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The G20 at a crossroads: the future of global governance

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Abstract
The G20 is at a crossroads. It can retreat to a reaffirmation of nationalisms or commit to a new form of multilateralism, guided by the primacy of social prosperity and the principle of subsidiarity. The G20 has traditionally focused on economic policy issues – economic growth and financial stability. This is appropriate as along as social progress is closely tied to economic progress, for then the achievement of material prosperity will promote human flourishing. But when economic and social progress becomes decoupled – as we commonly observe through growing income disparities, growing disempowerment and disintegrating social affiliations – then an exclusive preoccupation with economic policy issues is unlikely to quell the widespread public discontent. On this account, it is appropriate for the G20 objectives to be broadened to include resilient, inclusive and sustainable prosperity. This wider conception of human needs calls for a new worldview to underlie G20 policymaking, one that generates social acceptance for multilateral cooperation in tackling multilateral problems, while allowing different countries to nourish different national, cultural and religious identities.

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The G20 at a crossroads

This paper argues that the G20 is at a crossroads. The first path leads to a reaffirmation of nationalisms or other forms political fragmentation. The second leads to a new form of multilateralism, guided by the primacy of social prosperity and the principle of subsidiarity.

Along the first, the G20 member countries retreat into "me first" national strategies: America First, China First, Russia First, and so on; "Build a Wall," "Give Me My Country Back," etc. This path involves zero-sum implies an unwillingness to confront the world's inherently global opportunities and problems. World trade is a prime example of a multilateral opportunity for the countries of the world to make one another better off. The wide-ranging integration of the global economy through international trade in goods and services has however brought with it a corresponding integration of global problems, such as climate change, cyber threats and financial crises. These problems, arising multilaterally, can be addressed only multilaterally as well. The "me first" national strategies represent a repudiation of such multilateralism.

The second path involves embracing the multilateral approach to global opportunities and problems, tempered by the two considerations: the "primacy of social prosperity" and the "principle of subsidiarity." The primacy of social prosperity alerts us to the possibility that social prosperity may become decoupled from economic prosperity. In many developed countries, for example, aggregate economic growth per capita continues to be positive, so that on average material prosperity – measured in terms of GDP – continues to rise. Nevertheless, significant segments of the population may feel economically left behind (due to rising inequalities), psychologically disempowered (due to a subjective perception that they have little influence over their life satisfaction through their own efforts) and socially estranged (due to a subjective perception that their social affiliations are being eroded). Under these circumstances, social prosperity (measured in terms of various measures of social and psychological wellbeing) may be said to become decoupled from economic prosperity (measured in terms of GDP per capita). The "primacy of social prosperity" is a guideline for the G20. It states that the promotion of social prosperity should be the ultimate goal of the G20. When social prosperity flows from economic prosperity – as it did in the aftermath of the financial crisis of 2008, when the collapse of material wealth was the greatest threat to citizens' wellbeing, broadly defined – then the G20 should devote itself entirely to the promotion of economic prosperity, as the G20 did through its synchronized fiscal and monetary stimulus and its emphasis on financial sector reform. However, when social prosperity becomes decoupled from economic prosperity, the guideline states that the G20 must broaden its agenda beyond macroeconomic policy coordination, order to focus on the promotion of wellbeing as distinct from GDP. In the presence of decoupling, the G20 must focus on social prosperity, namely on human wellbeing. After all, enhancing wellbeing is the natural, fundamental goal of government. Economic prosperity is at best a means toward this end. It is an effective means only as long as social prosperity is closely tied to it.

The principle of subsidiarity asserts that problems should be tackled as locally as possible, leaving only the vitally important global problems in the domain of the G20. This principle guides the division of labor between the G20, national governments, as well as regional and

local authorities. It restricts the G20 policy making efforts, which inevitably limit national sovereignty, only to addressing those global problems that can be addressed only through multilateral coordination.

Let's consider these two paths for the G20 more closely and derive the implications for global and national governance.

