

A US\$24b summit about a staircase: lessons for Germany and the 2017 G20 leaders

Written by Tristram Sainsbury, Visiting Fellow, Kiel Institute for the World Economy

Despite China's efforts, the 2016 G20 summit will probably be remembered for poor communications and a lack of action. Of the numerous attempts to summarise the sentiments from Hangzhou, it is pretty tough to top [this beauty](#) from Twitter user China Daily Show:

The sense of disappointment was not just expressed via Twitter. At her post-summit press conference, IMF managing director Christine Lagarde was asked what its highlight was. She said it was the ballet.

It may not have been coordinated fiscal stimulus, or the forceful, comprehensive and well-communicated actions that both [Lagarde personally](#) and [the IMF](#) argued for, but it was cool. In the words of Kevin Carmichael from the Centre for International Governance Innovation, [this reflects](#) how Hangzhou was a missed opportunity to do something meaningful for the economy in the short term.

My [own immediate take](#) was that the summit was a big show – but not a smooth one – and that unfortunately it will further cement the G20's reputation as a “talk shop”. The narrative about the G20 as “good during the crisis” but less relevant over time will persist.

Tom Bernes, also from the Centre for International Governance Innovation, rightly questions how many leaders would have actually read the impenetrable nine-page, 48-paragraph and 7,000-word communique, let alone any of the hundred documents listed in the annexe.

Long-time G20 optimist Colin Bradford [was bewildered](#) by the outcomes on development. This was supposed to be one of China's key priorities, in terms of inviting developing countries to the table and making real advances on the UN Sustainable Development Goals and “inclusive” growth. But China will be remembered for the symbolism of inviting the greatest number of developing countries in the forum's short history, rather than for substantive efforts to support the many striving to get out of poverty or achieve middle-income status.

Even the University of Toronto's John Kirton, another G20 optimist, [cautioned that](#) leaders had stopped short of making Hangzhou a summit of strong success, let alone the historic one the

global community needs at this time.

The G20's lack of leadership will continue to contribute to the current global economic problems of low growth, high unemployment, a corporate sector unwilling to invest, persistent and unresolved inequalities and mounting risks. We should expect further downgrades in economic forecasts.

In the weeks, months and years ahead, there are sure to be many more interpretations and dissections of what happened in Hangzhou. But three issues already seem to be critical.

First, leaders have lost track of the G20 architecture and political messaging. Second, geopolitical challenges and domestic politics are overwhelming the bigger picture. Third, government analysts are misreading the sense of urgency required to manage the current economic situation and risks. Brexit should have been a wake-up call for the G20.

Lessons for Germany

What does this all mean for Germany, the 2017 host? The G20 plays an important role in several key cross-border economic spaces, and positive outcomes from the G20 in recent years should be the foundation for the G20 in 2017. In particular, the financial system has proven robust during recent bouts of financial instability, while governments continue to make important progress on tax, financial regulation, anti-corruption measures and the international financial architecture.

The next round of IMF reform quota and governance negotiations is also due to conclude by the IMF-World Bank annual meetings in October 2017. Emerging market economies remain underrepresented at the IMF and other institutions of global economic governance, and discussions that progress a longer-term IMF reform process cannot be ignored.

Noe Van Hulst, ambassador to the Netherlands at the OECD, [highlights](#) a subtle shift in emphasis towards medium and long-term structural economic policies and away from the austerity doctrine. How this debate evolves in Germany, which has been among the strongest in opposing more active fiscal policy, will be worth watching.

A US\$24b summit about a staircase: lessons for Germany and the 2017 G20 leaders

Written by Tristram Sainsbury, Visiting Fellow, Kiel Institute for the World Economy

Aside from economic fundamentals, one discrete, concrete policy space already stands out. Germany has nominated migration as a G20 priority. Hugh Jorgenson and I [have argued](#) recently that the G20 needs to be very strategic if it is to add value in this complex and politically charged space.

But the key challenge for 2017 will be to restore a sense of efficiency and effectiveness to G20 discussions. The G20 needs to be far clearer and more robust in its communications than it was in Hangzhou. Germany will need to define its priorities and downplay less productive areas for G20 discussion, even if this is unpopular with some countries. Leaders will also need to stamp a direct footprint in Hamburg.

Tristram Sainsbury is Research Fellow and Project Director, G20 Studies Centre, Lowy Institute for International Policy. Funding for the G20 Studies Centre is provided by the Australian government. He is a visiting fellow at the Chongyang Institute for Financial Studies, Renmin University of China, and a visiting fellow at the Kiel Institute for the World Economy.

Authors: Tristram Sainsbury, Visiting Fellow, Kiel Institute for the World Economy

Read more <http://theconversation.com/a-us-24b-summit-about-a-staircase-lessons-for-germany-and-the-2017-g20-leaders-64874>