

SPS 867
GLOBAL GOVERNANCE
Making the International Economic System Work
Spring 2002

COURSE OUTLINE

25 and 27 April 2002, 1.00-4.00pm

13-17 May, 1.00-4.00pm

21-24 May, 8.30-11.30am

21-22 June, 8.30-11.30am

Guest Lecturer:

Sir Nicholas Bayne, KCMG

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Coordinator:

Dr. Robert Wolfe

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Purpose of the Course

The advance of globalisation increases the demands made on governments. As international dealings penetrate ever deeper into national economies, there is growing tension between domestic and external pressures. Governments also see their powers dwindling, as non-state actors, like business and NGOs, become more influential.

This course examines how states operate in the international economic system – through formal institutions and in other ways - and how they try to make the system work to their advantage. It analyses how domestic decision-making processes integrate external factors; and how international agreements are reached in ways that satisfy national goals.

The course will look at questions such as:

- How has the international economic system evolved in the late 20th century and where is it heading in the 2000s?
- What are the options available in policy-making for national governments as globalisation advances?
- How do non-state actors, such as private firms and NGOs, make their impact on the system?
- How do international institutions respond to the changing demands of their members?

The course will focus on practical examples of policy-making and on topical issues, such as the response to the terrorist attacks of 11 September 2001 and the G8 summit to be hosted by Canada at Kananaskis in June 2002.

Structure of the Course

The course consists of three main components:

- *Lectures* followed by general discussion. These lectures will usually occupy the first part of the three-hour teaching periods. Most of the lectures will be given by Nicholas Bayne, though a few outside lectures are planned.
- *Seminars* at which course participants in turn make presentations, which they defend before the class. This class work normally occupies the second part of the teaching periods in May, with two presentations a day.
- *Course papers*. Each course participant must complete a paper for submission by 10 June. These papers will be discussed in class during the teaching sessions on 21-22 June.

In addition to these basic components, the course will conduct a simulation of the Kananaskis G8 summit. Course participants will be allocated topics from the summit agenda and represent different G8 members. The course will simulate a preparatory 'sherpa' meeting and the summit itself at two sessions during May.

For more details on lectures and seminars, see **Class Schedule**. For instructions on preparing class presentations and course papers, see **Evaluation and Course Requirements**

Reading

All required readings will be in a Course Book available in the Bookstore. The following book, available in the Bookstore, is highly recommended:

Cable, Vincent, (1999) *Globalisation and Global Governance*, (London, Royal Institute of International Affairs).

Advance copies of Bayne, Nicholas and Woolcock, Stephen, (2002) *The New Economic Diplomacy*, (Aldershot, Ashgate), which incorporates much of the course material, may be available by the start of the course.

Other useful general works, from which readings are taken, are:

Spero, Joan and Hart, Jeffrey, (1997) *The Politics of International Economic Relations*, 5th edition, (New York, St. Martin's Press).

Gilpin, Robert, (2000) *The Challenge of Global Capitalism*, (Princeton University Press).

Putnam, Robert D. and Bayne, Nicholas, (1987) *Hanging Together: Cooperation and Conflict in the Seven-Power Summits*, (London, SAGE).

Bayne Nicholas, (2000) *Hanging In There: the G7 and G8 Summit in Maturity and Renewal*, (Aldershot, Ashgate).

Background material on the G7/G8, for the summit simulation, may be found on www.g8.utoronto.ca and www.g8.gc.ca.

Readings for each seminar session are given in the **Class Schedule**. The core readings should be read by every course member before the session. The other recommended readings are important for those giving class presentations and valuable for other members.

27 February 2002

SPS 867

GLOBAL GOVERNANCE

Making the International Economic System Work

Spring 2002

CLASS SCHEDULE

The main lecturer is Nicholas Bayne, though some sessions may involve guest speakers.

Part I: Introductory Lectures and Organisation of the Course

Thursday 25 April

Lecture 1: 'Introduction to Global Governance – Issues, Actors and Process'

Organisation of the Part II seminars and the G8 summit simulation

Lecture 2: 'Moulding the International System I: Institution Building, 1944-1971'

Saturday 27 April

Lecture 2 - concluded

Selection of seminar presenters; allocation of summit topics and G8 countries

Lecture 3: 'Moulding the International System II: Interdependence, 1971-1989'

Seminar Topics from Lectures 2 and 3:

- a. Why did the post-war trade system prove more durable than the monetary system?
- b. How did the reaction to the first oil crisis (of 1974) differ from the reaction to the second (of 1979)? What were the consequences?