G20 multilateralism versus nationalism in trade policy

The path of nationalism overlooks the myriads of multilateral win-win opportunities that world trade offers. By trading with one another, most countries of the world generally make one another better off than they could have been in isolation. The newly generated wealth does not fall equally on all citizens within a country. On the contrary, international trade generates winners and losers. But the existence of losers in a country is not an argument for restricting trade, but rather for a more appropriate redistribution of gains and losses within that country.

The case for trade among countries is analogous to the case for trade among individuals. If each of us individually had no opportunities for trading outside our families, we would promptly return to the Stone Age, since every family would need to pick or chase its own food, knit its own clothing, build its own shelters, and so on.

Expanding trade opportunities beyond the family would also generate winners and losers. As a rule, relatively unproductive do-it-yourself efforts would be replaced by relatively productive efforts of others. While competition with others thus inevitably creates both winners and losers with regard to the production of any particular good or service, trade as a whole is a positive-sum activity, so that the gains from trade exceed the losses in aggregate. The more broad-based the trade flows become, the more likely it is that the losses with regard to a particular good or service are more than compensated through gains with regard to other goods and services, so that once many trading opportunities are exploited multilaterally, the number of net losers declines and the number of net winners rises.

Starting from family self-sufficiency, the expansion of trade to include only deals that are negotiated bilaterally would not lead to a significant welfare improvement beyond the Stone-Age state, since everyone would be constrained by the so-called "double coincidence of wants:" each family would need to find a trading partner who wishes to buy what it wishes to sell, and wishes to sell what it wishes to buy.

Protectionist measures, through tariffs or non-tariff barriers, are restrictions on trade, reducing the positive-sum gains from trade. It represents a small step towards bare-bones national self-sufficiency. Replacing multilateral trading systems through bilateral or even plurilateral trade agreements imposes the "double coincidence of wants" at the national level. It is only one step removed from national self-sufficiency.

Furthermore, the widespread existence nowadays' of ubiquitous global value chains implies that most goods and even most services are produced in many countries, once all inputs are taken into account. Thus if we imagine each good or service to be produced in a "factory," then most of today's factories extend across many countries. In the world of global value chains,

national boundaries are not particularly relevant to the production of goods and services; they are arbitrary lines drawn within transnational factories – lines that reflect political, but not economic, boundaries. On this account, aside from exchange rate misalignments, a country's trade deficit or surplus can be considered the outcome of an accounting exercise concerning the flows of goods and services across these arbitrary lines.

Under these circumstances, tariffs and non-tariff barriers are simply obstacles erected within transnational factories. They obstruct the production of the goods and services produced within the global value chains, hurting most of the contributors to the production process, regardless of the countries where these contributors may be located. The only group that is benefited by tariffs and non-tariff barriers are the inefficient producers who would have been driven out of the market through competition with their efficient counterparts. Naturally, keeping inefficient producers in business hurts the consumers, reduces the adaptability of the economy and stifles innovation.

On this account, aside from issues of unambiguous national security, tariffs and non-tariff barriers should be recognized to be obsolete in today's globalized world. They should have no place in governments' arsenal of economic policy instruments. In the aggregate, it is usually in countries' interests to eliminate tariffs and non-tariff barriers unilaterally. Domestic economic policies should then be targeted at distributing the resulting economic gains across the citizenry, in order to ensure that losers are compensated, preferably through subsidies to make productivity-enhancing adjustments and thereby raise competitiveness.

The reason this recognition has not taken place is that (i) interest groups of inefficient domestic producers exert significant political power and (ii) the public still thinks about international trade in terms that were appropriate before global value chains became prevalent.

The path of nationalism, commonly associated with protectionism, prevents countries from fully reaping the gains from international trade. In this respect, it is the path to a lose-lose international economic equilibrium.

G20 multilateralism versus nationalism in addressing global problems

The path of nationalism also represents an unwillingness to confront the world's great global economic problems. These problems are ones involving public goods (e.g. climate change and financial crises), common pool resources (e.g. overfishing and deforestation), and pernicious inequalities (namely, poverty in the midst of plenty).

