

## THE ACCORDS

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**Keywords:** bubble, climate change, conflict resolution, crime, developing economies, environment, exchange rate regimes, globalization, health services, information technology, macroeconomic stability, poverty reduction, product debt management, summits, sustainable development

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### Summary

The Group of Eight (G8) comprises eight large industrialized countries: the United States, Russia, Japan, Germany, France, the United Kingdom, Italy, and Canada. They have been meeting since 1975 and their main role has been to provide sound economic policy leadership. These summits are attended by the political leaders of those countries and there are corresponding specialist summits attended by finance ministers, environment ministers, and labor ministers.

The deliberations of these specialist summits are then fed into the subsequent G8 leaders' summit. While the record of the G8's achievements resulting from summit communiqués is mixed, the G8 remains an important influence in promoting change in national and international policy.

Critics argue that in light of global economic problems, the G8 was a failure in the 1990s. It promoted expansion of international markets but neglected to protect societies from the negative consequences of unbridled market expansion. It has done little to promote global growth in a context of low growth and high unemployment and has neglected international financial regulation as a means of reducing harmful currency speculation.

However, the summits do provide the only opportunity for these leaders to gather face-to-face and discuss topical economic, social, and political issues. They can provide an overall strategy for their countries by 1) endorsing general principles, 2) promoting individual commitments by summit participants, and 3) providing impetus to wider negotiations in other bodies. In some cases, external factors have limited the

effectiveness of stated objectives. These factors include general elections and changes to governments, prolonged recessions, and unexpected changes in policies.

## 1. Introduction

The Group of Eight (G8) is one of several international organizations (IO) formed to provide economic, political, and social leadership. Others are the United Nations (U.N.), with 188 member countries; the World Trade Organization (WTO), which regulates global trade and tariffs; the North Atlantic Treaty Organization (NATO); the European Union (E.U.); the International Monetary Fund (IMF) and World Bank (WB); the Organization of African Unity (OAU); the Organization of American States (OAS), comprising North and South American countries; the Organization of Petroleum Exporting Countries (OPEC); and the international crime fighting body Interpol .

The first round of summits of the world's major industrialized countries was held in 1975. Unlike traditional international governmental organizations (IGO), the G7/G8 was not brought into being by a formal conference and was not based on an international treaty. The first summit had only six members: the United States, Japan, Germany, France, the United Kingdom, and Italy and met in Rambouillet, France. The addition of Canada and Russia made it the G8 in 1998.

The original purpose of these summits was to provide leadership and collective management and to manage the tensions of interdependence. This included monitoring growth, inflation, current accounts, trade balances, budget performance, monetary conditions, and exchange rates. These objectives remain, although globalization has replaced interdependence and discussions now cover economic as well as social policies.

The G8 recognized that dynamic and competitive markets were necessary to benefit from globalization. In addition, they would have to intervene in the marketplace to help those countries marginalized by globalization that were vulnerable to external forces beyond their control.

The four main challenges faced by the G8 remain loss of jobs; crime, and internal disorder; financial instability; and world poverty. Since more countries are now active in the international trading system, G8 summits are less relevant, and there is still a gap between rhetoric and action. It therefore remains to be seen if the G8 can retain legitimacy, credibility, and influence. For example, in 1996 a group of 20 foreign countries (G20) was formed that brought in the developing economies.

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## Biographical Sketch

**Pasquale M. Sgro** is Professor of Economics at Deakin University, Melbourne, Australia. He has held numerous teaching and research positions at universities and research institutions in Australia and overseas. His research interests are in the areas of international trade and economic development, where he has published a number of books and journal articles. He is founding co-editor of the *Journal of International Trade and Economic Development*, published by Routledge (U.K.).