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This is a background paper for the Innovation Dialogue, April 8-9 in Rio de Janeiro, part of the T20 engagement group feeding into the G20 process for the summit in Brazil in November 2024. The chair of the Innovation Dialogue is Professor Ana Celia Castro of the Federal University of Rio de Janeiro. The paper goes well beyond a "policy brief". Readers interested mostly in the architecture of the Global Economic Council can go straight to the section with that heading.

THE G20 SHOULD BE REPLACED WITH A LEGITIMATELY CONSTITUTED GLOBAL ECONOMIC COUNCIL

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"If a man is offered a fact which goes against his instincts, he will scrutinize it closely, and unless the evidence is overwhelming, he will refuse to believe it. If, on the other hand, he is offered something which affords a reason for acting in accordance with his instincts, he will accept it even on the slenderest of evidence." (Bertrand Russell, *International Relations*, chp. VI, p.97)

"[T]he global nature of this crisis means that the solutions we adopt must also be global, and decided upon within legitimate, trusted multilateral fora, with no impositions. *The United Nations, as the world's largest*

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multilateral arena, must issue a call for a vigorous response to the weighty threats we all face" (President Luiz Inacio Lula da Silva of Brazil, addressing the UN General Assembly in September 2008 soon after the start of the North Atlantic financial crisis, emphasis added)

ABSTRACT: We describe the architectural outlines of a Global Economic Council (GEC) in place of the existing G20. The GEC would represent all states, while the existing G20 has no representation system: a state is either in, or out, permanently. Argentina is always in, Costa Rica always out. Indonesia always in, Malaysia and Singapore always out. Britain always in, Ireland always out. France always in, Nordic-Baltics always out. Australia always in, New Zealand always out. This is "in your face" illegitimate.

But before we come to the GEC we describe the broader context of global government in which the G20 was formed and how that context has changed over time; and then examine the polarized responses to the G20 as it was elevated in 2008 to heads of government level. This paves the way for how our model of the GEC could operate in the "sweet spot" of the dilemma between "effectiveness" and "legitimacy". The G20 states are no more likely to approve the GEC than turkeys are to vote for Christmas, but that should not stop others from advocating along these lines. What is important is to get the ideas on the global *discussion* agenda, even if not (yet) on the *decision* agenda.

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Before coming to the G20 and what to do about it, we sketch the larger context of global government within which the G20 was created.

From bipolar to unipolar to messy counter-revolution

Through the post-Second World War decades many states, led by the US, engaged in a truly revolutionary project. Coming after not one but two devastating great-power wars in the preceding three decades, they set about creating the conditions for *abolishing great-power war*, for the first time in history.

In two main ways. First, by creating a suite of consensus-building multilateral institutions (an "international community"); including the UN, the IMF, World Bank, GATT/WTO. Second, by creating the rules for a global economic system, including mechanisms for "development assistance" to poorer states.

Walter Lippman described the project as creating "*an international conscience which will play the part which war has always played in human affairs"* (emphasis added). But Woodrow Wilson (president of the United States), launching the League of Nations in 1918, captured some of the other intended content of this "international conscience" when he declared "There should be no difference between American principles and those of mankind". The "American principles" to be spread across the world were "democracy and capitalism", but behind them was the ulterior motive of locking in America's position at the top of the hierarchy of states. (See the example of the US war in Iraq, 2003, the brainchild of neoconservatives, ostensibly to spread democracy and capitalism in the oil-rich Middle East, ulteriorly to secure control of the oil . President Putin in his February 21 2022 speech justifying the invasion of Ukraine cited as precedent "the invasion of Iraq without any legal grounds" [2]).

