

Module 14

THE WORLD ECONOMIC GROUPS

- The World Economic Groups are the associations formed by some leading countries of the world as a forum for promoting their common economic goals.
- The Group formation began in 1975 as the group of non-Communist powers, coming together to address pressing economic concerns, which included inflation and a recession sparked by the OPEC oil embargo; although Cold War politics invariably entered the group's agenda.
- France, Italy, Japan, the United Kingdom, the United States, and West Germany, formed the Group of Six in 1975; and then Canada was invited to join a year later -- and it became the G-7

-- the association of the rich industrialized **Western world**.

- Then the **Group of Seven (G-7)** emerged as an informal bloc of industrialized democracies (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States).
- The G-7 meets annually to discuss issues such as global economic governance, international security, and energy policy -- to promote collective decision making on these issues.
- This is an association of the economically **DEVELOPED** countries of the world.
- Then recently (around 1998), Russia was admitted to join, making it the G-8.

- However, in 2014 Russia annexed parts of Ukraine militarily – a territory known as the Crimea. Because of this military aggression, Russia was suspended from the G-8, which brings the group back to the G-7 that it is now.

The G-20

- The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999, to bring together systemically important industrialized and developing economies to discuss key issues in the global economy.
- The inaugural meeting of the G-20 took place in Berlin, on December 15-16, 1999, hosted by German and Canadian finance ministers.

- The G-20 is the premier forum for our international economic development that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability.
- By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international financial institutions, the G-20 helps to support growth and development across the globe.
- The G-20 was created as a response both to the financial crises of the late 1990s and to a growing recognition that key emerging-market countries were not adequately included in the core of global economic discussion and governance.
- Prior to the G-20 creation, similar groupings to promote dialogue and

analysis had been established at the initiative of the G-7.

- The G-20 met at Washington D.C. in April and October 1998. Its aim was to involve non-G-7 countries in the resolution of global aspects of the financial crisis then affecting emerging-market countries.
- **Membership** of the G-20 is made up of the finance ministers and central bank governors of 19 countries and the European Union: Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States.