

Informal IGOs as Mediators of Power Shifts

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Abstract: In an era defined by shifting distributions of power, states are not only pushing for change in formal international organizations but they are increasingly using informal intergovernmental organizations (IIGOs) to mediate change. Why and how do states use IIGOs—institutions without a treaty or secretariat—to manage global power shifts? IIGOs are useful for states on both sides of the power shift. Established powers use IIGOs for *system management* through ‘collaboration’ and strengthening the ‘hegemonic consensus’ to preserve their institutional privileges while adapting to changing power realities. Rising powers use IIGOs to *redistribute* through ‘power bargaining’ and ‘rhetorical coercion’ to strengthen their institutional roles without overly disrupting the current order. Established and rising powers also work together to use IIGOs for *integrative* strategies including ‘cooptation’ and ‘principled persuasion’, creating a mutually beneficial solution that accommodates both increased demands but also mounting responsibilities. IIGOs help states manage power transitions by providing flexible institutional arrangements that facilitate bargaining without freezing outcomes in permanent institutions while the power distribution evolves. We provide case vignettes of the G7 (system management) in the early phase of a power shift, BRICS (redistributive strategies) in the middle phase, and the G20 (integrative strategies) in the later phase.

Data Availability Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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Institutional Adaptations by Rising and Established Powers

Shifts in the global distribution of power alter the landscape of international institutions. In the recent period, China's growth has enabled it to press for changes within formal intergovernmental organizations (FIGOs) such as the World Trade Organization (WTO) and International Monetary Fund (IMF). Perhaps more importantly, China has also set up informal arrangements such as the BRICs, East Asia Summit, and BASIC to redistribute institutional power to match its increasing material power. This important turn to informal intergovernmental organizations (IIGOs) is key to how states use institutions to mediate power shifts. Furthermore, it is not only rising powers that are using IIGOs to address a changing distribution of power. Established western powers have used IIGOs such as the G7 to manage their cooperative network amidst power shifts. Working together, established and rising powers have achieved mutual accommodation through integrative IIGOs such as the G20. Although states also create IIGOs for other reasons (Vabulas and Snidal 2013; 2020), this article explores how and why states use IIGOs to mediate global power shifts.

Unlike FIGOs, IIGOs have neither legal personality such as a treaty nor any independent institutional capacity such as a secretariat (Vabulas and Snidal, 2013; 2020). IIGOs provide forums where high-level representatives of three or more states meet recurrently to create expectations that guide their behavior. Further examples of IIGOs include the Forum on China-Africa Cooperation, the G77, and the Missile Technology Control Regime.¹

We argue that states choose IIGOs as a soft form of institutionalization that mediates power shifts and allows them to maintain on-going cooperative relations by relaxing the constraints of the prevailing international order created under the prior power distribution but without fully agreeing on a new order. This adaptability is valuable to both established powers

seeking to preserve their privileges while adapting to changing power realities, as well as rising powers who want to strengthen their institutional roles without instigating a disorderly power transition.²

We identify three broad power shift strategies starting with the analytic categories of the Kruck and Zangl (2020) framework. First, rising powers seek to improve their institutional benefits through *redistributive* strategies that combine bargaining tactics of ‘power bargaining’ with arguing tactics of ‘rhetorical coercion’ (as through the BRICS). Second, established and rising powers work together to increase their joint institutional benefits through *integrative* strategies that combine bargaining tactics of ‘cooptation’ with arguing tactics of ‘principled persuasion’ (as through the G20). Third, we extend their framework to recognize that established powers seek to maintain their institutional privileges through *system management* strategies that combine bargaining tactics of ‘collaboration’ with arguing tactics of ‘hegemonic consensus’ (as through the G7).

IIGOs serve a similar purpose in all three strategies. They provide venues for gradual institutional adaptation to changing distributions of power that neither lock states into hard institutional arrangements nor create autonomous IGO agents. Recognizing how and why states use IIGOs to address common problems while accommodating power shifts creates both opportunities and risks for policymakers as they seek to maintain institutional stability.

Our findings bridge the seemingly contradictory theoretical views that institutions reflect power distributions yet also drive a wedge between power and outcomes. Conventional international relations wisdom is that powerful states use FIGOs to lock in and institutionalize their power advantage against future power shifts; our argument is that IIGOs allow *both* established and rising power states to adapt institutions to changing power distributions without

upsetting the prevailing order. We focus on how states use IIGOs during on-going power shifts (e.g., due to differential economic growth) whereas most of the attention on institutional change has focused on abrupt and dramatic power shifts (e.g., due to war settlements). In this sense, we connect the literature on power transitions that asks whether and when transition leads to conflict (Organski, 1964; Gilpin, 1983) to the literature on institutional openings created in the aftermath of conflict (Ikenberry, 2001). In doing so, we also bring together literatures on power shifts and institutional change (Layne, 2018; Zangl et al 2016) and informality (Kleine, 2013; Koremenos, 2013; Stone, 2011; Westerwinter, Abbott and Biersteker 2021) that have heretofore been largely separate with the notable exception of Kahler (2013). During gradual power shifts, IIGOs have advantages in not congealing institutional arrangements and keeping the system in an orderly flux as states move towards a new institutional equilibrium.

Our paper builds on the Kruck and Zangl (2020) framework but focuses on why states choose a different kind of institution (IIGOs) in addition to reforming FIGOs during power shifts. After theorizing why states use IIGOs to mediate power shifts, we illustrate our argument with three connected case vignettes of how differently-positioned states use IIGOs — the G7, BRICS, and G20 —to adapt institutional power to changing power realities. These well-known cases exemplify the three strategies and allow us to investigate their importance as institutions mediating power shifts.

