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"A PROGRESSIVE IDEA OF STYLE AWAITING ITS EMBODIMENT"[1]: GLOBAL GOVERNANCE BETWEEN G8 AND G20

Susanna Vogt

The characterization of the concept of the social market economy by Alfred Müller-Armack, one of the founding fathers of the German economic and social policy model, may also be applied to the orientation of global governance in very recent times: such a "progressive idea of style awaiting its embodiment" has left its mark there for some years already. Emerging from the crisis of the system of multilateral institutions, the community of states is moving within a constantly enlarging framework of informal cooperation and decision-making mechanisms of "club governance". This development forms an important step towards the firm establishing of the idea of global governance as policy coordination at various levels. These "clubs" consist of "informal or weakly institutionalized gatherings of representatives of countries, in which participation is restricted".[2] This form of global cooperation, going beyond agreements made in the international organizations, reached a preliminary milestone in coordinating measures in the G20 framework for coping with the international economic and financial crisis. This group is already being classified as a "world government" to replace

1 | Alfred Müller-Armack, *Wirtschaftsordnung und Wirtschaftspolitik. Studien und Konzepte zur Sozialen Marktwirtschaft und zur Europäischen Integration*, 2nd edition (Bern: Paul Haupt, 1966), p. 12.

2 | Ulrich Schneckener, "Globales Regieren durch Clubs. Definition, Chancen und Grenzen von Club Governance", in: *SWP-Aktuell 47* (2009), p. 3.

other existing summit formats. However, the G20 still requires further shaping of the possibilities available to it for cooperation and action beyond the time of the financial market crisis. In the meantime, the probable mode of global governance will be a diversity of coexisting institutions, forums and club formats.

PROTRACTED REFORMS

The founding of the United Nations (UN), the Bretton Woods institutions (International Monetary Fund IMF and the World Bank), and the cooperation within the framework of the General Agreement on Tariffs and Trade (GATT) were milestones in institutionalized global collaboration following the Second World War. From today's perspective, this demonstrated an almost astonishing capacity for cooperation within the international community that was in keeping with the degree of global interrelations of the time.

Following the end of the East-West conflict in particular, new possibilities for cooperation in many sectors of world politics could be exploited. Global exchange, if nothing else, through international trade flows has become a significant driver of the process of globalization that has accelerated sharply since the early 1990s. At the same time, however, new challenges are posed by transnationally operating perpetrators of violence and failing states. These make the further developments necessary in the global institutional system plain to see.[3]

How limited the competence for problem-solving of the existing global organizing structures today still is, can be clearly seen from the crisis situation of the past two years. The number of challenges that can no longer be tackled at a solely national or regional level is growing rapidly and reached a new peak with the global financial market crisis. Climate change, international terrorism, cross-border criminal activity, energy security, a stable trading

3 | cf. Helmut Breitmeier, "Weltordnungspolitik in sektoraler Perspektive. Effektives, gerechtes und demokratisches Regieren?", in: Helmut Breitmeier, Michèle Roth and Dieter Senghaas (eds.), *Sektorale Weltordnungspolitik. Effektiv, gerecht und demokratisch?* (Baden-Baden: Nomos, 2009), p. 20.

system – these are only some of the topics that demand that compromises and sustainable solutions be reached globally. In contrast to these is the lack of effectiveness of the international organizations available. The protracted decision-making and lack of concrete outcomes from international votes attract criticism. The UN Climate Change Conference in Copenhagen is one of the most recent direct examples.[4] The Swedish Foreign Minister, Carl Bildt, summarized the Copenhagen summit thus: "We learned a few lessons about the reality of the so-called multipolar world".[5] In developing its institutions the world community has not kept pace with the growing international and transnational challenges it faces.