The post-war multilateral system promised to deliver peace and prosperity, which it did, though only to some. But "only to some" should not obscure the seminal fact

[2] Russia's invasion of Ukraine, starting in 2014, should be understood *in part* as a response, first, to American triumphalism as seen in the radical market liberalization and privatization pushed on Moscow after 1990, helped by the IMF and the Harvard Institute of International Development, with near-catastrophic effects for most of Russia's population; and second, to the US and its European allies' plan – going all the way back to the 1990s – to make Ukraine a western bulwark on Russia's border by bringing it into NATO and the EU and making it a pro-western democracy. The American ambassador to Moscow in 2008, when NATO announced an apparently firm commitment to bring Ukraine into NATO, said in a memo to the US Secretary of State, "Ukrainian entry into NATO is the brightest of all red lines for the Russian elite (not just Putin)…. I have yet to find anyone who views Ukraine in NATO as anything other than a direct challenge to Russian interests." This only redoubled the American elite's determination to cross the brightest of all red lines, still treating Russia as a Cold War enemy (Mearsheimer 2023, Wade 2015, 2022a, 2022b).

that *since 1945 we have had the longest period in history without a great-power war* (Mearsheimer 2023, Hirsh 2024).

With the collapse of the Soviet Union in 1990-91 the earlier bipolar (US vs Soviet Union) order gave way to the unipolar moment, without a serious challenger to the US's hegemony. The unipolar moment began to end in the early 2000s and ended around 2017, with China's rise and the resurrection of Russia's power (Wade 2019, Poon and Kozul-Wright 2019).

We now seem to be in the middle of a world-wide messy counter-revolution against the post-war multilateral consensus-building project. We seem to be again in a Thucydides Trap, in which rising powers always challenge the established dominant ones. Fortunately the challenge this time has not (yet) produced great-power *war* – rather, it takes the form of two great-power *rivalries*, US vs Russia in eastern Europe and US vs China in East Asia.

China's goal is to push the US out of military dominance in Asia and establish itself as the regional hegemon, while gradually projecting power all around the world, imitating the US path to hegemony. It is building alliances – mainly “infrastructure alliances” – around the developing world (see Belt Road Initiative) and forging coalitions of developing countries to jointly challenge US and western dominance, notably the BRICS coalition (Brazil, Russia, India, China, South Africa), created in 2009.

The US is trying to prevent China from dominating Asia, using a mix of military and economic strategy. The military strategy involves building or reviving alliances like AUKUS (Australia, UK, US) and the QUAD (US, Australia, Japan, India), and bilateral alliances with Japan, Philippines and South Korea (as well as getting the latter three to talk to each other).

The economic strategy involves restricting China’s access to western cutting-edge technology (eg semi-conductors). But the economic strategy intensifies tensions between the US and Europe, because Europe seeks to improve its dismal economic performance by selling to China; and it also intensifies tensions within the US, as firms dependent on sales to China push back against government sanctions policy (Wade 2023a, 2023b).

This broad counter-revolution closely impacts the functioning of the post-war multilateral institutions built to advance the global consensus-building project.

Take the WTO as an example. The US began to undermine it during the Trump presidency, by refusing to approve new adjudicators to the Appellate Body -- which functions as an appeals court for trade disputes -- as the term of retiring adjudicators expired. The US claimed the adjudicators were exceeding their mandate by creating new rules rather than adjudicating within existing agreed rules; but this was at least partly a disguise for US anger at losing some important cases. Biden has continued the Trump boycott. Now the AB is inquorate and cannot take cases. A country which does not like a WTO ruling can still appeal it — to nobody. Thirty one cases wait in the void.

China too has acted as though WTO rules apply to others, not to itself. Beijing has recently gone to the WTO to charge the Biden administration for its signature Inflation Reduction Act, which is an attempt to fight climate change by subsidizing the transition to a low emission economy. China complained that, among other things, the US gives tax credits to support US clean energy producers.

To which the Financial Times' Rana Foroohar says, "all I can think of is: seriously?" She goes on to charge Beijing with rank hypocrisy, because China's "entire economic model benefits from a double standard in which everyone seems to accept its own wildly discriminatory policies .... China's economy is … built on plans that lay out decades-long subsidies and protectionist ringfencing for the most strategic industries.... This massive problem hides in plain sight" (2024).

On the other hand, in 2022 the WTO ruled that US tariffs on steel and aluminium, imposed by Trump and continued by Biden, were *illegitimate.* As Paul Krugman reports, "The Biden administration responded by, in effect, telling the organization to take a hike" (Krugman 2024).