For public goods, the benefits are global, while the costs are incurred by individual countries. If all countries contribute to bearing the costs of reducing greenhouse gas emissions, then all countries win. But if only a few contribute, then they will pay a cost in excess of their benefit and the rest won't gain much. So if each country follows the "me first" principle, then no country will contribute adequately and consequently the global community will be the loser (e.g. a climate crisis). Only multilateral negotiations in the public interest can address such problems.

For common pool resources, one country's benefit goes at the expense of another's. Every ton of fish hauled by one country reduces the amount of fish remaining for other countries. If each country follows "me first," this cost to other countries will not be taken into account and overfishing will result. Here, too, multilateral negotiations are the only way to overcome this difficulty.

The problem of pernicious inequality across countries can only be addressed when the advantaged countries help the disadvantaged. Once again, "me first" cannot tackle this problem; multilateral negotiations could.

Beyond the world's great economic problems, there are social ones that are not closely associated with economic prosperity. The disruption of social communities through the forces of globalization, the anxiety and depression generated through remorseless positional battles, the loss of meaningful values that frequently accompanies consumerism, the disempowerment that arises when jobs are off-shored or automated – these are all instances of social ills that cannot be overcome through more material wealth. As noted, once social prosperity becomes decoupled from economic prosperity through global forces – such as globalization and technological change – it becomes important to focus global policy making not just on economic issues, but on social welfare more broadly. Whenever global forces are the drivers of such decoupling, multilateral negotiations are called for in this area as well.

To what degree is the G20 potentially able to exploit the opportunities and address the dangers outlined above? What are the goals that the G20 can plausibly be required to pursue?

What are the appropriate goals of the G20?

The G20 has been constructed to be flexible in its responses to global problems: unlike other international organizations, its mandate is not rigidly defined; it lacks a secretariat with rigid departments; its member states are sufficiently small in number to make collective leadership possible, while being sufficiently influential to cover two-thirds of the world's population and 80 percent of its trade; the G20 provides face-to-face contact among national leaders, in order to promote trust for collective action in response to problems as they arise; the issues on the agenda can be addressed through ministers' meetings and expert groups, constituted flexibly; it gives voice to a variety of non-state actors through its Engagement Groups (B20, L20, T20, and so on). In these respects, the G20 is unlike any other organization of global governance. It can set its own agenda. The G20 Presidency rotates from one country to another annually and each Presidency sets its own priorities.[1] In short, the G20 is flexible enough in its agenda, large enough in terms of economic clout, small enough for effective decision-making, strong enough in terms of professional expertise in order to choose its goal freely. Given its characteristics above, the legitimacy of the G20 ultimately depends on its ability to promote global social welfare. As long as economic and social progress is closely coupled, it is appropriate for the

[1] Narlikar, A. (2017). Can the G20 Save Globalization?, G20 Insights, Overarching Visions. http://www.g20-insights.org/policy_briefs/can-g20-save-globalisation/

G20 to focus primarily on economic issues. But once decoupling has occurred, it becomes necessary for the G20 to devote itself also to other aspects of social wellbeing.

A simple way of understanding the evolution of the G20 agenda is to view it as a response to successive challenges. In the aftermath of the crisis of 2008, the G20 focused on economic growth and stability – the traditional economic issues, covering aggregate material "prosperity" (P for short). In response to problems of inequality – including diverse forms of inequality of opportunity – it became clear that the G20 could no longer afford to focus merely on aggregate economic outcomes, but also needed to give attention to the distribution of incomes. Thus the G20 agenda broadened to become "inclusive prosperity".

In response to diverse environmental threats, the G20 could no longer afford to focus just on current inclusive prosperity, but also had to take account of how our economic activities are affecting our natural capital and thereby the ecological sustainability of our economic plans. Thus the G20 agenda broadened further to become to inclusive, sustainable prosperity.

