

G20 is in need of genuine reform

by M. K. Bhadrakumar,* India



M. K. Bhadrakumar
(Photo ma)

India being the host country, the triumphalist tomtoming that G20 summit on September 9-10 was a "success" is both understandable and probably justifiable. Certainly, Indian diplomacy was in full cry. The negotiation of the G20 Declaration¹ is no mean

achievement in a highly polarised environment.

That said, in a forward-looking perspective, the geopolitical factors that were at work in the Delhi summit will continue to remain the critical determinants for the G20's future as a format to forge new directions in economic strategies. In a world torn apart, many imponderables remain.

The geopolitical factors can be attributed largely to the fact that the G20 summit took place at an inflection point in the Ukraine war, an event that is, like the tip of an iceberg, a manifestation of the tensions building up between the Western powers and Russia in the post-cold war era.

The heart of the matter is that the Cold War ended through negotiations, but the new era was not anchored in any peace treaty. The void created drift and anomalies – and security being indivisible, tensions began appearing as the NATO embarked on an expansion eastward into the former Warsaw Pact territories in the late 1990s.

With great prescience, *George Kennan*, the choreographer of Cold War strategies, forewarned that the *Bill Clinton* administration, seized of the "unipolar moment", was making a grave mistake, as Russia would feel threatened by NATO expansion, which would inexorably complicate the West's relations with Russia for a long, long time to come.

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But NATO kept expanding and slouching toward Russia's western borders in an arc of encirclement. It was an unspoken secret that Ukraine was set to become ultimately the battleground where the titanic forces would clash.

Predictably, following the regime change in Ukraine backed by the West in 2014, an anti-Russian regime was installed in Kiev and the NATO embarked on a military build-up in that country alongside a concerted plan to induct it into the western alliance system.

Suffice to say, the "consensus" evolved at the G20 summit last week regarding Ukraine war is, in reality, a passing moment in the geopolitical struggle between the US and Russia, as embedded within it is the existential crisis Russia faces.

There is no shred of evidence that the US is willing to concede the legitimacy of Russia's defense and security interests or to give up its notions of exceptionalism and world hegemony. If anything, a very turbulent period lies ahead. Therefore, do not exaggerate the happy tidings out of the Delhi summit, much as one may savour the moment.

Washington's climbdown at the summit regarding Ukraine has been both a creative response to the mediatory efforts by the three BRICS countries – South Africa, India and Brazil – as much as, if not more, in its self-interest to avert isolation from the Global South.

Evidently, while Moscow is profusely complimenting India and *Modi*, the opposite is the case in the western opinion where the compromise on Ukraine has not gone down well at all. The British newspaper *Financial Times*, which is wired into government thinking, has written that Delhi Declaration refers only to the "war in Ukraine", a formulation that supporters of Kiev such as the US and NATO allies have previously rejected, as it implies both sides are equally complicit, and "called for a 'just and durable peace in Ukraine' but did not explicitly link that demand to the importance of Ukraine's territorial integrity."

Indeed, feelings are running high and, no doubt, as the Ukraine war enters the next brutal phase, they will boil over at the prospect of a Russian victory.

Again, there is no question that the West feels challenged by the dramatic surge of BRICS –

more to the point, the group's seductive appeal among the developing countries, the so-called Global South, unnerves the West. The West can never hope to gain entry into the BRICS tent, either.

Meanwhile, the BRICS is moving with determination in the direction of replacing the international trading system which provided underpinning for western hegemony. The US' weaponisation of sanctions – and the seizure of Russian reserves arbitrarily – has created misgivings in the minds of many nations.

Plainly put, the US has forgotten its solemn promise when dollar replaced gold as the reserves in the early 1970s that its currency will be freely accessible for all countries. Today, the US turned that promise upside down and exploits dollar's primacy to print the currency as much as it wants and live beyond its means.

The growing trend is toward trading in local currencies, bypassing dollar. The BRICS is expected to accelerate these shifts. Make no mistake, sooner or later, BRICS may work on an alternative currency to replace dollar.

Conceivably, therefore, there will be western conspiracies to create dissonance within BRICS, and Washington is sure to continue to play on India's disquiet over China's towering presence in the Global South. While exploiting Indian phobias regarding China, the *Biden* administration also looks toward Modi government to act as a bridge between the West and the Global South. Are such expectations realistic?

The current developments in Africa with a pronounced anti-colonial, anti-western overtone, directly threaten to disrupt the continued transfer of wealth out of that resource-rich continent to the West. How can India, which has known the cruelty of colonial subjugation, collaborate with the West in such a paradigm?

Fundamentally, all these geopolitical factors taken into account, G20's future lies in its capacity for internal reform. Conceived during the financial crisis in 2007 when globalisation was still in vogue, G20 is today barely surviving in a vastly different global environment. Added to that, the "politicisation" ("Ukrainisation") of G20 by the Western powers undermines the format's *raison d'être*.

The world order itself is in transition and the G20 needs to move with the times to avoid obsolescence. For a start, the G20 format is packed with rich countries, most of whom are pretenders with little to contribute, at a juncture when the G7 no longer calls the shots. In GDP terms or population, BRICS has overtaken G7.

Greater representation of the Global South is needed by replacing the pretenders from the industrial world. Second, the IMF needs urgent reform, which is of course easier said than done, as it involves the US agreeing to give up its undue privileges of vetoing decisions it disfavors for political or geopolitical reasons – or, plainly, to punish certain countries.

With IMF reform, the G20 can hope to play a meaningful role focused on creating a new trading system. But the West is playing for time by politicising the G20, paranoid that its 5-centuries old dominance of the world economic order is ending. Unfortunately, visionary leadership is conspicuous by its absence in the Western world at such a historic moment of transition.

As far as India is concerned, the main challenge is two-fold: commitment to the uplift of the Global South by making it a central plank in its foreign-policy priorities and secondly, perseverance in follow-up of what it espoused during the G20 summit deliberations.

Herein lies the danger. In all probability, with the G20 Leaders gone from Indian soil, Delhi may revert to its China-centric foreign policies. India's commitment to the cause of the Global South should not be episodic. Delhi is wrong to assume it is a *Pied Piper*.

Such a mindset may work in Indian politics – for sometime at least – but the Global South will see through our mindset and conclude that India is only helping itself in its frenzy to carve out a place for itself at the high table of world politics.

Put differently, Modi government must ask itself not what the Global South can do for boosting India's international standing but, genuinely, what it can do for the Global South.

Source: <https://www.indianpunchline.com/g20-is-in-need-of-genuine-reform/>, 12 September 2023

¹ https://www.mea.gov.in/bilateral-documents.htm?dtl/37084/G20_New_Delhi_Leaders_Declaration