Foroohar concludes that "the old system is broken. We've reached the limits on a model in which cheap capital searched for cheap labour regardless of the costs. That has brought us … *popular distrust in governments and business leaders who refuse to admit the obvious –*

we need to do something different" (Foroohar 2024, emphasis added).

Origin of the G20

At the UN General Assembly meeting of September 2008, soon after the North Atlantic financial crisis broke, President Luiz Inacio Lula da Silva of Brazil called for urgent action:

"the global nature of this crisis means that the solutions we adopt must also be global, and decided upon within legitimate, trusted multilateral fora, with no impositions. *The United Nations, as the world's largest multilateral area, must issue a call for a vigorous response to the weighty threats we all face"* (emphasis added, Daunton 2023, p.782).

The President of General Assembly, Miguel Brockman of Nicaragua, argued that the appropriate venue for debate on solutions to the financial crisis was the General Assembly. He appointed a Commission of Experts on Reform of the International and Monetary System, chaired by American economist Joseph Stiglitz. The Commission argued that the G20 was a better venue than the G8 (at that time the G7 had expanded to include Russia, later expelled in 2014 after its invasion of Crimea), but the best venue was the G192 (General Assembly). The financial crisis had impacted just about every country but was caused by the advanced countries with their irresponsible deregulation, risk taking and debt-fuelled consumption. The advanced countries should not be in the driving seat for setting the solutions.

The very last thing US President Bush and his government wanted was involvement of the UN. So, though initially reluctant, he called a meeting of *leaders* of the G20 entities. (Recall that the G20 was created at finance ministers' level in 1999, in wake of the East Asian financial crisis in 1997-98; but had never met at leaders' level.[3] It included 19 states plus the European Union.) In upgrading the G20 at finance minister level to G20 at heads of government level the first aim of the US and the other G7 states was to marginalize the Stiglitz Commission and the UN. The G20 at leaders' level held its

[3] The G7 finance ministers met to discuss how to prevent the East Asia crisis from blowing back on western countries; and realized that without key developing countries present they were like – this is the present authors' metaphor -- the captain of a ship who stands at the steering wheel moving it back and forth knowing it is not connected to the rudder. They delegated US Treasury Secretary Larry Summers and German Finance Minister Eichel to draw up a list of invitees for a new coalition of 20 members. Summers delegated the task to his deputy Timothy Geitner, Eichel to his top civil servant for international economics Ciao Koch-Weser, ex-World Bank. The two of them had several transatlantic phone calls, each with tables of basic statistics on all countries of the world. They went down the list, discussing which should be included, which excluded. Summers made clear that Argentina had to be included, among other reasons because Argentina's finance minister, Cavallo, had been his room mate at Harvard. Once they had agreed on the 19 countries and added in the European Union (fortifying Europe's representation) they sent the list to the other G7 members, the others approved, and the G20F was formally established in September 1999, its first meeting in December 1999 in Berlin.

first meeting in Washington DC in November 2008. The Stiglitz Commission report sank without trace.

From the start the G20L (Leaders) attracted polarized views. Champions included President Nicolas Sarkozy of France who declared, “The G20 foreshadows the planetary governance of the twenty-first century” (2010). Fred Bergsten, a widely-quoted think tank economist and senior American government economic official, described it as “an effective steering committee for the world economy”. He and others hoped it would gain by being more inclusive than the G8 while being more flexible than the G192 in coordinating solutions to the crisis (2009).

The most luke-warm endorsement came from Richard Haas of the US Council on Foreign Relations, in 2010. He suggested we have to accept the new world order of “messy multilateralism”, built of decentralized networks rather than a formal system. He went on to say that potentially, the G20 would be the central element of this messy multilateralism on grounds that it had a “track record of success notwithstanding its awkwardness and incompleteness” (2010).

