Alissa Wang, with the G20 Research Group, says G20 leaders should infuse macroeconomic policy promises with multi-year timetables for change.

The G20 is an increasingly significant international summit for global economic governance; economic growth has always been at the core of its agenda. Since its start in 2008 the G20 has performed well in governing economic growth through strong deliberation and decision making on macroeconomic policy, and outstanding delivery of its macroeconomic policy commitments. Low-cost accountability measures seem to have helped cause this compliance success. Such measures should be used in relation to Japan’s economic growth priority at the G20 Osaka Summit in June.

Conclusions
Since 2008, the G20 has consistently dedicated substantial attention to economic growth, as measured by the size of the summit’s public conclusions on macroeconomics. At its first summit in Washington in 2008, the G20 dedicated 651 words (or 18%) to macroeconomics. This rose above 1,700 words (28%) at London in April 2009, over 2,800 (30%) at Pittsburgh in September 2009, over 3,700 (34%) at Toronto in June 2010, and over 5,900 (38%) at Seoul in November 2010. The number decreased slightly at Cannes in 2011 and Los Cabos in 2012. It surged to peak at 12,000 words (42%) at St Petersburg in 2013, where macroeconomics appeared in all 11 outcome documents. Recent summits have seen a slight decline to around 8,000 words (23%) at Hamburg in 2017 and 2,500 words (29%) at Buenos Aires in 2018. Still, macroeconomics always occupied more than 20% of the total conclusions in summit outcome documents.

Commitments
G20 decision making on economic growth has also been strong but declined in recent years. The G20 summit made 467 public, collective, precise, future-oriented, politically binding commitments on macroeconomic policy. The issue ranks first among all subjects the summit has made commitments on. Macroeconomic policy accounted for 19% of the total of 2,526 commitments made by all 13 of the G20 summits. In 2008, there were six macroeconomic commitments. This rose to a peak of 91 commitments in 2011 at Cannes. The number gradually declined to 21 commitments in 2018.

Compliance
Of the G20’s 467 macroeconomic policy commitments, the G20 Research Group has assessed 27 for G20 members’ compliance. They averaged a strong 80%, well above the G20 71% average across all subjects.

Over time, compliance has been strong, with a few plunges. The G20 started well after the 2008 summit at 88%. Compliance dropped to 68% after London, but climbed back to 80% after Pittsburgh, Toronto and Seoul. After Cannes in 2011, compliance dropped to 73%, but again rose above 80% in 2012 and 2013. In 2014, compliance dropped to 70%, climbed back to 85% in 2015, dropped again to 69% in 2016 and then rose to a very strong 90% after Hamburg in 2017.
The top complier from 2008 to 2017 was Canada, at 96%. It was followed closely by Germany at 95.5% and the European Union at 91%.

Causes
The G20’s strong compliance with its macroeconomic policy commitments coincides with summits where fewer policy commitments are made. The six summits with the highest number of commitments have compliance of 78%, while the six summits with the lowest number have compliance of 83% (results for the Buenos Aires Summit are not yet available).

Similarly, the six summits with the highest compliance, averaging 87%, produced fewer commitments — at 138 — than did the six summits with the lowest compliance, of 74%, which produced 314 commitments.

Macroeconomic policy compliance also coincides with particular catalysts embedded in the commitment text that provides direction for implementation.

The sheer number of catalysts of any kind makes no difference. Ten of the 27 assessed macroeconomics commitments contained at least one catalyst. They averaged 80% compliance, compared to the 79.5% for the other 17 commitments that contained none.

Yet several specific catalysts seem to stand out in their possible compliance-boosting effect. The two commitments containing a multi-year timetable averaged 92% compliance, compared to 79% for those without this catalyst. The two commitments containing a one-year timetable averaged 91% compliance, compared to the 79% average otherwise. The one assessed commitment containing a specific target had 89% compliance, compared to 79% for those without this catalyst.

The two commitments with a reference to a past summit averaged 85% compliance, compared to 79% for those with no reference.

Corrections
To improve compliance with their Osaka commitments, G20 leaders should thus make fewer commitments on macroeconomic policy. They should increase the specificity of their commitments by adding a multi-year or one-year timetable, a specific target or a reference to a previous summit. These low-cost, leader-controlled accountability measures, can improve the G20’s already strong performance in governing global economic growth.

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