The G8 and G20: How Far Can the Parallel Be Drawn?

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The paper presents the comparative analysis of the G8 and G20 evolution. The author highlights the issue of division of labor between two fora in international governance as its transformation from the finance ministers' meetings to the leaders' meetings. The proposed scenarios of future co-existence are based on the application of functional and pragmatic approaches and the idea of representing the interests of different countries through the mechanisms already being developed and applied during the G8 and G20 agenda deepening.

Introduction

This paper compares the development of the G20 with that of the G8. This exercise might be informative to consider future scenarios for the G20. Our central question is whether the G20 is likely to undergo a similar evolution as the G8, giving the conspicuous parallels between their respective development until now and between the international contexts in which this occurred. From this perspective, the paper will hopefully also contribute to current debates on the relationship and division of labor between the G8 and G20. In the first section, a comparison is made between both groupings' historical evolution. Subsequently, major differences between the two bodies that could result in different pathways will be discussed. The final section will address the likelihood of alternative scenarios.

Historical Parallels between the G8 and G20

The similarities between the historical evolutions of the G8 and G20 are too striking to be overlooked in a discussion on their respective future, and the future of the newly upgraded G20 in particular. Given the parallels, one could even ask whether the emulation of the G8 example by the G20 is stoppable at all.

Both the G8 and G20 followed from a severe international financial and economic crisis [1]. The diplomatic format we know today as the G8, was born in the context of the crisis of the Bretton Woods regime, the first oil shock and the subsequent economic slowdown of the middle of the 1970s. In fact, the G8 originated in a meeting of the finance ministers of the US, Germany, UK and France in 1973 – the so-called Library Group, to be joined in 1974 by Japan to form the "G5". The first "G6" leaders' summit (including Italy) took place in 1975 in Rambouillet. The group was joined in 1976 by Canada to form the G7, in 1977 by the European Community and in 1998 by Russia to form the G8. Until now, the G7 continues to meet without Russia on certain financial-economic matters. The G20, in its turn, was created in 1999 in response to the Asian financial crisis and its global ramifications. Between 1999 and 2008 it gathered in its highest level configuration as a meeting of finance ministers and central bankers. So, both the G8 and G20 originated from monetary turbulence and financial crisis as indicators of deepening complex interdependence, or globalization, and the increased demand for international cooperation the latter process entails.

Both instances were accompanied by a comparable geopolitical context as well. In the 1970s, there was a sense among Western leaders that dealing with the crisis required high-level cooperation among the states that mattered most at that time. Leaders felt that the US could not longer do it alone. In 1999, the G7 realized that in its turn it had become too small, and that the new rising powers had to be brought on board. In fact, the creation of the G8 and G20 reflected the ongoing process of deepening multipolarity. Between 1973–1975 and 1999 the circle of countries that in the perception of world leaders were needed to tackle the financial-economic crises had only expanded. By launching these bodies, leaders wanted to add a new layer of governance to the existing global institutional architecture, namely two flexible and informal mechanisms among the most powerful states for consultation, coordination of domestic policies, and giving the right impulses to official multilateralism. They deemed these new fora, with their very specific diplomatic methods, necessary to manage a world characterized by both risk-prone globalization and multipolarity. In this respect, an interesting question to be asked is whether the creation of the G8 and G20 was evitable at all. Of course, their launch required the voluntary agency of certain individuals, who could even more influ-

ence their exact composition and working methods. But anyhow, specific structural factors in world politics acted as highly permissive causes, ready to be picked up by entrepreneurial leaders. In this sense, even though the G8 and G20 remain controversial in terms of legitimacy (they are self-appointed clubs trying to exert global leadership), they almost "had to" come into existence, whether we like that or not.

Given the demand for international cooperation in these specific contexts of global monetary or financial crisis and growing multipolarity, it is perhaps not a coincidence that both fora started at the level of finance ministers, to be elevated to leaders' level at a later stage. In the case of the G8, as we saw, this happened quite quickly. For the G20, it took until the 2007–2009 global financial crisis to convene for the first time at the level of heads of state and government in Washington in November 2008. In September 2009 in Pittsburgh, the G20 designated itself as the premier forum for the members' international economic cooperation and decided to convene as an annual summit from 2011 onwards.

