

LESSON 1

Review and Critique of the G8

Abstract

The first topic critically reviews the historical background, the standard critique of the G8, and the argument for the L20. It reviews the question of composition – which countries must be included to provide for both effectiveness and legitimacy. It describes the criteria for issues to be included on the L20 agenda.

Background

Historical background

The G8 Summit process was created in 1975 as a one-time meeting of “leading” heads of states in response to a series of financial and other related crises beginning in the 1970s. The first summit took place November 15-17 1975 in Rambouillet, France between the leaders of France, Germany, Italy, Japan, the United States and the United Kingdom. At the behest of the US, Canada joined the summit in 1976 in Puerto Rico, coinciding with the decision that the summits would become a regular event with the location rotating strictly among the G7 member states on an annual basis. In Birmingham in 1998 the G7 became an official G8 with Russia joining as a full summit participant. As an institution, the G8 is unique in that it has no permanent secretariat, headquarters or charter, but instead brings leaders together on an annual basis to discuss matters occurring at the global level. Today the G8 summit process is no longer simply an economic meeting of heads of state but has increasingly taken on a much more ambitious global political agenda.

Paul Martin has for some time taken a keen interest in the issue of increased global interdependence and the machinery for resolving global issues. Many of the apparently inevitable globalization processes have brought significant benefits, but they brought real problems of exclusion. Most leaders outside the OECD did not oppose globalization *per se*, but wanted the process shaped so that their countries could benefit. Paul Martin believed that global governance should be largely run by national governments, rather than by officials in non-elected international organizations - elected leaders should be the people shaping global governance. He expressed interest in the way leaders could benefit from face-to-face exchanges. The G8 is not representative enough to claim a predominant role in global leadership. Martin proposed that the G20 Finance Ministers group of countries meet at a Leaders level. The L20 offers a prospect for achieving results on issues that the G8 cannot solve alone. The L20 would address the perceived problems of G8 legitimacy. The L20 countries represent a significant majority of world population and economic activity, by any measure.

Martin was the chair of the G 20 Finance Ministers. The G20 Finance Ministers demonstrates that a group of this size can work effectively and maintain the benefits of informal exchanges and personal contact. Could the effectiveness of the G20 Finance Ministers be preserved in addressing broader global issues? While informality has

many attractions, it goes against the trend for greater accountability and greater openness. The L20 would represent a wider spread of countries, but meetings restricted to Heads of Governments would still leave the issue of civil society organizations feeling excluded.

The symbolism of the L20 holds some considerable appeal. The L20 initiative does not have the look of the “coalitions of the willing” put together on an ad hoc basis. Nor does it have diplomatic connotations associated with established institutions (an exclusive membership and/or veto power). The focus on leaders networking would generate spillover into a wide number of subsidiary and interconnected networks.

Endorsements

Endorsements of the concept have come from groups as diverse as the World Economic Forum (WEF), Goldman Sachs, the Helsinki Process on Globalization and Democracy, and the UN High Level Panel on Threats, Challenges and Change.

The WEF has called for a new global group to address twenty-first century challenges, composed of ten developed nations, ten developing nations and the Secretary General of the UN. In June 2004, Jim O’Neill and Robert Hormats specifically endorsed Prime Minister Martin’s suggestions for a G-20 at Leaders level¹.

In January 2005, the Helsinki Process on Globalization and Democracy report “Governing Globalization – Globalizing Governance” recommended:

“...the replacement of the G-7/8 with a broader grouping, a G-20 (or thereabouts) annual summit of the heads of leading governments from the North and the South. This informal leader-level group should assume a sense of responsibility for the functioning of the world economy and its principal institutions”.

The Report of the UN Secretary-General’s High-level Panel:

“There still remains a need for a body that brings together the key developed and developing countries to address the critical interlinkages between trade, finance, the environment, the handling of pandemic diseases and economic and social development. To be effective, such a body must operate at the level of national leaders...One way of moving forward may be to transform into a leaders’ group the G-20 group of finance ministers...”

Criteria

The following points should be used to determine whether or not a topic would make an attractive L20 agenda item. A suitable topic should meet or provide these criteria:

1. A value-added initiative not likely to be achieved through other forums or organizations (e.g., G-8 or UN or Bretton Woods agencies).
2. A workable solution – a forward looking, focused suite of immediate deliveries, actions and promises that offered a win-win-win outcome for L-20 countries.
3. Legitimacy through adequate representation, particularly by the United States and the major developing countries.