Under Germany's G20 Presidency in 2017, it became clear that the G20 needs to interpret sustainability more broadly – to involve fiscal, monetary, social sustainability as well – and needs move away from simple crisis management towards creating resilience of the world economy to economic, political, social and environmental shocks. Accordingly, the G20 agenda broadened even further to become resilient, inclusive, sustainable prosperity, included in Germany's G20 theme: "building resilience, improving sustainability and assuming responsibility."

For Argentina's G20 Presidency in 2018, the agenda includes these elements, combined with a stronger focus on the challenges of political coordination in a multipolar world and the challenges of economic development. This focus is reflected in Argentina's G20 theme: "building consensus for fair and sustainable development." The underlying thrust is that international policy coordination requires a consensual approach to negotiations, that global rules are sustainable only if they are recognized as fair, and that sustainability is central to meeting our economic, social and environmental goals. The three main priorities in this regard are (1) "The future of work: Unleashing people's potential," (2) "Infrastructure for development: Mobilizing private resources to reduce the infrastructure deficit," and (3) "A sustainable food future: Improving soils and increasing productivity."[2]

The broadening G20 policy agenda may be seen as an implicit acknowledgement that economic progress is no longer closely linked to social progress. The 2030 Agenda and its Sustainable Development Goals is a first step towards designing policies that address more than the purely material needs. To make further headway, policy makers will need to address this broader spectrum of human needs systematically and explicitly.

In short, the G20 is able to pursue the second path articulated above, namely, the path of multilaterialism focused on the primacy of social prosperity, in accordance with the principle of subsidiarity. Let us now explore what this path implies.

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[2] See "Overview of Argentina's G20 presidency 2018," www.g20.argentina.gob.ar.

The primacy of social prosperity

This principle implies that as long as economic and social progress is closely coupled, it is appropriate for the G20 to focus primarily on economic issues. But once decoupling has occurred, it becomes necessary for the G20 to change course, devoting itself not only to economic issues, but other aspects of social welfare as well. Social prosperity must remain primary. The breadth of the G20 agenda should depend on how closely global economic progress is tied to social progress.

In "Beyond Capital and Wealth,"[3] I argue that the current widespread decoupling of social from economic prosperity is manifested in three major problems: inequality of income and wealth, a sense of disempowerment (a frustration borne out of the inability to have much control over one's fate), and a sense of social estrangement (manifested in distrust of strangers, receptiveness to populist politics, and a quest of nationalist, ethnic or religious identities). Each of these problems have global dimensions, as they arise from globalization and technological advances.

Consequently, G20 countries should focus on three distinct aims: material wealth (W), empowerment (E), and social solidarity (S). The combination of these policies may be denoted as WES.

WES policies are an issue for the G20 for the simple reason that a healthy global economy requires global coordination that cannot arise unless people's basic needs for material prosperity (wealth) and achievement (empowerment) are met and unless they exercise perspective-taking on both the local and global levels (solidarity). It is for this reason that the G20 will need to extend its focus from primarily W-oriented policies to embrace E- and S-policies as well.

Nowadays there is a widespread sense of disempowerment and a fear that local communities are being undermined, as globalization leads to outsourcing and offshoring of jobs and as the new information and communication technologies redefine our social groups. In various parts of the world, the space for civil society in daily life has shrunk and active civic engagement has been in decline, leading to reduced trust and falling person-to-person social intercourse. Under these conditions, it is vitally important to place much greater emphasis on E- and S-policies, discussed at the G20 level.

In an economically integrated world, where global value chains link the production, employment and consumption activities in different parts of the world, policy coordination aimed at WES becomes more useful that the traditional W-oriented policies. Even when the G20 is concerned with economic activities such as trade and financial flows, it is worthwhile to evaluate these activities not just in terms of the aggregate prosperity they generate, but also in terms of what they do to empowerment and solidarity.

