Is G20-led Multilateralism Reaching Its Limits?

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I Is G20-led Multilateralism Reaching Its Limits?

In the Western tradition, crises beget institutions; in other traditions they bring about consolidation of power by charismatic leaders. From the Concert of Nations to the Bretton Woods agreements, each time European states survived a major crisis they sought to establish new institutions, with formal rules intended to smooth over differences, set procedures and open new opportunities for progress.[1] These institutions would dress the influence of the dominant player, frequently the victorious power, in the clothes of a benign leader surrounded by technocratic experts. Modern Chinese history is different. In the Chinese experience, dramatic events call forth strong national leaders rather than institutions. Russia has been vacillating over the last 200 years between joining European bodies and practicing ruthless authoritarianism. Russia was present at the creation of every major international institution, till it quit or was booted out. Recently, it does not feel it has much to show for its participation in multilateral bodies. Given these divergent traditions, recent events have led to predictable responses. When the world was shocked by the attack on the World Trade Center towers, the “West” resorted to coalitions; in the “East,” the rulers offered personal assurances to their respective populations. When the world financial crisis hit the major markets, the US, Germany and the UK invested political capital in the first relevant collective body, the G20, while the leaders of Saudi Arabia, Russia, China, India and Turkey consolidated power and thus reassured their stakeholders that the crisis would be overcome.

The G20 has been trying to have it both ways: It is an expert-driven body for those who are comfortable with such a notion, and it is a gathering of “leaders” for those who personalize power. In 2017, the two camps are finding that they are not that different from each other. In the West, the belief in charismatic leaders and skepticism about institutions, especially multilateral ones, have been on the rise, while China and Russia are building various regional organizations, from the Shanghai Cooperation Council to the Eurasia Economic Union to new development finance banks. The particular form of multilateralism embodied by the G20 has turned out to be highly flexible and may yet prove essential for global economic growth. This paper argues that it is worth preserving and therefore it is important to undertake a roots-and-branches pruning of the G20 structure.

II Who Are the G20 Today?

The leaders of the 19 largest national economies of the world plus the European Union and the international financial institutions have sustained their membership in the G20 as a unique club that has no firm rules, membership fees or even place of residence.[2] They are not bound by a convention or even by-laws. Any newly elected government, be it the Trump Administration or the Macron Republic, is immediately confronted with a packed calendar of international meetings prepared by its predecessor together with the rotating chair of the G20. Whether one believes in it or not, one has to show up, and check out the shoes left by his or her predecessor. Ostensibly, the

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1 “Total war had lent prestige to those civil servants who had organized the supplies, communications, and fuel without which the fighting itself would have been impossible. It had produced new forms of wartime cooperation, such as the Allied Maritime Transport Council, an unglamorous body for the coordination of shipping that exemplified an international executive run not by diplomats by experts.” Mark Mazower, Governing the World: The History of an Idea, 1815 to The Present, p.143.

2 The clearest authoritative guide to all the standing groupings of countries can be found here: http://www.imf.org/en/About/Factsheets/A-Guide-to-Committees-Groups-and-Clubs#G20.

principals are committed to only one thing: an annual ritual of having face time with each other. Therefore, the G20 is conceived as a top-down process. To keep the leaders engaged, a whole machinery of sherpas, ministerial staff, task forces and international organizations has emerged.

In 2017, the G20 Summit in Hamburg presented a novel experience for all concerned. Continuing political shifts are a lagging indicator that not all is fine in this, the best of all worlds. The recent political winds have cracked the comfortable carapace of verbiage that for years obscured and constrained the functioning of many top-level political forums, such as the G7 and the G20. The talk about shared values and visions is peeling off, to reveal the hard core of these institutions, which have emerged to establish the soft law of global economic norms. On immediate practical issues, from continuing “easy money” policies to confronting epidemics, there was a meeting of the minds. On the issues that have become politicized and reduced to buzzwords, or elevated to articles of faith, like “combating climate change” or “free trade,” the delegations ended up squandering political capital. For the institutions at the table – the European Union, IMF and World Bank – the spectacle was especially painful, since they could see how the same tensions could play out within these bodies, which are dominated by the same national politicians. Uniquely among the members of the G20, the European Union is awkwardly represented by two appointed officials and also indirectly by the other European leaders at the table *sans* UK, which does not project the image of stability and leadership potential. On the road to Hamburg, the G20 looked exceeding fragile. Before the Hamburg Summit, the frequently discussed alternative to the G20 was a G2, or even G1. However, a more likely and fraught alternative to the G20 may be a total and chaotic collapse of international economic cooperation. The many critics of the G20, both inside the hall and protesting out in the streets, need to keep this in mind.