4. Tangible results with substantial, broad-based benefits, realistic and acceptable financing mechanisms and organizational feasibility.
5. Problems must cut across the traditional “vertical” bureaucratic silos of government.
6. Related issues should be embedded or on the table in other high level international negotiations (security and poor countries’ access to dual-use or clean technologies owned by rich countries).

Topics should be neither too technical (Are the topics breaking the agriculture trade impasse or managing financial crises too technical for Leaders?) nor too complex (Is the topic of reconstructing fragile states too complex for Leaders?). Issues already being adequately dealt with in other established forums or organizations should be avoided (Are efforts to reform the United Nations and the Bretton Woods institutions proceeding well enough without Leaders?) Topics might need to be re-framed to make them as attractive as possible to a broad range of countries (e.g. shifting the emphasis from climate change to energy security).

Lesson Plan

1. Understand the institutions and the critique of the G8. The first step is to gain familiarity with the concepts and the acronyms (G7, G8, G20, and L20). Become aware of the different UN bodies and agencies and the Bretton Woods institutions; study the UN organization chart found at <http://www.un.org/aboutun/chartlg.html> and refer to the web page <http://www.unsystem.org/>. Briefly review the mandates of the various international organizations.

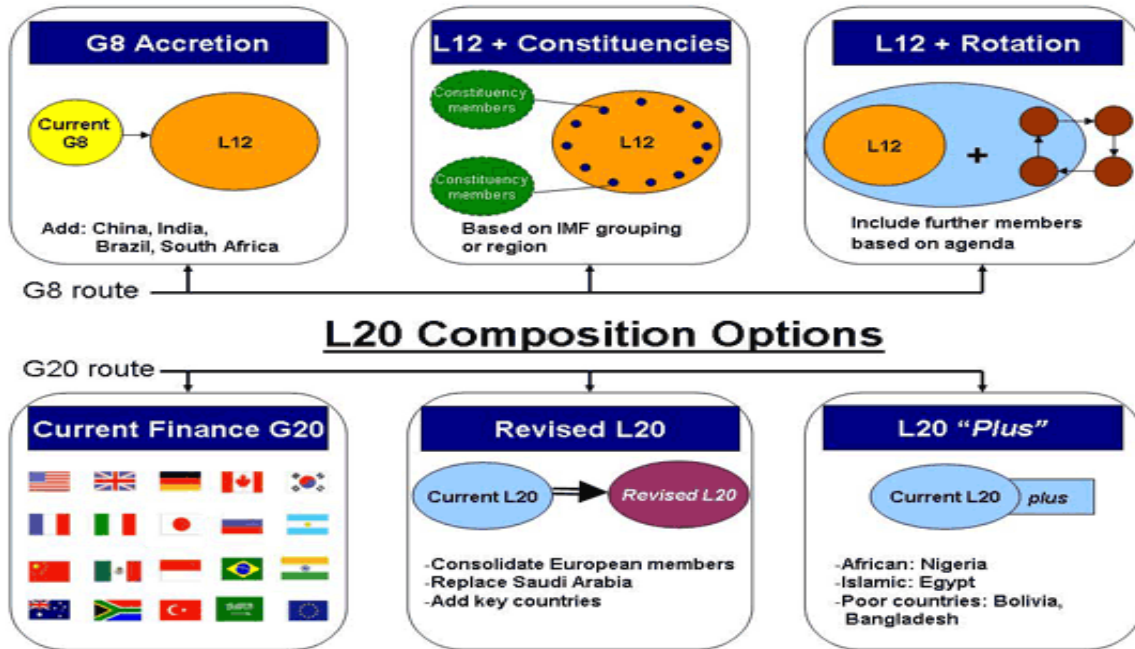
2. Review the arguments for and against expansion of the G8 to the L20. Paul Martin recalled the lessons to be drawn from the G-20’s experience in a 2005 article appearing in Foreign Affairs magazine:

“First, some decisions – no matter how technical – can only be made at the political level. Second, despite the many differences that exist within the group, there are also surprisingly large areas of commonality; all the countries are wrestling with similar issues and have drawn similar lessons from past failures. Third, when national decision-makers discuss issues openly and frankly, it is remarkable how much can be accomplished (never underestimate the value of peer pressure in getting to yes). The G-20 has also allowed world leaders to move from a focus on crisis management to a focus on steady improvements in international economic stability and predictability. An L-20 should get political leaders doing what they alone can do – making tough choices among competing interests and priorities.”

