Governing Globalization: The G8's Contribution for the Twenty-First Century

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Introduction

The prospective end of hostilities in Iraq, and all it represents, offers an opportunity for constructing a new architecture for global governance for the twenty-first century. Already the political dimensions of that post-war order are clear. President Bush has signalled that he is looking forward to attending the G8 Summit in Evian, France on June 1-3, 2003. The Germans, French and Russians are similarly moving to show solidarity with their American and G8 partners, as a way of repairing the transAtlantic gulf that the United Nations Security Council debates about Iraq had opened up. G7 finance ministers meeting on April 11-12th in Washington are coming together to design and help finance the postwar re-construction of Iraq. And the G8's Global Partnership on Weapons of Mass Destruction, forged at last year's G8 Summit in Kananaskis, provides a common, richly detailed and well-resourced template about how the outstanding security issues, notably global terrorism and weapons of mass destruction, can be collectively addressed in such looming cases as North Korea and throughout the Middle East.

Yet repairing the recent, United Nations-exacerbated divisions among G/8 members, and devising collective responses to the next set of immediate issues should be but the start of a far more ambitious project for the G8. That project is governing globalization. It involves designing and delivering a new generation of institutions of global governance to meet the need of the ever more intensely interconnected twenty-first century world. This project should begin by putting in a central place the defining feature of twenty-first century globalization – the steady spread of democratic openness and empowered citizenry on a global scale. In dealing with this new form of political globalization, the G8 should proceed by recognizing the G8's overwhelming advantages as an international institution dedicated to promoting democratic openess, and one which has sucessfully guided globalization in this direction during its first twenty-eight years. It should culminate in a G8-directed program over the forthcoming Summit cycle of creating a new generation of inclusive, multistakeholder plurilateral and multilateral institutions to govern globalization in critical areas, including the environment and energy. In this way the G8 can compensate for the global communtiies' missed opportunities since 1989 to produce a new architecture for global governance appropriate for the post cold war, rapidly globalizing world. In this task Russia, with its G8-leading capabilities in critical fields such as the environment and energy, and its new commitment to democratic

openness, should play a leading part.

1. Globalization in the Twenty-First Century

"Globalisation" has become the concept "du jour" throughout the global community as the twenty-first century unfolds. There is now a widespread recognition, from governors through to ordinary citizens, that their daily lives are connected with, and thus affected by, distant forces and decisions, transmitted with a speed, strength, scale, simultaneity and societal impact never seen before. Starting with the once rarified domains of finance, investment, and technology, twenty-first century globalization is rapidly coming to embrace information and communications, production, and labour mobility through migration as well. Along with these globalizations' "goods" have come globalization's "bads": the equally swift, strong, widespread, instantaeous, and societally disruptive transnational spread of environmental pollution, infectious disease, drugs, illegal migration, pornography and hate literature, crime, terrorism, and weapons of mass destruction. North Americans transfixed by both the politico-military events in Iraq and the contagious global spread of Severe Acute Respiratory Syndrome, are fully aware of this new world.

Amidst the great debates generated by contemporary globalization, three things are clear. First, globalization is by no means an inevitable process. It can be, and has been, started and stopped by governments. The paralysis in North America in the wake of the Taliban-incubated September 11th terrorist attacks on North America and the subsequent plunge in world trade and foreign direct investment to emerging markets proves the point.

Second, globalization can and should be guided and shaped by governments, acting collectively to strengthen and spread the benefits and control the costs. An America still unable to locate the source of the 2001 anthrax attacks upon it shows that even if a single superpower, or "hyperhegemon" really existed, it could no longer guarantee its citizens security, let alone their prosperity or social well being, all on its own (Kirton 2000). The days of real unilateralism are dying fast.

Third, while much of contemporary globalization has been seen before and has come in even stronger form in centuries past, there is something today that is genuinely new. It is the way globalization is involving less powerful countries and ordinary citizens as actors rather than merely as reactors, consumers or victims, and thus spreading the open democratic societies that such educated, empowered and connected citizens prefer. This "political" globalization of open democracy and empowered citizenry, and the new global governance emerging on this foundation, is what defines the globalization of the twenty-first century world. It is important to note that this global democratic revolution was initiated by Russians, at the G7 Summit hosted by France in July 1989, where Mikhail Gorbachev sent his historic letter affirming his desire to help create and be part of a new, more open world.

