
Essay

The Evolving Role and Agenda of The G7/G8: A North American Perspective

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INTRODUCTION

Since its inception in 1975, the Group of Seven/Group of Eight (G7/G8) has become one of the central institutions of our age. This essay examines the role and agenda of this complex institution, and presents a North American perspective as we approach the Kyushu-Okinawa summit of 21-23 July 2000.

Unlike traditional international governmental organizations, the G7/G8 did not come into being as a result of a formal conference and is not based on an international treaty. The OPEC-imposed Arab oil embargo after the 1973 Yom Kippur war with the resultant steep oil price increases and the collapse of the Bretton Woods monetary system based on fixed exchange rates were the two main events that triggered the emergence of the G7. When the heads of state or government of France, the United States, the United Kingdom, Germany, Japan and Italy first met in November 1975 in

Rambouillet, France, the leaders presented this as a one-time get-together to discuss issues of economic growth, monetary reform, inflation, unemployment, trade, and oil prices and supplies.

The attraction of this relatively informal and non-bureaucratic meeting impelled then US President Gerald Ford to call a similar conference in San Juan, Puerto Rico in 1976. With the San Juan meeting—at which Canada joined the original Six for the first time—the summits became a regular annual event, its venue rotating among the member states. In 1977 the European Community (now European Union) became a participant, though not on the same basis as the sovereign members. Membership then remained constant until first the Soviet Union, then post-Soviet Russia, began knocking at the door. In 1991-93 the Soviet Union, then Russia, engaged in post-summit dialogue with the G7; in 1994-96 the Russian and G7 leaders met as the “Political Eight” following each G7 summit. The 1997

Denver Summit of the Eight marked the full participation of Russia in all but financial and other economic discussions; and with the 1998 Birmingham summit Russia became a full member and the G8 was born. The G7, nevertheless, continues to exist as a parallel institution. Other potential candidates for membership have so far been unsuccessful.

Over the quarter-century life of the G7/G8, an increasingly elaborate and complex summit-supporting system has evolved. Trade, foreign, finance and environment ministers meet regularly; other G7/G8 ministers convene on a more ad hoc basis. The leaders' personal representatives (sherpas) meet several times during the year. A number of task forces and working groups have been established to deal with a wide range of topics. The creation in late 1999 of the Group of Twenty Finance Ministers (G20) marks a notable new phase, bringing into the fold major developing and other countries.

EVOLUTION OF THE ROLE AND AGENDA OF THE G7/G8

The opportunities that summits provide for leaders to get to know one another well and understand one another's domestic economic and political positions and constraints has been a useful role of the G7/G8 from the beginning. Leaders, unlike ministers, are not constrained by their portfolios or by a more senior authority. Summits can and do deal with a broad range of economic, political and other global issues in an interlinked fashion.

The G7/G8 has played a role in direct decision-making; for example, in reaching agreements and formulating action plans that entail commitments. Recent summits, since Halifax 1995, have become rather more activist

than earlier ones. Another important role entails broadening the G7/G8 constituency and promoting summit reform—witness the more informal, leaders-only meetings without ministers, beginning with the 1998 Birmingham summit. Thus do the roles of the G7/G8 system evolve along with the institution itself.

Macroeconomic policy coordination, international trade and relations with developing countries have been on the G7/G8 agenda from the inception of the summits and have remained a preoccupation. East-West economic relations, energy and terrorism have also been of recurrent concern. Microeconomic issues such as employment or the global information infrastructure were added later, and so were political and security matters: regional security, human rights,

migration, arms control and nuclear safety, among others. Still later in summit history, the G7/G8 turned its attention to global issues such as the environment, crime, drugs and AIDS.

Each septennial summit cycle has seen a major expansion of the agenda in the issue areas covered and the scope of topics that were taken up. The first cycle set the agenda on monetary reform, inflation, exchange rates, economic growth, oil prices and supplies, unemployment and trade (including the Tokyo Round of GATT negotiations) (1975); then added East-West economic relations and balance-of-payments problems (1976); energy (especially nuclear energy) and North-South relations (1977); aircraft hijacking (1978); Indochinese refugees (1979); Afghanistan and the occupation of the US Embassy in Tehran (1980); aid to developing countries, and terrorism (1981).

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issues, many in the political/security field: IMF surveillance of monetary policies and exchange rates, and the Israeli invasion of Lebanon (1982); the debt crisis, arms control and "Euromissiles" (1983); democratic values, East-West security relations and the Iran-Iraq conflict (1984); environment, the 40th anniversary of the end of World War II (1985); agricultural policies, the establishment of the Group of Seven finance ministers, launching the Uruguay Round of trade negotiations, and response to the Chernobyl nuclear-reactor accident (1986); the Iran-Iraq war, AIDS and drugs (1987); the "Toronto terms" of debt relief for the poorest countries, and the Middle East, South Africa and Cambodia (1988).