On Institutional Equilibria and Stability

FIGOs are traditionally the institutions where global policymakers set the rules for managing relations among states. From an efficiency perspective, settled rules reduce the transaction costs incurred when states continuously bargain over outcomes. They also provide a

basis upon which states can plan and invest in future relations by, for example, increasing trade and other forms of interdependence.

However, international organizations are also distributive because usually some states benefit more from particular IGO arrangements than do others. This means that states have incentives to bargain over *which* specific institutions they will accept while preferring to agree on *some* institutional order to avoid the inefficiencies of uncoordinated action. International organizations therefore represent bargains that allow states to achieve better collective outcomes but they simultaneously reflect the (bargaining) power of different actors when they agree on them. Disadvantaged parties may have short run incentives to depart from the agreed-upon institution but are restrained by its long run benefits. However, if a state's power increases so that it could achieve more over the long run by reopening bargaining, then a state may depart from the FIGO (von Borzyskowski and Vabulas, 2019b) or attempt to change or replace it (Lipsky, 2017).

For this reason, international organizations are semi-stable equilibria among states. If the distribution of power in the international system moves significantly outside of that stable zone for either endogenous or exogenous reasons, then newly empowered actors have incentives to push for a different institutional arrangement. These equilibria shifts are typically 'partial'³ in the sense that some elements of the international organizations are preserved. Thus, a FIGO might alter its membership or voting rules to accommodate disadvantaged states while keeping other institutional rules intact; or states might create an IIGO to deal with a new issue while maintaining their other existing institutional arrangements. Such partial shifts allow institutional adaptation and redistribution without upsetting overall institutional benefits. IIGOs are

sometimes stepping stones to FIGOs—providing intermediate steps for smoother adaptation—but IIGOs most often remain informal (Vabulas and Snidal, 2020).

An especially important source of change in the international system is a power shift, which occurs when one or more rising powers gain sufficient resources to become more effective in bargaining against established powers which have lost (relative) power (Layne 2018; Zangl et al 2016). The rising power(s) need not have surpassed the established power(s) but the power distribution must have changed sufficiently so that they can engage redistributive strategies to press for change in the institutional equilibrium, or so that established and rising powers have incentives to accommodate one another through integrative strategies. The change in power must be permanent – and not just a temporary fluctuation – in order to prompt an institutional change. Until the extent or permanence of a power shift is clear, IIGOs provide arrangements to sustain cooperation as equilibrium adjustment unfolds.

Power shifts have been important in explaining historical patterns of institutional change. Many of today's governing FIGOs (e.g., the United Nations, IMF, and World Bank) emerged when the global distribution dramatically shifted in the wake of World War II. At their creation, these institutions reflected a deal between (or an imposition by) the then-powerful victors and (on) the then-weak states as to how to order international affairs. Powerful states accepted constraints on their ability to exploit weak states in return for a set of rules that regularized their behavior and assured powerful states a good outcome. Weak states accepted these rules because they provided more benefits than they could achieve in an unruly world; a rule-bound system also reduced uncertainty compared to power-based governance. These distributional deals were also supported by the lower transaction costs of cooperating under rules as well as the joint gains

realized through expanded cooperation. Over time, states have invested in IO rules to increase the payoffs of the system and thereby reinforced the stability of these institutions.

On-going power shifts also create incentives for a rising power to challenge the prevailing institutional equilibrium because its *de facto* power is increasing while its *de jure* power – what it receives under the prevailing institution – is unchanging. This mismatch creates increasing pressure from rising states to redistribute power in international organizations, but this is countered by established powers' incentives to preserve the legacy institutions that benefit them. The danger that intense bargaining might disrupt stability of the current international order provides incentives for rising powers to integrate into rather than challenge the rules of the existing system. These dual motives to shift the institutional equilibria but also maintain stability require strategies for affecting change while operating within the prevailing order.

Established powers are favored by the prevailing rules and so respond differently to power shifts. They initially seek to preserve their privileges under the institutional status quo through system management rather than renegotiate under the evolving power distribution. Because managing and maintaining an existing equilibrium is less difficult than shifting an equilibrium, established powers face an inherently easier task in defending the status quo than rising powers face in pushing for change. Nonetheless, established powers increasingly recognize that rising power challengers may disrupt the joint gains of the institutional status quo. To avoid or limit that damage, established and rising powers will ultimately seek to accommodate one another through integrative strategies.

Transitioning to a new institutional equilibrium during a power shift is difficult for multiple reasons. First, it may not be clear whether the power shift is permanent and thus calls for a major institutional rearrangement. Conversely, on-going changes may augur an on-going

power shift so that simply adapting to current circumstance would be inadequate. Second, it may not be clear what sort of new institutional arrangement is called for. Is the rising power a revisionist state seeking relatively modest alterations to the existing status quo or a revolutionary state seeking dramatic transformation in the international order? Perceptions of this may depend on whether the rising power shares the political (authoritarian versus democratic), economic (capitalist versus socialist) and cultural (collectivist versus individualist) values of established powers. Third, these uncertainties may be aggravated if the rising power is aggrieved with the prevailing order so that established and rising powers lack the trust and common understandings that would facilitate a transition. Finally, once the institutional equilibrium is opened up, there is a danger of escalation whereby initially modest efforts to press for institutional change upset the existing order without establishing a new order.

