

# THE G8: NOT THE ONLY SHOW IN TOWN

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Given the centrality of oil not only to current geo-politics but also to the politics of global warming, it is interesting to recall that the G7 is a by-product of the 1973 oil crisis. Almost 35 years later, the now-G8 -- Russia was formally admitted in 1998 -- is again facing a crisis of global energy policies brought about by the increased public pressure for action to reduce carbon gas emissions, the looming fact of peak oil and, not least, the G8's incapacity over the past three decades to think beyond their own interests. But in 2007, the situation is very different from the 'unglobalised' world of 1973 (although with some surprising similarities) and the G8 is not the only game in town.

## FOCUS ON TRADE

Economically the G8 countries are still very significant: although they represent under 14 % of the world population, they account for nearly two-thirds of the world's economic output measured by gross domestic product. In fact, Russia is the only G8 country not in the World Bank's 2006 listing of the top ten economies, coming in at number 14. Significantly, the Peoples Republic of China and Brazil are in the top ten (numbers 4 and 10 respectively), and even India at number 12 outranks Russia.

## THE G8 IN CRISIS

Politically, however, many of the G8 members are in some form of crisis, transition or stasis. In the US, Bush is facing the last 18 months of his presidency having lost control of both the Senate and the House of Representatives. Although the administration's provocation of Iran is clearly an exercise in bravado designed to deter attention from the debacle in Iraq, it is a high risk strategy given the extreme volatility of the Middle East (one of the similarities with 1973) and the massive domestic opposition to the US' continuing military presence in Iraq (another similarity to 1973 when the US's war on Vietnam was becoming increasingly untenable, both politically and militarily). As one commentator remarked, this administration has "lost forever the capacity to set the terms of political debate"- and Bush's colleagues in the G8 know it.

Britain's Tony Blair is also at the end of his prime ministership, although when that might be is another matter. Having secured an inglorious place in history for promoting and participating in the invasion of Iraq, Blair is now trying to rewrite his legacy by setting in place the UK's disengagement from Iraq and taking on climate change with the same quasi-religious zeal that he applied to his moral mission in Iraq. This G8 - almost certainly his last -- offers Blair one last chance to be the visionary statesman that he imagines himself to be.

In Germany, Angela Merkel is struggling with a cumbersome "grand coalition" of Christian Democrats and Social Democrats so weighed down with compromises that it is virtually unable to move, let alone take the lead on any issues. And in France and Italy, presidential elections and volatile coalitions have disabled these governments while everyone waits to see which way the electorates blow. The more general problem, though, for the European members of the G8 is the palpable anti-US sentiment and the unabated public opposition to the invasion of Iraq - vindicated with every news report from Baghdad -- which means that governments must tread carefully in their relations with Washington: being pro-Bush is definitely not a vote winner these days.

President Vladimir Putin - secure in the knowledge that he controls about as much oil and gas as anyone could need -- is making up for Russia's humiliation in the 1990s by

aggressively re-negotiating relations with the West, most significantly with the US, while shoring up connections and influence in the East, and keeping everyone else on a short leash at home. On recent form, Putin is giving even the G8 a bad name. Japan and Canada - the other two members of the G8 - are irrelevant in this discussion.

All this adds up to a crisis for the G8 and its capacity to convey a convincing message of leadership, control, unity and vision. The US - the "natural leader" of the G8 - has lost its legitimacy (not least because it acts as the "G1" even in the G8) and there is no other country either with the credentials or (probably) the interest to "step up to the plate". Yet as the G8's power declines, other alliances and groupings based on geography or mutual interests are emerging. Some of these groupings may pose a challenge to the G8's hegemony as the most significant "G" while others -- such as the Bolivarian Alternative for the Americas (ALBA) - are experimenting with new governance frameworks that may offer alternatives to the traditional elite politics.

