

# G8online

## 4. The Creation and Evolution of the G7/G8 System

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Hello, I'm John Kirton, Director of the G8 Research Group at the University of Toronto and your lead instructor for G8 Online 2002.

In this session we explore the creation and evolution of the G7, and now G8, system of global governance.

This story, on the surface, has a simple start and finish. It starts on a grey weekend in mid November 1975 at the Château de Rambouillet outside Paris, France. There the leaders of France, the United States, Britain, Germany, Japan and Italy gathered with a few hundred officials and journalists for an apparently one-time discussion of international finance. The story ends last year, in July 2001, in sun-drenched Genoa, Italy. Here the leaders of these countries, and now Canada, the European Union and Russia, were joined by several other world leaders, thousands of officials, thousands of journalists, and hundreds of thousands of protestors, at their 27th annual summit to deal with the full range of global concerns.

This striking growth in the regularity, membership, attendance and agenda of the G7/G8 Summit suggests strongly that the G7/G8, from its fragile Rambouillet foundation, has now become, and is now recognized as, an effective centre of global governance. But how did it become such a central component of global governance? And why did it evolve in this particular way?

There are different answers to these questions. Some still see the annual G8 Summit as nothing more than a "global hot-tub party" where old friends get together to bask in the reflected glory of their greatness and try to convince a gullible public into believing that something important is being done (Wood 1988). Others, somewhat more charitably, see the Summit as a "seminar for statesmen" or a skeptical, free-

thinking "ginger group", created and continued to exchange innovative ideas that may stimulate new thinking and even action back home (Baker 2000). Still others see it as a "private club for the plutocracy," where the leaders of largely white, wealthy, big capitalist countries conspire to make the world better for their own countries and for the multinational firms based within (Gill 1999, Helleiner 2000). And some even see the G7/G8 as a particular form of global governance — as a modern democratic **concert** of leaders and now ministers and officials who continuously take collective decisions that matter to the world as a whole (Kirton 1999, Bayne 2000).

In this lecture, I argue that the Summit was created, has evolved and has functioned as a modern democratic concert, providing effective global governance where the older United Nations-based, multilateral organization, operating by themselves, have failed. The G7 was consciously created amidst the many crises of the early 1970s as a modern concert in order to preserve and promote democratic values in the global community as a whole. It has become highly institutionalized, with its annual Summit and its select membership now standing at the apex of a vast, if largely invisible, network of ministerial and official-level groups. And its original mission has generated an agenda that has come to embrace the governance of the global community, and the domestic governance of the globe's nation-states, as a whole.

### **A. The Crisis-Catalyzed Creation of the G7/G8 Concert**

The G7 Summit system was called into being by the cascading crises that confronted the international community in the early 1970s. These crises were ones that the multilateral

organizations created at the end of World War Two proved unable to control (Kirton 1989). On August 15th, 1971, the United States unilaterally abandoned — and thus destroyed — the system of **fixed international exchange rates**, anchored in the once mighty U.S. dollar, that stood at the heart of the **International Monetary Fund (IMF)** founded in 1944. The General Agreement on Tariffs and Trade (GATT), created in 1947, formally launched a new “Tokyo” round of multilateral trade liberalization in 1973. But its achievement seemed stillborn, as the world major economies went into their first simultaneous slowdown since World War Two and protectionist pressures within them began to rise. This slowdown was the result of the October 1973 oil shock, in which the Organization of Arab Petroleum Exporting Countries (OAPEC), amidst the 1973 war in the Middle East, raised the price and reduced the supply of the vital oil it delivered to the West and Japan. In short succession, Communist parties threatened to come to power in much of southern Europe, India joined the nuclear club by exploding a nuclear device and the United States was driven in defeat from Vietnam in April 1975.

The initial response, from France, was one of **regionalism** — to strengthen the independent regional European Community formed in 1957. From the United States, it was one of **Atlanticism** to reinvigorate the transatlantic ties centred in the North Atlantic Treaty Organization (NATO) created in 1949. But when neither of these old formulas worked, the search was on for something new. The answer was a novel institution for the leaders of the world’s major democratic powers. Here a now powerful Japan, Germany and Italy could join the World War Two victors of the United States, Britain and France to address critical economic and underlying political issues in a combined trans-Atlantic and trans-Pacific club.

With this formula found, attention turned to the form the new institution should take. One approach came from the leaders of France

and Germany, both of whom had recently been finance ministers who met informally and privately as the **Library Group** in the library of the White House to discuss what shape a new international monetary system should take. Others, who had been members of the private-sector **Trilateral Commission**, instinctively preferred a much more structured approach, with elaborate institutions, careful preparations and clear collective decisions. Elements of each of these “**Librarian**” and “**Trilateralist**” approaches found expression in the new institution. However, the core conception and central design came from U.S. Secretary of State Henry Kissinger. He had written his doctoral dissertation on the nineteenth-century **Concert of Europe** and thought that the world needed a modern, democratic concert now.

