



*Multilateralism light:
The rise of informal
international
governance*



Risto Penttilä

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The rise of informal international governance

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Contents

About the author

Acknowledgements

1	Introduction	1
2	The rapid rise of informal groups of states	7
3	G7, 8, 13, 20: Which is the right group?	13
4	International security and informal groups of states	25
5	Voluntary action and climate change	31
6	The European Union and informal governance	35
7	Conclusions	41

1 Introduction

The London G20 summit in April 2009 was hailed as the beginning of a new world order by some. Others saw it as a useless photo opportunity for vain world leaders. In order to assess the significance of the summit one has to place it in a wider context. This essay argues that the proper context is the rise of informal global governance or ‘multilateralism light’.¹

¹ Multilateralism light is like ‘Coke light’ – lighter but still the real thing. It is light because it does not include bloated bureaucracies or stringent rules. It is multilateral because it includes many actors: both states and, increasingly often, international organisations.

The G20 is an example of an informal international organisation. It is not based on a treaty. It does not have a secretariat. It lacks the two characteristics that according to one British diplomat define an international institution: a cafeteria and a pension plan. Yet, most of the political world pays careful attention to what is said and done at its meetings.

The rise of multilateralism light is arguably the most significant development in global governance over the past twenty years. Yet, it has been overlooked and under-studied. Twenty years ago there were only a few informal groups of states. Today, the world is awash with them. Some are influential. Others are indeed mere talking shops. Some of them consist of great powers. Others have international and regional organisations as members. Some operate alongside existing formal institutions; others function within them. Informal groups of states have peculiar names like ‘friends of the secretary-general’ or the ‘troika’. Some of them, like the G8 or the Asia-Pacific economic co-operation (APEC), are more or less permanent. Others, like ‘contact groups’, are temporary.

Multilateralism light is a good thing. Firstly, it brings together leaders that can change things. Of course, it cannot make them do anything they do not desire. But it gives them a platform to co-ordinate policies and to decide on issues that formal international organisations should undertake. Secondly, multilateralism light offers a fast and pragmatic way to incorporate China, India, Brazil and other emerging great powers into the joint management of international affairs. There are, of course, problems connected with multilateralism light. Some of them will be discussed later. But on balance the world is better off with informal groups of states than it would be without them.

With the rise of multilateralism light the world has moved into a dual system of global governance. This dual system consists of formal and informal international organisations. Informal groups of states are good at co-ordinating policies, convening crisis meetings and launching new initiatives, but they cannot make binding agreements. As a consequence, a division of labour has emerged between the two types of international organisation: informal organisations are increasingly responsible for the process of solving problems while formal organisations concentrate on legitimising the results. This principle sounds clear in theory. In reality, the division of labour is often quite blurred. Informal organisations often work within the framework of formal organisations while formal organisations organise informal meetings to facilitate problem-solving. However, when it comes to making binding multilateral agreements, there is only one place to go: formal, treaty-based institutions.

Multilateralism light differs from ‘multilateralism proper’ in five important aspects. First, informal groups have no formal rules or charters. Second, they do not have permanent structures. Sometimes informal groups have small secretariats intended to provide some continuity but they never have full-blown bureaucracies. Third, there are no clear rules of membership. New members are invited either by consensus or by the host of a meeting. Fourth, decisions are

based on consensus. If there is no consensus, there is no action. Fifth, informal groups are selective and exclusive. Traditionally they consisted principally of great powers. But change is underway. More and more important informal groups (such as the G20) include developing countries. Others consist only of emerging economies. At the same time, some informal groups (like the ‘Middle East’ quartet) have both states and international organisations as their members.

Philosophically, informal groups of states differ significantly from their formal counterparts. While formal institutions are created either through a lengthy political process or through ‘some’ master plan, informal organisations have an entirely different origin. Most informal groups are not planned, but spring up to meet a perceived need. If their rationale disappears, the grouping ceases to exist or changes its mission. Legitimacy has always been the Achilles’ heel of informal groups of states. Outsiders have complained about the lack of universal membership while small states have been afraid of a great power condominium. States with growing aspirations have not understood why they are excluded. In addition, there is an increasing sense that some informal groups – the G8 being the most obvious example – have a membership that is outdated and represents a world that no longer exists.

Multilateralism light is not part of the disaggregation of the state. Informal groups of states are very much in the control of prime ministers, presidents or cabinet ministers. The G20 and the G8 are dependent on the will of national governments. Contact groups cannot act without a mandate from national capitals. The essence of multilateralism light is less the networking between various levels of governments, than the fact that heads of government or their representatives meet in an informal setting without formal rules or procedures. In this respect, multilateralism light comes very close to classical leader-driven diplomacy.

Indeed, informal groups of states can be seen as modern-day concerts. As such, they continue to practice the art of concert

² *The notion of transgovernmental networks was developed by Robert Keohane and Joseph Nye in the early 1970s. It referred to “contacts, coalitions, and interactions across state boundaries that are not controlled by the central foreign policy organs of governments.”*

³ *Christoph Schwegmann, ‘Modern concert diplomacy: The contact group and the G7/8 in crisis management’ John Kirton, Joseph Daniels and Andreas Freytag, ‘Guiding global order, G8 governance in the twenty-first century’, Ashgate, Aldershot, 2001.*

⁴ *Robert Jervis, ‘From balance to concert: A study of international security co-operation’ World Politics, October 1985; Kenneth Oye ‘Co-operation under anarchy’, Princeton University Press, 1986.*

diplomacy that was refined in the nineteenth century during the heyday of the Concert of Europe.² The idea of a concert is that of a loosely organised joint management of international affairs by the great powers or, more recently, by a combination of great powers and international organisations. Specifically, concerts can be defined as “institutions that rely on few informal rules and mainly serve to co-ordinate policy”.³

In order to qualify as a global concert, a system of governance must include every power that can destroy the existing international system by changing its policies.⁴ Thus, the G7 did not qualify as a ‘global concert’ during the Cold War era for the simple reason that it did not include the Soviet Union, which undoubtedly had the power to destroy the international system. And the G8 no longer qualifies as a global concert because it does not include China, a great

power, that can through monetary policy, trade and, to a growing extent, its foreign and security policy wreck the international system.

Of course, concerts vary. It is important to distinguish between specific and global concerts. Specific concerts are temporary and have a tight focus. Global concerts have a broad mandate and normally include major states. A specific concert is typically organised to seek solutions to a crisis situation. Its modus operandi is to find a solution and then disband. Whenever big members of the EU meet to discuss a crisis outside formal EU institutions they are creating a specific concert. The Middle East quartet (consisting of the US, the EU, the UN and Russia) is also a specific concert. The

idea is that the group will be disbanded as soon as a workable solution is found. (At the moment it appears that this specific concert will be around for quite some time.)