Because these complications make a smooth adjustment to a new institutional equilibrium difficult, states seek ways to mediate power shifts. Although reforming specific FIGO rules such as those regarding membership, issue scope or decision-making may be changed incrementally, full renegotiation of FIGOs is difficult and time-consuming (Jupille et al., 2013). An alternative and perhaps more promising way to accomplish change is by adapting informal rules within FIGOs (Stone, 2011; Kleine, 2013; Lipsy, 2017). However, both these strategies require established powers (who control FIGOs) to take the lead. More importantly, such incremental strategies may not provide sufficient adaptation to manage a major power shift.

Because they are less institutionalized, IIGOs are particularly attractive for addressing the large-scale changes associated with power shifts and can be used by both rising and established powers. IIGOs allow states to bypass but not disrupt existing institutional arrangements – or even work alongside them as when IIGOs orchestrate FIGOs (Viola, 2015; 2020). First, IIGOs have

no secretariats so there is no international actors that might expand or reinterpret the (F)IGO's mandate (Hawkins and Jacoby, 2006) or norms (Finnemore, 1993). This is especially important in the context of power shifts where institutions are tools for influencing on-going power dynamics and there is concern about locking in particular arrangements.

Second, because IIGOs are not highly institutionalized or legalized, they offer a flexible way to manage a transition without freezing in either the 'past' or 'future' equilibrium. While relative gains (Grieco, 1990) or distributional incentives can impede states' abilities to reach efficient agreements (Fearon, 1988), (re)negotiating successive shorter-term agreements or incorporating flexibility clauses can mitigate this problem (Koremenos, 2001); IIGOs accomplish the same thing at a more general level.

Third, IIGOs also provide a setting for learning and information sharing that ameliorates the uncertainty created by power shifts that makes institutional change difficult (Abbott and Snidal, 2006; 2019). Recurrent IIGO face-to-face meetings among heads of government allow leaders to assess each other's goals; summits are particularly useful when states do not know what kind of rising power they face (i.e. revisionist or revolutionary).

Fourth, IIGO flexibility and adaptability lowers the costs and risks of institutionalization even as compared to those areas where FIGOs are somewhat adaptable. Consider membership where adding members to FIGOs may be possible but excluding members once admitted is difficult (von Borzyskowski and Vabulas, 2019a). By contrast, IIGO membership is fluid; membership can be modified by adding or dropping members without making a permanent commitment. The most striking example is Russia's admission (to create the G8) and then expulsion from the G7 when its international behavior was deemed unacceptable by other members.

Finally, these factors make IIGOs low-cost to establish and operate, especially as compared to FIGOs (Abbott and Faude, 2020; Vabulas and Snidal 2013). However, we treat that as a secondary (though not unimportant) consequence of the primary reasons listed above for why states use IIGOs in power shifts. We also note two related qualifications to our analysis of IIGOs and power shifts. One is that states use IIGOs for other reasons including their general flexibility, to protect sovereignty, to control information, to act quickly, to minimize bureaucracy, and to bypass domestic political constraints (Vabulas and Snidal, 2013). But as the above theory outlines, these alternative motivations are typically implicated in power shifts. The other is that IIGOs are not a panacea. Because they lack hard, legal obligations, they may not be as effective for making credible commitments as are FIGOs. Moreover, because they lack a secretariat, IIGOs cannot perform operational activities and lack accountability and transparency mechanisms (Grigorescu, 2015). Hence, while IIGOs can help states mediate power shifts, they are also used for other purposes and have other significant shortcomings.

IIGO Strategies of Institutional Adjustment

IIGOs are thus generally useful for mediating power shifts. Kruck and Zangl (2020) argue that different states use different strategies to push for institutional change amidst power shifts, but the specific use of IIGOs turns on which side of the power shift is engaging them.

Because power shifts generate challengers to the institutional status quo, established powers—the beneficiaries of the prevailing institutional equilibrium—use IIGOs to entrench their institutional power against power shifts. This *system management* strategy is especially important during hegemonic decline when the dominant state strengthens its position by engaging like-minded states to promote ‘collaboration’ (Viola, 2020). IIGOs are also forums for

deliberation among coalition partners to reinforce the governing ‘hegemonic consensus’ (Cox, 1993; Gill, 1993). These tactics allow established powers to buttress the status quo and isolate challengers (Fioretos, 2020).

A rising power’s capacity to challenge comes through its increased systemic importance combined with its emerging potential for disruption that undermines established powers’ ability to govern through legacy institutions. Rising powers challenge the status quo through *redistributive* strategies including both ‘power bargaining’ by creating institutional alternatives that narrow the gap between their de facto and de jure institutional power and ‘rhetorical coercion’ by shaming established powers (Kruck and Zangl, 2020) and garnering third party support. An IIGO is a viable way for rising powers to develop an outside option that serves the rising power’s self-interests and potentially undermines status quo institutions; rhetorical coercion pressures established powers to accept institutional adjustments by highlighting disparities in the institutional status quo to them and to a wider audience. These redistributive IIGOs allow rising powers to combine their expanding hard and soft power to make their demands and alternative visions clear to established powers and attract other partners. Because it is harder to change an equilibrium than maintain a prevailing equilibrium, rising powers face a more difficult task than do established powers.

As a power shift continues, the rising power’s challenge is reinforced by its growing importance for the success of any international order and its corresponding ability to disrupt the system. This creates incentives for rising and established powers to jointly advance their interests through *integrative* strategies of ‘cooptation’, working together in an IIGO that promotes their joint interests.⁴ They also argue through ‘principled persuasion’ ‘that institutional adjustments will lead to the improved legitimacy or efficiency of the institution to convince defenders that they

have a joint interest in institutional adjustments' (Kruck and Zangl, 2020:2) and promote normatively attractive values (Thompson, 2020). Established powers earn rising power support by admitting them into the club while rising powers work with established powers rather than undertake a complete (and possibly messy) institutional overhaul (Stephen and Stephen, 2020). This allows established and rising powers to achieve mutual efficiency and legitimacy benefits (Goddard, 2020). The resulting integrative strategies, even if typically initiated by established powers which have greater say over the institutional status quo, are inherently two-sided and incorporate both sides of a power shift.

