

Shifts and Trends in Global Governance: An Empirical Analysis of G20

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Abstract: Theories of global governance emphasize that the operationalization of the concept is limited to a single issue domain, yet the changing political, social and economic milieu of the world requires a broader understanding of the term. We recast global governance as more sensitive to the changing dynamics of the world and aim to analyze how a key actor within this constellation, the G20, has been reformulating its agenda setting strategy according to global change. By uncovering certain patterns through coding G20 data since its inception, we aim to demonstrate that a combination of both economic and political variables have been determinant in the agenda making process. As a specific instance of such phenomena, we investigate governmental corruption and its process of inclusion in G20 decision making from a theoretical framework to examine how the economic issue domain of the G20 is affected by the multidirectional dynamism of ongoing events, both inter and intra-state. Furthermore, we argue that the agenda setting of the G20 demonstrates that issues with higher spillover tendencies in the direction of global effect are more prone for inclusion and cooperation in and between any global governance constellations.

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The concept of governance has been a notion engulfed by a myriad of debates by philosophers and statesmen alike. Whether these debates revolve around a normative concern or pragmatic search for effectiveness, the core issues have stayed the same as the cooperation and collaboration of men or state (-like entities) and their possibility to positively interact determined in accordance with their respective views of human nature employed. Concomitantly and regardless of temporality, governance has been an extremely relevant and defining concept for both inter and intra state relations affecting all units of analysis. However, with the development of modern *nation*-states and their international counterparts, within *anarchic*¹ surroundings defined as the international arena, its implications have risen to a higher level of importance. More specifically intra-state dynamics hold weight over international interactions which brings forth a certain complexity not observed in the previous era of inter-state dynamics (Biersteker, 2010). Currently, individual governments are faced with issues that cannot be addressed and resolved with single country effort, especially after the Great War and the Cold War. Thus, global governance has prevailed as a new way of managing inter-country relations in the international platform.

This paper discusses one of the influential actors in the global governance constellation, the Group of Twenty (G20), from the perspective of global change. Namely demonstrating how the transforming political, economic and social milieu of the world has been effective in the shift of issue area orientation within the G20 uncovering certain patterns and trends. More specifically, this study aims to illustrate how G20 agenda setting has not maintained solely a financial focus and why a combination of both economic and political variables have been determinant in the decision making process by investigating and testing the governmental corruption issue area and its inclusion within the agenda. This is, of course, hardly surprising as corruption has a significant role in influencing investment decision and capital flows.

In this paper, in order to achieve conceptual clarity, we will first present theoretical arguments on the ontology of global governance and the current state of the debate. Then we will discuss the place of the G20 within the realm of global governance to establish the structure in which the G20 agenda has been tested, continuing with the methodology and delivery of the results of the analysis. Lastly, we will discuss the relevance and implications of the findings and conclude that global governance is not limited to an issue domain.

Defining Global Governance and Beyond: The Debate in Literature

Global governance is a vague concept often defined in terms of what it is not: applied to a wide spectrum of practices of order, regulations and systems of rule (Biersteker, 2010). Therefore, it is critical to first cover the conceptualization and current understandings of what this term implies. A key scholar within the global

¹ The concept of anarchy in international relations is based on the notion that there is no overarching authority to oversee the relations between states. The realist approach to this focuses on the distribution of power. Namely, the realist paradigm assumes that "international politics is a struggle for power" (Morgenthau 1948). On the other hand, the liberal paradigm states the resolve for the anarchic environment is within the functions of institutions. Taking the liberal view a step further, the constructivists are well captured in Alexander Wendt's statement "anarchy is what states make of it."