A global concert is typically a coalition of great powers involved in the long-term joint management of international relations. In the 19th century Concert of Europe fulfilled this role. Since the end of the Cold War, the G8 has acted as a global concert. The G20 follows the same model of joint management of international affairs as the G8; it simply has more members. In other words, the present dual system of global governance can be seen as a mix of 19th century concert diplomacy and 20th century institutions.

2 The rapid rise of informal groups of states

During the Cold War era there was only one informal group of states involved in the joint management of international affairs, namely the G7. Nearly all other informal groups of states (and there were not many of them) operated within the framework of formal international organisations.

Things changed immediately after the fall of the Berlin Wall. The number of informal groups skyrocketed. The membership and the mandate of the G7 were reformed. Russia became a new member and the group began to deal with all the major issues on the world agenda. Various partnerships were established. The G20 was founded. Dozens of 'contact groups' and 'friends' (of the secretary-general of the United Nations) were created. At the same time informal groups of states gained a stronger position within the WTO.

Why was the end of the Cold War such a turning point for multilateralism? There were a couple of good reasons. First, the disappearance of rigid bipolarity made room for new groups. Second, the UN was unable to respond to all the new demands in a rapidly changing international environment. The need for crisis management operations shot up. At the same time new global issues (such as HIV/AIDS) needed to be dealt with in a multilateral framework. As states noticed that formal institutions were not able to cope with these new demands, they began increasingly to use informal meetings and groups to manage crises, co-ordinate policies and launch new initiatives. In most cases the decision to 'go informal' was not conscious. It simply seemed like the prudent thing to do.

The sudden emergence of informal organisations at the end of the Cold War is not altogether surprising. Major crises tend to produce new international arrangements. Furthermore, concerts are likely to arise when there are several powers of equal weight in the international system. The golden age of the 19th century ‘European concert’ coincided with the lack of a clear hegemonic power. The G7 was at its most effective during the Carter administration when the US believed its relative power to be declining and, therefore, sought collective methods to manage the world economy. The rise of the G20 also follows this pattern. The group acted in the background of the G8 for ten years and took centre stage only after the US became the epicentre of the financial crisis.

Simple rules seldom work. The prominence of the G8 from the end of the Cold War until George W Bush became president of the US in 2000 is indeed an exception to the aforementioned rule. During the preceding presidency of Bill Clinton, the US saw the G8 as a useful instrument for achieving its own goals. At the same time, other members of the G8 saw the body as a way to influence the US. The result was a historical anomaly: a concert with one dominant actor.

It was not only the United States that began to use concert diplomacy as a diplomatic tool at the end of the Cold War. Bob Hawke, prime minister of Australia, suggested in January 1989 (several months before the fall of the Berlin Wall) that an informal group of Asian-Pacific states should be set up to discuss and co-ordinate economic policies. Later that year 12 countries met in Canberra, Australia, to set up the Asia-Pacific Economic co-operation Council (APEC). Founding members included Japan, the United States, Singapore and Canada. China joined a few years later, and Russia in 1998. The co-operation started as an informal dialogue between senior officials and ministers. In 1993, the practice of annual APEC ‘economic leaders’ meetings’ was established.

APEC is proud of its informality. It claims to be “the only inter-governmental grouping in the world operating on the basis of non-

binding commitments, open dialogue and equal respect for the views of all participants”. Its official documents state that since the founding of APEC, the region’s GDP (in purchasing power parity terms) has tripled, while GDP in the rest of the world less than doubled. During the same period APEC countries’ foreign trade grew nearly four-fold.

How much of this is due to the existence of APEC? Sceptics say very little and dismiss the whole organisation as a talking shop. Supporters say quite a lot and point to the huge gains made in trade liberalisation in the region. When APEC was set up in 1989, average import tariffs in the region stood at 16.9 per cent; by 2004 these barriers had been reduced by approximately 70 per cent, to 5.5 per cent. Would this have happened without APEC? Probably not. It is unlikely that governments would have been able to remove trade barriers in a co-ordinated and sustained manner without APEC (or another informal forum in its place). At the very least, progress would have been slower.

International security is also an area where the end of the Cold War changed the dynamics between formal and informal groups. During the Cold War there were only a few informal groups dealing with international security. Dag Hammarskjöld, the second secretary-general of the UN (1953-61), set up informal ‘advisory committees’ to assist him on issues that did not progress well in the UN Security Council. There was an advisory committee on the peaceful uses of atomic energy. It did the preparatory work for a 1958 conference on the same topic. A few years earlier there had been an advisory committee of seven countries dealing with the Suez crisis. However, the committee on Suez was authorised by the UN’s general assembly. As such it was not entirely informal. In 1977 an ad hoc coalition of states was set up to deal with the crisis in Namibia. The group was called the ‘western contact group on Namibia’. It was the first ever contact group.

After the collapse of the Soviet Union, informal groups became active in numerous regional conflicts in Afghanistan, Angola,

Cambodia, Central African Republic, East Timor, Ethiopia and Eritrea, El Salvador, Georgia, Guatemala, Guinea-Bissau, Haiti, Mozambique, Namibia, Sierra Leone, Suriname, Uganda, Western Sahara and former Yugoslavia. The G8 also became more active in trying to resolve regional conflicts in the 1990s.

Trade

However, not all fields of international relations witnessed a radical transformation in the role of informal international governance following the collapse of the Soviet Union. Trade is one area where the end of the Cold War did not constitute a radical turning point in the role of informal groups of states. The reason is that informal groups had been part and parcel of the rules-based multilateral trading system ever since the early days of the General Agreement on Tariffs and Trade (GATT).

Within the GATT framework informal groups played a key role. Indeed, the entire process was based on layers of informal groups. First, consensus was created within a small inner group of states. Second, members of the inner circle tried to convince other states to subscribe to the negotiated solution. Third, an agreement was reached after a lot of bargaining between the inner group and representatives of the other countries.

Despite the fact that informal trade groups had been part of the rules-based international trading system for a long time, the end of the Cold War did change the system considerably. The most significant change was the founding of the WTO in 1995. At the same time the influence of emerging countries began to grow. Informal groups of states played a key role in offering emerging states a stronger role than before.

During the GATT era the most important inner group was the 'quad'. It consisted of the US, EU, Japan and Canada. After the launch of the Doha round, two emerging economies, Brazil and

India, gained access to the inner group. At the same time emerging countries began to use informal groups to increase their bargaining power vis-à-vis the US and Europe.⁵ These new coalition groups differed from the traditional 'inner groups' (the quad and the 'group of six'). Instead of searching for a compromise position, the new groups aimed simply to establish and defend a common negotiating position. As such, the groups were mostly tactical alliances between countries with similar trade profiles.