We summarize these three related conjectures regarding how states use IIGOs to mediate power shifts:

C1: As a power shift emerges, established powers use IIGOs for *system management* through collaboration and promoting the hegemonic consensus.

C2: As a power shift strengthens, rising powers use IIGOs for *redistributive* strategies through power bargaining and rhetorical coercion.

C3: As a power shift solidifies, both rising powers and established powers use IIGOs for *integrative* strategies through cooptation and principled persuasion.

States use IIGOs during power shifts because they have neither the complete stickiness of formal institutions nor the complete flexibility of ad hoc cooperation. IIGOs thereby offer a halfway house of institutional reform rather than revolution. In system management IIGOs, established powers collaborate with like-minded states and use hegemonic discourse to uphold the status quo. In redistributive IIGOs, rising powers press for change by using IIGOs, often alongside legacy FIGOs. In integrative IIGOs, established and rising powers promote a smooth transition towards the future equilibrium by using IIGOs to advance joint interests.

IIGOs and the Rise of China

To explore our conjectures regarding the different ways that rising and established powers use IIGOs during power shifts, we examine the IIGOs associated with the rise of China. This is arguably the largest and most influential shift in the distribution of power since WWII after which most of today's FIGOs were created. China's economy has grown at an astonishing rate, between 6.7% - 14.2% annually since 1991 (World Bank, 2019) and may soon overtake the US economy (which has grown modestly in this period). China has also increased its soft power through extensive diplomatic and cultural efforts such as Confucius Institutes and the Belt and Road Initiative and has begun to develop significant military outreach. At the same time, the United States remains the strongest power in the world, even though its power has fluctuated significantly since the 1960s, and is on a long-term (relative) decline. Thus, we focus on the US as the established power and China as the rising power for the recent period. We take 1991 as the beginning point since it marks the major shift in the international order with the end of the Cold War and corresponds to the takeoff in China's economic growth.⁵

In order to examine the conjectures, we use the IIGO 2.0 dataset to track the growth in IIGOs.⁶ Figure 1 shows the number of IIGOs including one or both of the US and China since 1940. The creation of IIGOs rose dramatically starting with the China power shift — with 68% of IIGOs created after 1990. By contrast, growth in FIGOs was rapid in the early postwar period through 1990 but has since stagnated (Pevehouse et al 2020).

FIGURE 1 HERE

Figure 2 shows the post-1990 use of the three institutional strategies of system management, redistribution, and integration by rising and established powers. System

management IIGOs that contain only an established power (the US and not China) are the dominant form of power shift-related IIGOs and constitute 35% of IIGOs created post-1990. This dominance is greatest in the early stages of the power shift where system management IIGOs account for 50% of IIGOs in 1990, decreasing to 40% by 2015 — aligning with our conjecture regarding system management. Redistributive IIGOs containing only the rising power (China but not the US) account for 29% of post-1990 power shift-related IIGOs. These are the venues used most by the rising power in the 1995-2005 phase of the power shift, aligning with our conjecture regarding redistributive IIGOs. Integrative IIGOs bringing established and rising powers together account for 35% of IIGOs in this period. The uptick of integrative IIGOs during the latest stage of the power shift after 2008 aligns with our conjecture regarding integrative strategies.

To be sure, this data is only suggestive, so we turn to qualitative vignettes to examine how IIGOs help states manage transitions. These trace the creation of IIGOs as flexible institutional arrangements that facilitate current bargaining without congealing outcomes in permanent institutions.

Three Connected IIGO Vignettes

In the following vignettes, we briefly probe our argument in terms of the signature IIGO example from each of the three power shift-related categories described by the conjectures. Not only are these the most prominent IIGO in their respective categories, they are also instances when the participants are particularly concerned with power shift-related issues. We examine: (1) the G7 as the prevailing IIGO at the beginning of the China power shift where the US engages in *system management* by collaborating with likeminded states and maintaining a hegemonic consensus that is favorable for those states while largely excluding others; (2) the BRICS,

created in 2006, where China works with other rising powers to challenge established institutions for *redistributive* purposes through strategies of power bargaining and rhetorical coercion; (3) the G20, created in 2008 as the premier forum for global economic issues, where established and rising powers pursue *integrative* outcomes through cooptation and principled persuasion. Our analysis focuses centrally on how states leverage the informal design of these IIGOs to mediate power shifts.⁷

G7: System Management through Collaboration and Hegemonic Consensus

The beginning of the China power shift is coextensive with the end of the Cold War and efforts to reshape the international order in the aftermath of the demise of the Soviet Union. The system management IIGOs in Figure 2 contain a high proportion of security-related institutions—such as the Missile Technology Control Regime and the Euro-Atlantic Partnership Council—where the US collaborates with close allies to ensure support of its policies. The US can maintain its dominance on important international security discussions, using these IIGOs rather than FIGOs such as the UN Security Council where China has a vote.

On the economic side, the Bretton-Woods legacy institutions had proven increasingly inadequate in the face of on-going changes in the global economy, and the US has been a key member of economic-focused IIGOs such as the G7 that have since emerged. The G7's origins trace back to the 1973 G4 Library Group where finance ministers (from France, Germany, United Kingdom, and United States) met informally to address inflation, OPEC oil embargoes, and growing protectionism; it soon added Japan (1973), Italy (1975) and Canada (1976) to form the G7. Since 1981, the European Union has been a 'non-enumerated' member; Russia was included starting in 1997 to make the G8 but expelled after the 2014 Crimean invasion. Other countries have been included as guests and there have been multiple efforts to expand the group.

