

The G20 Summit Was More Successful than You Think

Dirk Messner and Dennis Snower

Development Institute and Dennis Snower, President of the Kiel Institute for the Global Economy

We argue that the different results of the G20 Summit in Hamburg show what can be achieved under an insightful, competent, and globally-minded G20 Presidency, combined with a disciplined advisory process, drawing on the expertise of leading G20 think tanks and other research organizations—even in times of turbulent global governance and uneasy multilateralism. An effective global order needs to be built not only on intergovernmental cooperation, but also on dense and growing networks and alliances between G20 societies, which might help to contribute developing joint interests and narratives on global governance in an economically, technologically, ecologically highly integrated, but socially and politically still very fragmented world. The T20 might play a substantial role in those regards.

The G20 Summit 2017 has set the stage for important multilateral achievements in the future, thanks to Chancellor Merkel's strength of purpose and the wide-ranging efforts of her G20 team.

This message is even more important in times of turbulent global governance politics. The German government had developed an ambitious G20 Agenda for its presidency that did not adequately take into account the possibility of Donald Trump moving into the White House. Instead of building alliances for a renewed multilateralism with a Hillary Clinton-led government, the German G20 presidency was suddenly confronted with a new leader of the Western world challenging some basic premises of the global international system. During the G7 summit 2017, which took place in May in Taormina Italy, President Trump sketched some elements of his 'America First' thinking. The U.S. approach included: shrinking the U.S. investments for the United Nations system; possibly, leaving the Paris Agreement on Climate Change (the announcement for withdrawal occurred on June 1, 2017); threatening free trade institutions and policies; and pressing for a strong role for international financial markets. The worst case for the Summit in Hamburg would have been: President Trump building alliances within the G20; challenging and damaging already achieved progresses of the G20—a G0 approach instead of a G20 one. The Hamburg Summit was therefore not only a gathering of world leaders to address current global governance challenges. It was a Summit about the future of the G20 and global governance itself.

The good news is that President Trump was not capable, not prepared, or not interested in building anti-G20 alliances with other 'Our Country First' leaders within the G20. Flexible cooperation between the German government, European countries, Canada, Japan, and several emerging powers avoided such a scenario and even led to some substantial achievements in the G20 declaration of the Hamburg Summit. Apparently fragile

multilateralism and waves of nationalism around the world, including G20 countries, currently can still go hand-in-hand with progress in strategic thinking on global governance within the G20.

Specifically, there have been three major achievements that deserve further attention by researchers and policy-makers, which are even more important, considering the overall challenging global political environment.

The first concerns the purpose of the G20.

The traditional focus of the G20 was on economic growth and financial stability. This focus led to major G20 initiatives to overcome the global financial crisis of 2008. Since then, economic growth has remained low, while steady progress has been made towards achieving greater global financial stability. However, a variety of environmental and social problems have become increasingly important since then. In particular, there is a widespread recognition that the nations of the world, as a whole, must make progress in stopping climate change. Beyond this, there are other drivers of Earth system changes: overcoming inequalities and pockets of poverty; addressing the consequences of weakened social communities in the face of globalization and technological change; and a sense of disempowerment in the presence of automation and digitalization.

It is important, therefore, to recognize that the underlying purpose of the G20 is to satisfy human needs worldwide, starting with the needs of the neediest people. Promoting economic growth and financial stability are simply means towards an end. Human needs cannot be addressed exclusively through the promotion of material prosperity. Attention must also be given to social and environmental problems. As a result of these issues it is unsurprising that the motto of the T20 Summit in Germany was “re-coupling the world,” emphasizing the importance of re-coupling social progress with economic progress in the context of G20 negotiations.

This wider underlying purpose of the G20 is recognized in the Preamble of the G20 Leaders Declaration:

We, the Leaders of the G20, met in Hamburg . . . to address major global economic challenges and to contribute to prosperity and well-being. . . Progressing our joint objective in the G20 – strong, sustainable, balanced and inclusive growth – remains our highest priority. The G20 is determined to shape globalization to benefit all people.

