

Presentation

*Wilhelm Hofmeister**

Ever since the financial crisis in 2008, the group of G20 has become a new forum for dialogue, consensus and coordination between important political leaders in the world. This group integrates Argentina, Australia, Brazil, China, Germany, France, United Kingdom, India, Indonesia, Italy, Japan, Canada, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the USA as well as the European Commission. Even if some of the biggest economies and most important commodity producers and consumers are members of the G20, it cannot be considered as the “club of the strongest”. Spain, the Netherlands, Poland and Belgium have a larger GDP than Saudi Arabia, Argentina and South Africa, which represent “only” the world’s 23rd, 30th and 32nd largest economy respectively. The membership of G20 is therefore somehow arbitrary. Nevertheless, it is actually considered by most of its members and many international observers and commentators as the most important forum for coordination and consensus building on issues of global governance (apart from the United Nations with its particular character).

Created in 1999 as a forum for finance ministers and governors of central banks, it was during the financial crisis in 2008 that the G20 gained broader international attention. The heads of state used this forum to agree on mutual reactions to the crisis and they still use it for global dialogue and coordination. The next meeting of the G20 will take place in Nice, France, in November 2011.

The G20 is another one of the “G-groups”, which for many years and in different compositions have been serving governmental representatives of individual countries as *fora* for consultation and coordination. The G8, made up of Germany, France, United Kingdom, Italy, Japan, Canada, Russia and the USA, has recently been of particular importance. It claims somewhat of an informal leadership role in questions of international politics, which go beyond politico-economical coordination. However, during recent years countries like China, India, Brazil, Mexico and South Africa have been criticising this exclusive claim of the G8. These emerging nations were supposed to become involved in a more institutionalised dialogue with the G8, as proposed in Heiligendamm, Germany, in 2007. Nevertheless, they have been denied formal membership and this has provoked certain criticisms by those “G5 countries”.

* The editor would like to thank Mr. Alexander Glienicke and Mr. Maximilian Clasmeier for their editorial support.

Their economic impact as “emerging nations” has been increasing rapidly and consequently so did their demand for political participation.

The international financial and economic crisis of 2008 has accelerated the process of creating a broader global forum beyond the G8, meaning the G20. The G20 may certainly not claim universal representativeness of the international community. However, especially for emerging nations, this group is of major importance, because it offers to them a forum of dialogue as partners with equal rights as the “old” industrialised nations and reach agreements that may have substantial impact on the international system. It may not be neglected that some of the “emerging” economies have already surpassed most of the traditional industrialised economies in terms of GDP.

The G20’s demand for influence is already exceeding the mere area of financial and economic politics. During their 2010 summit in Seoul, the political leaders have expanded the agenda of their discussions and touched upon questions of energy security, climate change, fighting corruption and development policy. This approach has triggered questions concerning the competences and capacities of the G20 regarding their contribution to “global governance”.

Observing this emergence of a new international forum on global governance the Konrad-Adenauer-Foundation organised an international symposium in Seoul, Republic of Korea, in May 2011, in which representatives of different G20 member states were given the opportunity to debate the role, competences and capacities of the G20. Intentionally, questions of promoting democracy, human rights and civil liberties were integrated into the discussion.

- Should the G20 dwell on subjects that exceed economic and financial matters? May the G20 act as a forum for coordination of “global governance”?
- Which similarities and differences characterise development models of “old” industrialised nations and “new” emerging nations?
- What is the significance of “democracy”, “human rights”, “civil liberties” and “social justice” in the G20 process?
- Why do emerging nations want to participate in the G20? What political advantages do they expect with regard to their national interests and priorities?

These were the central questions that were discussed during the symposium. They also build the framework for the papers published in this book. The answers to these questions may be summarised as follows:

- The G20 process is regarded as a positive development, especially by those countries that have previously felt excluded from the informal dialogue of the G8 and see themselves as “mediating powers” or “regional powers”. They see a forum for participation in decisions

on questions of “global governance”, which international institutions have not been able to provide.

