



FORUM

The G20 and Contested Global Governance: BRICS, Middle Powers and Small States

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Abstract: *The G20 opens a critical lens into the nature of contested global governance at a time of fundamental re-ordering. Although increasing their status. The BRICS have not made sustained efforts to influence the design of the G20. By way of contrast a number of middle powers have exhibited more assertive diplomatic styles as hosts and policy entrepreneurs. While initially left outside the summit process, some key small states worked extensively through coalitional diplomacy to gain some degree of access to the G20. This paper showcases the degree to which the contestation about the nature of new forms of global governance must be nuanced. The main route of contestation for the big rising powers has come via parallel institutional structures – notably through the formalization of the BRICS. Middle powers and smaller states, with a greater sense of the stakes involved concerning ‘hub’ institutionalization, have a much greater incentive to actively engage with the G20.*

Keywords: Global Governance; Summitry; G20, BRICS; Middle Powers, Small States

The G20 opens crucial lenses into the context and nature of contested global governance taking place during a time of global re-ordering. The elevation of this forum in 2008 constituted an ambitious scenario for the opening up of the management of global economic governance at the apex of power. Yet, the response by traditional outsiders to the creation of this new ‘hub’ summitry process has been highly differentiated, with an inverse relationship

between member states' position or seat at the table and their pattern of diplomatic engagement in the G20 process. China, India and Brazil – the premier big rising countries- clearly elevated their status through the creation of the G20 at the leaders' level. In terms of institutional commitment, however, these emerging countries have maintained hedging strategies, willing (and to some considerable extent pleased) to be on the inside of a pivotal forum but hesitant to move out in front and lead on a range of concrete G20-focused initiatives. As in other institutions such as the WTO a key priority has been on blocking initiatives at odds with their interests, as opposed to offering innovative forms of engagement in terms of the policy agenda. At the same this cluster of countries have endeavored to keep their options open both in regional terms and through the formation of alternative summit processes, above all the BRICS.

To point to this lack of operational buy-in is not to suggest that the G20 has reverted to the form of explicit polarization featured through the 1960s to the 1980s. The BRICS generally, and core countries such as China more specifically, in declaratory terms affirm the need for the 'same-boat spirit' via the G20.¹ This commitment was particularly strong in the immediate Global Financial Crisis (GFC) moment, but it has continued through declaratory calls for the need to maintain a strong and stable financial system. If critical of some aspects of the G20's mode of operation, the BRICS acts more like a caucus or lobby group than a rival grouping. There was no sign of a serious defection from the G20. Moreover, instead of the uniform form of cleavage associated with the earlier era, most of the important issues featured crosscutting cleavages in which there were mixed ad hoc coalitions.

Rachman highlights how the G20 process has become the institutional site of a number of fissures within the international political economy: current account surplus versus deficit countries, currency manipulators versus manipulated, fiscal expansionists versus conservatives, democracies versus autocracies, West versus the rest, interventionists versus sovereigntists, and member versus non-member countries.² What is of significance here is that when these fissures are explored in terms of the substantive issues of the G20 these fissures are not reduced to established versus emerging countries. As Schirm illustrates these lines of fracture are complex,

cutting across pre-existing alliances such as the G8 and BRICS groupings. Examining five issue-areas: stimulus and public debt, global imbalances, exchange rates, financial market regulation, and governance reform in the IMF, Schirm illustrates how the G20 process has been illustrated by crosscutting alignment of both established and emerging countries via ad hoc groupings, resulting in country positions that were on 'both sides of the divide'.³

Given the prevalence of fragmentation within the G20,⁴ the fragility of the G20 can be interpreted as evidence of a more complex and overlapping mode of functional contestation than witnessed in the older politics of the north/south divide. Yet, beyond issue-specific tensions, there is the question of ownership of the G20. Even with their insider status, the rising big powers continued to have grievances about the way the G20 was created and operated beyond functionalism, highlighting questions about the political purpose of the forum.

If the BRICS merit the most attention in tracing the process of re-ordering in the global system, this paper emphasizes how traditional outsiders have responded to the G20. It is argued in this paper that the shape shifting of the concert model to the G20 has raised the stakes for a select group of G20 insider middle powers to exercise agency as norm and policy entrepreneurs. Examples to date include the 2010 co-hosting of the G20 by Canada and South Korea, along with the Mexican Los Cabos 2012 meeting and the prospective Australian and Turkish summits in 2014 and 2015.⁵ This paper showcases the degree to which both architecture and agency of new forms of multilateral diplomacy are conflictive, but that the nature of this contestation must be nuanced. The main route of contestation for the big rising powers has come via parallel institutional structures – notably through the formalization of the BRICS countries and traditional powers alike. Middle and smaller states, with greater sense of vulnerability in the context of structural shifts in the world order have a much greater incentive and opportunity structures to actively engage with the G20 as well as the necessary agency to impact the G20 process. Indeed, the more the G20 as an institution becomes deadlocked, the more incentive these middle powers have in trying to break deadlocks. Furthermore, institutional refinements such as the G20's troika process assumes substantial relevance for estimating the impact of

middle powers both on global governance outcomes both of the G20 and of wider global governance architectures.