## NEW POLES OF POWER

Today's global system is characterised by fragmentation and competing polarities. This is evident in the weakening and even paralysis of international institutions and forums, such as the United Nations, the IMF and the WTO, and in the rise of contesting economic, political and cultural powers, such as China, Islam and the indigenous movements of Latin America, to take three very different examples.

The most significant "new" actor on the international stage is China. For more than a decade China's growing economic power has been a matter of interest (and often concern) for the whole world, yet until recently China's engagement with the global system was principally economic. However, in the past few years China has assumed a more visible profile internationally, especially in its diplomatic relations with Africa and Latin America and in its presence in international organizations. For example, China now takes a more "activist" role in the Security Council and a Chinese was recently elected to head the World Health Organisation. Even outside the multilateral framework, China is leading on sensitive political issues such as North Korea. Obliquely, China is throwing out a challenge to the US by displaying a deftness in foreign relations which serves only to highlight the US's clumsiness.

Despite its importance, China is not a member of the G8. Indeed, the first "high level" contact between China and the G8 was only in 2003 in Evian and there are no signs that it will be invited in as a full member soon. This is a "slight" which has stirred national pride, or at least that of one editorialist at the Peoples Daily, who wrote in the lead-up to the G8 summit in Gleneagles, "Although China is not a member of the G8, this country... is changing the world economic order; without China's participation, discussions on the world economy would be devoid of any significance."

Leaving aside the hubris, in reality China does not need the G8 as much as the G8 needs China. Although being part of the inner circle would (to some) signify China's "arrival" on the world stage, politically there is little to be gained by China surrendering its freedom of movement - especially on sensitive issues such as exchange rates or carbon emissions - for the dubious distinction of being in the company of Bush and Blair.

Instead, the G8 "dialogues" with China alongside India, Brazil, South Africa and Mexico as the "P5" ("p" is for political). This group is a mix of real power (China, India and Brazil) and loyal, strategically located friends (South Africa and Mexico). The "P3" of China, Brazil and India is the one that could - in the future - challenge the G8 as the most influential group. Even on current figures, the P3 represents 40 % of the global population and almost 10 % of global GDP - and rising!

Already, China, Brazil and India are working together, especially in the WTO as leaders of the G20 where they are proving to be a significant obstacle to EU-US bilateralism. Although the G20 purportedly represents the interests of more than twenty developing countries, the reality is that Brazil and India are mainly negotiating their own interests using the "South" mandate as a legitimising platform. China maintains a low profile, but

will no doubt emerge as a tough negotiator in the WTO when the need arises. Brazil, India and China are also working outside the multilateral framework to strengthen trade and investment relations with each other and with other countries and regions of the South, mainly to source raw materials and energy required for industrialization and to open markets for their exports. Underlying the economic interests is a political agenda: as the US becomes weaker there is much more room to manoeuvre in the global system: countries like Brazil are able to escape the heel of US domination and China is able to assert its power with little risk of being challenged by the US (not least because of their mutual economic interests). India is perhaps the most ambiguous of the three, but seems particularly adept at maintaining good relations with everyone at the same time, being not only one of the US' best friends in the region, but also having close diplomatic (and military) relations with Russia and China.

In addition to its diplomatic and economic offensive in Africa and Latin America, China is trying to secure its regional influence and security through the Shanghai Cooperation Organisation (SCO), a grouping that brings together China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan and with the possible membership of India, Iran, Pakistan, and Mongolia in the near future. The main purpose of the SCO - called by some commentators the "NATO of the East" - is to counter US influence in Central Asia, but given the massive oil and gas supplies in the region, energy security is the driving force behind the alliance.

In 2005 Russia, China and India held their first "trilateral" meeting in Vladivostok. In February this year, foreign ministers from the three countries met again in Delhi, India, and issued a communiqué in which they noted, "cooperation rather than confrontation should govern to global affairs." They also agreed that the UN is an important platform for multi-polarization and world peace, which de-coded means that they will work inside the UN when it suits them and they will work outside the UN to create new poles of power. President Putin put the point more plainly, saying that the US needs to "take account of new centers of powers like China, India and Russia." Russia is also grouped with China, Brazil and India in what is called the "BRIC" but, as yet, there is no framework for these four countries to dialogue, other than their common interest in guaranteeing the secure supply of oil and gas.