A decade into its current incarnation, the G20’s record is that of failed foresight and successful emergency measures. Created to sort out the Asian currency crisis, it proceeded to miss the risks building up in the global financial system. However, when the crisis hit in the wake of the Lehman Brothers collapse, the G20 proved essential and effective. It coordinated emergency steps that have softened the blow and set the path towards restoring a large measure of confidence. That was then. For stakeholders today, it is important to debate what the G20 instrument is now, and what it should be.

III What Do They Do Together?

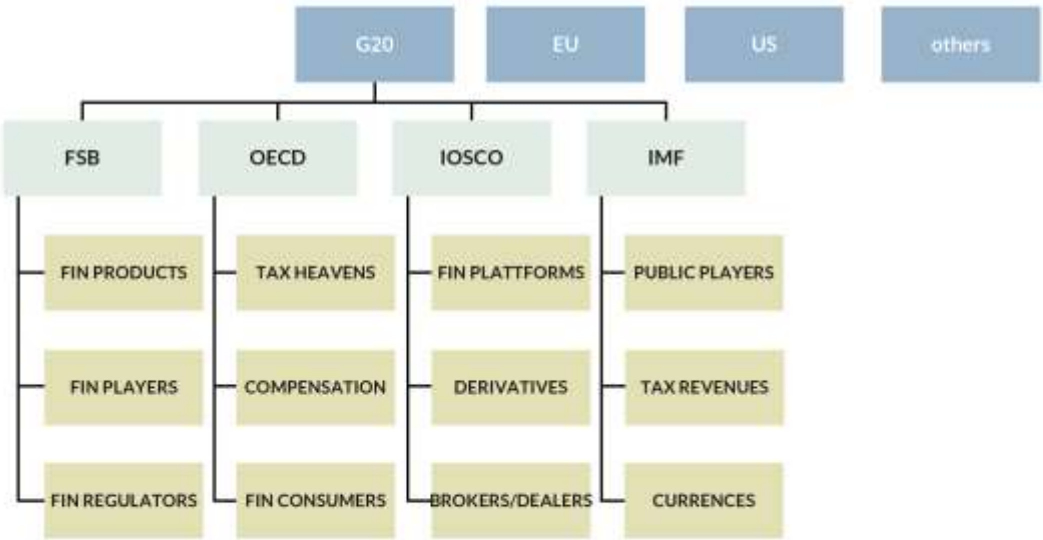
Conjured up as the crisis management committee to hold the world economies together after the financial meltdown, the G20 continues to play that role. Unfortunately, it is not the only thing that it does. The G20 is also becoming a show in search of an audience.

The current function of the G20 is to offer a visual spectacle of global political leadership, which should give comfort to the markets and other stakeholders in times of economic turmoil. As long as the family photo shows, together, the main global creditors and borrowers, the currency emitters and the main currency hoarders, the largest buyers and largest sellers of goods and services, the world can take heart. The 2017 Hamburg Summit is a perfect case in point: Despite the protests outside and the disagreements inside, the photo came out just fine and the markets stayed calm.

As initially set up, the G20 reflected the 2008–2009 analysis of the causes of the crisis, and the tools needed to avoid a devastating global depression. The risks were catalogued and the players asked to handle them with all the resources – and all the imagination – they possessed. In its finance-focused design, it reflected the assessment of the risks lurking in the system, and the centers of competence to address them. Since the risks were financial, so were the responses: Financial products, actors, stock exchanges, transactions, consumers and regulators needed to be looked at through the prism of what else could go wrong. The best ideas had to be presented to the political leaders. Speedy decision-making was essential. The policy makers had to make dramatic decisions faster than the markets, and with the explicit purpose of restoring confidence in the markets. Given the global nature of capital markets, the governments needed each other to act together as much as possible.

As politicians were “staring into the abyss,” the US and EU quickly established the institutional architecture of the G20:

