Transnational Governance and Democratic Legitimacy

The Case of the G20 and Financial-Economic Cooperation

by Jan Rood[1]

1. Introduction

In response to the global financial and economic crisis which started in 2008 after the collapse of the Lehman Brothers bank, the G20 Summit, i.e. the meeting of the G-20 members at the level of heads of state and government of the G20 countries, was established by having its first meeting in November 2008 in Washington. The 2008 crisis illustrated that the global financial-economic system was in need of more effective and inclusive mechanisms and arrangements for crisis management and governance at the highest political level of the G20 member countries. By meeting at this level, not only the seriousness of the crisis and the need to respond to it were underlined, but also the political clout of the G20 process, which until then only met at the level of finance ministers and central bank governors, was substantially strengthened.[2]

During its Pittsburgh summit (September 2009), the G20 proclaimed "to be the premier forum for (...) international economic cooperation", taking the main responsibility for governing the global financial-economic system as a successor to the G7/8.[3] As a result, the G20 is at the center of the global financial-economic governance structure as we know it today, the arrangements that in the absence of world governments are meant "to produce norms, codes of conduct, and regulatory, surveillance, and compliance instruments"[4] needed to enhance transnational cooperation and to provide global public goods.

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[2] The origins of the G20 as a group of countries with specific responsibilities regarding the world financial and economic system date from the late nineties of the last century, when in response to the Asian financial crisis, the initiative was taken by the G7 ministers of finance and the central bank governors to establish a forum in which, at the level of finance ministers and central bank governors, the "systemically important" countries would be represented in order to discuss world financial and economic issues (see also par. 2). The birth of the G20 marked the end of the functioning of the G10 (in fact eleven countries, being the G7 countries plus Belgium, The Netherlands, Sweden, and Switzerland), which had played an important role principally during the final stage of the Bretton Woods system.

[3] Members of the G20 are 19 countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, the Russian Federation, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, plus the European Union.

[4] Andrew F. Cooper and Ramesh Thakur, *The Group of Twenty (G20)* (London/New York: Routledge, 2013).

The emergence of the G20 at the level of heads of state and government is seen as a means to accommodate the ongoing shift in the global financial and economic balance of power, which is mainly due to the rise of the BRICS-countries, but reflects a wider shift in the global relations of power. The emerging economies demand a greater say on today's global financial and economic architecture, as it reflects, to a large extent, the geopolitical and economic configuration from after the Second World War in terms of its underlying values and principles and its structure of power and positions. Reforming this system in order to make it better mirror the relations of power of today and tomorrow, is a cumbersome and difficult process. At the same time, the financial and economic crisis had once again demonstrated, on the one hand, the need for a safer and better regulated global financial and economic system. But, on the other hand, the crisis signaled that such a sustainable governance structure can only be created with the support of the upcoming economic powers, and their willingness to accept responsibility for the management of the global financial and economic system. Given the problems with reforming the existing institutions, the G20 as an informal body can potentially play an important role, both as an informal forum that enables upcoming countries to do their part in the global economy, and as a mechanism for global economic and financial cooperation and coordination.

But the rise of the G20 as the most important body for international economic cooperation also raises a number of important questions. Firstly, the issue of legitimacy and accountability. The G20 is a self-appointed body, without clear rules regarding its composition. Decision-making is based on consensus, and informal means of conduct. On the one hand, in this regard it could be argued that the economic weight of the group and its composition in terms of regional spread and population size give the G20 by definition a high level of legitimacy. But on the other hand, some important economic powers are not represented, Europe is overrepresented, and Africa is clearly underrepresented. In addition, there are no regular mechanisms to account for the positions that are adopted collectively by the G20.

Secondly, to what degree will the G20 be able to function as an effective mechanism of global financial and economic cooperation at all? This issue is clearly related to the question whether the old powers are willing to share power, and to what extent the upcoming powers are willing to take responsibility and share the burden of managing "the commons" in exchange.

Thirdly, there is the question of what the impact of the G20 will be on the existing international financial institutions. Will these institutions (the IMF, World Bank, and Financial Stability Board in particular) cooperate in a harmonious way with the G20, that is, will the G20 function as a stimulus for the International Financial Institutions (IFIs), or will the presence of the G2 lead to inter-institutional rivalry and a further erosion of the effectiveness of the IFIs? This issue is obviously related to the rather fundamental question whether the rise of the G20 is an indication of the world to come. A world in which more informal models of cooperation ("multilateralism light"), ranging from regional groupings to G2+ formations, will emerge; a world in which principally the big powers will dominate efforts of international cooperation and consultation; or, even a world where power is so dispersed, that no-one is able to provide leadership – a G-zero world.[5]

These questions will be addressed in this paper, with a specific focus on the issue to what extent the G20 can be seen as a democratically legitimate and accountable forum for global governance in the financial-economic domain. What are the main strengths of the G20 in this respect, and what are the main deficiencies? And what can be done to improve the legitimacy and accountability of the G20, accepting that, as a forum for economic cooperation, it is here to stay? This issue will be discussed from three different perspectives:

Firstly, there is the issue to what extent the G20 acts as a representative body. This is relevant in view of the fact that only a very limited number of the world's states are part of the G20, and that the G20 as an informal grouping has no clear and well-defined criteria concerning membership, which entails that many countries potentially affected by G20 decisions, are excluded (referred to as non-G20 countries).

Secondly, one can wonder whether the G20 is effective in delivering results, in terms of crisis management, but especially in reforming the international financial-economic constitution in such a way that it will result in a more sustainable and stable global financial-economic system.

Thirdly, to what extent does the G20 act in a transparent manner, which is a precondition for accountability towards the outside world? To the extent that the deliberations within the framework of the G20 are seen as open, and that there are opportunities for non-G20 members, international organizations and non-governmental stakeholders to be involved in, directly or indirectly, G20 activities, the legitimacy and accountability of the group will be stronger.

These three dimensions approach the issue of legitimacy from different angles. Firstly, the perspective of input legitimacy, which refers to representation. Secondly, the issue of output legitimacy, which is contingent on the capability of the G20 to deliver, to say its effectiveness. And finally, the dimension of throughput legitimacy, which concerns the accountability, transparency and openness of the G20 as a governance process.[6] Before discussing these perspectives in relation to the G20 and its role in the financial-economic architecture, first, a brief summary will be given of the inception and evolution of the G20, and the reasons for its appearance.