2. The G8's Response to Globalization in the Fourth Cycle, 1996-2002

Mikhail Gorbachev was right to chose the G7 as the destination for his letter. For it was the G7, rather than the institutions of the 1945 order, that offered the mission, the institutional architecure, the participation, and the effective performance to meet the needs of the new, democratically globalizing age.

The G7's essential mission was clearly stated in the concluding communique of the first Summit in 1975. It began: "We are each responsible for the government of an open, democratic society, dedicated to individual liberty and social advancement. Our success will strengthen, indeed is essential to, democratic societies everywhere" (Hajnal 1989: 5). The spirit of the G7 was well captured by Canadian Prime Minister Pierre Trudeau at the end of second Summit that institutionalized the new forum. He said: "...the success of these conferences are...not to be judged by the solution of individual economic problems or by the setting up of new institutions or by the agreement on any particular resolution. The success will be judged by whether we can influence the behaviour of people in our democracies and perhaps even as important the behaviour of people on the outside who are watching us, in a way in which they will have confidence that our type of economic and political freedom permits us to solve problems" (Kirton 1995: 68n).

The G7's instituional architecture was unique in global governance. The new institution was designed, directed and delivered by leaders – the only ones with the authority and vision to connect the political, economic, social and ecological issues that are ever more interlinked in a globalizing age. As they were all popularly-elected democratic leaders, they engaged in global governance with great transparency and responsiveness to the ways in which the forces of globalization were afffecting ordinary citizens in their daily lives. A singular preoccupation with national sovereignty and national interests could take a lesser place. It was only in its practice of meeting for two or three days once a year that the G7 and now G8 Summit format has become increasing inadequate to the growing speed, scale and scope of globalizing forces in the modern age. A plethora of G7/8 ministerial and official-level bodies has emerged in resposne.

Participation in the G7 was also appropriate to a globalizing world. At the working level, since the very start, the G7 created G7-centered groups that quickly expanded to embrace other relevant coutnries, in order to cope with the threats of weapons of mass destruction, terrorism and crime that globalization brought. The London Suppliers Group on nuclear materials, the Missile Technology Control Regime, and the Financial Action Task Force testify to this effective, functionally-driven, institutional outreach from the start. At the ministerial level, such outreach started in 1994 in Winnipeg, where Russia and Ukraine were included, and in 1995 in Brussels, when the bsuiness community component of civil society participated in the first G7 conference on the Global Information Society. At the leaders level, France was the pioneer, inviting 15 leaders of developing countries for a pre-Summit dialogue in 1989, and the top civil servants of some 1945 international organizations for a post-Summit dialogue in 1996. Yet it was only in Kananaskis, Canada in June 2002 that the leaders of Africa's democratic powers and the UN's Kofi Annan were invited as full participants into the Summit itself. Kananaskis also completed Russia's admission as a full member, thereby demonstrating a democratic inclusiveness in the G8 that the inner clubs of the 1945 generation of institutions lack. Finding a

formula for effective civil society participation, however, is a challenge that the G8 Summits of the twenty-first century have yet to meet.

With this unique architecture, the G7/8 has provided effective global governance as the era of contemporary globalization has come. The G7 presciently recognised the phenomenon of "globalization" at its 1988 Toronto Summit, selected it as its major focus at Lyon in 1996 and has seriously addressed the subject at every Summit since. The G7/8 has shifted its defining principles for governing globalization, moving from an earlier faith in market-based liberalization to an environmentally and socially sensitive approach to globalization at Cologne in 1999 (Kirton, Daniels and Freytag 2001). And in the Summits of the twenty-first century, the G7/8 has set a new record for making hard commitments to govern globalization, and for its members complying with these commitments as well (G8 Research Group 2003a, 2003b). In this latter regard, the worst performers of the first two Summit cycles, the United States and France, have, under the impact of globalization, now become equally high complying members of the G8 club.

Perhaps the most strking development has been the proliferation of G7/8 ministerial institutions to meet the new needs of open societies whose long domestic issues have now become fully a matter of international affairs. As Appendix A indicates, during its first two cycles the Summit created only three such stand-alone ministerial institutions, all dealing with the traditional international issues of trade, foreign affairs and finance. The past decade has added nine new institutiuons, or almost one a year. They deal with the once deeply domestic, soveignty-enshrouded fields of the environment, employment, information technology, terrorism, crime, energy, labour, health and, most recently, development. At the official level, the twenty-first-century Summits have brought several new and innovatively constructed bodies, notably the digital opportunities task force, the renewable energy task force, and the Global Health Fund. These have featured outside countries, international organizations and civil society participants as members, and a light, flexible, soft law structure as well.