Each aspect of the G20 agenda must be pursued through WES-oriented policies. Resilience must be achieved not just by ensuring the people's material wealth recovers readily from economic and other shocks (the traditional W-oriented policy perspective), but also be ensuring

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[3] Snower, D. (2018). Beyond Capital and Wealth. *Economics: The Open-Access, Open-Assessment E-Journal*, 12 (2018-21): 1–10. http://dx.doi.org/10.5018/economics-ejournal.ja.2018-21

that people become readily empowered and socially affiliated in the aftermath of such shocks (the new ES-oriented perspective). Inclusiveness must not be restricted only to ensuring that people have opportunities to earn decent incomes regardless of race, gender, religion, and so on; it must also ensure that people of all stripes have adequate opportunities for empowerment and solidarity. We must vouchsafe the sustainability not just of our wealth-generating activities, but also of our endeavors to empower ourselves and maintain our social embeddedness. Such a broad-based approach to human thriving also enables us to exploit complementarities among WES policies (e.g. empowerment often promotes the creation of material wealth, social solidarity creates empowerment, and so on).

Having articulated what the primacy of social prosperity may mean for G20 multilateral policy making, let us now consider a further aspect of such multilateralism: the principle of subsidiarity.

The principle of subsidiarity

The principle of subsidiarity requires that local problems be handled on the local level, national problems on the national level, and only the global problems be tackled through G20 negotiations. To observe the subsidiarity principle, we need a clear conception of what problems are global, as distinct from national. For this purpose, it is useful to recognize that global problems involve one or more of the following issues:

- global collective goods, associated with global externalities: these are generated by global public goods (such as greenhouse gas abatement and international financial market reform) or global commons (such policies to control over-fishing and deforestation);
- global inequities (commonly expressed as inequalities of opportunities and outcomes): these are commonly generated by inequalities in market power, information or skills ;
- global social dysfunctions that cannot be effectively handled exclusively by market incentives or regulations (such fighting corruption, promoting tax cooperation, or preventing resource depletion from an environmentally wasteful pursuit of status goods): these call for changes in global norms and values.

The G20 can justifiably become active in each of these areas, since they involve global problems lying beyond the competence of individual national governments. However, the G20 has often failed to communicate the need for its initiatives on this basis.

The implications of these rationales for G20 involvement are also not widely appreciated by the G20 public. In particular, it is not commonly recognized that tackling global externalities involves creating win-win outcomes in multilateral negotiations. In this domain there is no conflict between “America first” and global citizenship. The same is true regarding global social

dysfunctions: the new global norms and values should create win-win outcomes for all parties. It is important to publicize this implication explicitly and act on it.

For example, a successful climate agreement should make all participant countries better off, because overcoming the inefficiency of climate externalities should generate gains for everyone. This should be the central goal for implementing the Paris Climate Agreement. This goal can however become obscured when negotiators, under the guise of dealing with climate externalities, are actually engaged in a redistribution of gains from future generations to the present one. This issue of intergenerational redistribution should also be publicized explicitly, so that the general public can make its preferences felt.

In contrast to global externalities and global social dysfunctions, global inequities do not involve win-win outcomes. In these cases, commonly encountered with regard to such issues as agricultural subsidies and medical patents, the difficult issues of redistribution among countries need to be addressed explicitly.

By engaging in an open discourse on these issues, G20 leaders will be able to explain to their citizens why particular G20 initiatives are inherently global, how multilateral policies can overcome these problems, and how the space for national and subnational policies is vouchsafed through the principle of subsidiarity.

How the problems above are to be tackled will, once again, depend on how closely economic and social progress are coupled. When they are coupled, economic cooperation – consonant with a narrow G20 focus on traditional economic issues – is sufficient. This was broadly case during the global economic crisis of 2008, when the global externalities took the form of impending financial collapse and a tit-for-tat escalation of protectionist measures. Since poor countries were more vulnerable than rich ones to the ravages of economic collapse, global economic fire-fighting was also effective in fighting global inequities. There was also a widespread call for new norms governing financial services fighting corruption and preventing tax shifting.

In the presence of the decoupling commonly encountered nowadays, many of our transnational social, political and environmental problems do not have purely economic sources. Many of today's global externalities are not purely economic (such as terrorism associated with religious extremism). The dissatisfactions coming from the single-minded pursuit of material gratification, the disorientations associated with the disappearance of local communities, the tensions arising from a multi-polar political order – none of these can be overcome entirely through a readjustment of market incentives and regulations.