⁵ Mayur Patel, 'New faces in the green room: Developing country coalitions and decision-making in the WTO', GEG Working Paper 2007/33, Updated September 2007. *Global Trade Governance Project*.

The increased voice of emerging economies is a good thing from the point of view of a more balanced international trading system. But it turned out to be less conducive to finding compromises than the old system. The conspicuous failure of the Doha round in late 2007 proved that the new system was far from perfect. Indeed, several experts blamed India, a country that had been included in the most important informal group, for wrecking the negotiations. According to this interpretation, India claimed to act as a promoter of the interests of emerging countries rather than a seeker of a workable compromise. Nevertheless, it is quite clear that the new informal groups, or coalitions, are changing the governance of the WTO.

That may not be a bad thing. According to Mayur Patel, member-states and the WTO secretariat have "deliberately moved to include coalitions in decision-making processes, recognising their function as representatives of country constituencies".⁶ In other words, informal groups of states are no longer a weapon in the arsenal of the rich and powerful. They are also instruments for developing countries. The likely outcome is that the system will be less predictable but more representative than before.

⁶ Mayur Patel, 'New faces in the green room: Developing country coalitions and decision-making in the WTO', GEG Working Paper 2007/33, Updated September 2007. *Global Trade Governance Project*.

3 G7, 8, 13, 20: Which is the right group?

It is “time for the G20 to take the mantle from the G8”, wrote Paul Martin, a former prime minister of Canada, in a paper in 2008.⁷

After the G20 London summit in April 2009, many people around the world were convinced that he is right. But is he? The emergence of G20 summits has certainly changed the architecture of global governance, but it has not necessarily made the traditional G7/8 meetings superfluous.

⁷ Paul Martin. ‘Time for the G20 to take the mantle from the G8’ in John Kirton and Madeline Koch, ‘Growth, innovation, inclusion: The G20 at ten’. University of Toronto, Munk Centre for International Studies, 2008.

The rise of the G20 to global stardom has been quick but not as quick as most people imagine. Over the years, the G20 has toiled away quietly, meeting annually, holding press conferences, trying to make itself heard.⁸ Compared with the G8 summits, G20 meetings received little media coverage. One reason for this was that the G20 brought together central bank governors and finance ministers while the G8 gathered together the leaders of the most important economies.

⁸ The G20 includes 19 member-states – not 20 as the name would suggest. They are the G8 member-states plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, and Turkey. There is one empty chair, which has not yet been designated to a country.

Things changed in December 2008 when – at the height of the financial and economic crisis – the heads of state and government of the G20 countries met in Washington DC for the first time. Although the meeting did not achieve much in terms of concrete outputs, it did produce one lasting result: the recognition of the G20 as a new leaders’ forum for both emerging and developed nations. As the global economy sank into a deep recession, the world began

to look forward to the G20 London summit scheduled for April 2009. Expectations were high since it was going to be the first meeting between the new US president, Barack Obama, and the most significant heads of government from the rest of the world. And the summit provided respectable results, not only in terms of forging a coherent positions among the world's top-20 economies; but also in helping to stabilise global financial markets, agreeing on stimulus measures and starting a series of reform processes to prevent similar crises from happening in the future (see box).

The future of the G8

But in terms of global economic governance, the most important change had to do with the status of the G20 itself. The G20 emerged from the summit as the new centre of global economic governance and many observers, like Paul Martin, saw it as the right body to replace the G7/8.

For two decades since the end of the Cold War, the G8 has been an undisputed star of informal global governance. Its meetings have been attended by demonstrators and rock stars alike. Its summits have attracted scores of reporters. Its statements have helped define the global agenda. During the same time, its sibling, the G7, acted as the fire brigade of the world economy. Whenever there was a crisis, the G7 finance ministers and central bank governors came to the rescue. But the future of the G8 is unclear. It is increasingly seen as unrepresentative: how can a group that does not include emerging giants, such as China and India, claim stewardship of world affairs in general and the world economy in particular? And it now has strong competition in the shape of the G20.

Multilateralism light in action: The G20 London summit

The preparations for the London summit were very much in the hands of the British government and the new Obama administration. In addition, the International Monetary Fund (IMF) prepared a study on the causes of the financial crisis while the Financial Stability Forum (consisting of financial officials from the G7 countries together with Australia, Hong Kong, The Netherlands, Singapore and Switzerland) produced recommendations on the regulation of financial markets.

The G20 London summit was a success. The Americans were pleased: they achieved a fairly unified response to the present economic crisis. The Europeans were content: they saw the summit as a first step in the prevention of the next global economic crisis. The Chinese were satisfied: their calls for the reform of the international financial institutions were taken into account. The markets rallied. The mood was nearly bullish. Yet, some pundits were sceptical. Some pointed out that the headline stimulus figures of \$1.2 trillion did not stand close scrutiny. Others were afraid that the promises made at the summit would not be implemented. Some experts went as far as to dismiss the whole event as a distraction.

In order to properly assess the results of the meeting, it is important to differentiate between short-term objectives (relating to the management of the global economic crisis) and long-term ones (the reform of global economic governance and the debate about the right economic system).

The most important short-term effect was a boost to confidence. The leaders renewed their commitment to fight protectionism and they pledged to work together to prevent the recession from getting deeper. In addition, they unveiled a package that was more substantial than expected. The funds available to the IMF were trebled, with \$250 billion added in the form of special drawing rights (the IMF's own currency). An additional \$250 billion was made available for trade financing. Proceeds from IMF gold sales were directed to the help those poor countries whose situation had significantly

worsened as a result of the crisis. It was also significant that the leaders agreed to monitor creeping protectionist policies, through oversight by the World Trade Organisation (WTO). These measures had the desired impact. The fear of a systemic collapse of the world financial system subsided. The focus of attention moved to how to kick-start the world economy and how to create a more sustainable system of global financial governance.

The first step toward a more sustainable system of global financial governance was the decision to turn the Financial Stability Forum into a Financial Stability Board (FSB). The membership of the body was broadened to include the rest of the G20 countries as well as Spain (as a result of intense lobbying by that country). The European Commission was awarded a seat in the new body.

The agreement to crack down on tax havens and excessive bank secrecy was also an incremental step toward a more sustainable financial system. Furthermore, the leaders agreed to a review of the soundness of accounting standards and committed to periodic peer reviews of their financial systems – although the latter left many observers sceptical as to its effectiveness.