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[5] Ian Bremmer and Nouriel Roubini, "A G-Zero World: the new economic club will produce conflict, not cooperation", *Foreign Affairs*, vol. 90, no. 2 (March/April 2011), p. 2-7; Ian Bremmer, *Every nation for itself: winners and losers in a G-zero world* (New York: Portfolio, 2012); Charles A. Kupchan, *No one's world: the west, the rising rest, and the coming global turn* (Oxford: Oxford University Press, 2012); Gideon Rachman, *Zero-sum future: American power in an age of anxiety* (New York: Simon & Schuster, 2011).

[6] See Frits W. Scharpf, *Governing in Europe* (Oxford: Oxford University Press, 1999); Vivien E. Schmidt, "Democracy and legitimacy in the European Union revisited: input, output and "throughput"", *Political Studies*, vol. 61, no. 1 (2013), p. 2-22.

2. The Rise of the G20[7]

The initiative to establish the G20 was taken by the G7 ministers of finance and central bank governors in response to the Asian financial crisis of the late 1990s. On 25 September 1999, they proposed “to broaden the dialogue on key economic and financial issues among systematically significant economies and promote co-operation to achieve stable and sustainable world economic growth that benefits all”.[8] Subsequently, representatives of a number of “systemically important” countries were invited to a meeting in Berlin in December 1999. This meeting marked the birth of the G20 as a new forum for dialogue and cooperation on global financial and economic issues.

The G20 continued to function at this rather technical/operational level for almost nine years, without having a clear mission. Yet, the global financial crisis that erupted following the collapse of the Lehman Brothers Bank and the risk of a meltdown of the global financial system created an emergency situation, which, in the opinion of the then US administration, required a meeting of the G20 at the highest political level, that of heads of state and government. On 14-15 November 2008, following this US initiative, the leaders of the G20 met in Washington during the G20 “Summit on financial markets and the world economy” to decide on the measures needed to combat the financial crisis in a coordinated manner, and to avoid a worldwide economic depression.[9]

Originally meant as a one-off event, in consideration of the seriousness of the crisis, the decision was taken to reconvene to discuss the progress made regarding implementation of what was agreed, and to assess the need for further measures during follow-up meetings, first in London (April 2009), and next in Pittsburgh (September 2009). This, in hindsight, proved to be the start of a process of cooperation and coordination through yearly summits of the G20 members, during which the focus shifted from crisis management in the first stage (2008 to 2010) to establishing the structural conditions under which strong, sustainable, and more balanced world economic growth could be achieved. A longer term aim, which requires efforts and measures to correct the global (macro-)economic imbalances – primarily between surplus and deficit countries –, and to reform the international financial and economic configuration, both from an institutional and a regulatory perspective. Although established in direct response to the 2008 financial crisis, the emergence of the G20 as the main platform for global economic and financial coordination and consultation should be seen as a result of four more fundamental, interlinked developments in the global economic (and political) system. These more

[7] See for an extensive analysis of the G20, John. J. Kirton, *G20 Governance for a globalized world* (Farngate U.K.: Ashgate Publishing, 2013).

[8] G-7, Statement of G-7 Ministers and Central Bank Governors (Washington D.C., September 25, 1999).

[9] The idea of elevating the G20 to the level of heads of state and of government was already suggested some years before the meeting in Washington DC. Prominently, the then Canadian Prime Minister Paul Martin was a strong advocate of upgrading the G20 to this level.

structural factors should be taken into account in order to explain both the rise of the G20 and its functioning.

The first refers to the global shift of power and the entering of new players onto the global stage. Consequently, it had become steadily more apparent that the “old” group of industrial countries working together in the G7 and OECD was no longer in a position to manage the global economy. Their overall weight in the world economic system was declining rapidly due to the emerging of new market economies. These new powers had to be included – as so-called “responsible stakeholders” – in order to achieve effective global action.

A second factor refers to the unprecedented level of financial and economic globalization and integration because of the neo-liberal revolutions of the 1980s and 1990s, and developments in technology and communication. In consequence – and this was highlighted during the 2008 crisis –, the world economic system is characterized by strong financial and economic interdependencies, and by linkages and spill-over effects that may escalate, out of the control of policy-makers, predominantly in times of crises. The implication of this is that in a world economic system as integrated as today, in order to sustain stability, collective action between the main participants is a necessity.

A third set of circumstances concerns the state of the traditional multilateral system, which is a “system in crisis”. Having its origins in the Western dominated post-Second-World War world, it no longer reflects the rapidly changing world of today and tomorrow. These changes refer to three specific developments. Firstly, the already mentioned shift of power, with rising powers demanding more influence on issues on the international agenda, and a reform of the multilateral framework in order to make it more representative. Secondly, the emergence of a “network global society”, implying that together with states, non-state actors play an active role in the international scene, trying to have an impact on decision-making, mainly by lobbying and setting the global agenda. Thirdly, the international community is challenged by an ever more complicated agenda, with issues as wide-ranging – and at the same time interrelated – as scarcity and climate change, and corruption, fraud, criminality and terrorism, in addition to the more traditional topics of trade and WMD non-proliferation. The existing multilateral framework, however, is not (sufficiently) adapted to the complex global agenda of today, and subsequently this system is facing a serious “governance deficit”. Nonetheless, reforming this system has proved to be extremely difficult and time-consuming. An additional explaining circumstance is the fact that the UN – ECOSOC – has never been able to play an important role in the global financial and economic domain, and the unwillingness of the main global economies to give the IMF a key role in dealing with the Asian and 2008 crises on account of it being perceived as too much dominated by “Western’ states/US and too “liberal”.

This leads to a fourth factor, which is partly a response to the crisis of multilateralism: the upsurge of more informal modes of global governance outside the domain of the traditional formal multilateral organizations. This phenomenon is also known as the "informalisation" of governance, as "club" or "network governance", and specifically for the G20 as the "G phenomenon".[10] In this study, this more general trend of which the G20 is part, is summarized under the heading of "transnational governance". This term includes multiple forms of institutional innovation and often informal ways of cooperation to address transborder problems and challenges. In the case of the G20, the creation of this informal arrangement is seen as a way to accommodate the referred to shift of global power, to raise the level of political commitment, and to engage rising powers without going through the cumbersome process of reform of the multilateral institutions. Moreover, it is claimed that such a more informal setting enables the discussion of issues on a more general and coherent level, that is, without being entrapped in the bureaucratic idiosyncrasies of the formal multilateral institutions.