governance debate, James Rosenau, defines global governance as “an order that lacks a centralized authority with the capacity to enforce decisions on a global sphere” (Rosenau & Czempiel, 1992). His definition revolves around the management of the interdependence of states in a system of anarchy. More importantly, Rosenau signals the need for a more specific and detailed framework encompassing global governance, its attributes and its implications. ‘Governance’ as a term has been used extensively ever since it was coined by Rosenau in the 1960s to refer to a pattern of managing affairs on an international platform. Rosenau defined global governance as a “systems of rule at all levels of human activity... from the family to the international organization... in which the pursuit of goals through the exercise of control has transnational repercussions” (Rosenau, 1995:15). However, it is clear that ‘governance’ term has multiple possible meanings (Rosenau and Czempiel, 1992; Weiss and Thakur, 2010). Thomas Biersteker deduces that global governance “is an intersubjectively recognized, purposive order at the global level, which defines constraints, and shapes actors’ expectations in an issue domain”(Biersteker, 2010). In this light, global governance is an authoritative rule, subject to change and influential to the direction of information. However, the universal legitimacy of global governance, as implied, is not necessarily legitimate. Thus, the nature of the inquiry transforms from a sole search of a definition towards an examination about the operationalization and mechanism of global governance: *how are decisions made and what is the process for enforcement?*

To comprehensively illuminate the mechanisms of global governance, the first step is to trace its origins and analytically investigate the historical context in which global governance prevailed as a solution to oversee the relations between multiple actors in a myriad of settings. Generally, the 19th century has been associated with balance of power systems as demonstrated by the Concert System and its assemblies and regular meetings (Biersteker, 1998). In the aftermath of the Second World War, the global power dynamics were shaped by the United States and its allies (Walt, 2005). The grounds for international institutions were security and material interest based. The global arrangements of the era also reflected this security focus and were a complex combination of both the formal hierarchy created by the United States and state interdependence (Keck & Sikkink, 1998). With technological advancements and the eruption of the Cold War resulted in the challenging of the status quo and by the 90s influential actors of the international arena encompassed a myriad of institutions along with nation states. The dominant realist ideology interpreting actor dynamics failed to capture the intricacy of the surroundings and could not provide the relevant and sustainable framework required to deal with such multivariate dynamics. Within this unstable environment, the actors of the international arena recognized the need of global arrangements which constitute the basis of global governance.

Currently, the major debate revolving around global governance centers on its capabilities to adapt to the changing political, economic and social environment of the world (Weiss, 2012, 2013) with key aspects revolving around the extent and effectiveness of its capabilities with relations to states, their institutions and, the bases of global governance constellations (Randeira, 2007). Here, one of the critical issues discussed is the decision

making process and its implications to the jurisdiction of democracy. However, a bigger obstacle stands in the way of widespread global governance that does not involve the sovereignty and accountability of states but rather its effectiveness and concomitantly intersubjectivity: current global governance constellation foci is shifting from one issue domain as suggested by many scholars into covering a myriad of issue areas and their relations. Global dynamics of the 21st century brings forth an unprecedented interconnectedness between actors resulting in spillovers of issue areas: a trend also observed within the realm of global governance and especially the G20.

Theoretical Framework and The Group of Twenty

The Group of Twenty² was initiated in 1999 as a response to the Asian financial crisis of 1997-1999 with the suggestions of G7 "as a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the dialogue on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth that benefits all" (G7, 1999). Consisting of finance ministers and central bank governors, the G20 forum discussed the economic and financial activities, meeting once a year. As a result of the global financial crisis of 2007 the first G20 Leaders Summit convened in 2008, which included 19 countries and the European Union as its core members³ in order to discuss possible scenarios to advance world economy and financial markets and, enhance global economic cooperation. In the first half of the meetings the enhancement of global economic cooperation was primarily through the utilization and increasing trade and strengthening the G20.

In this light, the establishment and development of the G20 corresponds harmoniously with the neoliberal institutionalist framework. The rise of neoliberal institutionalism coincides with the plethora of international organizations that were formed during the ending stages of the Second World War (Ikenberry, 2001)- G20 being a later precedent of this. Although the failure of the League provided the ostensible proof that cooperation in the international arena was a mere myth (Carr & Cox, 2001), the following decades presented a multitude of examples where international cooperation was not only a philosophical ideal but indeed possible and more importantly desirable due to its benefits. It was within this atmosphere where international organizations, international regimes and laws and regional integration became vital fields to study (Stein, 2008).