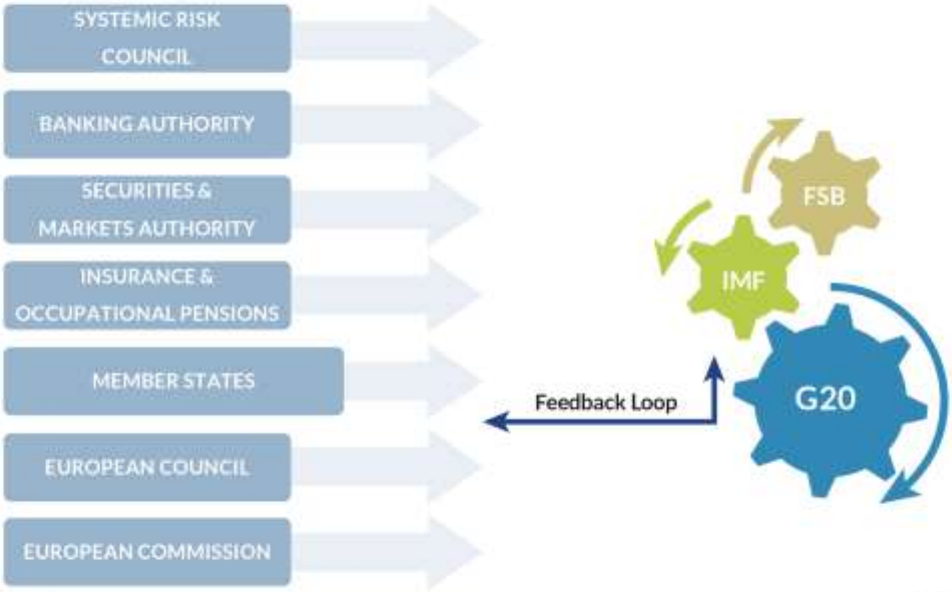
The G20: Gears and cogs



Source: author's own diagram. | BertelsmannStiftung

This financial track that started the G20 remains somewhat independent of the G20 Summit: It includes central banks, ministers of finance, market regulators and the IMF. This track meets at least twice a year at a senior level. Given the centrality of the financial track, it has dedicated sherpas who are typically ensconced within the ministries of finance. The predominance of the US dollar and US-based derivatives made it only natural that the US would enjoy a clear and welcome leadership role in the G20 process. At the outset, the Eurozone was still somewhat complacent. As the crisis of private finance morphed into a crisis of public debt, the Eurozone became much more cognizant of its vulnerability and the potential for social and political upheavals. From the European perspective at the time, the cogs and wheels of engagement with the financial track alone could be schematically presented as follows:

The G20: Links to EU



Source: author's own diagram.

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The picture became much more complex as the EU, Eurozone, ECB, IMF and Germany were knitting together a structure to address the member-state level fall-out from the financial crisis while playing an intermittently important role within the G20 itself.

By 2011, the G20 focus shifted to prospective risks and a search for policies that would produce lasting economic growth. The tool for that was proposed by the IMF *inter alia* in the form of a mutual assessment process:

Summary of the G20 MAP Process

Feedback Loop

- Action-oriented vehicle–created from the crucibble of the crisis
- Followed a remarkable period of global cooperation (e.g., London G20 meetings)

Key Motivation

- Adressing global fault lines from crisis to recovery
- Maintaining a spirit of collective action

Contours

- The process sought to identify a set of policies to deliver on the growth objektives
- Accountability framework–enforcement through peer review

Evolution

- Greater focus on „external sustainability" and imbalances
- Indentify key imbalances, root causes, policies (country-specific analysis)

Source: IMF Research Department (2012).
https://www.imf.org/About/Factsheets/Sheets/2016/07/27/15/48/G20-Mutual-Assessment-Process-MAP?pdf=1

