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The G20: Political Stunts, Platitudes, and No Teeth

By: D. Ravi Kanth

Whatever the government may claim, the achievements of the G20 summit in New Delhi did not quite live up to the glitter, despite the year-long rhetoric and drama indulged in by India while preparing for the September 2023 event.

“On the back of the hard work of all the teams, we have received consensus on the G20 Leaders’ Summit Declaration,” said Prime Minister Narendra Modi on the first day of the Group of 20 (G20) New Delhi summit held on 9 and 10 September 2023. “I announce the adopting of this declaration.” External Affairs Minister S. Jaishankar went a step further, claiming that “India contributed to making India world ready and the world India ready.”

In a week’s time, India was again hitting the headlines – not for its G20 success but for being publicly named as allegedly being behind the extrajudicial killing of a Canadian national in Canada. The G20 host country, basking in the glory of having convened a “historic” summit on the theme of *One, One Family, and One Future – Vasudeva Kutumbakam*, found its image quickly besmirched for an alleged violation of the rule of law.

The run-up to the Delhi summit itself had left many in the international community uneasy. It ought to have been a sober event deliberating the major challenges facing the world. Yet, for almost a year, India focused its energies on preparing for the G20 leaders’ summit by holding nearly 200 meetings on different subjects across 60-odd cities. It almost seemed as if India had trivialised the purpose of the G20 meeting.

History of the G20

Since its inception in 2008, leaders of the G20 countries have grappled with one major crisis or the other, beginning with the global financial crisis that was triggered by Wall Street banks and policymakers in the United States. During the last 15 years, the agenda has gradually encompassed almost all global challenges, which have grown in size and complexity.

Although the initial impetus was financial markets and the world economy, issues such as climate change, health epidemics, continuing wars, and destabilisation of countries through external aggression, amongst others, have surfaced in one meeting or another.

From the *Financial Markets, World Economy* summit in Washington in November 2008 to the latest summit in Delhi, meetings of this amorphous group of 20 industrialised and developing countries have crossed different continents. Thanks to India’s efforts, the number of participants has now increased to 21, with the induction of the African Union at the Delhi meeting. The G20 now consists of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the US, the European Union, and the African Union.

Although the initial impetus was financial markets and the world economy, issues such as the worsening climate change, health epidemics, continuing wars, and destabilisation of countries through external aggression, amongst others, have surfaced in one meeting or another. Often, the G20 meetings have seemed to be overshadowed by major bilateral meetings between the US and China, ostensibly to settle their ever-growing economic and geopolitical tensions.

Every host nation of a G20 summit has tended to make superlative claims for the outcome. Consider, for example, the statements of former UK Prime Minister Gordon Brown. Chairing the London G20 summit in 2009 on the theme of *Stability, Growth, Jobs*, he announced that a \$5 trillion fiscal expansion that would save millions of the jobs and “accelerate the transition to a green economy.”

“Where that money came from is something of a mystery,” says economic historian Adam Tooze in his book *Crashed – How a Decade of Financial Crises Changed the World* (273). If anything, governments, particularly in advanced countries, went on spending sprees by providing more subsidies to petroleum companies.

As another example, take the working of the Financial Stability Board (FSB), which was created at the 2009 London summit. The FSB consists of the world’s top finance ministers, central bankers, and regulators. It reportedly warned four days before the Delhi summit

about “further challenges and shocks” to the global economy in the coming months and years due to the “high interest rates” imposed by the US Federal Reserve and other central banks, which would undermine economic recovery.

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The New Delhi Declaration of “One Earth, One Family, One Future” acknowledged the problem of a “notable tightening of global financial conditions, which could worsen debt vulnerabilities, persistent inflation, and geoeconomic tensions, the balance of risks tilted to (the) downside.” But it did not point the finger at the unilateral high interest rate policy being pursued by the US Federal Reserve, which has increased the debt vulnerabilities of the poor countries by around \$800 billion. Grand pronouncements in the declaration, such as “we, therefore, reiterate the need for well-calibrated monetary, fiscal, financial, and structural policies to promote growth, reduce inequalities and maintain macroeconomic and financial stability,” are unlikely to have any effect.