The end of the Second World War and the following years also demonstrated further the critical need to adapt to the dynamics of the international sphere: a trend that spilled over to the ontological views of institutions (Stein, 2008). During the mid 1970s the focus was less on the normative aspects of institutions but rather the need for theories that would simplify the inherent complexities of their functions and interactions (Plano & Olton, 1979). This outlook, paired with the ongoing investigations of organizations, regimes and institutions and the

²The G-20 is an informal group with its members being Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States, and the European Union.

³Additionally, G20 works together with a multitude of international organizations.

second and third Grand debates paved the path for *regime theory* and the subsequent neoliberal institutionalism (Stein, 2008).

Neoliberal institutionalism assumes that international system is seen as anarchic, the focus is on systematic factors, states are perceived as rational-unitary actors and a harmony of interests between states is seen as a philosophical principle rather than a practical one. Rationalism is the grand unifier of these theories. However, the differentiating aspect of neoliberal institutionalism stems from the notion of cooperation within the accepted reality of international anarchy. Robert Keohane furthers this line of thought in his seminal work, *After Hegemony*, pondering on how the absence of hegemonic powers would alter the dynamics in a multi actor environment. Accordingly, he concludes that the cooperative strategies would be the most beneficial outcome to parties involved (Keohane, 1989). This notion of cooperation differs from the realist conceptions in the most extreme light: according to neoliberal institutionalism the dynamics of the international arena do not exert themselves as a zero-sum game and relative gains.

Based on this theoretical framework, the first step in demonstrating how the neoliberal assumptions are housed within the G20 agenda is to look at the main issues and how these areas have been developed throughout the years according to a (cost-benefit) utility based calculation. A brief summary of key issues discussed in G20 meetings is below:

DATE/COUNTRY	MAIN ISSUE AREAS/CONCERNS/INTERESTS
December 15-16, 1999 Berlin, GERMANY (Ministerial)	i. Strengthening the global financial system ii. Trade liberalization
October 25, 2000 Montreal, CANADA (Ministerial)	i. Promotion of international institutions, enhancing cooperation, increasing institutional transparency ii. Promotion of market integrity: reducing corruption, laundering, tax evasion...etc.
November 16-17, 2001 Ottawa, CANADA (Ministerial)	i. G20 Action Plan on the Financing of Terrorism ii. International Cooperation: Exchange of Information and Outreach
November 23, 2002 New Delhi, INDIA (Ministerial)	i. Interdependence between nations ii. Increasing accountability and effectiveness of IFIs
October 26-27, 2003 Morelia, MEXICO (Ministerial)	i. Promotion of multilateral trade ii. Promotion of market integrity: reducing corruption, laundering, tax evasion...etc.
November 20-21, 2004 Berlin, GERMANY (Ministerial)	i. G20 Accord for Sustained Growth ii. Domestic and international cooperation iii. Statement on Transparency and Exchange of Information for Tax Purposes
October 15-16, 2005 Xianghe (Hebei), CHINA (Ministerial)	i. Global cooperation: balanced and orderly world economy ii. Global development issues: mobilizing resources, enhancing aid, trade
November 18-19, 2006 Melbourne, AUSTRALIA (Ministerial)	i. Building and sustaining prosperity ii. Addressing dangers of protectionism in trade
November 17-18, 2007	i. Sharing, responsibility, knowledge and cooperation in the global financial market