Core Readings:

Kenen, Peter, ed., (1994) *Managing the World Economy: Fifty Years after Bretton Woods*, (Washington, Institute for International Economics), Chapter 1.

Spero, Joan and Hart, Jeffrey, (1997) *The Politics of International Economic Relations*, 5th edition, (New York, St. Martin's Press), Chapters 1-3.

Other Recommended Readings:

Eichengreen, Barry, (1996) *Globalising Capital*, (Princeton University Press), Chapters 4 and 5.

Hoekman, Bernard, and Kostecki, Michael, (1995) *The Political Economy of the World Trading System*, (Oxford University Press), Introduction and Chapter 1.

Kapstein, Ethan, (1994) *Governing the World Economy*, (Harvard University Press), Chapters 3 and 4.

Putnam, Robert D. and Bayne, Nicholas, (1987) *Hanging Together: Cooperation and Conflict in the Seven-Power Summits*, (London, SAGE), Chapters 5 and 10.

Part II: Lectures and Related Seminars

Monday 13 May

Lecture 4: 'Moulding the International System III: Globalisation, 1989-present'

Seminar Topics from Lecture 4:

- a. Assess the balance of benefits and drawbacks in the impact of globalisation on the international economic system.
- b. How did the end of the Cold War affect the advance of globalisation?

Core Reading

Cable, Vincent, (1999) *Globalisation and Global Governance*, (London, Royal Institute of International Affairs), Chapters 1 and 2.

Other Recommended Readings

Hirst, Paul, and Thompson, Grahame, (1999), *Globalisation in Question*, 2nd edition (Cambridge, Polity Press), Chapters 7 & 9.

Held, David and others, (1999), *Global Transformations: politics, economics and culture*, (Cambridge, Polity Press), Introduction.

Rodrik, Dani, (1997) *Has Globalisation gone Too Far?* (Washington, Institute for International Economics), Chapter 1.

Bayne Nicholas, (2000) *Hanging In There: the G7 and G8 Summit in Maturity and Renewal*, (Aldershot, Ashgate), Chapter 6.

Tuesday 14 May

Lecture 5: ‘Actors in the System I: Government’

Seminar Topics:

- a. How do governments try to resolve the tension between external and domestic pressures in economic decision-making?
- b. How does the division of responsibilities between politicians and bureaucrats affect economic policy-making?

Core Reading

Putnam, Robert D, (1988) ‘Diplomacy and Domestic politics: the Logic of Two-Level Games’, *International Organisation*, Vol. 42.3, (1988), 427-460.

Other Recommended Readings

Keohane, Robert O. and Milner, Helen V. (1996), *Internationalisation and Domestic Politics*, (Cambridge University Press), Chapter 2.

Aberbach, Joel, Putnam, Robert D. and Rockman, Bert (1981), *Bureaucrats and Politicians in Western Democracies*, (Harvard University Press), Chapter 1.

Wednesday 15 May

Lecture 6: ‘Actors in the System II: Private Firms and NGOs’

Seminar Topics:

- a. Is the power of international business causing the state to wither away?
- b. Does involving NGOs make international economic policy more democratic?
- c. How have NGOs concerned about globalisation been affected by the terrorist attacks of 11 September?

Core Readings

Julius, DeAnne, (1997) 'Globalisation and Stakeholder Conflicts: a Corporate Perspective', *International Affairs*, Vol. 73.3, (1997), 453-468.

Green, Duncan and Griffith, Matthew (2002) 'Globalisation and its Discontents', *International Affairs*, Vol. 78.1, 49-68.

Other Recommended Readings

Strange, Susan (1996) *The Retreat of the State*, (Cambridge University Press), Chapter 1.

Garten Jeffrey (1997) 'Business and Foreign Policy', *Foreign Affairs*, Vol. 76.3, (May/June 1997), 67-79.

O'Brien, Robert et al., (2000) *Contesting Global Governance: Multilateral Economic Institutions and Global Social Movements*, (Cambridge University Press), Chaps 1 & 6

Mazur, Jay (2000) 'Labor's New Internationalism', *Foreign Affairs*, Vol. 79.1, (January/ February 2000), 79-93.