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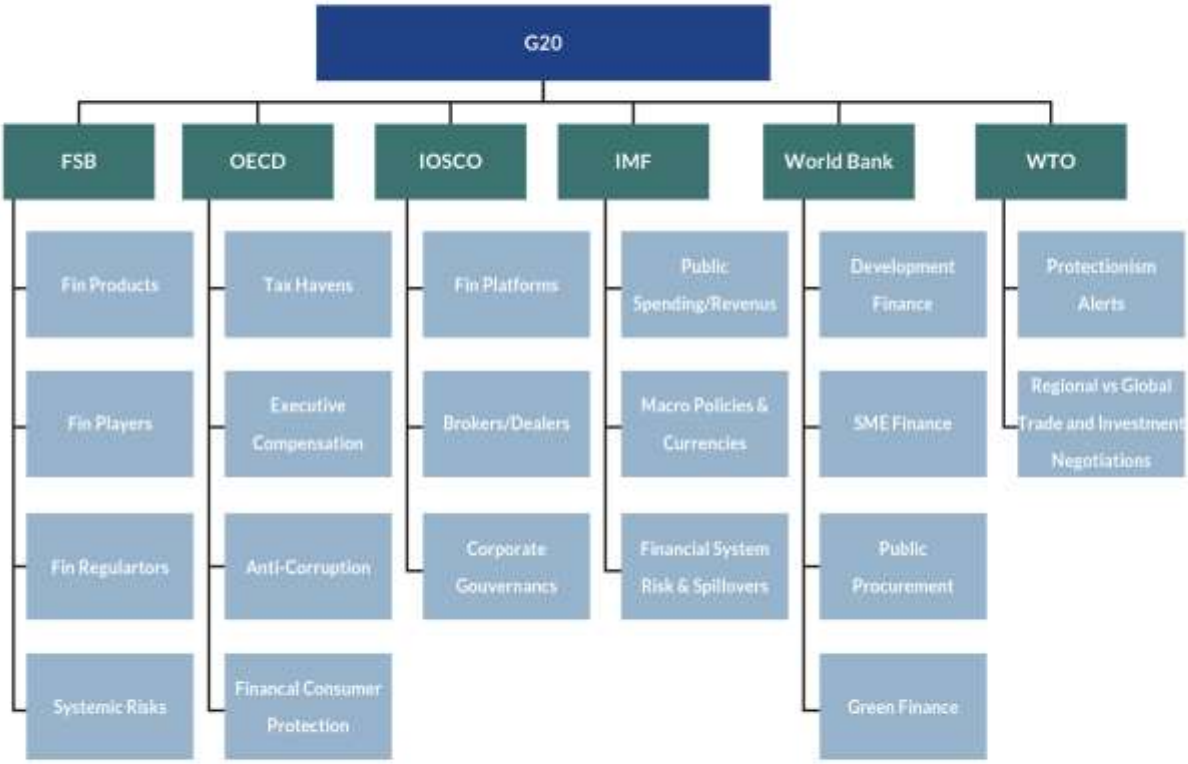
This tool has been confirmed by the 2017 Hamburg Summit as a "member-led member-owned peer review mechanism."[3]

The shift towards the growth objectives was much needed as a confidence signal to the markets. Yet it opened the cracks for every interest group to insert their particular agenda items. The concept of a rotating presidency, which was initially a barrier against over-institutionalizing the G20, became its own opposite since it invited every new chair to look for ideas to leave its own mark.[4] While the US and the Eurozone continued their dogged pursuit of financial risks, and ways to moderate them, other members of the club felt that they had the leave to engage in other matters. The business community, and especially companies with global value chains, noticed that the process was expanding and beginning to touch their operations in many unexpected ways, far beyond the initial basic issue of access to credit or, as some observers put it at the time, Main Street vs. Wall Street. Business looked at the G20 process as a novel policy cascade that created soft law emanating from the lofty G20 Summit and turning into a regulatory flood in some welcoming terrains.

The G20: Policy cascade



Source: Policy cascade (2013).

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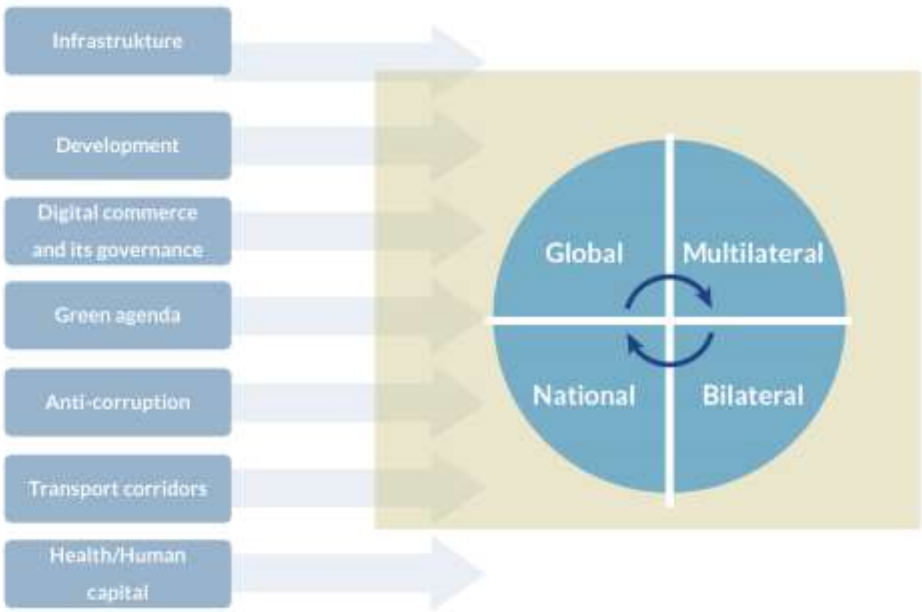
[3] In G20-speak, the authors now have to clarify, without any irony, that this "member-owned" review is based "on the use of indicators developed under the Enhanced Structural Reform Agenda, an assessment by the International Monetary Fund (IMF), the OECD and the World Bank Group (WBG)." G20 Hamburg Action Plan. https://www.g20.org/Content/DE/_Anlagen/G7_G20/2017-g20-hamburg-action-plan-en.html?nn=2186554.