1. Read the article: Paul Martin A Global Answer to Global Problems, Foreign Affairs, May/June 2005.
http://www.l20.org/news/qJb2_PaulMartinForeignAffairsMagazine.pdf

3. Debate the proposition that the L20 proposal balances effectiveness with legitimacy– better balance than any other group. Understanding that “the perfect is the enemy of the good”, the challenge is to devise a grouping that maximizes both legitimacy and effectiveness. The larger the group, the more legitimate; the larger the group the less likely it will be effective.

L20 Composition Options



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<http://www.l20.org/about.php>

DISCUSSION QUESTIONS

1. The L20 proposal is to expand the summit process. Twenty Leaders would replace the current G8 system, where irregular invitations are extended to countries to join part of the G8 sessions. The G20 Finance Ministers might invite their Leaders (finessing the question of composition) to a first event. The appeal of extending G 20 Finance ministers to the Leaders level is its impact on the charge of illegitimacy; the IMF and the web of established organizations are criticized as pawns of the G8 and ‘clubs of the rich’.

Question:

1a) To what degree does the L20 offer an appropriate balance between the G8’s exclusivity and the difficulty the UN and other larger organizations face in reaching consensus?

1b) To what degree does the L20 offer representation wide enough to allow both legitimacy and effective decision making?

2. Some critics contend there are the risks in the UN High Level Panel endorsement of the L20.

Question:

To what extent could the L20 damage rather than reinforce the institutional fabric of international governance, especially in the context of the UN? Is the L20 in effect an ‘end run’ around existing institutions? How could opening up some creative ad hoc possibilities for problem solving possibly have the effect of de-legitimizing the UN?

3. Gerry Helleiner, the highly regarded development scholar, questioned the validity of establishing the original G-20 Ministers of Finance group – which was unilaterally created by the G-7 and ignored the efforts of developing countries (through their G-24) to initiate serious dialogue with industrial countries over international financial reforms. Helleiner argued he G-20 was “severely flawed”, with no representatives either of the poorest and smallest developing countries or of European countries (the Nordics and the Dutch) who might speak on their behalf.

“The G-20’s initial processes have been all wrong. Its origins in the G-7 reduce its legitimacy; its membership is not fully representative; its mandate is much too narrow; and its procedures lack provisions for non-governmental participation, accountability or transparency. As at present constituted, it is unlikely to lead anywhere. Its very existence deflects energies from more appropriate and hopeful processes and agendas.”

Question: Does “The perfect is the enemy of the good” apply to Helleiner’s criticism?

4. Some argue that full U.S. participation is needed from the beginning in order for the L-20 notion to succeed. Others argue that if the L20 were established without US endorsement, the U.S. would eventually join to safeguard its own interests.

Question:

4a) Can a small “c” conservative case be made for the L20? Could the agenda be framed to promote market-based tools, endorsing private initiatives and focusing on a series of specific U.S. foreign policy goals – for example, dealing with avian flu, supervising and reforming existing international organizations, and enforcing intellectual property rights, containing and defeating terrorism? What are the pros and cons of highlighting the security dimension of issues, to encourage buy-in by the United States?

4b) Imagine the L20 was established without US endorsement. What are the reasons the US might eventually come on board?

5. Leaders will need substantive support when dealing with issues which will be complex and technical. In the economic field, the support system is clear (the OECD for the G8).

Question: Given the imperative of a minimal administrative footprint, how should the L20 be prepared and staffed to allow for ongoing implementation of decisions? Should the L-20 have a dedicated secretariat? How could it be organized to finesse the pitfalls plaguing the selection of senior staff at international organizations?

6. Prof. Adil Najam has devised the following exercise at the Fletcher School at Tufts University’s Global Masters of Arts Program. If possible, complete the exercise in groups of 3-5 people:

“You have been appointed to chair a committee of experts charged with advising your country’s Leader on how to initiate the L20. You must provide advice on three questions:

1. Who should be at the first meeting of the L20?
2. What should be on the agenda of the first meeting of the L20 (including a proposal for action)?
3. How should the first meeting be initiated? What is the best way to gather the active support of the likely members of the L20?

Your task is to design a politically feasible strategy for launching the L20 (in light of the 3 questions above). You must demonstrate the potential of the idea, respond to and allay the concerns of the skeptics, and bring in all the major players.