The initiative to set-up a process of G8 summitry came from the French President Valéry Giscard d'Estaing and the German Chancellor Helmut Schmidt. Both were finance ministers at the time of the Library Group, and probably appreciated that process. The administration of US President Gerald Ford, who led a country traumatized by Vietnam and Watergate, understood the new international context and agreed to the idea of a summit. The launch of the G20 at leaders' level was equally a European initiative. The French President Nicolas Sarkozy and British Prime Minister Gordon Brown went to see the US President George W. Bush in the final months of his term and convinced him of convening a summit. Interestingly, the idea to have a G20 at leaders' level was already around for some time. A few years before the global crisis, the Canadian Prime Minister Paul Martin (2004–2005) was already campaigning for a "Leaders' 20" (L20), based on his positive experiences with the G20 at finance ministers' level. Together with his American counterpart Lawrence Summers, Paul Martin is generally seen as the founder of the G20 in 1999. Given the wide series of global challenges and global political gridlocks, a few years later he found it necessary to elevate the existing G20 process to leaders' level and extend its agenda beyond the financial and economic realm. So, what we see here is (former) finance ministers and non-US actors playing critical roles in moving forward the process of major power concert.

Since its inception, the G8 process has gradually expanded its agenda. Started as a financial-economic crisis committee, it now deals with issues such as security, development, energy, climate, and health. All this work is supported by an established practice of functional ministerial meetings, apart from the meetings of the G7 finance ministers. The actual contributions of the G8, often at a technocratic level far removed from the spotlights, is until now not fully appreciated by the world media and global public opinion. Agenda broadening is also at the order of the day within G20 summitry. Although it can be argued that these matters have some connection with financial and economic cooperation, the G20 summit has already touched upon issues such as development, anticorruption, and marine environmental protection. In addition to the ongoing G20 finance ministerials, the group already held a meeting of the labor ministers in April 2010.[1] At present, it is an open question to what extent the G20's agenda will expand the same way as the G8's has done, which would almost automatically entail the necessity of more ministerial meetings.

Differences

At first glance, it seems that the G20 is a set to undergo a very similar evolution in the years ahead as the G8. The expansion of the G8 process was fuelled by both globalization and growing multipolarity. The latter two processes have only grown in intensity. In that scenario, the question is not whether the G20 will fully embark upon a generalist global governance agenda and preparatory ministerial meetings, but when. At the onset of G20 summitry, many observers even depicted the G20 prematurely as a kind of enlargement of the G8, with the latter to disappear soon. Yet, substantial differences between both bodies prevent the G20 from simply copying the evolution of the G8.

The G8 is closer to the notion of a "like-minded" group than the G20. From the start in 1975, the G6 underlined the members' common identity: "We came together because of shared beliefs and shared responsibilities. We are each responsible for the government of an open, democratic society, dedicated to individual liberty and social advancement. Our success will strengthen, indeed is essential to, democratic societies everywhere. We

[1] In the course of 2010, two meetings of tourism ministers have taken place as well (the so-called T20), but their configuration did not fully correspond with the G20, while the G20 chair did not highlight it on its website. At best, for the time being this process occurs only peripherally to the G20.

are each responsible for assuring the prosperity of a major industrial economy. The growth and stability of our economies will help the entire industrial world and developing countries to prosper" [2]. The G20 will be unable to agree on a similar text in the foreseeable future. The G20 is much more heterogeneous economically, politically, and culturally. The larger number of the group makes things even more difficult. The more unwieldy character of the G20 decreases the appetite among certain members to engage in agenda broadening and the proliferation of G20 ministerials. It also leads to a more formal way of interaction, with more "written speeches" during meetings, and less opportunity for interpersonal "chemistry" among leaders and their top aides.

What is more, summitry through bodies such as G8 and G20 is predominantly a Western idea. For large developing countries such as China, India, Brazil and South Africa it is not self-evident to fully engage in these mechanisms. Being part of a future G20 as the apex body for global governance could alienate them from their G77 partners. Moreover, these countries feel more comfortable in official multilateral environments such as the UN and WTO. There things tend to go slowly, and these countries can claim to be "developing countries" rather than "rising powers with commensurate responsibilities." For the rising powers for which this is relevant, obtaining a permanent seat at the UN Security Council is a much more important goal than seeing the G20 develop into the central political steering committee for global governance. By the same token, emerging powers' enthusiasm about the G8 "outreach" processes has always remained mixed. They were reluctant to buy the predominantly Western-driven agendas. As far as the G20 is concerned, after all its upgrade came after a global financial meltdown caused by mismanagement in the Western financial sectors. The crisis also inflicted damage to the emerging world, but banking systems there continued to do quite well. A lot of recent G20 work is basically directed at the Western countries.