The third cycle moved resolutely to address the transnational, global issues that proliferated in the post-Cold War era. These included the Brady Plan for debt relief, the strengthening of GATT, economic efficiency, human rights, the Tiananmen Square massacre, democratization in and assistance to Eastern and Central Europe, and the problem of money laundering (1989); Soviet economic reforms, liberalization of export controls, drug abuse, non-proliferation of nuclear, biological, and chemical weapons, agricultural trade subsidies, aid to the Soviet Union, and climate change (1990); strengthening the United Nations, conventional arms sales, economic recovery and price stability, political and economic reform in Central and East Europe, and the UN Earth Summit (1991); the end of East-West conflict (1992); conclusion of the Uruguay Round and creation of the WTO (1993); inclusion of Russia in the P8, Ukraine, transnational crime, money laundering, and the Global Information Society (1994); Bosnia, the Israeli-Palestinian agreement, North Korea, the Rwanda genocide, reform of international financial and economic institutions, and reform of the summit itself (1995).

To date, the fourth cycle has expanded the focus on transnational issues. Especially

notable have been the inclusion of matters that were once the preserve of domestic policy, and a more intrusive foray into areas that were once within the jealously guarded sovereignty of non-G7/G8 states. These have embraced emerging globalization, humanitarian emergencies, and the trade-investment link (1996); the problems of aging, small and medium-size enterprises, Africa, Hong Kong, Cyprus, and Albania (1997); social inclusion, the financial crisis in Asia, good governance, the Highly Indebted Poor Countries (HIPC)

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initiative, the Y2K Bug, and Kosovo (1998). This trend culminated in Köln, Germany in 1999 where the agenda resumed discussion of Russian inclusion in the G7/G8, reform of the international financial architecture, launching of a new round of multilateral trade negotiations, and nuclear safety. New items at the Köln summit were the Cologne Debt Initiative, peace in Kosovo, Balkan reconstruction, education, conflict prevention, human security, and socially sustainable globalization.

The initial concentration on economic issues was partly a function of the fact that several founding leaders of the G7 had earlier served as finance or economic ministers. The subsequent group of leaders, coming into the summit as the new Cold War of the 1980s arose, had no such background, so these leaders concentrated more naturally on political and other non-economic issues, and tended to delegate financial and economic matters to their ministers. In recent years, there has been renewed discussion of economic topics at the summit level, due in large measure to the 1997/98 financial crisis and the difficult, persistent problem of developing-country debt.

It is the task of the sherpas to develop, in coordination with other summit partners, the agenda of each summit, based on the positions and priorities of each member country. Agenda-setting, however, remains the leaders' prerogative and leaders have, at various

summits, added, deleted or modified agenda items on occasion. The new format of leaders-only summits that started in 1998 makes this process even more flexible.

In addition to formal and informal agenda development, important unexpected events sometimes impose themselves, forcing the leaders to discuss them, although they generally manage to do so in the first evening of the summit so that they might concentrate on agreed topics afterwards. Examples of the unforeseen include: North Korean leader Kim Il Sung's death on the eve of the 1994 Naples summit; a terrorist attack against a US military base in Dhahran, Saudi Arabia just before the 1996 Lyon summit; or the Indian nuclear tests and the political crisis in Indonesia in 1998.

**THE ROAD TO KYUSHU-
OKINAWA: NORTH
AMERICAN PRIORITIES**

Such unforeseen crises could well erupt to demand the attention, either of the leaders at Okinawa on 21-23 July, their foreign ministers' meeting in Miyazaki on 12-13 July, or even their finance ministers assembling in Fukuoka on 8-9 July. In any event, there will be ample opportunity for G7/G8 leaders to emphasize the priorities they are starting to set in as the Spring of 2000 unfolds.

The US approach to Okinawa will be very much guided by the fact that this is President Clinton's last summit. He will be the longest continuously serving leader at the summit, having started with great skill and success at Tokyo in 1993. He will come to Okinawa as one who stands in the first rank of those who have effectively used the summit to the benefit of their own country, the G7/G8 collectively and the broader global community. Clinton's US approaches the summit primarily as a leaders-driven forum through which to promote the advantages of globalization, to

speak frankly about its challenges and to set broad directions on the serious issues affecting the global community as a whole.

