

## **The G-20 Seoul International Symposium**

### **Toward the Consolidation of G-20 Summits: From Crisis Committee to Global Steering Committee**

Hosted by the Brookings Institution and Korea Development Institute G-20 Seoul International Symposium

**September 27-29, 2010**

**G-20 Summit Site, COEX, Seoul, South Korea**

Two challenges that could threaten the credibility and sustainability of the G-20, and its potential as an enduring global leadership forum into the future, are:

1. The growing intensity of political polarization and anxiety among ordinary citizens.
2. The unclear willingness of governments of major economies to agree on a long-term roadmap of collectively consistent and mutually reinforcing policies that provide a feasible pathway for global recovery.

The G-20 Seoul International Symposium held in late September 2010, organized by the Brookings Institution and the Korea Development Institute (KDI), anticipated these threats. Global rebalancing is seen to be a daunting political challenge for the sovereignty of nations, an institutional problem for the effectiveness of multilateral surveillance and a difficult economic policy issue. And an entire segment of the conference was devoted to public attitudes in G-20 countries (Bruce Stokes, *National Journal*), domestic leadership in a polarized and globalized world (Thomas Mann, Brookings), and leadership, publics and communications (Wendy Sherman, Albright Stonebridge Group), with prominent journalists (Alan Beattie, *Financial Times*, and Paul Blustein, formerly with the *Washington Post*) contributing to the discussion.

The collision of domestic politics and global rebalancing adds another layer of difficulty for Korean leaders hosting the Seoul G-20 Summit and beyond. Pathways to move forward and out of the “currency wars” must be found. They must be compatible with the growing intensity of domestic political reactions to the economic crisis that the G-20 is trying to manage. There are no easy solutions, but there are some perspectives and propositions which grew out of the G-20 Seoul Symposium which are relevant for the Seoul G-20 Summit.

#### **Ten Propositions for Avoiding Global Collision:**

1. The global imbalances issue is much broader than fiscal deficits in the United States and exchange rate undervaluation in China; and global imbalances are much broader than the external deficit and surplus countries within the G-20. The imbalances are global in scope and require approaches, strategies and policies which are global in reach. More instruments, institutions and countries must be involved.
2. Global imbalances require time for policies to adjust and for their impact to be felt in the real economy. They cannot be fixed by actions taken by G-20 countries at the Seoul G-20 Summit alone. There will be a need for G-20 countries and others to maintain a continuous focus on this problem and their policy effects for a number of years into the future.
3. G-20 fiscal and monetary policy actions do not have to be identical, but they must be coherent and complementary when seen as a whole. The myth that policy coordination means everyone doing the same thing at the same time is getting in the way of everyone doing the right thing in the context of the global economy over the medium term.
4. International institutions, especially the IMF, must play an independent and vigorous role in providing the rigorous analysis and synthesis of the country economic trajectories vital for the G-20 global rebalancing exercise. Brookings Vice President and former Turkish Finance Minister Kemal Derviş made clear that the policy harmonization role of the IMF for the future is as important as its lending and financing role has been in the past.
5. The policy purview of the G-20 rebalancing exercise must extend beyond exchange rate and macroeconomic policies to structural reforms, as outlined by Pier Carlo Padoan, deputy secretary general and chief economist of the OECD.
6. The new G-20 peer review of country policies, based on G20 country economic submissions and IMF analyses, are crucial to the process of reconciliation and rebalancing. Pedro Malan, former finance minister of Brazil, pointed out that new arrangements like these must have the support of governments behind them and are only as effective as the governments want them to be. Therefore, a great responsibility for the effectiveness of the G-20 peer review of macroeconomic policy in the mutual assessment process now rests on the G-20 governments themselves.
7. In addressing the collision of rebalancing policies with domestic politics, it was pointed out by Thomas Mann of Brookings that there is no substitute for getting the policies right. As important as communications and clear

“messaging” are to global leadership and successful summitry, policy should drive the message, not the reverse. Mann urged that it is worth investing in messaging but cautioned strongly against manipulating the message for public effect without credible policy actions as a basis for public communications.

8. Wendy Sherman of the Albright Stonebridge Group argued that G-20 Summits should focus on concrete, credible outcomes that affect the jobs, personal security and livelihoods of people in their day-to-day lives as a way of addressing the underlying public anxieties of today. Simple, direct communications need to link G-20 policy actions, which are often complex, to daily practical concerns of people.
9. Alan Beattie from the *Financial Times* made the point that summitters should not over-stretch G-20 narratives to describe more positive efforts and more optimistic results than can be substantiated and Paul Blustein, former reporter for the *Washington Post*, argued that bad press is good for the G-20 since criticism helps strengthen the G-20 process and keep officials on their toes.
10. Several commentators observed that engaging broader publics and more intense consultation with institutional actors, especially G-20 parliaments, will be vital for the long-term sustainability of G-20 Summits.

A Brookings-KDI conference volume, [\*Toward the Consolidation of the G-20: From Crisis Committee to Global Steering Committee\*](#), has been published by the Korea Development Institute for distribution at the Seoul G-20 Summit being held on November 11-12, 2010. A shorter version will be published in spring 2011 by the Brookings Institution Press for international distribution.

For more detailed information of the event, please view the agenda.