

1. The G7/8 System and Evolution

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Introduction

Hello, I'm Professor John Kirton, Director of the G8 Research Group, a global network of G8 scholars and experts, based at the University of Toronto, in Canada.

I am pleased to introduce you to G8 Online 2004 — an online, university-level course that explores the Group of Eight major market democracies in the leadup to, and at, its annual Summit, taking place in Sea Island, Georgia, on June 8—10, 2004. At Sea Island, the United States will host two days of intensive and potentially historic discussions with its G8 partners — France, Britain, Germany, Japan, Italy, Canada, Russia and the European Union. Here their leaders will confront three central challenges: generating security, prosperity and freedom for our twenty-first century world. They will try to set new directions and take far-reaching decisions to reach their ambitious goals in each sphere.

Will they succeed? In G8 Online 2004, we will explore what the G8 has done, what it now seeks to do, and what it will can and should do to strengthen security, prosperity and freedom throughout the globe. To do so, we look, in turn, in our 26 online sessions, at the G8 as an international institution, at the role played by each G8 member, at the central issues for the Sea Island Summit, and at how it will all come together at the Sea Island Summit in June 2004.

To present these lectures, we have assembled leading G8 scholars, experts and participants, from throughout the United States and its partners in the G8. We are grateful to them, and to our sponsors — the Centre for International Governance Innovation, the Government of Canada, the G8 Research Group, the EnviReform Project, Trinity College, the University of Toronto and eCollege.

In each of the 26 sessions, we start with a short lecture, available in high- and low-broadband video, audio and text. Each lecture will come with accompanying video and text materials that provide further background and a broader variety of perspectives on the subject. The lectures, and further readings, are available in full text form from G8 Online and from the G8 Information Centre at www.g8.utoronto.ca. We will also offer you others ways to participate — through email questions to our instructors and teaching assistants, through responses to polls and through interactive sessions with your fellow students and the teaching assistants. The entire course will be available in full in both English and French, so you can participate in the language of your choice.

You can use G8 Online in several ways: as an interested citizen or as a serious student; from start to finish or by connecting to those particular sessions that interest you; as a course you might be taking for credit, as a supplementary resource for your existing courses or as a completely personal online experience.

G8 Online explores the G8 from the perspectives of G8's defenders and critics alike. The issues dealt with by the G8 are challenging and complex. Their solutions are often uncertain and controversial. The way the G8 deals with them and its success in doing so are similarly subject to differing points of views, and views that shift as the evidence and the problems themselves change. Even in the many cases where the evidence is available and points in one direction, there will be those who do not like the results and will want to change them. Our course can help the G8's defenders and critics understand better how to change the way the G8 works, and how global governance can be improved.

The Evolution of Global Governance

The G8 at present represents the latest stage in the evolution of global governance over the past 350 years. Since our world of sovereign territorial states was created by the Treaty of Westphalia in 1648, the international system has seen successive attempts to find a formula to produce security and prosperity for these states, in a world where no higher source of authority exists. In the seventeenth and eighteenth centuries, leaders of the major powers created a *balance of power* so that no single state would be so powerful that it could dominate the rest. After this system failed in the Napoleonic wars, leaders created the nineteenth-century *Concert of Europe*, so the leaders gathered to govern the world collectively. After a century of success, this system failed in World War I. In the twentieth century, international co-operation was thus embedded in international organizations with formal legal charters and separate secretariats, first in the League of Nations created in 1919 and then, after World War II, in the United Nations founded in 1945. The informal G8, created as the G7 in 1975 amidst a new outburst of global crises, marked somewhat of a return to the nineteenth-century concert system. But now it came with democratic powers and democratic purposes at its core.

Which approach has best produced the peace and prosperity that all want? Observers of international relations have long offered very different answers to this central question. Some, known as **realists**, claim that powerful sovereign states cannot count on international organizations for their security or prosperity, because individual states by themselves must build their national power — and balance that of others — in order to survive and thrive in a dangerous world. Others, now known as **liberal-institutionalists**, respond that successive waves of globalization have led to close connections among countries, and that more formal international rules and organizations are required to help states reach

their goals. In the middle stands a third group, known as **constructivists**, who claim that leaders can construct new concepts of their countries' interests and identities in order to co-operate to achieve security and prosperity in a rapidly globalizing age.

