

The G# and its influence on global economic convergence

Global governance: its structures and issues 3.2.1.4

The 'executive board' of the global economy: G8 and G20 meetings

Background

Occasionally you might come across a news report showing lines of dark-windowed limousines discharging suited men and women at a secure conference location and the mention that a G20 meeting is under way. Then again, a few months later there may be a report of a G8 meeting. These refer to get-togethers of heads of like-minded governments and their top ministers of state where discussions take place on the key issues of the day and to co-ordinate future action. It is one of the mechanisms by which global norms are agreed at intergovernmental meetings, and by which reproduction of dominant global values and systems are consolidated and spread.

The 'G' stands for 'Group' – as in Group of 8 leading industrialised countries for G8 meetings. The number has varied. The original 'G' was a meeting in France in 1975 of the heads of government of the six leading industrialised countries being affected by OPECs decision to raise the price of oil two years earlier, from France, Germany, Italy, Japan, the UK and the USA. In the following year, the Canadian prime minister was invited and it became the G7 meeting. By 1998, as a market-orientated Russia emerged from the break-up of the USSR, its president joined the group, making it the G8.

In 1999, the meeting was expanded to nineteen countries plus representatives of the EU, to study, review and promote international financial stability. The G20 meeting of finance ministers was held in Berlin and brought together – as well as the G8 countries – ministers from Argentina, Australia, Brazil, China, India, Indonesia, South Korea, Mexico, Saudi Arabia, South Africa, Turkey and representatives of the EU. The G20 economies account for around 80% of world trade and two-thirds of the world's total population. Since the global financial crisis in 2008 its significance has been upgraded to an annual meeting of the heads of government/state of the participant countries and has become a key forum for international economic cooperation.

Alongside G20 meetings, the G8 group continues to meet annually. Sometimes referred to as the 'Great Powers' they account for only 14% of the world's population but 60% of world trade. In 2014 the meeting was due to be held in Sochi, Russia, but as a result of Russia's annexation of the Crimea from Ukraine, Russia was excluded from the group and a G7 meeting was relocated to Brussels in Belgium. Russia has, at the time of writing, yet to be invited back to the group.

Procedures

The presidency of the group rotates annually among member countries. It lacks an administrative structure and is more an annual forum for heads of government to meet, in both formal and informal discussions, to cover the key issues common to their countries and seek co-ordinated action to resolve economic and political issues. Finance ministers of the G8 may hold their own meeting schedule to discuss economic strategies that are more effective if carried out by all – such as measures to reduce tax evasion by individuals and corporations. Ministers of government departments may also attend G8 meetings to hold their own specialist discussions on topics such as health, economic development, energy, the environment, terrorism and trade, among others.

The 2017 G20 heads-of-government summit is due to take place in Berlin in early July 2017, and goes by the theme 'Shaping an interconnected world: creating a networked world'. Before that, in March, finance ministers and central bank governors met. These meeting often involve representatives from major supranational organisations including the IMF, World Bank, World Trade Organisation and OECD.

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Strengths

The meeting of the G8 and G20 ensure there are regular face-to-face meetings between the heads of state/government of the world's most powerful economic and military nations. As such, it is a valuable opportunity to discuss impending issues and resolve them peacefully. The decision to uninvite Russia in 2014 can be seen as a deterrent to the supporting of aggressive military action and an affirmation of the norms of settling international disputes through diplomatic and peaceful means.

It also gives heads of government/state the opportunity to respond to urgent issues with an international dimension, such as agreeing refugee policy, responses to international terrorism, and the most recent data on climate change, so that issues can be dealt with promptly before they become a major crisis.

Criticisms

There has been comment that the G8 summits, in particular, are a cosy club for 'rich countries' trying to order the world to maintain their pre-eminence. Countries with emerging economies that do not get invited to the G20 conferences may feel excluded – such as Nigeria, Pakistan and the Philippines. It is also seen as absorbing emerging economies into the reproduction of the dominant financial, trade and market systems that benefit the wealthiest countries. (The counter-argument is that the extension of capitalism is a way of spreading wealth from richer to less well-off countries as they are engaged more tightly into global trading systems).