This framing has been supported by the following T20 Policy Briefs:

- Kelly and Sheppard, “Realigning business, economies and society”
- Snower, “Beyond Capital and Wealth: Challenges of the G20
- Anheier, et al. “Civil society challenged: towards an enabling policy environment”
- Cleary, “Reconceptualizing transnational governance: making global institutions fit for purpose”
- Samans and Davis, “Advancing Human-centered Economic Progress in the Fourth Industrial Revolution”
- Wallis, “Creating a future where all are valuable – a new narrative for the richer countries in the world”

- Vision 20 Working Group—2017, “Empower, include and inspire: G20 public leadership to advance responsibility, resilience and sustainability for a fair global economy”
- Boarini, et al., “Reducing inequalities in strengthening social cohesion through inclusive growth: a roadmap for action”

It is hard to overestimate the importance of this shift in the ultimate purpose of the G20, since it provides a frame of reference for many of the most important G20 initiatives. For example, the promotion of global supply chains alongside the promotion of international trade used to be seen as an end in itself for the G20. In the German G20 Leaders’ Declaration, by contrast, these supply chains are seen as a means for satisfying human needs and promoting environmental sustainability:

In order to achieve sustainable and inclusive supply chains, we commit to fostering the implementation of labor, social and environmental standards and human rights in line with internationally recognized frameworks, such as the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Evaluating international trade and global supply chains with reference to labor, social and environmental standards and human rights was considered taboo, previously, due to the dangers posed by stagnant growth and protectionism. Now these dangers are acknowledged, but do not stand in the way of a human wellbeing-based approach to trade negotiations.

Without this shift in the underlying purpose of the G20, it would’ve been impossible to acknowledge that the G20 has a central role to play in the implementation of the 2030 Agenda and its Sustainable Development Goals. In the words of the G20 Leaders Declaration:

The adoption of the 2030 Agenda represented a milestone towards global sustainable development. We call on countries to work with stakeholders to strive towards its ambitious and integrated implementation and timely realization in accordance with national circumstances. We commit to further align our actions with the 2030 Agenda for Sustainable Development”. Furthermore, the G20 commits itself to monitoring progress in this regard: “The Annual Progress Report documents for the first-time progress in selected prior G20 commitments on the implementation of the 2030 Agenda.

The second major achievement of the G20 Summit 2017 is a new governance and decision-making modus operandi within the G20

This new governance decision-making modus operandi is implicit in the G20s treatment of climate action. In the past, the G20 was committed to declarations produced through consensus. This meant that each G20 member had, in effect, veto power over the G20 recommendations. By implication, the decision of the U.S. government to withdraw from the Paris Climate Change Agreement, for example, would have meant that climate action could not be given serious attention in the Leaders’ Declaration. The G20 Summit declaration departed from this convention through the following statement:

The Leaders of the other G20 member states that the Paris Agreement is irreversible. We reiterate the importance of fulfilling the UNFCCC commitments by developed countries in providing means of implementation including financial resources to assist developing

countries with respect to both mitigation and adaptation actions in line with Paris outcomes. . .

This means that the agreement by 19 of the G20 members is highlighted and given policy importance in the G20 context. In particular, the 19-members that have agreed to climate action can expect to remain accountable in this regard. As a result, the G20 Leaders' policy commitments will help strengthen global social norms to stop climate change.

The following T20 Policy Briefs and related reports support progress on climate action, consonant with the G20 Leaders' Declaration:

- Dao Nguyen, et al. "Policy options for a socially balanced climate policy"
- Bhandari, et al. "A decentralized, consumer-driven model for the solar ecosystem"
- German Advisory Counselor on Global Change, "Development and justice through transformation"

Freeing the G20 from exclusive reliance on consensual agreements has important implications for many other areas of G20 policy in the future, including for example digital security and the circular economy.

In the short run, this could have important implications for the G20 trade agenda. In the words of the declaration, "We will keep markets open noting the importance of reciprocal and mutually advantageous trade and investment frameworks and the principle of nondiscrimination, and continue to fight protectionism including all unfair trade practices recognize the role of legitimate trade defense instruments in this regard."

Though individual countries may engage in protectionist actions, the other G20 will continue to be committed to free trade and thereby the danger of trade wars is significantly reduced.

The following T20 Policy Briefs support this effort:

- Berger, et al. "Fostering the sustainability of global value chains"
- Alexander, et al. "Coherent G20 policies towards the 2030 agenda for sustainable development"

Finally, the third major achievement of this G20 Summit is to be found in a large number of detailed agreements.