Most notably, in response to a perceived lack of legitimacy, the 2007 Heiligendamm Process initiated a dialog to engage more closely with the Outreach 5 (China, India, Brazil, Mexico, and South Africa) (Cooper, 2008). An expansion never occurred, however, and the G7 remains the core group of Western states that have been engaged in system management for nearly fifty years (Fioretes 2020).

This group of like-minded established powers served as the ‘go to’ forum for economic collaboration on financial and monetary problems to maintain the Bretton-Woods institutional status quo during a tumultuous period. The G7 was a central forum promoting the hegemonic policy consensus around free markets and neoliberalism that congealed as the Washington Consensus in the 1990s. Moreover, G7 summits also became a forum to promote collaboration on other vital issues including energy, climate change, counter-terrorism and development – as well as for addressing ad hoc problems such as Ebola, rogue nuclear programs, or the Arab spring as they arose. This collaboration has been deepened through the extensive preparatory activities of the ‘Sherpas’ – the transnational network of government officials who prepare and staff the detailed organization of the G7 summits. More broadly, the G7 countries share a vision for the international order based on common values including commitment to democratic principles, rule of law, and capitalism (CFR, 2019).

System maintenance is more effective through an IIGO. While similar policies could be (and were) pursued through cognate FIGOs (especially the IMF), those include more heterogeneous memberships and bureaucratic structures that are unwieldy to reorganize, especially in rapid response to changing problems. While FIGOs can be reformed, power shift pressures would (and did) lessen Western control, not maintain it. Creating a new FIGO restricted to G7 members would have taken years whereas the G7 required neither complicated

treaty negotiations nor protracted ratification procedures. With no secretariat, there is no standing bureaucracy that can set its own agenda or be hijacked by other participants. Instead, each member holds the G7 presidency on a rotating yearly basis and hosts the annual summit where it coordinates group agendas and communiques. In sum, by operating as an informal club, the G7 has been able to develop and change almost spontaneously in response to emerging issues.

The G7's political like-mindedness is key to understanding why, even as China (and to a lesser extent India) started to rise economically, it was not included in the G7. Since the identity of the G7 is rooted in its member's community of values, established powers keep China out because it has a very different conception of domestic politics and rule of law. Established powers use the G7's recurring summitry to reinforce their vision of the international political order and to manage the international system in their own image. We now turn to the redistributive strategies of power bargaining and rhetorical coercion in the BRICS.

BRICS: Redistribution through Power Bargaining and Rhetorical Coercion

The 'rising power only' category in Figure 2 contains a relatively high proportion of economic-related IIGOs—including the Asia-Europe Meeting, the China-Japan-South Korea Trilateral Summit, and BRICS—which reflects that economic strength is the basis for China's rise in power. By partnering with other rising powers in these IIGOs, China is trying to gain support to make its de jure institutional power match its rapidly expanding material power.

Its famous origins as a financial analyst's acronym for four large emerging nations turned into an institution when the BRICS first met on the sidelines of the 2006 UN General Assembly meeting.⁸ BRICS is a multi-country diplomatic association comprised of five emerging economies: Brazil, Russia, India, China, and (after 2010) South Africa – although China is clearly the dominant member. By May 2008, members issued a joint communique reflecting

common stances on global development. Even though economic considerations provided the initial stimulus, a broader political agenda—especially shown by South Africa’s addition—was quickly central to creating the BRICS as an IIGO.

The BRICS case shows how China has sought to redistribute power by promoting a different economic vision from the legacy economic institutions dominated by established powers. The BRICS have a common cause in power bargaining for a stronger role in global affairs to match their increasing power and they have greater influence by working together. Indeed, a key reason for the BRICS’ solidarity has been the West’s unwillingness to adapt multilateral institutions (Jaffrelot, 2013). But the BRICS are very different from one another in many ways – including culture, historical experiences, domestic politics, and economic fundamentals – and are therefore an unlikely coalition (Polgreen, 2013). Moreover, they are not a natural political grouping: Russia and China are permanent members of the United Nations Security Council (UNSC) and have not been fully supportive of Brazil and India’s aspirations; they even have security differences since China has lingering border issues with Russia and especially India.

Still, the BRICS leaders have held annual summits since 2009 and now rotate as hosts. Although the BRICS have no independent secretariat and no formal legal agreement, their shared aspirations and expectations expressed through declarations following and between each summit serve as a form of rhetorical coercion. These declarations shame established powers by invoking hypocrisy costs regarding the mismatch between rising powers’ increasing economic power but limited political power in Bretton Woods institutions. These arguments have been valuable to the success of the BRICS in emphasizing their commonality of interests, exerting leadership over developing states more generally, and increasing their collective voice in world affairs.

By working through an IIGO, BRICS countries have focused on their points of agreement and minimized their differences (which are not always small). The bloc has harmonized their diplomatic and negotiating positions on a host of issues – including intra-BRICS trade, investment, economic development, and cooperation – with variable levels of success (Stuenkel, 2020). Especially in the early days, their joint summits focused on wresting power from established Western governments. They highlighted the need for rising powers to have a greater voice in global governance and for established powers to reform international financial institutions to create ‘greater voice and representation’ for emerging economies. BRICS also criticized the longstanding traditions of the World Bank’s president being American, the IMF’s Managing Director a European, and developed Western economies having the most weight in voting and quotas (Ayres, 2017).

