

Opinion

With Geopolitics Taking Centre-Stage, Is the G20 Fundamentally Changing?

Diplomacy

It was relatively easy for global powers with differing interests to agree on economic matters. Now, getting a leaders' statement in place will require a lot more work.



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The G20 is the premier forum for multilateral economic cooperation. However, geopolitical issues took centre stage for the first time in the discussions and the Leaders' Declaration at the G20 Summit in Bali late last year. The pattern was repeated in the first two ministerial meetings under the Indian presidency where dissensions reached such a level that not only could joint statements not be issued at the end of these meetings, but ministers could not even agree to repeat the language used by their leaders in Bali on Ukraine. This is most unusual. There is now a possibility that G20 Leaders might not be able to agree a communique for the first time when they meet next in New Delhi in September this year for their 18th Summit.

What does this augur for the G20 going forward? Is the G20 splintering or coming apart? It might be

useful, while trying to understand this, to step back and ruminate on the origins of multilateralism and the dynamics underlying the G20.

The beginnings of multilateralism

Multilateral cooperation was for long enforced through the heads of the Islamic and Christian faiths whose leaders (the Caliph and the Pope) exercised both religious and secular authority. It was the Pope who brokered peace in the initial stages of globalisation that began with the Age of Discovery that pitted European powers against each other in their quest for acquiring new lands. This religion-based multilateralism broke down with the Reformation, following which some great powers, notably England, ceased to accept the authority of the Pope. A prolonged period of religious wars ensued in Europe, leading up to the Treaty of Westphalia in 1648 where several European powers agreed not to interfere in the internal affairs of sovereign states. The secular authority of the Caliph lasted longer but clearly weakened from the 18th century with the rise of Europe following the Industrial Revolution, and even earlier with the emergence of Sultans.

The Peace of Westphalia led to a sharp reduction in religious conflict, but big power conflicts in Europe continued right up to the Napoleonic wars

Europe continued right up to the Napoleonic wars that followed the French Revolution. Modern multilateralism took first shape in the form of the Concert of Europe that tried to maintain the balance of power amongst the big powers in Europe (England, France, Prussia, Austria, Russia) following the final defeat of Napoleon in 1815. The Concert successfully negotiated the cataclysms of 1848, but could not accommodate the new rising powers, notably Germany, Italy and Japan, or manage the breakup of the Ottoman empire. The two world wars marked the end of multilateral cooperation through the Concert.

Taking multilateralism out of Europe

Multilateralism had so far been essentially a European phenomenon, with non-European countries subordinated as colonies. Following the defeat of the Axis powers, the world was now split up into two 'cold warring' camps that rendered the formal institution of multilateral cooperation, the United Nations, ineffectual. The former colonies, who were now independent countries, were drawn into the multilateral system on an equal (sovereign, but not economic) footing as part of one or the other camp. A number of former colonies also tried to maintain a neutral 'non-aligned' position equidistant from the two cold warring blocks and organised themselves through various multilateral bodies that voiced the

economic concerns of developing countries, leading to what is commonly called the 'North-South' divide.

Post-war multilateral cooperation had distinct, albeit interrelated, institutional structures for geopolitical and economic cooperation. At the geopolitical level, the Western G7 countries and NATO were pitted against the Soviet Union and the Warsaw Pact. At the economic level, the dominance of the US dollar in both global trade and finance ensured the pre-eminence of the aid-giving Bretton Woods institutions (MDBs and the IMF) under the aegis of the G7 and OECD, who were the biggest contributors and stakeholders.

With the breakup of the Soviet Union, the G7 and NATO became by default the premier institutions for geopolitical cooperation, as the Soviet Union and the Warsaw Pact melted away and non-alignment lost its relevance. By the turn of the century, however, increasing economic convergence between the G7, OECD and the bigger developing 'BRICS' countries, notably China, meant that globalisation could not be managed effectively without their active involvement.

The trigger was provided by the Asian financial crisis of 1999, when the G20 was formed alongside the G7, comprising the world's biggest and systemically important economies that together

accounted for over three-fourths of global income, trade, financial flows, greenhouse emissions and population. What began as a forum of finance ministers and central bank governors was soon elevated to Leaders' level in the wake of the global financial crisis of 2007. At their third summit in Pittsburgh, US, in 2009, G20 leaders declared that henceforth the G20 would be the premier forum for multilateral economic cooperation, in effect supplanting the G7.

G20: Not just economic, but geopolitical too?

The wording of the Pittsburgh leaders' statement implied that the G7's pre-eminence in multilateral geopolitical cooperation remained unchanged.

While leaders met on the sidelines of the summit where topical geopolitical issues were also discussed, G20 deliberations were limited to economic and financial issues, where notable success was notched up, inter alia, in rescuing the global economy from the brink of a second Great Depression through macroeconomic coordination, in keeping international trade open and in reforming a runaway global financial system.

At the last G20 Summit in Bali, however, geopolitical issues were not only discussed openly in the summit by G20 leaders, despite not being on the agenda. but the war in Ukraine occupied

centre-stage, pushing economic issues into the background in the leaders' statement. This development was anticipated during the preceding G20 (Italian) presidency that had convened a special virtual meeting of G20 leaders on the situation in Afghanistan. There was, however, no mention of Afghanistan in the leaders' declaration issued after the Rome G20 Summit.

The question that arises is whether these developments under the Indonesian and Indian presidencies indicate that the G20 is now supplanting the G7 as the premier forum for geopolitical cooperation as well. It is a widely held view that the G20 was elevated to summit level in 2008 because this was the most compact forum that included what were by now the two biggest economies, the US and China, without whose cooperation it was no longer possible to manage globalisation. Does the same reasoning now apply to geopolitical management, with the emergence of China, in alliance with Russia, as the pre-eminent geopolitical threat to the G7 and NATO?

It is much easier for leaders to agree to common language on economic issues based on a common minimum programme, as globalisation is a win-win game. It is much harder to do so in geopolitical matters that often involve zero-sum games. In such matters. simply agreeing on common

language can be construed as success.

India's strategic priorities appear to be to leverage the summit to enhance India's soft power and promote international tourism, while also using the summit for domestic political gain, and to focus attention away from geopolitical issues by drawing attention to ongoing economic issues of growth, climate finance, digitalisation, debt relief, etc. and represent the interests of the Global South. These issues would provide the basis for an agreed communique. As a middle-level power, however, India can stage a successful summit only by setting the agenda in prior consultation with the major powers. If this is done it is difficult to see how India can steer the discussion away from Ukraine.

Dropping the Ukraine issue referred to at Bali would be construed as a major concession to Russia by G7 countries. Might it not be better served by focusing its energies behind the scenes to leverage its special relationship with both Russia and the US for some breakthrough, howsoever small, on Ukraine, so that it can have an agreed communique at New Delhi? China would also like to see an end to the war, as it is fearful of its economic and nuclear fallout. This would not only enhance India's geopolitical standing, but the Delhi Summit would be remembered as a turning

point for the G20.

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