Concerts are a very special kind of international institution. They contain all of — and only — the world’s major powers. The leaders themselves meet periodically at well-prepared summits to decide the great issues of the day. As leaders of major powers, their agenda embraces and integrates all economic and political issues of priority importance for the world as a whole. Finally, concerts are centrally concerned with the domestic affairs of both their own members and countries outside. In this, they differ fundamentally from the United Nations, with its ultimate attachment in Article 2(7) of its charter to non-interference in the international affairs of sovereign states,

## **B. The Institutional Evolution of the G7/G8 Concert**

From this foundation, how did the G7 evolve? As a concert, the G7 at Rambouillet in 1975 contained only major powers. As a democratic concert, it contained only and all of the democratic ones. Consistent with this conception, the second Summit, at Puerto Rico in 1976, included democratic Canada as a new major power in the world. For Canada, as a leading oil, uranium, mineral and commodity power could make or break the global control of

Organization of the Petroleum Exporting Countries (OPEC) and the other commodity cartels that were arising as a result. The third Summit, in London in 1977, added the European Community for those sessions on subjects in which the Community claimed legal competence. For if the Community's member countries — beyond the big four of France, Britain, Germany and Italy — were taken together, they were all democratic polities that in total exercised major power in the world (Lamy 1988). As the Soviet Union, and then its major remnant Russia, became a durable democratic polity, it too was incorporated. This was done first with a post-Summit meeting at London in 1991, then as a member of a new "Political Eight" in Lyon, France, in 1996, next as a member of the Summit of the Eight at Denver in 1997 and finally as a full member of a permanent G8 at Birmingham, England, in 1998.

It is true that the addition of the European Community (now called the European Union) and Russia reinforced the already heavy weight of European members of the G8. It did so at a time when the current wave of globalization is creating rising powers in new regions well beyond the European imperial centres of old. However, in a concert system, a global view is ensured not by having equal representation from each geographic region that matters, but by including all individual major power, each with its own global responsibilities and reach.

As a concert, the G7/G8 quickly evolved into an annual summit, taking place in late spring or summer every year. In addition, a special, intersessional, single-subject Summit was held on nuclear safety in Moscow in 1996. The annual Summit always included foreign and finance ministers as well as leaders, until 1998 when the leaders decided they should meet alone. The ministers had already begun to meet separately, as the G7 Summit had generated stand-alone forums for its trade ministers in 1982, foreign ministers in 1984 and all seven finance ministers in 1986. During the 1990s

these regular ministerial-centred forums proliferated, bringing ever more domestically oriented ministers into the network of G8 governance. This process started with the environment and labour in 1994, and culminated thus far with education, energy and health from 2000 to 2002. Also proliferating were the official-level working groups and task forces that the G7/G8 created for its own members. These often reached out to involve others as well.

### **C. The Expanding Agenda of the G7/G8 Concert**

Equally apparent is the expanding agenda of the G7/G8. In its concluding communiqué at their 1975 Rambouillet Summit, the six leaders present clearly highlighted that they were concerned with politics as well as economics, and with the global community as well as their G7 countries alone. This was a natural consequence of the core mission they proudly proclaimed — to strengthen open democracy, individual liberty and social advancement. At Rambouillet, they focused on international finance and macroeconomic policy, international trade and international development across the north-south divide — issue areas the G7/G8 has dealt with at every Summit since. But they also dealt with energy and environmental issues and east-west relations, as the core of a "transnational" or "global issues" agenda, and a political-security agenda, each of which has expanded ever since. There are now few subjects of global or domestic governance that the G7/G8 Summit and full system have not yet dealt with, and none that they cannot should they so chose. The G7/G8 thus has a fully comprehensive, flexible agenda that no other institution with a vocation for global governance can claim.

With such an expansive and ever changing agenda, there is always a danger that the Summit's agenda will become too broad for leaders themselves to focus on any single issue, or too episodic for them to give the toughest

issues the sustained attention needed if they are to be solved. The Summit has followed two formulas to solve these problems, each mobilizing the unique value of its concert design. The first is to concentrate on only a few of the most important issues, as at Kananaskis in June 2002 where poverty reduction in Africa, sustaining global growth and combating terrorism are the three central themes. The second is to focus on ways in which political and economic subjects can be interlinked for overall gain. At Kananaskis, for example, it will be made clear that reducing poverty in Africa is necessary to combat global terrorism, but that poverty reduction requires in turn that African governments pursue good governance and the rule of law within their own countries at home.

Has the particular design of the G7/G8 as a modern democratic concert enabled it to serve as an effective and influential centre of global governance, particularly in areas where the old multilateral organizations have not? We will begin to answer this critical question in our next session. There we will explore how much and how the G7/G8 Summit has succeeded in producing timely, well-tailored and ambitious co-operative agreements among its always proud and powerful members and the different priorities, positions and perspectives they bring to the Summit each year.

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## Discussion Questions

1. In what way does the G7/G8 as a modern democratic concert resemble, and differ from, the nineteenth-century Concert of Europe? Are the similarities or the differences greater?
2. What advantages and disadvantages do concerts have as an institution for global governance?
3. What other ministers should meet in G8 forums and why?
4. Has the particular design of the G7/G8 as a modern democratic concert enabled it to serve as an effective and influential centre of global governance, particularly in areas where the old multilateral organizations have not?

## Quiz

1. The system of fixed international exchange rates anchored in the United States dollar and based in the International Monetary Fund created in 1944 was destroyed by unilateral American action in:
  - a. October 1973
  - b. August 1971
  - c. April 1975
  - d. November 1975
2. The second G7 Summit was held in:
  - a. Puerto Rico in 1976
  - b. London in 1997
  - c. Bonn in 1978
  - d. Guadeloupe in 1979
3. At their second Summit, the original six members who had met at Rambouillet France added as the seventh full member:
  - a. European Community
  - b. Canada
  - c. Italy
  - d. Russia
4. The leader of the Soviet Union/Russia first appeared at a G7 Summit in:
  - a. 1976
  - b. 1991
  - c. 1996
  - d. 1998
5. The first G7/G8 Summit to be held without foreign and finance ministers joining the leaders at the Summit itself was:
  - a. Halifax 1995
  - b. Moscow 1996
  - c. Birmingham 1998
  - d. Cologne 1999