The leaders also agreed to speed up the reform of international financial institutions, such as the IMF and the World Bank, to better reflect the rise of China and other emerging economies. There had not been enough time to sketch the broad contours of the reform, let alone agree on the details. And even had they wanted to, the G20 summit – as an informal gathering – lacked the authority to suggest detailed changes to the governance of these multilateral lenders. The only thing that was agreed was that emerging countries would have more formal say at the two institutions.

The summit also contributed to the wider debate about the changing nature of the global economy. Leaders recognised the need for a more environmentally and socially aware global political economy. And they agreed on the need for more and better regulation. Many commentators therefore saw the summit as a departure from the 'Washington consensus': instead of calling for more liberalisation of markets (as G7 summits usually did), the London summit sought better ways to regulate them. Instead of preaching privatisation, the summit looked to governments to play a key role. Instead of speaking only of economic reforms, the summit included references to poverty and the climate. Yet the summit was not a departure from free market capitalism per se. It did not propagate the virtues of state capitalism or socialism. Its aim was to fix the market economy, not end it.

Most experts agree that the G8 is approaching a point where it will either update its membership or die. But it would be mistaken to see the G20 as an automatic or an immediate successor of the G8. The reason is that the G8 is a political concert that deals with issues ranging from global warming to nuclear disarmament. The G20 is an economic actor. It is quite possible that the G20 will grow into a global political concert with time – after all, this is what happened to the old G7. But for the time being the main focus of the G20 is on global economic governance.

There are several reasons for the likely durability of the G8. First, doing away with it would greatly diminish the influence of most of its current members, and hence they will oppose moves to do so. Second, the G8 has plenty of institutional inertia to keep it going. For example, preparations for the 2010 summit in Huntsville, Canada, are well underway. They include the inheritance of 33 commitments made by G8 summits over the past decade that are due to be fulfilled by 2010. In addition to the leaders' summits there are countless ministerial meetings on subjects ranging from agriculture to the environment.

Third, the G8 has an impressive track record. The G8 research centre at the University of Toronto has studied compliance with promises made at G8 summits.⁹ They find ⁹ *The compliance reports can be found at* that Britain and Canada tend to keep their words better than the rest, with the US and *www.g8.utoronto.ca/compliance/* France being the laggards. But all G8 countries have been improving their compliance over the years. In terms of the issues that the G8 tackles, it is perhaps surprising that compliance has been highest in the – highly contentious – area of energy policy. Similarly, compliance has improved over the years in development policies, even though many critics still claim that the G8 has not lived up to its promises.

The Toronto researchers conclude that the G8 has been more successful than any other organisation in providing funding to

address global problems. Third world debt cancellation, counter-proliferation and the fight against HIV/AIDS have all received substantial funding thanks to the G8. The fact that not all commitments are met does not negate its role as the most effective venue for directing resources to global public policy objectives.

Living up to one's own commitments is one thing. Influencing others is another. The G8 has launched several initiatives that are open to non-members. The G8 'global partnership against the spread of weapons and materials of mass destruction' is a good example of the G8 tackling a thorny question in a co-operative manner and achieving concrete results. The partnership was launched at the Kananaskis summit in Canada in June 2002. Governments pledged more than \$20 billion to be used over ten years for the destruction of chemical weapons, the dismantlement of decommissioned nuclear submarines, the disposition of fissile materials and the employment of former weapons scientists. The partnership also created a global network of think-tanks and research institutes to ensure that the most up-to-date information about the proliferation of weapons of mass destruction was available. In addition to pledging money, the G8 member-states published a set of principles to prevent "terrorists, or those that harbour them, from gaining access to weapons or materials of mass destruction". Whether they have prevented incidents of proliferation is impossible to say. What can be said is that the principles have been implemented by a number of countries that have found them useful.

Expansion or engagement?

All G8 leaders agree that something has to be done to make the group more representative. The problem is that they cannot agree what should be done. Two schools of thought have appeared. The first school favours rapid expansion. Italy, the holder of the G8 presidency in 2009, has called for the creation of a G14 or a 'Super G8'. The second school of thought favours engagement rather than expansion. German Chancellor Angela Merkel is a proponent of this

view. During the German G8 presidency in 2007, she formalised the practice of inviting the most significant emerging countries to G8 summits, without, however, offering them full participation. This approach is known as the G8 + 5.

It was Tony Blair who, in 2005, first invited the leaders of the five biggest emerging market countries – China, India, South Africa, Mexico and Brazil – to join the G8 leaders for discussions in Gleneagles (Scotland). At first, the five countries were referred to as 'the outreach five' or 'the plus five'. Not content to be seen merely as an annex to the G8, they began to refer to themselves as the 'group of five' or the G5 in 2008. The G5 leaders issued their first stand-alone document on the occasion of the 2008 Hokkaido Tokyo summit in Japan.

The G8 + 5 format is unlikely to be the final answer to the question of the enlargement of the G8. It is a temporary solution, a compromise between the wishes of the existing members and those of the aspiring members. Most experts believe that the question that will determine the future of the G8 is the membership of China and India. If the two decide to join and are admitted as members, the G8 will probably gain a new legitimacy and vitality. If the two rising powers do not become members in the foreseeable future the G8 will steadily lose relevance.

Until now China has been happy to be the most important country outside the G8. This has given it a role as a natural leader of the emerging economies. However, China may be outgrowing this traditional role. As part of its strategy of 'peaceful rise', it may want to join other leading economies – provided that the G8 is sufficiently reformed. However, it is worth remembering that it took Russia ten years to become a full member. It may take several years before China assumes full membership rights – if it ever does. Meanwhile, the G8 will strengthen its co-operation with the G5. If the two groups (the G8 and the G5) manage to find consensus on any given issue, they can easily guide the work of both formal

institutions (such as the UN and the WTO) and informal institutions such as the G20.

Adding members is relatively easy. Getting rid of them is the hard part. It is quite clear that if the group were founded today it would not include Italy or Canada. Neither would Europe be awarded up to six seats at the summits: in addition to the four EU member-states, both the European Commission and the rotating EU presidency have a seat at the G8 summit. (When the holder of the rotating presidency is France, Germany, Italy or the UK, the EU has five seats at the top table of the G8. When the president of the EU Council is from an EU country which is not a member of the G8, the EU has six representatives at the G8 summits.)

The most logical remedy would be to cut the European representation to one. This would mean that France, Italy, Germany and the UK would give up their seats in favour of the president of the European Council – provided that the Lisbon treaty (which opens the way for a permanent president of the European Council) enters into force. As logical as this solution sounds, it has formidable opponents. The existing European member-states of the G8 are not likely to give up their seats at the G8. In the words of Charles Grant of the Centre for European Reform, this idea “has zero chance of implementation”. This is a pity since what the world needs is a G4 consisting of the EU, the USA, Japan and China.

