

Economic nationalism and the growing danger of war

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By every measure, the world economic and political situation is increasingly coming to resemble the 1930s—a decade marked by social devastation, economic conflicts and rising geo-political tensions that led to the explosion of war in 1939.

The global economy is moving further into “secular stagnation,” a term first coined in reference to the Great Depression to characterise a situation where global demand persistently falls below output, leading to glutted markets and “over production.”

Nearly eight years after the eruption of the global financial crisis, the euro zone economy remains mired in deflation and has only this year returned to the levels of output reached in 2007. The US has experienced the slowest “recovery” in the post-war period, while productivity is set to fall for the first time in more than three decades.

Japan, the world’s third largest economy, remains mired in low growth and deflation, while China, the second largest, is experiencing a marked slowdown, together with vast job losses and mounting concerns over its level of debt accumulation.

One of the most striking parallels with the conditions of the 1930s is the growth of economic nationalism and the rising trade war tensions as each of the major powers seeks to shove the effects of the global stagnation onto its rivals. The beggar-thy-neighbour policies of that earlier period produced devastating consequences as international trade contracted by more than 50 percent between 1929 and 1932, after which the world divided into currency and trade blocs leading up to World War II.

The intensifying struggle for markets is bringing the return of the kinds of measures that characterised the Great Depression, as seen in the decision by the US International Trade Commission (ITC), acting at the

behest of US Steel, to launch an investigation into 40 Chinese companies, with a view to imposing increased tariffs.

As Professor Simon Evenett, the head of Global Trade Alert, an organisation that monitors protectionist measures, has warned, the ITC case should set off “alarm bells” and is a move towards a “nuclear option.” His words have more than a metaphorical or rhetorical significance: rather, they point to the inseparable connection between economic nationalism and outright military conflict.

Not only are old forms of protectionism being revived, new ones are being developed. Having virtually scuttled the Doha Round of multilateral trade talks under the World Trade Organisation last year, the US is pursuing its own nationalist agenda through the formation of exclusivist trade blocs under the Trans Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIV).

The TPP, which despite its name, excludes China, the world’s second largest economy. Washington’s objectives have been spelled out by President Barack Obama who declared it is aimed at ensuring that America, not China, writes the global rules of trade for the twenty-first century.

Beyond the present administration, the rising tide of US economic nationalism is expressed in the strident “America first” campaign of the presumptive Republican candidate Donald Trump and his pledge to “make America great again.”

Trump’s campaign, however, is only a particularly violent and crude manifestation of deep-rooted tendencies within the entire political establishment, including the trade union bureaucracy. Notably, the statement issued by US Steel welcoming the ITC decision to investigate Chinese companies, pointed to

the support for its case from “our union brothers and sisters.”

It would be a great mistake to think that these tendencies are confined to the United States. The turn to economic nationalism is ever-more visible in the political establishment of every major capitalist power.

In Britain, both sides of the official campaign over Brexit—the referendum of June 23 which is to decide whether the UK leaves or remains in the European Union—are advancing their positions on the basis of what is best for the country’s national interests.

On the European continent, the German political establishment demands the imposition of ever-increasing austerity measures over the whole of Europe, and vehemently opposes any stimulus measures. It fears that such actions would weaken the position of German banks and financial interests in the face of increasing competition from their international rivals, particularly the US finance houses. At the same time it insists Germany cannot confine itself to Europe, but must play an increasing role on the global arena, not least by military means.

Likewise, the Japanese government of Shinzo Abe is seeking to push down the value of the yen in order to boost its exports in a contracting world market. At the same time it has all but scrapped the so-called pacifist post-war constitution as Japan seeks to play an increased military role in world affairs.

The inseparable connection between the rise of economic nationalism and military conflict was the subject of far-reaching analysis by the revolutionary and Marxist theorist Leon Trotsky of the objective conflicts, rooted in the very structure of the capitalist mode of production, that led to the outbreak of World War I.

Pointing to the downturn in the European economy in 1913, he noted that the productive forces had run up against the limits fixed for them by capitalist property and capitalist forms of appropriation.

“The market was split up, competition was brought to its intensest pitch, and henceforward capitalist countries could seek to eliminate one another from the market only by mechanical means,” Trotsky wrote. “It was not the war that put a stop to the development of productive forces in Europe, but rather the war itself arose from the impossibility of the productive forces to develop further in Europe under conditions of capitalist

management.”

Today it is not only a question of the inability of the productive forces to further develop in Europe, but globally under the regime of private ownership and private profit in the framework of the world economy riven by national-state and great power divisions.

The very phenomenon of “overproduction” is the expression of these contradictions. There is not overproduction of steel, industrial and agricultural products—all of which confront glutted markets—in relation to human need. All that can be produced by the world’s working class, whether in China, Japan, the US, Europe and elsewhere, could be more than productively employed in a rationally-planned socialist global economy.

Such an economy, however, can only be realised through the overthrow of the capitalist profit and nation-state system, by means of the seizure of power by the working class. This is the foundation of the program of the International Committee of the Fourth International.

This strategy is, of course, dismissed by all the pseudo-lefts and short-sighted opportunists as “not practical,” “unrealisable” and so on. But what alternative do they have to offer? Nothing but the descent into war, with potential nuclear consequences, threatening the very future of civilisation itself.

The material force for the realisation of world socialism is emerging with the rising tide of the struggles of the international working class. The crucial task is the building of the world party of socialist revolution, the International Committee of the Fourth International, to provide the necessary guidance in these struggles by imbuing the working class with the conscious understanding of the great historical task it has before it.



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