The underlying message of G20 meetings has always been to downplay the problems caused by the US while the other countries, particularly the developing and least developed ones, have been advised to adhere to ever-increasing financial discipline and the Washington Consensus. Anyway, with 'reshoring', 'friend shoring', and security-driven trade pacts such as the Indo-Pacific Economic Framework for Prosperity (IPEF) (of which India is a member) fragmenting the multilateral trading system, it seemed odd to hear the New Delhi apparatchiks call for re-globalisation. Incidentally, this theme is close to China and the current Director-General of the World Trade Organisation, Ngozi Okonjo-Iweala of Nigeria.

After all, it is common knowledge that the G20 Leaders' declarations lack any binding effect and that they invariably remain platitudinous and aspirational in nature. From Washington to New Delhi, successive meetings have merely added incremental changes proposed by the developing countries, which have faced fierce opposition from the US and other major industrialised nations.

What is troubling about the G20 summits is that it is the concerns of the Group of Seven (G7) industrialised countries (the US, Canada, Germany, France, Italy, the UK, Japan, and the EU) that influence the final declaration. The developing countries rarely succeed in getting their concerns included. The industrialised countries, led by the US and the EU, push their ideas with the help of multilateral bodies such as the International Monetary Fund (IMF), the World Bank, and the WTO. Invariably, these multilateral bodies tend to downplay the concerns of developing countries.

The New Delhi Declaration seems to have substantially whittled down the development challenges articulated by South Africa, Indonesia, India, and China, amongst others. Little wonder that the BRICS Johannesburg II declaration of 24 August 2023 is more robust in the depth of the issues tackled as well as the solutions to address them than the New Delhi Declaration.

New Delhi summit

The consensus on the New Delhi Declaration seems to have come after Russia and China agreed to the language in paragraph eight, titled 'For the Planet, People, Peace and Prosperity', which merely said “concerning the war in Ukraine” instead of “aggression by the Russian Federation against Ukraine”, as in the Bali Declaration last year. Obviously, because of its growing bonhomie with the Modi administration, the US was ready to turn a blind eye to this.

Aside from the war in Ukraine, the G20 summit at Bharat Mandapam was somewhat eclipsed by happenings on the sidelines. Here, geopolitical and geoeconomic issues, ostensibly to counter China, gained prominence.

For example, a memorandum of understanding (MoU) on an India-Middle East-Europe Economic Corridor (IMEC) was signed in the presence of the two co-chairs of the event – Prime Minister Modi and US President Joe Biden. The signatories to the project, which is aimed at integrating Israel into the Middle East for trade and economic relations, include Saudi Arabia, the United Arab Emirates, the EU, Italy, France, and Germany. At a time when some European countries are mired in economic problems, this could set off new tensions and it remains to be seen how it will progress with multilateral financial assistance from the World Bank.

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Instead of addressing global economic challenges, climate change, and health issues, the Indian government seems to have turned the G20 summit into a new “coalition of willing countries” to counter China and to help Israel in the Middle East. Perhaps, this could be one reason why the Chinese leader skipped the New Delhi meeting. Unsurprisingly, the US President lauded the project, saying that Saudi Arabia, Israel, the UAE, and Jordan would be part of the initiative. “It’s a big deal [...] this project will contribute to making the Middle East a more prosperous, stable, and integrated region.”

Long declaration

As expected from a government that turns every event into propaganda for political purposes, the preamble to the New Delhi Declaration contained a dozen grand statements ranging from “accelerating strong, sustainable, balanced and inclusive growth” to scaling up financing for accelerating progress on the United Nations’ Sustainable Development Goals and reforming multilateral development banks.

