

Regional Mediator: A New Role for South Korea

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Summary

This article aims at assessing the extent to which the G20 is empowering middle-range countries by analyzing the case of South Korea in the G20 process from an economics perspective. It examines South Korea's ability to play the role of a regional mediator, particularly through its active role in hosting one of the post-GFC summits, and its role in helping to frame an "Asian consensus" around a number of key economic issues. This is done by initially analyzing South Korea's relative economic weight and importance in the G20 (section 1). South Korea's role within the ambit of the G20 is critically reviewed in section 2, whereas the final section focuses on the analysis of the Seoul Summit and Gyeongju Finance Ministers' meeting in November 2010 and their potential consequences.

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Introduction

Recurrent financial crises since the 1990s can be appraised as representing severe adjustment mechanisms in a particular economic system that is fraught with many dysfunctional features. The increasingly "financialized" system that has been evolving at the global level since the late 1970s is one example of such an economic system. These crises have repeatedly thrown both the *raison d'être* and the functioning of the Western-centered Bretton-Woods institutions — namely the International Monetary Fund (IMF) and the World Bank — into question. It has now become clear that these two international financial institutions (IFIs) have been increasingly incapable of preventing and addressing modern financial and economic crises and that they have been unable to stimulate international economic cooperation and governance in spite of their laudable post-WWII mandates.

Yet, given its origin (in the USA and EU) and its severity, the global financial crisis (GFC) has been nurturing a notable change in the area of financial crisis management at the international level; indeed, the emergence of G20 summits since 2008 has been noted as an important vehicle of global crisis management, as a central piece of global governance, and as the optimal option for the reform of the IFIs (Tiberghien 2011). Moreover, as one of the five Asian countries in the G20, and as a host country of both the November 2010 Summit and the Finance Ministers'