

Multilateral policy-making: from crisis management to the long game

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This background paper for the “Rewiring Multilateralism” seminar argues that the G20 and other multilateral negotiations are too often affected by a spirit of “permanent crisis”, which is not only unpleasant for the negotiators but has negative effects for the implementation and legitimacy of their agreements. There is a need for better forms of “pre-negotiation” – include better long-range coordination among policy-planners – aimed at identifying opportunities, obstacles and flash-points to avert last-minute crises driving decisions.

The G20 in difficulties

This seminar convenes after a dramatic week for the Group of Twenty (G20). The run-up to this weekend’s meeting of finance ministers and central bank governors - overshadowed by the threat of a currency war – was marked by ill-tempered public spats about the way the G20 does its business. Indian officials warned the *Financial Times* of a looming “clash of interests and a clash of perceptions.” “The G20 is in serious difficulties,” one concluded.

Other policy-makers stoked the sense of crisis. Mervyn King, Governor of the Bank of England, called for a “grand bargain” between the G20’s members to head off protectionist impulses and avert a trade war. He not only raised the prospect of a collapse in international trade comparable to that in the 1930s, but questioned the G20’s ability to deliver a bargain – he argued that it would require a “revolution” in its operating procedure.

Whatever the merits of King’s case (both on trade and the G20’s working methods) his decision to make such an urgent demand so close to a major summit was striking. It had the potential to stimulate negotiation on a bargain – but also to undercut the G20’s credibility.

When the Obama administration tabled proposals for G20 members to set limits on their trade balances, there were signs of further splits ahead. Germany warned against “planned

¹ This paper draws on frequent discussions on multilateral policy development with Bruce Jones, Andrew Hart, David Steven, Alex Evans and Rahul Chandran.

economic thinking.” But the ministerial meeting ended in triumph (at least according to the politicians involved) rather than disaster, with broad agreements concerning trade balances, currency issues and overdue governance reform for the International Monetary Fund (IMF).

At one level, these events show the value of the G20 as a clearing-house for difficult deal-making. Had the finance ministers not met in person – and not been aware that their leaders were soon to meet in Seoul – neuralgic problems like the redistribution of voting rights at the IMF might have remained unresolved. However, the manner in which this month’s deal was worked out should be a source for concern. The heated language from senior politicians in recent weeks should not be discounted. Why did the G20 – meant to be a forum to nurture consensus on global economic issues – face a sudden crisis of confidence?

Multilateralism: permanent crisis management?

It is arguable that crisis management is embedded in the G20’s DNA. The forum leapt from obscurity to prominence at the nadir of the financial crisis with the Washington and London summits in 2008 and 2009. The run-up to the 2009 meeting in particular was characterized by dire warnings of a diplomatic failure with ruinous economic consequences. These proved utterly misleading, as London produced a sensible deal. But there is a difference between (i) forging a multilateral response to a genuine, fast-moving crisis (the challenge in 2008-9) and (ii) making crisis management the standard *modus operandi* of an international organization or decision-making forum. If the only way to force a decision from a multilateral body is to declare that its very credibility is on the line, it is in serious trouble.

This “permanent crisis” approach to multilateral negotiations is, however, quite normal. We can see this not only in the G20 but international cooperation more broadly. The crisis gambit has been exploited by everyone from President George W. Bush – who famously attempted to railroad debates on Iraq at the UN by asking if the organization wanted to stay “relevant” – to the NGOs and activists who surrounded the 2009 Copenhagen summit on climate change. As the summit approached, many of these activists eschewed serious debates about policy and instead simply focused on the urgency of a getting a deal. One NGO coalition launched a website called tcktcktck.org, supposed to symbolize the seconds

ticking away as the summit approached. But, as Alex Evans of the Center on International Cooperation pointed out, its policy platform consisted of “fabulously vague objectives.”

It is arguable – and an issue to be explored in this seminar – that the general sense of urgency surrounding the Copenhagen talks militated against effective negotiations. On the one hand, it created huge pressures for all parties to accept an imperfect deal rather than keep talking. And because all sides were so focused on the December 2009 deadline, the ensuing year has seen a loss of momentum with negotiators and NGOs alike exhausted.

Should we be surprised that crisis management – real or artificial - is such a regular hallmark of multilateral diplomacy? No. David Reynolds, the leading British historian who has studied international summitry in the twentieth century, notes that “to a surprising degree, veteran politicians behave like schoolboys in a chocolate shop when they get to the summit - carried away by their excitement.”² Summitry without adrenalin would not be summitry at all. But Reynolds concludes that statesmen are more likely to be effective at summits if they learn to “play it long.” “Dramatic one-off interventions rarely pay off, either diplomatically or politically,” he argues, and it is better to “to work persistently and with your team on a few significant projects, even if they do not promise quick results.” This may sound like common sense. But as the G20 and Copenhagen cases suggest, it is a problem in practice.