At the other extreme, Foreign Minister Jonas Gahr Store of Norway spoke for many permanently excluded governments when he declared “[The G20 is] one of the greatest setbacks since World War II” (2010). The Financial Times was also negative. In 2010 it declared as the G20 leaders met in Seoul that the G20 was “drifting into irrelevance”. The Seoul meeting ended with the Seoul Consensus. It was full of good intentions, with agreement on “resilient growth”, partnership between rich and poor countries, improved physical infrastructure, financial inclusion, social protection, good governance, food security – head-nodding subjects which have in common that they did not address the financial crisis (2010).

The political economist Richard Higgott explained his scepticism:

“While some advocates have big plans for the G20, to date it has mainly worked to provide impetus for institutions such as the IMF, World Bank and Financial Stability Forum, and, as a venue for dialogue between industrial nations and emerging market countries, to *obtain emerging market political consensus for institutional initiatives arising elsewhere”* (2005: 85, emphasis added).

Higgott’s “initiatives arising elsewhere” refers particularly to the policy ideas of the G7 of big western states. He implies – correctly in our view – that the G7 has treated the G20 as a kind of conveyor belt to gain legitimacy for G7 policy ideas in the much bigger set of developing countries. Of course, the G7 has not always been successful, not least because the G20, like the G7, reaches conclusions by consensus.

Ian Bremmer and Nouriel Roubini in 2011 renamed the G20 the G-zero, "a cacophony of competing voices" undermining global economic cooperation and with no country willing to set an international agenda (2011).

Brent Scowcroft, former US National Security Advisor, in 2012, said the world needed a single global response to the financial crisis, and dismissed the G20 as "a pale reflection of that once-brilliant institution building", referring to the Bretton Woods architecture with its clear rules (2012).

Robert Zoellick and Justin Yifu Yin, president and chief economist of the World Bank respectively, opined that "without a strong G2 [US and China] the G20 will disappoint" (2009)

The G20's claim to be "representative"

Responding to widespread criticisms, the G20 communique in 2010 declared, "Given the broad impact of our decisions, [we] recognize the necessity to consult with the wider international community, [and we pledge to bear in mind] the importance of the G20 being both representative and effective as *the premier forum for our international economic cooperation*" (2010b: 17, emphasis added). Elsewhere it defended its governance role in the world economy by saying that the G20's "*economic weight and broad membership gives it a high degree of legitimacy and influence* over the management of the world economy and financial system" (2010a, emphasis added).

By "economic weight and broad membership" it means that the G20's members cover 90 percent of world GDP, 80 percent of world trade, and 66 percent of world population. To G20 eyes these figures show that it is highly "representative", which gives it much "legitimacy and influence". And these figures do not include Spain, which participates in the G20 in the status of "permanent invitee".

However the G20 includes not just the 19 countries but also the European Union – and as of late 2023 also the

African Union. If the two regional bodies are excluded the G20 looks less representative: its 19 states cover 77 percent of world GDP, 60 percent of world trade, and 62 percent of world population (as of 2011).

There are no explicit criteria for membership, but the G20 implies that a country's "economic weight" measured by GDP is the main criterion. But three countries now in the G20 would have been excluded if GDP (weighted at 60% nominal, 40% PPP, 2009 data) was the main criterion, for they were not in the top 19: Argentina, Saudi Arabia, South Africa. The three to take their place would have been European: Spain, Netherlands, Poland. European overrepresentation in global governance bodies like the IMF and World Bank has long been a source of global resentment. By the GDP criterion of G20 membership, Europe is *underrepresented*. [4]

The basic legitimacy problems of the G20

The G20 has four basic legitimacy problems on the "inputs" (or "representation") side. (For problems on the "outputs" side see Vestergaard and Wade, 2012b.)

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[4] See Vestergaard and Wade 2012a for quantitative details.