The balance of functional necessity and procedural fragmentation creates an interesting institutional environment for locating sites of agency within a wider setting of stalemate and conflictive multilateralism and in particular, where middle powers within the international system, and whom have gained access to the G20 process have been able to leverage agency within this institutional environment. Middle powers have been able to leverage their agency through targeted activity within the G20 on substantive issues. Such coalitions have emerged in the form of ad hoc groupings and the experts/working group tracks of the G20. Coalitions include coordination with both the large (developed and developing states) as well as with other middle powers. Sub-summit processes such as the experts and working group tracks illustrate that the effectiveness of middle power diplomacy and agency cannot be analyzed solely by the summit. Rather, it is the day-to-day practice of G20 governance where the impact of middle powers must be gauged.

In comparison to the hedging strategy of the BRICS, the select cluster of countries that obtained insider status to the G20 have highly committed to the workings of the forum. Contested global governance, though, was not only a site of tension between different categories of insiders. There were also escalating tensions between members and non-members. While acknowledging the innovative design for global governance through the establishment of the G20 for new multilateralism, the self-selective nature of the G20 (and the bias toward bigness) exposes legitimacy weaknesses with respect of the G20 in terms of its representational gaps.

Contested global governance from a small state perspective can be put into three broad categories. The first is the group of countries that reject the G20 in an outright fashion, most notably the ALBA (Bolivarian Alliance for the Americas) countries. A second category is the cluster of countries that are potential additional members of the G20 if the design expanded in one-way or another. Some of these countries have been quite vocal in their demands. In Europe, the early position of Norway stands out in this category. Norwegian Foreign Minister Jonas Gahr Støre offered a robust critique of the G20, labeling it as 'a grouping without international legitimacy' or without a 'mandate' concerning 'its functions'.⁶

The third group of 'outsider' countries, as represented by the so-called 3G cluster of countries, expressed concern that decisions of functional importance to them were being made within the G20 without their representation or consent but rather than outright rejection, the preference has been a pursuit for inclusion. The G20 is not rejected but viewed as an institution that needs to take into account important issue-specific interests of non-members.

This constellation of countries highlights the paradox of the G20. At the top strata of the international hierarchy, there was space for ambiguity towards the G20. If viewed declaratory as the main game of global economic governance,⁷ other options were kept open. And if this was so with the BRICS it was equally true with the G7/8, as witnessed by the come back of this traditional hub forum in global politics. Neither middle states nor small states, though, had this luxury. Although they did not have the structural weight within the G20, they had a strong rationale for focusing attention on the G20. For the middle states, the approach had a high degree of organizational maintenance attached to it. To be sure their agency targeted specific issues areas. What is clear is that these countries did not want institutional failure. The small states, by way of comparison, mixed symbolic concerns about the trajectory of global governance with highly instrumental objectives. Middle power diplomacy and agency in this regard, highlights a plausible linkage between middle and non-members of the G20.

THE BRICS: HEDGING FROM A CENTRAL BUT AMBIGUOUS POSITION WITHIN THE G20

It is the commonplace to see the big rising powers in the BRICS as constituting the major set of winners in the elevation of the G20. Not only could the G20 offer instrumental delivery in the wake of the GFC, it could do so explicitly as a forum of 'un-like' actors, fully reflective of a diversity of voices. As David Held has signified, the G20 featured 'an unprecedented successful attempt by developing countries to extend their participation in key institutions of global governance.'⁸

Although self-selective in approach, the format of the G20 was attractive to the BRICS for a number of reasons. Given the size of this new concert, breaking with the sense of solidarity with the 'rest' of the global South – and the UN – could be justified. As Brazilian Minister of Finance Guido Mantega indicated,

instrumentalism in terms of problem solving went hand in hand with status-seeking at the time of the GFC:

There is no agile structure prepared to deal with emergency economic problems. That is what we have seen at this time...We have to turn this G-20 into a forum or a tool of some kind that can provide answers to immediate problems and coordinate its actions better amongst many countries. We are facing the most serious financial crisis perhaps since the crisis of 1929, and as this crisis is getting more serious it demands quick answers, immediate answers. It must be monitored day-by-day, hour-by-hour, so that the necessary measures can be taken to handle the problems that arise. So, there must be very agile instruments available for that to happen.⁹

Unlike the attempts to reform the G8 from the inside directed through the so-called Heiligendamm or Outreach 5 (O5), the G20 offered formal equality to the rising powers. Confirmation of this elevated status accorded the BRICS came in the rotation of the presidency of G20 Finance: India in 2002, China in 2005, South Africa in 2007, and Brazil in 2008 amid the central moment of the financial crisis. By the 2007 Heiligendamm summit, it was clear that major international challenges could not be addressed without ongoing cooperation of the large countries of the global South.