It is useful to compare this record of the G7/8 with that of the UN-based galaxy of heavy, hard law, expensive international organizations created, on the Westphalian model, in 1945. At the dawn of the globalization era, the UN system did produce a few small, separated "Rio" secretariats, established in 1992 to deal with climate change and biodiversity. Two years later, the old General Agreements on Tariffs and Trade graduated into the World Trade Organization. But since that time, almost a decade ago, there have been no UN additions of any consequence, even as the forces of globalization and the ensuing demands for global governance have grown. Rather, the world's major democratic powers have invested their energies, first, in attempting to reform the UN firmament at their G7 Summit in 1995, and then in creating open, democratic, G8-centered institutions of their own. In the first phase these G7/8 creations came in areas where the 1945 galaxy was largely absent – the environment, employment, information and communications technology, terrorism, crime and energy. More recently, in the twenty-first century, they have come in fields - labour, health and development - where the UN galaxy, from the International Labour Organization to the World Health

Organization, to the World Bank, has long had large institutions, but ones that have now clearly failed to meet the new needs of a globalizing age.

The United Nations Security Council's proclivity for producing disunity in the leadup to the US-British-led coalition's enforcement action in Iraq on March 20. 2003, has understandably led informed and consequential oberservers to call for the G8 to again take up the cause of UN reform (Gorbachev 2003). Yet those who argue that building the G8 rather than reforming the UN would be more in Russia's interests have the better case Nikonov 2003).

3. Governing Globalization in the Future: The G8's Role

To govern globalization effectively in the years ahead, it is this flouishing foundation of G8 governance that should be further enriched. To select the priority areas where the construction effort can best be directed, several criteria can be set. On the demand side, the focus should be on the newest and most rapidly globalizing processes, those where the fewest global citizens benefit while many share the costs, and those where political, economic, social and ecological processes are most tightly linked. On the supply side, one would look first at areas where the 1945 generation of institutions do not exist, or where they have already tried and failed. One would then identify areas where the existing G8 members and their civil societies have the greatest specialized capacity to contribute, and those that are most closely connected to the G8's core principles of open democracy, individual liberty and social advancement. Instrumentally, one would then look at areas that are worthy of political leaders' attention, and where the G7/8 has already started to act.

A preliminary application of these criteria suggest several outstanding tasks. The first is to integrate the new Russia fully into all institutions of the G8, starting with the G7 Finance Ministers forum and continuing on to the trade ministers Quadrilateral as well. Given Russia's rapidly rising economic capabiltiies, such a move would enhance the collective predominance and internal equality that makes the G8 an effective, concert-based centre of governance for the globe (Kirton 1999). As Russia has been the G8's most rapidly rising power in the twenty-first century, as measured by GDP growth at current exchange rates, this move would represent a Russian favour to the G8 more than it would the reverse.

The second task is to include the new major democratic powers of the global system, and do so in much the same way that Russia's integration into the G8 took place from 1989 to 2003. Here the essential criteria is not UN-like equitable geographical representation. For this is an obsolescent criteria in a post Westphalian world where globalization and openness is making geography and territorial-based regionalism less relevant every day. Rather the essential criteria are a clear signal that a candidate country wants to become a real member of the G8, is a ranking global power, has a sense of global responsibility, and is committed to democratic governance, human rights and social advancement, however great the odds. By these criteria, India alone at present stands out as a country

with a credible claim, once its signals its Russian-like desire to dismantle the nuclear arms it no longer needs..

The third task is to create more institutionalized associations between the G8 and a larger set of emerging powers and emerging democracies, and thus countries of systemic significance on both counts. Such an association would create a centre of global governance that would combine the powers of the twenty first century rather than those of the mid-twentieth century world. It would further reinforce the democratic revolution that is the hallmark of the new age. Here the French formulae of pre-Summit dialogue with a unilaterally-selected ad hoc G-15, or a post Summit encounter with the unelected civil servants heading some of the 1945 international organizations is an inadequate response. Rather, an institutionalized association with a leaders-level, democratically-oriented variant of the existing G-20 is the basis on which to build (Kirton 2001, Johnson 2001, Ostry 2002).

The fourth task is to develop an institutionalized relationship between G8 governors and their democratic societies. Here the first step is to bring legislators into the process, through the establishment of a G8 Interparliamentary Group. It would be of particular value to those G8 members with Presidential systems, and those who legislators are less global in their experience and orientation than their rapdily globalizing legislative agenda inherently is. A second step would be to assemble members of G8 countries Supreme Courts, judicial systems and legal communtiies. Comparing and identifying best practices in legal systems and procedures relating to terrorism, crime, and cyberspace could be an appropriate agenda with which they could start. Elsewhere there is a rich menu of functionally appropriate models for bringing other stakeholders in (Kirton 2001-2).