In sum, G20 leaders can strengthen the legitimacy of the G20 by following the two principles above – the primacy of social prosperity and the subsidiarity principle – and communicating these principles to their citizens. The public's acceptance of G20 initiatives will clearly depend on its understanding the reasons for G20 involvement.

The ethics of G20 policy making

The overarching vision for the G20 needs to look beyond capital and wealth. Wealth is not the only objective of human activities. Empowerment and solidarity are equally important goals. And capital – produced, human, financial, natural and social – is not the only instrument whereby human objectives can be achieved. A much broader range of human capacities, not translatable into monetary terms, is required to establish a fulfilling relationship between people and their environment. This realization must become part of the overarching vision for the G20.

This vision must promote WES on local, national and global levels. This will be an important advance on the currently dominant worldview that encourages business leaders to focus their strategies on shareholder value and policy makers to concentrate mainly on W-policies. While the current strategies and policies are aimed primarily at Homo Economicus – rational, materialistic, individualistic man – the new generation of policies arising from the new worldview will address a much broader conception of human needs – WES, not merely W – thereby addressing the currently widespread social discontents.

In order to deal with global problems, the E- and S-policies (ES, for short) will need to extend across national boundaries in those areas where global problems require concerted global policy responses. Only then will the new worldview provide the social foundations for multilateral collaboration in tackling truly global issues – such as openness to trade, acceptance of refugees and migrants, cooperation in managing climate change, cooperation in building a stable international financial system.

These ES policies – involving intercultural exchanges, work exchanges, inclusive international education and training programs, and so on – would enable the G20 countries to create a sufficient sense of global community so as to gain social acceptance for the international cooperation to tackle the global problems that are proliferating in our globalized world, such as climate change, cybercrime and financial instabilities. After all, some sense of global community will be necessary to generate political legitimacy for global problem-solving.

Naturally, the creation of this sense of global community does not require people to relinquish their local, national, cultural or religious identities. On the contrary, it is necessary for countries to nourish strong local identities in order for their citizens to feel sufficiently secure to be open to the need for global community-building.

The E approach to policy should not be reduced to the prevalent forms of citizens' empowerment in many liberal democracies. Nor should the S approach be reduced to Western cosmopolitanism. Norms and values differ across the G20 and beyond, also in regard to empowerment and solidarity. ES policies are not to be understood as an attempt to impose liberal, cosmopolitan norms and values throughout the world.

It is a longstanding fact of political and social life that the citizens of the G20 differ in terms of their norms and values, and all forms of global problem-solving need to recognize and respect these differences. The broad international consensus concerning open market economies and free trade, which lasted two decades after the fall of the Iron Curtain in the late 1980s, did not imply a consensus concerning the liberal world order, though many Western politicians and commentators interpreted it that way. China, Russia, various Arab states and a number of other non-Western countries never embraced liberal democracy and Western human rights. They also

pursued entirely different conceptions of social solidarity than those in the West. On the contrary, these latter countries were prepared to accept open market economies and free trade in the belief that these would generate growing prosperity for all countries, regardless of their normative, political and legal systems.

This belief was dealt a heavy blow through the Western triumphalism surrounding the "End of History," and – more importantly – George Bush's Iraq War, the military engagements in Afghanistan and Pakistan, as well as the Western support for the so-called "Arab Spring." These initiatives were interpreted as the forcible export of Western norms and values. The international free market system, guided by the rule-based international organizations (such as the UN, WTO, OECD, IMF, World Bank, etc.), was no longer viewed merely as an enabling force that permitted all countries, regardless of religion and culture, to experience rising material prosperity. Instead, this system came to be understood as a Trojan Horse, bringing Western liberal, individualistic humanism to non-Western countries at the point of the gun.