[4] "At the end of the day, it is politicians who set the ground rules that determine the economy's fortunes – in their fiscal and labor market policies, say, but also in competition policy or investment in education and research. All these factors impact on economic growth and on real earnings, too, which are the source of savings." Andreas Dombret, member of the executive board of the Deutsche Bank, February 26, 2015.

Within a few years, every rotating presidency added its own flavor, frequently dictated by the electoral calendar. Here, for example, is how policy priorities looked to business on the eve of China's presidency in late 2015:

Where will China G20 make its mark?



Source: US Chamber of Commerce.

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In this context, the US leadership was less relevant – the machinery shifted towards playing up to national audiences.

The G20 sherpas realized they were no longer responsible for the global economy but for the political messaging of the host nation, and also for that of their respective governments. The language of the communiqués was getting lengthier; it shifted from decisions to hortatory calls, all sorts of taskings to other international institutions, reports, bench-marking and fact-finding exercises. As an example, one can take a look at the title of and list of abbreviations in one of the numerous G20-commissioned reports from last year: *Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries, Prepared for Submission to G20 Finance Ministers, July 2016, International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), United Nations (UN), World Bank Group (WBG).* The otherwise thoughtful report begins with:

Acronyms

AEOI	Automatic Exchange of Information	ODA	Official Development Assistance
ATAF	African Tax Administration Forum	OECD	Organisation for Economic Co-operation an De-velopment
ATAIC	Association of Tax Administrations in Islamic Countries	PITAA	Pacific Islands Tax Administrators Association
ATI	Addis Tax Initiative	PCT	Platform for Collaboration on Tax
BEPS	Base Erosion and Profit Shifting	RA-FIT	Revenue Administration's Fiscal Information Tool
CATA	Commenwealth Association of Tax Administrators	RTO	Regional Tax Organization
CIAT	Inter-American Center of Tax Administration	SARA	Semi-Autonomous Revenue Authority
CD	Capacity Development	SDGs	Sustainable Development Goals
CREDAF	Centre de rencontres et d'études des dirigeants des administrations fiscales	SGATAR	Study Group on Asian Tax Administration an Research
DAC	Development Assistance Committee	TA	Technical assistance
DRM	Domestic resource mobilization	TADAT	Tax Administration Diagnostic Tool
FARI	Fiscal Analysis for the resource Industrie	TPA-TTF	Tax Policy and Administration Topical Trust Fund
FTA	Forum on Tax Administration	TIWB	Tax Inspectors Without Borders
IMF	International Monetary Fund	UN	United Nations
IOs	International Organizations joined in the Platform for Collaboration on Tax: the IMF, OECD, UN and WBG	UNDP	United Nations Development Programme
IOTA	Intra-European Organisation of Tax Administrations	WBG	World Bank
ISORA	International Survey of Revenue Administrations		

Source: author.

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Once national political discourse seeps into the G20 process, it is difficult to push it back out. One can justify anything on the grounds that it helps, or hurts, economic growth prospects and therefore should be put on the G20 agenda. The mission creep of the forum means that it brings into the discussion more political issues derived from national partisan battles, which threatens to undermine the G20's capacity to address its core mission.[5] It is one thing to use G20 meetings to probe new ideas on the margins, and another to spend precious time together on discussions of the specific language of public communiqués on these issues. Is it really necessary for the G20 political leaders to tell each other how they see the development of SMEs in their countries? SMEs did not cause the financial crisis, nor will they pull the world out of it. Are the G20 gatherings the right occasion to opine at regular intervals on climate change when the UN has an established forum and painfully negotiated process for just that purpose? One can even make the case that the G20 is not the place to rehash old or launch new discussions about issues squarely in the competence of the WTO. For example, reflecting its internal frustrations, the EU went into the 2017 Hamburg Summit with a nine-point statement that *inter alia* repeated calls for "open and fair" trade, threatened retaliation against protectionism, called for revisiting how globalization impacts people, indicated that the private sector be held responsible for the fall-out from globalization, demanded that the G20 somehow "empower" workers and extolled the benefits of a global economy for all – within one pregnant paragraph.[6] It is difficult to imagine the G20 heads of state engaging in a productive discussion of such inconsistent messages, especially since some of the G20 leaders

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5 For the sheer ambition of the G20 technocrats, look no further than the national comprehensive growth strategies that each of the G20 countries was compelled to submit in 2014, and had reviewed in 2015. As one example, here is the link to Saudi Arabia's strategy:

http://g20.org.tr/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_saudi_arabia.pdf.