Kleinmond, SOUTH AFRICA (Ministerial)	
November 8-9, 2008 Sao Paulo, BRAZIL (Ministerial)	<ul style="list-style-type: none"> i. Financial stability, global growth, poverty reduction, social inclusion ii. Systematic inclusion of international institutions in global governance
November 15, 2008 Washington D.C., USA (1 st Leaders Summit)	<ul style="list-style-type: none"> i. Enhance cooperation, foster growth, achieve reforms and common principals in financial markets
April 2, 2009 London, UK (Leaders Summit)	<ul style="list-style-type: none"> i. Aim for open world economy, rising prosperity, market principles, effective regulations ii. Strong global institutions
September 24-25, 2009 Pittsburgh, USA (Leaders Summit)	<ul style="list-style-type: none"> i. Launch framework for the implementation of goals set in April 2009 Leaders Summit ii. Call for ratification of UNCAC by all G20 members
June 26-27, 2010 Toronto, CANADA (Leaders Summit)	<ul style="list-style-type: none"> i. Evaluation of G20 implementation and progress ii. Open markets iii. Call for ratification of UNCAC by all G20 members; establish working group on anti-corruption
November 11-12, 2010 Seoul, KOREA (Leaders Summit)	<ul style="list-style-type: none"> i. Seoul Action Plan: fiscal consolidation, structural reforms, MAP, global financial safety nets ii. Intensifying fight against corruption
November 3-4, 2011 Cannes, FRANCE (Leaders Summit)	<ul style="list-style-type: none"> i. Intensifying fight against corruption ii. Global governance iii. Sustainability
June 18-19, 2012 Los Cabos, MEXICO (Leaders Summit)	<ul style="list-style-type: none"> i. Encourage development and multilateralism ii. Anti-Corruption
September 5-6, 2013 St. Petersburg, RUSSIA (Leaders Summit)	<ul style="list-style-type: none"> i. Enhancing multilateral trade ii. Tax transparency, automatic exchange of information iii. Financial regulations iv. Sustainability v. Intensifying fight against corruption

ADD a few SENTENCES HERE SUMMARIZING THE TABLE ABOVE

Materials and Method

Analysis Strategy

The available G20 resources consist of ministerial communiqués, leaders' declarations and detailed programme outlines. For the purpose of analyzing the changing trends in G20 issue areas the communiqués and leaders' declarations have been chosen for further investigation due to the fact that these two types of documents provide the bullet-points of all mentioned topics within a given years agenda. Overall there are thirty-five G20 meeting documents that are subject to analysis; twenty-seven ministerial communiqués (1999-2014) and eight leaders' declarations (2008-2013). All of these sources have been coded and broken down with the *Qualitative Data Analysis Miner (QDA)*. Furthermore, I have analyzed the communiqués and leaders' declarations both separately and together in order to prevent such methodological pitfall as construct and internal validity and,

conceptual stretching. All of the findings have been integrated in the analysis and discussion sections and can be viewed in the Annex.

Coding Rules

The main outline of the variables emerged during the initial research phase of this study; G20 documents have observably followed a pattern, which can be modeled as:

Economic Cooperation + Economic Integration (IV/ Tools) = Economic Stability + Economic Sustainability (DV/ Goals)

In the early stages of G20 development, the independent variables (tools to achieve their goals) have been primarily financially oriented mainly achieved in the international arena. However, with the mention of achieving these aims through strengthening the domestic financial policies of a given G20 country, the coding, here, requires a more sophisticated approach. Thus, fourteen codes have been deemed appropriate to use in the computer assisted analysis:

CODE NAME	EXPLANATION
Economic Cooperation	Any reference to G20 countries' economic cooperation efforts and goals.
Economic Integration	Any reference to G20 countries' economic integration efforts and goals.
Domestic Efforts	Any reference to G20 countries' efforts for economic stability and sustainability in the domestic front; includes domestic policy and country specific foreign policy making.
International Efforts	Any reference to G20 countries' efforts for economic stability and sustainability in the international front; strengthening the international financial system and IFI's.
Liberalization of Trade	Any reference against protectionist trade policies.
Reducing Poverty	Any mention of reducing global poverty; increasing levels of GDP <i>per capita</i> ; creation of jobs.
Global Security	Any reference to measures to prevent the funding of terrorist activities.
Energy and Resources	Any reference to energy and resource allocation, management and distribution; combating climate change.
Human Rights	Any reference regarding the distribution of aid.
Agriculture	Any reference to agricultural policies.
Governmental Anti-Corruption	Any reference to governmental anti-corruption; especially regarding corrupt officials.
Market Transparency	Any reference to dirty-markets; tax evasion.
Change	Any reference to G20 global outlook; challenges perceived in the upcoming years; threats.
Irrelevant Information	Titles, names, places.