Thursday 16 May

Simulation of the G8 Kananaskis Summit: Part I – the Sherpas

Documentation available from www.g8.utoronto.ca and www.g8.gc.ca.

Friday 17 May

Lecture 7: 'Bilateralism: Good for the United States but not for Canada?'

Seminar Topics:

- a. Do bilateral economic relations always favour the stronger partner?
- b. What are the United States' strengths and weaknesses in international economic policy-making?

Core Reading:

Odell, John, (2000), *Negotiating the World Economy*, (Cornell University Press), Chapters 1-3.

Other Recommended Readings:

Paarlberg, Richard, (1995) *Leadership Begins at Home: US Foreign Economic Policy after the Cold War*, (Washington, the Brookings Institution), Chapters 3-6.

Gilpin, Robert, (2000) *The Challenge of Global Capitalism*, (Princeton University Press), Chapters 8 and 11.

Cooper, Andrew F, (1997) *Canadian Foreign Policy: Old Habits and New Directions*, 1997, (Scarborough, Ont: Prentice Hall), Introduction, 9-22, and Chapter 2, 79-102.

Tuesday 21 May

Lecture 8: ‘Regional Integration: Case Study - the European Union’

(This lecture will be given by a member of the European Commission Delegation to Canada.)

Seminar Topics;

- a. Does regional integration undermine the multilateral economic system or not?
- b. How does the EU balance efficiency and accountability in trade policy?

Core Reading:

Wallace, Helen and Wallace, William, eds., (2000) *Policy Making in the European Union*, 4th Edition (Oxford University Press), Chapters 1-3.

Other Recommended Readings:

Cable, Vincent and Henderson, David, (1994) *Trade Blocs? The Future of Regional Integration*, (London, Royal Institute of International Affairs), Chapters 1 and 8.

Woolcock, Stephen, (2000) ‘European Trade Policy’ (Chapter 14) in Wallace and Wallace, *Policy Making in the European Union*.

Wednesday 22 May

Lecture 9: ‘International Institutions I: Plurilateralism’

Seminar Topics – General Issues and Plurilateral Institutions:

- a. Which is more effective in global governance – voluntary cooperation or rule-making?
- b. If **either** the OECD **or** the G7/G8 summit did not exist, would it need to be invented?

Core Reading:

Bayne, Nicholas, (2000) *Hanging In There*, Chapter 9.

Other Recommended Readings:

Reinalda, Bob and Verbeek Bertjan, eds, (1998) *Autonomous Policy Making by International Organisations*, (London and New York, Routledge), Chapters 1 and 3.

Henderson, David, (1993) 'International Economic Cooperation Revisited' [OECD], *Government and Opposition*, Vol. 28.1, (Winter 1993), 11-35.

Bayne, Nicholas, (2000) *Hanging In There*, Chapter 12 [G7/8 Summits].

Thursday 23 May

Lecture 10: 'International Institutions II: Multilateralism'**Seminar topics – Multilateral Institutions:**

- a. Has the Doha WTO meeting 'wiped out the stain of Seattle'?
- b. Does the IMF need more reform?
- c. Is **either** the world trading system **or** the monetary system unfair to developing countries?

Core Readings:

Schott, Jeffrey (2000) *The WTO After Seattle*, (Washington, Institute for International Economics), Chapter 1.

Eichengreen, Barry, (1999) *Towards a New International Financial Architecture*, (Washington, Institute for International Economics), Chapters 2 & 7 (& Appendix A)

Other Recommended Readings

Sampson, Gary. P (2001) 'The World Trade Organisation After Seattle' in Lloyd, Peter and Milner, Chris (eds), *The World Economy: Global Trade Policy 2000*, (Oxford and Malden, MA, Blackwell), 7-28.

Bhagwati, Jagdish, (2001) 'After Seattle: Free Trade and the WTO', *International Affairs*, Vol. 77. 1, (January 2001), 15-30.

Bayne, Nicholas, (2000) 'Why did Seattle Fail: Globalisation and the Politics of Trade', *Government and Opposition*, Vol. 35. 2, (Spring 2000), 131-151.

James, Harold, (1996) *International Monetary Cooperation Since Bretton Woods*, (Washington, International Monetary Fund), Chapter 17.

Lipton, David (2000), 'Refocusing the Role of the International Monetary Fund' in Kenen, Peter and Swoboda, Alexander (eds), *Reforming the International Monetary and Financial System*, (Washington, International Monetary Fund), 345-365.