## REGIONAL REBELS AND RESISTANCE

In Latin America, individual countries and the region as a whole are adopting a more autonomous position vis-à-vis the dominant powers. The political landscape is a mix of overtly anti-imperialist governments, such as Venezuela, Cuba, Bolivia and Ecuador, and centre-left governments with a nationalist orientation such as Brazil, Uruguay and Argentina. Pro-US and pro neo-liberal governments are now a minority, not least because of the extraordinary rise of radical social movements demanding a change from the devastating neo-liberal policies of the past two decades. The elections of Lula in Brazil, Chavez in Venezuela, Morales in Bolivia and Correa in Ecuador (and possibly even Ortega in Nicaragua) reflect this mood for social change.

President Hugo Chavez of Venezuela is the most outspoken critic of the US and has used his vast and recently nationalized oil reserves to provide subsidized fuel to poor communities in the US: a brilliant public relations tactic to counter the anti-Chavez campaign in the US and to highlight poverty in the North. In Ecuador and Bolivia, popular leftist presidents have been elected with the strong support of social movements - especially indigenous movements - and moved quickly to nationalize gas and oil, or at least renegotiate contracts with energy companies operating in the countries, to signal their break with the past and assert their sovereignty.

Even beyond these three countries, which are in the vanguard of attempting to reverse policies of trade and financial liberalization and privatization that have impoverished the majority of their peoples, other nations are distancing themselves from the US and challenging the hegemony of the "Washington Consensus". Argentina, Brazil and Bolivia have all re-paid their outstanding debts to the IMF (indeed, Venezuela is now so flush

with cash that many Latin American leaders call Caracas instead of Washington). In the WTO, Latin American countries are important actors in several groups opposing the negotiating positions of the US and the EU.

Internationally, Brazil is the most important political force in Latin America. Since the election of Luiz Inácio 'Lula' da Silva in 2003, Brazil's foreign policy has been deployed more overtly in the "national" interest, for example by negotiating for Brazilian agribusiness in the WTO and attempting to secure a seat on the UN Security Council. Lula's foreign policy has also been one of reaching out to the South, not only as a political gesture but also aimed to open markets and expand trade. Argentina is less active in the international arena but has played an important symbolic role by emancipating itself from the IMF and foreign creditors following the political and financial catastrophe of 2001.

The sharpest slap in the face to the US and its economic agenda was delivered in 2005 at Mar del Plata, when Latin American leaders rejected the US-designed Free Trade Area of the Americas (FTAA). This was made possible by the interplay of three different dynamics: first, Chavez' denunciation of neo-liberal policies and US domination; second, Brazil's and Argentina's assessment that the FTAA was not in their national interests; and third, the massive groundswell of opposition from social movements across the region. But this dynamic was not limited to Mar del Plata; even now, this three-way interaction - between the radical governments, the moderate governments and the social movements - pushes politics to the left as even the moderate governments cannot afford to ignore their own social movements who are inspired by the developments in Bolivia, Ecuador and Venezuela. The political elite in Latin America can no longer afford to ally themselves with the US or Europe: their own social movements - who are fighting to end of 500 years of domination - are looking to their own governments to break the bonds with the imperialists, or themselves be broken.

## ALTERNATIVE POLES

Since the burial of the FTAA, enthusiasm for trade liberalization in Latin America has waned. However, other forms of regional cooperation, founded on a fundamental rejection of neo-liberal policies are being constructed.