The UN and its institutional structure, in particular, is the object of repeated criticism, and the dilemmas of international cooperation between states in its two principal organs form a direct example. On the one hand, in the General Assembly it has a committee that is desirable in terms of legitimacy, since each country has a voice of its own and of equal weight. The effectiveness of this "G192" is however limited: reaching compromises has proven to be extremely difficult, and agreements once made can be adapted to new conditions only with great effort. Greater effectiveness – albeit restricted by the power of veto of the five permanent members – can be claimed by the smaller steering committee of the UN Security Council. For this institution, however, whose center continues to be dominated by the victorious powers of the Second World War, the considerable shortcomings in representation and legitimacy have a negative impact on its effectiveness. The call for a reform of the Security Council has been clear for a number of years.[6]

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4 | cf. Joachim Krause, "Nach Kopenhagen: Welchen Multilateralismus benötigt erfolgreiche Klimapolitik?", in: *Internationale Politik*, 2 (2010), pp. 106 - 113.
5 | Quoted after Klaus-Dieter Frankenberger, "Ein Flickenteppich", in: *Frankfurter Allgemeine Zeitung*, January 7, 2010.
6 | cf. Volker Rittberger and Heiko Baumgärtner, "Die Reform des Weltsicherheitsrats – Stand und Perspektiven", in: Johannes Varwick and Andreas Zimmermann (eds.), *Die Reform der Vereinten Nationen – Bilanz und Perspektiven* (Berlin: Duncker & Humblot, 2006), pp. 45 - 66.

The World Trade Organization (WTO) and its predecessor GATT have succeeded, since its foundation in 1947, in creating a highly developed set of rules aimed at the reduction of international trade barriers, promoting trade relations and, in its dispute settlement procedure, has provided a functioning instrument to enable discussion between member states on an equal footing. In the current Doha-round of negotiations, however, the institution is struggling under growing conflicts of interests, particularly between the large emerging countries and the industrialized nations. In these negotiations, marked by new leading powers and new coalitions and conducted among 153 WTO member states, the consensus principle is contributing to further losses in effectiveness.[7] For its part, the IMF found itself exposed, before the onset of the financial crisis, which had brought it back into the international arena as an actor for crisis management, to considerable criticism as a result of the dominance of the USA and Europe on its board of directors, the distribution of its voting rights and its negatively rated economic advice to many emerging and developing countries.[8]

Reform processes in these existing institutions have been proposed many times. Owing to the redistribution of influence and competences that this requires, however, implementation of such reforms has so far only been possible to an unsatisfactory degree.

THE GROWING IMPORTANCE OF INFORMAL FORUMS

Against the background of the status of reform in the international organizations, in recent years the importance of informal global coordination and cooperation committees has greatly increased. This trend began as early as in the mid-1970s, when, symbolizing the decline of the Bretton Woods system and also the international oil crisis, the six heads of state and government from Germany, France, the United Kingdom, Italy, Japan, and the USA met to agree

7 | cf. Stormy Mildner, "Die Doha-Runde der WTO. Stolpersteine auf dem Weg zu einem erfolgreichen Verhandlungsabschluss", *SWP-Studie S1* (2009), pp. 16 - 20.

8 | cf. Heribert Dieter, "Die künftige Gestaltung der internationalen Finanzbeziehungen", in: Hanns-Günter Hilpert and Stormy Mildner (eds.), *Globale Ordnungspolitik am Scheideweg. Eine Analyse der aktuellen Finanzmarktkrise, SWP-Studie S4* (2009), p. 67.

their economic policies – away from the media and the general public. The basis of this cooperation was the possibility of coming together for confident exchange during a crisis situation and direct contact between the decision-makers on equal terms – if also sometimes without producing tangible results for the public.[9] Canada joined in 1976, and in 1998 Russia was accepted into the group, by now known as the G8. Beginning with cooperation in the sphere of economic policy, the heads of state and government and the ministers responsible began increasingly to address questions of foreign policy, security and the environment within the G8 framework. Since the end of the 1990s the range of issues of the G8 has extended to the economic, political, and social challenges of globalization. The exclusive composition of the group and its failure to implement the measures it agrees are however regarded in international discussions with increasing skepticism.[10]

Overall, the degree of informality within global governance has steadily increased. It consists of sectoral governing in specific policy areas to address problems that cannot be solved by individual nation states, and that, given the dysfunctional situation in the existing multilateral institutions, are also unlikely to be tackled there. The spectrum of international cooperation issues dealt with in this way has constantly broadened. The composition of the groups and the degree of continuity achieved are determined by the specific issues discussed and the policy questions they raise.

