

# Does the world need a G20?

By Ségolène ALLEMANDOU the 11/11/2010 - 18:07

Born out of the financial troubles of the 1990s, the G20 is yet to prove its usefulness to the public. So is there any need for it? FRANCE 24 asked Gunther Capelle-Blancard, professor of economics at the Sorbonne University in Paris.

The G20 group comprises 19 countries, plus the European Union (EU). It accounts for two-thirds of the world's population and 90 percent of global GDP. But despite the impressive numbers, the public has barely paid attention to the G20 global summits.

Analysts agree that of the group's four meetings held since 2008, only the 2009 London gathering led to any substantial results, namely buffering the blow of the global financial crisis.

And inefficiency is not the only criticism to befall the group. The gatherings are astronomically expensive to organise (some 960 million euros for the June 2010 summit in Toronto), with the bill being passed onto tax payers of the host country.

So why continue throwing frequent G20 extravaganzas (a French G20 summit is slated for November 2011)? Gunther Capelle-Blancard, deputy director of the Centre for Future Studies and International Information (CEPII) at the Paris Sorbonne University provides some answers.

## **FRANCE 24: The G20's usefulness is questioned and its gatherings incur exorbitant costs. So where's its value?**

**Gunther Capelle-Blancard:** The G20 is expensive but this summit in Seoul is a huge opportunity for South Koreans. For them, this event is first and foremost a chance to showcase their economic and technical know-how. South Korea is the first emerging economy to host a G20 gathering. That means that South Koreans have entered the big league. They will host the great powers and open the discussion on the important economic challenges facing the world.

There's someone else for whom this summit is critical: Nicolas Sarkozy. Winning the G20 presidency will be a springboard to the 2012 presidential election in France [in which President Sarkozy is expected to run for re-election].

## **F24: What accomplishments can the G20 truly claim?**

**G. B.-C.:** In 2009, the London summit averted a global currency depreciation. The economic crisis could have been much worse, just like what was experienced in the 1930s.

The United States, the European Union and China took coordinated steps to re-launch economic growth. So there were results, but it was pretty easy because all nations shared the same vision: a united front to withstand the crisis.

Today, the problems are not the same and competing interests have risen between countries, especially concerning the value of their currencies. I would say we are in a transitional phase because there is no hegemony, which was the case of the United States after World War II. That is why the monetary system is struggling to function.

**F24: Why has the public shown such little interest in these summits?**

**G. B.-C.:** The G20 has existed for a long time [it was created in 1999] but only took shape in 2008 in response to the financial crisis. Initially, the heads of state at the gatherings moved to adopt concrete measures, such as capping traders' bonuses and fighting tax havens. They were accused – especially by journalists – of populism and of not dealing with fundamental issues, such as accounting standards. The following summits then addressed the more technical matters related to financial regulation.

For the Seoul summit, reforming the international monetary system will be the main theme. Admittedly, the subject is quite complex and the general public has trouble understanding it, because it has a weak understanding of economics. But it is very much an issue for the G20 to tackle.

I think the G20 is not meant to only provide technical information. Its mission is primarily to make recommendations. And so it is essential that they be made by politicians. The merit of these summits is to curb the imbalances and to coordinate the different countries. Imagine a bilateral meeting between China and the US over the issue of currency war. We can easily imagine each party entrenched in its position. These multilateral meetings can support greater cooperation.

**F24: What can we expect from the summit in Seoul?**

**G. B.-C.:** Since we are in a transitional phase, it is likely not to lead to revolutionary measures. But that doesn't mean the G20 is ineffective. It will serve to highlight the complexity of the issues.

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