

Great power tensions dominate G8 summit

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7 July 2005

Britain's presidency of the G8 summit of major industrial nations, taking place this week in Scotland, is being used by Prime Minister Tony Blair as a propaganda vehicle to restore popular support for his government, focusing on his proposals to forgive African debt and double government aid. This has been backed by an effort to exploit public concern for the plight of the poor through the officially sponsored "Live 8—Make Poverty History" round of demonstrations and rock concerts.

The closer it has come to decision time, the more such promises have been shown to be empty rhetoric, and the more impossible it has become to sustain a posture of concern for either Africa or the environment.

The G8 summit looks set to achieve very little regarding debt relief for Africa and even less on the other supposed main theme of discussion, climate change.

Instead, a paltry measure of debt forgiveness and even smaller rises in aid pledges—which may never materialise—are being hyped as world-changing initiatives. It is also being made clear that talk of liberalising trade is a one-way street, in which the Western powers demand that Africa opens its markets to the major corporations while markets for agricultural produce in the United States, Europe and Japan remain protected by tariffs and subsidies.

In a similar fashion, discussion on the threat of global warming has focused on drawing up a resolution that downplays the issue sufficiently to satisfy the Bush administration and sidesteps Washington's rejection of the Kyoto agreement on limiting carbon emissions.

The focus on Africa is in large part a smokescreen to divert attention from the more fundamental concerns of the G8 at a time of acute crisis.

The G8 nations—the United States, Japan, Britain, Canada, France, Germany, Italy and Russia—are more divided than ever before. The wounds opened up in diplomatic relations by the Iraq war have not healed. The increasingly unilateralist course pursued by Washington on both the military and economic fronts has combined with growing difficulties facing the global economy to exacerbate tensions between all the imperialist powers. This promises to make the summit at the prestigious Gleneagles Hotel near Edinburgh more fractious and divided than its predecessors, no matter what public pose is adopted, and precludes any common international agreement of genuine substance.

These annual summits originated in response to the collapse of dollar-gold convertibility and fixed currencies in 1971, and the ensuing oil crisis and global economic recession of the early 1970s. Under the leadership of the United States, the G6 (joined later by Canada and Russia) first met in 1975 to elaborate a coordinated approach to global economic problems.

Such coordination is no longer possible. The breakdown of the post-

war economic expansion, compounded by the collapse of the Soviet Union and end of the Cold War, have undermined the economic and political foundations of the relative equilibrium that characterized relations between the US and its European and Asian imperialist counterparts that prevailed for most of the second half of the twentieth century.

Never since the establishment of the Atlantic Alliance in the 1940s have relations between the US and its nominal allies in Germany and France been as fractious and embittered as today. The unilateralist and militarist policy of Washington is the single most destabilising factor in contemporary world affairs.

The United States is openly pursuing a strategy of global hegemony, which involves a shift from support for European integration—the general line followed by successive post-war American administrations, Democratic and Republican—to the Bush administration's policy of fomenting divisions within Europe, a policy directed in particular against France and Germany.

This shift in American policy, being carried out with the collaboration of Britain, has thrown the European Union into unprecedented crisis. This week's G8 summit takes place in the aftermath of referenda in France and the Netherlands which registered decisive defeats for the European Union constitution, followed by the collapse of EU budget talks, placing a question mark over the very existence of the EU, as well as the common European currency, the euro.

US-led wars in Iraq and Afghanistan are raging, with no end in sight, even as Washington prepares new provocations against other potential targets of military action, including Iran, North Korea and Syria.

The world economy is gripped by financial instability and mounting signs of stagnation. These problems are compounded by soaring oil prices.

On the eve of the G8 summit, the Bank for International Settlements (BIS) warned of "growing external and internal imbalances" in the world economy—focusing on global indebtedness and conflicts over trade and interest rates.

It warned that the widening US balance of payments deficit was a "serious longer-term problem" that could "eventually lead to a disorderly decline of the dollar, associated turmoil in other financial markets, and even recession and a resurgence of protectionist pressure."

With Europe's economies verging on recession, negotiations on global trade, ongoing since December 2001, have been virtually stalled because of a refusal by the major powers to eliminate subsidies and other protectionist measures. They are to be reviewed at a meeting scheduled for Hong Kong in December 2005.

None of these pressing issues have even been given a prominent place on the public agenda of the G8 summit, although the heads of

state have agreed to discuss the rise in oil prices. The draft communiqué does not specifically mention oil prices, but at a meeting in London last month, G8 finance ministers warned, “Sustained high energy prices are of significant concern since they hamper global economic growth.”