Do we still need the G7?

Russia was admitted as a full member of the G8 meetings of heads of state and government in 1998. But it was not invited to join the G7 meetings of finance ministers and central bank governors. In other words, Russia was given a seat at the high table of global political governance but not allowed into the engine room of the world economy. The wisdom of this decision appeared to be confirmed in the autumn of 1998 when the rouble crisis showed that

Russia was still a shaky emerging market rather than a worthy member of the club of the world’s most developed economies.

The G7 finance ministers and central bank governors have traditionally been seen as a symbol of the Washington consensus – the idea that free markets combined with sound fiscal policies were the way forward for the world economy. Now, the Washington consensus is under heavy criticism and the G20 is on the rise. Is it time to get rid of the G7 altogether? If so, what will we miss?

The G7 emerged from efforts to form a concerted reaction to the global oil shocks in the 1970s. During the Cold War, the G7 played an important role in co-ordinating the economic and monetary policies of its members. The Bonn accords in 1978 represent a rare and perhaps even unique example of international co-ordination of economic policies. In the early 1980s, the G7 kept checks on the stability of the banking system. The 1985 Plaza accord was a breakthrough in efforts to bring down the dollar. The G7 has also been instrumental in building momentum for trade liberalisation: when trade talks stalled, the G7 usually stepped in to give them a boost.

During the Asian financial crisis of 1997-99, the G7 had an important role in ensuring that the policy response was co-ordinated and collective. It was equally important in the reaction to the 1998 rouble crisis and the collapse of the hedge fund Long-Term Capital Management. One of the most important steps was the creation of the Financial Stability Forum in 1999. The mission of the FSF was to promote international financial stability through enhanced information exchange and international co-operation in financial market supervision and surveillance. Membership consisted of a mixture of national financial authorities (central banks, supervisory bodies and finance ministries), international financial institutions, international regulatory and supervisory groupings and committees of central bank experts.

The next big role for the G7 came after the terrorist attacks in New York and Washington DC on September 11th, 2001. In addition to keeping financial markets afloat, the G7 concentrated on thwarting the financing of terrorist organisations. In October 2001, G7 finance ministers issued an ‘action plan to combat the financing of terrorism’. The key instrument was the Financial Action Task Force (FATF), set up by the G7 finance ministers in 1989. It had been given the responsibility of examining “money laundering techniques and trends, reviewing the action which had already been taken at national or international level, and setting out the measures that still needed to be taken to combat money laundering.” In April 1990, the FATF had published 40 recommendations on how to improve progress in the fight against money laundering. In response to the September 11th terrorist attacks, the mission of the FATF was broadened to include the development of standards in the fight against terrorist financing.

During the financial crises that began with the collapse of the US subprime mortgage market in late 2007, the G7 finance ministers and central bank governors again assumed the role of the fire brigade of the world economy. In the aftermath of the bankruptcy of Lehman Brothers, in the autumn of 2008 and the ensuing credit crunch, the G7 issued a statement that was very similar to the one it had issued after the September 11th terrorist attacks. The ministers and central bank governors reaffirmed their “strong and shared commitment to protect the integrity of the international financial system and facilitate liquid, smooth functioning markets”. In order to leave no doubt about their resolve, they stated: “We are ready to take whatever actions may be necessary, individually and collectively, to ensure the stability of the international financial system.” This was followed by a close co-ordination of central bank actions in G7 countries and beyond. For example, Sweden and Switzerland joined co-ordinated reductions in interest rates. At the same time as the G7 was reacting to the crisis, it asked the FSF to investigate the causes of the financial turmoil and to suggest remedies.

Parallel groups

However, it soon became apparent that the membership of the G7 was not broad enough to deal with the crisis. Responding to pressure from other Western governments, the United States decided to call a meeting of the leaders of the G20, which was held in Washington in November 2008. The G20 leaders convened again in London in April 2009 and the next summit was scheduled for September of the same year in Pittsburgh. Most observers now agree with Paul Martin: it is time for the G7 to move over and let the G20 run the show. The danger, of course, is that the G20 will be unable to meet the expectations that are attached to it. Therefore, it seems premature to get rid of the G7.

The advantage of the G7 is that it consists of a closely-knit group of countries that have a lot of experience of working together. Its weakness is that it is not representative of the world economy today. The G20, on the other hand, is very representative, but simply too diverse to be effective. The most likely scenario is that the G7 will continue to act in its current format for some years to come. But it will do so in close co-ordination with the G20. Thus, the G7 will be the executive while the G20 will take on the role of the assembly. No reform will be possible or lasting without the acceptance of the G20. No G20 summit will be successful without the preparatory work of the G7.

So what will be the future relationship between the G8 and the G20? Keeping in mind institutional inertia and the differences in the agendas of the two groups, we are likely to see an expanding G8 co-existing alongside the current G20. The G20 will look after economic governance, while the expanding G8 will continue to be the epicentre of global political governance.

4 International security and informal groups of states

Most international crises with military implications are nowadays dealt with by contact groups, groups of friends or other informal groups. The reason is clear: such groups can be more flexible and innovative than formal organisations that are constrained by strict rules and regulations. Indeed, a new pattern of international crisis management has emerged. Informal groups of states are used as problem-solvers. Once a solution has been found, the issue is redirected to the UN Security Council. Here again, we are witnessing the separation of process and its legitimisation.

Contact groups

Contact groups are small informal groups of states that try to find a solution to a crisis that has serious security implications. They are, as Jochen Prantl puts it, “ad hoc coalitions of able and willing countries”. They are self-selected and work outside the UN framework. Typically, they are dissolved when the crisis is over.

The contact group way of doing things differs radically from the formal UN approach. It is more pragmatic and national capitals play a more conspicuous role. If the conditions are right, a contact group can be an efficient instrument of diplomacy and statecraft. But for this to happen, it must comprise the relevant countries and have the support of the great powers. It naturally helps if the belligerents (or parties to a conflict) agree to co-operate with the contact group. Sometimes the mere presence of a contact group is enough to keep the pressure on belligerents or a rogue government and prevent them from engaging in harmful activities.

Recent examples of contact groups include the Middle East quartet and the Korean six-party talks (North Korea, South Korea, the US, China, Japan and Russia). The latter came to a temporary halt in the summer of 2008 when Pyongyang unexpectedly renounced its plans to acquire a nuclear arsenal. The group itself, however, was not disbanded, because North Korea had made similar announcements before, only to renege on them later. True to form, it resumed the development of its nuclear arsenal and the six-party talks resembled. North Korea's nuclear test in May 2009 may have killed off the six-party format.

