

The G20 – premier leaders or relegation material?

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The (distant) past ...

- In 2008 the G20 was launched as a leaders'-level summit
- The first three summits were seen as effective responses to the global financial crisis
- Focussed on the financial sector, the global economy and crisis response mechanisms

The (recent) past ...

- Over successive summits the G20 became more bureaucratic, more wordy, and more diverse
- Seen by some as aiming for more, but achieving less
- Brisbane (2014) saw more focus, more economic content (growth, infrastructure) and more insistence on implementation
- A blip in the trend?

Three big issues

- Focus: what should the G20 do?
- Legitimacy: what is its mandate?
- Design: how should it operate?

What is the G20's role?

- Kirton (2015) identifies 9 different views of the G20:
 - ❖ Ineffective, illegitimate, unnecessary
 - ❖ Cooperative complement to the IMF, G7 on economics and finance
 - ❖ A global government

Existential issues

- Self-selected and exclusive, not universal
- Convened by mutual assent, not treaty-based
- Not seen as legitimate by non-members (and by some members)
- Hard to enforce agreements on members except where delegated to (more) legitimate agencies

Design flaws

- Changing priorities from year to year
- Loss of focus
- Annual presidencies
- Insufficient traction on national policies
- Ineffective monitoring and accountability
- Different interests among the membership
 - ‘factionalism’
- Acting by consensus

The present ...

- The global economy is facing significant risks, and possible recession
- There is a strong case for the G20 to return to its original 2008 rationale
- The G20 apparatus – finance ministers and central bank governors, implementing agencies – is focussed on economics and finance
- But it needs to demonstrate that it can act and be effective – implementing commitments, robust monitoring mechanisms, influencing national priorities

The results so far

- Increasing interconnectedness has led to greater potential spillovers and contagion
- But also greater benefits from cooperation
- The G20 has been reasonably successful at setting international norms for ‘international’ issues ...
- but for ‘national’ issues cooperation faces a much higher hurdle
- Structures and institutions matter for effectiveness

The future ...

- Risk of declining cooperation, fracturing and fragmentation of the international system
- Rising populism, anti-globalisation – Brexit, Trump/Sanders, anti-trade, anti-capitalism
- Growing nationalism, regionalism
- Second-best policies

An example – macro-policies

- Growth is slowing
- Risks are increasing
- Structural reforms are not the short-term priority when confidence is weak and demand is deficient
- Monetary policies are becoming less effective
- Ergo: fiscal policies are the main instrument
- But international leakages are substantial

Design issues

- Membership
- Role of coalitions and variable geometry
- Use of agencies, international organisations
- Choreography of summits, supporting meetings
- Stakeholder engagement
- Monitoring and accountability
- Rotating presidencies
- Permanent secretariat

The challenge and opportunity for Hangzhou

- To re-establish the G20 as the ‘premier forum’
- To make progress on international ‘norms’
- To minimise global economic risks
- But there are many difficulties:
 - ❖ US elections
 - ❖ ‘domestic’ issues in Europe
 - ❖ Geopolitics in Asia

A final thought

“When a man knows he is to be hanged ... it concentrates his mind wonderfully”

(Samuel Johnson)

Thank you
