sively with the fall-out. They were confronting major and pressing economic problems (recession and unemployment, accompanied by inflation), many of which indeed originated before the oil shock, arising in part out of the persistent current-account deficits of the United States. When the International Monetary Fund (IMF) Interim Committee in June 1975 failed to agree on how to approach major monetary issues (exchange rates, quotas, gold), the French President, elected to his seven-year term little more than a year earlier and himself a former finance minister, suggested a monetary summit on the ground that it was largely the floating exchange rates which were destabilizing the monetary system and thus causing the major economic problems.

Agenda for first meeting

After some hesitation, the other leaders accepted. They went to Rambouillet in November 1975, but only after agreement that the agenda provide for consideration of over-all economic policies, as well as monetary issues, and also look at North/South problems. The Summit was to take an over-all, policy-oriented, rather than narrowly technical, approach. The emphasis was on co-ordination: leaders intended to underline they were in command, were working together and would get their economies moving again. By concerting their economic policies and by mutual reinforcement and burden-sharing, it was thought that these key countries could assure and consolidate the recovery without additional inflation.

Although arising out of a specific situation, this development – the coming together for a Summit – served as a highly public recognition of the altered and more complex circumstances of the 1970s. In the Sixties or Fifties – and notably the Forties, which had seen the establishment of most of the principal international economic institutions – the U.S.A. was virtually unchallengeable in its supremacy in the non-Communist world, and far outdistanced the U.S.S.R. as well on most criteria of power. But by the early 1970s, no longer was there a solitary colossus bestriding the non-Communist world. President Nixon, in a variety of ways, had recognized the limits to U.S.A. power – economic, political and military – and altered U.S.A. commitments accordingly. The U.S.A. could no longer carry the whole burden alone and was moved to recognize other centres of strength. In particular, the Europeans and Japanese had to take on responsibilities for the functioning of the economic system, and be given a commensurate voice in the decision-making (an exercise in power-sharing of a sort to which I shall refer later in relation to the South).

1975 statistics

To take only a few economic measurements, at the time of the first Summit, gross national product for the United States was about $1,500 billion, for the countries of the Community was some $1,150 billion and for Japan was roughly $485 billion (the Federal Republic of Germany was $430 billion). The population of the United States was 215 million, the EC 260 million and Japan 110 million. U.S.A. exports were about $100 billion, Japanese some $55 billion, the FRG about $90 billion and the EC as a whole approximately $300 billion. Between 1950 and 1975 the U.S.A.'s share of world trade went from 15.3 per cent to 11.1 per cent, while the share of exports in U.S. GNP went from 3.5 per cent to 7.7 per cent; i.e. while its influence as a trader declined proportionately, U.S.A. dependence on trade grew. On the import side, this was of course dramatized from 1973 on by U.S.A. vulnerability to the uncertain oil supply and price situation.