The Bolivarian Alternative for the Americas (ALBA) was proposed by the government of Venezuela as a vision of political, social and economic cooperation and integration between the countries of Latin America according to Bolivarian - as opposed to neoliberal -- principles

These "Bolivarian" principles draw their inspiration from Simon Bolivar, the symbol of Latin American independence: they are based on cooperation and complementarity, national sovereignty, resource transfer and redistribution, and support for small farmers, cooperatives, family, and small-scale producers. For example, the first Peoples Trade Agreement (TCP) signed between Cuba and Venezuela in December 2004 facilitates the exchange of medical resources and petroleum between both nations: Venezuela delivers about 96,000 barrels of low-cost oil per day from its state-owned petroleum operations to Cuba and Cuba, in exchange, sent 20,000 state-employed medical staff and thousands of teachers to Venezuela's slums.

Bolivia joined the ALBA and signed a TCP on April 29, 2006, just only days before President Morales announced his intention to nationalize Bolivia's vast gas reserves. Nicaragua's newly elected President Daniel Ortega joined in January 2007, which included the cancellation of a \$31 million debt to Venezuela. In mid February three Caribbean states Saint Vincent and the Grenadines, Dominica, and Antigua and Barbuda joined and Ecuador is likely to join soon. In addition to the exchange of oil for medical and educational professionals, the ALBA has an ambitious programme to build regional institutions in energy, telecommunications, transport, infrastructure development, banking and media.

While the ALBA is the anti-thesis of the FTAA, the Washington Consensus or economic

domination by the G8, there are still problems with its orientation, not least that it is being driven by the personal vision of Chavez and the oil wealth of Venezuela. In so far as the ALBA is an anti-imperialist project, it is a great success but to the extent that it is anti-capitalist, (or, to put it another way, an experiment in socialism for the 21st century) it is still largely oriented towards large scale projects, industrialization and resource extraction -- such as the controversial proposal for an 8,000km pipeline to carry gas from Venezuela, across the Amazon, to the South - albeit in an anti-imperialist frame.

However, beyond governments, beyond summits and beyond the international institutions, are the thousands of organizations, NGOs, trade unions, associations and collectives that make up the international social justice, anti-capitalist, anti-imperialist, anti-war and anti-neoliberal movement: the "movement of movements". More than any government, these social forces are challenging domination by big power and big money and, in so far as national governments are showing a willingness to challenge the policies dictated by the G8, the WTO, the IMF and the financial markets, it is partly because of pressures from below. In the past ten years, the "global justice" movement has been effective in exposing the unequal power in the international system and the impacts of unequal economic relations, especially in trade and debt (two areas where the G8 has been spectacularly unsuccessful in producing lasting equitable solutions). In future, as the "symbols" of domination - such as the G8 - lose their power (as is already happening) it will be important for the movements to think strategically how to work for social and ecological justice in a far more complex and fast-changing world where the levers of power are often in the hands of completely unaccountable governments and corporations.

## THE G8 IN DECLINE

The declining influence of the G8 is the result of four factors: First is its own failure in the past 35 years to act for the whole planet, as opposed to a rich minority. (For example, if the G7 had acted in the long-term interests of humanity in 1975 when confronted with the oil crisis - which was of course precipitated by US policies in the Middle East -- then perhaps they would not be facing the climate change crisis of 2007, let alone the catastrophe in Iraq.) Second, the legitimacy of the G8 is inextricably linked to the legitimacy of the US, its founding and most powerful member. As the moral stature of the US declines, so does that of the G8. Third is the challenge coming from the rising power of other nations, especially China, Brazil, Russia and India who have nothing to gain from attaching themselves to the G8, and to the election, particularly in Latin America, of anti-hegemonic governments. Finally, the global justice movement has played its part in de-bunking and de-legitimising the G8 by questioning the very idea that eight self-appointed countries can assume to determine the fates of humanity.

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(1) Financial Times, 23 February 2007

(2) Peoples Daily Online, 15 July 2005

(3) Reuters, "India, China, Russia Call for New World Order", 14 February 2007

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