The dialog formats of the G8 with other states, in particular, provide a certain continuity as "an arena with a changing occupancy, whose participants exchange views and grapple to reach joint statements".[11] The semi-institutionalized "Heiligendamm process" introduced during the German presidency of the G8 in 2007 has led to regular exchange

9 | cf. Hans Eichel, "Globalisierung gestalten. Die G20 als wichtiges Element der Global Governance", in: *Internationale Politik*, 10 (2004), p. 101.
10 | cf. Andrew F. Cooper, "The Heiligendamm Process. Structural Reordering and Diplomatic Agency", in: Andrew F. Cooper and Agata Antkiewicz (eds.), *Emerging Powers in Global Governance. Lessons from the Heiligendamm Process* (Waterloo: Centre for International Governance Innovation, 2009), p. 2 et seqq.
11 | Schneckener (2009), p. 2.

with the so-called G5 countries of Brazil, Mexico, South Africa, India, and China. For several years the G8 has run an "Africa Outreach" with selected African countries and the African Union. In efforts to reach a solution to climate protection, the "major economies" of Australia, Korea, Indonesia, Denmark and the EU have also been included since 2007. Additionally, each G8 president invites individual states to summits, frequently based on the regional and political alignments of the presidency. These changing constellations at G8 summits have prompted discussions of extending membership of the group to a G13, G14, or G16.[12]

This trend continued in the context of the financial crisis, the global effects of which have starkly underlined the complex interdependencies in the international relations network. Rapid, internationally agreed resolutions were necessary between the systemically relevant countries in order to contain the crisis. As a consequence of this, the format of the G20 was raised to a new level of importance. It was soon evident that coordination solely within the G8 would not be adequate for managing the crisis. The G20, created in 1999 during the German presidency of the G8 following the Asian crisis, and which brings together the finance ministers and the governors of the central banks of the economically most powerful industrialized, emerging, and developing countries, met in November 2008 for the first time as a summit at the level of the heads of state and government. Its members are the G8 countries plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, South Korea, Saudi Arabia, South Africa, Turkey, and the EU. Representatives of the World Bank and IMF also participate in preparatory meetings and summits.

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It is these informal governance structures that allow fast, operational, and effective agreement between their members. Coalitions and networks between countries are formed, sometimes ad hoc, along specific themes and questions with the aim of balancing national interests. The different group formats are the result of constantly new

12 | cf. Schneckener (2009), p. 1.

and changing alliances: Global governance will have to be organized according to its specific problems and functionally differentiated at the global level in order to ensure that its goals are achieved effectively.[13] Here the flexible setup of alliances takes account of the complex global structure of interests and new power configurations. Firm coalitions between countries, on the other hand, particularly those founded on bases of ideology, are losing influence rapidly. The change from the G7/G8 format to that of the G20 as the summit for the heads of state and government in the course of the management of the financial crisis is already proof of the flexibility of this "club governance" and the necessity of the further development and refinement of these formats.[14]

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There is a risk here that the alliances formed may to a certain extent contradict one another and that many initiatives may run in parallel, leading to possible duplication of processes and overlapping of programs. A further danger is that of "forum shopping"[15] and selective multilateralism as a result of unstructured participation in too many cooperation formats. This tendency further increases the complexity of the international web of relations: Countries "are thus seeking the formats most suited to their own interests and concerns (and where necessary create new ones), rather than acting within an existing institutional structure and campaigning for their interests there. The avoiding tactic of clubs and the consequent displacement of the steering of global policy thus threaten to undermine the established multilateral system and to exacerbate its state of crisis."[16]

13 | cf. Helmut Breitmeier, Michèle Roth and Dieter Senghaas, "Noch ein weiter Weg zu angemessenen Ordnungsstrukturen", in: id. (eds.), *Sektorale Weltordnungspolitik. Effektiv, gerecht und demokratisch?* (Baden-Baden: Nomos, 2009), p. 241.

14 | cf. Mark Beeson and Stephen Bell, "The G20 and International Economic Governance: Hegemony, Collectivism, or Both?", in: *Global Governance*, 15 (2009), p. 69.

15 | Susan Minushkin and Arturo Sotomayor, "Mexico", in: Susanna Vogt (ed.), *Growth and Responsibility. The Positioning of Emerging Powers in the Global Governance System.* (Berlin: Konrad-Adenauer-Stiftung, 2009), p. 39.

16 | Schneckener (2009), pp. 6 - 7.