By pooling decisions and ideas, the BRICS has arguably created a sense of prestige and political clout that is useful in both power bargaining and rhetorically coercing established powers across issue areas. The regular BRICS summits allow the leaders to coordinate their beliefs and actions, including in other forums such as FIGOs. Russia and China have even used their UNSC vetoes ‘on behalf of the BRICS’ to block UNSC decisions that diverge from the BRICS consensus (Ayres, 2017). BRICS members exercised power bargaining with established powers when they created the New Development Bank (NDB) as an institutional alternative to the IMF (Government of India, 2015). China exerts informal leadership influence with the bank’s headquarters situated in Shanghai and the bank promotes these rising powers’ development policies across the world. More generally, by working through the BRICS, China has reinforced its image as a responsible stakeholder in global affairs, operating with and on behalf of other states rather simply unilaterally.

Yet while the BRICS has shown coherence in pressing to rebalance power in global economic institutions, it has arguably lost influence because only China and India have sustained their economic dynamism (Sharma, 2012). And because the BRICS have not been as oppositional as earlier developing country groups such as the G77, they have been able to integrate into the G20, to which we now turn.

G20: Integration through Cooptation and Principled Persuasion

The ‘rising and established powers’ category in Figure 2 contains IIGOs covering a wide range of issues including economic, environmental, and social affairs such as the Major Economies Forum on Climate, Global Forum on Migration and Development, and G20. As China has risen, it has moved out of the developing economy category, resulting in the need to step up its commitments while it also desires more representation. The G20 illustrates how established powers create IIGOs to coopt rising powers. But it also shows cooptation entails some symmetry: rising powers must agree to be coopted into a mutually beneficial relationship (Kruck and Zangl, 2020; Stephen and Stephen, 2020; Thompson, 2020). The US and other established powers have given China and other rising powers more rights in the G20 framework, but in turn, China has also taken on more responsibility for participating in macroeconomic affairs.

The G8 created the G20 forum of finance ministers and central bank governors in 1999 and upgraded it to a summit of heads of states in response to the 2008 financial crisis. The enhanced G20 reflects how the shift in global economic power necessitated broader consultations to gain the active participation of rising economic powers such as China. The G20 was partly a response to forestall pressure from the BRICS to reform FIGOs such as the IMF but also to rising powers persuading established powers of the principled need ‘to broaden the dialogue on

key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth that benefits all' (Fioretos, 2020).

G20 states account for the overwhelming majority of global economic activity (i.e., 85% of global GDP). Leaders of nineteen developed and developing member states (plus the European Union) meet informally in recurring G20 diplomatic summits. These provide a forum for collective decision-making in which they can operate quickly—even via conference calls (Cooper and Thakur, 2013) and video calls. The chair rotates among members, sets the agenda in consultation with other members, and presents the group consensus in a formal communiqué at the end of the meeting. The G20 is 'a hub of a global network' (Kirton 2013: 46) that orchestrates other key IOs including the Financial Stability Board, IMF, WTO, and OECD.

Why did states turn to the G20 instead of overhauling the IMF through either formal or informal means in the wake of the 2008 financial crisis? The G20's membership—which includes key rising *and* established powers—is key to the explanation. Changes in the geopolitical context of world politics required integrative strategies to broaden economic governance beyond the G8 and gain the active participation of emerging powers such as China and India (Slaughter, 2019: 7). 'For the first time, the most important established and emerging nations met as ostensibly equal partners at the apex of multilateral summitry. The event reflected a new reality. Western governments could no longer hope to resolve international economic crises themselves. They needed a more encompassing body that included rising nations' (Patrick, 2018). Turning to the multilateral IMF would have proved cumbersome and slow during this economic shock. It might also have provided the IMF too much independent power or made it a stronger tool for a subset of states to deploy. G20 summits also provide a venue for what Kruck

and Zangl (2020) call principled persuasion where different states can debate appropriate global policy and joint action. The G20 thus is an integrative forum where established powers expand their collective capability to avoid (or manage) financial crises by coopting the participation of rising powers by offering them a greater voice in governance and a platform for principled persuasion and legitimation.

The G20's scope has expanded well beyond economic and financial issues to include a multitude of topics ranging from climate change to migration to corruption. The informal nature of the G20 has enabled this fluid mandate expansion. Although critics argue that the G20 has not been effective in shaping outcomes and that its policy impact is inconsequential (Kirchner, 2016), it is clear that the G20 has become the central forum where established and rising powers work together to address the most obstinate issues in world politics. Nonetheless, the G7 and BRICS have not disappeared with the ascent of the G20, underscoring that overlapping groups of states use different strategies—system management and redistributive as well as integrative strategies—at the same time to accomplish different aims. Unfortunately, the informality and exclusivity of the G20 (which excludes ninety percent of states and one-third of the global population) creates an accountability gap especially when considered in the general context of 'democratizing' pressures that exist on IOs (Grigorescu, 2015). We turn to this in the conclusion.

Table 1 summarizes the three case vignettes of significant institutions—the G7, BRICS, and G20—that illustrate how states have used IIGOs to engage in system management, redistribution, and integration during power shifts. Each of the vignette shows more generally how rising powers and established powers learn about each other's intentions and preferences without locking into a new order or giving a secretariat autonomy that could run astray. Such

power shift strategies may not be as pronounced in more peripheral IIGOs, but future research should examine how our findings generalize to the broader universe of cases.