Flaws in crisis-driven multilateralism (1): implementation

If “dramatic one-off interventions” are too often the norm in current multilateral diplomacy, this has a number of negative unintended consequences. There are particular problems around the implementation of rapidly-agreed deals. In the wake of this weekend’s G20 discussions, critics (perhaps disappointed that they had lost the chance to condemn a whole-scale failure) immediately began to question whether the agreement would be implemented.

These doubters had a point. The record of implementing G20 decisions is mixed. A recent study by Bruegel, the Brussels think-tank, of the implementation of 47 action items arising

² The quotations in this paper are taken from D. Reynolds, “The Prime Minister as World Statesman”, available at <http://www.historyandpolicy.org/papers/policy-paper-68.html>.

from the first leaders' G20 in Washington DC in October 2008.³ They distinguished between action items that fell to autonomous international organizations to implement and those that fell to national authorities. They concluded that where major international institutions like the IMF, OECD and World Bank were involved the results were impressive: to simplify a complex methodology, Bruegel gave these institutions an overall score of nearly 8 out of 10 for fulfilling their Washington responsibilities. Where implementation came down to national authorities, however, progress was markedly less impressive – the analysts gave the G20's members a score of just 3 out of 10 for their overall performance in this area.

Such broad figures only give a vague sense of the policy processes involved. But Bruegel's more detailed analysis does show that individual governments have often been slow and inconsistent in following up on their G20 commitments. Diplomatically but disappointingly, the authors do not score individual countries on implementation. But their conclusions on individual action points are telling. The G20 leaders had agreed to develop best practices for regulating hedge funds, resulting in “various initiatives in Canada, the US and EU, but not much coordination.” They had likewise agreed to cooperate on enforcing accounting standards. Bruegel found “no meaningful progress, nor clear expression of political will.”

What do these results tell us? It seems safe to draw two conclusions. The first is that, while senior politicians are ready to agree to a wide range of action points at any given summit, they are unsurprisingly unready to push through the technical processes involved. Strong anecdotal evidence suggests that many national bureaucracies and interest groups, often weakly consulted in the run-up to big summits, have worked hard to water down or block the implementation of agreements that they do not like or feel they did not really agree to.

This problem is not confined to the G20 and the financial sphere. The follow-up to the limited agreement on climate change drawn up in Copenhagen has been very mixed. Individual states vary hugely in their interpretation of the new round of sanctions imposed on Iran this summer – although the negotiators were fully aware that this would happen.

³ S. Rottier and N. Véron, *An Assessment of the G20's Initial Action Items*, available at http://www.bruegel.org/pdf-download/?pdf=uploads/tx_btbbreugel/pc_2010_08_fin_reg-1.pdf.

What seems clear, however, is that there is a recurrent breakdown in the linkage between (i) gaining high political approval for multilateral cooperation on urgent issues; and (ii) the broader ability and willingness of national authorities to follow through in many cases. This is hardly new, but is a major flaw in the “crisis management” approach to top-level talks.

Flaws in crisis-driven multilateralism (2): legitimacy

The second flaw in the “crisis management” approach to multilateralism is the accusation that, by concentrating decision-making among small numbers of senior negotiators, disenfranchises those left outside the room. The argument that the G20 overrides the interests of all those nations that do not attend needs no repetition here. Nor does the endless dispute over whether it was legitimate for President Barack Obama and the presidents of Brazil, China, India and South Africa to work out the terms of a deal at Copenhagen last year without other leaders in the room (although this may be overstated).

It is normal for multilateral negotiations to boil down to deals cut between small numbers of great powers – decisions on major issues in the Security Council are, for example, frequently pre-cooked by the Permanent Five members before the Elected Ten get a look at them. But it is clear that, given the sensitivity and public profile of many recent multilateral negotiations there is a political price to pay in terms of how many states view the processes involved.

Even commentators from powers *inside* the G20 are inclined to view its deliberations as somehow distorted or fixed. Some European members felt that they had not been properly consulted by the US before the White House declared that the G20 would become the “premier” forum for international economic negotiations before the 2009 Pittsburgh summit. Non-Western commentators grumble that a version of the old G7 still operates inside the G20, with the Western bloc pre-positioning itself to drive its agenda (and, at this month’s meeting in South Korea, the G7 representatives did indeed meet separately on the sidelines). This, in turn, leads for calls for the BRICs to play a similarly coordinated role as a counterweight the West – a recipe for repeated confrontations in future G20 meetings.

These legitimacy problems have deep roots in the international system, they appear to be exacerbated by the high-intensity nature of multilateral negotiations. If outsiders do not have a clear understanding of the processes, ideas and interests involved in talks, the outcomes will almost inevitably appear even less legitimate to them. But it is hard for multilateral negotiators to communicate effectively externally when talks go to the wire.

