

G8 summit marked by impotence and division

Nick Beams
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Facing what is arguably its most serious crisis since the end of the Second World War, the global capitalist economy has never been in greater need of co-ordinated policies from the world's major national governments.

But unity and collaboration in the face of the mounting problems posed by climate change, oil and food price hikes and the ever-present threat of recession, have been conspicuously absent from the meeting of the G8 major industrial nations being held in Hokkaido, Japan, this week.

Nowhere were the divisions more apparent than in yesterday's statement on climate change. After much behind the scenes negotiations, the G8 meeting finally agreed to a communiqué in which the major industrial powers agreed to a "vision" of "achieving at least 50 percent reduction of global emissions by 2050." However, in order to secure agreement from US President George Bush, who has refused to name any target in the absence of commitments from India and China, the statement added a rider "recognising that this global challenge can only be met by a global response, in particular, by the contributions from all major economies."

The statement was dismissed by scientists as lagging far behind what was needed to arrest global climate change.

"They could have made progress here by being more specific on the near-term commitments that industrialised countries were willing to make to reduce their own emissions, but they don't have agreement on that," Aiden Meyer, a spokesman for the Union of Concerned Scientists, said.

"They could have been more specific on reductions by 2050 from what base year, but they don't have agreement on that."

James Hansen, a leading climate scientist at NASA's Goddard Institute for Space Studies in New York, said it was "a pretence that [industrialised nations] understand the problem. In reality, they are taking actions that guarantee that we deliver to our children climate catastrophes that are out of their control."

The G8 statement failed to make any commitment on emission reductions over the next decade, action that is regarded as vital. The chairman of the UN's panel of climate

scientists, Rajendra Pachauri, said "very vital details" were missing from the statement. "The sooner we start reducing emissions, the greater the likelihood of avoiding some of the more serious impacts and temperature increases that are going to take place a decade or so down the road," he said.

The statement was met with immediate criticism from the G5 group of so-called developing countries—Brazil, China, India, South Africa and Mexico—that are scheduled to meet with G8 today.

"Responsibility shouldn't fall on developing countries for what is an unavoidable responsibility of developed nations," said Mexican president Felipe Calderon.

South Africa's environment minister Marthinus van Schalkwyk called the G8 statement an "empty slogan without substance."

"While the statement may appear as a movement forward, we are concerned that it may, in effect, be a regression from what is required to make a meaningful contribution to meeting the challenges of climate change. To be meaningful and credible, a long-term goal must have a base year. It must be underpinned by ambitious mid-term targets and actions," he said.

In any case, even if such commitments were made, they would not prove any more substantial than those made on world poverty. Three years ago, amid great fanfare at the Gleneagles meeting in Scotland, the G8 leaders agreed to increase aid to Africa by \$25 billion by the year 2010. As the Hokkaido meeting was being convened it was revealed that a mere 14 percent of the target had been met.

The G8's commitments on the world economy were no more specific than those on climate change. The organisation was set up in 1975 to develop co-ordinated action to meet the problems posed by recession and the financial turmoil resulting from the oil price shock of 1973-74. Three and a half decades on, with the world economy facing what the International Monetary Fund has designated as the most serious financial crisis since the Great Depression, such action would seem to be in order.

But the G8 statement contained no concrete measures. After noting that the world economy is facing "uncertainty" as "downside risks persist" and expressing "strong concern

about elevated commodity prices, especially oil and food,” the statement went on to assert that “we are determined to continuously take appropriate actions, individually and collectively to ensure stability and growth in our economies and globally.”

It contained a veiled call to the Chinese government to allow an upward movement in the exchange rate of the yuan in order to alleviate global imbalances.

“In some emerging economies with large and growing current account surpluses,” the statement declared, “it is crucial that their effective exchange rates move so that necessary adjustment will occur.” The inclusion of the word “some” marked a change from the communiqué last year, which simply referred to “emerging economies” in general.

The exchange rate issue is only a symptom of more deep-seated problems. A spokesman for Bush declared at the outset of the meeting that the president was in favour a “strong dollar”. However, that would necessitate a rise in US interest rates, a move that would almost certainly set off a new financial crisis in the US and globally. On the other hand, an increase in the value of the dollar would require a lowering of interest rates in other regions, especially in the eurozone. But rather than cutting rates the European Central Bank is maintaining a relatively tight monetary policy in order to combat global inflationary pressures.

The impotence of the G8 is not a product of the individual leaders and governments but the expression of vast changes in the world economy. As the *Financial Times* noted in a comment published on Monday, the G8 is not master of its own destiny but is being buffeted by “forces and policies from elsewhere.”

“While the G8 accounts for almost half the world’s economic output, developing and emerging economies produce 70 percent of economic growth. Their dynamism outweighs the G8’s size. And by dint of its 10 percent growth rates, China alone contributes as much to the world’s economic growth every year as the US.”

The slippage of the “leading industrial nations,” as the members of the G8 like to designate themselves, is illustrated by the economic decline of the United States. As a comment published last Thursday by *Bloomberg News* noted: “The dollar’s 41 percent drop against the euro during Bush’s term writes the economic epitaph of an administration that set out to restore American pre-eminence.”

An even more scathing comment, authored by the well-known British historian and journalist Max Hastings, was published in the *Guardian* on Monday.

The gathering in Hokkaido, he began, conjured up images of a political accident and emergency ward on a Saturday night.

“President Bush, leader of the greatest nation on earth, is discredited and almost time-expired. Gordon Brown leads a government most of whose own members want him to disappear into a hole. Silvio Berlusconi presides over a gangster culture that renders it impossible for Italy to present a serious face to world. Nicolas Sarkozy should enjoy the prestige of a French president secure in office until 2012, but he has grievously injured his own power base by his first-year antics. Russia’s new president Dmitry Medvedev, may well add up to nothing, in the absence of Vladimir Putin to tell him what to think.”

Hastings’ concern over the state of the world’s political leadership was prompted by the fact that the G8 was charged with addressing the “gravest issues of modern times”, including the “shocking evidence on climate change”, world poverty and the economic slowdown in the wake of soaring energy and food prices.

However, it was becoming more difficult to “mobilise an international quorum in support of any objective, however worthy and important.” This was a reflection not only of the loss of authority by the US but was also a consequence of “globalism, which makes it ever harder for any nation to forge a consensus in support of decisive action”.

Things had been much easier for capitalist societies in the Cold War era “when it was perceived as essential to follow strong US leadership”. Hastings forecast that the “global predicament” would have to get a “great deal worse” before the members of bodies such as the G8 “acknowledge that common action against shared perils must transcend the familiar, disastrously outdated pursuit of national interests.”

Hastings’ hope that global events will alert world leaders to the dangers of the unfettered pursuit of national interest—rather in the manner of an English schoolmaster knocking sense into a class of rowdy students—is completely misplaced. As the current G8 meeting demonstrates, far from bringing greater international unity and co-operation, the global economic and environmental problems will bring greater national divergence and conflict among the capitalist powers.

This is because the divisions are not the product of individual politicians or the result of lack of knowledge or understanding but are rooted in the very nation-state structure of the world capitalist order.



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