Decoding the

Influence & Challenges

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INTRODUCTION

India assumes the G20 presidency in 2023. This juncture arrives as the post-pandemic global landscape contends with a multitude of challenges: geopolitical tensions, warfare, rising global debt, the impending spectre of recession, worldwide food insecurity, environmental crises encompassing climate and biodiversity, and the erosion of democratic spaces across multiple nations. However, the G20 proceedings unfold amidst a paradox, ostensibly championing itself as the 'Mother of Democracy,' even as hundreds of thousands are forcibly displaced for city beautification in preparation for the event.

Every city, every document now carries the logo of G20 and the presidency is being projected as an achievement by the present government to represent that the country has come on stage in global decision-making processes. This booklet attempt to provide an overview and explain the emergence and its impact on economic decision-making and subsequent impact on the people.

ORIGIN OF G20

The Group of 20, commonly known as the G20, was established in 1999 as a platform for finance ministers to engage in discussions pertaining to monetary and financial matters. It started after the Asian Financial Crisis to promote global teamwork on economic and financial matters. The G20 served as a forum to bring together finance ministers and central bankers from twenty of the world's largest established and emerging economies. This initiative originated from the Group of 7 (G7), which consists of highly industrialized and affluent nations. In the early 1990s, as emerging markets faced financial turmoil, the G7 responded by reinforcing their role in managing the global monetary system. They formed the Financial Stability Forum to promote international cooperation in financial supervision and surveillance, alongside the G20, which facilitated dialogue between major industrialized and emerging market nations.

The G20, in a sense, functioned as an extension of the G7 until the arrival of the global financial crisis of 2008-2009. The establishment of the Group shortly after the economic crises in Southeast Asian countries in 1996-1997 and Russia in 1998 was no mere coincidence. The G20's evolution to meetings at the heads of state and government level can be attributed to the 2008 financial crisis, when it became a mechanism for crisis coordination at the highest political echelons to safeguard global capitalism. Subsequently, G20 leaders convened on a regular basis, transforming the G20 into the primary forum for international economic cooperation.

In 2008, after the US-triggered global financial crisis, the G20 met for the first time at the "heads of state" level in Washington, D.C. At this G20 Leaders Summit, Western nations appealed for assistance from emerging market economies, such as China, which possessed substantial budget surpluses and trade advantages, with the goal of averting a worldwide economic downturn. This occurrence distinctly shifted the geopolitical balance from the West to the East.

The G20 stands as the initial manifestation of major powers acknowledging the necessity to adapt global governance to the altered distribution of world influence. The United States and the European Union are coming to terms with a harsh reality: despite their combined strengths, the so-called 'West' is powerless to tackle major challenges, particularly when it comes to dealing with (and preventing future) financial crises. The emergence of the G20 as the primary forum of world economic cooperation is one of the most significant developments in global governance in the twenty-first century.

This transformation is intrinsically linked to the ongoing reconfiguration of the global order.

Timeline: Evolution of the G7/8 and the G20

ð 1976 – The Group of 7 (G7) comprised a "steering committee" for the global economy – Canada, France, Germany, Italy, Japan, United Kingdom, and the United States.

ð 1997 – In this year, Russia joined the political discussions of the Group of 7 (G7). In 2002, when Russia became an official member, the G7 became the Group of 8 (G8).

ð 1999 – The U.S. and Canada created the Group of 20 (G20) as a body of finance ministers and central bankers in order to respond to the 1997-98 East Asian Financial Crisis.

ð 2005 – The G8 met with leaders of five emerging market countries (Brazil, China, India, Mexico, and South Africa). In 2007, the G8 +5 process was strengthened.

ð 2007 – The U.S. triggered the global financial crisis.

ð 2008 – The G20 began meeting at the level of Leaders (Presidents and Prime Ministers).

ð 2009 – At the Pittsburgh Summit, the G20 declared itself the "premier forum for international economic cooperation," which was a direct challenge to the authority of the G8.

WHO IS G20 ?

The G20 is comprised of developed and emerging economies in the world. It consists of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States and the European Union. In addition International Organisations like United Nations, International Monetary Fund, World Bank, World Health Organisation, International Labour Organisation, Financial Stability Board and OECD along with regional organisations Association of South East Asian Nations (ASEAN), New Partnership for Africa's Development (NEPAD) and African Union (AU).