Thus, although the direct reason for establishing the G20 is found in the Asian financial crisis of 1999 and the global financial crisis of 2008, its growth needs to be explained from a more general set of circumstances, basically the shifting relations of power in the world against the background of a multilateral system in crisis and an international agenda that is characterized by an overload of "new" interrelated issues. In this respect, the G20 underlines the challenge that the global economy is facing: the need to accommodate rising power within the framework of a highly interdependent world financial and economic system and against the background of fragile global governance arrangements.

3. The Institutionalization of the G20

Started as a "crisis committee" to respond to the 2008 global financial crisis, the G20 has evolved into the world's "permanent steering committee" with an ever expanding agenda of global issues. This evolution is the result of a number of decisions that were taken by the leaders of the G20 during their summits, which have culminated in a "process of institutionalization" of the G20. Meanwhile because it is an informal arrangement, the G20 is suffering from a number of institutional deficiencies, which affect its legitimacy and effectiveness.

As "an example of network-style governance", the G20 foremost lacks the elements that characterize a formal multilateral organization.[11] It is not grounded in a treaty or other international agreement, in which the competences of the organization are defined and delaminated. Being an informal, self-appointed club, there are no clear rules or criteria regarding membership, apart from the rather vague notion, applied in the aftermath of the Asian financial crisis, of "systemically important" countries. The

[10] See Anthony Payne, "How many Gs are there in 'global governance' after the crisis?; The perspectives of the 'marginal majority' of the world's states", *International Affairs*, vol. 86, no. 3 (2010), p.729-740; Bernard Rinke and Ulrich Schneckener, "Informalisation of world politics?; Global governance by clubs", in Tobias Diebel et al. (eds), *Global Trends 2013: Peace – Development – Environment* (Bonn: SEF/INEF, 2012).

[11] Jan Wouters and Dylan Geraets, "G20 and informal international lawmaking", *Working Paper no. 86* (Leuven: Centre for Global Governance Studies, 2012), p. 9.

G20 does not have a permanent secretariat.[12] Secretarial support is provided by the country occupying the chair of the G20, and which, in that capacity, is responsible for organizing the annual summit. Additional support regarding analysis and knowledge, administration, and compliance is offered by the IMF, which, on the grounds of the close relationship between the activities of the G20 and IMF, and the dependence of the G20 on the IMF for the implementation of its decisions, seems to be logical. Ultimately, in the absence of a treaty base, no formal rules of decision-making are applied. Therefore, decisions are based on consensus, and are not legally binding. As far as there is commitment of the G20 members, this is relies on non-binding “soft law”, signifying that compliance with what has been agreed on is rather weak.[13]

Table 1: Scheme of groupings

Group	Nations	Group	Nations	Group	Nations	Group	Nations	Group	Nations
Group 1	Australia	Group 2	India	Group 3	Argentina	Group 4	France	Group 5	China
	Canada		Russia		Brazil		Germany		Indonesia
	Saudi Arabia		South Africa		Mexico		Italy		Japan
	United States		Turkey		-		United Kingdom		South Korea

But the extent of institutionalization stands pot in particular in view of the fact that the annual G20 summit has become the “tip of the iceberg”, meaning that the yearly summit is part of, and prepared by a much broader range of official meetings at ministerial levels and at the level of civil servants. This development started with the continuous involvement of the ministers of finance and the central bank governors in the activities of the G20, and in the preparation of the summits in particular, in cooperation with the G20-sherpas, i.e. the officials who are involved in the summit’s preparation as a permanent representative of the head of state or government of a G20 country. Besides the ministers of finance, depending on the agenda of a G20 meeting, other ministers are also involved, and have meetings before, or within the framework of the summit. Accordingly, under the G20 French presidency of 2011, meetings of the G20 agricultural ministers, and of the ministers responsible for labor and employment were convened. This example was followed during the Mexican and Russian G20 presidencies. Finally, a large number of G20 working groups have been

[12] The establishment of a permanent G20 secretariat was proposed by France during its G20 presidency. Although there was support from some members, agreement on the creation of such a secretariat could not be reached.

[13] See Peter van Ham, *Upgrading the global financial system: the why and how* (The Hague: Clingendael Institute, September 2012), Clingendael Policy Brief no. 12. Still, some institutionalization of the G20 with regard to proceedings has taken place. Obviously, the first step towards this was to have an annual G20 meeting at the level of heads of state and government, a decision that was taken during the Pittsburgh summit of September 24-25, 2009. A next step was the introduction and formalization of the Troika system, in which the past, present, and future chair of the G20 cooperate in order to guarantee continuity on the agenda, and to supervise the implementation of decisions. The Troika-system has been formalized further by defining a scheme of five groupings from which the chair is selected each year in accordance with a fixed schedule.

established, dealing with topics as diverse as development, economic growth, the international financial architecture, and energy and commodities.

This “proliferation” of activities and forums reflects the expansion of today’s G20’s agenda from its start as a crisis management group, focusing specifically on the global financial system. An example of this development is the agenda as defined by Mexico during its presidency, which covered the following topics:

1. Economic stabilization and structural reform;
2. Strengthening the global financial system;
3. Improving the international financial architecture;
4. Enhancing food security and addressing commodity price volatility;
5. Promoting sustainable development, green growth and the fight against climate change.

This agenda is indicative of the overall evolution of the G20, moving from economic issues into even the domain of politics. One example is the last G20 summit in St. Petersburg, which was dominated by a conflict, between the US on the one hand and China and Russia on the other hand, about how to respond to the escalating civil war in Syria, despite efforts of the Russian chair to focus the summit’s agenda on financial-economic issues again.

In addition, aside from the meetings and activities within the “formal” framework of the G20, a broad range of activities and initiatives affiliated to the G20 has emerged, encompassing a very diverse community of interest groups, ranging from the business communities (B20) and labor organizations (L20) to Think Tanks (T20), youth organizations (Y20) and civil society (C20). The business community has from the very start of the G20 been involved in its deliberations by organizing a meeting where business leaders meet to discuss the G20 agenda and to put forward recommendations and expert opinions before a G20 summit. The trade union’s met for the first time in the G20 framework during the Cannes summit of 2011, where unemployment was high on the agenda. The L20 meeting also takes place on the eve of a G20 summit. It is concluded with a joint statement addressed t0 the G20 leaders. The first T20 meeting occurred in 2012 as part of the outreach activities of the Mexican G20 presidency. Its aim was to bring together representatives of leading think thanks and to provide academic input on global issues to the G20 process by coming up with recommendations and policy reports.