The fifth step is to broaden the array of G8 ministerial institutions. The first clear candidate is the creation of a G8 forum for the one still missing traditional international affairs ministry – that for Defence. As the 2002 Kananaskis Summit showed, the G8's agenda is now routinely filled with such issues as weapons of mass destruction, regional security, terrorism, conflict prevention, human security, humanitarian intervention, and the delivery and protection of humanitarian relief. On all of these issues, at the national level, these matters are deal with by ministries of defence rather than those of foreign affairs alone. The case of Kosovo 1999 showed that the G8 could act effectively in the security field in defence of essential democratic and humanitarian values when the UN Security Council had failed. While NATO conveniently served in that case as the regionally available implementing instrument, in an era where security has become global rather than regional, NATO alone is not enough. The 1994 and 1996 genocides in the Great Lakes region of Africa, and the current unrest in the Congo, suggest the kind of challenges that might arise again.

Among once domestic but now rapidly globalizing subjects, several candidates emerge. In the economic domain, G8 ministers of industry and commerce, of corporate and consumer affairs, and even of national revenue might well have a role in governing global investment, mergers and acquisitions, multinational corporations, transfer pricing and taxation, and corporate governance, now that the Organization for Economic Co-

operation and Development's Multilateral Agreement on Investment has failed and the WTO's promise in the narrow field of trade-related investment is fading fast (Rugman 1999). More broadly, there are many areas where a G8 ministerial meeting and official level followup have provided a foundation, as in information technology, education, and energy.

The sixth task is to move from G8 to fully global institutions, by creating hard law, broadly multilateral international organizations where the demand bred by globalization is acute, but where the United Nations system has manifestly failed to meet the need. The first clear case for action is the creation of a World Environment Organization, comparable in institutional stature, breath of membership and comprehensive coverage to the WTO of 1994. The second is a World Energy Organization, constructed as a global version of the Atlanticist International Energy Agency born back in 1974. Covering all forms of modern energy and their associated transportation systems and supply chains, this body would have a mandate to manage and develop global energy supplies in physically secure and environmentally sound ways, in order to bring stability, growth and sustainable development to the global economy and community as a whole. President Bush's presidential election campaign call for a stronger G8 energy regime, and the meeting of G8 Energy Ministers in Detroit in May 2002, show there is a strong political consensus on which to build.

In both the environment and energy cases, as with the international regimes bred by the G7 in its formative years, it would be possible to bring these global organizations into being through an coalition of the institutionally willing, with the G8 countries at the core. Canada's experience in creating the Convention on Anti-Personnel Landmines through the "Ottawa process" outside the UN, provides one potentially relevant model of how this might be done.

In both cases, Russia's participation and leadership is vital. For in these two areas, Russia's specialized capabilities place it as the first or second ranked country in the world. Indeed, the great paradox of the system of institutionalized global governance embedded in the 1945 order is that it created its most powerful institutions in fields, notably finance and trade, where Russia's specialized capabilities are still relatively weak. It created none at all in those areas, starting with energy and the environment, where Russian specialized capabilities lead the world. As both Kosovo in 1999 and Iraq in 2003 demonstrated, a "Permant Five" veto seat on the United Nations Security Council is inadequate compensation for this broader discriminatory bias that the 1945 order has entrenched.

Conclusion

At the dawn of the post cold war, globalizing era, starting with the third cycle of G7 Summitry in Paris in 1989, the G7 had an opportunity to design and deliver a new architecture for global governance, appropriate to the needs of the open democractic societies that would dominate the twenty-first century world. The initial effort, offered by Britain's John Major with the support of America's George Bush, was to diminish the

role of the G7 by suggetsing it meet less frequently, and to expand that of the United Nations, by having its Security Council meet at the leader's level. The effort failed. By 1995, in Halifax, the G7 had come to recognize that the the United Nations system needed more than than just reinforcement so it could finally function as its founders had intended, now that the cold war had gone. G7 attention thus turned to reform, so the UN system could meet the needs of the global community in the emerging twenty-first century world. Yet the enormous emphasis on reforming the United Nations at the 1995, 1996 and 1997 Summits left little concrete organizational modernization in its wake. The failure of the established international organizations to prevent, or to defend so many against, the 1997-9 Asian turned global financial crisis brutally proved the point (Kaiser, Kirton and Daniels 2000).

