

Nations must get serious about reform, says G20 adviser

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A key business adviser to Australia's 2014 G20 presidency has urged the leaders of the world's most important economies to give new impetus to "hard reform" to tackle sluggish global growth.

Ahead of the G20 summit this weekend in China, Australia's B20 Sherpa and former Mallesons chief executive Robert Milliner said traditional measures to reignite growth were "stretched".

"Given that fiscal policy and monetary policy are both pretty stretched in most countries, putting it mildly, and so the recognition is that you've got to do the hard reform issues in terms of getting competitive markets, getting flexible labour markets, ensuring you are doing everything you can to ensure you can get investment," Mr Milliner said.

In April, finance ministers and central bank governors from G20 nations agreed to a slew of structural reform priorities, including labour market reform, fiscal reform and the promotion of trade by cutting barriers to trade and foreign investment. "It's the hardest thing to do — we know that. You know the last time we did it was in fact in the 1990s," he said of structural reform. "And we've seen how difficult it is for governments to do it."

He also said that dealing with anti-globalisation sentiment should be a focus of the G20 meetings as that "just doesn't fit with a world that is truly globally interconnected".

The comments come as the G20 has faced fresh criticism with a new study by Cato Institute fellow Stephen Kirchner this week finding there was no relationship between a country liberalising its economy and its signing up to G20 commitments.

Mr Milliner said there were "things that haven't been done" despite being promised, because "you get politics and you get all sorts of other things interrupting".

But he defended the role of the G20. "If you look around at the world, it needs co-ordination and action," he said. "There's no other institution that provides it, it's not the G7, it's not the UN. It's got to be the G20." While former Treasurer Joe Hockey had used Australia's 2014 presidency of the G20 to push a plan to boost global growth by an extra 2 per cent by 2018, global growth has been falling short of the target.

Mr Milliner said the G20 had played a crucial role in promoting stability after the global financial crisis. However, “now they are in the harder yards, which is how do they re-energise global growth”.