries to regard their role there as contributing to global solutions, not only identifying problems. Invariably, though, in the current fluid international environment the question may well be posed as to who determines whether countries have acted responsibly and by whose rules.

Global responsibility is related to the challenge this “self-appointed” grouping faces of legitimacy. Undoubtedly, it can be more effective if it also addresses the question of legitimacy by using the formal multilateral processes as a way of democratising the consensus built up within the G20. In this last point, smaller G20 countries can play a key role.

This brings me to the issue of operational constraints. While greater institutionalisation of global governance issues can be important in democratising global policy making, the functional input that can be made and achieved by the existence of more informal clubs such as the G20 should not be underestimated. Yet, should the agenda of such an informal grouping become overburdened, its ability to be effective will invariably be undermined, requiring its own formalisation in the form of a secretariat, a development favoured by South Korea. Would this undermine the value of informal exchanges that the G7 built itself on? Perhaps not, as any participant or observer of these summits will attest to the fact that they have become more formalistic over the last several years. Would a secretariat provide it with independent resources to undertake its own analysis and investigation of issues before the leaders meet, rather than rely on existing institutions such as the World Bank? Maybe yes—the current limitation of resources has certainly been an issue of concern in some developing countries.

### **Broadening the agenda—what would that mean?**

Ideally, given the global geopolitical shifts, the G20 should evolve into the forum/club that spearheads global public policy debates and also thus acts as the engine for breaking global deadlocks in these issues.

The adoption of the Seoul Consensus on development has taken the G20’s agenda to another level—although it is linked specifically to development as the longer-term imperative for growth. In fact the Seoul Consensus broadens much more considerably the “development” focus of the G8, which was largely about the aid debate. However, while development issues may be linked to economic growth, an expansion of the agenda too quickly is undesirable before the G20, in its current mandate, consolidates itself as a grouping that can deliver.

As a South African government representative said in May 2011 at a conference hosted by the South African Institute of International Affairs, there is real pressure to show short-term successes, especially on the development agenda. In a broad agenda that in the case of development is far more long-term, it becomes difficult, especially because there is no permanent secretariat.

The way in which the G20 and especially the G20 development working group has sought to navigate this is by trying to identify a niche rather than moving into other organisations’ territory. Hence its focus in 2011 was to make some tangible progress in two areas—infrastructure and food security and

price volatility. In the area of education, the Seoul consensus is focusing on skills development rather than on the MDG emphasis on primary education.

Yet, an overriding question remains: Who sets the agenda? Currently, as noted above, the international organisations play a key supportive role to the Summit. Although the leaders set the framework, the huge resources of these organisations mean that they are in a strong position to influence the direction in which issues are steered. South Africans have argued that this may entrench predetermined Northern policy options that thus may not reflect the more diverse nature of the G20.

While the existing focus on global economic issues raises its own set of challenges of reaching agreement among the group—including the debates around trade, climate change and development as issues related to financing (certainly from a developing world perspective)—the broadening of the agenda to include global political and security issues might be more difficult and problematic.

Thus perhaps here it is useful to differentiate between two key functions that the G20 can play, both equally important:

**First**, the value of dialogue on sensitive issues among systemically important states, without aiming to deliver a set of concrete outcomes, can help create understanding of different positions while not steering towards a consensus on a particular matter.

**Second**, the ability to develop and implement a set of concrete deliverables whether in processes, financial systems, or global imbalances, which was the G20's first and primary objective when it was elevated to summit. This mandate in itself is extremely ambitious anyway and the difficulty of agreeing on the causes of the problem and hence its solutions has emphasised this clearly.

## **South Africa at the G20**

South Africa is the only African country to have a seat at the G20. South Africa's economy is the biggest in Africa, although small in comparison to many other states in the G20. Since 1994 when it became a democratic constitutional state, South Africa has been willing to participate in rules creation both in its region and globally—what you may call a responsible stakeholder. There are a number of important issues for South Africa within the G20.

**The region:** It is true to say that more than any other country at the G20, SA believes that it has a responsibility to ensure that its **region's voice** is placed on the table too, notwithstanding that the country does not have an "official mandate" to speak for Africa. It does this through the Committee of 10—comprising 8 ministers of finance and 2 regional central bank governors—but advocates a formal voice for Africa via the AU and the Nepad Agency—which do attend G20 meetings. Africa is at the centre of South Africa's international

relations engagement, but many outside Africa also ascribe to the country a representational role for the continent.

**Multilateralism:** Formal multilateralism is an essential element of SA's approach to international relations. Since its transformation to democracy in 1994 it has always been very engaged in multilateral issues and the objective of creating a rules-based multilateral order. One can argue that multilateralism is the refuge of the weak...or the small, but that is exactly why South Africa believes in developing a rules-based multilateral order, which would strengthen the voice of the weak.

Since 1994, SA has advocated the need to address what a former president had called "global apartheid" and to reform the post-war international institutions to reflect the new realities. The elevation of the G20 to summit level presents such an opportunity—i.e. using such an informal grouping as a vehicle for developing consensus on reforms to take them to the formal institutions such as the Bretton Woods.

**Small states or middle powers:** SA is the regional hegemon in Africa, much as it cringes at such a definition. Yet, in the global context it is a middle power, with the potential to play a constructive role in global multilateral forums exactly because it is not a global power. It can build bridges across divides, which it has done successfully in the past (both in security areas and in climate change), but it should also consider a crucial factor—that it has to be able to be a policy innovator.

**Beyond aid:** South Africa's perspective on achieving sustainable development is that the debate should be about more than aid: trade, investment, infrastructure development, and financial inclusion are all important components of facilitating development. Indeed, the rise of China has made the debate around what we mean by development far more encompassing. The Seoul Development Consensus reflects that broader definition of tools of development.

**Practical constraints:** While recognising the positive role of the G20, SA is also very aware of its own capacity constraints, but equally the danger of a fairly new body over-promising and under-delivering. Any discussion thus around broadening its mandate should be able to answer to the question of what is its specific value-add. If the G20's mandate is to break global deadlocks, what are the mechanisms that it should create to ensure that it does that effectively? This debate is still in its infancy.

**Africa, the G20 and legitimacy:** Finally, in addressing the issue of legitimacy, SA emphasises that the overarching legitimate body in global affairs is the UN, while recognising the function that less-legitimate forums such as the G20 can play. I would argue that the inclusion of African economic development as a central aspect of G20's engagement can only add to the legitimacy of the body, and equally—although many don't necessarily see it that way—to the G20's efforts on global rebalancing. Africa is the last frontier of growth

and development—how the G20 relates to it in this regard will be significant as indeed the fact that growth with resilience is now on the development agenda.

In conclusion, legitimacy is not only conferred by numbers but also by credibility and efficacy. In considering broadening the agenda therefore, it is essential to build up credentials for delivery. But in the longer term, as a club of systemically important countries, the G20 must play a bigger role in setting the global public policy agenda, that of the global commons.

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