Perhaps one of the most interesting processes of inclusion of an issue area in the G20 agenda belongs to governmental transparency and anti-corruption efforts. Relevant to both states' domestic activities and actors' international undertakings, it could be easily observed that corruption is an eminent and undeniable truth that

requires multiple countermeasures. Although an area suitable for extensive focus, for the purposes of this paper we will concentrate on the process and unfolding of the anti-corruption actions of G20. Here, it is crucial to dissect the dynamics of global events and relevant actors' and G20's positions/reactions to these events in order to trace the origins and illuminate the processes.

Discussion

Although G20 (consisting of 19 most powerful economies) was an influence in global governance arrangements between 1999 and 2008, the inclusion of various suggests that an increase in its institutional power is linked to the widening of its issue areas and its responsiveness in line with global phenomenon.

Especially after the tragedy of September 11, 2001 and the global financial crisis of 2007, a significant change in the agenda of the IFI can be observed: a clear modification in discourse from a primarily financial focus towards a more global, political and economic orientation is witnessed (Nelson 2013). Initiating with the "Action Plan Against the Financing of Terrorism" in 2001, in the past thirteen years G20 has broadened its institutional focus recognizing the importance of cooperation and integration on various fronts, addressing issues ranging from energy, sustainability and transparency to food security, globalization and foreign policy.⁴

. The first step towards such a lofty goal is the detailed examination of G20 Meetings' records and transcripts since 1999, which can be found in the first section of this paper. The second step requires the analysis of the trending issue areas mentioned. Transparency is a familiar concept to G20 as the effects of *dirty markets* extend directly to the global financial order, mostly attributed as a consequence of globalization (G20 1999; G20 2000). Therefore, the promotion of market transparency has been prominently discussed throughout G20's lifespan (found within the records of every G20 meeting- both ministerial and leaders' declarations). However, it can be said that the tragic events of September 11 brought forth an inter-subjective realization that globalization not only increased the stretching, deepening and speeding-up of phenomena but also the deepening of it (Baylis& Smith 2005).⁵As a consequence, the 2001 Ministerial of G20 discussed terrorism, creating and implementing international standards and the exchange of information, albeit from a financial focus emphasizing the importance of a transparent exchange of information and standardized domestic law in order to dissipate financing such activities. A similar pattern can be observed when the meetings from 2002-2007 are investigated: global phenomena not directly of financial concern are recognized and more importantly, addressed. However, between these years, G20 recommendations consisted mostly of economic and financial proposals.

The origins of G20's transformation begin in 2008 during its first Leaders Summit, where talks of accountability merged with transparency. In the 2009 London Summit, a spillover effect manifested itself as discussions on preventative measures on protectionism- a policy that is detrimental to the political and economic growth, according to G20. The second meeting of 2009 in Pittsburgh furthered the decisions made in London

⁴ See Annex for a detailed analysis of the development of G20 issue areas.

⁵ According to John Baylis and Steve Smith the deepening effect of globalization is the increasing blur between local-global and domestic-foreign divide.

calling for the adoption and implementation of the UN Convention against Corruption from its core members and highly encouraging all others. However the critical point of this process is in 2010 when an Anti-Corruption Working Group was formally established in the Toronto Summit. Furthering and solidifying these steps, the 2010 Seoul Summit declared that anti-corruption was “a severe impediment to economic growth and development [and G20 would continue efforts of] promoting the adoption and enforcement of UNCAC against corrupt officials.” The activities and statements of 2010 are evidence that issue areas of G20, as an international financial institution, have expanded that encompass domestic and international political realities.⁶ Furthermore, the 2011 Cannes Summit extended the fight against corruption by declaring that national measures should be taken in addition to an international legislative framework. The inclusion of national channels translated in a strongly worded anti-corruption declaration in the 2013 Los Cabos Summit: denying entry to G20 member countries “of corrupt officials and those who corrupt them [...] and enforcing our countries legislative practices.” In the most recent G20 Summit of St. Petersburg, a snowball effect can be clearly observed; multiple international and transnational organizations and institutions were integrated in the intensified fight against corruption (see *Figure I*).

