

# WHITHER THE G-20: PROPOSALS FOR A FOCUSED AGENDA

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## **Framing the Issue**

Nearly four years have passed since President George W. Bush unexpectedly but urgently called for the first G-20 leaders' summit in Washington in November 2008 to address the global financial crisis. Later this month, G-20 leaders will gather in Los Cabos in the seventh meeting of its kind. Next year's summit will be hosted by Russia. As leaders come together in Mexico in a few weeks, they should have their eyes not only on the immediate decisions facing them, but also on how they want to shape the future agenda of the group.

By most accounts the early G-20 summits—Washington, London and Pittsburgh—were the most successful in addressing the pressing issues of the global financial crisis. However, in some respects this was relatively easy: the crisis was a crisis for all; the agenda was new and no legacy issues had to be kept track of; and for the leaders it was a new experience which made the issues and the dynamics of interest to all of them. Subsequent G-20 summits in Toronto, Seoul and Cannes have faced some challenges in getting leaders to agree, and future summits will likely face even more difficulties in keeping the agendas and discussions focused and effective.

Unfortunately, the novelty of the forum has worn off. Legacy issues from previous summits now crowd the agenda and leaders have the unenviable task to deliver on past promises. Member countries now face widely differing economic problems and forging a coordinated response is therefore difficult. And, perhaps most problematic, domestic political stalemate in key countries in Europe as well as in Japan and the United States has created severe obstacles to effective global economic policy coordination. All this presents serious risks for the G-20 summit as an effective forum for global dialogue and decision-making.

## **Policy Considerations**

Under these circumstances, how should the leaders frame their future agenda to assure an effective G-20 summit? The leaders of the G-20 face three broad imperatives:

First, they need to keep their agenda focused on a few critical items. The tendency is to include ever more items since every leader is under pressure from multiple domestic and international interest groups to address their favorite issue. The fact that leaders issued three summit documents at the G-20 Cannes meeting in 2011—a declaration, a communiqué and

an action program—as well as nine annexes and 10 other reports is a sign of how crowded the agenda has become.

Second, the G-20 agenda needs to maintain continuity with the past and demonstrate follow-through on previous commitments, if the summits are to be seen as credible and effective.

Third, the G-20 agenda needs to focus on issues where leaders feel interested and challenged, on issues where they can make a difference, and on issues where it is critical that they learn about each other's perspectives.

Unfortunately, tensions arise between these three imperatives since legacy issues add to the breadth of the agenda and leaders will prefer to avoid being reminded of unfinished business. Moreover, each leader will want to add her or his priority to the agenda, even if the priority may not be of much interest to other countries. So keeping the summit agendas focused, effective and interesting to leaders will be a tough challenge.

### Action Items for the G-20

With these imperatives in mind, what should the G-20 leaders agree to as the key agenda priorities going forward?

1. The Mutual Assessment Process—the approach to international macroeconomic policy coordination agreed to by G-20 members at the Pittsburgh Summit in 2009—is perhaps the single most important item on the G-20 agenda for the leaders to focus on. It is a critical mechanism for sharing information and assuring accountability for the alignment of domestic policies in a difficult and potentially dangerous global economic environment.
2. The global financial regulatory framework needs continued attention, if a repeat of the 2008–09 global financial crisis is to be prevented. After good progress at the first few G-20 summits, it appears that further significant steps are stuck at the national level and have been superseded by a focus on short-term crisis management, especially in Europe.
3. The G-20 carbon fuel subsidy initiative could make a substantial contribution to controlling carbon emis-

sions and should clearly be carried forward, even though it will be politically difficult for some leaders to take forward in their home countries (Russia and the United States).

4. The G-20 must continue its push to contain trade protectionism. So far the world has been spared a significant rise in protectionism. However as economic crises, high unemployment and balance of payments difficulties continue in many countries, the pressure to introduce beggar-thy-neighbor policies will become ever stronger.
5. The G-20 should build on the Seoul Summit's development initiative. But here the challenge is to stay out of the weeds of excessive detail. Delivering on earlier commitments in the areas of infrastructure and agriculture and food security will be important, but beyond that the G-20 should primarily focus on issues of improved governance in the global development institutions.

Aside from these longer-term agenda items, each summit will have to confront key issues of the day. Just as the Cannes G-20 Summit agenda was overtaken by the European crisis, so will the upcoming Los Cabos Summit. By next year, there may well be another critical short-term issue, which the summit host will have to be ready to accommodate at short notice. This is as it should be since it is often the short-term crises where opportunities for a face-to-face exchange are critical and where the greatest progress can be made at summits, as the early G-20 summits have demonstrated.

Finally, one item that should not be on the G-20 agenda for the foreseeable future is the membership issue. While much debated among experts, it is difficult and divisive, and there are no simple answers. Hence, it would only distract leaders from the critical short- and longer-term issues they need to grapple with.

In conclusion, if the G-20 is to continue to contribute to effective global economic management, it needs a focused agenda that keeps leaders' attention on the critical longer-term issues, even as they grapple with the short-term crises of the day. The worst mistake would be to overload the agenda with ever new issues, forget to follow through on important past commitments, and deal with issues that are secondary yet divisive.