These detailed agreements have received relatively little mention in the discussions among G20 leaders. These include the following examples: "We will strive to ensure that all our citizens are digitally connected by 2025 and especially welcome infrastructure development in low-income countries in that regard. We will promote digital literacy and digital skills in all forms of education and life-long learning." This is an important basis on which much future policymaking in the G20 countries can be built.

This proposal is supported by the following T20 Policy Briefs:

- Frey, "The future of jobs and growth: making the digital revolution work for the many"
- Chetty, et al., "Bridging the digital divide: measuring digital literacy"
- Aneja, et al., "Bridging the digital divide: skills for the new age"

"We are committed to help ensure a secure [Information and Communications Technology] ICT environment in which all sectors are able

to enjoy its benefits and reaffirm the importance of collectively addressing issues of security and the use of ICTs.”

This proposal is supported by the following T20 policy briefs:

- Carin, “G20 safeguards vulnerabilities of Digital economy, with financial sector focus”
- Twomey, “Addressing market failures to improve the health of the digital infrastructure”
- Maurer and Nyikos, “Towards a global norm against manipulating the integrity of financial data”
- Maupin, “The G20 countries should engage with block chain technologies to build an inclusive, transparent and accountable digital economy for all”

“We welcome international cooperation on the development, deployment and commercialization of sustainable and clean energy technologies and support financing by Multilateral Development Banks to promote universal access to affordable, reliable, sustainable and clean energy.”

This proposal builds on the following T20 Policy Brief:

- Bak, et al. “Towards a comprehensive approach to climate policy, sustainable infrastructure and finance”

“We remain collectively committed to mitigate greenhouse gas emissions through, among others, increased innovation on sustainable and clean energies and energy efficiency, and work towards low greenhouse-gas emission energy systems.”

This proposal is supported by the following T20 Policy Brief:

- Colombier, et al. “Establishing an expert advisory commission to assist the G20’s energy transformation processes”

“In order to achieve food security, we are committed to increase agricultural productivity and resilience in a sustainable manner, while aiming to protect, manage and use efficiently water and water-related ecosystems.”

The following T20 Policy Briefs support this effort:

- Gulati, et al., “Targeting G20 investments in agriculture to end rural hunger”
- Gulati, et al., “Key policy actions for sustainable land and water used to serve people”

“We support those countries that choose to develop pathways for migration, underline the importance of nationally determined integration and endorse the G20 Policy Practices for the Fair and Effective Labor Market Integration of Regular Migrants and Recognized Refugees.”

This effort is supported by the following T20 Policy Brief:

- Kadkoy, et al., “Forced migrants: labor market integration and entrepreneurship”
- Bislimi, et al., “Education and skills development in the context of forced migration”
- Luecke, et al., “More financial burden-sharing for developing countries that host refugees”
- Khasru, et al., “The G20 countries should assume leadership of the forced migration crisis and mitigate the deficiencies of the existing governance system”

“We launch the G20 Africa Partnership in recognition of the opportunities and challenges in African countries as well as the goals of the 2030 Agenda.”

The following T20 Policy Briefs pursue this purpose:

- Gyimah, et al., “G20 and Africa: sectoral policies and delivering on African citizens demands”
- Gobbelaar, et al., “G20 in Africa: ready for a steady partnership?”

All these statements and initiatives, as well as others mentioned in the G20 Leaders’ Declaration, show what can be achieved under an insightful, competent, and globally-minded G20 Presidency, combined with a disciplined advisory process, drawing on the expertise of leading G20 think tanks and other research organizations - even in times of turbulent global governance and uneasy multilateralism. In the presence of a highly contested policy environment, however, the ultimate importance of these initiatives depends crucially on their implementation in subsequent years. On this account, advocacy, monitoring and evaluation of the implementation process associated with the G20 commitments becomes essential in preserving the effectiveness of this forum for global governance. And in times of fragile multilateralism, dense and growing networks and alliances between G20 societies might become an even more important element in order to develop joint interests and narratives. These joint interests and narratives can assist significantly in global cooperation in an economically, technologically, ecologically highly integrated, but socially and politically still very fragmented world. The T20 might well turn out to play a substantial role in those regards.