The Y20 has a somewhat longer history. It had its first meeting in 2010 on the occasion of the Toronto summit. The aim of the Y20 also is to have some impact on the G20 discussions by putting forward a joint statement and recommendations, which are presented to the country holding the G20 chair. Regarded from the perspective of transparency and accountability, the most important public platform engaged with the G20, is probably the C20. It brings together NGO’s, academics, and other actors, with the specific aim to contribute to the transparency of the G20 deliberations, and to evaluate and monitor the outcomes and commitments of the G20. Furthermore, these activities underline the efforts of the G20, mostly the presidency which defines an "outreach strategy", to engage non-governmental interest groups in the G20 process to stimulate exchange of views and discussion.

Notwithstanding these efforts to reach out to and interact with a great variety of interest groups and actors, the legitimacy of the G20 has been contested from the very start. In particular countries that are not part of this forum, and non-state actors, specifically civil society organizations, have questioned the role of the G20 as an exclusive and self-appointed club of countries taking the lead in managing the global economy. Their concerns have increased further due to the developments described above, namely the institutionalization of the G20 and the expansion of its agenda. Concerns refer to the insufficient representativeness of the G20, its (under-)performance, and its lack of transparency and accountability – due to the informality of its procedures and its closedness.

4. Is the G20 Representative?

The legitimacy of any institution pivots *inter alia* around whether it is perceived as representative, both in its composition and in terms of the interests that are discussed. As an institution with a limited number of members, the question in the case of the G20 is specifically to what degree it is appreciated as representing their interests by the non-members, a pressing issue in view of the ambition of the G20 to become a "permanent steering committee" for the global financial and economic system.[14]

As has been mentioned, serious concerns have been voiced about the representativeness of the G20, by non-G20 members[15] and academics. The G20 has been accused of being "a 'concert' of big countries that can dictate the new rules to all others", and "a global economic government in the making", without the legitimacy and accountability required.[16] At the heart of this criticism lies the issue of inclusion and exclusion. Who is part of the G20 process, and on the basis of which criteria? To the critics, the G20 acts as a privileged self-appointed group of countries taking decisions that potentially could have an impact on non-members, the 173+ countries that are not part of the G20, but which directly or indirectly may be affected by

[14] Paola Subacchi and Stephen Pickford, Legitimacy vs. effectiveness for the G20: a dynamic approach to global economic governance (London: Chatham House, October 2011).

[15] This criticism was *inter alia* voiced by the Norwegian minister of foreign affairs Jonas Gahr Støre in an interview with the German journal Der Spiegel, in which he stated: "The G-20 is a self-appointed group. Its composition is determined by the major countries and powers. It may be more representative than the G-7 or the G-8, in which only the richest countries are represented, but it is still arbitrary. We no longer live in the 19th century, a time when the major powers met and redrew the map of the world. No one needs a new Congress of Vienna." (*Der Spiegel*, June 22, 2010).

[16] Andrew F. Cooper and Eric Helleiner, "The G20: A 'Global economic government' in the making?", in Christoph Pohlmann, Stefan Reichert and Hubert René Schillinger (eds), *The G20: a "global economic government" in the making?* (Berlin: Friedrich Ebert Stiftung, 2010), p. 8; Jakob Vestergaard, *The G20 and beyond: towards effective global economic governance* (Copenhagen: DIIS, 2011).

decisions taken by the G20 members. Moreover, the composition of the G20, it is stated, deviates from one of the most basic principles underpinning the multilateral architecture, i.e. the principle of universality: all international institutions being open to all states and function on the basis of equality.

The primary response of the G20 to the commentary that on account of its composition, the group lacks the required representativeness, is that it is important to bring together the leaders of the countries that represent the main world economies in an informal setting to discuss issues that cannot be solved within the framework of the formal multilateral organizations. It is, furthermore, pointed out that the G20 countries represent two-thirds of the world population altogether (including the countries with the largest population size India and China), and that these countries account for between 80 and 90 percent of the world's gross product, trade, investment, and growth. Moreover, compared to the past, when the G7/8 was the main global forum to discuss financial and economic issues, the G20 is allegedly much more representative of the present and future relations of power in the world economic system, and in that sense an improvement, due to its broader membership, and largely because of the presence of countries from the South, and fromoutside the OECD area. In the words of the G20 members, "[t]he G-20's economic weight and broad membership gives it a high degree of legitimacy and influence over the management of the global economy and financial system."[17]

From different corners, this claim has been contested. The first item of criticism refers to the way in which the G20 has been composed. The G20 lacks clear, transparent and objective criteria for membership. The membership of today originates in the composition of the G20 as it started in 1999 at the level of ministers of finance and central bank governors. The main criterion applied then was whether a country was "systemically important", indicating that it could have an impact on global financial and economic stability, and should for that reason be involved in global decision-making.[18] But this criterion raises serious questions about how to apply it, and what would be the effect if used to compose the G20 in 2013. As to the definition of "systematically importance", the question is what determines whether a country should be seen as having potentially a systemic impact on the global economy: the size of the economy, the size of the banking sector, the official debt, a combination of factors, etc.? The Euro-crisis has shown in this respect that countries judged on the basis of indicators like the size of their GDP etc., considered to be too small to have any impact at all, could, under specific circumstances have a dramatic effect on regional and even global financial and economic stability due to spill over-effects. Greece, Portugal, and Ireland testify to this.

[17] G20, *What is the G20?* Internet: http://www.g20.org/about_what_is_g20.aspx.

[18] Apart from this criterion, two other criteria are defined in the literature: 1. "a balanced geographical representation", entailing that all continents should more or less be equally represented in the G20, but in the current G20, Europe is overrepresented while Africa is underrepresented (see also Table 2); and 2., "the status of democracy", with leads to questions regarding the membership of China, Russia and Saudi Arabia. See on the membership criteria, Kirton, *supra* note 7.

This first item is related to a second one, which is the non-existence of agreed and transparent procedures to modify or adjust the composition of the G20 in response to the changing international relations of power, an observation that is particularly relevant in view of the ongoing global shift of power. Given the absence of such procedures, the G20 creates the impression that it is a permanent fixture in its present composition, whatever changes may occur in the relations of power. This fact will only further undermine its legitimacy.