- The current membership of the G20 was selected on the basis of no explicit criteria.
- There is no mechanism for adding and dropping countries as relative economic weight changes over time.
- The most fundamental problem is that the G20 has no mechanism of universal representation, such that *all* states are incorporated into a representational structure. *Some 170 member states of the United Nations are permanently excluded.* The practice of inviting a few heads of government as guests to sit on the sidelines does not do much to compensate.
- Africa is grossly under-represented. South Africa is the only African member (but in 2024 the African Union accepted to join). “Low income” countries are excluded. “Small, open” economies are excluded.[5]

The effectiveness-legitimacy dilemma

[5] Executive Directors from non-G20 countries on the boards of the IMF and World Bank have said in conversations with the authors that EDs from G20 countries tend to attend to other business when they speak at board meetings – implying that they don’t matter. The implication was made explicit in another context. A treaty to abolish nuclear weapons (not just stop proliferation) was being negotiated in Vienna. At a diplomatic reception the ambassadors from Costa Rica, Ireland and New Zealand approached the senior American standing on his own. They pressed him and his government to take the negotiations more seriously. *“We represent 120 countries”, they said. He replied, “yes, but none of the ones that matter”* (emphasis added, personal communication).

The literature on international governance commonly presumes an “effectiveness-legitimacy dilemma”. Smaller bodies tend to be more “like-minded” and more effective in agreeing on policy solutions. But they lose legitimacy because they exclude more of those expected to comply with the decisions, who are less likely to accept the decisions of the smaller bodies. Larger bodies gain legitimacy through wider inclusion in decision-making, but at cost to effectiveness, because of less like-mindedness and more difficulty in reaching agreements on what to do.

We argue here, however, that in some conditions effectiveness and legitimacy can be complementary, even reinforcing.

The “sweet spot” conditions that allow legitimacy gains to be translated into effectiveness gains and vice versa relate to the mechanisms of representation at the negotiating table. When the participants are seen as having been appointed through procedures that meet widely accepted criteria of representation, the legitimacy of the decision outcomes is enhanced, other things like size of group held constant. Conversely, when the participants are selected through procedures which do not accord with legitimate procedures (such as “friends of friends”) the legitimacy of the outcomes is subverted and actors are less prepared to comply with decisions whose content is not known in advance. *So the issue of representation turns out to be critical for softening the effectiveness-legitimacy dilemma*.

Establishing a Global Economic Council (GEC)

A more legitimate global economic governance body should be created not by tweaking the existing G20 but by replacing it with a Global Economic Council (GEC) established on a modified version of the Bretton Woods organizations’ governance system. The Bretton Woods system institutionalizes the representation of all member states in the organizations’ governance. We modify some details for the GEC, especially to boost the representation of *regions*.

- The GEC should have 25 seats (or constituencies), 16 of which are allocated among four regions: Africa, Americas, Asia and Europe. The remaining nine seats should be allocated on the basis of economic weight (GDP). Allocating two thirds of the seats on a *regional* basis sends an important signal of the new multipolar order.

- All countries within a constituency may put forward candidates for the executive director (ED). The ED is chosen in an election with votes allocated to constituency countries in line with relative GDP. Constituencies would be obliged to institute a mechanism of rotation of the ED between countries to ensure consultation and dialogue within the group. Each constituency would have one ED and one or two alternates, and could decide internally whether there should be rotation at both levels or only at alternate level. This flexibility in rotation modalities allows large economic powers – such as the US, Japan, China, India – to be permanently in the chair of their constituency, but still in consultation with and to a degree answerable to at least two other states.[6]

At periodic intervals (say, every five years) new negotiations for constituencies should be held.

- Heads of government for each of the twenty five constituency seats would meet periodically at summit level.

- The Global Economic Council should exercise strategic oversight over the Bretton Woods organizations, and possibly beyond to other economic and social agencies of the UN system. It

[6] "At least two other states" because we assume that, unlike in the Bretton Woods organizations, constituencies have a minimum size of three countries and a maximum of 17. In polarized country constituencies, comprised of large countries together with small countries, the larger countries could choose to rotate the directorship while the smaller countries rotate the alternates.

might be responsible for appointing the heads of the IMF, World Bank and WTO .

Now we elaborate on some of these features.

Size

Why 25 members? Why not fewer or more? Fewer than 20 is not compatible with input legitimacy (some country constituencies would be too large) and more than 30 would jeopardize deliberation and hence output legitimacy. Moreover, the Executive Boards of the IMF and World Bank – which have functioned reasonably well for decades – comprise 24 and 25 seats respectively. (The IMF added another seat in November 2023 to give the 46 countries of Sub-saharan Africa three seats on the Board.)