The rapid growth in importance of informal forums also takes account of the poor integration of decisive global actors into the traditional multilateral formats for steering global policy. The regional development over long periods of time of the existing institutions has been highly non-uniform and concentrated particularly on the OECD countries – but in today's conditions this reduces their representation and legitimacy more and more.[17] Meanwhile new, emerging powers have stepped onto the world stage and are demanding their say and their integration into the institutions and forums of global governance.

THE RISE OF THE EMERGING COUNTRIES

The end of the Cold War opened new development opportunities, particularly for the large emerging countries. The roles of China, India, Mexico, and South Africa, and also countries such as Indonesia and Saudi Arabia in the international structure are meanwhile being assigned, are no longer defined solely by their economic size or rate of growth but also by further aspects of a global governance: the demands of these countries for their own say (effectively already exercised in some cases) in international committees, their part in environmental and social problems with global consequences, and their importance for regional political stability and security. Large emerging countries such as China, India and Brazil are among the clearest profiteers in the process of globalization. These have succeeded in bringing their comparative advantages to bear within an internationally highly networked production and trading regime and are also the recipients of high levels of investment from abroad.[18]

Also associated with the term globalization today is the growth in economic importance of the global South. This development has political consequences. The dominance of the European and North American countries in the international system will be relativized by the rise of the emerging countries. Multiple poles with strong regional and a considerable global influence are appearing. The geographical and also geostrategic importance of the large emerging

17 | cf. Breitmeier (2009), p. 21.
18 | cf. Beeson and Bell (2009), p. 73.

countries is substantial. They occupy a decisive position in their respective regions, often thanks simply to their large territorial size. Such regional leadership roles are usually assumed by those countries that have their own independent regional policy-making structure. By this means also, the traditional power centers of the OECD world are losing international influence. This development is accompanied by a marked gain in self-confidence, expertise, and power in foreign policy among the emerging countries.[19] Not least, countries such as India and Brazil are growing in importance on demographic grounds in contrast to the industrialized nations with their falling populations. These young populations contain a high development potential. In all the emerging countries a nascent middle class can be seen to be profiting from the economic progress made by their country. Currently this developing middle class is estimated to consist of some 2.5 billion people worldwide.[20] It brings with it new economic realities, a growing consumer base and changes in the social and political web.[21]

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Despite positive overall developments in the past two decades, the emerging markets continue to face large domestic policy challenges. Frequently they experience a tension between their dynamic development, rapid growth, and solid competitiveness in selected markets on the one hand, but continuing high levels of poverty, immense disparities in income, inadequate infrastructure, regional imbalances within the country, ethnic tensions, and major environmental challenges on the other. This situation holds political risks. Against such a background, for many emerging countries the agenda of their own national development consists primarily in improvements in the level

19 | For the example of Brazil cf. Paulo-Roberto de Almeida and Denise Gregory, "Brazil", in: Susanna Vogt (ed.): *Growth and Responsibility. The Positioning of Emerging Powers in the Global Governance System.* (Berlin: Konrad-Adenauer-Stiftung, 2009), p. 16 et seqq.

20 | cf. The Economist: "Two billion more bourgeois: The middle class in emerging markets", in: *The Economist 12* (2009), p. 16.

21 | cf. Steffen Dyck, Syetarn Hasakul and Rachna Saxena, "Asiens aufstrebende Mittelschicht", in: *Deutsche Bank Research Aktuelle Themen*, 468 (2009).

of productivity and the quality of training, technological innovation, and the creation of jobs. In some of these countries structural reforms have been tackled for these purposes in recent years.[22] Their passing rapidly beyond the lowest point of the economic and financial crisis is evidence of corresponding success: economic growth and trade volumes in these countries are achieving almost their pre-crisis levels. The debt situation of the emerging countries is at a significantly lower level after the crisis than is the case for the industrialized countries.[23]

The development potential that has not been exhausted despite already high growth rates offers the basis, for the emerging countries, for coping with the domestic challenges mentioned. This also explains the limited willingness to compromise on, for example, reductions in greenhouse gas emissions – here the aspiring economies do not wish to have their economic development, which is of high relevance for social peace, restricted. In this context the emerging countries invoke again and again the argument of "joint but differentiated responsibility".[24]

SOUTH-SOUTH COOPERATION

A further effect of the shift of the global power structure is the substantial increase in networking by countries of the South with one another – and simultaneously their reduced dependency on the states of the OECD world. Thus the extent of trade, like that of direct investment between the emerging countries, has grown significantly in recent years.[25]