A third observation concerning the present composition of the G20 is that it does not consist of the world’s 20 largest countries measured by GDP and/or population size. Depending on the indicator applied (GDP nominal, GDP PPP, a combination thereof, or population size), it is evident that the composition of the G20 will differ quite substantially, which strengthens the criticism that the present composition is arbitrary and not representative.[19]

The main reproach remains, however, that 173+ countries are excluded from the G20. This could be corrected by balancing the composition of the G20, both in terms of the level of economic development of its members and their regional origins. As has been observed by Vestergaard, “low income countries” are not part of the G20, which in its present form consists of nine middle-income countries and ten high-income countries (see table 2). Obviously, this is the logical effect of applying “systemic importance” as the main criterion for selection, but becomes progressively problematic now that also issues concerning development and poverty, climate change, commodities, etc., are on the G20’s agenda, which are vital issues for low income countries in particular. A similar imbalance exists when the regional background of members is taken into account. Africa is only represented by one country (South Africa), while the other “regions” (Americas & Australasia/Asia/Europe) are each represented by six countries (see table 2). It underlines that, in the G20 of today, low-income countries, but also small more advanced economies, are not represented, and that Africa is underrepresented. Overall, the underrepresentation of small and poor countries, led to the initiative under the leadership of Singapore, to organize an informal "Global Governance Group" (3G) of 28 non-G20 countries – including several small micro-states, “third world” countries, and (European) middle powers (e.g. Belgium) – ,cooperating in order to channel their views into the G20 process more effectively. Singapore's chairing of the Global Governance Group was cited as a reason for inviting Singapore for the Seoul summit in 2010, an invitation that has been extended for every G20 summit since then.[20]

[19] See in particular: Vestergaard, *supra* note 16, p. 22-24.

[20] Iftekhar A. Choowdhury, “The Global Governance Group (“3G”) and Singaporean leadership: can small be significant?”, ISAS Working Paper no. 108 (Singapore, 2010).

Table 2: G20 Countries – by region and income classification[21]

	Low-income countries	**Middle-income countries**	**High-income countries**	**Total**
Africa	0	South Africa	0	1
Americas & Australasia	0	Argentina, Brazil, Mexico	Australia, Canada, USA	6
Asia	0	China, India, Indonesia	Japan, Korea, Saudi Arabia	6
Europe	0	Russia, Turkey	France, Germany, Italy, UK	6
Total	0	9	10	19

A special case in this regard is the position of the European Union, which as a regional organization is an official member, next to the nineteen countries of the G20. The EU's membership increases the already quite large number of participants representing Europe, notably the member states of the EU. It raises the question why, in addition to Germany, France, the UK and Italy (and Spain on a permanent wild card), the EU also needs to be included, while other regional organizations do not have an official seat at the G20 table. This appraisal should be taken seriously in view of the widely shared observation that the EU on the level of its member states, is already overrepresented, not only in the G20,[22] but in the system of multilateral organizations in general.

And finally, there is the impact of the rise of the G20 on the position and role of international organizations, primarily the IFI's (the IMF, World Bank, and Financial Stability Board), but also, as a result of the expanding scope of the G20's agenda, on other international organizations, including the UN. This issue is directly related to the question of the legitimacy of the G20. For non-G20 members, multilateral organizations of which they are a member, and which are based on the principle of universality, obviously should be the main framework for decision-making on global financial and economic topics. This applies especially if decisions have an impact on their own economies and societies. The non-G20 member's concern is twofold. Firstly, that the rise of the G20 will undermine the effective functioning of the multilateral institutions of which they are part. Secondly, that the G20, as a group,

[21] From Vestergaard, *supra* note 16, p.21.

[22] This overrepresentation is even worse, as the EU is represented by the presidents of the European Commission and the European Council respectively. One reason for the EU's presence is that on a number of issues (e.g. trade), the EU level and not the member states does have a primary responsibility for policies.

will start to act as some sort of a caucus, “pre-cooking”, framing, and dictating decision-making within these institutions, without taking into account the interests of the non-G20 members, and imposing their views on this latter group, which in the end would undermine the legitimacy of these organizations themselves.

5. Expanding the Group of Participants

The response of the G20 to its critics has been to expand the number of invitees for G20 meetings, a practice that was established from the very start in 2008 when the Netherlands and Spain were invited on a wild card, and the IFI’s plus the UN were present. Not only individual states, but explicitly states chairing regional organizations, and multilateral organizations have been invited since then, to participate in the G20 summits and to represent in this way the views of the non-G20 members and the multilateral institutions. Yet, without any formal criteria, the decision who to invite as guest, be it an individual country, a country representing a regional grouping, or an international organization, remains at the discretion of the host country. On the other hand, as appears from table 3 (see next page), some pattern has emerged during the course of the G20 meetings, especially with regard to the engagement of international organizations. The need to involve specifically the IFI’s in the G20 summitry can be explained by the need to counter the criticism of non-G20 members concerning the lack of representativeness of the G20. But more importantly, the G20 is, in most cases, reliant on the support of, and cooperation with institutions as the IMF, World Bank, etc., for the implementation of its decisions.

Despite its efforts to augment the participation in G20 meetings, important questions about the legitimacy of the G20 still remain. Even with countries representing various regional organizations invited, the fact is that a large majority of the world’s states is not present during the deliberations. Moreover, the countries that are invited on a wild card do not participate in the preparation of the G20 meetings on an equal footing; and perhaps even more importantly, it could be questioned to what extent they are seen as the representative by their organization’s members. And, whether the impact of the G20 on the multilateral system will be positive or negative very much hinges on the ability of the G20 to reach consensus on the measures needed on a domestic level to have a more balanced and stable world financial and economic system, and on decisions concerning a reform of the global multilateral architecture. But it also depends on the G20’s ability to develop a sustainable working relationship with these organizations, founded on a clear and mutually accepted division of labor.

Hence, the legitimacy of the G20 will continue to be questioned, expressly by non-G20 members. Subsequently, in the short and medium term, the issue is whether the G20’s legitimacy deficit can be improved by expanding its membership. Will an increase in the number of G20 members make the G20 more transparent, more accountable to the outside world (non-G20 members, NGOs, and the wider public), and will this also improve the G20’s accountability record? Or, given the fact that the G20 will endure, will an expansion of its membership undermine its effectiveness as a body for consultation and cooperation? These questions will be discussed further in the concluding paragraph.

