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Will the G20 Be Relevant? The Legacy of the Seoul Summit

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How will the G20 Seoul Summit be remembered? History will recall this summit as one of the few events in which the U.S. stood alone amid concentrated criticism from the international community. Even before this summit, the U.S.-China currency feud and global imbalances were already contentious issues among certain countries. As a result, the expectation levels of the summit were fairly low. Still, in spite of the harsh criticism from some quarters in the French media that “The mountain has brought forth a mouse” (*La montagne a accouché d'une souris*), the meeting had some success. The summit brought about significant consensus on global issues such as IMF share adjustment, Basel III agreement, and the announcement of Seoul Consensus for development. However, regardless of these results, the Seoul Summit is more likely to be remembered as the forum where the relative decline of the United States appeared to be very evident.

The G20 as an international institution received attention following the Global Financial Crisis in 2008. One of the reasons why the 2009 London Summit was able to succeed in policy cooperation on fiscal expansion was that all members at the time were facing a shared crisis. But as time passed, the differences between those countries that had managed to overcome the crisis and those that had not began to widen. At the same time, simmering disputes became magnified. When it came to the Seoul Summit, this state of affairs was reflected all too well.

The G20 represents the structure of power distribution between states. An effective international institution requires the existence of a hegemon, mutual and complementary interests between the core states, and international norms that reflect the hegemon's interests. On the other hand, an international institution will lose its power when changes occur in the power distribution structure, the interests of core states clash, and multiple norms compete with each other. From this perspective, the G20 Summit clearly demonstrated that we are in a period of transition where the United States is no longer the world's hegemon, yet no new power emerges.

By singling out China as a currency manipulator, the United States tried to establish a new global norm during the summit. This was an attempt to set a numerical goal to keep current account surpluses and deficits within a range of plus or minus 4 percent of GDP as solution to global imbalances. However, the U.S. initiative to evaluate the validity of each state's trade imbalance ran into collective opposition when, on the eve of the summit, Washington devalued the dollar through quantitative easing. This U.S. policy was an act not on par with its role as a global hegemon which provides public goods to the world economy. Consequently, even major Western states such as Germany, France, and the United Kingdom criticized the U.S. initiative in a single voice, not to mention China and Brazil who were vocal critics. Although the United States has put off the difficult resolution by

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agreeing to formalize the guideline by the first half of next year, it could only stay passive as China's voice gained more weight on the international stage. Yet, Beijing is not ready to suggest a new international norm in place of Washington. Looking at this situation from a perspective of realism in international relations theory, the G20 Seoul Summit had its limitation from the beginning, and any South Korean effort would not have changed its fate.

On the other hand, the G20 reflects the fundamental change of international politics in twenty-first century. The evolution towards a network-based institution is now taking place in global governance as various actors emerge and multiple issues are linked. This network-based institution is characterized by informality, flexibility, elasticity, and voluntariness that all connote the “G-x process.” It includes the G-20, which has standing as the “premier forum,” the G-7/8 that continues to function, and the G-2, that is newly emerging. The fact that the G20 Summit in Seoul did nothing more than conflict management does not make it a complete failure, because the main actors will continue to proactively use the “G-x process” in order to overcome future conflicts among states. If the United States continues to face deadlock and criticism within the G20, it might attempt to simultaneously use other networks such as the G-7 more comprehensively. European states too could seek various combinations of “G-x” more actively. Viewed in this way, the Seoul Summit does not indicate that the future of the G20 is bleak. Rather, it implies that core states will prudently seek to establish rules and norms in recognition that the G20 does not only reflect the balance of power but also represents a network-based institution in global governance.

Secondly, the G20 Seoul Summit will be remembered for the U.S.-China conflict. After the painful loss in the mid-term elections, President Obama crossed the Pacific to engage in proactive diplomacy for reviving the U.S. economy. His reelection in 2012 will depend greatly on how he manages the economy at home, therefore issues such as the KORUS FTA (Korea-U.S. Free Trade Agreement), the Trans-Pacific Partnership (TPP), currency manipulation by China, and macroeconomic imbalances all figured during his trip.

By carefully looking into these economic efforts, however, we can discover the apparent strategic interests of the United States. Obama's tour of four Asian countries (India, Indonesia, South Korea, and Japan) shows how the United States is applying a comprehensive strategy to counter the expansion of China's economic and political influence. In particular, President Obama supported India's request for a permanent seat in the United Nations Security Council, made efforts to conclude the KORUS FTA, and put more weight on the TPP than ASEAN+3. All these measures are for alleviating strategic instability as the expansion of China's economic influence might block U.S. influence over the Pacific. In other words, it was part of a U.S. strategy of network expansion to balance China in East Asia. The G20 then became something of a platform for direct criticism against China as a currency manipulator. In this regard, Obama's Asian tour was for shaping measures in the G20 Seoul Summit.

As it turned out though, South Korea and United States failed to resolve their differences over the KORUS FTA and it still remains uncertain whether the TPP can actually produce any results even though Japan announced that it would join the TPP during the APEC Sum-

mit. Even under these circumstances, the United States still had a heated discussion with China and competed to increase its influence within the G20. Presumably, this G20 Summit might provide momentum to push the U.S.-China relationship down a rocky path.

Lastly, the G20 Seoul Summit marks a turning point for South Korean diplomacy. While the G20 was treated as a 'one-off event,' it is undeniable that this summit had a tremendous learning effect upon the South Korean government. As the chair country, South Korea made great efforts in the agenda setting, such as pushing forward the 'Korea Initiative,' and mediating between core states. Still, without understanding the reality of international politics, Seoul overacted in some areas, such as its pursuit of global financial safety nets, which ended up being pushed aside from the main agenda. Learning from this experience, the South Korean government will realize the importance of knowledge in diplomacy and the difficult reality in mediating between the great powers. Its national interests will not be achieved by just being on the side of the Unit-

ed States. For this, a comprehensive perspective that covers global issues beyond the familiar problems on the Korean Peninsula is crucial. This also means an understanding of both economic and political matters within the G20 forum when forming diplomatic responses. In the future, South Korea also needs to look more broadly and consider its own "domestic policy network" which collects social knowledge outside of government circles for strong and effective diplomacy.

The G20 provided an invaluable opportunity for Seoul to craft a 'comprehensive diplomacy.' This includes: enhancing soft power and network power; viewing issues simultaneously from domestic, regional, and global perspective; linking various issues; and embracing diversified domestic actors. Now is the time to get over the sense of accomplishment and put into practice the experience that was learned during the Seoul Summit. ■

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