For all these reasons, the G20 agenda is not likely to expand analogous to the G8's in the near future. Yet, these differences need to be put into perspective. The G8's common identity (liberal-democratic, pro-market) based on a long history among most members is a fact. But the G8 has already seen serious disagreement on a broad range of issues as well (e.g., Iraq war, fiscal stimulus versus consolidation, climate change). Relations between Russia and West countries are often under strain because of conflicting security and economic interests, and different views on international and domestic political issues. The G8 membership of Russia in a way reduces the identity gap between the G8 and G20, since the former is not longer to be a regarded as a "Western lobby" and has become more like a pluralist "concert". The latter happens to be exactly what the G20 is all about. In other words, the remaining vitality of the G8 since Russia's accession is good news for the G20; the necessity to cooperate helps to overcome the difficulties that pluralism entails.

At the same time, within the G20 there is a growing potential for political convergence due to the exigencies of globalization. Common interests can flow from a common identity with common values, but also from common threats and challenges in a world of advanced complex interdependence. Yet, there is little automaticity in this. Political elites still have to acknowledge the causal linkages between global issues and concrete domestic problems, and regard stronger international engagement through the G20 as more beneficial to their national interests than isolationism or unilateralism. Structural factors in the background can only facilitate the mental realization that closer cooperation with other major powers is preferable, but they can be counterbalanced by other considerations as well.

By elevating the group to an annual summit at leaders' level, a crucial hurdle has already been cleared. Skeptics of the G20 process should not underestimate the importance of this decision. From now onwards, the leaders of 19 major economies plus the EU (and possibly the representatives of other well-established regional organizations) will gather each year around a certain global (economic) governance agenda. In most cases the process will be propelled by an enthusiastic chair. In the same way as the G8, G20 leaders will be scrutinized by the global public opinion, and thanks to the periodicity of the meetings, feel the pressure to deliver, to live up to their promises, and to be held accountable. Notwithstanding the difficulties the G20 encounters, the members, including the big powers, have endorsed its continuation. If they really thought this to be threat to their national interests, the greater powers could have blocked it. Because of these indications, it is assumed in this paper that the G20 will further develop, be it very gradually, and not vanish within a few years. The May 2010 National Security Strategy of the United States, for example, in a remarkable way recognizes the prominence of the G20, even though actual enthusiasm in Washington about the process is now at a lower level than it was at the time of the relatively successful April 2009 London summit.

Moreover, agenda broadening within the G20 is already well under way. The quite extensive November 2010 "Seoul consensus" on development, for example, cannot longer be considered as the work of a "crisis committee." Although the Seoul development agenda has received much less attention in the world press than the so-called "currency war" for which Seoul could not find a solution, it demonstrates that the G20 is gradually embarking on a broad, long-term agenda. Other examples include the G20's work on food security, fossil fuel subsidies, marine environment protection and anticorruption. Those who want to restrict the G20 to a traditional financial-economic agenda, already seem to plead in vain.

A complicating factor for the future of the G20 is the persistence of the G8. The G8 did not have such a "competitor" during its own evolution. As things stand now, the G8 is likely to survive the upgrade of the G20 to a leaders' summit, at least for some years. At its summit in Muskoka in June 2010, it has even found a new life. By keeping the group of invitees limited, it returned to basics: an informal gathering of a small group of like-minded leaders. By focusing on the Millennium Development Goals (MDGs) with regard to mothers and children and thus endorsing an ongoing UN process, including the MDG summit in September 2010, the G8 tried to enhance its legitimacy. The presentation of the Muskoka Accountability Report on development promises served a similar goal. Apart from the announced agenda and the communiqué, leaders also discussed pressing issues such UN Security Council reform. Notwithstanding legitimate criticisms about the broken promises, the insufficient amounts of new money pledged, and the all too positive tone of the accountability report, Muskoka demonstrated the usefulness of having world leaders gathering on a periodic basis, even in the restricted G8 configuration. Officials also kept on stressing the value of having a like-minded group that can make substantive decisions and statements on delicate political issues.