Table 3: The G20's "guest country" policy[23]

G20 members: Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States		
Summits	*Countries which would otherwise not have attended*	*International organisations*
Washington, DC / USA 15-16 November 2008	**Netherlands, Spain**	**FSB, UN, IMF, WBG**
London / UK 2 April 2009	**Netherlands, Spain, Ethiopia** (NEPAD), **Czech Republic** (EU Council Presidency), **Thailand** (ASEAN)	**FSB, UN, IMF, WBG**
Pittsburgh, PA / USA 24-25 September 2009	**Netherlands, Spain, Ethiopia** (NEPAD), **Sweden** (EU Council Presidency), **Thailand** (ASEAN)	**FSB, UN, IMF, WBG, WTO, OECD**
Toronto / Canada 26-27 June 2010	**Netherlands, Nigeria, Spain, Ethiopia** (NEPAD), **Chile** (ILO / UN), **Malawi** (AU), **Thailand** (ASEAN), **Vietnam** (ASEAN)	**FSB, UN, IMF, WBG, WTO, OECD**
Seoul / South Korea 11-12 November 2010	**Singapore, Spain, Ethiopia** (NEPAD), **Chile** (ILO /UN), **Malawi** (AU), **Thailand** (ASEAN), **Vietnam** (ASEAN)	**FSB, UN, IMF, WBG, WTO, OECD**
Cannes / France 3-4 November 2011	**Spain, Equatorial Guinea** (AU), **Ethiopia** (NEPAD), **Chile** (ILO / UN), **Singapore** (3G), **United Arab Emirates** (CCASG)	**FSB, UN, IMF, WBG, WTO, OECD, ECB, BCBS**
Los Cabos / Mexico 18-19 June 2012	**Spain, Benin** (AU), **Ethiopia** (NEPAD), **Cambodia** (ASEAN), **Chile** (LACS), **Colombia**	**FSB, UN, IMF, WBG, WTO, OECD, ILO,FAO**
St. Petersburg / Russia 5-6 September 2013	**Spain, Ethiopia** (NEPAD), **Kazakhstan** (EurAsEC and CIS), **Brunei** (ASEAN), **Singapore** (3G)	**FSB, UN, IMF, WBG, WTO, OECD, ILO**

6. Does the G20 Produce Results for the Global Community?

The alleged lack of representativeness of the G20 could, according to theories that emphasize the importance of output-legitimacy, be off-set by the extent that the G20 is able to act as an effective body of decision-making concerning global financial and economic affairs, and – more importantly – is seen by non-participants as an institution that is able to deliver on issues that are in their personal interest. On this

[23] Rinke and Schneckener, *supra* note 10, p. 30.

account, there appears to be quite some skepticism regarding the effectiveness of the G20 as the primary forum for global economic cooperation. For instance, Goodliffe and Sberro, following the Los Cabos meeting in Mexico (2012), come to the conclusion that the G20 summits "have degenerated into ritualised exercises in sterile debate, empty grandstanding and vacuous promise-making, bringing the organisation's effectiveness and relevance increasingly into question."[24] This opinion is shared by others, and even made the Lowy Institute for International Policy call upon the incoming Australian G20 presidency to re-launch the G20.[25]

This censure of the G20 refers precisely to the observation that, after a positive beginning during which the Group was able to respond successfully to the financial and economic crisis, the G20 process seems to have run out of steam. Substantially, the G20 has proven to be unable to reach consensus on measures needed to put the world economy on a structurally more balanced path of economic growth and development, and therefore is not able to fulfil the expectations that is has raised.

It confirms a more widespread assessment that in the brief history of the G20 until now, i.e. the G20 meeting at the level of heads of states and government, two stages can be distinguished.[26] During the first stage – covering the Washington, London, and Pittsburgh meetings in the period 2008-2009 –, the focus was fully on the financial-economic crisis, and the threat of it escalating into a worldwide depression similar to the one in the 1930s. Preventing a repetition of "the great depression" by avoiding the "beggar thy neighbor policies" of that period, proved to be the main challenge to the G20 leaders. Retrospectively, and although it remains always difficult to establish to what extent the G20 has been responsible, it can be concluded that the G20 was successful as a crisis manager. This can partly be explained by the immediate urgency of the situation that the world financial and economic system found itself in. The imminent danger of a collapse of the banking system and a financial meltdown forced the G20 leaders to come together to discuss the world's economic situation, an event that in itself had a positive impact on the financial system, in particular through the commitment expressed that the G20 countries, if necessary, were willing to take "unprecedented steps" to restore world economic growth, and to avoid a new crisis.

These statements were underpinned by agreeing on a number of measures intended to calm down the gathering storm on the financial markets, and to reestablish confidence in the global economy. The main focus of these measures was on the stabilization of the global financial system, chiefly by reforming and regulating the financial markets and institutions in such a way that a new crisis could be prevented. The main consequence was the upgrading of the Financial Stability Facility (founded in 1999) to the Financial Stability Board during the G20 summit of London (April 2008), an

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[24] Gabriel Goodliffe and Stéphan Sberro, "The G20 after Los Cabos: illusions of global economic governance", in *The International Spectator*, vol.47, no. 2 (2012), p.2.

[25] Terra Lawson-Remer, "Does the G20 matter?", *Reuters: The Great Debate* (February 24, 2012); Van Ham, *supra* note 13; Mike Callaghan, *Relaunching the G20* (Sidney: Lowy Institute for International Policy, January 30, 2013).

[26] Cf. Cooper and Thakur, *supra* note 4.

institution of which all G20 countries are a member, and which was to act as a coordinator and monitor of the global financial system (in close cooperation with the IMF in particular), especially where it concerns the systematically important financial institutions. A second decision regarding a more strict regulation of the financial markets was the agreement about the Basel III package, aiming to introduce tougher capital standards and requirements for financial institutions (banks, etc.), in order to increase global financial transparency, and to reduce the risks in a globalized financial system.

Additionally, it was important to stimulate economic growth and maintain an open world economic system by countering the temptation of protectionism. In order to support countries in their efforts to stimulate economic growth and to stabilize their banking systems, in addition to national (fiscal) measures, the G20 decided to increase the resources available through the IMF and development banks (London summit, April 2009).

By these decisions and initiatives, the G20 showed itself capable of concerted action in a time of crisis. By doing so, the G20 imbued the global economy with the trust that was needed in a period of severe instability and uncertainty. Yet, the real test for the G20 as the premier forum for economic cooperation was obviously whether the Group would be able to deliver once the urgency and momentum of the crisis had passed, and more structural, long-term issues concerning the global economic system had to be discussed.