Regional representation

Why should two thirds of the seats be regional rather than simply GDP ? Allocating double the number of seats on a regional basis as compared to seats allocated by GDP sends an important signal of the new multipolar order.[7]

The 16 regional seats in the council should be distributed equally among the four main regions, four each. The nine GDP seats should be distributed to the four regions in proportion to each region's share of world GDP. Africa would then get four seats on the GEC, the three other regions seven seats each, making 25 in total.

Voting power

In the Bretton Woods organizations most decisions are taken by simple majority. [8] In contrast, the G20 operates on the decision rule of unanimity. There are certainly advantages to having the successor to the G20 operate as a relatively informal talk shop, in the expectation that repeated interaction among top officials and political leaders will generate some convergence of understanding about the nature of the problems, and willingness to act in concert. The serious downside is that such a body is likely to reach consensus on little that cannot be glossed with fine words -- at least outside of crisis conditions.

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[7] The GEC might have four regional headquarters – one for each of the four world regions, with summits rotating between them. This would reinforce the point that the GEC marks a new era of multipolar global economic government rather than just a continuation of the old system in new dress.

[8] On the surface most decisions in the boards of the Bank and the Fund are "consensus" decisions. But in practice deliberations commonly continue until an agreement has been reached which has a simple voting power majority behind it.

We argue that that the GEC should be a more muscular body, with decision-making procedures that yield real decisions more binding on member states. It should make collective agenda-setting decisions by voting – or in practice, by "consensus" formed in the shadow of voting, as is the case at the IMF and World Bank. This way the current G20's "race to the least common denominator" would be avoided.

The Bretton Woods organizations allocate votes among member states by a non-transparent formula skewed towards developed countries, with the main weight given to GDP. That formula yields the "calculated quotas". There are periodic quota reviews, which yield agreed "ad hoc adjustments" to the calculated quotas. Then there are "under the table" adjustments, like a telephone call from the president of country X to the managing-director of the IMF or president of the World Bank, to say that his country must not receive less quota than rival country Y – or else.... The upshot is that tiny Luxemburg has more quota and votes than Colombia, Philippines or Egypt, and the Netherlands more than Brazil or Indonesia (Nogueira Batista Jnr. 2024). And the US uses its veto to ensure that its voting share never falls below the veto threshold and that no other state can gain veto power.

In his proposal for establishing an Economic and Social Security Council, Kemal Dervis suggests a system of weighted voting based on three factors: GDP, population and contributions to global public goods (2005: 96-97). This would be preferable to the current voting power systems of the Bretton Woods organizations which remain biased towards developed countries.

We are nevertheless sceptical of the Dervis model, for two reasons. First, the further institutionalization of a practice that allows countries to "buy" more influence than they would otherwise be eligible for – by bigging up their difficult-to-measure "contributions to global public goods" --is undesirable because it will be seen by many in developing countries as a way for small European countries – the Nordic-Baltics, for example -- to continue to maintain an illegitimately high level of voting power. It would, in other words, perpetuate the legitimacy problems of the Bretton Woods organizations and cause suspicion in developing countries that the new Global Economic Council is merely an extension of the old western hegemonic world. [9]

Second, negotiating how the three determining variables should be weighted would be very difficult. Dervis proposes the solution of an equal weighting of the three. This is a non-starter, because with population having equal weight the organization would be dominated

[9] Voting power should not be used as a means of creating incentives for the financing of global public goods. Instead, we argue that funding for global public goods should be based on a model of "responsible shareholding", by which member countries are required to contribute to global institutions in proportion to their shareholding. According to this principle, member countries of the World Bank would be obliged to contribute to IDA in proportion to their level of shareholding in the Bank, subject to a minimum threshold to ensure that low-income countries are de facto exempted.

by India and China. Negotiations over the weightings may prove so prone to conflict that stalemate would result, causing the proposal itself to stall.

