COMMENTARY
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# KEY POINTS

- **The Australian presidency of the G20 brought a more streamlined agenda that was focused primarily on economic issues.**
- **The leaders at the Brisbane summit articulated a list of measures that, if fully implemented, have the potential to boost world growth by over two percent and create millions of jobs.**
- **The real question is whether leaders will be able to deliver on their commitments; otherwise the G20's credibility will take another hit.**

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# IF FULLY IMPLEMENTED...

The ninth summit meeting of leaders of the G20 has now concluded in Brisbane, Australia. Many observers saw this meeting as a critical test of whether the G20 could continue to show leadership of the global economy. Following the G20's recognized success at its first two meetings in halting the slide of the world economy into an even more serious crisis, many commentators have observed that more recently, the G20 appeared to have lost its way.

For some, this was seen as inevitable as the immediacy of the global economic crisis faded and as domestic issues trumped global economic concerns. For others, this was a matter of concern, as the G20 is seen as the only body currently capable of providing leadership on many of the global issues confronting the world today. Progress on these issues depends upon collective action by the globe's leaders.

Australian Prime Minister Tony Abbott shares this latter view and, as chair for the 2014 G20, pushed hard for his desire to streamline the agenda and focus primarily on economic issues. In particular, Australia advocated for a commitment to a specific objective of elevating global growth by two percent over the next five years, with each country specifying the actions they would take to achieve this goal.

Since its inception at the leaders' level six years ago, the G20 has spawned work in many international fora on a myriad of issues. Each summit is now replete with detailed reporting on how this work has progressed, and each communiqué (which now spans thousands of words) reports on the progress made over the preceding year.

This year is no exception, with reports on the progress of the Financial Stability Board's work in addressing financial institutions considered "too big to fail" to avoid future taxpayer hits; further efforts to enhance cooperation on exchange of tax information to tackle individual and corporate tax evasion; efforts to enhance infrastructure investment; giving a boost to efforts to conclude plurilateral and multilateral trade agreements; strengthening efforts to combat corruption; and a myriad of other topics.

This work should not be minimized. It represents the efforts of a great many hours of work and real progress in many of these areas. The annual G20 summit is a "forcing" event in that the various fora following up in these areas are required to meet a reporting deadline — without which, progress might not register at all. But these are not the issues that leaders are directly engaged with at the summit.

At the London summit in 2008, leaders discussed specific issues and rewrote the communiqué themselves. The end result was a product that reflected their direct input and in which the world could see, and believe, their personal and collective commitment to follow through. This is what many have seen as missing from the more recent summits.

The Australian presidency sought to change this by focusing on a headline message — economic growth with specific measures — and by a short three-page communiqué that was meant to provide a simple and clear message.

The G20 has articulated a list of over 800 measures that have the potential to boost world growth by over two percent and create millions of jobs, according to analysis by the Organisation for Economic Co-operation and Development (OECD) and International Monetary Fund (IMF), but their message was also that many of these measures will be difficult to implement. Hence, their qualification — *if implemented fully*.

And so, the test is not whether the measures have been identified — they have. In 2010 the IMF identified a number of measures that, if implemented fully, were forecast to have raised growth by 2.5 percent. However, these were largely ignored and the resulting world economic performance has been even worse than the IMF's downside forecast at that time. The charitable explanation as to why the measures were not implemented is that they did not come from the countries themselves, and lacked political screening and commitment.

This time is different. The countries have advanced the proposed measures, so presumably there is ownership this time around. The real test is whether the G20 leaders can be convincing in demonstrating the political resolve to follow through, whether there is sufficient detail in the commitments made to be credible and whether effective monitoring is put into place so that the next summit can measure progress and take corrective action if necessary.

An early test will come when the IMF and OECD next revise their growth forecasts. If they believe there is sufficient credibility with implementation, then their growth forecasts should rise. If not, we will know that the communiqué was little more than rhetoric and the G20 credibility will have taken another hit.



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