Friday 24 May

Simulation of the G8 Kananaskis Summit: Part II – the Heads of Government

Documentation available from www.g8.utoronto.ca and www.g8.gc.ca.

Lecture 11: 'The G8 and Africa'

(This lecture will be given by David Angell, Department of Foreign Affairs and International Trade.)

Part III: Course Papers

Friday 21 June

Discussion of Course Papers

Saturday 22 June

Discussion of Course Papers

Lecture 12: 'Global Governance in the 2000s'

Sample Topics for Course Papers

1. How has the impact on member governments of **either** the IMF **or** the GATT/WTO between the 1940s and the present day? What are the gains and losses from this evolution?
2. Did the developing countries have more influence on the international economic system in the 1970s than they do now?
3. "A key lesson seems to be that the pressures of globalisation . . . accentuate the benefits of good policies and the costs of bad policies" (IMF, 1997). Explain why this should be.
4. How has the advance of globalisation affected the pressures for protectionism?
5. What impact has globalisation had on the relative importance and influence of the main actors in the international economic system?

6. Why are heads of government becoming more involved in the international economic system?
7. Professor Robert Putnam developed his theory of 'two-level games' to explain what happened at the 1978 Bonn G7 summit. Use the theory to explain another more recent episode of international economic relations and comment on its value.
8. Assess the role of multinational companies in the international economic system, with reference to a specific sector, eg energy, finance or food.
9. What would be the best relationship between inter-governmental economic institutions and NGOs? (You may focus on a single institution like the IMF or the WTO.)
10. What is the impact of the 'precautionary principle' on international economic policy-making? Illustrate from the environment or from food safety.
11. There are regional organisations covering Europe (EU), North America (NAFTA) and the Pacific (APEC). Why isn't there a TAFTA (Trans-Atlantic Free Trade Area) or comparable transatlantic body?
12. How do you account for the rapid growth of regional economic groupings in the last ten years?
13. Why are plurilateral institutions ineffective at rule-making?
14. Should there be multilateral rules for investment?
15. "Debt relief for the poorest countries will be weakened if they cannot have better access for their products" (Camdessus at Seattle). Are the policies of rich countries towards poor ones consistent?
16. Do multilateral economic institutions have more to offer small countries than to large ones?
17. Do the activities of the G7/G8 summits strengthen the global economic institutions or undermine them?
18. What economic instruments can be used against international terrorists? How effective are they?
19. Evaluate the impact – actual and potential - of the terrorist attacks of 11 September on the world economic system.
20. Should Canada be in the G7/G8?

Queen's University, Kingston, Ontario: School of Policy Studies
Kananaskis Summit Simulation
Nicholas Bayne

Sixteen graduate students for the Masters in Public Administration at Queen's School of Policy Studies conducted a simulation of the Kananaskis G8 summit in May 2002, as part of a Spring Seminar on 'Global Governance', taught by Nicholas Bayne, visiting from the London School of Economics.

The method was as follows:

1. At an introductory session in April, each student was invited to list three G8 members that they would like to represent and three agenda items that they would like to pursue. The agenda items were largely taken from the 'Priorities' page of the Canadian summit website (www.g8.gc.ca) — global economic growth, terrorism, Africa, primary education, the digital divide, infectious diseases and sustainable development.
2. Based on their choices, the students were allocated in pairs to G8 delegations, each delegation being responsible for an agenda item. One pair represented the Canadian chair, a second the Canadian national delegation. The European Union was represented, but not Japan (which was covered by Nicholas Bayne) or Russia. There was not enough demand for the health item; instead, two delegations — Canada and France — covered Africa. The allocation of countries and topics is shown in Annex 1.
3. Each delegation was charged with preparing a one-page set of 'Action Points' on its chosen item for discussion at the Sherpa meeting. As initial sources for these papers, the students were pointed towards the Canadian government website (as above) and the website of the University of Toronto G8 Research Group (www.g8.utoronto.ca). Each delegation also had to be ready to take part in the discussion of other items.
4. The Sherpa meeting occupied three hours on 16 May. Following procedures laid down by the Canadian chair, each delegation in turn introduced its paper of Action Points and chaired the discussion of this item. All other delegations had to offer views and comments. After the session, the delegations revised and re-circulated their Action Points, in the light of these comments and following a standard template laid down by the Canadian chair.
5. The summit itself occupied 90 minutes on 21 May and was directed throughout by the Canadian chair. Each delegation in turn (with a single speaker per item) reintroduced its Action Points and the others commented, especially on points they could not accept. France and Canada presented a joint Africa Action Plan.
6. Later that day the Canadian chair circulated electronically a Chair's Statement based on the discussion of the morning; a few of the Action Points papers needed small amendments too. The complete documentation was endorsed by all delegations on 22 May.

