

History of Economic Summits

The first Economic Summit meeting was held in Rambouillet in 1975 at the invitation of the President of France. The original concept of the Summit was that leaders would exchange views in an informal, relatively unstructured setting, much along the lines of the Library Group of Finance Ministers which first met in 1973 in the White House Library. Many of the leaders at the first Summit had belonged to the Library Group.

The Rambouillet Summit was prompted by a shared concern for the pressing economic issues of the time. The breakdown of the Bretton Woods system of fixed exchange rates had weakened the established system of international economic cooperation. At the same time, the effects of the oil crisis of 1973-1974 had led directly to a recession characterized by high unemployment, surging inflation in the industrialized countries and declining world trade.

The early summits focused on promoting economic recovery. Summit leaders agreed on measures to sustain stable economic expansion and to reduce high levels of unemployment without adding to inflationary pressures. There was a recognition that domestic structural changes would have to be made to deal with increasing oil prices and new economic realities.

At the 1978 Bonn Summit, leaders agreed to a coordinated program of concerted action — first devised by OECD Ministers — to promote sustainable non-inflationary growth. The program called for an expansion of domestic demand, greater cooperation with the developing countries and cooperation to reduce dependence on imported oil.

The 1979 Summit in Tokyo and the 1980 Venice Summit were primarily devoted to responding to the second oil price shock. The Tokyo Summit established a group of experts to monitor oil price development and industrial nations' oil consumption patterns. At Venice in 1980, leaders agreed to a 10-year strategy to break the link between economic growth and oil consumption.

In the early 1980s the world slipped into a recession characterized by persistent inflation, low growth, rising unemployment, current account deficits and high interest rates. The fight against inflation became a key concern and leaders agreed at subsequent summits on the need to restrain public borrowing and monetary growth.

Relations between developed and developing countries were a special theme of the 1981 Ottawa/Montebello Summit. The leaders' deliberations contributed to the preparations for the Cancun Summit between leaders of the North and South which took place later that year.

The world economy recovered following the steep recession of 1981-1982. At subsequent summits, leaders have endeavored to adopt compatible policies to broaden, strengthen and sustain this recovery.

At the 1983 Williamsburg Summit, leaders agreed to pursue policies conducive to low inflation, reduced interest rates and budget deficits, and enhanced employment opportunities. They also committed themselves to halting protectionism and to dismantling trade barriers. They agreed on a case-by-case approach to the international debt problem.

At the 1985 Bonn Summit, leaders agreed to implement a range of coordinated economic policy measures and to intensify efforts to launch new multilateral trade negotiations. The leaders also established an experts group, which reported to the Summit Foreign Ministers in the fall of 1985 on the crisis in Sub-Saharan Africa.

At the 1986 Tokyo Summit, leaders expanded the Group of Five (the successor of the Library Group), and created the Group of Seven (G-7) including Canada and Italy. Leaders requested the G-7 Finance Ministers to strengthen international economic policy coordination by undertaking periodic reviews of economic policies and performance, including exchange rate levels. This process led to the Louvre Accord of February 22, 1987, an agreement designed to achieve more balanced global growth and reduce trade imbalances.