- The influence of the G8 is seen as being in decline; this group will be of diminishing importance, because it does not unite the most significant economies anymore; nor does it fully embrace principles of democracy, especially with regard to Russia, according to which every member should be truly democratic.
- The G8 should continue to dwell on agreements concerning international financial and economic matters. Otherwise the agenda may be adversely extended and complicate the process of decision making.
- Individual countries approach participation in the G20 with individual expectations and focuses. While some concentrate on economic and financial questions, others are interested in a broader political agenda, as the G20 provides a platform for dialogue that other institutions are unable to provide.
- Generally, the scope of political actions of the G20 will remain limited with regard to “global governance”. It is unable to replace other *fora* and institutions.
- Although matters of promoting democracy and human rights were not part of the official G20 agenda, participants showed significant interest in an overall dialogue about these topics among the G20 members. The Konrad-Adenauer-Foundation was asked to organise and support such a dialogue. Therefore, it was suggested to set up an additional symposium with think tank representatives from G20 countries, which will be dedicated to the promotion of democracy. In particular, regional projects in Asia could gain important stimulation from such a international forum.

In the following we want to summarize the individual articles.

Melissa Conley Tyler, National Executive Director of the Australia Institute of International Affairs and **Caitlin Longden**, from the same institute, are putting a clear “no” to the question whether the G20 should add democracy and human rights to its agenda. Although from an Australian perspective there exists some relationship between such political topics and the subjects of the G20, they should be more of a by-product of the G20 process than a dominant part of its agenda. This new group is considered useful, practical and appropriate; furthermore, it does come with the necessary representativeness. For Australia, it is important to be “sitting at the table” when international questions are being discussed. Free trade and avoiding protectionism are the main incentives for Australia. It has played a vital role along with South Africa to reform the quota system of the IMF. According to the authors, the focus of the G20 should remain on economic and financial matters, especially the

elimination of disparities, promotion of growth and creation of job opportunities. As far as questions of development are concerned, infrastructure, food security, refunds and especially volatility of commodity prices and a reform of the FAO are of particular interest to Australia. It wishes for a successful G20 that can be achieved by focusing on matters within its competence: economic and financial topics. Others should not overload the efficiency of the agenda. Legitimacy may be gained by efficiency.

Xu Yi-Chong, Professor, Department of Politics and Public Policy at Griffith University in Nathan, Brisbane, Australia points out that Australia is no emerging market, but a consolidated industrialized nation. Due to the increasing dependence upon China based on intensive economic relations, Australia has become more prone to international developments, whereby its profound interest in participating actively in fora such as the G20, a “rule maker” in the international system, can be explained. Prof. Xu highlights the role of former prime minister and current foreign minister Kevin Rudd in shaping the political G20, and expresses that Australia is hoping for the G20 to consolidate its legitimacy as a controlling organ based on the need for broader multilateral cooperation.

Maria Antonieta Del Tedesco Lins and **Leandro Pignatari Silva**, both working for the Institute of International Relations of the University of Sao Paulo, Brazil, analyse their country’s path to a more active international role, especially with regard to proposals for reforming the international financial system. Lins and Pignatari argue that Brazil’s increase in international importance resulted mainly from its successful domestic policy changes since the 1990s into a “conservative” financial system, thereby having successfully shielded itself from the more severe consequences of the 2008/09 financial crisis, which were seen in other developing nations. Next to these domestic developments, Brazil was able to increase its importance in the international arena, playing a leading role in proposals for a reformed global financial system, while at the same time avoiding open confrontations with developed nations; a behaviour which is influenced by its interest to refrain from forming any “pre-mature” alliances in its “quest” to replace the G7 with the G20. Within the G20, Brazil’s position is rather pragmatic, both argue. The government has obviously been trying to avoid serious confrontations with the developed countries. As far as control of capital is concerned, Brazil is of no established opinion (for the sake of not making a wrong impression). Additionally, Brazil has been rather passive in discussing a lead currency. Although it does advocate more participation for emerging markets, Brazil itself is not pursuing a leading role, according to the authors.

Paulo Fagundes Visentini, Professor of International Relations, Federal University of Rio Grande do Sul, Brazil, traces Brazil’s changing entanglement in the international system during the presidency of Lula da Silva (2003-2010). Visentini argues that with the help of Brazil and its leading role, South American countries now have a guiding line out of internal crises, a

precondition for successful integration processes, which in turn will help project South America onto the international economic arena. Furthermore, due to Brazil's "autonomous" diplomacy, which refrains from any certain ideologies, it is able to be present throughout various regions worldwide, thereby being able to form multi-lateral coalitions and fill the power vacuum in the international field. The principle of non-intervention is still of major importance; however, it is to be accompanied by the principle of non-indifferences facing other countries' problems. The new Brazilian president Dilma Rouseff is especially interested in human rights based on her own biography. Nevertheless, it seems unlikely for Brazil to proactively attempt to add this topic to the G20's agenda.