The G8 is the only international institution where the leaders of all the world's democratic powers regularly get together. Perhaps then it is the forum where the conceptions and co-operation required to address today's challenges of global governance are most likely to arise. Certainly its power and potential as an effective centre of global governance are widely recognized. It is acknowledged by the leaders of the world's major powers who always find time in their busy schedule to come to the annual Summit, by the thousands of officials and journalists who come with them, by the leaders of outside countries and international organizations who seek to — and sometimes do — attend, and by the civil society activists, now numbering in the hundreds of thousands, who come to lobby and protest. Serious analysts of the G8 confirm these instincts, both when they point to the G8's important impact on global and domestic governance and when they criticize the G8 for not doing what it could and, in their view, should do.

Yet important as it is, the G8 largely remains a largely invisible centre of global governance. It appears in public only once a year at its annual Summit, and intermittently when its rapidly multiplying ministerial meetings take place. Almost never is the work — and at times even the existence — of its dozens of official-level bodies and working groups known to those outside. Equally obscure is the intensive year-round process for preparing the annual Summit and ensuring that its decisions are reliably put into effect. In all, the G8 system now operates on a daily basis, and involves most ministers and their departments of its members' governments. But it still has no secretariat to give it a permanent physical presence, to store its documents, to mount a

public information program or to speak on its behalf. As a result, its mission, operations and accomplishments are easily unrecognized, unheralded, mistrusted and misunderstood. G8 Online seeks to help lift this veil of invisibility, by taking a close look at the G8.

The G8 as the New Centre of Global Governance

The G8 started on a grey weekend in mid November 1975 at the Château de Rambouillet outside Paris. The leaders of France, the United States, Britain, Germany, Japan and Italy gathered with a few hundred officials and journalists for what was publicly billed as a one-time discussion of international finance. Three decades later, in June 2003, in sun-drenched, summertime Evian, France, the leaders of these countries, and now of Canada, the European Union and Russia, accompanied by other world leaders, and thousands of officials, journalists and protestors, assembled for their 29th annual Summit to deal with the full range of global concerns.

This striking growth in the regularity, membership, attendees and agenda of the G7/G8 summits suggests strongly that the G7/G8 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 little 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 the gullible public into believing that something of importance is being done (Wood 1988). Others, somewhat more charitably, see the Summit as a “seminar for statesmen” or a “ginger group,” created and continuing to exchange innovative ideas that may lead to 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 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).

I argue that the Summit was created, has evolved and functioned as a modern democratic concert, providing effective global governance where the older system based on the multilateralism of the United Nations has 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 summits and their select membership overseeing 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.

The Crisis-Catalyzed Creation of the G7/G8 Concert

The G7 Summit system was called into being by the cascading crises that beset the world in the early 1970s, crises that the multilateral organizations created at the end of World War II were unable to control. On August 15, 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) created in 1944. The General Agreement on Tariffs and Trade (GATT), created in 1947, formally launched a new round of multilateral trade liberalization in 1973. But its achievement seemed stillborn, as the world’s major economies went into their first postwar simultaneous slowdown and protectionist

pressures within them intensified. 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 to strengthen the independent regional European Community formed in 1957. From the United States, it was 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 — a novel institution for the leaders of the world's major democratic powers, in which a now powerful Japan, Germany and Italy could join the World War II victors of the United States, Britain and France to address critical economic and underlying political issues in a combined European-American-Asian club.

The question then became what 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** at the White House to discuss a new international monetary system. Others, who had been members of the **Trilateral Commission**, instinctively preferred a much more structured system, with elaborate institutions, careful preparations and clear collective decisions as a result. While elements each of these "Librarian" and "Trilateralist" approaches found expression in the new institution, its core conception came from U.S. secretary of state Henry Kissinger, who had written his doctoral dissertation on the Concert of Europe and who thought that what the world needed now was a modern, democratic concert.