The absence of an organisational structure means the G8 and G20 are little more than a talking shop. Agreements and decisions taken have no direct legal effect so what may be agreed over a dinner, may come to nothing when participants return home. Having said that, sometimes the changing of minds and persuasion of major influential figures, is more likely to occur over informal conversation than within tighter structures that are being closely recorded and documented.

Making conflict visible

In recent years both G8 and G20 summits have been a focus for mass protest movements. The 2009 G20 summit in London provoked large protests over the role of banks in the financial crisis and the following year, the meeting in Toronto saw demonstrations by anti-capitalist groups. In 2013 a G8 summit destined to take place in Northern Ireland witnessed demonstrations in both London – which saw 57 protesters arrested – and at the summit venue, which passed more peacefully. When key world leaders meet together, it can be a focus for those with grievances to make their point where they will be visible to the world's gathered news media, if not to the leaders themselves.

Exam style questions:

- 1. What is meant by 'the reproduction' of global systems and by what means might it occur? (4 marks)**
- 2. Examine how global governance operates at different levels of scale. (6 marks)**

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1. What is meant by 'the reproduction' of global systems and by what means might it occur? (4 marks)

This will be a point-mark response. One mark is awarded for each point of knowledge or understanding. Extra marks are allowed for the development of points.

Points that may be included:

- There are dominant global systems influencing trade, markets, finance and investment as a result of geopolitical integration.
- Players in these systems have an interest in maintaining, strengthening and extending the reach and robustness of the systems.
- Emerging economies, and those yet to develop, are encouraged to adopt the practices and norms of these systems in order to access the benefits of membership. This results in the reproduction of dominant global systems in the ways they conduct themselves.
- Organisations such as the World Bank, World Trade Organisation and IMF encourage the extension of the dominant democratic, market-orientated capitalist system by offering development assistance to countries that take on these features or shift their practices towards them by, for instance, moving from dictatorship to democracy, or from state-owned industry to privately-owned organisations.
- Groups of dominant countries form cooperative groups that exclude countries operating very different systems or norms and extend membership to those displaying similar values – such as the G20 group. This encourages countries wanting membership to reform themselves more towards the characteristics of the dominant countries.

2. Examine how global governance operates at different levels of scale. (6 marks)

Level 1 (1-3 marks): Basic knowledge and understanding of the operation of global governance. Limited in scope and awareness of scale distinctions.

Level 2 (4-6 marks): Clear knowledge and understanding of the operation of global governance. Perceptive awareness of the different scales at which it operates. Well applied to context.

Points that may be included:

- Global governance is a result of many different influences, systems and control networks. Different ones may operate at different scales; others operate at all levels but in different forms.
- The World Health Organisation (WHO) is an arm of the UN that may have a general health goal (eradication of malaria) but which is implemented at local level in regions most prone to the infection and with fewest resources to combat its infection and spread. WHO may provide mosquito nets for night use to remote rural communities close to areas of stagnant water. The WHO will require assurance at the national level that its workers will be safe and given access to the resources they require to complete their actions.
- At a regional level the World Bank finances projects intended to improve conditions for those in need of financial assistance. A cross-border project is the Niger River project where nine countries with land in the Niger Basin have been provided with finance to better manage water resources to improve food and energy security. Other projects are regional – but within one country such as the Cusco regional development project in Peru to increase the ability of the cultural attraction to cope with increasing tourist numbers through a waste management

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programme. The World Bank will provide finance as long as key commitments are made by receiving countries.

- At a national scale entire countries may be integrated into an international trade network as a result of changed practices. Mexico became a member of the OECD in 1994 once it demonstrated a commitment to the dominant norms of democratic government and a market-driven industrial strategy.
- At an international scale countries may sign up to agreements to implement national policies as part of their contribution towards tackling global challenges. The COP21 Agreement in Paris in 2015 saw a record number of countries committing to carbon-emission reduction targets and promising to enact legislation to help restrict the impact of climate change at a global scale.