The G20, itself, categorizes its member countries as follows:

- Advanced surplus countries: Canada, France, Germany, Japan, and South Korea;
- Advanced deficit countries: Australia, United Kingdom, and United States, and the euro area minus France, Germany, and the Netherlands;
- Emerging surplus countries: Argentina, China, and Indonesia;
- Emerging deficit countries: Brazil, India, Mexico, South Africa, Turkey, and other European Union countries; and
- Major oil exporters: Russia and Saudi Arabia.

The G20 economies collectively contribute to approximately 80 percent of the global economic output, as measured by gross domestic product (GDP) adjusted for purchasing power parity. Moreover, they account for a substantial three-quarters of worldwide trade. Among these economies, China, the United States, Germany, and Japan stand as the four most significant exporting nations globally. Impressively, out of the top 20 countries in terms of export volume on a global scale, a notable 15 are active members of the G20. Nearly two-thirds of the global population resides within the territories of G20 member nations.

Upon closer examination, the expansion of the G20's membership from the initial G7 suggests a strategic manoeuvre to establish a self-styled consortium that incorporates developing countries, seemingly to confer legitimacy upon decisions emanating from the developed world. While the core retains an imperialist essence, the selection of certain countries over others raises pertinent questions. The inclusion of Russia and China appeared inevitable, particularly given China's emergence as a prominent dynamic force in the realm of global capitalism.

It is worth noting the deliberate omission of specific countries from the Middle East, such as Iran, and the selection of Saudi Arabia. Similarly, while South Africa was included despite having larger economies like Egypt and Nigeria in Africa, certain Latin American countries like Mexico, Argentina, and Brazil were chosen while Venezuela was excluded. This selection process appears to be intertwined with the United States' discomfort with these countries at the time. The strategic

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engagement of emerging economies during this period served as an expedient method for the G7 to extend its control over multilateral institutions. This was achieved by garnering broader legitimacy and support through participation from significant players in the developing world.

How Does The G20 Function?

The G20 is not a permanent institution with a headquarters, offices, secretariat or staff. The agenda and activities are steered by the presidency. Every year, a different member nation hosts the presidency. To choose which country leads the G20 leaders' meeting for a year, all members (except the European Union) are put into five groups, most with four members, one with three. Countries from the same area are in the same group, except for Groups 1 and 2. Any country in a group can become the G20 Presidency when it's their group's time.

Given the rotating presidencies and to ensure continuity, the system of 'Troika' is in place. The troika consists of the current host country, its predecessor and its successor. In 2021, Italy was the host country, Saudi Arabia (2020) was the predecessor and Indonesia (2022) assumed the presidency in December 2021.

The G20 encompasses two parallel tracks of engagement: the Finance Track and the Sherpa Track. The Finance Track is spearheaded by Finance Ministers and Central Bank Governors, steering deliberations on matters of economic significance. Conversely, the Sherpa Track is orchestrated by Sherpas, who are appointed representatives of the Leaders, guiding the intricacies of the G20 process from a strategic standpoint.

Finance Track: In the finance track, the primary focus is on global economic and financial issues such as monetary, fiscal and exchange rate policies, infrastructure investment, financial regulation, financial inclusion, international taxation among others. In this track, the governments (through finance ministers) and central bank governors from these nations meet yearround at the ministerial level. Outcomes from the ministerial-level meetings are brought together at the annual G20 Summit, where leaders prepare and implement their decisions based on the findings in a declaration.

Sherpa Track: The Sherpas oversee negotiations over the course of the year, discussing agenda items for the Summit and coordinating the substantive work of the G20. The sherpa track focuses on broader issues of importance, including flagship issues like political engagement, gender equality, trade, sustainable development, debt etc., to legacy and priority agendas like the pandemic, climate change, disaster resilience, migration etc. The countries attend these meetings with representation from their respective emissaries and ministries.

Engagement Groups: The G20 organises wider participation of different civil society stakeholders through engagement groups. They do not represent the government and are supposed to work as autonomous, independent groups.

G20 Leaders' Summit: The G20 Summit is held annually, under the leadership of a rotating Presidency. The forum initially focused largely on broad macroeconomic issues, but it has since expanded its agenda to inter-alia include trade, climate change, sustainable development, health, agriculture, energy, environment, climate change, and anti-corruption. Outcomes from the ministerial-level meetings are brought together at the annual G20 Summit, where leaders prepare and implement their decisions based on the findings in a declaration.