The expected coexistence of G8 and G20 in the years ahead gives rise to a lively debate on a division of labor between the two, which is of course likely to affect their respective futures. Many observers and practitioners prefer a rather strict functional division of labor, and also believe this outcome is the most likely. Consistent with the Pittsburgh decision, the G20 is then supposed to focus on the financial and economic realm. The G8 will rather deal with "political issues", such as security and human rights. This approach would radically change the identity of the G8, and block a future evolution of the G20 analogous to the G8 summits between 1975 and 2010.

Thinkable Scenarios

Let us first consider this functional division of labor scenario, with the G20 addressing financial and economic issues, and the G8 political ones. In that case, the G20 would continue to be run by the ministers of finance by and large, while foreign affairs and other functional ministries would play a larger role in the G8 – with leaders coordinating the two. One problem with this distinction is that it is hard to define the boundaries between the two realms. For example, what about development? What we saw in 2010, is the G8 summit in Muskoka putting forward a few MDGs as its top priority, and the G20 Seoul summit ambitiously launching a new paradigm on development cooperation. According to the division of labor school, this should be seen as an anomaly that is to disappear soon. Development as such is supposed to move to one of the two groupings. If we see development as basically an economic issue, then the G20 should adopt it and the G8 lose it. Energy is equally hard to categorize within one of the two boxes. It is hard to argue that energy is non-economic. But if it moves to the G20, the finance ministers will have to be prepared to share their show in an increasing way with the ministers of foreign affairs, energy, environment and probably others, since energy is a multidimensional and strategic issue par excellence. With energy being a key issue on the G20 agenda, it would become difficult to treat the G20 as an exclusively financial-economic forum. What about climate change? Is this rather an "economic" or a "political" issue? Some argue that climate finance is for the G20, while the rest of the matter belongs to the G8, also given the opposition from big emerging economies to thoroughly discuss climate in the G20 parallel to UN climate negotiations. If this pattern persists, climate is rather something for the G8 (and of course the UN).

Another problem is the rejection of "duplication" which is inherent to the functional division of labor approach. Suppose that preparedness to discuss climate in the G20 increases. What would then be wrong with, for example, using the G8 for coordination of climate-friendly domestic policies among its members – perhaps around relatively stronger emission reduction targets, while the G20 serves as a site to foster mutual understanding among old and emerging industrialized countries, to give a boost to international technological collaboration, and in the end to break the political gridlocks? Would this be an example of undesir-

able duplication with both the G8 and G20 working on climate change? In other words, both groupings can add value to one and the same issue area, by dealing with it from their specific perspectives. A variant of this, is that the G8 and G20 do apply a kind of division of labor within one and the same issue area, for example development. A theoretical example could be that at a more operational level, among other things, the G8 focuses on health, while the G20 addresses infrastructure.

The fundamental problem with the division of labor approach along functional lines is that the two bodies' respective identities have in fact nothing to do with a functional distinction. The G8 is a small group of more or less like-minded countries. Due to the recent rise of non-Western powers, it cannot longer claim to be a leading group for global governance. To some extent it could do so during the Cold War for the Western world, and shortly afterwards for the entire world, but now it has definitely lost its position as "group hegemony" [3]. Through its outreach process towards China, India, Brazil, Mexico and South Africa, in particular between 2005 and 2009, it tried to maintain this role, but this approach has little future anymore since the advent of the G20, in which the emerging powers have more chances to enjoy genuine co-ownership of the process. The G8 has not become irrelevant, but will have to redefine its role. In a more modest way, it can continue to give impulses to global governance and existing multilateralism. Maybe more than before, it can act as a "lobby" for certain views and values as well. But it will be rather a "caucus" at the same level as BRICs or IBSA than an apex body for global governance. In contrast, the G20, as an emerging global concert, possesses more potential to play a coordinating role in global (economic) governance, provided that political standpoints can converge over time. Given these very distinctive identities, the notion of a functional division of labor makes little sense.

