

FORUM FOR DISCUSSION

Summit History

*Once a year, the leaders of Canada, France, Germany, Italy,
Japan, the United Kingdom, and the United States — called the G-7
— plus the European Union get together to review the most pressing
economic and political issues of the day.*

G-7 summit meetings are relatively recent arrivals on the international scene. The first summit — an initiative of French President Valéry Giscard d'Estaing — was held in Rambouillet in 1975. Originally conceived as a one-time event, the leaders of the United States, the United Kingdom, France, the Federal Republic of Germany, Japan, and Italy met to find a way of coping with the quadrupling of the price of oil in 1973. The success of this gathering, however, inspired U.S. President Gerald Ford to repeat the experience in Puerto Rico the following year. Canadian Prime Minister Pierre Trudeau joined the summit table at this time. The European Community, now the European Union, was granted observer status at the 1977 London Summit, and is represented at summits by the President of the European Commission.

Until the 1970s, most countries, including the United States and Japan, traded little outside their own territory. For Japan and the United States, 90 per cent of their economic output was domestic; a fact that overwhelmingly captured the attention of leaders and lawmakers. It wasn't until quite

recently that national leaders concerned themselves with economic matters. Prior to the 1950s, economic matters were handled almost entirely by finance ministers.

The rapid increase in the cost of oil in 1973 made it clear that the days of operating in isolation were over. The oil price shock showed everyone how interrelated national economies had become. Interrelated economies were also interdependent economies. Decisions made in Tokyo could have an impact on exports from France. If the European Union increased subsidies paid to farmers, the effect could be felt right across the Canadian Prairies.

It was important, therefore, for the biggest players in the game to discuss common problems and strategies. So, following the 1975 meeting in Rambouillet, the leaders of the world's most powerful economic democracies have met each year.

DEFINITION:

Sherpas - Personal
representatives
of Summit leaders
who review issues
at advance meetings.

CANADA AT THE G-7

G-7 LOOKS EAST

Since 1989, a major issue under discussion at G-7 summits has been the collapse of the Soviet Union. In 1989, Soviet President Mikhail Gorbachev wrote to summit leaders outlining his plan to bring the Soviet Union into the world economic system. At the 1990 Houston Summit, leaders asked a number of international financial institutions to study the Soviet economy and recommend reforms. Following the 1991 London Summit, leaders met with Mr. Gorbachev to review his reform plans. By 1992, the Soviet Union existed no more, and it was Boris Yeltsin, President of Russia, who briefed the G-7 leaders at Munich. Prior to the 1993 summit in Tokyo, a US\$43-billion support package for Russia was announced. The assistance includes debt rescheduling, stabilization support through the IMF, loans through the World Bank, as well as funding for a privatization program.

For Canada, G-7 membership is especially important. Canada has always been a major player in all leading multilateral organizations, and it is a cornerstone of our foreign policy that world issues should be dealt with through such groups. As a major force in peacekeeping operations, Canada has a clear interest in peace and security issues, many of which are dealt with at G-7 meetings.

Ours is a trading nation, with 32.5 per cent of our gross domestic product (GDP) coming from exports. In contrast, only 18.4 per cent of Japan's GDP comes from exports. So, it is very important to Canada to be involved in any international forum that deals with trade and economic issues. Canada is firmly committed to an international trading sys-