In format, not only did the mode of operation fit with a model of 'executive' multilateralism,¹⁰ it was strongly inter-governmental little space for non-state actors in the initial stages. In scope, the hub component opened up the prospect of a cascading effect in terms of other forms of institutional reform, above all on the IFIs. Yet, in terms of actual ownership, the rules of the G20 were not made in equal fashion by the rising powers. On the contrary, those in command were the same countries that have been leading for decades now: first and foremost the United States, aided by its inner circle of France and the United Kingdom, in particular.

The most significant feature at the creation of the G20 is the paramount role of the US. In terms of material interests, and the stakes involved in problem solving, the logic of this role can be underscored. The financial meltdown in October 2008 was widely and accurately construed as being 'made in America' with the contagion effect of the sub-prime mortgage phenomenon and the collapse of Lehmann Bros. and AIG. Moreover, the image of a declining hegemon does not intrinsically rule out the US from hosting a 'crisis-busting' summit. After all, the UK hosted the ill-

fated 1933 Monetary and Economic crisis in the midst of the protracted depression of the 1930s.

That being said, the high-profile diplomatic campaign by President George W. Bush to build the G20, with President Obama consolidating this initiative, is striking. As Kirton notes, the US grabbed ownership from the start—with an eye to ‘design, host and chair the G-20 summit in Washington’.¹¹ Some of this G20-building linked in with the established institutions, notably with the push by Bush and Hank Paulson to convene a special meeting of the already established G20 finance ministers on the margins of the semi-annual meetings of the World Bank and IMF beginning in Washington on October 9, 2008. After meetings with G7 finance ministers on Saturday, October 11, Bush and Paulson met the G20 finance ministers at the IMF, with Brazil’s Guido Mantega in the chair. During that meeting Bush acknowledged the responsibility both for causing and dealing with the crisis, concluding with the statement that it was ‘now is the time to solve this crisis’ through expanded forums of international cooperation.¹²

At odds with the common image of new administrations discarding the practices of their predecessors, Obama maintained the Bush game plan. Control of the G20 was kept with the Anglo-American condominium through the first three summit meetings, with the UK (and Gordon Brown) hosting the second in London in April 2009 before returning the host function to the US at Pittsburgh in September 2009. Consolidating the Bush plan for privileging the G20, the US at the Pittsburgh endorsed the summit as the premier forum for global economic governance. The Obama administration also crafted the hosting schedule of G20 summits through 2011.

In terms of the substantive agenda, moreover, the G20 did not demonstrate any explicit loss of control by the US and the West. In an early assessment Tedesco and Youngs warned of the G-20 representing not a new forum reflecting the current distribution of international economic power, but rather, a new forum of old voices, meaning that ‘the G20 will ultimately be less a facilitator of more effective multilateralism than a distortion of this principle in favor of what is little more than a re-jigged ‘great powers’ format. “There exists a real danger that the G20 will prove to be an informal grouping that empowers big powers to the detriment of genuine multilateralism’.¹³ While as noted at the level of functional contestation there was a high degree of mixed coalitions (with German concerned about the privileging of global imbalances, and

Brazil concerned about any outbreak of ‘currency wars’) there was also a traditional narrative, with the US proposing action on these issues and China blocking. As the vice-president of China Institute of International Studies noted: ‘China tries to play an active role in the FWG (framework working group), although it may not be looked at as a popular collaborator in the discussion. For example Chinese officials did not make concession on: 1) replacing current account with disaggregated indicators such as trade balance and net investment income flows and transfers; 2) excluding real exchange rates and international reserves as indicators of imbalance’.¹⁴

Although the set of activities undertaken by individual BRICS embellish the image of competition it is the BRICS/S as an alternative form of collective institutionally based behavior that is at the fore of such scenarios. Signs that the concept of BRICS was being re-configured in such a fashion was evident prior to the financial crisis. In October 2007 the trio of foreign ministers from Russia, China and India (RICs) met in Harbin, China. And in May 2008 after another meeting of the RICs, the foreign ministers of the complete set of BRICS countries met for a day in Yekaterinburg, Russia. Following this, the first official BRIC summit was held in Yekaterinburg in June 2009. Brazilian President Lula da Silva, the host of the April 2010 summit, upped the ante by stating that: ‘A new global economic geography has been born’.¹⁵

One construction renders this move to formalize the BRICS as a grouping with a concern with equity and justice for the less powerful in terms of global governance. The Yekaterinburg Joint Communiqué declared that:

We are committed to advance the reform of international financial institutions, so as to reflect changes in the world economy. The emerging and developing economies must have greater voice and representation in international financial institutions, and their heads and senior leadership should be appointed through an open, transparent, and merit-based selection process. We also believe that there is a strong need for a stable, predictable and more diversified international monetary system.¹⁶