G20 – CRITIQUE AND CHALLENGES

The question of legitimacy: The UN Charter distinctly assigns the responsibility of coordinating and aligning member states' social and economic strategies to itself, rather than an exclusive external entity. The primary objective of the United Nations is to foster global collaboration in resolving international challenges spanning economic, social, cultural, and humanitarian domains. In contrast, the G20, encompassing a limited membership, neglects the participation of 173 countries and operates without being directly accountable to a universal and inclusive institution like the United Nations.

The inherent purpose of the United Nations lies in nurturing international unity and collective action to address multifaceted global issues. The charter endows the UN with the pivotal role of harmonizing and orchestrating social and economic policies among its member nations, cultivating a platform for joint decision-making and harmonious collaboration. Notably, this authority resides within the UN system, underscoring its dedication to a transparent and inclusive approach that promotes equal representation and participation from all corners of the world.

In contrast, the G20's operational framework presents distinct limitations. Its membership is composed of a select few, excluding a considerable majority of nations, thereby limiting its ability to account for diverse perspectives and insights that could contribute to effective solutions. Furthermore, the G20's accountability structure is notably distinct from that of formal institutions such as the United Nations. Its decisions and actions lack the scrutiny and oversight that an institution with universal membership would inherently possess.

The distinction between the United Nations and the G20 underlines a fundamental contrast between inclusive, globally representative cooperation and collaboration in more exclusive forms. The United Nations endeavours to amalgamate the collective strength of its member states to confront international challenges, while the G20's membership scope and accountability structure may give rise to concerns regarding equitable representation and the thoroughness of its decision-making processes.

An endeavour was made to strengthen the G20 through a recommendation put forth by the U.N. High-Level Panel on Threats, Challenges and Change. This proposal was included in a report submitted to the Secretary General of the United Nations towards the close of 2004. The panel proposed an elevation of the G20 Group of Finance Ministers, advocating for its transformation into a leadership group tasked with addressing multifaceted interconnections encompassing trade, finance, the environment, management of pandemic diseases, and economic and social development. This suggestion was perceived by several U.N. observers as an effort to garner broader consensus for ideas stemming from the G7. Despite these intentions, this specific proposal from the High-Level Panel did not secure a position within the consensus on UN reforms, which the General Assembly adopted in December 2005.

While favouring a G20 configuration over a G7 one may seem advantageous, the G20 encounters a deficiency in terms of balanced regional representation. Africa, for instance, is represented solely by South Africa within the G20 framework. Additionally, member nations primarily advocate for their individual interests, rather than aligning with any particular bloc.

The United Nations operates under a democratic decision-making structure, with each nation wielding an equal vote. Consequently, when G20 nations allocate mandates to UN agencies, it has the potential to undermine the democratic essence of these agencies.

Self-anointed leader of economic governance

The G20 has firmly established itself as a preeminent entity within global governance structures, bestowing mandates upon numerous other global institutions that subsequently become answerable to its authority. To illustrate, the G20 governments wield control over approximately 65% of the votes on the Executive Boards of both the IMF and the World Bank. Consequently, the G20 possesses the capacity to effectively issue mandates to these organizations. However, this practice inadvertently exacerbates the marginalization of countries holding the remaining 35% of votes.

The G20 Summits in Washington, London and Pittsburgh set the stage for institutions like IMF which is part of the problem to renew itself. A significant outcome was witnessed at the London Summit where the Financial Stability Forum underwent a transformation into the Financial Stability Board in April 2009. This restructuring aimed to address a void in international financial coordination and governance. The FSB was instituted to respond to the escalating globalization of financial transactions and operations, prompted by the unhampered movement of capital across the world and the progressive financialization of international banking, increasingly divorced from the tangible economy. It's important to note that the FSB's outlook remains influenced by the concerns of the industrialized

Global North and an economic and political ideology that underpinned the foundational crises of 1997 and 2008.

G20 lacks genuine civil society participation.

The G20 summits operate within an exclusionary framework, primarily involving heads of states, and have increasingly marginalized the broader populace and dissenting voices from civil society. The participation of civil society actors in the engagement groups has transformed into platforms dominated by pro-government and power-aligned entities. Numerous global civil society organizations have taken a public stance of boycotting the Civil 20 processes, particularly when hosted by countries with questionable human rights records and limited genuine support for civil society involvement.