Another set of six-party talks has addressed the question of Iran's nuclear ambitions. The group comprises the five permanent members of the UN Security Council plus Germany (P5+1). The talks are held on various levels, from political directors to foreign ministers. Javier Solana, the High Representative of the EU, has participated and has also functioned as an envoy for the group.

The Middle East quartet is an interesting contact group because it consists of both states and international entities. The members are the US, Russia, the EU and the UN. The group was set up in 2002 by the then Spanish prime minister, José Maria Aznar. Tony Blair became the group's special envoy immediately after resigning as prime minister of Britain.

Groups of friends

Groups of friends of the UN secretary-general are composed of a small number of states which consult and advise the secretary-general on specific crisis-related issues. The difference between friends and contact groups is that friends are more intimately connected with the UN. Friends are typically UN ambassadors or other officials closely associated with the UN. Their meetings are normally held in or around the UN headquarters in New York. By contrast, contact groups do not necessarily have any direct connection with the UN or its personnel. National capitals drive the work of contact groups.

The term 'group of friends' was originally coined in the context of the El Salvador peace process in 1989. However, its roots can be traced back to the advisory committees of the UN secretary-general. It is not clear why the name of advisory committees was changed to friends of the secretary-general. One possible explanation is that Boutros-Boutros Ghali (UN secretary-general, 1991-96) wanted to imply a looser connection to the UN institutions.

Groups of friends come in different shapes and sizes. Some include representatives of international organisations, together with officials from states. Some consist only of state representatives. Some meet at the UN in New York, others hold their meetings in different capitals. Some support the secretary-general's peacemaking role, some adopt a country or a conflict in order to lead or assist in the mediation process, and some co-ordinate international monitoring or help in implementation efforts during the post-settlement phase. Different groups of friends have been active in about 35 countries since 1989.

Informal groups of states do not always produce results. For example, the Korean six-party talks have been unable to dissuade Pyongyang from developing its nuclear weapons capabilities. Nor has the 'group of friends' of the secretary-general on Abkhazia achieved any real progress. The small gains that the group had made were swept away following the conflict between Russia and Georgia in August 2008.

The most important determinant of the success of an informal group is its composition. In some cases it is good to have diverging interests represented at the table. In other cases, diverging interests can kill the process. The chances of success are higher when there is a lead-nation responsible for the founding of the group. Yet not all situations lend themselves to an orderly founding of an informal group. And some situations are hopeless regardless of the group's composition.

The G8 as a security actor

The G8 is not often regarded as a security actor. However, security

issues have been on the agenda of the group from its first summit in 1975. In 1999, the G8 played an unusual role in the Kosovo crisis, when it became the main forum for political crisis management. The crisis came to a head at the start of 1999, as Serbian forces launched a campaign of ethnic cleansing in the province of Kosovo. The Security Council was constrained by the principle of non-intervention in the domestic affairs of sovereign states. It also became clear that the Russians (and possibly the Chinese) would veto any resolution directed against Serbia. NATO initiated an air campaign against Serbian forces in Kosovo, without UNSC endorsement. Events escalated into a full-blown political crisis between the West and Russia.

At this precarious moment, the then Russian president, Boris Yeltsin, decided that he was ready to negotiate with the West, provided that talks took place within the G8. The UN was entirely sidelined, and negotiations were conducted at meetings of the G8 foreign ministers. The final agreement was reached at the G8 summit in Berlin. The UN retroactively legitimised the G8 action by copying and passing the G8 declaration as UNSC resolution 1244.

There were several reasons for the Russian decision to turn to the G8. First, Yeltsin had been craving the recognition of Russia as a great power. The G8 offered a suitable stage for appearing on a par with the US and other major powers. Second, a radical change of position in the UNSC could easily have been interpreted as a sign of Russian weakness. In the G8, however, Yeltsin could argue that Russia had received due recognition of its great power status. Third, the G8 mechanism enabled Yeltsin to bypass bureaucratic hurdles within the Russian government.

The G8 did not resolve the conflict over Kosovo by itself. Two other informal groups were significant in the resolution of the crisis. They were the 'troika' and the 'quint'. The troika consisted of the then President of Finland Martti Ahtisaari (as an EU representative), the US deputy secretary of state, Strobe Talbott, and Russian former

prime minister, Victor Chernomyrdin. The troika mediated between Washington, Moscow and Berlin. (Berlin was important because of Germany's double presidency of the EU and the G8). The quint was made up of five key members of NATO: France, Germany, Italy, the UK and the US. They worked together to keep the rest of the alliance on board, which was not always easy.

5 Voluntary action and climate change

Climate change is an area where states have had difficulty in establishing formal organisations, and where real progress seems unlikely through formal treaties alone. It therefore makes sense to see what informal institutions may be able to offer.

The G8 and climate change

Climate change was tackled at G7 summits long before it was properly addressed by the UN. At the conclusion of the 1979 Tokyo summit, the leaders of the G7 declared: “We need to expand alternative sources of energy, especially those which help to prevent further pollution, particularly increases of carbon dioxide and sulphur oxides in the atmosphere”. However, this statement did not lead to a sustained commitment to reducing emissions of greenhouse gases. The G8 only took up the issue again much later.

The former British prime minister, Tony Blair, made climate change one of the centre-pieces of the G8 summit at Gleneagles in 2005 (when the UK chaired the G8). Due to terrorist attacks in London during the meeting, the agenda was knocked off course. Nevertheless, certain concrete steps were agreed, including the Gleneagles plan of action on climate change, clean energy and sustainable development. This was the beginning of a sustained G8 interest in climate change.

The St Petersburg G8 summit in 2006 concentrated on energy security but included many agenda points on climate change. The German presidency in 2007 launched the so-called Heiligendamm process. The purpose of the two-year initiative was to bring together

the G8 countries and the most significant emerging economies to deal “with the biggest challenges the global economy is facing today”. They included cross-border investment, research and innovation (including intellectual property rights), climate change, energy efficiency and development with a specific focus on Africa. In order to facilitate the process a Heiligendamm ‘dialogue process support unit’ was established in the secretary general’s office of the Organisation for Economic Co-operation and Development (OECD).

The Heiligendamm process had many similarities with the Gleneagles plan of action on climate change, clean energy and sustainable development. Both projects were based on co-operation between the G8 members and the major emerging economies. They also overlapped on substance. Both were concerned with climate change and sought to transform the way major economies use energy. Both were also interested in promoting research and development of new technologies.