Examining the BRICS more closely, however, it is hedging behavior again that stands out. The G20 up to St. Petersburg has yet to explicitly acknowledge the BRICS grouping in its official communications. Nonetheless, the BRICS provides the big rising powers a diplomatic space that can act among other activities as a

lobby or caucus group in tandem with the G7/8. What unites the BRICS remains the desire to be elevated insiders within the central institutional architecture of the global system. Declaratory support for the G20, thus, has been maintained. The shared sense of 'rising together' however is the issue of greater equality of representation in global economic governance while acknowledging the G20 as the pragmatic conduit for that process. The Chinese official spokesperson enunciated after the Fourth BRICS Summit:

The BRICS countries reaffirmed their support to the G20 in playing an active role in strengthening the coordination on international macroeconomic policies and promoting world economic recovery and growth. The BRICS countries called for reforming the international monetary and financial systems, increasing the say and representation of emerging markets and developing countries and especially speeding up the reform of IMF quota and governance structure so as to develop a good institutional framework for world economic development. This has reflected the efforts made by the BRICS countries to pass on the confidence in the stability and recovery of the world economy and inject a driving force into global economic governance.¹⁷

Hedging behaviour is dominant in utilizing the BRICS as a lobby group for initiatives beyond the representation issue. For example, the BRICS were able to mount only a diluted and delayed initiative on a European bailout. Brazilian finance minister, Guido Mantega, called a meeting during the mid-September IMF/World Bank meetings to see whether the BRICS could operate in collective fashion, at the height of the Greek crisis, but the national responses remained quite different. Brazil's president Dilma Rousseff, although not explicitly calling for a BRICS-only plan, stated at a EU-Brazil summit held in Brussels that 'Brazil, and here I'm quite certain I also express the view of the developing economies, is ready to take on its responsibilities in a cooperative spirit'.¹⁸

Yet no larger effort along these lines could be mobilized by the Cannes summit. At the BRICS meeting immediately prior to the summit China effectively curbed any enthusiasm for an ambitious collective effort, offering only that the BRICS create a consultative mechanism to closely watch the development of the European situation, with an exchange of ideas on relevant issues and strengthen coordination. India stated in principle that it was ready to step in to stem any contagion effect, but in practice backed away from any such move by saying that it had not received any firm request for help. South Africa's Finance Minister Pravin Gordhan

stated that there was ‘a recognition that we are all in this together’ but certainly did not see the BRICS as a lead actor in any rescue move. Reserve Bank governor Gill Marcus expressed an even more cautious approach, distancing South Africa from any BRICS effort. ‘I think you can’t [make the argument] this is something which we can do. Our reserves are nothing like China’s. China’s are in the trillions, we have US\$50 billion’.¹⁹

It was only at the Los Cabos summit in June 2012 that the BRICS were able to mount any form of collective initiative, with the infusion of substantial funds into the IMF extended firewall, with China committing \$43 billion, Brazil, Russia and India pledging \$10 billion, and South Africa offering \$42 billion. This commitment came though with some conditionality, with these resources only being called upon after existing resources are utilized and in anticipation of the implementation of IFI reform. The move in effect then was a signaling exercise, with the BRICS using the G20 as a platform to push for extended institutional change.

More ambitiously, this group of countries has moved towards the establishment of a BRICS development bank, which highlights the group’s ability to advance their common interest despite national differences in its negotiation. The Fifth BRICS Summit in Durban – and the mini-BRICS summit on the edge of the St. Petersburg G20 summit – highlighted the model of the New Development Bank with an initial \$50 billion fund and a currency reserve agreement of \$100 billion. The process of implementation in terms of this mechanism, however, has been a protracted one, and lower down in the list of priorities than the ‘urgent need to implement’ IMF Quota and Governance Reform.²⁰

TAKING ADVANTAGE OF CONCERT CREEP: MIDDLE POWER AGENCY

Reinforcing the notion of change in the global system is the relatively large number of countries involved in the G20, both in the late 1990s with the establishment of the G20 Finance and in the elevated G20 at the leaders level. In contrast to the traditional concert models of the 1814/15 and 1919, which comprised a core grouping of 3, 4 or 5 countries,²¹ the members of the G20 are quite numerous and diverse. There is neither the image of allies/victors in war nor is there the sense of ideological uniformity or anti revolutionary ethos. In the G20, as the hub of the new order, there are countries from every quadrant of the globe plus some implicit

regional representation. Under such conditions there is space for different – although perhaps not mutually exclusive – components within the ambit of the G20 at the leaders level.

The image of the G20 dynamic as largely shaped by the traditional establishment and BRICS implies a marginal role for the ‘rest’ must be nuanced by evaluating middle power diplomacy as both a stabilizing feature and critical element of agency in the G20 process within the context of a shifting global order. The key feature of middle power diplomacy is for the potential of these countries to act on niche issues given appropriate openings in the political opportunity structure. Here, the ‘hosting’ variable serves as a crucial opportunity structure for middle powers to advance agency on an issue-specific basis. It is through the G20’s tensions where the sites of political opportunity to exercise agency are found on the part of the middle powers.