Given that none of these proclamations were binding, there is little point in claiming much for the New Delhi Declaration, which relies on language that says we “call on,” “we commit,” “we recognise,” “we reaffirm,” and so on. It did not address issues such as the vicious cycle of “deepening debt distress,” which could ultimately result in a “lost decade” for poor countries, or climate change, or the global health crisis caused by the coronavirus, during which Big Pharma made more than a hundred billion dollars in profits while more than 15 million people died.

Indian Sherpa Amitabh Kant called for “accelerating progress on the Sustainable Development Goals,” which were launched in 2015 and have to be complied by 2030. So far, around 12% of progress has been made in complying with [the 17 goals](#) that recognise “ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.”

India’s track record of complying with the SDGs is anything but satisfactory. Thus, grandstanding on “recommitting to achieving SDGs,” “eliminating hunger and malnutrition,” tackling the “macroeconomic impacts of food and energy insecurity,” and delivering quality education, amongst others, remain empty promises if India is itself unable to comply with them.

The New Delhi Declaration emphasises making the WTO a member-driven organisation with a fully functioning appellate body by 2024 but fails to mention the need to uphold the core principles of consensus decision-making and special and differential treatment (SDT), which are amongst the major demands of developing countries. And at a time when India or Bharat is harking back to religion and religiosity, it is perhaps unsurprising that “culture as a Transformative Driver of SDGs” has been inserted in paragraph 31.

Climate change

Under the title of “Green Development Pact for a Sustainable Future”, the New Delhi Declaration reiterates the objectives of the Paris Climate Change Agreement of 2015, including “its temperature goal, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances.” However, it overlooks the carbon taxes that are going to be unilaterally imposed by the EU, the US, and other industrialised countries.

On the issue of “climate sustainable finance,” the New Delhi Declaration makes the right noises about implementing the previously announced Green Climate Fund and giving multilateral development banks an enhanced role in providing public finance. It meekly notes “the need of USD 5.8-5.9 trillion in the pre-2030 period (as) required for developing countries, in particular for their needs to reach implement their NDCs (nationally determined contributions).” In the very next paragraph, it underscores the “commitment made in 2010 by the developed countries to mobilizing jointly USD 100 billion climate finance per year by 2020.”

So far, none of the industrialised countries that have been mainly responsible for climate change have met their commitments. Little wonder that the vacuity of the New Delhi Declaration stands exposed on the issue of climate finance.

It is hardly surprising that President Emmanuel Macron of France praised the New Delhi Declaration’s special emphasis on climate finance. He said France would fulfil all its commitments. In the same breath, he talked about carbon taxes and the measures being taken by several industrialised countries to implement these taxes. He also mentioned the EU’s regulation of deforestation-free products that comes into force next June and referred to the fact that Brazil is going to host the next G20 summit. Brazil, along with several South American countries, has fiercely opposed the EU’s deforestation-free products regulation at the WTO and other international

forums.

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Coming to “multilateral institutions for the 21st century,” the New Delhi Declaration is replete with calls. It says, “The 21st century also requires an international development finance system that is fit for purpose, including for the scale of need and depth of the shocks facing developing countries, in particular the poorest and most vulnerable” and “We are working to deliver better, bigger and more effective MDBs by enhancing operating models, improving responsiveness and accessibility, and substantially increasing financing capacity to maximise development impact.”

However, the reality on the ground is that the multilateral development banks are unable to provide finance to address the challenges stemming from the climate crisis. The Declaration says, “Stronger MDBs (multilateral development banks) will be important to our efforts to mobilise financing from all sources for a quantum jump from billions to trillions of dollars for development.” It weakly underscores “the need for enhancing representation and voice of developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions.”

Yet, calls for the international finance system to deliver significantly “more financing to help developing countries and EMEs to fight poverty, tackle global challenges and maximise development impact” have invariably remained only on paper ever since the first G20 leaders’ summit in Washington some 15 years ago.

D. Ravi Kanth is a journalist and commentator based in Geneva.