For Okinawa, the US has a particular concern with keeping the focus on economic reforms to the international financial system and the domestic dimensions of financial reform that have been started in the past few years. It wants to maintain public confidence in globalization and, in the words of one wise American practitioner, "make globalization safe for democracy." It further wishes to adjust

the G7 to the consolidation of the European Union in the era of the

euro and to keep Russia engaged as a psychologically full

member of the G8. One way

of accomplishing these tasks

is to design a special, Russian-hosted summit in

the year 2000 focused on the subject of technology

(including cyberspace), energy and outer space.

One US interest is to emphasize the need to pay

more attention to developing countries, in part to meet

a broader initiative of launching a new trade round. In

addition, the US has an issue with biotechnology, and Clinton is now

personally engaged on climate change. The US will also find it useful to offer Japan some

accommodation, in the lead-up to Okinawa, on the downsizing of the US military presence on

Okinawa, as the two countries agreed in 1996.

More specifically, the US has signaled that the Okinawa summit offers an opportunity to

demonstrate the importance of globalization, especially on the economic front, both to the

public in G8 countries and to skeptics in Asia and beyond. It believes that the G8 should

press forward with free trade at the summit while simultaneously responding to the

concerns of developing countries over the harmful dimensions of globalization. It wants

action on corruption as well as high-tech crime—including computer hacking, following the "denial-of-service" attacks that afflicted

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websites in the US, Canada and Japan earlier this year. It will further emphasize the internet as a tool for development. In the political security domain, where the Japanese host is cautious about dealing with Asian issues, the US will press for strong treatment and cooperation on regional security and arms control issues relating to China, the Korean peninsula, India, Pakistan, and Russia itself.

Elsewhere, the US may use the summit to encourage others to cancel the debts owed to them by the world's poorest countries, as the US, Canada and Britain have now done, while resisting a Japanese initiative to have all developed countries give free access to their markets for the exports of the world's 48 poorest countries. It may try to stem the fall in the value of the euro and the yen, for fear that further US dollar appreciation will increase the already record US current-account deficit and raise protectionist pressures in a Presidential election year. Ever mindful of the Asian power balance as well as domestic political pressures, it will support Japan in its territorial dispute with Russia over the Northern Territories, encourage Russia's evolution as a full summit member, and remain reserved about the prospect of China becoming more involved in the G7/G8.

Canada will come to Okinawa sharing some of these US emphases, including intensifying the fight against cybercrime and confronting the mounting anxieties about globalization. It will also seek to encourage its G8 partners to join it in canceling the debt of the poorest, as many of these countries are fellow members, with Canada and Britain, in the Commonwealth, and Canada and France in la Francophonie. Yet Canada, more importantly, brings a deeply rooted distinctive approach all its own. As the G8 member that attaches the most importance to and invests the greatest degree of strategic thinking in the G8 process, Canada's priorities will be conditioned by its

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vision for the summit it will host two years hence. Prime Minister Jean Chrétien, having attended the 1978 G7 summit as finance minister, and all summits since 1994 as Prime Minister, is also an effective veteran of the forum. He will continue to come with a

skeptical attitude toward the advantages of unrestrained financial globalization, and stress the need, as in Köln, to build strong safety nets and social cohesion so that all might take advantage of the opportunities globalization

brings. With the G8's most trade-dependent economy, Chrétien will have an interest in restarting the currently stalled new round of multilateral trade negotiations, but doing so in a way that protects the cultural diversity that Canadians, as a multicultural and increasingly Asian community, cherish at home.

Chrétien will also be an enthusiastic participant in the leaders' discussion on the advent of the new economy and its implications for the traditional business cycle and stock markets. Here he will be inspired by the fact that Canada is enjoying vibrant economic growth and moving into the electronic society in ways that rival or surpass those of the US. In the political security domain, Canada's priorities are human security (understood as protecting the safety of people, especially children in armed conflict, child soldiers and those most harmed by small arms), conflict prevention (where an action plan to implement the agreements of the Berlin ministerial meeting in December 1999 is badly needed), and nuclear issues, where Canada shares Japan's deep aversion to nuclear arms. Canada also wants to make the summit process more transparent, with greater civil-society participation. And it will look, along with its summit partners, at ways to bring greater coherence to global governance as it moves to meet the challenges of the new century.

CONCLUSION

Despite the obvious differences that abound in many of these areas, Canada and the US share a basic compatibility of interest with their fellow Asia-Pacific partner and G7/G8 host Japan. Together with the exceptional experience and proven performance of Clinton and Chrétien in the G7/G8 process, and the unrivalled record of Japan in always hosting

successful G7/G8 summits, this foundation of commonality suggests that the prospects for Okinawa are very promising indeed.

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Suggested readings

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