Middle powers can lever some aspects of contested global governance of the G20 process to their advantage. As groupings of large established and emerging powers respectively, the G8 and BRICS groupings have capacity to forum shop in terms of their desired site of interaction, while retaining the G20 as the premiere forum for global economic governance. The use of forum shopping and is illustrative of a hedging strategy, in turn increases the prospects of conflict of mutual forums such as the G20.

The G20’s contested global governance is a visible outcome of these shifts occurring to the structure of the global system. With stalemate and procedural sclerosis overcoming the G20 process, these dynamics present a political opportunity structure for less systemic powers - the middle powers in the G20 – to gain traction in terms of setting strategic priorities within the G20 on niche issues as well as to provide a mediatory role in diffusing conflict arising from geopolitical and system structural shifts.

When the traditional criteria of G20 candidacy are examined through the lens of contested global governance, the composition of membership becomes significant. The G20’s core condition of inclusion – systemic significance – needs to be conceptualized beyond a purely economic definition, where justification of the G20 on the basis of ‘economic size’ qualifications is questionable.²² The notion of systemic significance as an explanatory concept for the G20, then, must incorporate more than the variable of economic weight to include measures of strategic inclusion.

The role of middle powers to the G20 process in this context, must be viewed in terms of the practical impact of these countries

to add value to the G20 process/agenda as well as their place in diffusing conflict in the context of great power transitions. To accomplish this, analysis requires both a consideration of the traditional middle power model, as well as a consideration of new features of the middle power model in response to changes in global order. In other words, membership in the G20 facilitates agency in terms of issue-specific forms of policy leadership. The most effective uses of middle power diplomacy within the G20 to date have come from South Korea and Australia. Less effective middle powers include Indonesia and Turkey, though both countries possess significant potential to leverage systemic and geopolitical significance via their respective positions in the G20 and global order.

In terms of agency and strategic middle power diplomacy within the context of the G20, South Korea has, by large, managed this role most effectively. To date, South Korea exemplifies the most assertiveness in the advancement of niche issues in the G20 process. The success of South Korea's pursuit of the development agenda was the result of the tractability of the issues as well as Korea's strategic planning and gauging of the political opportunity structures within the G20.

The creation of the G20 provided South Korea with new possibilities in terms of diplomatic activity, especially in terms of convening power. Notwithstanding a structural weight below that of not only China but Japan and India, South Korea raced ahead to grab the right to host the first G20 outside the 'Anglo' world. In doing so it played up its 'bridging' role with respect to its evolution from a developing country to a developed (OECD) state. Although not alone in its ambitions, Korea's unique brand is important here (punctuated by the close relationship between the Korean state and corporate giants such as Samsung). As President Lee Myung-bak stated, 'The world can be split into two groups: One group sets global rules, the other follows. South Korea has successfully transformed itself from a passive follower into an active agenda-setter'.²³

Unlike the BRICS, there was no sense of aloofness or hedging by Korea. Nor were there any explicit recriminations about the causes of the crisis that led to the creation of the G20. South Korea in contradistinction used the familiar repertoire of traditional middle

power statecraft, with a heavy reliance on quiet diplomacy and issue-specific mediation. Prior to the Seoul summit, for instance, Korean officials steered the G20 debate toward boosting domestic demand in China, which got buy-in because it did not demand that China revalue its currency'.²⁴

For the rising middle powers the G20 did not present challenges in terms of being 'responsible stakeholders' but opportunities in terms of access to the 'high table' at the apex of power. Nor did Korea have the contradiction facing the BRICS as being a rising state power at the same time as continued to have embedded within them a massive degree of societal inequality.

In terms of substance, the idea of the financial safety net attracted strong interest from emerging market economies that are vulnerable to sudden changes in international capital flows. Before the 2008 crisis, emerging markets in need did not want to turn to the IMF for help because an IMF bailout brought a stigma effect, destroying the credibility of borrowers. What they needed in the IMF was a pre-crisis prevention insurer, not just a post-crisis bailout fund. During the Seoul Summit, the G20 decided to strengthen the IMF's crisis prevention role by expanding the IMF's Flexible Credit Line and introducing a new Precautionary Credit Line. G20 leaders hoped that these new sources of funding would reduce the need for emerging countries to accumulate foreign reserves as self-insurance against volatile global capital flows. South Korea also sought the ways for the IMF lending facilities to link up with various regional arrangements such as the Chiang Mai Initiative in Asia.

South Korea's presidency of the G20 also presented an opportunity to bring development issues to the table. With its vivid memories of both development successes and failures, Korea pushed for a development agenda and multi-year action plan, including a pledge for duty-free, quota-free market access for low-income countries. The initiatives could make the G20 Summit a much more inclusive and relevant event for the entire world as it can bring more than 173 non-member countries into the G20's sphere of influence.

