

G-8 Summit: Cameron Makes A Modest Proposal

Trade, Taxes, Transparency

In rhw View of the Bloomberg Editors



U.K. Prime Minister David Cameron will preside this week over the Group of Eight summit in Enniskillen, Northern Ireland, and he's already telegraphed his three top themes: trade, taxes and transparency.

OK, we'll stop with the alliteration if he does. Still, there's a lot to be said for Cameron's "three T's" -- so long as the governments attending can deliver.

That can't be taken for granted. Cameron has rightly noted the tendency of these meetings, which gather the leaders of the U.K., Canada, France, Germany, Italy, Japan, Russia and the U.S. (plus two representatives from the European Union), to issue grand proclamations leading nowhere. He's right to aim for something more modest but also more productive.

Cameron would like to move forward on trade policy, he says, where bold regional initiatives are under discussion even as attempts to conclude the Doha Round of global talks, begun 12 years ago, continue to flounder. On taxes, the focus will be information-sharing and plans for greater cooperation in fighting evasion. This overlaps with the third topic, transparency, which also has a narrower development aspect -- notably in proposals for extractive industries to disclose more information about the payments they make in countries where they operate.

That's a pretty good agenda, even if it takes modesty a bit far. As we've argued many times, international cooperation on financial regulation is moving too slowly and timidly. G-8 participants may say the issue is for other forums, but it can't be given too much attention.

That aside, the single most consequential thing the G-8 could do for the world economy is resuscitate the Doha Round. Sadly, governments seem to have given up on that, and look ready to settle for a face-saving mini-deal at the end of this year that they'll agree to

call a success. Instead, the G-8 is likely to discuss the proposed U.S.-EU and Trans-Pacific Partnership trade pacts. These agreements can expand global trade in mutually advantageous ways. But the global economy still needs to guard against creeping protectionism, and the best way to do that is a viable process for truly multilateral liberalization.

Aggressive tax avoidance and outright evasion by rich individuals and multinational corporations have become hot political issues in many of the G-8 countries. Often, the outcry is justified. Coordinated measures to address the problem are long overdue. Information sharing is critical, and the U.S. has achieved a lot lately by bullying other countries into helping. This ad-hoc approach is flawed: It unduly prioritizes U.S. interests. Again, a genuine multilateral framework would be better.

What would this require? Although the G-8 will probably settle for less, there's still a chance it might move toward requiring multinational companies to publish consolidated financial reports that clarify their activities in each tax jurisdiction. Another good idea, also meeting some resistance, is to create public international registries of companies' beneficial owners. This would help in fighting corruption as well as tax evasion. A drive for fuller disclosure by extractive industries, aimed at exposing not tax evasion but side payments to corrupt officials, would complete a trio of valuable pro-transparency initiatives.

Another truth about G-8 summits -- one that Cameron hasn't so far emphasized -- is that they're apt to be driven off their agendas by events. Habitual summit-watchers will be interested to see, for instance, whether the civil war in Syria might flare at a moment that would demand some kind of collective statement, or maybe even action. In any case, there's a good chance the news will torpedo (trash? total? Sorry, we promised we'd stop) Cameron's "three T's." If it doesn't, a little progress on trade, taxes and transparency will do fine for now.