6 The EU at the G20 summit in Hamburg: Joint letter of Presidents Juncker and Tusk, July 4, 2017.

http://europa.eu/rapid/press-release_STATEMENT-17-1909_en.htm.

are members of the EU and had to avoid showing any inconsistency with the already internally inconsistent statement.

As different stakeholders developed access to the G20 process, they have started using it for their narrower interests: The financial sector further peeled off the finance track; the health industry launched its global health initiatives; infrastructure and mining interests set up a separate hub in Australia; youth groups, consumer groups, SME forums, think tanks, women's groups and science organizations all appropriated the magical number and organized Y20, T20, C20, B20 and so on. BRICS countries have decided that they will have their own caucus within the G20, while the rotating chair invites seemingly random non-G20 parties to various segments of the summit.[7]

The sense of urgency and the sense of responsibility initially drove the G20 to rely heavily on very senior political advisors to the heads of state and government involved. These sherpas were given political clout to pull resources, ideas and commitments from across their respective executive bodies. While there was no shortage of finger-pointing about the causes of the crisis, top policy leaders were mobilized to avoid the worst. That is no longer the case. As the acute phase of the financial turmoil receded, the governments changed, the agenda got watered down and the powers of the sherpas ebbed, along with their capacity to make governments work together. The G20 sherpas are now limited to promoting the habit of cooperation among political leaders. Indeed, at a working level is it important that civil servants remain current on each other's analysis, capacity, limitations and ambitions. The frequent meetings and video conferences allow a common language to emerge, a sort of peculiar G20-speak that is indispensable as a shortcut in discussions.

By the end of 2016, as disdain for and distrust of institutions was becoming more palpable in the US and parts of Europe, China as the rotating G20 chair was still going full bore to advance the most ambitious architecture for this pliable forum. It appeared that China was out to prove that it was now the power most willing and able to put trust in institutions and derive political capital from doing so. The 2016 G20 communiqué came out with a list of annexes that ran to over 500 pages. Germany had to follow-up on a substantial portion of that agenda, out of deference to the Chinese government's legacy. Even though at the outset of 2017 Finance Minister Wolfgang Schäuble pointedly tried to cut down priorities to four bullets,[8] the public calendar of meetings for just one month, May 2017, looked something like this:[9]

7 https://www.g20.org/Webs/G20/EN/G20/Civil_society/civil_society_node.html;jsessionid=BBEDC3B76920C796B9D42ED6130C749F.s1t1.

8 http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/To_the_point/to-the-point-g20.pdf?__blob=publicationFile&v=11.

9 https://www.g20.org/Webs/G20/EN/G20/Calendar/calendar_node.html#doc2189410bodyText6.

Timeline

May 2017

2	Workshop - Sustainability Working Group	17	Labour20 Dialogue
2 - 4	Global Partnership for Financial Inclusion (GPFI) Forum and GPFI Meeting	18 - 19	Sherpa Meeting
2 - 3	Business20 Dialogue	18 - 19	Labour and Employment Ministers Meeting
3 - 4	Sustainability Working Group	19 - 20	Health Ministers Meeting
4 - 5	Trade and Investment Working Group	29	Turnimg the Tide – The Sustainable Development Goals and the Ocean (Think20)
10 - 12	Development Working Group	30 - 31	Framework Working Group
14 - 15	Agriculture Deputies	30	Think20 Dialogue
15 - 17	Employment Working group	30/5 - 1/6	Conference "Marine Litter"

Source: author.

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A glance at these seemingly routine, friendly, technical meetings would soothe frayed nerves. And yet the global crisis is arguably still roiling the planet. Ultimately, Germany has succeeded in trimming down the process. By the time of the summit, the new political leaders and their sherpas, from Argentina to Korea, the US and UK, France and Saudi Arabia, had been asked to select a limited number of issues they could somehow relate to. Given the fraught process of separating the EU agenda from that of the UK, and the continuing tension of priorities between the Eurozone and the rest of the EU, everyone in Hamburg must have been painfully aware that the structure of the G20 is very fragile and the European input might reflect more Europe's internal strife than a genuine G20 mission.[10]

IV What Does the G20 Offer to the World Today?

In hindsight, it seems clear that the real mission of the G20 was not to preserve globalization. No one institution has created or can save globalization. Each one of them, from GATT on, made progress in reducing the friction in global flows, but none was its source or savior. The G20's unique mission was to rescue nation-states buffeted by the sudden collapse of the financial scaffolding of globalization.