Wei Huang, Associate Research Fellow, Institute of World Economics and Politics of the Chinese Academy of Social Sciences highlights the indispensability of the G20 and then establishes China's individual view on it. The article analyses China's cautious approach to indicative guidelines and concludes that despite reflecting the economic reality and being important to China, the G20 is not its first priority. China's view on forums such as the G20 is generally positive and there have been due contributions to the reform of international financial architecture and global economic development. However, its priority during the upcoming decade is likely to be domestic issues as opposed to global ones. Nevertheless, Huang points out that China has a responsibility to take part in global governance, especially due to its economic importance. This is China's chance to participate in global coordination. Furthermore, Huang argues that the G20 allows China to adapt to and learn global governance, as it has not had profound and long lasting experience with it. Finally, the G20 is an opportunity to represent the Chinese position and build an external image. As for the G20 generally, Huang argues that it needs a large amount of efforts by twenty different economies, smoothly transforming from tackling the current crisis and playing an important role in future global governance. Success is dependent upon a balance between three core aspects: legitimacy, efficiency and effectiveness.

Ming Zhang, a senior research fellow and the deputy director of Department of International Finance, Institute of World Economics and Politics, Chinese Academy of Social Science in Beijing, China, examines the reasons for the necessity of a change in China's economic development model, taking a look at the consequences of its current model for the future and suggestions for prospective changes. The article argues that while the current economic model resulted in prosperous economic growth for China in the past decades, it seems unlikely, if not impossible for this model, which currently "runs" on high exports and low domestic consumption, to be continuously viable for the Chinese economy in the future. In fact, as analyzed by Zhang, this model may have drastic implications as it may grow to become more fragile as the economy grows. The article concludes, therefore, that in order for the Chinese economy to sustain future growth, its model must be

adjusted accordingly, meaning that a transformation from “export-orientation” to “consumption-driven” is needed, doing so by altering current economic policies which would enhance domestic consumption.

Christophe Destais, Director of the Centre d’Etudes Prospectives et d’Informations Internationales (CEPII), Paris, concentrates on the relevance and appropriateness of the G20. First of all, he explains those topics of major importance to the French G20 presidency: global imbalances, meaning the accumulation of fiscal deficits and international debts in some countries (USA, Southern Europe) and the surpluses in others (East and Southeast Asia and the commodity-exporting countries), regulation of the financial markets, the reform of the financial system and the markets for commodities. According to Destais, other topics on the agenda, including the “promotion of development” are less important to the French presidency. Although an improved international coordination in the above mentioned topics is important, Destais is rather reserved when it comes to quick additional reforms. The G20 has, according to his opinion, helped: coordinate fiscal politics as a reaction to the financial crisis, the accelerated reform of international banking standards (Basle 3 agreement), the reforms of the IMF, which does now possess greater financial abilities and the reform of the drawing rights, an improvement of the representation of emerging nations in international financial institutions as well as an ongoing dialogue about the global infrastructure of the financial markets. However, a global agreement on financial regulation could not be achieved yet; the agenda of the G20 has been extended and there is now a mixture of national and global matters, which generally adversely affects the G20’s capacity to act. According to Destais, communication between China and the US will be especially meaningful in the future. The G20 has to focus on answering major questions instead of becoming entangled in micro-management.

Susanna Vogt, Senior Fellow, Global Social and Economic Order of the Konrad Adenauer Foundation, Germany, describes Germany’s participation in the G20; a role which, similar to the one in the G8, is designed to support economic cooperation, but also topics beyond financial issues, such as international governance. In doing so, Germany has emphasised multilateralism, an institutional aim to strengthen international organisations and a normative commitment to the principles of the Social Market Economy. The author argues, therefore, that in order to realize the goal of global governance, it is important for Germany to continue to actively participate in forums such as the G20 and ensure that the important economies, both emerging and developed, are able to successfully cooperate in the issues at hand. The conclusion to be reached from the collection of analyses in this volume is manifold: Countries which have previously felt neglected by the G8 in the international decision-making processes believe that emerging economies and “middle powers” now have a forum to voice their opinions on the topic of *global governance*, economic and financial issues, an opportunity which is not presented to them by present international institutions. Parallel to this is the decrease in sole

importance of the G8 in terms of economic performance, and also, at least in the case of Russia, in terms of upholding democratic principles; although this is not yet considered a main issue to the G20, which remains its focus on financial and economic topics, the enlargement of the G20 has gained in economic characteristics in terms of cooperation and will help implement democratic principles during the reform of the international system. In general, however, the G20 will remain a forum limited to *global governance*, as a substitution of other institutions seems unlikely.

