



Report

Diplomatic pathways for an economic paradigm shift post-COVID

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Context

As a side effect of the COVID19 crisis, the global economy is predicted to contract by up to 4.5%. Unlike many previous economic crises, this economic hardship is affecting people and societies globally as economic activity has been severely curtailed or halted altogether. However, this economic hiatus is a rare opportunity to institute reforms to the global economy to ensure that it serves everyone. Many experts are calling for a rethinking of economic issues such as growth, consumption, debt and financial architecture, systemic risk, innovation, sustainability and resilience. This will entail rethinking the metrics that policymakers use to measure success.

Many experts highlight the urgency of the issue, since the actions that policymakers take within the coming months have the propensity to shape the global economy for decades to come. There is an opportunity to ensure that today's economic actions address the broader challenges facing society, including climate change, employment, inequality, debt and poverty reduction. Tackling these challenges will ensure a more equitable, secure, green and prosperous world for all.

This dialogue brought together experts and policy makers to discuss the policy proposals on the table as well as the diplomatic pathways that would be needed (or could be taken) at multilateral and regional levels to achieve the implementation of ambitious and meaningful economic reform.

Introduction

- The Covid-19 pandemic has led to a proliferation of policy proposals calling for economic reform, with the emerging strands of work covering a variety of policy areas including:
 - Centring public health
 - Tackling the environmental emergency
 - Employment and education
 - Macroeconomic architecture
 - Fairer tax systems
 - Inequality and power
 - Inclusive trade
- The next 12-18 months will be essential for those wishing to shape the future global economy and policymakers will need to capitalise on the diplomatic modalities available to them to pursue a bold economic reform agenda.

Towards an agenda for economic reform

1. There are a myriad of policy reform agendas proposed in response to the COVID-19 pandemic.
2. There are three distinct umbrella issues that would likely resonate with policymakers and electorates alike and that could serve as an agenda to be pursued through various upcoming diplomatic pathways:
 - international debt relief to, inter alia, provide liquidity for developing countries,
 - green recovery to stimulate sustainable economic development,
 - international collaboration on immunisation in particular (building off existing efforts) and wider public health in general.
3. Whilst there is likely to be broad consensus on the above issues, there needs to be careful political framing and new language around global economic reform that chimes with the views of the public, politicians and diplomats.
4. New language must start in people's lived experience, be aware of a growing disdain for multilateralism among developed nation populations and argue for the relevance of global economic reform.
 - For instance, many populations and politicians will likely not vote for emission reduction strategies that reduce living standards, so the political frame must explain how (say) a green recovery will improve living standards, perhaps by using different headline indicators of success (e.g. moving beyond a narrow focus on GDP and related measures).
5. The narrative needs to be positive and compelling in order to frame this policy package, as narratives of positive development and opportunity are much more powerful drivers of collaboration rather than negative, threat-centred narratives.
6. The framing should build support for action on the basis of the benefits and opportunities for action rather than doomism. Positive examples can be found in the narratives used by faith groups on similar topics and the possibility of connecting with different social movements.

Identifying delivery pathways

7. In delivering a new global economic reform agenda, various diplomatic pathways exist, including:
 - Convention on Biological Diversity (China 2021 Q2)
 - G7 (TBD UK 2021)
 - G20 (Saudi Arabia November 2020, TBD Italy 2021)
 - COP26 (UK 2021 Q4)
8. Influencing the agenda of these high level fora presents a clear opportunity to push the economic reform agenda onto the highest stage. The UK's hosting of the G7 and COP26 potentially offers a particular opportunity for influencing in this regard.
9. In the context of delivery pathways, the international climate community needs to understand the ecosystem of influence that will be different for individual countries. For instance, trying to include a green recovery package in the USA may require involving ministers from multiple entities (eg US Environmental Protection Agency, Dept for the Environment, Dept of Trade and many others), whereas in other countries there may be one ministry. Time should be spent thinking through how to influence specific ministers in specific departments of specific countries and their specific advisers/staff, as well as have links with other key agencies such as the World Bank and IMF; e.g. how to bring in (e.g.) climate and health experts (instead of

finance experts) to advise these economic institutions. The primacy of finance ministers should also be a factor.

10. There is a need to build a broader coalition beyond traditional Bretton Woods Institutions, as many developing countries now look to the East. We must be aware of the current geopolitical situation (e.g. between the US and China) and the multilateral opportunities that are opened up or foreclosed by the US presidential election.
11. Outside of the above pathways, there are several levers of change and influence available in the contemporary policy landscape.
12. Broad movements for justice (economic, racial, environmental) emerge from a variety of platforms and through different kinds of actors (corporate, voluntary, social movements/media, youth movements) than traditional policymaking outlets. These pathways should also be considered in a strategy to influence the agenda of finance ministers and delivery ministers (domestically in each country) so system change issues are being talked about outside of their usual remit, within the usual context of (domestic) health, jobs and debt; i.e. what does the international agenda look like that reinforces domestic pressures for reform?

George Edwards

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