The 2017 G20 Summit in Hamburg has demonstrated that the underlying causes of the economic downturn that started 10 years ago remain unaddressed to a great degree. The gathering's declaration states that "progressing our joint objective" remains the highest priority.[11] It then offers painstakingly worded assurances that leaders are going to be working towards "building resilience, improving sustainability and assuming responsibility." Little is said about the lessons learned during the financial crisis and in the 10 years since. Arguably, some remedies applied by *inter alia* the US, EU, China and Brazil have their own addictive side effects, including slow growth, unsustainable public debt and fraying social safety nets. The threat of market volatility is lurking behind every new record set by the stock exchanges.[12] Trust in international and many national

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10 The colorful G20 history from 2011 to 2014, including recriminations that it was used to settle internal EU scores, is still haunting some G20 veterans. It also shows the risks of abusing the forum. http://www.corriere.it/english/14_maggio_15/plot-against-berlusconi-70c83fd8-dc29-11e3-8893-5231acf0035c.shtml?refresh_ce-cp
https://www.theguardian.com/world/2011/nov/04/g20-summit-markets-judgment.

11 G20 Leaders' Declaration: Shaping an interconnected world. https://www.g20.org/Content/EN/_Anlagen/G20/G20-leaders-declaration.pdf?__blob=publicationFile&v=6.

12 In the IMF-speak offered by the G20, a similar message reads as follows: "The fragile conjuncture increases the urgency of a broad-based policy response that strengthens growth and manages vulnerabilities. In advanced

institutions has not been restored. The summit did recognize some new risks, especially in the digital domain and the potential health-care finance crisis that is inseparable from the overall vulnerability of public finance. It has also successfully limited the number of documents generated by the G20 and supporting institutions, highlighted political support for several existing initiatives and avoided constraining the choices of the next G20 presidency. And yet it is struggling to draw the line between its core *raison d'etre* as a crisis management committee and the tendency to behave as a global supervisory board that sets general goals and frets about mission statements. A drift toward a "UN-lite" institutional format dilutes the G20's value as the global crisis management committee, the need for which is as strong as it has ever been.

In a somewhat paradoxical way, the result is that only very few G20 members have sufficient political capital to invest in the process to make it relevant, which in turn is bringing about a consolidation of power within the forum. With everyone stepping back, the US, China and Germany, supported by the IMF, OECD and FSB, are by default calling the shots, with the rotating chair influencing the calendar, format and sometimes the public themes. In this geometry, the US is now a reluctant player.

Since the crisis flared up in the US financial markets and was initially addressed with drastic actions by the Federal Reserve using its powers to create reserve currency, it is natural that the US was at the center of policy decisions. However, one can argue that it was not an exercise of US power, and thus not a harbinger of a unipolar world. In fact, US policy makers instantly realized the need for a global push in the same direction of increased demand. Therefore, one should not be surprised that the United States that had entered the crisis first and led the world in devising rescue packages is now reducing its ambitions in the G20 process. From the US point of view, the G20 risks spreading itself thinly to the point of stretching its own credibility. The challenge for the G20 is to bring the agenda back to its core, dress it in language that is clear to the public and step back from putting further burdens on the creaking network of post-war international institutions.

The saving grace of the G20 is in its capacity to recover from the affliction of abstruse acronyms, and resume its mission of systemic risk mitigation. That would be a G20 worth investing in. By comfortably straddling the cultures with a history of institution-building and the societies relying on personalized leadership, the G20 offers a necessary platform, one that cannot be created without its members having survived a major crisis together. While many institutions have emerged to address positive problems, from the UN Postal Union to ICANN, it is the institutions that come out of the crucible of global crises that have precious shared experiences and hold out the hope of preventing catastrophes. They should be spared leadership contests or bureaucratic capture. The 2017 Hamburg Summit demonstrated that the G20 has the resilience to overcome political turmoil and remain probably the only major forum that has come out of a deep economic crisis without a major war. It has to prepare itself for the next economic shock and stay focused on that essential mandate.

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economies, this requires a mix of mutually reinforcing demand and supply policies, including continued accommodative monetary policy and supportive fiscal policies—making the best possible use of fiscal space (for example, through infrastructure spending) where it exists and ensuring a strong medium-term fiscal framework is in place." Staff Note for the G20 – A Guiding Framework for Structural Reforms, April 2016.