Concerts contain all of 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 international system as a whole. And unlike the [United Nations](#), with its ultimate attachment in Article 2(7) of the charter to non-interference in the international affairs of sovereign states, concerts are centrally concerned with the domestic affairs of both their own members and countries outside.

The Institutional Evolution of the G7/G8 Concert

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 formula, 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 control of [Organization of the Petroleum Exporting Countries](#) (OPEC) and other clone commodity cartels. The third Summit, in London in 1977, added the European Community for those sessions on subjects in which the Community had legal competence, for the Community members beyond the big four of France, Britain, Germany and Italy were all democratic polities that together exercised major power in the world. As the Soviet Union, and then Russia, became a durable democratic polity, it too was incorporated, first with a post-Summit meeting at London in 1991, then in 1996 as a member of the new Political Eight in Lyon, France, next as a member of the Summit of the Eight at Denver, Colorado, 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, at a time when the wave of globalization is creating rising powers in new regions well beyond the European imperial centres of old. But in a concert system, a global view is ensured not by equal representation from each geographic region but by each individual major power, with its global influence and sense of global responsibility.

As is apparent, the G7/G8 quickly evolved into an annual summit taking place in late spring or summer, although a special, intersessional, single-subject Summit was also 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. These 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 to embrace ever more domestically oriented ministers — starting with the environment and labour in 1994, and culminating thus far in education and energy in 2002. Also proliferating were the official-level working groups and task forces that the G7/G8 created from the start for its own members and often others.

The Expanding Agenda of the G7/G8 Concert

Equally apparent is the expanding agenda of the G7/G8. In its concluding communiqué at its 1975 Rambouillet Summit, the G7 clearly highlighted that it was concerned with politics as well as economics, and with the global community as well as the G7 countries, in pursuit of its core mission to strengthen democracy, social progress and human rights everywhere. At Rambouillet, it focused on international finance and macroeconomic policy, international trade and international

development across the north-south divide — issue areas it has dealt with at every Summit since. But it 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 has a fully comprehensive, flexible agenda that no other institution with a vocation for global governance can contain.

With such an expansive and ever changing scope, there is always a danger that the Summit's agenda will become too broad for leaders themselves to focus on any single issue, or to episodic for them to give the toughest issues the sustained attention needed if they are to be solved. But on the whole the Summit has followed two formulas to mobilize the unique value of this concert forum. The first is to concentrate on only a few of the most important issues, as at Sea Island, where security, prosperity and freedom are the central themes. The second is to focus on ways in which political and economic subjects can be interlinked. At Sea Island, it will be made clear how trade liberalization can generate not just prosperity but the rule of law and personal security, and how democratic societies are the foundation for the global security and prosperity all want.

Has its particular design as a modern democratic concert enabled the G7 and now G8 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 lecture, where we explore how and why the G7/8 Summit has succeed in producing timely, well-tailored and ambitious agreements among its always proudly independent and powerful member states. •

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Discussion Questions

1. What are the central difference among realists, liberal-institutionalists and constructivists in their understanding of how states behave and how international relations work?
2. What concepts other than realism, liberal-institutionalism and constructivism are needed to understand state behaviour and international relations in today's era of globalization?
3. 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?
4. What advantages and disadvantages do concerts have as an institution for global governance?
5. 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 Treaty of Westphalia was concluded in:
 - a. 1492
 - b. 1648
 - c. 1919
 - d. 1945
2. The first major international institution with a formal charter and separate organization was:
 - a. Balance of Power
 - b. Concert of Europe
 - c. League of Nations
 - d. United Nations
3. 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
4. The second G7 Summit was held in:
 - a. Puerto Rico in 1976
 - b. London in 1997
 - c. Bonn in 1978
 - d. Guadeloupe in 1979
5. 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
6. The leader of the Soviet Union/Russia first appeared at a G7 Summit in:
 - a. 1976
 - b. 1991
 - c. 1996
 - d. 1998