TABLE 1 ABOUT HERE

Conclusion

During the current global power shift, China is rising in an institutional environment governed by intergovernmental organizations that benefit established powers. While legacy FIGOs have been central to organizing this system, we argue that IIGOs provide a superior institutional mechanism for mediating power shifts. We show that in the post-1990 era, there has been a dramatic increase in the creation and use of IIGOs because they provide both established and rising powers with flexibility in adapting to change without locking in a new institutional distribution of power.

As the distribution of power begins to shift, the pressures of hegemonic decline lead established powers to use IIGOs for system management. By collaborating with like-minded states, established powers reinforce the status quo, while largely excluding rising powers. The G7 illustrates how established Western powers use IIGOs to forge common positions and coordinate actions that may also guide FIGOs. While this system management strategy continues throughout a power shift, the question currently facing the G7 is whether members continue to share a vision of the international order that can sustain their coalition, and what the current fracturing (e.g., inconsistent support from US President Trump) means for its future. Our account of IIGOs mediating power shifts suggests that the G7's flexibility will continue to be valuable in this era of flux.

As the rising power increases its material and soft power, it uses IIGOs for redistributive purposes. IIGOs allow rising powers to strengthen their institutional roles without overly disrupting the current order because their flexible institutional arrangements facilitate bargaining without making outcomes permanent. As we show in the BRICS vignette, China uses IIGOs to threaten and shame established powers and press for greater institutional power while respecting the stability of the current institutional order.

As the power shift continues, established powers use IIGOs for integrative purposes to coopt and persuade rising powers. This strategy is mutually beneficial and somewhat symmetric as the two sides find joint solutions that accommodate one another during the power shift. Here, IIGOs partially preserve established powers' institutional privileges while adapting to rising powers' pursuit of institutional arrangements that are more compatible with the evolving distribution of power. The G20 vignette shows how the US is coopting China's greater participation by redefining economic governance in the wake of the 2008 financial crisis.

While states use them for different purposes as power shifts progress, a common theme remains: IIGOs provide a propitious setting for states to adapt institutional arrangements to the evolving power distribution. Both challengers to and beneficiaries of the prevailing institutional distribution of power benefit from IIGOs during times of power shifts by avoiding major institutional disruptions that would damage them all.

We end on an optimistic note and a pessimistic one. The optimistic note is that IIGOs provide a more effective vehicle for managing power shifts – allowing states to adapt towards new institutional equilibria while avoiding institutional disorder. This does not mean that institutional adjustment will become frictionless since the very value of institutions rests on the stability they introduce by making departure costly and slowing change. The pessimistic note is

that because IIGOs are not highly institutionalized, they prioritize adapting to the power shift over other values such as institutional legitimacy and transparency. While states correctly worry about the possibility of runaway FIGOs, policymakers should also worry about IIGOs that are primarily responsive to state power.

	G7	BRICs	G20
Mode of Institutional Change	SYSTEM MANAGEMENT Collaboration Hegemonic Consensus	REDISTRIBUTIVE Power Bargaining Rhetorical Coercion	INTEGRATIVE Cooptation Principled Persuasion
Precipitant Event	OPEC oil embargo	Rise of emerging economies	2008-09 financial crisis
Preceding Governance Arrangement	Bretton Woods institutions	G7, IMF	G7, IMF, BRICS
Challenge	Managing post-Bretton Woods system	Press for greater institutional voice	Incorporate rising powers (China, also India, Brazil)
Outcome	Use of G7 Premier Western venue	Creation of BRICs Create alternate bank and development vision	G7 expanded to G20 G20 becomes premier multilateral venue