Hence we favour a simple rule of allocating countries a share of total votes equal to their share of world GDP, qualified by basic votes. Basic votes are votes allocated among all member states equally. They are meant to ensure that small, low-income countries are not completely marginalized. When the Bretton Woods organizations were created in the mid 1940s basic votes amounted to 10 percent of the total. They have now fallen to 2 percent. The 10 percent share should be maintained through an annual automatic adjustment.

The rule of vote distribution corresponding to share of world GDP, qualified by basic votes, is the best way to ensure that relative voting power reflects the realities of the global economy while at the same time avoiding all manner of costly political battles around a more complex quota formula. Further, a composite measure of GDP should be used, giving roughly equal weight to GDP at market values and GDP at purchasing power values. Paulo Nogueira Batista Jnr., the long-standing Brazilian Executive Director at the IMF till 2017, comments that "The developed countries will resist this voting power scheme till the bitter end" (personal communication).

Conclusion

One objection to our argument might be that it rests on too bright a distinction between legitimacy of the inputs (or representation) side and legitimacy on the outputs side (or effectiveness). For example, the Bretton Woods founders struggled to achieve both by rules which placed every state in a representation system, while ensuring that the rules of representation and influence give some states, the US above all, much more weight in decision making than most other states, in return for their disproportionately large financial contributions. But this is not an issue for the GEC, because it does not rest on significant financial contributions from members; most of the costs are borne by the country delegations and by the country host of the annual summit. If the GEC was to help finance implementation of some collective decisions then the link between finance and influence would become an issue.

A second objection might be that we are merely proposing to abolish one forum for institutionalizing geo-economic-political *disagreements* with an even bigger forum for institutionalizing the same disagreements; and that the path towards global progress should emphasize the building of more small group entities, particularly on a regional basis, more likely to display or generate like-mindedness ; and transregional groupings linked by non-regional criteria for like-mindedness, like the BRICS.

Think of the contrast between the G7 and the G20. We mentioned earlier that the G7 has been the most influential entity within the G20. That reflects not only the G7's much smaller size but also its more homogeneous membership. It is more homogenous economically; for example, the member states are all high ranked in terms of total GDP and also in terms of GDP per person. The G20 has half its members ranked high or very high on GDP and much lower on GDP per person (think China and India, for example). The correlation coefficient between the two rankings for the G7 is around 0.7, for the G20, around 0.3. As these correlations suggest, the G7 share strong common interests in protecting the economic architecture of the world economy which sustains them near the top of the global hierarchy on *both* rankings.

Also, the G7 is more homogeneous politically, comprised of western (plus Japan) democracies. Liberal democracies have in common that they need to match their multilateral commitments to acceptance by voters at home, in a way that authoritarian governments do not. This too is a source of G7 "like-mindedness".

It is clearly important to build up regional or transregional coalitions -- not just at the "whole region" level, like ASEAN or the African Union, but also sub-regional. For example, a plurilateral coalition of the six Amazon-fronting countries to agree on policies to protect the headwaters, and then expanding to Indonesia and Congo and other countries with tropical rainforests within their territories. Or a robust coalition of the five riparian Caspian Sea countries to manage their common interests in pollution and fishing, for example. We will have to see whether the BRICS coalition -- as of 2024 expanded to nine countries (the original Brazil, Russia, India, China, South Africa and now also Egypt, Ethiopia, Iran, and United Arab Emirates) -- can agree on more than a high-minded wish to push back against western dominance (Nogueira Batista Jnr. 2022).

Several leading commentators have argued that securing global agreements is now so difficult (in contrast to the post-war decades) that we should concentrate on building coalitions of like-minded countries willing to act, as an alternative to globally representative organizations One such is Eric Helleiner, which is striking because he is a historian of the Bretton Woods organizations (2020). Another is Frank Vibert (2021).

Still another is Tharman Shanmugaratnam, since 2023 the president of Singapore. In 2018, when he was deputy prime minister of Singapore and chair of the G20 Eminent Persons Group on Global Financial Governance, he argued that collaboration between states should be sought in *different fora on specific problems, rather than defend existing institutions (such as the G20).* The priority should be to *build networks that include the states most implicated in specific challenges* (2018).