The Seoul Summit also aimed to achieve macroeconomic coordination with detailed policy recommendations for each individual member country to develop the Framework for Strong, Sustainable and Balanced Growth. In the end, no breakthrough on currency and imbalance issues was reached at the Seoul Summit. But as noted above South Korea managed to broker significant

agreements. On currency levels, the leaders agreed to move toward market-determined exchange systems and on macroeconomic imbalances, they set the deadline of June 2011 for coming up with 'indicative guidelines' of what constitutes an over-the-top deficit or surplus. Media reports that President Lee threatened not to end the meeting until China and other opponents agree to the deadline.

If the sense of commitment to the G20 is very different on the part of middle states than the BRICS, so are the constraints. The agency of the middle states in terms of agenda setting is highly contingent on the hosting function and other forms of institutionalization such as the troika. It is also highly focused on ideational as opposed to structural power, with a catalytic as opposed to a blocking function. The role of middle powers to the G20 process in this context, must be viewed in terms of the practical impact of these countries to add value to the G20 process/agenda as well as their place in diffusing conflict in the context of great power transitions.

SMALL STATES: INSTRUMENTAL TO SYMBOLIC PRIORITIES

The role of the 3G (Global Governance) Group and the specific role of Singapore merits special attention, in revealing the intensity of response by small countries to the G20. As early as April 2009, during the G20 London Summit, Singapore took the lead in arranging meetings with non-G20 countries in order to develop the idea of the 3G.²⁵

In approach, the 3G was not a complete break with the older tradition of solidarity among the marginalized from the bottom up. As in the past, there was an explicit oppositional component in this coalition – with an emphasis on voice opportunity – given that key members of the 3G had been targeted by the G20 directly and indirectly via the Organisation for Economic Co-operation and Development (OECD) as offshore financial centers. This targeting was especially intense at the 2009 London Summit with the publication of the G20 communiqué in tandem with the OECD list.

If a sign of efficient action, however, the issue of OFCs raises the question of input legitimacy to a very different level. Can the G20 not only speak for the rest of the world but also impose its will on countries that do not belong to the group? This issue of fairness of representation came to the fore in some of the declaratory statements by the organizers of the 3G. As Singapore's Foreign Minister George Yeo put it very bluntly in one interview:

At the London meeting (of G20), financial centres became a major issue and countries like Singapore and Switzerland unexpectedly found themselves in the grey list and came under some pressure to alter the way we operate. This was without prior consultation with us, we were not involved in the discussions but we had to react to the decision taken by the G20 and we have reacted. That doesn't seem to me to be the right way to get things done. Hong Kong, which had a situation very similar to Singapore, had China to look after its interests so it is not on the grey list but Singapore was, and other countries too. So I think it is important that on issues that concern others, those who have major interest, should also be brought into the discussion. That is a matter of process; it would improve legitimacy and the sense of fairness.²⁶

Still, if a catalyst for action, the 3G could not have extended its scope of membership if it was only directed to a single issue. What the 3G did was to tap into the same sense of exclusion driving the regional critics but to re-configure this resentment into a larger campaign directed at engagement with the G20 under the banner of variable geometry. Using this device the 3G could make the argument that small countries should have access to the G20 on a functional basis – very much the same argument that middle powers have made throughout the post-1945 era.

Departing from the strategy of resistance adopted by other small states (especially the ALBA) the 3G group pushed for a more inclusive G20. Speaking at the University of New York in late March 2010, Ambassador Vanu Gopala Menon, permanent representative of Singapore to the United Nations, spoke of the international reactions to the G20.²⁷ He stated that Singapore had found a different way, one that – rather than simply accepting, rejecting or ignoring the G20 process²⁸ – sought to build a more equitable relationship between the G20 and non-G20 countries.²⁹

In terms of functional contestation there was a prime logic within the 3G to engage diplomatically and to settle the offshore financial issue. Through the coordinated efforts of the 3G, the focus shifted to a bilateral response to the G20/OECD targeting with concentrated, if uneven, emphasis on implementing agreed exchange of tax information (EOI) standards in a more behind the scenes and low-key fashion.

What gave the 3G its originality was not however its defensive stance against stigmatization in instrumental terms, but rather its ability to shift the objectives towards a re-balancing of the relationship between non-members and members of the G20. Akin

to the other strands of solidarity by non-members of the G20, this offensive approach combined intensity of voice opportunities with scope of mobilization. The difference was its adaptive quality, with some degree of accommodation to the existence of the G20 so long as the summit process shape-shifted in accordance to the tenets of inclusionary global governance.