At first glance, the G20 made a start in tackling this more structural dimension during its Pittsburgh summit by agreeing to launch “a framework for strong, sustainable, and balanced growth”. Its first priority was to develop and define credible “exit strategies” regarding the on-going support and stimulus programs, which could be implemented once sustainable economic recovery was secured. But, more importantly, in this framework, individual G20 members committed themselves to domestically make those structural (macro)economic adjustments that were perceived as needed to make the transition to a more balanced pattern of global economic growth, an issue that is clearly related to the structural imbalances in the global economy, above all between deficit and surplus countries. In order to assure compliance, the IMF was asked to monitor this process by setting up a “Mutual Assessment Process” (MAP), the aim of which is to determine, in an early stage, as to whether, and to what extent, national policy measures are supporting a more balanced world economy.

The framework referred to is part of a broader program of initiatives that the G20 has adopted in order to provide the world economy with a structurally stronger and more stable foundation. Beyond stable and sustainable economic growth, this concerns first and foremost the strengthening of the global financial system – as a follow-up of the emergency measures taken during the crisis –, and the reform of the global financial and economic governance system, in particular the IFI’s.
What has become apparent is that progress on these three fundamental goals is more difficult, and slow indeed. One example is the inability of the G20 to break the deadlock in the WTO-Doha round of negotiations on a further liberalization of world

trade. In Bali, December 2013, the WTO members could broker a deal on a package of measures to reduce specifically administrative obstacles to free trade. Although a step in the right direction, this agreement is incomplete and by no means a breakthrough. More importantly, it has not prevented a rise of protectionism in the main global economies. Additionally, the agreements concluded by the G20 members concerning the reform of the IMF and World Bank by changing the quota system and the composition of governing board, have failed to deliver due to opposition in the American Congress. As a result, the IMF in particular still predominantly reflects the post-war domination by the West, considering that the US would still be in a position to block important decisions, even if reform was implemented. Also as regards the realization of the ambition for a more balanced world economy, a key-policy area of the G20, progress has been rather limited. Perhaps one could even conclude that the process of coordination has gone into reverse in view of the internal frictions within the Eurozone about who needs to adjust, the unilateral US and Japanese monetary policies (the US third round of quantitative easing and the following unilateral decision to “restrict” the US monetary policy of quantitative easing), and the lingering conflict and irritation between especially the US and China about the exchange rate of the Yuan,. On this very crucial issue, events show that domestic interests prevail, and the G20 countries have not been able to live up to their promises.

This can be explained by a number of factors. First of all, after the G20’s successful handling of the crisis, some complacency may have set in. In the absence of the imminent urgency of 2008-2009, the pressure to cooperate and take the required measures has disappeared. More importantly, the measures that have to be implemented in order to create a structurally more balanced world economy require drastic, and potentially far-reaching actions on a domestic level, actions which moreover may need the approval of national parliaments. These measures, in other words, may “bite at home”, which makes it tempting for governments to fail to comply with their commitments, to “cherry-pick”, and to promote more short term domestic interests, without taking into account the adverse effects on the global economy or on other countries.

This inability to deliver is also partly the result of the rather weak and soft compliance mechanisms that characterize the G20 itself, being informal in its setting and operations. Consequently, the G20 depends on the efforts of national governments and the IFIs for the implementation of its decisions. However, this reflects the (increasing) divergence between the G20 members in terms of visions concerning the preferred global financial and economic system, the interests that need to be promoted, and their priorities. This divergence is the ramification of the diversity of the G20 itself, diversity in economic development (middle-income versus high-income countries); position, Western “old” powers versus rising economies; economic systems (welfare states, market economies, and state-led economies); and the problems these countries face and the priorities that follow. This diversity and the lack of real progress may also explain the proliferation of the G20’s agenda over the past few years. Not able to deliver on what should be its core mission, the G20 – definitively G20 presidencies –have turned to other, even non-economic issues in an effort to mask its failure, which has resulted in ever longer final declarations and an expanding number of meetings at lower levels, without substantially improving the success rate of the G20.

Behind these differences and problems lurks a more fundamental disagreement, which is the different views on the basic values and principles that constitute the global (economic and political) order, which reflect different interests of the Western economies (including Japan) and the emerging powers. Whereas the first expect emerging powers to integrate into the post Second World War "liberal international order" and behave as a "responsible stakeholder", emerging powers are not willing to do as long as the West is not willing to give up its privileged position. More importantly, emerging powers do not share the liberal values and principles (democracy, human rights, rule of law, market economy, enlightened sovereignty, etc.) of the West, and perceive these values and principles as an expression of Western domination.[27]

Taking into account the rather weak track record of the G20 in terms of effectiveness, the tentative conclusion should be that the legitimacy of the G20, as far as it is derived from its output, is fragile and under pressure. In this regard, moreover, it is fair to assume that the G20's effectiveness will come under greater pressure if the tensions between the great powers – the US, China and Russia – will increase due to what is called 'a return of geopolitics', i.e. a world that is dominated by security issues and lacks the leadership that is required for effective global governance.[28]

7. The G20 as A Transparent Body of Global Decision-Making?

Whether the G20 can be seen as acting in a transparent manner is partially conditional on the question to what extent it can be held accountable and is able to deliver on the decisions that are taken (see also the preceding paragraph), and partially on the degree in which it is open to non-G20 members and to the outside world more generally.

A first observation regarding the transparency of decision-making is that, due to its informal character, principally the lack of clear procedures regarding decision-making and the non-bindingness of what has been agreed among the G20 members, the G20 by definition is in short supply of transparency and accountability.

Regarding accountability, the introduction of the MAP has been an important step forwards, which in principle should stimulate compliance by the G20 members. The MAP has moreover been enhanced since 2011 by identifying more specific indicators and guidelines for the policies that G20 countries should follow in order to contribute to a more balanced word economy. Yet, the effectiveness of this system very much rests on the willingness of G20 countries to provide and share information on the state

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[27] See *inter alia*, John Ikenberry, "The future of the liberal world order; internationalism after America", in *Foreign Affairs*, vol. 90, no. 3 (2011), p.58-68; Patrick Stewart, "Irresponsible stakeholders?; the difficulty of integrating rising powers", in *Foreign Affairs*, vol. 89, no. 6 (2010), p. 44-53.