The texts of the Chair's Statement and the Action Points on Africa (lead delegations Canada and France), Economic Growth (lead delegation United States), Terrorism (Germany), Primary Education (European Union), Digital Divide (United Kingdom) and Sustainable Development (Italy) are attached.

Nicholas Bayne
24 May 2002

Annex 1: G8 Summit Simulation: Allocation of Countries and Agenda Items

Name	Country	Item
Alec Attfield Andrew Rizk	Canada I	Chair
Jennifer MacDonell Jessica Thomson	Canada II	Africa I
Jennifer Moores Rob Reid	France	Africa II
Denis Roussel Lindsay Jones	United States	Growth
Anoma Patirana Steve Tharakan	Germany	Terrorism
Carla Guerrera Elke Arsenault	European Union	Education
Gerry Champagne Liz Dotson	United Kingdom	Digital Divide
Andre Alves Kerry Langdon	Italy	Sustainable Development
[Nicholas Bayne	Japan]	

G8 Communiqué or Chair's Statement

Kananaskis, May 22, 2002

1. We, the Heads of State and Government of eight major industrialised democracies and the Representatives of the European Union, met in Kananaskis, in the spirit of cooperation. We discussed the most pressing issues on the international agenda, including building a new and sustained partnership for Africa's development, strengthening global economic growth, and continuing the fight against terrorism.
2. As democratic leaders, accountable to our citizens and to the global community, we are determined to make globalisation work for all people, to ensure that the benefits of globalisation are truly global. We will seek enhanced cooperation and solidarity with developing countries for combating poverty, strengthening global economic growth, and increasing personal security.
3. In addition, we have reviewed progress since our last meeting for areas related to global poverty reduction and the Millennium Development as in the United Nations Millennium Declaration Goals.

Building a New Partnership for Africa's Development

4. We fully support the principles of The New Partnership for Africa's Development (NEPAD) and welcome the pledge by African leaders to promote peace, security, democracy, good governance, human rights and sound economic management as conditions for sustainable development.
5. We agree to adopt the Africa Action Plan as our contribution to the implementation of NEPAD in recognition of our stake in Africa's prosperity and stability. This cooperative effort marks the beginning of a new and sustained relationship between the countries of the G8 and the developing world by acknowledging the desire of Africans to take responsibility for, and ownership of, their own development and by working with them to ensure the conditions to make this possible.
6. We have provided \$74 billion of bilateral debt relief as part of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative – representing 100% of HIPC debts to G8 members - as a first and valuable step in Africa's fight against poverty. We encourage other lender nations to play their part in ensuring a timely, and full implementation of the enhanced Initiative.

Strengthening Global Economic Growth

7. We agree to pursue a trade system that is dramatically more open and free, to provide leadership and support to create a pro-growth climate in developing countries and we are committed to the timely completion of the Doha Development Agenda.

8. In an effort to promote a strong and sustained world economic recovery, and to reduce poverty and raise living standards worldwide, we welcome the efforts of all relevant stakeholders to create an international bankruptcy and sovereign debt restructuring mechanism.

Fighting Terrorism

9. We will continue to foster international unity and seek out new partners in our fight against terrorism. We are committed to mitigating terrorism's root causes and to seeing that terrorists are ultimately brought to justice.
10. We call for increased international cooperation in stemming the flow of funds for the financing of terrorism. We urge as a matter of priority all States that have not yet done so to consider becoming parties to the International Convention for the Suppression of the Financing of Terrorism.

Universal Primary Education

11. We propose to achieve gender equality in education by 2005, universal primary education by 2015. We are interested in promoting greater use of public-private partnerships and we continue to support the work and objectives of Multinational Development Banks. Special regard must be paid to "at risk" countries falling short of the goals of the Dakar Action Framework.