Prepare a 5-page (total) summary of recommendations on the 3 questions below. You are required to propose options and make specific recommendations on each of the three questions. **Your written summary of recommendations should be submitted no later than ...Prepare a power point presentation of no more than 15 minutes** before the Leader, to be scheduled sometime in the period....”

1. Who should be at the first meeting of the L20?

Although the term ‘L20’ has gained currency, there is no reason it has to be 20. However, it is clear that the 7 or 8 in the G7/8 is not enough. It is also evident that anything more than twenty is too much. There is a certain elegance and ease in simply ‘upgrading’ the G20 into an L20; however, there is no compulsion to do so and there may even be reasons to tweak the composition. You may wish to note that it has been criticized as unrepresentative; with only one African and one Francophone country, and no impoverished country (e.g. Bangladesh), and no small countries.

2. What should be on the agenda of the first meeting of the L20 (including a proposal for action)?

The agenda, especially for the early meetings, should be simple and focused. Ideally, it should have just one (maybe two related) issues for discussion. The issue chosen (a) should be of high global importance and not be resolvable in any other fora; (b) should be something that needs the attention and contributions of developing as well as industrialized countries to succeed (otherwise, why not just proceed within the G7/8); and (c) should be something where the L20 can quickly (if not immediately) demonstrate success and instigate meaningful action. In essence, you are being asked to identify an issue and a set of actions on that issue that are ‘worth doing’ and ‘doable’. Something, that upon resolution, will demonstrably make the world a better place, and something that requires the attention of the highest levels of North and South leaders at this level if it is to get done.

3. How should the first meeting be initiated? What is the best way to gather the active support of the likely members of the L20?

This is a matter of some diplomatic delicacy. Should you simply call and convene a meeting and place the idea of the L20 before the assembled leaders? Would they come? Should you ask the UN Secretary General or the Chinese leader to call and convene such a meeting? Should you try to have the leaders of the G8 first officially support the idea and to initiate the first meeting? Are there other models?

Recommended web-based references

The University of Toronto's G8 Information Centre

http://www.g8.utoronto.ca/what_is_g8.html

Tom Barry, *G8 and Global Governance*, Foreign Policy in Focus Vol. 6, no. 27, July 2001

<http://www.hartford-hwp.com/archives/27c/011.html>

Oral history Interviews with former US Sherpas Lael Brainard and Robert Fauver

<http://www.g8.utoronto.ca/oralhistory/>

Nicholas Bayne: *Has the G8 Summit Met Its Objectives? Gleneagles' Answer.*

<http://www.g7.utoronto.ca/conferences/2005/conf/bayne.html>

Cooper, Andrew F. and John English, "Introduction: Reforming the international system from the top – a Leaders' 20 Summit." <http://www.unu.edu/unupress/sample-chapters/reformingfromtop.pdf>

Bradford, Colin I., and Johannes F. Linn, "Global Economic Governance at a Crossroads: Replacing the G-7 with the G-20." Brookings Institution Policy Brief No. 131 (April 2004). <http://www.brookings.edu/comm/policybriefs/pb131.htm>

& "Pragmatic Reform of Global Governance: Creating an L20 Summit Forum." Policy Brief No. 152 (April 2006)

<http://www.brookings.edu/comm/policybriefs/pb152.htm>

United Nations. Secretary-General's High-level Panel on Threats, Challenges and Change. *A More Secure World: Our Shared Responsibility: Report of the Secretary-General's High-level Panel on Threats, Challenges and Change*, A/59/565 (New York, 2004), page 73 [reprinted: DPI/2387 (Sales No. 05.I.5)] New York: UN, 2004. www.un.org/secureworld/

"The G8: Time for a change", Global Economics Paper No: 112, Goldman Sachs, page 9

<http://www.gs.com/insight/research/reports/report15.html>

Finnish Ministry of Foreign Affairs, Report of the Helsinki Process on Globalization and Democracy 2005), *Governing Globalization - Globalizing Governance: New Approaches to Global Problem Solving*, pages 16-20

Gerry Helleiner, *Developing Countries, Global Financial Governance and the Group of Twenty: A Note* (March 2001) from

<http://www.globaleconomicgovernance.org/docs/Helleiner%20on%20G20.pdf> .

See the G-20 website for the Finance Ministers group's accomplishments,

<http://www.g20.org/>
