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Jan Wouters and Dylan Geraets argue that network governance needs to be transparent, inclusive, and responsive.

Globalization, governance and the G20

How to govern globalization? In the past three years the world has witnessed the emergence of a series of new actors in global governance. Increasingly, (informal) networks are used as forums to discuss new and pressing issues, alongside traditional international organizations. These networks operate in fields as diverse as food safety, standard setting, international public health, and financial regulation. At the global level, one of the prime examples of network governance is the Group of 20. Through the G20 – in November 2008 elevated to the rank of heads of state and government – world leaders attempt to address the most pressing global problems that arise in our increasingly multi-polar world. Although initially focused on dealing with the effects of the world's worst financial crisis since the 1930s, the agenda of the G20 has steadily broadened and now includes issues that range from the reform of international financial institutions and the effects of macro-economic imbalances to commodity price volatility, development and the fight against corruption. In attempting to deal with these issues, the G20 maintains a close relationship with formal international organizations, such as the International Monetary Fund, the World Trade Organization and the World Bank.

After three years, we can make an initial assessment of this relatively new construct in global governance: has the combination of informal networks, like the G20, and formal international organizations, proven fruitful? Has effective and efficient cooperation between them materialized? Does the G20 provide political guidance to 'traditional' international organizations? At the same time, we need to ask whether the G20 itself delivers in terms of 'democratic' global governance. Does the inclusion of emerging countries make the G20 more legitimate? Has the G20 lived up to its expectations in terms of governing globalization: can it function as a new steering committee for the world?

A broadening agenda – shifting priorities

As a network rather than a formal organization, the G20 is not based on a formal charter or treaty. There are no voting procedures, there is no central secretariat, and it does not provide legally binding outcomes. Through its informal structure, the G20 has the freedom to set its own agenda, coordinate policies, and distribute tasks across existing institutions. After the initial phase of crisis management in the face of the international financial crisis, this freedom has led to the

broadening of priorities of the G20. The downside of this broadening agenda can be seen with regard to the level of decisiveness with which the G20 has been able to operate. The expediency with which the 'sherpas' (the faceless diplomats who lay the groundwork for high-profile international meetings such as the G8 and the G20) crafted the bailout package at the end of 2008 can no longer be seen. Far from turning into a central hub for global governance, the G20 is turning into a forum where a variety of issues are discussed, and diverse opinions and policy preferences are exchanged between new and emerging powers, but firm policy conclusions are not necessarily reached.

Vision and guidance

In an earlier issue of *Making It*, Peter Sutherland warned against the growing economic nationalism of the mercantilist mindset and rising protectionism within G20 countries. More recently, WTO Director-General Pascal Lamy urged G20 leaders "to renew the firm commitment that they will not recourse to protectionism in order to exit the crisis." In an earlier speech, Lamy also called upon G20 leaders to provide the political guidance needed to complete the Doha Round of multilateral trade negotiations that has been running since 2001. So far, unfortunately, such requests have remained unanswered. In spite of their initial commitment to refrain from protectionism, in reality there has been an increase in the number of protectionist meas-

ures in the last six months. This example begs the question to what extent the G20 is really capable of providing the political vision and guidance that it is asked for. Can we realistically expect this guidance (these decisions) from a network that includes both China and the United States: the prime example of geopolitical tension at this very moment in time? In terms of effectiveness and efficiency, in a recent article in *Foreign Affairs*, the influential economists Ian Bremmer and Nouriel Roubini argued that the G20 has turned "from a would-be concert of nations to a cacophony of competing voices." In their view "the G-Zero era is more likely to produce protracted conflict than anything resembling a new Bretton Woods".

Legitimate and accountable global governance?

Until 2008, the Group of Eight (G8) was an exclusive club of the world's leading economies. Its importance had, however, waned over the past few years. A network that does not include major economies such as India, China and Brazil risks becoming irrelevant. By inviting these countries to the table in the G20 constellation, this legitimacy deficit prevalent in the G8 was partially addressed. The emerging economies that are now 'inside' the network have used this position to their advantage; although their positions are often not the same, they have been the major proponents behind the proposals for the reform of the international financial institutions. A number of excluded countries, including Norway and most notably the countries unified under the 'Global Governance Group' (3G), have expressed their concerns regarding the legitimacy of the G20. Making the policy-making process more transparent, for example, by publishing more documents next to the already openly available communiqués, would alleviate at least some of these concerns.

Rather than looking at (new) international institutions as the panacea for all perceived deficiencies of global governance through networks, it would be better to encourage our leaders to display the type of political leadership and vision that has been lacking for so long. If we accept that (informal) networks are indispensable to address the problems posed by the process of globalization, we have to attempt to mitigate some of their negative features. Turning to new formal institutions might not be necessary if we ensure that the networks of today and tomorrow are transparent, inclusive, and responsive. ■

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