Digital Divide

12. We recognize the tremendous potential Information and Communications Technology hold in helping developing countries accelerate growth, raise standards of living and meet other development priorities. We renew our commitment to the recommendations and initiatives of the Digital Opportunity Task Force (dot.force) and we will review annually the progress throughout the transition phase.

Sustainable Development

13. We reaffirm our commitment to sustainable development. We recognize that our efforts must ultimately result in an outcome that protects the environment and preserves the ability of future generations to meet their own needs.

Next Summit

14. We accept the invitation of the President of the Republic of France to meet again next year in the city of Marseilles, France on 27-29 June.

African Action Plan

Recognizing the urgent need to eradicate poverty and halt the marginalisation of Africa in the globalisation process, we, the G8 leaders, fully support the principles of The New Partnership for Africa's Development (NEPAD) and the Monterrey Consensus as adopted at the International Conference on Financing for Development on 22 March, 2002 in Monterrey, Mexico. In particular, we welcome the pledge by African leaders to promote peace, security, democracy, good governance, human rights and sound economic management as conditions for sustainable development.

In support of these initiatives, and in recognition also of our own strong stake in Africa's prosperity and stability, we, the G8 leaders, agree to adopt the Africa Action Plan as our contribution to the implementation of NEPAD. This cooperative effort marks the beginning of a new relationship between the countries of the G8 and the developing world by acknowledging the desire of Africans to take responsibility for, and ownership of, their own development and by working with them to ensure the conditions to make this possible. In particular, the Africa Action Plan will:

- a) promote the conditions for sustainable development by:
 - developing a coordinated strategy to support mechanisms for, and processes of, conflict prevention, management and resolution in Africa, including support for African peacekeeping initiatives and counter-terrorism initiatives.
 - developing a strategy to assist the Africans in developing, and strengthening national, subregional and continental structures and institutions that support good governance, democratic behaviour and economic cooperation, and in monitoring compliance with these objectives.
- b) mobilise financial resources to end the cycle of debt and impoverishment in Africa by:
 - building on our strong progress on debt relief, by following through on, and encouraging our non-G8 partners to follow through on, forgiveness of all bilateral debt owed by the Heavily Indebted Poor Countries who have committed to good governance, democratic principles and sound economic management, and through the development, with the NEPAD Implementation Committee, of improved debt relief strategies for indebted middle income countries.
 - making best efforts to increase Overseas Development Assistance (ODA) and working together to reform the system to ensure that ODA can be more effectively utilised by recipient countries, for instance through the coordination of reporting requirements, policy advice and measurement of outcomes.
 - working towards full and open access to our domestic markets for African products, including agricultural exports, through the removal of tariff and non-tariff barriers,

recognizing that increased trade and private sector investment are necessary to sustain higher levels of economic growth.

- providing technical and other assistance to Africans to develop their manufacturing, processing and refining sectors with the aim of enhancing the overall value and standard of African exports.
- providing technical assistance to enhance the institutional capacity of African states to use the World Trade Organization (WTO) and engage in multilateral trade negotiations in order to ensure that the African continent's special concerns, needs and interests are incorporated in future WTO rules.

c) address critical human resource issues by:

- implementing, together with the NEPAD Implementation Committee, a strategy aimed at ensuring universal primary education in Africa by 2015 and at fostering gender equality in access to education at all levels by 2005.
- developing a strategy, together with the NEPAD Implementation Committee, to educate Africans about the prevention of infectious diseases, to secure access to drugs for infected Africans and to build capacity in the health system, including the promotion of research and development activities and the sharing of knowledge.
- increasing funding for the Global Fund to Fight Aids, Tuberculosis and Malaria to support the development of the infectious disease strategy to a total of US\$3 billion by the end of 2002, as well as promoting additional private sector contributions.

We have tasked our Personal Representatives for Africa, under the leadership of Canada and in cooperation with African leaders, to continue their work on further developing and implementing this plan and to report back to us on their progress prior to the next G8 meeting.

