

## **Economics: The Open-Access, Open-Assessment E-Journal**

Review of Discussion Paper No. 2017-91 "Beyond capital and wealth: challenges of the G20"

- The author argues that the current focus on economic inequality for understanding the rise of authoritarianism, anti-immigrant sentiment, and protectionism is at least partially beside the point. Instead, social, cultural and identity-related issues drive these developments in a global context in which economic and social progress has been increasingly decoupled. This argument is very well-reasoned, and is in line with current economic, sociological and political research.

The author then concludes that the G20 need to look beyond capital and wealth and also focus on empowerment and solidarity to uphold momentum for multilateral cooperation of culturally diverse nation states. My main recommendation would be to critically address two issues relating to this conclusion:

- First, the author argues that the G20 increasingly need to take into account global perspective-taking and solidarity (may also be named a form of cosmopolitanism), and citizens' empowerment (effectively safeguarded in liberal democracies). How do these norms differ from the norms that are currently incorporated in the green, alternative, cosmopolitan segment of some of Western societies (caring for the environment, global well-being, consuming in a more sustainable way); this is crucial in my view as it is exactly those norms that are currently being challenged by segments of the society that long for a more traditional, local or national identity and that frequently define this cosmopolitan segment of the society (not only the political elite) as the out-group - and vice versa. Hence, I would argue that while the problem-definition is very accurate, it is unclear to me how the proposed solution would solve this identity-based problem.

→ The suggestion to have intercultural exchanges and training programs has been successfully tried in the European Union, but those exchanges have often been criticized for 'preaching to the converted': people interested in exploring different cultures self-select into such programs and frequently have the socio-economic background that allows them to engage in such activities (as opposed to generating income). Contact and openness hence cannot be forced and opportunities are frequently exploited by those who hold a cosmopolitan worldview to begin with. How could this problem be overcome?

→ The suggestion to actively shape individual identities (as a potential response to the above question) is highly problematic in my view, especially in the context of the G20. The author writes that such interventions were common for national and regional politics, and that only the requirement of global coordination was new. However, unlike on national and regional levels, the G20 is no global authority that is accountable to people worldwide. It is an economically influential organization that represents a highly specific set of interests of a fraction of the world population.

- Second and relatedly, political economy aspects are highly likely to constrain the realization of such forms of empowerment, solidarity or sense of community-building in the framework of the G20.

→ Empowerment is unlikely to be in the interest of all G20 states. The G20 also include member states lead by governments who currently embrace populist values, defy empowerment of their citizens and allow for or even engage in large-scale corruption, which ultimately affects the prospects of implementing the suggested policies. How would the G20 be able to agree on the promotion of solidarity or civil society empowerment if that risks curbing the grip on political power of some of its member governments?

→ Thinking about how to deal with conflicting interests is crucial in my view. Both within and across societies very few policies are pareto-optimal - and even those which are objectively pareto-optimal are frequently subjectively contested on identitarian grounds (e.g. same sex marriage). Most policies or norms, also those that go beyond the realization of material wealth, hence openly challenge or constrain the interests of some groups, while fulfilling those of others. What exact policies could be realized even when taking these constraints into account in the framework of the G20?