Table 1. Comparison of Vignettes

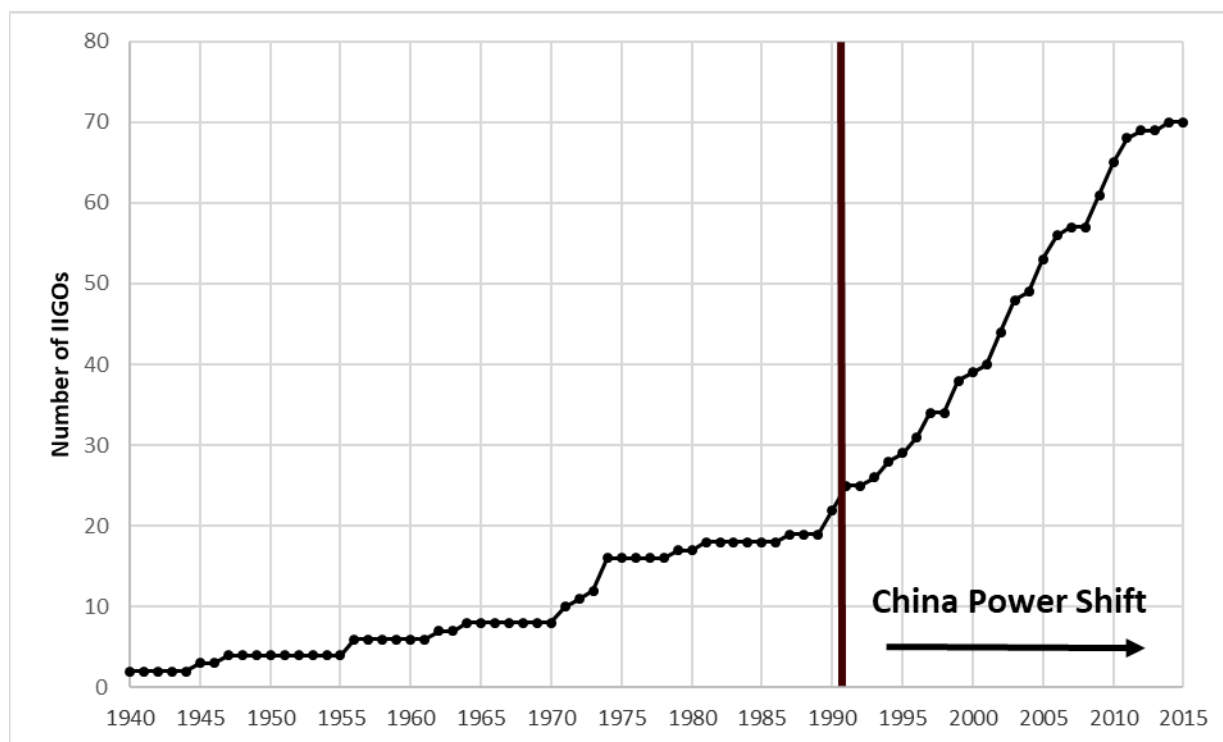


Figure 1: Shift to IIGOs during China Power Shift

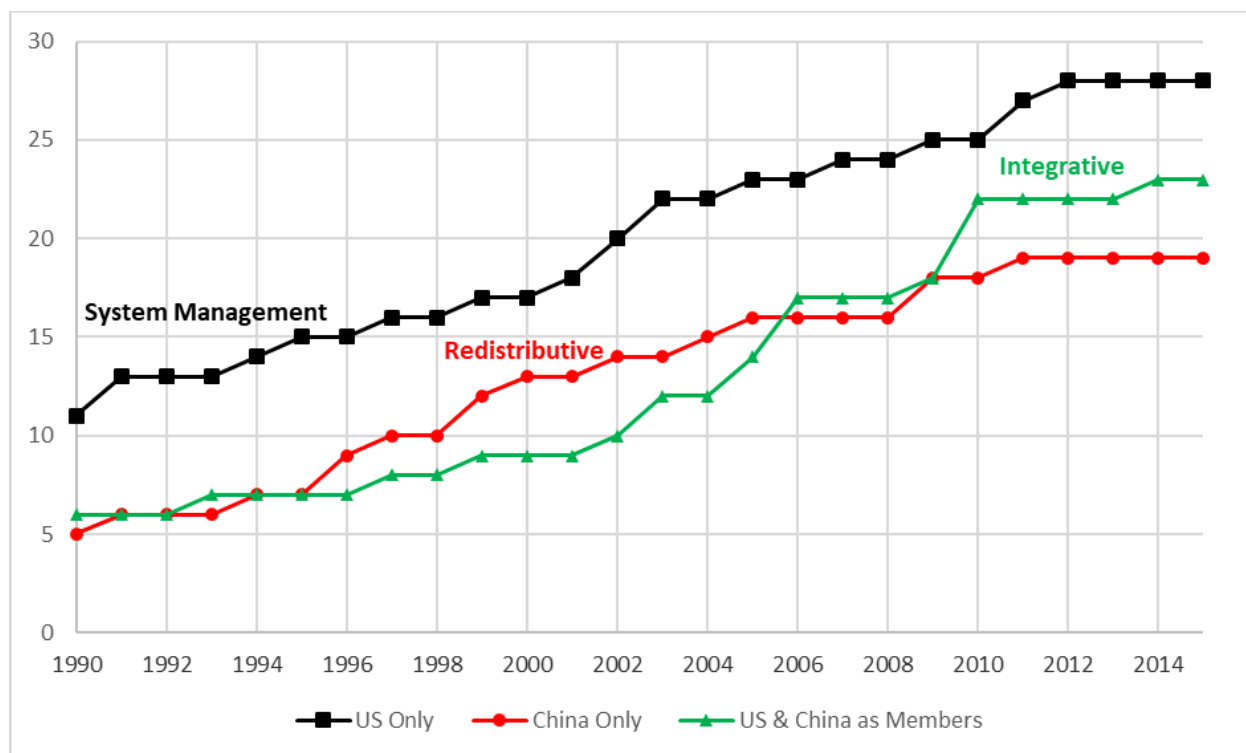


Figure 2: System Management, Redistributive, and Integrative Strategies during China Power Shift

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¹ We use a strict definition of IIGOs as having no hard legal basis (even if based on a written declaration or memorandum of understanding) and no independent secretariat. Of course, there is a spectrum of IGOs that includes ‘close calls’ with limited organizational capability. See Vabulas and Snidal (2013, 2020).

² We use the term ‘established’ rather than ‘declining’ power to reflect that established powers are typically not declining in absolute terms but only relative to the rising powers (e.g., US in early twenty-first century).

³ The ‘focalness’ of an equilibrium may diminish optimal adjustment. In general, there is no reason to believe that adjustment will be optimal, only that adjustment should generally be in that direction.

⁴ Cooptation is often asymmetric but we include the possibility of mutual cooptation.

⁵ The China-US power shift is a most likely case for our analysis. As of 2020, these two states are clearly the dominant actors in the global system and their rivalry leads to the distributive considerations which underlie our analysis. The argument could also apply to regional systems or issue areas where there is unequal growth among the largest states. However, this application would require that regional and/or issue-area institutions are important and relatively insulated from larger global arrangements. Finally, the argument is limited to the recent period where the transportation and communication requirements for IIGOs are met (Manulak and Snidal 2020).

⁶ The IIGO 2.0 dataset is discussed in detail in Vabulas and Snidal 2020.

⁷ We do not examine the case including neither rising nor established powers where states use IIGOs for reasons not directly related to power shifts.

⁸ The start date of the BRICS (2009) is just after the prime period of redistributive IIGOs, so it is a later example of China’s strategy but surely the best known. <http://infobrics.org/page/history-of-brics/>

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