Since 2010 the implementation of the “Seoul Action Plan” through the *Anti-Corruption Working Group* have further proved the interconnectedness of the economic, political and social spheres. In this respect, it seems that global governance is more than what Biersteker deduces as “an inter-subjectively recognized, purposive order at the global level, which defines, constrains, and shapes actor expectations in an issue domain.” In the 21st century it is observed that the extent and reach of global governance encompasses far more than a sole issue domain: a conclusion that G20 has and is continuing to demonstrate.

Conclusion

In this paper, we tried to add to the conversation on global governance by looking at the role of the G20 in specific issues such as corruption. While the role of international institutions in shaping states’ behavior is still limited, we, nonetheless, believe that increased deliberations on these issues lead to increased visibility paving the way for greater cooperation at the global level. Therefore, as corruption and transparency are discussed in more international venues such as the G20, the higher its salience in international cooperative arrangement would become.

⁶ This is in line with G20’s aim to increase its influence in global governance arrangements.

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Annex

Figure 1: Keywords, size according to the number mentioned in all documents



Figure 2: Distribution of keywords in number of cases

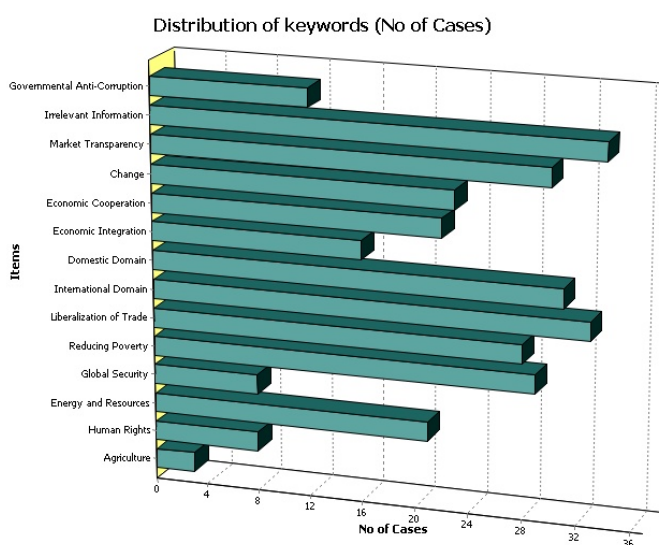


Figure 4: Category distribution percentage by year

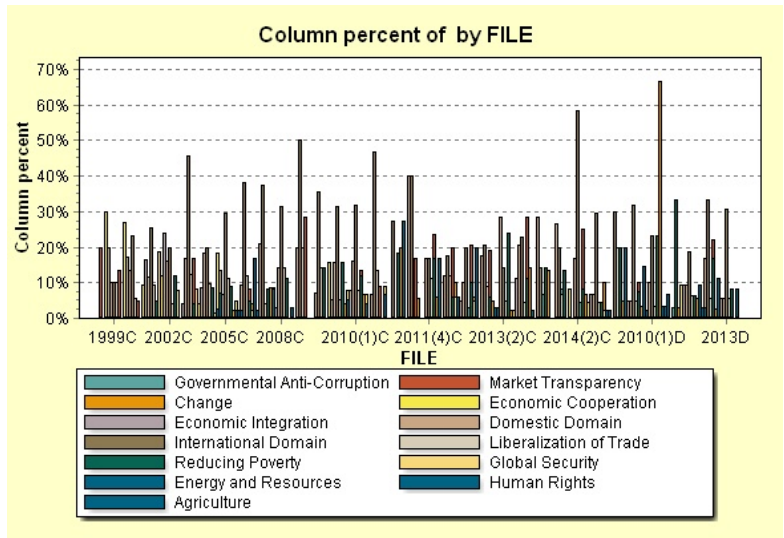


Figure 5: Keyword distribution percentage by year

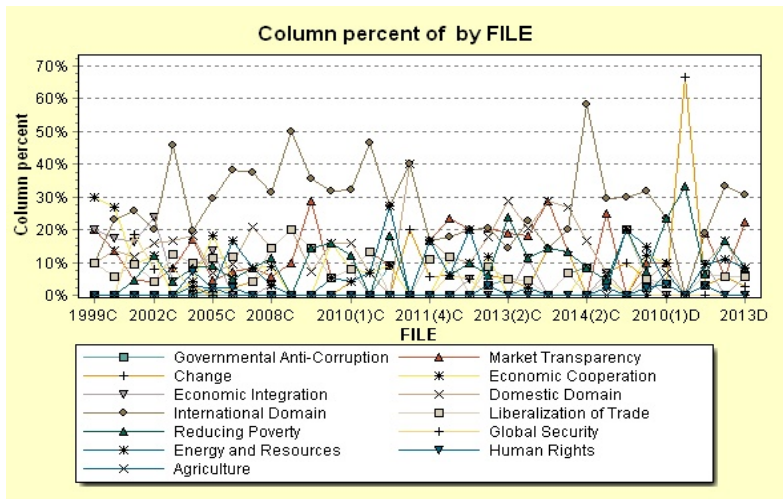


Figure 6: Code frequency (weighted)

Code frequency for FILE (Column percent)

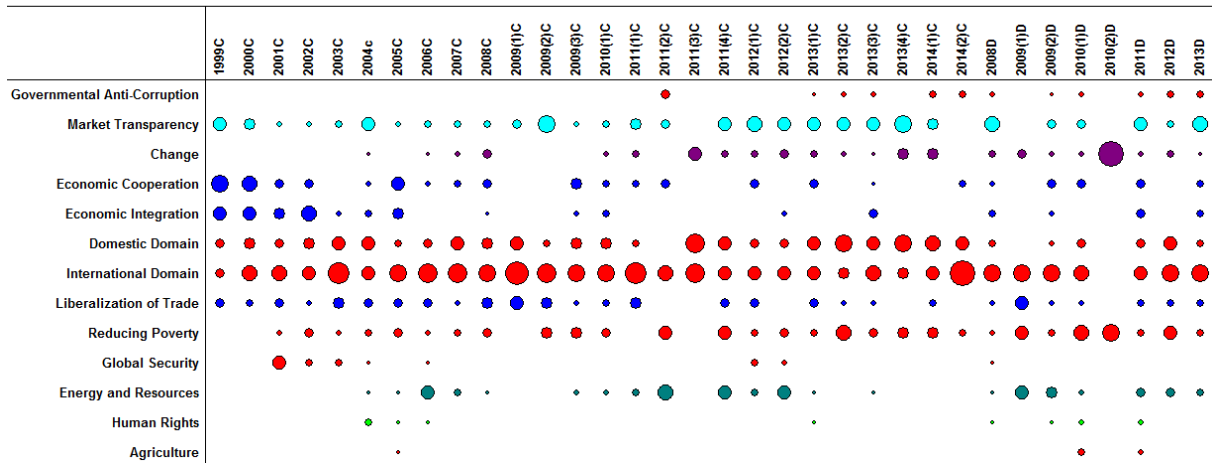


Figure 7 and 8: Alternate grouping of codes and patterns 1999-2007

Interstate	Economic Cooperation Economic Integration International Efforts Global Security Change Liberalization of Trade
Intra-State	Domestic Efforts Reducing Poverty Market Transparency Governmental Anti-Corruption
Transnational	Human Rights Agriculture Energy and Resources