Global Economic Growth

Recognizing the need to promote a strong and sustained world economic recovery in order to reduce poverty and raise living standards worldwide, we the G8 Leaders agree to pursue a trade system that is dramatically more open and free, provide leadership and support to create a pro-growth climate in developing countries, and enforce these strategies through further reform of international financial architecture. In particular, the G8 Leaders agree to:

- Lead the way to strong global growth by promoting economic recovery in our domestic economies, keeping inflation under control and implementing monetary policies which are broadly supportive of growth;
- Resist protectionist pressures and continue to lower trade barriers, concluding the Doha Trade Round successfully and in a timely manner;
- Encourage similar trade liberalization strategies, especially tariff reduction, in developing countries;
- Increase market access for developing countries and work towards duty- and quota-free market access to the exports of least-developed countries;
- Help developing countries to build the capacity to benefit from open markets by providing assistance on technical standards, customs, legislation needed for WTO membership, protection of intellectual property rights, and basic human resource needs;
- Create an environment conducive to individual enterprise by rewarding good practices with assistance and not rewarding countries that prevent or stifle growth. Greater contributions from developed countries will be linked to greater responsibility from developing nations, especially in the realm of governance;
- Press Multilateral Development Banks (MDBs) to focus their work more tightly on productivity-driven economic growth that raises living standards. This includes operations that would improve health and education, promote private enterprise, enhance the rule of law, promote effective public expenditure management, accountability, and anti-corruption, and open economies by strengthening trade capacities and investment environments;
- Improve MDB measurement of assistance outcomes to increase the effectiveness of development assistance;
- Reaffirm our commitment to the debt relief of poor countries and urge the World Bank to offer more development assistance in the form of grants rather than loans to poorest countries in the future;

- Reaffirm our commitment to the creation of an international bankruptcy mechanism and work towards a consensus on a sovereign debt restructuring mechanism.

Terrorism

Recognizing the need to minimize the factors and opportunities that contribute to international terrorism and all its related activities.

We the G8 Leaders agree to:

- Support efforts to prevent and suppress the financing of terrorist acts in the fight against global terrorism. We advocate diplomatic efforts and implementing measures to dry up the terrorists' revenue streams, including exploring the option of providing financial assistance to developing countries for implementing counter-terrorist activities (i.e. intelligence monitoring and information sharing);
- Support the 8 recommendations brought forward by the Financial Action Task Force on Money Laundering (FATF) and explore expanding the FATF membership beyond its 31 participating countries to broaden the influence of the international community to curb terrorism financing;
- Support nuclear disarmament along with the worldwide reduction in the number of weapons of mass destruction and improve detection monitoring mechanisms to identify areas of concern;
- Strengthen the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (BWC) by incorporating a provision for verifying compliance;
- Support the formulation of a regulatory policy that will open up full and fair participation to all nations, in particular developing nations, through an honest dialogue based on basic values and mutual understanding aimed at promoting international ties; and,
- Support a policy for global responsibility for G8 members that is not based on hegemonial claims but rather on cooperation, solidarity, and multilateralism.

Title European Union on Universal Primary Education for All

Recognising the need to support free and compulsory primary education in order to ensure poverty reduction in developing nations, with special regards to “at risk” countries falling short of the goals of the Dakar Action Framework, we proposed the following objectives. We need to achieve gender equality in education by 2005, universal primary education by 2015 and ensure the continued support of these objectives by multinational financial organisations. The specific sub objectives include substantial increases in financing for the 88 of the 155 developing countries falling short of the Dakar targets, abolition of user fees for public education and concrete measurements of progress. There is also a need for the creation of national education plans involving public and private organisations and clear policies to overcome capacity constraints in trained teachers and material.

We the G8 Leaders agree to support these objectives by initiating the following strategies:

- Recruit and train local female teachers thereby proving employment and female role models in education
- Revise curriculum, national policies and legislation to promote equality in education, still 60% of children without access to primary education are girls
- Allocate resources to monitor the gender gap in education through the use of educational completion data for males and females
- Promote the gender equality in education within the media and the general public
- Build capacity through quality teacher training programs and aggressive teacher recruitment programs
- Develop and use indicators based on completion of primary education data, main indicator would be the primary completion rate of at least 5-6 years of education to overcome potential of functional adult illiteracy rates,
- “At risk” countries must increase primary education resources both from external and internal sources, increases are 3-5 times the current amount up to 7 times for Sub Saharan Africa
- Removal of all financial barriers (user fees) to the participation in education of poor children and families
- Ensure that the removal of user fees does not sacrifice the quality of the education provided