Having overlapping processes and initiatives may sound counterproductive but in fact offers two advantages. The first is reiteration. Working through difficult issues in slightly different settings may improve the chances of effecting real change in government policies. The second advantage is competition. In the world of G8 initiatives only the very best outlive the initial hype. The only way to assure the longevity of individual programmes is to make them relevant for all participants.

The Asia-Pacific partnership on clean development and climate

The Asia-Pacific partnership on clean development and climate (APP) brings together different cultures and approaches. It is a voluntary agreement that encompasses governments and corporations. It was founded in July 2005 by Australia, China, India, Japan, South Korea and the US. Canada joined in 2007. Collectively APP members represent 45 per cent of world

population, half of world GDP and a similar share of global emissions of carbon dioxide.

The aim of the partnership is to promote the development, deployment and diffusion of existing and emerging clean technologies. This is done by bringing together corporations, experts and government officials. There is no membership fee or common budget. Corporations pay the cost of their own participation. Some – but not all – participating governments have committed considerable sums of money. For example, the US pledged \$56 million initially and has since added another \$26 million. Australia has pledged \$A100 million over five years. Most of the money will be used for 50 APP projects with the ¹⁰ *APP web site:* www.asiapacificpartnership.org and Canadian government information about the APP.

Japan has made no formal pledge but it has committed money to APP projects.¹⁰

The APP is a political organisation: it was created by politicians to drive a political agenda. Yet one would not know this by looking at its activities. Currently the partnership addresses renewable energy, energy efficiency in buildings and appliances, fossil fuels, coal mining, cement, aluminium, steel, and power generation and transmission. In other words, the partnership is engaged with the nitty-gritty of energy and climate technologies.

The partnership does not produce big headlines or ambitious goals. Yet participating countries and companies view the process favourably. They emphasise that the APP is not a replacement but a supplement to UN-led climate talks. At the same time they call attention to the fact that the APP has brought new funds to the fight against climate change, and that it has increased the speed of adoption of new technologies. The beauty of the process is that it is bottom-up, and that it includes companies, governments and experts. As such it resembles in some respects the Kyoto protocol’s clean development mechanism (CDM), an arrangement that allows industrialised countries to invest in projects that reduce emissions in

developing countries as an alternative to more expensive emission reductions in their own countries.

¹¹ *The first methane to markets (M2M) partnership conference was hosted by the US environmental protection agency (USEPA) and the China national development and reform commission (NDRC), in November 2007 in Beijing. REEEP is a global partnership that structures policy initiatives for clean energy markets and facilitates financing for sustainable energy projects. The International Partnership for the Hydrogen Economy was established in 2003 as an international institution to accelerate the transition to a hydrogen economy.*

The APP is not the only informal process combating climate change. Other voluntary international partnerships include ‘methane to markets’, the ‘renewable energy and energy efficiency partnership’ and the ‘international partnership for the hydrogen economy’, also known by their peculiar acronyms: M2M, REEEP and IPHE.¹¹

In 2007, President George Bush launched a ‘major economy meeting’ of 16 key states to deal with climate change. The MEM-16 met at the official and ministerial level in preparation for the Hokkaido summit, which brought

together the G8 countries together with other major economies. This gathering emphasised mitigation measures, the role of technology and the need for more investment in research and development. President Obama changed the name from a ‘meeting’ to a ‘forum’. Preparatory talks for the ‘major economy forum’ began in April in 2009 in Washington DC. The MEF was due to meet in July 2009 in Italy, in the margins of the G8 summit. The 17 participants are Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, South Africa, South Korea, the UK, the US and a representative of the EU.

Nobody claims that combating climate change should be left to informal organisations alone. At the same time fewer people claim that voluntary action is useless. The combination of formal and informal processes seems to offer a better hope of cooling the planet than concentrating on the UN-led processes alone.

6 The European Union and informal governance

The European Council and the Eurogroup are informal groups, but not in the conventional sense. First, they are made up of members that are involved in the deep formal multilateralism of the EU. Second, both have far-reaching institutional arrangements. The European Council has had a set of rules for its proceedings since 2002 (although it has been operating since the 1970s) and the Eurogroup has had a permanent president since January 2005. But neither has been recognised in a treaty as a formal institution of the European Union. This has allowed them to be more flexible and creative than the traditional EU institutions: the Commission, the Council of Ministers, the European Parliament and the European Court of Justice.

Things will change if the Treaty of Lisbon enters into force. The treaty establishes the European Council and the Eurogroup as formal institutions of the EU. However, this is not likely to change their role fundamentally. The Eurogroup will no longer have to meet in the margins of the Ecofin Council, as it does today. It will be able to call meetings without a subservient reference to its formal big brother. The Lisbon treaty will change very little in the way the European Council works. With or without the treaty, if leaders decide to take up an issue and make a decision, they will do so. A more important change is likely to come through the establishment of the semi-permanent presidency of the European Council. Exactly how that office will work is far from clear.

While the Eurogroup and the European Council can be seen as semi-formal (rather than informal) institutions, there are plenty of truly informal groups within the EU. Recently, there have been ad

hoc meetings of the European members of the G8 and of the G20. The EU's Central and Eastern European members met informally in early 2009 to discuss the current financial crisis. On numerous occasions, the big member-states have organised summits to which small states have not been invited. In addition, formal institutions often organised informal breakfast meetings or luncheons to facilitate open dialogue and hasten decision-making.

While informal and semi-formal groups play an important part in the EU, the separation of process and its legitimisation is not as stark as it is for example in the case of the G7 and the IMF, or the G8 and the UN. In other words, informal and semi-formal institutions are so deeply embedded in the formal institutions of the EU that participants do not always realise whether they are attending a formal meeting or an informal one. It would be wrong to do away with informal groups, for that would make EU decision-making more rigid and even more bureaucratic. The key is to make sure that the existence of semi-formal and informal groups facilitates rather than hampers the work of formal institutions.

The EU and crisis response

When a crisis strikes, informal groups flourish. This has certainly been the EU's experience during the financial and economic crisis that began in earnest in the autumn of 2008. The response of the EU has been characterised by intermittent meetings of formal and semi-formal groups with some totally informal groups thrown in for a good measure.

Small member-states have not liked the resurgence of informal and semi-formal meetings. They have felt ignored. This is understandable, but cannot be helped. The idea behind multilateralism light is that only systemically important or otherwise relevant countries are invited to the meetings. If one invites everyone, the whole point of the exercise is lost and informal meetings become nothing more than formal meetings in another

setting. The key to keeping everyone happy is, first, to invite small state representatives to address informal groups occasionally. Second, informal decisions need to be blessed by the formal institutions. And a third, it is important to keep the small states fully informed of proceedings.