In addition, the financial crisis of 2008 undermine the widespread assumption that the international free market system was continuously self-correcting, ensuring that economic prosperity would rise stably and sustainably, in line with the widely acclaimed "Great Moderation." In particular, the financial crisis suggested that this system was prone to disastrous period economic collapses, accompanied by long-term rising inequalities.

Together, these events undermined the political and economic legitimacy of the Western forms of global governance. Welcome to the multipolar world. Since then, the Western liberal democratic systems have been challenged ever more explicitly and vehemently. China, Russia and various other countries in Africa, Asia and Latin American are clearly not converging to the Western social and political ideals. Even within many Western countries, a powerful split has developed between the "cosmopolitan elites" and the "nationalists." The election of Donald Trump, the vote for Brexit, and the rising popularity of right- and left-wing populist politicians are all symptoms of this social fragmentation.

The global problem-solving endeavors of the G20 must take these developments into account. This is not just a matter of "Realpolitik," in acceptance of existing power relations. Normatively, it has become clear to insightful observers in many different countries that there is no one way of life that is best for all humans. Different people can flourish under different ways of life. Thus we must not aim for a common way of life, but rather for global institutions that enable people with different ways of life not only to coexist, but to cooperate with one another to overcome the global problems that they all share.

Cooperation requires not just tolerance, but also mutual respect and often even mutual care. Consequently, this aspiration is neither absolutist (one way of life is best) or relativist (all ways of life are valid). Rather, it involves valuing diversity, but only so long as cooperation across national, cultural and religious boundaries remains possible.

ES-policies are not indiscriminately supportive of all local identities. All the divisive, hate-filled, dehumanizing aspects will need to be discouraged. Such active shaping of identities might be viewed with suspicion, as conflicting with individual liberties. But people around the world are already familiar with the desirability of such social interventions in dealing with all problems requiring national and regional coordination. What globalization has added to this experience is the proliferation of global problems requiring global coordination.

Concluding thoughts

Implementing WES-oriented policies will require a revolution in our conception of structural policies, for the purposes of both national policy and international policy coordination. These policies cover labor market performance, education and training, regulation, market openness and much more. Although descriptions this revolution would require a voluminous literature, let the following example suffice. Consider a WES-oriented approach to active labor market policies (ALMPs) that, according to the OECD, involve the following features: "ensuring that people have the motivation and incentives to seek employment, increasing their employability and helping them to find suitable employment, expanding employment opportunities for jobseekers and people outside the labor force, and managing the implementation of activation policy through efficient labor market institutions."[4] In the presence of the new digital technologies, which are poised to take over much of the routine work in the future, it is clear that this conception of ALMPs is inadequate. What will be required is not merely incentivizing of employment and expanding employment opportunities. This will generate income, but it will not necessarily generate empowerment and solidarity. Given that the new digital age will favor the exercise of creativity and social skills, combined with technical skills, at the workplace, it will be necessary to reassess labor market policies in terms of the degree to which they empower people to become creative and express their solidarity in the workplace. An analogous reassessment will need to made of education and training programs. Given that the new digital age appears to be favoring the ability to learn new skills, to perform a portfolio of jobs, to mix formal and informal jobs, to attract temporary and part-time jobs, to be entrepreneurial, to work flexibly in teams, and to find new forms of work-life balance, it will be necessary to restructure the welfare state. The required revolution in our social insurance systems will necessitate the transition from the current "welfare state" (offering economic security) to an "empowering state" that focuses on giving people the skills and empowering institutions to lead meaningful lives through an achievement at the workplace and affiliation to their communities.

Needless to say, WES-oriented policies will inevitably differ across different nations and cultures, since different social contexts generate different needs for empowerment, care and affiliation, as well as different ways of satisfying these needs. Thus sensitivity to WES-oriented policies across the G20 cannot be expected to lead to a consonance of policy approaches. In order to achieve such consonance, the G20 requires an overarching vision – a global worldview – that will enable G20 countries and others to cooperate in tackling inherently global problems, while remaining distinctive and free to following their diverse social objectives.

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4 OECD, Active labour market policies: connecting people with jobs (http://www.oecd.org/employment/activation.htm).