

As 2013 begins: A mood of anxiety in ruling circles

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As the New Year begins, there is anxiety in ruling circles over the state of the world economy, increasing geo-political tensions, and the potential for major social struggles. As an editorial in the British magazine the *Economist* put it: “From a showdown with Iran over its nuclear plans to a catastrophic break-up of the euro zone, it is not hard to think of disasters that could strike the world in 2013.”

The foremost cause of concern is the state of the world capitalist economy. Almost six years after the first signs of financial crisis and more than four years after the crash of 2008, “recovery” in the global economy is more remote than ever.

Once again, in the words of the *Economist*: “You might think that six years after the global financial crisis first broke, the downturn would be well behind us and the economy would be humming along. Instead, huge swathes of the world seem to be embarking on a Japanese-style experiment with long-term stagnation.”

The euro zone economy is contracting, the UK has experienced a double dip recession and could dip again after its worst “recovery” in more than 100 years, and Japan has seen seven quarters of negative growth out of the last 15. It is a measure of the extent of the crisis that the near-stagnant US, with growth at just 2 percent, is considered something of a “bright spot” among the major economies.

At the same time, the hopes that China, India and other “emerging markets” could provide a new platform for growth have receded over the past 12 months.

Commenting on the state of the world economy and the prospects for 2013, the *Financial Times* noted that the top two spots in the race for growth were likely to be filled by Libya and South Sudan, with resource-rich Mongolia in third place.

The *Economist* told its readers if they wanted to take their mind off “global gloom,” they could look to the 14

percent growth rate expected for the gambling centre of Macau. While this was intended as an ironical comment, it was appropriate given the central role played by speculation in global capitalism.

Last year ended with the central banks of the US, the UK, the European Union and Japan, covering more than 60 percent of the world economy, engaged in one or another form of “quantitative easing”—in effect, gambling that by printing endless supplies of money they would be able to stave off a financial crisis.

But these measures, far from restoring economic growth, are only laying the basis for even deeper financial crises and the intensification of global currency and trade conflicts. The policies of the US Federal Reserve are particularly significant in this regard. Never before in the history of world capitalism has the central bank of the reserve currency, which forms the basis of the global financial system, set out to drive down the value of that currency.

The deepening problems of the global economy will, in turn, exacerbate geo-political tensions. There are an increasing number of flashpoints with the potential to set off major political and possibly military conflicts.

Last year saw a rapid increase in tensions throughout the East Asian region, as the Obama administration stepped up the anti-China push that forms the centre of its so-called “pivot to Asia.” Encouraged by the US, the Philippines and Vietnam have both been pushing their claims against China in the South China Sea.

The political leaderships of both Japan and China have responded to worsening economic conditions by resorting to nationalism in an attempt to head off social unrest. The focus of these tensions are the disputed Senkaku/Diaoyu Islands claimed by both countries. So far, direct military clashes have been averted, but any conflict has the potential to rapidly escalate, especially under conditions where the US has made clear it will back Japan should

there be an attack on its military forces.

Pointing to frightening “historical hatreds”, the *Financial Times* recently warned that “northeast Asia has not looked as scary in years.”

In the Middle East, an imperialist-backed attack on Syria will not only increase tensions throughout the region, but will have global ramifications. It is certain to bring forward plans for a direct attack on Iran, either by Israel, the US or a combination of both.

At the same time, there is a new scramble for Africa underway as the major imperialist powers seek to ensure their domination of the continent’s resources and counter the growing strategic influence of China.

History, of course, does not repeat itself, but there are resonances. The present period increasingly resembles that of a century ago, when a major downturn in the world economy coupled with increasing great power rivalry led to the eruption of World War I in 1914.

The year 2013 will also bring major social and class struggles as a result of the increasing attacks on the conditions of the working class in every country.

The ruling classes have no policies to resolve the economic breakdown, but they do have a very definite strategy that is being ruthlessly applied. It is aimed at pumping new wealth into the sclerotic arteries of the profit system by driving down the social position of the working class.

Whatever name it goes under—averting the “fiscal cliff” in the US, economic “reform” and “restructuring” in Europe, or meeting the challenges of the “Asian century” in Australia—this strategy is aimed at destroying all the social gains of the post-World War II period.

This program of social devastation and the dangers of war that accompany it cannot be combated with half-measures or misplaced hopes that some economic upturn will alleviate the situation. It must be fought on the basis of a revolutionary socialist program that unites the international working class against capitalism.



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