Learning to “play it long”

This goal of this seminar is to explore ways that governments and the secretariats of international organizations can learn to “play it long” in the G20, UN and other international negotiating formats. The challenge is to shift away from the crisis-driven model of multilateral engagement (where possible, as some crises are of course real) to one that prioritizes (i) effective long-range strategic planning for multilateral cooperation, both *inside* and *between* governments and IO secretariats; and (ii) following up on cooperation at the strategic planning stage with effective cooperation on implementing multilateral agreements.

Our starting-point (which is open to debate and dissent as the seminar develops) is that governments and IO secretariats should identify ways to foster strategic dialogues that allow players to find consensus on multilateral agreements long before eleventh-hour talks kick in. This goes back to an outline of great power cooperation in *Power and Responsibility* by Bruce D. Jones, Carlos Pascual and Stephen John Stedman.⁴ Published just as the financial crisis was breaking, the volume argued for a G16 rather than a G20. More important than the number after the G, however, was the role the authors assigned the proposed mechanism:

An expanded G-grouping should have three purposes:

1. It should be a *prenegotiating forum (emphasis added)*, a place where the smallest possible grouping of necessary stakeholders can meet to forge agreements on the basic parameters of the responses to major global challenges, and strategies for their implementation.
2. It should be a mechanism for building knowledge, trust, and patterns of cooperative behavior among the most powerful states.

⁴ Published by the Brookings Institution Press, 2009.

3. It should be a device by which leading states encourage one another to take responsibility not only for the global impacts of their national actions but also for their global role in tackling common problems.

To some extent the G20 has played these roles (details the G20 agreement on IMF voting rights still needs to be worked out through the IMF itself, for example). However, it is clear that the G20 is less a real “prenegotiating forum” to allow countries to share ideas on their interests than a forcing mechanism to secure decisions that would otherwise be impossible.

But, as we have argued above, this potentially militates against “building knowledge, trust, and patterns of cooperative behavior”, as the diplomatic focus is getting to a deal. In turn, this reduces the chances of identifying implementation strategies – because there is a heavy focus on getting a bargain, questions of what the domestic constituencies national bureaucracies of the G20 members and non-G20 members will bear are often overlooked. As we have seen in the case of follow-up to the Washington G20, this can result in important innovations going unrealized or at least implemented in an uncoordinated fashion.

Furthermore, the ongoing lack of shared knowledge and trust at the G20 level arguably reduces the chances of persuading non-G20 powers to welcome its decisions – just as many members of the UN implicitly distrust the Permanent 5’s role in the Security Council.

Strikingly, David Reynolds advises statesmen entering high-stakes negotiations to “know the other” and “think politics” at all times. By this he means that it is necessary for the negotiator to “understand your opposite number’s political needs.” Yet it is very difficult for politicians and diplomats to fully grasp all the political needs of those involved in complex multilateral talks – let alone keep in mind the needs of those outside the room. This level of understanding cannot be built up in the weeks and days before a conference. Instead, it requires a version of the long-range “pre-negotiating” advocated in *Power and Responsibility*.

One potential version of this involves enhancing the roles of policy planners in the long-term preparations of G20 and other international initiatives. This would be separate to the formal negotiations of sherpas on G-group issues, climate change envoys and UN

ambassadors on their specific areas of concern. Instead, it would involve creating a formal arrangement by which policy planners could come together to explore (i) potential policy options well in advance of formal talks; (ii) develop a knowledge of each other's domestic constraints and national capacities to implement policy proposals; and (iii) inform the issue-specialists on potential overlaps and connections between different multilateral processes.

Of course, policy planners meet in all sorts of seminars all the time (this is one of them). To an extent, they undertake the above tasks already. However, following *Power and Responsibility*, it would be possible to imagine a regular system of contacts between G20 policy-planners (rather like the existing system of regular meetings between EU planners).

Yet this format should not be rigid: it would be possible to formalize a system of meetings between planners from G20 and non-G20 countries on their shared concerns. Indeed, just as the Government of Denmark is co-hosting this seminar, it may be advantageous for countries outside the direct flow of some negotiations to moderate (in all senses) discussions of the basic parameters involved. It would be necessary to ensure good contacts between these planners and those in IO secretariats, just as IMF already gives support to the G20.

This may sound like a plan to save the world through better policy research – usually a deeply unreliable panacea. The run-up to the Copenhagen conference was, after all, full of multilateral discussions on many tracks. Long-range discussions will not necessarily bridge fundamental differences between states. Nonetheless, more effective coordination and communication can (i) reduce the risk of a “clash of perceptions” if not necessarily a “clash of interests” between leaders and ministers, and (ii) reduce the level of outside suspicion.

Whether or not this proposal appeals, it is just one way out of a deeper problem: the tendency to push multilateral negotiations forward through talk of “time running out” and “credibility crises”. This approach is sometimes justified. But it also risks creating self-fulfilling prophecies: if you talk about a crisis often enough, it will probably happen one day.