- Effective indicators to measure the progress of educational initiatives necessary to justify and ensure ongoing international aid of primary education, i.e. use completion rate as indicator and break it down by gender for equality issues
- Support the development of national educational plans addressing the issue of educational access, particularly for girls, and to ensure the efficient use of resources
- Involving private sector in building education plans through partnerships both in financial and operational issues
- At local levels involve civil society in the formulation and implementation of and monitoring of strategies- in short ensure cross-sectoral participation of key ministers and civil society groups
- Ensure efficiency in the use of the resources through tracking public expenditures
- Support national governments to overcome capacity constraints in the realization of EFA
- Financing should not just be a fund, rather a mechanism that enhances co-operation among donors, in order to ensure a rapid and transparent response to achieving EFA goals

UK Action Plan – Digital Divide

Recognizing that for the global poverty reduction strategy to be effective by 2015, it is imperative to integrate developing countries into the global economy and increase their access to modern knowledge and technology by exploiting the Information and Communications Technology (ITC) opportunities being created by globalisation.

We, the G8 Leaders, agree to enhance the coordination of substantial governance decisions and policies on digital opportunities:

- Recognizes the need to incorporate in the transition plan a coordination mechanism for the substantial governance decisions and policies made daily by new and existing international bodies on digital opportunities.
- Stresses that the current legal and regulatory framework for a competitive telecommunications sector should aim at improving the conditions for developing countries to attract the necessary investment in infrastructure and encourage the competition needed to bring down costs. Governments should adopt a regulatory telecommunication environment to allow competition, to cut tariffs on imported hardware, to create the environment conducive for e-business and to implement flexible intellectual property rights regimes suited for developing countries' circumstances. International governance should encourage the International Financial Institutions to play a key role in working with developing countries in smoothing this adjustment process by 2015.
- Calls upon countries to foster a greater involvement of developing countries in the negotiations on ITC related agreements in the World Trade Organization (WTO), play a greater role in other international organisations, and participate to the development of related policies of the G8. G8 and decisions should foster greater account of developing country interests by agreeing on policies and standards that encourage their entry, and promote public/private partnership initiatives in support of digital divide negotiations.
- Calls upon international governance to strengthen the capacity of developing countries to hold national and international governments, and international institutions to account for progress on poverty reduction in terms of bridging the digital divide. The international framework should support developing country stakeholders' presence during the formation of policies. With the assistance of the development of international and national statistical capacity, G8 should publish an account of progress towards national and international development targets.
- Recognizing the importance of promoting better education from primary through to tertiary levels to halve poverty by 2015, international community should harness the new ITC to share skills and knowledge with developing countries with the aim of achieving Universal Primary Education by 2015. G8 governments, developing country governments, international and multilateral organisations, private and non-profit sector should coordinate policies and sustain their commitment to sound, long-term ITC

policies that recognize the strategic contribution of primary education to development, and maintain their efforts in developing policies to tackle the core issues and the effective application of modern technology. Initial investment in strong, well-targeted country program- with priority to sub-Saharan Africa and South Asia- would provide strategic assistance to government and civil societies committed to Universal Primary Education in matters of ICT policy.

- Recalling the commitment made to the recommendations and initiatives related to the G8 Digital Opportunity Task Force (G8 DOT Force), G8 leaders should review annually the progress of the transition phase to international governance and implementation of initiatives taken by G8 countries.

Sustainable Development

Recognizing the need to pursue economic growth in a sustainable manner in order to combat environmental degradation, over-exploitation and pollution so that current and future generations have the ability to meet their own needs.

We the G8 Leaders agree to the pursuit of sustainable development and:

- Support the main objectives of the upcoming World Summit on Sustainable Development, in particular the implementation of Agenda 21;
- Fulfill commitments under the UN Framework Convention for Climate Change, and in furthering its ultimate objective;
- Pursue the development of a convention of green incentives and non-economic disincentives
- Pursue a tradable permit system for scarce natural resources;
- Explore inclusion of capital costs of natural resource depletion and waste generation in commercial/national accounts;
- Reduce subsidies in agriculture; forests and fishing industries;
- Pursue the use of economic instruments to promote energy efficiency;
- Support the establishment of an International Renewable Energy Agency;

In addition we the G8 Leaders agree to:

- Commit to strengthening existing international environmental governance structures. Particularly the United Nations Environmental Program and increased transfer of technologies, expertise, and resources to developing countries pursuing sustainable development strategies.
- Adopt sustainable development as a main objective for the next new round of WTO negotiations.
- Incorporate sustainable development into the operating guidelines of international financial institutions.
- Adopt changes in production and consumption patterns through eco-design of products and manufacturing processes and eco-labeling.