Another issue of contention is the demand that China revalue the yuan, which Washington claims is being kept artificially low. The US is pushing hard for a discussion at Gleneagles, with Bush insisting, “We’ll be talking about our economies. There’s always a nice discussion about currency, for example, an interesting part of the dialogue.”

German Chancellor Gerhard Schröder is also calling for global regulation of hedge funds, highly speculative investment instruments that are unregulated in the US and which, Germany argues, threaten the stability of some German companies.

On the issue of African debt, Steve Tibbett of Action Aid complained, “It is shocking that the government is using millions of poor people to score a PR coup. Look behind the rhetoric and the reality falls far short... So far the UK government is largely serving up spin and hype.”

John Hilary of War on Want said, “The paltry deal on the table at Gleneagles is an insult to poor people the world over.” The charity said that \$125 billion, not \$25 billion, is needed in increased aid to meet development goals, and that the G8 will pledge only to reduce debt service, not abolish debts themselves.

The deal agreed last month offers debt relief only for money owed to the World Bank, the African Development Bank, and the International Monetary Fund (IMF). It is worth around \$2 billion yearly, but is on offer to only 18 poor countries which have total debts of around \$40 billion and have met strict demands for “free market” reforms that will only worsen poverty and indebtedness in the long term.

At every point, the discussion surrounding the G8 summit has highlighted the differences and conflicts among the major powers. Blair’s hopes that he would win support from Bush for his proposals on Africa and on global warming in return for Britain’s participation in the Iraq war were dashed even before the summit began. Bush told ITV television, “I go to the G8 not really trying to make [Tony Blair] look bad or good, but I go to the G8 with an agenda that I think is best for our country...”

“I really don’t view our relationship as one of quid pro quo. Tony Blair made decisions on what he thought was best for keeping the peace and winning the war on terror, as I did.”

American initiatives toward Africa demand an enhanced role for the private sector, especially in pharmaceuticals, and much aid is tied to a demand that it be used to purchase US goods, mainly food—another form of subsidy to US agribusiness. These conditions are so proscriptive that of \$4 billion pledged to date (supposedly to double to \$8 billion), only \$400,000 has so far actually reached sub-Saharan Africa, with only four countries qualifying.

When he was pushed on opening up US markets to Africa, Bush replied that he would abandon US farm subsidies only if the European Union was prepared to scrap its Common Agricultural Policy (CAP). This was not only a cynical posture, but was meant to reinforce the demand for CAP reform being voiced by Blair against his French and German rivals.

Within Europe too, tensions are acute in the aftermath of the collapse of the European Union’s constitution ratification process and the failure to agree an EU budget. President Jacques Chirac is openly

hostile to Blair, whom he blames for sabotaging the budget discussions by demanding that subsidies to French farmers be cut. In the run-up to Gleneagles on July 3, Chirac met with Schröder and Russia’s Vladimir Putin. In front of the press, he said of the British, “You can’t trust people who cook as badly as that” and added that Britain’s only contribution to European agriculture was Mad Cow Disease.

For their part, German officials have accused Blair of exploiting the summit to improve his public image at home. Schröder is refusing to increase Berlin’s aid budget for Africa from 1.8 billion euros a year to 2.4 billion euros, and Italy and Canada are also hostile to the demands placed on them by Blair.

Providing another indication of conflicts behind the scenes, the British government let it be known that an attempt to include a timetable for phasing out export subsidies for farm produce had failed to win over either the French or the Americans.

On global warming, Bush told ITV that he would oppose anything like the 1997 UN Kyoto Protocol involving legally binding reductions on carbon emissions, which was not ratified by the US. He said, “If this looks like Kyoto, the answer is no... The Kyoto treaty would have wrecked our economy, if I can be blunt.”

He added that the G8 leaders should “move beyond the Kyoto debate” and consider new technologies as a means of reducing emissions.

Partly in order to bring the US on board, the core of the G8 proposals on climate change is for a fund to help developing countries such as India and China invest in clean energy. The main thrust of the clean energy demand is to urge a switch to nuclear power, with all the attendant dangers, as opposed to fossil fuels.

All of the government heads meeting in Scotland preside over administrations that are unpopular and crisis-ridden. President Bush faces growing domestic opposition to the occupation of Iraq and his administration has succeeded in arousing enmity toward America the world over without historic precedent. Blair only scraped back into power in May with the lowest share of the popular vote in history. The entire government strategy of France’s President Jacques Chirac was roundly rebuffed by the “no” vote in the referendum on the European Union constitution. Germany’s Schröder has been forced to call an early general election following a series of defeats in state and local elections.

It is a measure of the hatred felt towards these leaders and their isolation from the concerns of the mass of the world’s population that the summit once again resembles an armed camp, with all routes leading to the Gleneagles conference centre cut off and surrounded by three cordons of police checkpoints.



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