President Nicolas Sarkozy, the holder of the EU rotating presidency during the second half of 2008, reacted to the financial and economic crisis with determination and speed. He mobilised formal, semi-formal and informal instruments. In October 2008 he invited the four European members of the G8 (France, Germany, Italy and the UK) to a crisis meeting in Paris. The idea was to exchange views, co-ordinate policies and prepare for the meeting of the Ecofin Council due to take place a few days later.

The monthly meeting of the Ecofin Council was held on October 7th 2008 in Luxembourg and managed to sooth the markets for a while. However, it was quite apparent that more action was needed. Thus, Sarkozy arranged for an extraordinary meeting of the European Council and called the leaders of the Eurogroup countries to a summit in Paris. The extraordinary European Council was held in Berlin on November 7th 2008. The most important topic on the agenda was the G20 summit in Washington that was to be held a fortnight later. The meeting was successful to the extent that it established a common European position for the summit. This was important in easing the pain felt by those EU member-states that were not invited to it.

The eurozone summit in Paris on October 11th was the first meeting of the Eurogroup at the level of heads of state and government. Sarkozy applied the G20 model, converting a traditional meeting of finance ministers into a leaders' summit. Another first was the participation of the British prime minister, Gordon Brown. He was not invited to the actual meeting of the Eurogroup countries but he addressed the participants beforehand. He also took part in the photo opportunity, which made everyone think that he had sat

through the entire proceedings. The meeting was a success notably in getting agreement on a set of principles for bank bail-outs. The markets responded favourably. There was a clear sense that the EU was able to take decisive action.

These meetings during 2008 reveal that the EU's response to the financial crisis has consisted of an innovative use of formal, semi-formal and informal meetings. They also show that despite being a deeply formal, treaty-based institution, the EU is capable of focusing on substance over form when the situation demands it. The process may have had a few flaws but it is fair to say that the results have been much better than they would have been had the Union relied on formal institutions alone.

The European Union and multilateralism

The EU sees itself as a friend of multilateralism. In fact, the Union is one of the biggest obstacles to the reform of multilateral organisations – informal and formal alike. The reason is that nearly all multilateral organisations suffer from too many European representatives. The unwillingness to cut down the number of European delegates in both formal and informal institutions makes the reform of these institutions extremely difficult. The most flagrant examples of this over-representation are the six seats that the EU occupies at the G8 (Britain, France, Germany, Italy, the rotating presidency and the Commission) and the eight (those six plus the Netherlands and Spain) that it has in the G20.

Since it is entirely unrealistic in the short term to expect the current G8 member-states to give up their seats in favour of one European seat, other solutions must be found. The first should be to integrate formal EU institutions into the informal processes of the G8 and the G20, as well as those of the various contact groups. This ought not to be too difficult. For example, putting the G8 or the G20 on the agenda of the Ecofin Council before and after the actual meeting is already an important step in the right direction. The second is to

make sure that the appropriate EU institutions are represented in the right informal groups. The Eurogroup, for example, is not a member of the G20. The third step is to think through the policy towards contact groups in the field of international security. At present, some contact groups (such as the Middle East quartet) have the EU as a member while others (such as the six-party talks on Iran) have individual countries and EU institutions as members. From the perspective of integrating the EU in the work of the contact groups, it would make sense if the Union were represented in the most significant groups. If or when the Lisbon treaty is ratified, it would make sense for the enhanced High Representative to take on such a role.

In the long run, the EU should aim to send only one representative to informal meetings of the most important political and economic organisations and groups. This, however, would require several changes in the structure and the spirit of European integration. First, the Lisbon treaty would need to be ratified. Second, the position of the EU president would have to become widely respected inside and outside the EU. Third, the current trend of increased intergovernmental co-operation would have to change in favour of a more supranational style of integration. All this is a very tall order. In reality, the EU is destined to live with a mixture of EU and member-state representation in informal organisations for the foreseeable future.

7 Conclusions

There are many conclusions to be drawn from the rise of informal international governance:

- ★ Multilateralism light is here to stay. Informal organisations play such an important role in world affairs that it would be impossible to go back to a system without them.
- ★ Multilateralism light is a good thing. Without informal groups of states the world would be less capable of dealing with the challenge of climate change or the global economic crisis; it would be harder to bring local or regional conflicts to an end; and it would be even more difficult to keep world trade talks going.
- ★ Multilateralism light offers a fast and pragmatic way to incorporate China, India, Brazil and other emerging great powers into the joint management of international affairs.
- ★ With the rise of informal international organisations, the world has entered a dual system of international governance. The new system is based on the parallel existence of both informal and formal international organisations.
- ★ The dual system means that the process of decision-making and its legitimisation are separated. Informal groups of states play an important role in the process but only formal international institutions can enter into binding agreements.

- ★ The new system is difficult for small states to accept. It is built on the idea of the fundamental inequality of states. Only the states that matter will be invited to forums such as the G20 or the G8.
- ★ The G8 has reached a point where it must modernise its membership or die. It will either have to add new members or find a credible way of dealing with the emerging economies. A strengthening of the G8 + 5 (Brazil, China, India, Mexico and South Africa) format is one possibility.
- ★ The G20 is likely to continue to hold leaders' summits in addition to meetings of ministers of finance and central bank governors.
- ★ The G7 is likely to continue to meet on the level of finance ministers and central bank governors. The G20 is too diverse and big to be an efficient instrument of global economic governance. The most likely scenario is that the G7 will become an executive committee while the G20 will assume the role of an assembly. In other words, when dealing with global issues the G7 will need to co-ordinate its agenda and actions with the G20.

Until now, the US has had a major influence on informal governance. When Washington has taken a constructive attitude toward informal groups, they have flourished. The attitude of the US will continue to matter. However, the rising powers will also be crucial. If China decides to join the G8, informal global governance will take a very different direction. If India is not attracted by the G8 + 5 format, it will seek to strengthen the G20. The future of multilateralism light is difficult to predict. But one thing is certain: it is unlikely to go away any time soon.

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Multilateralism light

The rise of informal international governance

Risto Penttilä

The economic crisis is accentuating the rise of informal global governance. These days, bodies such as the G8 and the G20 arguably matter as much as more formal, treaty-based organisations. Risto Penttilä argues that this ‘multilateralism light’ should be welcomed, since it brings together leaders who can change things, and it offers a fast way of incorporating emerging powers such as India and China into global governance. He explains that informal and formal bodies depend on each other: informal institutions are increasingly responsible for the process of solving problems while formal, treaty-based bodies concentrate on legitimising the results.

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