

The G-20 Seizure of Development: Inspiration, Vision and Action

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The G-20 will meet next in November in Seoul and Korea has made development a distinctive issue of this summit. This was an inspired proposal and nothing in the present agenda of the leaders is possibly more significant than this choice.

From 2000 onward, the G8 has invited an ever-increasing number of developing countries to its meetings and used its weight to advance progress on global poverty reduction. The 2005 G8 Gleneagles Summit in Scotland possibly marked the apogee of these efforts, where ambitious goals were agreed upon to increase levels of foreign aid and to secure broader and deeper debt relief. Significant steps forward have been made and traditional aid flows have risen 36 percent between 2004 and 2010.

Despite these efforts and progress, it became increasingly clear that both the G8 summit format and the development framework had to change dramatically. The financial crisis served as a catalyst and made the first change possible and urgent; the G-20 is by definition a more representative and more inclusive group than its older cousin. While the G-20 was initially focused on financial issues and will rightly pursue this agenda going forward, it is more than welcome that the G-20 summits broaden their mandate and specifically express interest in development.

This is particularly welcome under the Korean presidency since Korea really has a powerful message to share regarding development. There is no other country in the world, which was a poor and aid-receiving nation and in just a few decades turned itself into a powerful industrial economy and a donor country. This uniquely successful

experience deserves to be shared with other countries and the initiatives of the Korean presidency in this regard deserve to be strongly supported by other nations.

The G-20 must look beyond foreign assistance and embrace a broader development policy toolkit. For years, aid has been the most visible policy used to advance development and it certainly remains useful to initiate the first steps in development. However, development can no more be understood as it was in the past, as a transposition of western recipes. The prescriptive models, which have been used after the decolonization process, are of no help. "Trade, not aid" is an excessively restricted slogan and the developing world needs a more comprehensive agenda that incorporates all the lessons of recorded successes. And there is no nation better than Korea to help design this new framework.

The G-20 should be committed to assist developing countries in achieving their maximum growth potential. There is certainly no "one size fits all" solution to this equation; this is why the Korean presidency rightfully arranged the Development Working Group with a view to incorporate different constraints and visions and to make the best possible use in every nation of well-recognized successes, which initially developed within specific economic and political contexts. No broad intellectual consensus, no vision of development is useful if not focusing on the indigenous capacity-building of nations.

Given this diversity in the development landscape, the G-20 has to focus on its unique economic perspective and more precisely support existing initiatives, such as the U.N. Millennium Development

Goals. Development and growth fit well with the objectives of the G-20 because development and growth contribute to mitigating global imbalances. Rich economies are facing a long period of deleveraging; as a result, global demand will more significantly come from emerging markets, massive investments will be needed to increase the supply and transportation of commodities, and low-income countries—like many in Africa—will continue to diversify and enjoy an unprecedented growth. All of these trends are important contributions to solving global economic problems.

So doing, the G-20 format definitely contributes to enhancing the legitimacy of global summits of which the G7, G8 and G8+5 only delivered a few years ago in a diminished version. But nonetheless being a self-selected group, the question of legitimacy remains understandably raised by the 170 other countries not in the group. The addition of development to the agenda is a sure way to reach out to many non-G-20 countries and will be considered as a new stage in the G-20 evolutionary process. On the other hand, it is also important that the G-20 be able to deliver; it should avoid embracing too large of ambitions, but instead rely on its own comparative advantage, which means focusing on challenges that demand effective global collective action

It is clear in this regard that trade, investment, migration or environmental policies in industrialized countries all influence poor and intermediate countries and can either help or hinder development. It is important to recognize that in times of economic stress, every nation faces competing priorities under strong domestic political constraints. The business of the G-20 is to muster political support at the highest level. Maintaining an open environment for trade is among the most prominent contribution of the summits to supply global public goods. The spirit of international cooperation, which has been the most precious asset to avoid the transformation of the great recession into another great depression, should be extended to align national preferences and policies into supporting the world's poorest countries.

Should the G-20 take on every aspect of the previous priorities of the G8's development agenda? It can reasonably be argued that these issues, such as securing pledges to contribute greater amounts of foreign aid, be left to other forums; but it is not so easy to settle this issue. Due to the transformation of what we now understand about "development", this concept is no more the encapsulating concept it has been for decades in directing the policy of institutions managing foreign aid flows. Action has more and more evolved toward global policies defined by their sectoral dimension. And the result is sort of a chaos, uncertain junction or collision of independent initiatives, incorporating an increasing number of actors and producing high costs and high inefficiencies.

The problem is not new; it has been on the table at the OECD as well as at the United Nations, and a coordination procedure has even been adopted in the form of the Paris Declaration. Unfortunately, experience suggests that the fruits of this approach remain modest. It seems to practitioners that no one on the field is the principal actor. This produces a sense of irresponsibility and there is the danger of every institution setting up the flag. Private institutions are playing by their own rules, defining within themselves what is just and efficient, even if it is far from contributing to capacity-building. Too many resources, men and money are wasted in this process. Is it possible to improve the framework?

There is no clear and definitive recommendation to start this revision. One solution could be to reinforce the mandate of U.N. agencies, which could be given a stronger mandate for promoting a notion of general interest, for taking externalities into account and for defining aggregate objectives for different sectors like health and education. Foreign aid is no more considered as the only engine of development, but it remains important in many parts of the world in contributing to the basis of development. This is why the Development Working Group created by the Korean presidency could be mandated to make proposals so that a future G-20 summit could effectively deal with this huge and pressing challenge.