With respect to means, the 3G built up its own standing through the power of numbers and a diversity of membership that was difficult to ignore. Structurally there were some limits imposed on these coalition-building efforts. Some member-states of the EU, notably Luxembourg, have very similar profiles as the core 3G membership, but did not join. The 3G also did not include a wide number of African countries, and even those that joined kept a low profile. Notwithstanding these constraints, however, the 3G was able to build up an impressive degree of geographic diversity with 29/30 members from Europe, the Middle East, the Americas, Asia and Africa.

One route in building capacity was through an overlapping initiative with the World Economic Forum, which networked Singapore and Switzerland with Qatar – a formidable small state diplomatic actor, and one, notably, without an offshore financial issue association. George Yeo, Singapore's foreign minister, travelled to Davos to link up with state officials of small European states as well as a larger group of opinion-leaders. It was during this stage of the initiative that the name '3G' was formalized – an idea that came from Lichtenstein. Another source of strength was the willingness of the core states in the 3G - in particular Singapore, Switzerland and Lichtenstein - to use the diplomatic capacity of their UN offices in New York to build leverage for the group. Such buy-in demonstrated that the 3G directed its voice opportunity not only from the outside, but from inside the global system.

In implementing this strategy the 3G made its own mechanisms valuable, even indispensable, to both the G20 and the UN. The problem for the G20 as it moved beyond its catalytic stage was that of entrenching its legitimacy. Although most important for the BRICS, which did not want to be seen as breaking away from the tenets of universalism and solidarity, legitimacy was also a concern for the Obama administration, which wanted to mend some fences with the UN and the wider international community in the post-Bush era. A measure of this US concern with legitimacy can be gauged by the fact that President Obama's Sherpa for the G20 had begun to include the UN in his shuttle diplomacy, a huge contrast

with the culture of neglect for the G20 under the Bush administration.

The 3G's ability to deliver on the legitimacy dimension of global governance is perhaps best exemplified by the UN's unwillingness to acknowledge the G20's existence formally in its proceedings and documentation. In facilitating this breakthrough – through the text of the resolution 65/94 – the 3G had to overcome resentment to the G20 not so much of resister countries directly but the core countries within the overall structure of the G77. Here sheer numbers played a crucial part in allowing resolution 65/94 to be adopted by consensus in December 2010, as open conflict with the 3G meant that resisters would have to break with a large group of the UN membership. The success of resolution 65/94 led to a more sophisticated (albeit continuing) debate about the comparative advantages between the G20 and the UN. Joseph Deiss, the Swiss president of the UNGA in 2010 conceded, for example, that the G20 had 'effectively delivered' rapid and coordinated response at least in the context of the 'immediate aftermath' of the 2008 financial crisis. He also conceded that in this process the UN had been to a considerable extent marginalized – it was talking through the UNGA without the G20 listening. That being said, however, the G20, as with other ad hoc groups, had 'questionable legitimacy' and the need then was for 'the best possible articulation of expertise, leadership and legitimacy, and to do so in a setting of coherence'.³⁰

A second means by which the 3G was able to bridge its leverage and the extension of legitimacy was through the rapprochement of the UNSG's role in the G20. The Bush administration had explicitly excluded the UN from the G20 process. What the G20 was instrumental in doing was to re-insert the UNSG into the G20 process, if not as a primary actor then at least in a connected/supportive manner. This re-insertion was done above all through persistent lobbying in the run-up to the Toronto 2010 summit, due to concerns that Secretary General Ban-Ki Moon would be excluded from the summit. A third achievement in instrumental results, due to 3G pressure and in combination with other forces (including the push by South Korea as host), was the acceptance by the G20 of a formula for non-member participation, enabling the summit host to invite up to five guests. Although mainly directed at the settlement of the question of regional representation, the 3G was the main beneficiary of the decision of this G20 just before the November 2010 Summit to introduce a 'G20 plus five' approach, with the Korean preparatory committee

explicitly stating that this decision had been made because 'we finally agreed that we needed to have a better geographical balance'.³¹

Yet, given even its capacity to ease the contestation of global governance, it would be a mistake to exaggerate the 3G's impact on the G20's effectiveness vis-à-vis its agenda. The 3G did promote a form of variable geometry that sought to establish and justify a dialogue between the G20 and the 3G on issues of instrumental importance to the 3G, as illustrated in its concerns on the labeling of its members in the offshore financial-related issues. But as the 3G moved into bilateral means of dispute-resolution and the pressure from the G20 on these issues relaxed, this concept of bilateralism spilled over into other issue-areas – in particular food security – in which countries such as Chile and Uruguay had important interests as agricultural exporters. At the same time, this downplaying of its overall instrumental effectiveness should not overlook the 3G's influence on the legitimacy side. Unlike the resisters or the aspirants to the G20 process, the 3G reconciled self-selective executive multilateralism with the principles of global governance. While grounded in national interests, this reconciliation could have only been achieved by a subordination of issue-specific instrumental concerns to a wider narrative by the 3G that was grounded on the need for transparency, greater scope for participation, and some join-up between formal and informal mechanisms of multilateralism.