Since 1998, when Russia became a permanent member of the G8, the Summit has given up on any serious effort at United Nations reform, as the sharp decline in referneces to the UN and to UN reform in the Summit's communiques show (See Appendix B). It proceeded to create a new generation of institutionalized global governance on its own, focused in the first isntance on the crises of globalization, from finance, to terrorism to infectious disease, that proliferated as the twentieth century came to an end.

Kananskis 2002 marked a move toward a more comprehensive, proactive approach, by designing partnerships with new principles, new participants, and plentiful resources at their core. Through the G8 Africa Action Plan and Global Partnership on Weapons of Mass Destruction respectively, the Kananaskis G8 finally put an end to the old north-south and east-west divides that had defined the fractured, pre-globalizing world.

As the G8 embarks upon its fifth hosting cycle, now reinforced by Russia as a full member, the time has come to mount an even more ambitious and comprehensive institution-building effort. This effort is unlikely to take place in 2003, for the French hosts are as much moving back to their model of 1989 as moving ahead with a new approach more appropriate for an open, democratic, globalizing age. Past practise suggests that the distracted Americans and the minimalist British, both already institutionally-priveleged by the 1945 arrangements, are unlikely to acquire architectural ambitions when they host, respectively, in the U.S. presidential election year of 2004, and then in 2005. It could thus well be left to the new Russia, hosting its first Summit in 2006, to meet the need. There may well be a strong temptation for a rookie Russia to "play it safe" at its first Summit, by producing a single issue Summit that reacts to the immediate issues of the day. Yet confronting and conquering the larger challenge of catalyzing a new generation of global governance for a globalizing world would be much more appropriate to the principles and power of the new Russia in the world.

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Appendix A: G7/8 Ministerial Institutions and Meetings, 1975-2003

G7/8 Regular Ministerial-Level Institutions (By date of first meeting)

1975   Foreign (at Summit, pre-Summit as of 1998)
1975   Finance (at Summit, pre-Summit as of 1998)
1981   Trade Quadrilateral
1984   Foreign (Stand-Alone, Annual UNGA Dinner)
1986   Finance (G7 Stand Alone)
1992   Environment, 1992, 1994, annual thereafter
1994   Employment, 1996, 1997, 1998
1995   Information, 1996
1995   Terrorism, 1996, 1996, 1997, 1998. 1998, 1999, 1999, 2001, 2001, 2002, 2003
1997   Crime, 2000, 2001
1998   Energy: March 1998, May 2002
1999   Labour: February 1999, November 2000, April 2002
2001   Health: November 2001, March 2002
2002   Development: September 2002, April 2003

Note: Ministerial meetings held more than once, either as part of or apart from the annual Summit meeting, and usually attended by the ministers themselves. Some meetings have non-G8 members in attendance. Some meetings have ministers in addition to those in the core portfolio attend.

G7/8 Ad Hoc Ministerial Meetings

1993   Russian Financial Assistance
1994   Ukraine Financial Assistance
1997   Small and Medium Enterprise
1998   Finance and Foreign Ministers
1998   Foreign Ministers on Nuclear Proliferation (Summer)
1999   Foreign Ministers on Conflict Prevention (December)
2000   Education Ministers (April 2000, Japan)
2002   Research Ministers (June 2002, Moscow)

Note: Ministerial meetings held only once, or in a particular configuration of combined ministers, apart from the annual Summit meeting. Some meetings have non-G8 members in attendance.

Compiled by John Kirton

Appendix B: G8 Summit References to the United Nations, 1975-2000

Summit	References to UN	References to UN Reform	Ratio of Dissatisfaction
1975	0	0	
1976	2	0	0
1977	1	0	0
1978	0	0	
1979	1	0	0
1980	5	0	0
1981	3	0	0
1982	4	0	0
1983	1	0	0
1984	1	0	0
1985	1	0	0
1986	2	0	0
1987	7	1	14%
1988	6	0	0
1989	16	2	13%
1990	9	1	11%
1991	33	10	30%
1992	29	4	14%
1993	13	2	15%
1994	18	4	22%
1995	44	31	70%
1996	123	100	81%
1997	60	28	47%
1998	12	0	0
1999	28	6	21%
2000	31	2	6%

Ratio of Dissatisfaction is References to UN Reform as a percentage of References to the UN

Compiled by Bob Papinikolau, April 2003