The G20 meetings have set a precedent for decisions and processes that tend to emphasize recycling rather than catalysing a fundamental restructuring of the global economy towards a democratic, decentralized, and deglobalized world economic order. Several G20 summits have been met with protests and demonstrations by diverse citizen movements, spanning concerns from climate change to conflicts, from the refugee crisis to debt-related issues.

G20 reinforces a neoliberal order

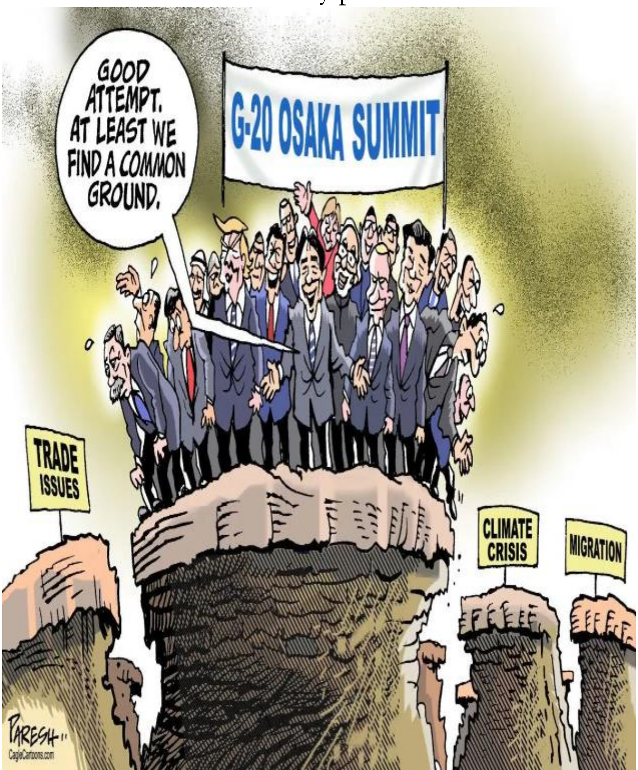
The G20 and its decisions and recommendations wield unparalleled influence over the global financial architecture. The policy recommendations they craft within the exclusive confines of this elite club can dictate the economic strategies of nations across the globe. Rooted in neoliberal beliefs, the G20's economic agenda strongly influences critical sectors such as agriculture, health, energy transition, and infrastructure. It vigorously promotes and advocates for private finance, seeking to employ public funds to de-risk investments. Unfortunately, this approach is giving rise to a vicious cycle that intensifies debt burdens for low- and middleincome countries. As a consequence, this model exacerbates inequality, accelerates the climate crisis, reinforces the dominance of the US dollar, and further bolsters a financial system characterized by a lack of transparency and accountability.

IMPACT OF G20 RECOMMENDATIONS ON ECONOMIES

The decisions and recommendations of the G20 hold significant influence over global economies. Examining specific instances of these recommendations sheds light on their real-world impact.

Austerity

In response to the 2008 financial crisis, the G20 proposed austerity measures as a remedy for beleaguered economies. However, these measures often led to reductions in public spending on welfare, such as healthcare, education, and social safety nets. Healthcare budgets were trimmed, resulting in inadequate services and the rise of costly private healthcare. Educational institutions faced staff cuts, larger class sizes, and compromised infrastructure. Social welfare programs were curtailed, burdening vulnerable communities. Austerity intensified inequality and hindered recovery, as observed in Greece's case.



Trade Liberalization

G20's advocacy of trade liberalization to stimulate growth has faced backlash from grassroots organizations. Trade agreements can flood local markets with cheap imports, undermining domestic industries like farming. Small-scale farmers in developing nations have suffered from this competition. Industries often struggle against unequal global competition when multinational corporations enter markets with significant resources. Job losses and economic vulnerabilities can ensue, as demonstrated by Cambodia's textile sector.

Structural Reforms

G20's call for structural reforms, aimed at enhancing economic efficiency, often translates to policy shifts in developing economies. Labour market deregulation and privatization of state-owned enterprises can undermine workers' rights and hand public assets to private entities. Reductions in social safety nets leave vulnerable populations without support during economic downturns. Greece's experience with structural reforms during its debt crisis illustrates the social unrest, inequality, and compromised welfare such measures can cause.