22 | cf. Maria Laura Lanzeni, Head Emerging Markets Team Deutsche Bank Research, "Emerging markets: resilience in the crisis – what comes next?", talk given in Berlin, March 23, 2010.
23 | cf. Sebastian Becker, Gunter Deuber and Sandra Stankiewicz, "Public debt in 2020. A sustainability analysis for EM and DM economies", in: *Deutsche Bank Research Current Issues*, March 24, 2010, p. 3 et seqq.
24 | cf. "China verteidigt seine Klimapolitik", in: *Frankfurter Allgemeine Zeitung*, December 1, 2009, http://www.faz.net/s/RubC5406E1142284FB6BB79CE581A20766E/Doc~E8718D6F9458D4B5884EB4735524190B8~ATpl~Ecommon~Scontent.html [10.3.2010]
25 | cf. UNCTAD World Investment Report 2006, *FDI from Developing and Transition Economies: Implications for Development* (New York and Geneva: United Nations, 2006), p. 117 et seqq.

Active cooperation between countries of the South has followed on. This development was first noticeably registered by a broad public on the occasion of the meeting of ministers at the WTO in Cancún, when a group – the G20+ – of the most important emerging and developing countries, led by Brazil and India and other nations, was formed. The G20+ arrived with an agreed position on questions such as the liberalization of the agricultural markets and exerted a decisive influence on the agenda of the ministers' meeting, which ended without agreement. New constellations for negotiation with considerable potential for blocking, which also appeared in other organizations and situations with positions of self-confidence – often led by the G5 countries – had been formed.[26]

Other loose collaborations of developing and emerging countries are fostering emancipation from existing multilateral institutions and Western spheres of influence, and are making rapid progress in their degree of institutionalization

Efforts to build greater cooperation, primarily on questions of trade, the agricultural economy, transport, health, and defense are being made by India, Brazil, and South Africa within the framework of the India-Brazil-South Africa (IBSA) forum founded in 2003. As the basis for cooperation, the democratic constitution of these three countries is particularly emphasized as an important criterion – partly to differentiate them from China.[27] The Shanghai Cooperation Organization (SCO) may likewise be characterized as a club for collaboration with the logic of South-South cooperation. Members include the Central Asian states together with Russia and China, which exert decisive influence on the organization.[28]

A distinction should be made between these alliances, created by the emerging countries themselves, and concepts developed externally. These include the "BRIC" model proposed by the Goldman Sachs investment bank starting in 2001. This grouping of emerging countries, Brazil, Russia, India, and China, was based on the prediction that these states will overtake, in terms of economic performance, the G6 countries (the USA, Japan, Germany, the UK, France, and Italy) by a significant

26 | cf. Claudia Schmucker, "Auf dem Vormarsch. Der globale Einfluss der Schwellenländer wächst", in: *Internationale Politik*, 6 (2006), pp. 19 - 23.
27 | cf. de Almeida and Gregory (2009), p. 16 et seqq.
28 | cf. Schneckener (2009), p. 3.

margin in less than 40 years.[29] Also the G5 group, defined by the G8 and with which it has entered an intensified dialogue process, was initially an invitation by the G8 to individual important actor states. Yet these externally initiated groupings, acting at first only in loose networks, are changing and becoming consolidated. Thus the BRIC countries first formulated a declaration of common objectives at a meeting in Ekaterinburg in June 2009, among them security, development, and climate change.[30] The G5 also, on the occasion of the last two G8 summits in Toyako, Japan, in 2008, and in L'Aquila, Italy, in 2009, no longer came as individual dialogue partners but rather as a group that submitted common statements within the framework of the gathering.

Other loose collaborations of developing and emerging countries are fostering emancipation from existing multilateral institutions and Western spheres of influence, and are making rapid progress in their degree of institutionalization: thus some Asian countries decided, in the wake of the financial crisis of the end of the 1990s, to pool currency reserves together so that they would no longer be reliant on the IMF in the event of further crises. Known as the Chiang Mai Initiative, this is now being institutionalized – and Asia will then have its own lender of last resort.[31]

Moreover, many emerging countries are currently engaged – even where they are often themselves still the recipients of international grant aid – in cooperation on development. This bridging function to the developing countries is also of strategic importance to some of the growing nations: their status as emerging countries creates access for them to, and a listening ear in, the forums of the developing

29 | cf. Dominic Wilson and Roopa Purushothaman, "Dreaming With BRICs: The Path to 2050", in: *Global Economics Paper* No. 99 (New York: Goldman Sachs, 2003), http://www2.goldmansachs.com/ideas/brics/book/99-dreaming.pdf [11.3.2010].