V Policy Highlights

Reflections about the governance of globalization lead to the conclusion that the G20 is and should be playing an important role in stabilizing global economies and sustaining healthier relationships between powerful national institutions. To play that role, the G20 may take into account a number of procedural and policy recommendations:

In terms of process:

- The G20 needs to restore the informal primacy of the leaders' summit. To cut down on the formality and bureaucratic intrusion, it could set aside the whole idea of producing a formal, detailed communiqué. Once liberated from wordsmithing, the staff could focus on their respective principals and their shared purpose.
- The G20 Summit should be the occasion to assess economic risks as seen by the leaders, not only by the established international institutions. These institutions already have their voice and process of arriving at policy recommendations. The G20 should be the occasion for political leaders to hear each other as they are.
- It is important to divorce the process from the dictate of the host nation's political calendar. There is no need for the chair and the host to be the same government. One should consider setting one permanent or semi-permanent meeting location, or meet in countries that are not G20 members.
- The G20 should suspend the practice of creating new task forces and working groups where members headline diverse pet subjects. If the majority does not intend to work on an issue, it can be taken off the G20 Summit agenda.
- Ministerial meetings should be elevated in terms of their ambition. They should not be limited to simply working out a paragraph for the summit to endorse. Stakeholders should be more involved in the ministerial meetings who have compelling contributions to the global risk-assessment and risk-management discussions.
- The G20 needs to communicate clearly and frequently its purpose and the fact that it is not a formal organization that needs to have outreach, an administrative process or formal governance.
- Ultimately, the G20 should consider having a neutral non-bureaucratic "clearing center" where members can look for relevant information, and outside stakeholders can contribute relevant data and analysis.
- The European Union faces a major challenge in that it must be able to contribute to the G20 discussion without imposing its own highly institutionalized way of forging policies. It should consider opting out of having a two-headed presence, which creates inevitable tensions with the European heads of state already at the table and thus diminishes the standing of these politicians and the EU institutions themselves.
- On the other hand, in terms of the most important financial track of the G20's work, the Eurozone leadership should probably take the lead. National authorities are sufficiently invested in the Eurozone mechanism to trust Eurozone leaders to represent them.

In terms of policy:

- The G20 needs to reaffirm its purpose, i.e. to call attention to major economic risks facing the largest economies and seek opportunities to avert the worst or at least the most contagious of them. The G20 is not a globalization fraternity because, to address the risks, it has to take into account the views of members who may not share the same outlook.
- The G20 should establish a political consensus in terms of lessons learned from the crisis, and leave it to academia to debate it further.
- With a decade behind it, the G20 needs to refresh its list of risks that are still capable of provoking a global depression. The summits will serve as the moment for each member to reflect on specific risks, each from its own point of view.
- There are clear global risks presented by financial bubbles, high commodity volatilities and external shocks, such as pandemics and massive infrastructure failures, which will involve digital infrastructure. If new economic risks are identified, they can be added to the discussion list.
- Positive recommendations on how to structure green finance or reform labor markets already have their place for expert discussions. These are important themes that already have found their "homes," and usually for a good reason. Ministerial meetings can be briefed on new ideas and developments where there are no relevant fora, and no capacity to create one.
- In policy, the EU is again handicapped by being a hybrid entity, partly sovereign power and partly an instrument of other sovereign powers. It faces additional risks of fracture, something that was dramatically heightened by the specific financial crisis that the G20 was called upon to address. Arguably, it has chosen well to be the leading voice for financial-market and public-finance transparency and needs to stay on that message during every new development in financial technology and public policy. The EU has a particular responsibility for and interest in avoiding G20 mission creep.
- Among G20 members, the EU also has at least one area of unique strength, which derives from its experience trying to make the sum of sovereignties, economies and legal regimes greater than that of its parts: the area of integrity and transparency in business and governance, the failure of which was one of the root causes of the latest financial crisis. Chancellor Merkel was among the first in 2008 to raise the issue of corporate governance and integrity as an essential part of a positive G20 agenda. The EU can build on this record and demonstrate in this area where collective efforts can pay off in reducing the risk and scale of the next crisis. The Hamburg Summit appears to lay the foundation for such a project in its focus on corruption.[13] Any one nation-state will find it difficult to preach higher standards, but the EU can and should.

The risk to the G20 itself is that it will lose sight of its mission and merely reflect the political ambitions of member governments and outside groups. If that happens, the next crisis will be missed again, and a new crisis management committee will hopefully emerge. Any such new club is unlikely to be as inclusive as the G20. In fact, the alternative to the G20 may not be a club at all, but the collapse of the international economic policy dialogue, which makes it all the more important to rescue the G20 from losing sight of its core mission.

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[13] Annex to G20 Leaders Declaration: G20 High Level Principles on Organizing Against Corruption. http://www.g20.utoronto.ca/2017/2017-g20-acwg-anti-corruption.html.