As a result, a much more pragmatic approach will be necessary. In practice, this approach will mainly be driven by the leaders themselves. This is the most likely outcome. On a case-by-case basis, they will decide in which forum which topic has to be dealt with. In certain cases, there will be a clear division of labor, in others the G8 and G20 will address different aspects of the same issue area, and in still others, there will be full duplication. The leaders are likely to apply a more complex set of decision criteria than the simple economic versus political distinction. These (probably) unwritten criteria will depend on the G8 and G20's respective comparative advantage. In some cases, the G8 will touch upon some of the same issues as the G20, just because the G8 wants to convey certain messages, or wants to be more ambitious and set an example with regard to the issues at hand. Who could impede the G8 leaders, for example, to discuss the state of the world economy during their summit, or declare that more action is needed to tackle harmful international tax competition and non-transparent tax havens? Certain issues will move to the G20, because there the countries are sitting together that matter most on a particular issue, provided that G20 partners are willing to discuss it. In these cases, dealing with the issue within the G20 instead of the G8 is a matter of necessity with a view to success. This might for example explain a shift of the point of gravity for financial and economic matters from the G7/8 to the G20. Or if the G8 and G20 are to play a role in multilateral trade negotiations, in today's world it makes more sense that the G20 takes the lead. More technical and less contentious issues – for example in the realm of energy technology cooperation – can relatively easily be sent to the G20, from where a larger contribution to certain global public goods can be expected. In the long term, this can even include forms of cooperation in the security realm, where there exist some common understanding and willingness to bring the matter within a wider forum such as the G20 (think of policies with regard to maritime piracy or terrorism). It is logical, to the contrary, that more delicate and contentious issues, such as Iran's nuclear program or human rights abuses, will be touched upon rather by the G8 or ad hoc mini-lateral fora than the G20.

From the most optimist point of view, the co-existence between the G8 and G20 should not hamper each other's development. What is more, the co-existence of the fora adds to institutional diversity in global governance, and so may increase the likelihood of progress (if it does not work in one forum, states can try it in the other). This way, "messy multilateralism" is not necessarily a bad thing. This idea counterbalances the thinkable advantages of putting as much as possible under the G20 umbrella (e.g., economies of scale in diplomatic intercourse; more opportunities to address linkages between issue areas and even reach package deals; the fostering of a common sense of global responsibility) with the risk that once the G20 as a whole comes into trouble for one reason or another, this has negative repercussions for several issues at the same time.

Based on this pragmatist dynamic, the G20 agenda is likely to expand in an incremental way, also beyond the traditional financial and economic sphere. An all too clear-cut functional division of labor is unlikely and undesirable. Admittedly, a fast

and spectacular agenda-broadening is not to be expected; the G20 is not being catapulted to the centre of global governance. Therefore, reluctance on the part of certain great powers, and some G8 middle powers (Canada, Japan, Italy) which are still very much attached to their smaller grouping, is too strong. However, some non-G8 middle powers such as Korea, Australia and Turkey have already expressed enthusiasm about a more prominent role for the G20. In the years ahead, they could be the drivers behind the further development and deepening of the G20 process. Korea has already made a great contribution through its 2010 presidency.

Conclusion: No Functional Division of Labor

In this paper, we highlighted striking parallels between the G8' and G20' historical evolution. Both are rooted in processes of intensifying globalization and intervulnerability as well as growing multipolarity. In other words, informal groupings of major powers appeared to be a favorite answer to financial and economic crises and other global challenges. After becoming a leaders' summit, the G8 saw its agenda expand and its ministerial activity abound. The G20 now seems set for a similar future trajectory, and the question is whether this process is stoppable at all. In the paper it was argued that differences between the two (e.g., the differing degree of like-mindedness and size) will not necessarily block an evolution of the G20 along the historical lines of the G8. Yet, the co-existence of G8 and G20, combined with the rather strict functional division of labor many advocate ("the G20 deals with financial-economic and the G8 with political questions"), could derail this analogous evolution. However, this outcome is less probable, since the distinct identities of the G8 and G20 have nothing to do with a functional division of labor. Leaders have little reason to adopt such an artificial role assignment. Therefore, the paper has argued that a further, but very incremental expansion of the G20's agenda, even beyond the financial and economic realm, and a very pragmatic but complex division of labor between the two, are more likely outcomes.

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