30 | cf. "Joint Statement of the BRIC Countries' Leaders, Ekaterinburg, June 16, 2009", http://www2.mre.gov.br/dibas/BRIC_Joint_Statement_I_Summit.pdf [March 10, 2010].

31 | cf. Manfred Schäfers, Werner Mussler and Patrick Welter, "Ein neues Versprechen, ein altes Problem. Die zentrale Frage eines Europäischen Währungsfonds bliebe: Wie lässt sich Stabilität gewährleisten?", in: *Frankfurter Allgemeine Zeitung*, March 9, 2010.

countries. This is one of the reasons why China has for a long time shown only little interest in becoming a member of the 'club of the rich industrial nations', as the G8 is widely perceived to be.[32]

The wide bandwidth of mechanisms for cooperation cannot, however, belie the manifest conflicts of interests that also exist between the countries of the South. For some time now there has no longer been such a homogeneous alliance as, for example, the G77 union, existing within the UN framework, might still suggest. In questions of political systems, economic integration, social models, and demographic developments, the countries involved hold entirely heterogeneous views and consequently have different interests. In other areas, the large emerging countries in particular indeed demonstrate a clear rivalry; this can be seen in the example of their efforts to gain a permanent seat in the UN Security Council, in which the major players of the regions appear in competition with one another. And as regards regional leadership roles and influence on their respective peripheries, Mexico and Brazil, for example, and also India and China, are in competition that regularly undermines their efforts for cooperation. The boundary between partnership and competition here again runs along the lines of the factual questions and the negotiating constellations.

THE G20 AS THE FORMAT OF THE FUTURE?

One of the effects of the near collapse of the financial markets appears to have been, as a fundamental crisis event, to have considerably strengthened the willingness for international cooperation and thus to have created new impulses for a global policy system. This was demonstrated by the rapid convocation of the G20 as a summit at the level of heads of state and government to initiate coordinated crisis management measures and internationally agreed reform processes in the finance markets. Systemic risks were detected, resulting in the necessity to cooperate in a more extensive global network.

32 | cf. Yu Yongding, "The G20 and China: A Chinese Perspective", paper presented at CIGI/CFGS conference *The G20 Architecture in 2020 – Securing a Legitimate Role for the G20*, Ottawa, February 29, 2004, http://www.l20.org/publications/25_5a_g20_ottawa_yongding.pdf [11.3.2010], p. 11 et seqq.

In a manner comparable to the agenda of the G8 summits, the issues of the G20 meetings have changed considerably since 1999. While the early issues included volatile market conditions, crises in emerging countries, exchange rate problems, financial reform, and the functioning of the international financial institutions, later the discussion had broadened to include questions of the effectiveness of development aid, debt relief, energy security and demographic change. With the global financial crisis the G20 returned to its key themes. With three summits to date at the level of heads of state and government, the importance of its efficient and coordinated crisis management was once more underlined. Never before had the work of the G20 aroused so much public interest.

Unlike the G8, the G20 can draw on a high degree of representation as regards the emerging and industrialized countries it gathers: over 85 per cent of global GDP, 80 per cent of world trade and two thirds of the world's population are represented through this forum. With its five members, Asia, as an emerging region of the world that seems to have quickly recovered from the financial crisis, is more fairly represented than previously. The G20 also closes an important gap in that the inclusion of Indonesia, Saudi Arabia and Turkey brings representation of the Islamic world to the group.[33]

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The pattern of the G20 raised hopes of a spillover from global economic crisis management to other world policy challenges – above all that of climate protection. However, it was not possible to achieve the same level of dynamism at the Copenhagen conference. The greater degree of representation of the G20 provides for a broader spectrum of interests and gives a more solid foundation to the decisions taken. At the same time, however, part and parcel of the heterogeneity of the group are the more sharply divergent interests among its actors in the countries differing in development. This heterogeneity of interests was also reflected in the agenda of the G20