Financial Deregulation

G20's interventions in banking and financial regulations have led to riskier financial practices and the rise of shadow banking. Commercial and investment banking intermingling, driven by deregulation, contributed to the 2008 financial crisis. The aftermath saw the government bailing out financial institutions to prevent a systemic collapse. Financial Resolution and Depositors Insurance Bill in India, inspired by G20's recommendations, aimed to empower a Resolution Corporation but faced strong opposition and was eventually withdrawn.

Tax Policies

G20's push for tax policy reforms aimed at curbing tax avoidance and evasion is hindered by complex international agreements, tax havens, and lack of enforcement. Multinationals exploit tax loopholes, creating wealth inequality. Initiatives like the BEPS framework aim to tax companies where they generate profits, but global operations and digital economy complexities complicate enforcement. The focus on reforms remains ineffective in tackling widespread tax evasion and the nexus between corporate interests and political power.

Climate Crisis

G20's member countries, mainly responsible for the climate crisis, have fallen short of effective action despite talk about climate change. Lack of unified commitment and slow transition away from fossil fuels persist. Paris Agreement withdrawals and reliance on coal, oil, and gas highlight the challenge. Climate finance promises remain unmet, and climate adaptation funds often serve contradictory purposes. India's dual stance on fossil fuels and renewables exemplifies the G20's disjointed climate approach, hindering effective global action.

INDIA AND G20

India assumed the Presidency of the G20 for one year from 01 December 2022 to 30 November 2023. The theme for the year is of 'Vasudhaiva Kutumbakam' - 'One Earth One Family One Future'. Various meetings across different workstreams are being conducted across 50 cities across the country. The Government is also using the presidency to seek political and electoral mileage with lavish waste of public money for advertisements around G20 events, making an otherwise rotational presidency into one that of political spectacle and vanity. The picture being presented and the show being put on reeks of vulgar display at a time when India's performance on every social barometer is abysmally poor. The country has witnessed massive forced evictions across the country where these meetings are being held.

New Delhi, the venue of the G20 Summit, has witnessed one of the most brutal evictions in history, affecting over 250,000 people who were forcefully evicted, and their houses demolished in various parts of the city. These include Tughlakabad, Mehrauli, Yamuna floodplains, Sarai Kale Khan, Mayur Vihar, Dhaula Kuan, and Kashmiri Gate. The demolitions were carried out early in the morning without adequate notices in many cases and accompanied by police forces with mobile jammers so that visuals do not get circulated till the demolitions are over.

The G20 events were held with big claims of 'Vishwaguru' and 'Mother of Democracy when democracy and democratic institutions in the country are in a critical condition. The government's approach is of treating dissent as a crime with various sections of dissenters including journalists, activists, students and particularly those from minority communities is locked up in jail. These all take place when the government fails to take responsibility and accountability with a spectre of brutality being released by hate mongers and right-wingers. Important legislations like the Data Protection Bill, changes to the Forest Conservation Act, and the Biodiversity Bill are being legislated without taking into account the larger concerns of the affected communities and its impact on the environment.

C20 and marginalisation of critical civil society organisations.

The capture of C 20 and the civil society process is now a process which is happening in many countries. India's presidency is no different with the non-representation of critical voices from communities who are fighting to protect the environment, and for their survival. Much of these spaces are being captured by pro-government and people close to power.

WE 20 - A PEOPLES' SUMMIT

The "We20: A Peoples' Summit on G20" is an initiative aimed at bringing together people's movements, trade unions, civil society organizations, and concerned individuals to discuss critical issues that affect both the nation and the world. A significant challenge for Indian civil society is to highlight the pressing matters faced by the Global South and ensure they receive attention. It is crucial to voice a robust people's perspective outside of closed-door settings, where marginalized voices have been overlooked.

This people's narrative goes beyond the traditional South-North divide, as numerous Global South leaders have embraced neoliberalism and aligned themselves with international finance capital. The goal is to establish narratives rooted in the national context but guided by an internationalist viewpoint, breaking away from their own sub-imperial positions.

The We20 Peoples' Summit to be held in New Delhi from August 18-20, 2023 aims to cultivate a grassroots movement and encourage cross-border collaboration. Nine parallel sessions address various topics, including climate change, inequality, agrarian crises, public banking, digital surveillance, ethnic and religious conflicts, and the narrowing of democratic spaces. These discussions will culminate in a We20 declaration, outlining the response to G20 policies.