Maria Monica Wihardja, Associate Fellow, Centre for Strategic and International Studies (CSIS), offers an analysis of the G20's role as a global promoter of democracy, arguing that instead of aiming at the implementation of democracy in the G20 member states, the G20 should rather focus on "legitimizing" the various financial institutions, thus achieving a fair representation of both poor and rich nations within the financial decision-making processes. Established in the aftermath of the recent financial crisis, the G20 should be regarded as a system to combat the difficulties of the current financial system in terms of democratic values, rather than focus on political issues which might threaten cooperation between the member states. The author points out the necessity for an appropriate mixture of legitimacy and efficiency as a prerequisite for acceptance and success of the G20. From an Indonesian point of view, this forum is a careful recognition of the shift of impact from West to East in the international system. New democracies are of major relevance in this new framework. Wihardja is very critical about the efforts regarding the regulation of the international financial system, because in many countries, regulation of the banking sector is still being hindered by corruption. She points to the immense differences in income taxes in various countries, especially the US, which are in the way of democratic development and also indicate that the old democracies have lost their moral compass (alluding to Larry Diamond). It also hinders a more rapid consolidation of democracy in the "new democracies" in emerging nations. The author explains that one additionally may not expect new democracies to enter into alliances with older democracies when it is about their internal affairs (i.e., climate protection) or international matters. One should not expect a greater interest of the G20 as far as democracy or human rights are concerned, because these topics are irrelevant to the international relations of some member states. Additionally, there is no consensus about basic values of democracy, nor about democracy being the best form of government. It is therefore appropriate not to overload the G20 process with additional topics, which may aggravate global communication in economic matters. Especially through legitimised and credible global governance, the G20 is able to promote "global democracy". Wihardja highlights that despite claims for democracy, one must not overlook the fact that strengthening the democratic structures of international institutions is equally important. This includes reforming the international financial institutions and the election of its leading personalities in a fair and transparent manner.

There is also a need for reform of the financial system in a way to turn around the privatisation of profits and socialisation of losses, according to Wihardja. The G20 should therefore also engage in questions dealing with the effects of economic globalisation concerning inequality. Until then the G20 still needs to prove its credibility and legitimacy.

Zamroni Salim, Senior Researcher at The Habibie Centre-Institute for Democracy and Human Rights, Indonesia, stresses that Indonesian involvement in the G20 aims to clarify how far this membership is effective; it has positive and negative effects domestically for Indonesia, and its role to promote an ASEAN-representation in the global economic forum. The article shows that due to Indonesia's ever-growing active role in the G20, it has been able to 1) tackle domestic issues of governance and welfare and 2) put forward important issues regarding the current state of its own economy, as well as developing countries' economies in general, and thereby help in the "construction"-process of reforms for the global financial system. Salim concludes that Indonesia's "democratization" and economic development are partially effects of its membership in the G20; however, Salim also suggests that rather than remaining "sole"-actors in the G20, Indonesia and other developing countries ought to co-operate, thereby legitimising the voice of developing nations which in turn should help to tackle common "problems" faced by these countries. This suggestion is reflected in Indonesia's "quest" to integrate Southeast Asian interests in the G20 by agreeing to act as a spokes-"person" for ASEAN.

Fyodor Lukyanov, Editor In Chief of the *Russia in Global Affairs* journal, Moscow, observes a decline in global governance, in which even the most powerful and influential players no longer lay claim to the ability to control the course of events. He argues that profoundly new approaches to global governance are needed, away from permanent commitments to flexibility and adaptability. Forums such as the G20 or G8 face objective problems of legitimacy as the international environment is becoming ever more complex. The author also touches on the United Nations and critically describes its design as preserving the monopoly status of the permanent members of the Security Council, along with the presence of the General Assembly. BRICS he sees as unable to cope with the challenges of today and presents an example to illustrate his argument. Attempts to strengthen and adjust existing institutions he sees as failing and even having an opposite effect. Lukyanov also underlines Russia's interest at the international stage to maintain membership in traditional institutions and to integrate new ones. This is also due to the perception that some of the elder institutions lost relevance, for instance the G8. The G20, however, might have some perspective, because it offers a common forum to the most relevant economies.