33 | cf. Colin I. Bradford Jr., "G20 Summit. The G force", in: *The World Today*, 3 (2009), p. 8.

summits so far: short-term crisis management, the availability of liquidity and the reform of financial regulation – these are the priorities of industrial nations adversely affected by the crisis. For the emerging countries, on the other hand, questions of global imbalances, the avoidance of protectionism in the financial and trade sector, and the strengthening of their voice in the international organizations are more pertinent. The agendas and outcomes of the G20 summits are thus still regarded as too heavily influenced by the industrialized countries. Here all the "non-G8 members" of the G20 are also invited to prepare and present themselves still more fully in terms of their concrete ideas of a global governance, conceptually and strategically, as they wish to perceive their new responsibilities in this context.[34]

The speed, extent, and consequences of the global financial crisis have caused rapid and important adaptations in global governance. The G20 made a fast and concerted response, but must now prove its capacity for effective and legitimate global governance beyond the financial and economic crisis.

In addition, up to now the G20 has operated under a rotating presidency, and lacks established procedures and a secretariat to ensure continuity. While this is characteristic of informal governance, with a group size of 20 members and increasing problem-solving demands, the effectiveness of this arrangement could quickly reach its limit.[35]

Moreover, the question of the legitimate representation of the international community has not been conclusively answered for the G20. Europe, with four members, the representation of the EU and two semi-official members because of the participation by Spain and the Netherlands in previous G20 summits, remains over-represented. Africa is represented in the G20 only by the Republic of South Africa.[36] A single regional representation through the most economically powerful country of a continent will be acceptable to the fewest developing countries. Frequently

34 | cf. Agnès Bénassy-Quéré, Rajiv Kumar and Jean Pisani-Ferry, "The G20 is not just a G7 with extra chairs", *Bruegel Policy Contribution*, 10 (2009), p. 3.

35 | cf. Beeson and Bell (2009), p. 76 et seqq.

36 | cf. Andrew F. Cooper, "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 policy-making?", in: John Kirton, Madeline Koch (eds.), *G20: The London Summit: Growth, Stability, Jobs* (London: Newsdesk, 2009), p. 29.

there exist intra-regional tensions and reservations by smaller states in respect of the major regional powers.[37] With the largest emerging countries in its membership, the G20 represents "the North of the South" – discussions concerning membership of the group are certain to touch on this point.

OUTLOOK: GLOBAL GOVERNANCE IN PARALLEL PROCESSES

The speed, extent, and consequences of the global financial crisis have caused rapid and important adaptations in global governance. The G20 made a fast and concerted response, but must now prove its capacity for effective and legitimate global governance beyond the financial and economic crisis. Enthusiasm for this was high at the peak of the crisis, but with subsequently more frequent summits together with results that did not live up to high expectations, there is a risk of a "G20 fatigue" that is all the more dispiriting.[38]

Nor is the future relationship between the G8 and the G20 yet fully defined. The G8 has become significant mainly for four important functions:[39] as an agenda setter and for raising central issues to the level of the heads of state and government; as a forerunner, to obtain a specific attitude from non-members; as a "pioneer" for certain problem-solving tasks that can then be brought into other existing formats and institutions; and finally, as a forum in which the assembled nations can provide capacity for resource mobilization and fund concrete projects. The size of the G8 remains an important argument in its favor; its members have come to value the opportunity to speak and listen freely and gain new knowledge within a manageable framework. Particularly for countries that otherwise attract less attention, such as Japan and Canada, this is an

37 | cf. for South Africa: Leaza Kolkenbeck-Ruh and Elizabeth Sidiropoulos, "South Africa", in: Susanna Vogt (ed.): *Growth and Responsibility. The Positioning of Emerging Powers in the Global Governance System.* (Berlin: Konrad-Adenauer-Stiftung, 2009), p. 61 et seqq.
38 | cf. Andrew F. Cooper (2009), p. 29.
39 | cf. more detailed in Schneckener (2009), p. 2.

important argument for holding on to the G8.[40] A problem for the G8 were the growing waves of protest, with little by way of structured argument, directed against the summit format in recent years, that caused considerable damage to the image of the group. Here it would be possible for the G20 to make a fresh start in terms of contact with civil society.