Given the advantages of smaller coalitions with clear unifying themes, the world-system also clearly needs legitimately constituted *apex bodies, with regions well represented* – as in our proposed distribution of seats on the executive board of the GEC.

As for the argument that replacing the G20 with a globally representative GEC would merely move disagreements from one impossible forum to an even more impossible forum, it discounts the value of *talking* between not only heads of government at summit level but also between business, trade union, civil society leaders and senior government officials in the build up to summits. Regular talking can tip the balance from "zero-sum winning and losing" towards "adversarial collaboration", to use Daniel Kahneman's phrase (Sunstein 2024). The talking may well be counted "unproductive" – and yet when sustained pave the way for vital breakthroughs a decade or so later (as in the nuclear arms negotiations during the Cold War). It may bend the arc of history towards the *international conscience* which Walter Lippman spoke of, to play the part which war has always played in human affairs.[10]

[10] We are not aware of research on the value of apparently "unproductive" talking in the context of international organizations.

Here we invoke the US Constitution in support. Before the founding of the United States, many said a republic could work only if people were relatively homogeneous and in broad agreement. The pseudonymous *antifederalist* Brutus wrote: “In a republic, the manners, sentiments and interests of the people should be similar. If this be not the case, there will be a constant clashing of opinions, and the representatives of one part will be continually striving against those of the other.” In contrast, Alexander Hamilton wrote: “The differences of opinion, and the jarrings of parties” in the legislature “often promote deliberation and circumspection and serve to check excesses in the majority”. Hamilton’s argument for adversarial collaboration prevailed (Sunstein 2024).

For now we leave open a raft of further questions. Should the GEC appoint the heads of the Bretton Woods organizations? If so, it would end the almost 80 year-old practice whereby the ostensibly “merit-based” selection of the heads of the IMF and World Bank always, mysteriously, yields a European to head the former and an American to head the latter. Should the GEC be empowered to go much further as the “twin” of the UN Security Council, and become the governance umbrella for all economic and social agencies in the UN system, with authority to appoint their heads?

The organizational model outlined here allows a better balance – than the existing G20 -- between established and rising powers, a more durable way of changing the governing balance as the economic balance changes, and above all, *it institutionalizes the principle of representation of all states* .

The G20 states themselves are no more likely to push in this direction than turkeys are to vote for Christmas, but that should not stop others from advocating along these lines.[11] What is important is to get the ideas on the global *discussion* agenda, even if not (yet) on the *decision* agenda.

However, the most likely scenario for the next several years at least is, first, stagnation of reform at the IMF, World Bank and WTO, and second, continuing major difficulties in alternative, developing country-led multilateral development banks and multilateral monetary funds.

If Donald Trump is elected US president at the end of 2024, the outlook is worse. The Heritage Foundation is leading a blueprint for his administration, called Project 2025, now crystallized in a document of almost 1,000 pages. It presents an apocalyptic vision of America whose problems can only be fixed by a strongman imposing his

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[11] QiuShi magazine is a leading publication of the Chinese Communist Party Central Committee. It is recognized as the most important magazine for articulating the diplomatic ideology and strategy of the CCP since President Xi Jinping started to publish in each semi-monthly issue, in 2019. This was the same year that he gained near-absolute control over China's diplomacy. Past issues back to 2018, perused by Li Zhiyuan, a PhD student at Aberdeen University, reveal little engagement with the G20, and then mostly in the role of supporting proposals from Brazil or South Africa. Regional and bilateral diplomacy get much more attention. Governance issues in the Bretton Woods organizations also get rather little attention in the pages of QiuShi (personal communication).

values on the population. Project 2025 calls for firing much of the current government workforce and replacing it with loyalists (a large number have already been vetted and approved) who will carry through the right-wing agenda. The Heritage Foundation celebrates its close links to the Orban "illiberal democracy" in Hungary, as a model for America's (Cox Richardson 2024).

"Defending our nation's sovereignty" is one of the Heritage Foundations' most important international principles, which it translates into marginalizing organizations like the United Nations and NATO and agreements like the Universal Declaration of Human Rights – not to mention the G20 or its potential successor. END

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