



Foster Socio-Economic Recovery, Prevent and Soften Cross-Border Shocks, and Lessen Inequality Worldwide

RECOMMENDATION: Create a G20+ to deepen socio-economic recovery from COVID-19, through enhanced coordination by G20 members with the UN system, Bretton Woods institutions, and related bodies, supported by a new, small, full-time secretariat. Just as the original G20 became a Heads of State and Government forum in November 2008 to more effectively address that era’s growing global financial crisis, so must the global economic governance system be strengthened now to limit the socio-economic dislocations produced by the current global pandemic, generate an equitable and broad-based recovery, and reduce, at large, the volatility of our increasingly hyperconnected global economy.

Global Challenge Update: The remarkable transmissibility of COVID-19 and the speed and extent of its global spread in the first quarter of 2020 sent stock markets and bond yields tumbling worldwide, leading the heads of the IMF and OECD to predict that the world was headed toward a recession as least as bad if not worse than that of 2008-9.¹

This wholesale volatility, coupled with sudden drops in consumer confidence and severe knock-on economic and social effects from government-ordered business closures and population lockdowns to curtail transmission of the virus, resulted

overnight in swift contractions in both domestic and international finance, trade, air travel, and most other sectors of our closely intertwined global economy, as well as millions of job losses.²

In response to the 2008–9 crisis, the Pittsburgh G20 Summit, in September 2009, vowed to make the G20 the “premier forum” overseeing international economic and financial cooperation and, thereafter, established the Financial Stability Board to implement reform of international financial regulation and supervision.³ In the intervening decade, however (and prior to the COVID pandemic),

economic inequality has increased sharply in many quarters of the globe, concentrating income and wealth in a small percentage of the population.⁴ There is, not surprisingly, a spreading sense of resentment against economic globalization among those who, in contrast to its greatest beneficiaries, see themselves as “left behind by globalization and automation,” particularly in industrialized countries.⁵ The current global economic governance system urgently needs upgrading in the face of such challenges, to help all countries better deal with growing inequality, globally and domestically, and with the catastrophic

socio-economic effects of the coronavirus pandemic and related threats to the well-being of nations and peoples.

Innovation Proposal: G20 Member States' economies generate about 74 percent of global GDP with roughly two-thirds of the world's population.⁶ However, the G20 does not give representation to 174 other countries, many in the Global South, which also have vested interests in sustaining global economic growth while maintaining economic stability, reducing global inequality, and addressing the economic, social, and political threats posed by pandemics like COVID-19 and the accelerating challenge of climate change.

For the G20 to truly become the “premier forum” of global economic and financial governance, it needs an upgrade to what the 2015 Albright-Gambari Commission called “G20+.”⁷ While the main policy focus of the G20+ should remain priority setting on critical issues for the world economy, including economic crisis response, it should establish formal links with intergovernmental organizations for implementation and follow-through. Operationally, this proposal would entail assembling the G20 at the Heads of State level every two years at UN Headquarters, timed to coincide with the gathering of all world leaders at the

start of the UN General Assembly in September in New York.

To overcome current fragmentation of roles among international economic policy institutions, the G20 will also require more institutional presence. Currently, it has no collective institutional memory and no familiar face to the world—not even a permanent website. A modest secretariat should be created for the G20+ to give it such presence and promote greater policy continuity, more accountability, and better-integrated economic, social, and environmental approaches to international problems by G20 governments, international organizations, and even civil society organizations and the business community.

Well into 2021, the G20+ would need to focus, in particular, on mitigating the impact of and then promoting recovery from COVID-19. Specific measures could include joined up fiscal, monetary, central bank, and anti-protectionist initiatives to “prevent a liquidity crisis turning into a solvency crisis, and a global recession becoming a global depression.”⁸

Strategy for Reform on the Road to 2020 (UN75): Multilateral diplomacy's limits have been tested in recent years, but the severe socio-economic fallout worldwide from the COVID-19

pandemic reinforces the case for expanded multilateral coordination to foster a globally coherent approach to recovery, both to prevent and to respond effectively to this and other economic shocks, and to work towards greater economic equity. At the same time, without leadership, countries—large and small—could opt to turn inward, blame foreign adversaries for their troubles, and erect shortsighted barriers to international exchange.

On 16 April 2020, twenty-five Foreign Ministers from the recently formed Alliance for Multilateralism issued a statement arguing: “for a co-operative, transparent, science-based and coordinated global response [to fight COVID-19] ... [and to] work to minimize disruptions to cross border trade and global supply chains...”⁹ Enthusiastic members of the Alliance for Multilateralism that are concurrently G20 members—including Argentina, Canada, France, Germany, Indonesia, Italy, and South Africa—should be looked to for leadership on the G20+ reform initiative, just as Canada's Finance Minister and later Prime Minister Paul Martin long advocated the need to upgrade the G20 Finance Ministers forum to the level of Heads of State. Strong support is also expected from the 174 UN Member States not represented on the current G20.

ENDNOTES

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