

Time to abolish the G8?

Introduction

It is to be hoped that this week's gathering of G8 leaders at Evian in France will amount to more than the usual media circus. There are a number of vitally important issues to discuss including the future of multilateral institutions and the dangers facing the global economy. Recent history, however, would tend to suggest that we should not expect any dramatic new policy initiatives let alone any real substantial agreement on the fundamental issues of global governance. Attention so far has focused on whether George W Bush will actually overnight in France and whether he will shake the hand of Gerhard Schroeder! After more than 25 years of G8 summits it is worth asking what useful functions does the G8 perform? Has it outlived its "sell by" date? What are the implications of the G8 structures for the cohesion of the EU and its desire to speak with one voice on the world stage?

Background

It was Valéry Giscard d'Estaing who created the G8 in 1975. At first it was only a G5 of the leading industrial democracies (Italy and Canada joined a year later; Russia only in 1997 and then for political reasons). Giscard's idea was to have an informal meeting of the world's principal leaders to discuss financial and economic issues in the wake of the first oil crisis and the turbulence in foreign exchange markets. Initially the summits provided a useful venue to prepare measures such as the *Louvre accord* that helped stabilize currency markets. But gradually they become bigger and bigger affairs spanning numerous sub-groups of ministers and officials dealing with an array of subjects from the economy and foreign policy to third world debt and terrorism. Although there is no permanent secretariat (there is an annual rotation of the chair), a group of "sherpas" prepare the summits. Soon after the G8 began, the summits lost their original fireside chat atmosphere and became massive PR events, usually with more style than substance.

Neoliberalism and Globalisation protestors

From the mid 1980s (Thatcher/Reagan era) the G8 began to promote neoliberal economic policies. Privatisation, deregulation, liberalisation of trade and services, and the importance of balanced budgets became key phrases in the G8 communiqués. Inflation was deemed public enemy number one and cuts in public expenditure the preferred instrument. There was little difference between policies advocated by the G8 and the international financial institutions (IFIs). The 'Washington consensus' reigned supreme.

Towards the mid 1980s, NGOs involved in the growing anti-globalisation movement, such as ATTAC in France, began to take a closer interest in the G8 charging it with responsibility for the IMF's imposition of austerity measures on poor countries running into debt problems. Gradually an umbrella movement – the Other Economic Summit – developed which led to increasingly large demonstrations at G8 meetings in Birmingham, Cologne, Okinawa and Genoa. The protestors even organised their own alternative summits at Porte Alegre in Brazil.

In response to these protests, last year Canada attempted to recreate the original intimate atmosphere by holding the meeting at a remote venue (Kananaskis) in the Rocky Mountains. This week France has chosen Evian, a small resort on the border with Switzerland, but there is no sign of a lessening of the pomp. Over 3,000 media representatives have registered for the event. France has sought to dampen criticism by inviting a number of African leaders to discuss debt and development issues (NEPAD) and a range of other world leaders from China, India, Brazil, Mexico, Malaysia and Saudi Arabia. The agenda includes the usual prospects for the global economy, the Doha round, terrorism and proliferation.

Reform or Abolition?

Proponents of the status quo argue that the G8 continues to serve a useful purpose in providing a forum for the most powerful nations to meet. Opponents counter by questioning the legitimacy of the G8. The leaders may have a democratic mandate at

home but they have no legitimacy in trying to run the world. Furthermore, what is the logic of including Canada but not China which has a bigger GDP than two G8 members? Where is the voice of the developing countries? The Arab world or Africa or Latin America? Critics also maintain that the fine words in the communiqués, e.g. on debt relief, are rarely transformed into actions. Other critics argue that the very existence of the G8 undermines the authority of the UN and other international organisations. The members of the G8 control more than half the world's economic output, nearly three-quarters of military expenditure, but represent only 12% of global population.

In recent years there have been a number of proposals to change the G8. One idea, first proposed by Jacques Delors, and supported by the Commission on Global Governance, would be to create an Economic Security Council under the aegis of the UN. Others have proposed a G3 comprising the US, EU and E.Asia. Another formula, which again envisages a single EU seat, would be a revised G8 comprising the US, EU, Japan, Russia, India, Brazil, South Africa and Turkey (as the world's premier Islamic democracy). A variation put forward by the Bishops Conference (COMECE) calls for a Global Governance Group comprising the 24 heads of government which have executive directors on the IMF, plus the secretary general of the UN and the director generals of the IMF, World Bank, World Trade Organisation and International Labour Organisation.

Although proposals for change are likely to be met with opposition from existing members of the club, almost any changes would increase the legitimacy of the institution thus improving the prospect of gaining broader public support for its policy recommendations. But some argue that increased legitimacy would come at a price-reduced efficiency. Clearly a fundamental problem of multilateral cooperation is how to increase transparency and accountability without subjecting all deals to deconstruction and unwinding. If diffusing power increases legitimacy, it also makes it harder to take decisions. How do you get everyone into the act and still get action?

The EU Dimension

The question of the size and efficiency of the G8 poses a particular problem for the EU with four states - the UK, France, Germany and Italy – members. Spain would also like to join and there is speculation that this is also a Polish ambition. Both the European Commission and the Presidency, when not in the hands of one of the Big Four, are involved in the G8, albeit not in every sphere. It is no wonder that some outsiders question the number of Europeans involved while others are bemused at the Union's inability to speak with one voice. The Commission is supposed to look after the wider European interest but arguably it could and should do this without any Member State being involved. In short, the EU representation in the G8 is unsatisfactory and damaging to the cohesion of the Union and its alleged desire to speak with a unified voice in international fora.

Conclusion

The G8 has provided little in the way of concrete results over the years. It undermines the authority of the UN, causes widespread resentment in the rest of the world, and is harmful to the cohesiveness of the EU. It is clearly past its “sell by” date and should be taken off the shelf. No one would notice. Instead it is time to consider a more representative body with the EU having just a single voice.

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