As with other components of small state diplomacy there was a strong element of symbolism attached to the 3G's achievements. Certainly there was little in the way of immediate material benefits that came out of the coalitional exercise, and the instrumental benefits from the 3G were gained largely at the national level. Leveraging the voice opportunity amplified by numbers, Singapore was able to move towards an inside status in the G20. Invited by South Korea to attend the Seoul summit, Singapore was invited back by France at the Cannes G20 in November 2011. These benefits reflected a demand for an in-between approach from a non-member that was not tilted towards blocking but rather towards entrepreneurial and technical leadership on an issue-specific basis. The status of Singapore in this regard can be judged by its repeat attendance, in a context where the 'natural' representative of the 3G would be country such as Switzerland. To the credit of Singapore, it was able to supply this form of leadership over a mixed coalition with representatives of both rich countries

from the North and well-to-do and poor countries from the global South. The recipe of keeping the coalition was a mix of industriousness and an interesting mix of public relations and risk-adverseness. Singapore, using resources not available to most small states, kept the momentum up by holding monthly meetings and preparing documents. Its ambassador to the UN used an effective form of public diplomacy to complement the inside game of lobbying with an outside game that showcased the narrative of fairness and equity in terms of global governance.

The extension of Singapore's diplomatic attributes into the 3G – and through these into a more privileged position in the G20 – also reinforced its own skills and capabilities. Although stimulated into action on the G20 due to its non-member role, Singapore (along with Switzerland) enjoys insider status in other parts of the G20 extended network. This role is most evident in the membership of these key 3G countries in the FSB. In terms of the shaping and monitoring of an array of regulatory issues, therefore, Singapore (along with Switzerland) was a rule maker, not a rule taker. The finance minister of Singapore was also appointed head of the IMFC. Singapore also was willing to pass on leadership when the context of the G20 evolved, thus defusing emerging rivalry issues. To be sure, as witnessed by the dynamics of the Los Cabos summit in June 2012, Singapore's visibility in the 3G was temporarily reduced, with Chile taking on the task of supplying much of the group's entrepreneurial and technical capabilities, before Singapore reappeared at the St. Petersburg summit.³² Such a transition reinforced the impression of success with respect to the impact of informal-based multilateral light, in that this handing off of leadership enhanced the 3G's credibility in terms of the practice of global governance while consolidating institutional access to the G20 in the context of an easing of intensity over the question of financial centres.

CONCLUSION

The dominant, formative image was of the G20 as a 21st century concert of powers bringing together countries from the old establishment in the G7/8 and the cluster of ascendant, systemically important countries from the global South.³³ This paper shows, however, the insufficiency of analyzing the G20 exclusively from this closed apex perspective. The G20 has not remained a static entity since its creation in 2008. Thus it is

imperative for analysis of the G20 to be attentive to the fundamental changes in the global system as well as within the G20 itself to understand the nuanced position of the forum's development of global governance. Put another way, the G20 has become increasingly de-centered.³⁴

The G20 demonstrates that there are strong counter-forces to reconfigured inter-state polarization and 'overt balancing' with respect to the BRICS.³⁵ The BRICS do not use the G20 as a site of explicit site of contestation of the general rules of the game in terms of the global system. In declaratory terms they continue to be highly supportive of this 'indispensable' forum. Contestation is targeted at both functional issues of national interest and in leveraging their position inside the G20 for great fairness and equality of the system. At the same time, the BRICS are not locked into the G20. They continue to explore means of going around the G20. They also use the G20 as a site to come together at the leader level in a caucus group.

Whereas the BRICS membership within the G20 has a heavy emphasis on status, showcased by 'rising' images, the small states and middle powers have more exaggerated concerns about vulnerability and opportunities. For the small states of the 3G group being left outside of the G20 came as a shock, given the fact that the G20 focused on functional issues that was central to their national interest. What they had to offer for getting some access to the G20 was not voice but the imprint of legitimacy.

The middle states' position is in some ways the most sensitive. The BRICS have other options beyond the G20 so can use the G20 as a placeholder. The small states of the 3G have warded off extreme scenarios of exclusion so can be content with playing a lower-key role. The middle powers, however, have had the role of insiders opened to them in an unprecedented fashion, but without the structural power of either the old establishment of the G7/8 or the BRICS. Unlike all of these other actors, moreover, the middle powers do not have coordinating group. They operate as classic 'loose' countries, with varying degrees of diplomatic niche capacity and levels of political/policy engagement.

This pattern of differentiation plays down the images of contested global governance. It does reveal, nonetheless, how different the G20 is from traditional concerts. Without the ability or willingness to make trade-offs on policy, apart from some areas of financial regulation, the G20 has lost momentum, caught between the roles of a crisis committee and a putative steering committee.

Still, in other ways, the G20 is a pivotal indication of the state of global governance, embedded as a functional, 'institutional light' kind of mechanism in terms of contemporary global governance.³⁶

NOTES ON CONTRIBUTOR

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