The stated aim of the G8 of working to spread democratic values, individual freedom, and social responsibility has also been carried over – among other things through the "Charter for Sustainable Development" pursued by certain European countries – to the G20. In the final declaration of the Pittsburgh summit, "core values" for sustainable economies were established.

The agendas currently being pursued by the G20 and G8 can be differentiated. Central issues for G20 are stability, regulation and control in the financial markets, economic stimulus packages and ways of exiting from them, and the liberalization of trade and investment. The G8, having originally been formed to discuss these matters, has for a long time turned increasingly towards questions of development in Africa, climate protection, health, energy security, education, and aspects of global security. Of common concern to both formats are the Millennium Development Goals and the post-Kyoto regime; for these issues a coordinated approach by both groups would surely be helpful. In any case it seems likely that both groups will continue at summit level. German Chancellor Angela Merkel thus regards the G20 as an "overarching roof"[41] alongside the continuing existence of the G8. Various focal points can be conceived here as regards the relationship between coexistence, cooperation, and competition.[42] Two G20 summits have been appointed in 2010 under its Korean presidency (June 26-27 in Toronto, Canada, and November 11-12 in Seoul, Korea) and a G8 summit will take place under Canadian presidency (June 25-26 in Muskoka, Canada).

40 | cf. John Kirton, "Coexistence, Co-operation, Competition: G Summits", in: *Aspenia*, 43/44 (2009), http://www.g20.utoronto.ca/biblio/kirton-aspenia-2009.pdf [15.03.2010], p. 158.

41 | Cited from Press and Information Office of the German Federal Government, "L'Aquila: G8 auf dem Weg zu G20", July 10, 2009, http://www.bundesregierung.de/Content/DE/Artikel/2009/G8/2009-08-10-formate.html [15.03.2010].

42 | cf. Kirton (2009).

The stated aim of the G8 of working to spread democratic values, individual freedom, and social responsibility[43] has also been carried over – among other things through the "Charter for Sustainable Development" pursued by certain European countries – to the G20. In the final declaration of the Pittsburgh summit, "core values" for sustainable economies were established.[44] This takes into account the fact that democracy, freedom, and social equality may in the long term be an equally desirable foundation for functioning financial markets.

The relationship between the various G-formats and the cooperation mechanisms that will exist between them are to be seen. But they will definitely be shaped by stronger ties with the emerging and developing countries. This will be accompanied by the need for a constructive transfer of responsibilities and skills for reaching compromises between all participating interests. Solutions orientated towards the common good that reach beyond purely national interests remain central to an effective global governance: global influence requires the assumption of responsibility. The acceptance necessary of reduced national sovereignty in global cooperation is at present – particularly in the emerging countries of Asia – still only weakly recognized.[45] The argument for a "common but differentiated responsibility" should not stand in the way of a viable solution to greenhouse gas emissions or the system of world trade.

However, the overall situation is difficult. The emerging countries do not want to be linked into the global governance mechanisms at any price.[46] They are pursuing

43 | cf. G8, "Declaration of Rambouillet", November 17, 1975, http://www.g8.utoronto.ca/summit/1975rambouillet/communique.html [15.03.2010].

44 | cf. G20, "Leaders' Statement: The Pittsburgh Summit", 24.-25.9.2009, http://www.pittsburghsummit.gov/mediacenter/129639.htm [11.03.2010].

45 | cf. Bénassy-Quéré et al. (2009), p. 3.

46 | cf. Stormy-Annika Mildner, "The role of the G20: The G20 has offered a useful informal forum for dialogue but it is no substitute for a reformed G8", in: John Kirton, Madeline Koch (eds.): *G20: Growth, Innovation, Inclusion: The G20 at ten* (London: Newsdesk, 2008), pp. 104 - 106.

their own development models and regard themselves as only partially bound to the institutions, run under Western norms and values such as democracy and the market economy, that previously functioned as pillars of international cooperation. This also modifies the goals of the various institutions and forums. What then will be the values and maxims for action of global governance in the future? What goals will the emerging powers pursue with their growing international engagement? With what demands and constructive ideas do they wish to join in the shaping of a multipolar world order?

The financial crisis has developed into a lesson on the necessity for a functioning, effective and legitimate global governance. Progressive ideas on the style of such a global governance are pervading current discussions in various ways. They await an embodiment – and the achieving of concrete, sustainable results.