[28] See, Robert D. Kaplan, *The revenge of geography; what the map tells us about coming conflicts and the battle against fate* (New York: Random House, 2012); Walter Russel Mead, "The return of geopolitics: the revenge of revisionist powers", in *Foreign Affairs*, vol. 93, no. 3 (2014), p. 69-79.

of their economy, and their macro-economic and structural policies. Moreover, what has become clear during both the global financial and economic crisis and the Euro-crisis, is that the stability of the global economic and financial system not only decided by traditional factors such as the balance of payments, the trade balance and the debt position of countries, but is also determined in an highly interdependent system by factors like the state of the housing market, the level of private debt, the flexibility of the labor market, etc. This means that in order to monitor the progress that is made regarding global financial and economic stability, more and more information needs to be factored in to assess the state of the global economy and to take the necessary measures. In addition, as has been mentioned before, the G20 focuses on what has been defined as "systemically important countries", a criterion that has been tightened further by categorizing seven economies as key-economies: the professed Systemically Important Countries (SIC's). Yet, the lesson from past events is that a global crisis may start in a country that is not considered as systemically important, and which even may not be a G20 member.

This underlines the complexity of the global financial and economic system and the level of interdependence, and above all that, in order to govern this system, more strict surveillance mechanisms are needed. Then, the question is whether the G20 procedures, which are non-binding and the quality of transparency and accountability of which are judged by peer review, suffice to guarantee the compliance required. The system, as it functions today, depends on the willingness of the G20 members to accept the findings of the IMF in particular, but in the final analysis it relies to a great degree on their willingness to hold each other accountable. In this regard, there may be doubts as to whether G20 members are really willing to do so, in other words, whether they are likely to succumb to the temptation of "peer protectionism".[29]

What this demonstrates is that for an effective surveillance process, a process that guarantees transparency and accountability, two conditions are crucial. The first requirement is the availability of clear and well defined objectives and guidelines regarding the policies and goals agreed on. These objectives should leave as little room as possible for interpretation. The final declarations of the G20 summits have become more ambitious, the already referred to expansion of the agenda –, but at the same time tend to be less specific and more vague as to the goals to be achieved. The second condition concerns the presence of an independent and credible audit mechanism from outside the group, a necessity that emphasizes the importance of a strong link between the G20 and the financial institutions, notably the IMF, OECD, FSB, and Basel Committee.

Finally, also the wider public can play a role in ensuring G20's transparency by monitoring its performance. It is important to note that under the acronyms of C20, B20, L20, Y20 and T20, civil society, the business community, labor unions, youth organizations, and think tanks have become involved in the G20's activities, in this way forcing the G20 to be more transparent. Essential in this respect is that, with regard to the involvement of these groups in the G20 process, some

[29] Subacchi and Pickford, *supra* note 14.

institutionalization has taken place, *inter alia*, by means of the outreach strategy that the G20 presidency defines at the start of its term. As this involvement started rather recently, it is too early to assess what impact the activities of these interest groups have had on the G20 in terms of transparency and accountability.

8. The Way Forward: Dilemmas

In response to the commentary that the G20 lacks democratic legitimacy and accountability, and is not representative, different, more far-reaching proposals have been suggested regarding replacing the G20 by a more representative institution and/or by reforming the existing International Financial Institutions. The creation of a Global Economic Council as part of a reformed Bretton Woods System has been proposed, which would function as a steering committee for the global economy and for the IFI's in general. This council should be built on a reformed voting power system and country constituency arrangements, as known from the Bretton Woods institutions, in order to make it more representative. This suggestion resembles proposals from the past to establish an Economic (and Social) Security Council as a replacement of the ECOSOC in conjunction to the UN-Security Council within the framework of the United Nations. Finally, proposals have been made to integrate the G20 format, rooted in the IMF-model of constituency arrangements, into the existing IFI's in order to make them more legitimate and effective.[30]

This is not the place to discuss these proposals. Moreover, in view of the reform they require, implementing these proposals will be a lengthy and difficult process. It may therefore be expected that, for the time being, the G20 will remain the main forum for global financial-economic coordination and consultation. As a forum for cooperation, the value of the G20 is that it brings together the leaders of the world's main economies to discuss issues of common interest. This in itself is of utmost importance in view of the level of global financial and economic interdependence, and the ongoing shift in the global relations of power. Under the present circumstances, the G20 as a "hub of networked consultative governance" may be the only way by which to avoid a "G-zero world without leadership".

Nevertheless, serious questions regarding the legitimacy of the G20 remain. These refer particularly to the composition of the G20, and its claim to act as the primary forum for global economic cooperation. In the longer term, it seems to be unacceptable from a legitimacy perspective that a self-appointed exclusive group of the alleged "relevant countries" claims the right to take decisions on behalf of a large majority of countries which are not a member. Yet, expanding the G20's membership in order to make it more inclusive, as has been urged by some, does not seem to be the right way under the present circumstances. A first problem is which countries to select as new members. Besides, expanding the number of members could undermine (further) the already vulnerable effectiveness of the G20. It may especially affect what

[30] See Michel Camdessus et al., *Reform of the international monetary system: a cooperative approach for the twenty first century* (Palais-Royal Initiative, February 2011); Vestergaard, *supra* note 16; Jakob Vestergaard and Robert Wade, "The new global economic council: the governance reform at the G20, the IMF and the World Bank", *DIIS Working Paper no. 25* (Copenhagen, 2011).

has proven to be the real strength of the G20, namely its flexibility, adaptability and informality, which enable it to respond fast and adequately in times of crisis.

In the short term, therefore, the emphasis should be on streamlining the activities of the G20 as it is composed today. There is a need to focus on what, from the very start, was the core of the G20's mission: global financial and economic issues. In this regard, it is important to guarantee more continuity and coherence in the G20's agenda, which may require the creation of a secretariat, which should work in close cooperation with the IFI's, in particular the IMF, which supports the Troika of presidencies. A second challenge is to improve transparency and accountability by defining a limited number of clearer and more objective goals and guidelines, and engaging with the IFIs. Thirdly, the system of inviting countries and IO's to G20 summits should become more open and transparent, including the possibility of non-G20 members joining the activities of G20 working groups.

However, the final litmus test of the G20 is to be found in the fundamental question whether its creation and activities will lead to a weakening or strengthening of the global system of financial and economic governance. Although there have been some positive results, the jury still seems to be out on this.[31]

[31] An important question in this regard is whether the tensions between the "West" and Russia as a result of the Russian aggression against Ukraine, and the expelling of Russia from the G8 (which in practice is a G7 again), will have a negative impact on the G20.