Kristian Coates Ulrichsen, Kuwait Research Fellow and Deputy Director, Kuwait Programme on Development, Governance and Globalisation in the Gulf States, London School of Economics and Political Science, London,

examines the Middle East's role in the changing order of the global economics in the aftermath of the recent financial crisis, an "event" which has led to requests from the Arab region to reform the current international financial system. The author argues however, that due to lacking awareness of the concept of "global governance" in the region, concrete ideas of reform may prove difficult to be formed. Yet, these difficulties will not hinder the Middle East to continue to take part in discussions on future reforms.

For **Elizabeth Sidiropoulos**, National Director of the South African Institute of International Affairs, South Africa, the G20 must face the question of legitimacy. The author notices that the members of the group are not driven by the same interests, nor do they have the same values. Some are pleased with the current system, i.e., the composition and structure of the Security Council. However, new coalitions with regard to topics and interests are being formed frequently. By way of example, Sidiropoulos mentions the attitude towards the nuclear politics of Iran or the vote on military intervention in Libya, whereby Russia, China and Germany mutually opposed the idea. Due to these developments, the G20 should make efforts to succeed in order to not be regarded as just another initiative. This however, raises the question as to who is determining the topics of the international agenda and if the agenda should be extended to matters of democracy and international security. Even if consensus on these global agenda issues did not exist a priori, one should spot the chance stemming from such dialogue. That is why the G20 as a forum for dialogue is a valuable institution. South Africa's participation is a chance to engage in the role of a regional "spokesman". It has an interest in a system of global governance that is based upon rules and in which it can actively make proposals for political innovation and reforms. South Africa does see more legitimacy in the United Nations; however, legitimacy does not depend solely upon the number of members, but also on efficiency. Therefore, the G20 could gain legitimacy if it could provide solutions for current global problems.

Laurence Boulle, Director of the Mandela Institute and Issy Wolfson Professor of Law, University of the Witwatersrand, Johannesburg, Republic of South Africa, takes a look at the reasons behind emerging economies' motivation to become a member of the G20, focusing his analysis on the participation of South Africa. One of the issues discussed in the article is the "representational role" of South Africa for the whole continent, arguing that due to high diversification in Africa, this role is very difficult, if not impossible. With regard to the "reasons for motivation", the author points out the influence of emerging economies in the agenda-setting, even though the shift of power away from the G7 should not be overstated.

Hüseyin Bağcı, Professor of International Relations at Middle East Technical University in Ankara, Turkey, takes a look at his country's membership in the G20, a role which, due to Turkey's strong economic performance in recent years, supports the increasing legitimacy of the G20 as the replacement for the G7/8 forum with regard to global economic issues, especially due to

its fast recovery from the recent financial crisis, which holds valuable input for the G20's "quest" for future financial reforms. The importance of Turkey's role, the author argues, is furthermore supported by its increasing attractiveness in the Middle East in terms of socio-economic and political reforms for the region, as well as its generally increasing influence in various international "organizations" such as the NATO and OECD. The G20 is considered a "super league" of the world and for Turkey it is an important political forum.

İlter Turan, Professor of Political Sciences of the Department of International Relations at Istanbul Bilgi University, Turkey, examines the G20 membership of Turkey; analysing the reasons behind this decision by taking a look at the opportunities of the G20 membership for emerging economies in general as well as for Turkey specifically. The author concludes that with regard to emerging economies in general, G20 membership will help enhance the current economic system in terms of maintaining stability and ensuring internationally fair economic policies. Furthermore, it enables a possible reform of the current global institutions, and the increasing communication among the various member states will help to further legitimise such global fora; results which are also seen with focus on Turkey and its membership in the G20.

Yaşar Yakış, Chairman of the EU-Committee in the Turkish Parliament and Former Foreign Minister and Former Ambassador, Member of the Grand National Assembly, Turkey, offers an overview of "fundamental rights and freedoms" and their relevancy in the issues discussed in the G20, a mainly economic forum. As democracy and other "fundamental rights and freedoms" are an important part of the UN's "millennium goal", they also represent the factors necessary for development; a goal which the G20 is hoping to achieve, and in order to do so, the author argues, these must be included in its agenda and discussed at the forum.