

Davos annual summit: A social order confronting a growing crisis

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It is well known that on the eve of the French Revolution in 1789 the *ancien regime* was both unwilling and unable to take any measures that could quell the eruption of hostility that was to sweep it away. Its incapacity was not the result of the psychological or personality defects of the members of the ruling class. Rather, it was rooted in the very class structure of society.

A similar phenomenon could be observed at the World Economic Forum annual meeting held at the luxury Swiss mountain resort at Davos, bringing together some of the leading economic and political elites of world capitalism, which concluded yesterday.

The theme was the rise of social inequality and the gathering revolt against the social, economic and political order over which the attendees—the Davos men and women—preside.

The atmosphere was a mixture of bewilderment over the ongoing disintegration of the present global order, coupled with fears as to where it might be leading. But there was a notable absence of any measures that might bring about an improvement, flowing from the determination of the participants to ensure that, whatever measures might be contemplated, nothing could, or should, be done to impact on their interests.

A long-running attendee, William Browder, co-founder of Hermitage Capital Management, summed up the collective uncertainty, tinged with fear, over where things were heading. “This is the first time there is absolutely no consensus,” he said. “Everyone is looking over the abyss.”

A *New York Times* article by Peter Goodman, headlined “Davos Elite Fret About Inequality Over Vintage Wines and Canapés,” contained some sharp observations and provided a vivid sketch of the nature of proceedings. Myriad panel discussions were focused

on the way to “reform capitalism” and make globalisation work.

“What is striking,” Goodman noted, “is what generally is not discussed: bolstering the power of workers to bargain for better wages and redistributing wealth from the top to the bottom.”

The discussion at Davos, Goodman observed, was fuelled in part by fear because “if the world is indeed in the throes of a populist insurrection, the pitchforks could do worse than to point here.” The Davos elites have enjoyed a growing share of wealth, “while poor and middle-class household have seen their earnings stagnate and decline.”

“Yet the solutions that have currency,” Goodman observed, “seem calculated to spare the corporations and the wealthiest people from having to make any sacrifices at all, as if there is a way to be found to tip the balance of inequality while those at the top hang on to everything they have.”

The basic theme for the four days of panels and seminars was set in an address delivered by Ian Goldin, a professor of globalisation and development at Oxford.

There had never been “a better time to be alive,” he said, and “yet we feel so glum” with many people feeling anxious that this is “one of the most dangerous times.” It recalled the famous opening—“It was the best of times, it was the worst of times”—to *A Tale of Two Cities*, Charles Dickens’ novel on the French Revolution.

Setting out the agenda for discussion, Goldin said that, at this “most precious moment” in human history, the task was to ensure that globalisation was sustainable and that “we deal with the intractable problems that are worrying people.”

But in a summary of the discussion that ensued, Goodman wrote: “The answer from the corporate

executives who comprised the panel could be crudely boiled down to this: The people who have not benefited from globalisation need to try harder to emulate those who have succeeded.”

On the second day of the gathering, the managing director of the International Monetary Fund, Christine Lagarde, delivered an address on the crisis of the middle class and, as Goodman noted, injected a word rarely heard: redistribution.

“There are things that can be done,” she said. “It probably means more redistribution than we have at the moment.”

However, following her intervention, as Goodman reported, the conversation moved on to “other subjects.”

“Ray Dalio, founder of the American investment firm Bridgewater Associates—who took home \$1.4 billion in compensation in 2015—suggested the key to reinvigorating the middle class was to ‘create a favourable environment for making money.’ He touted in particular the ‘animal spirits’ unleashed by stripping away regulations.”

Shades of Queen Marie Antoinette and her reputed “let them eat cake” remark when confronted, before the French Revolution, with the news of bread riots.

The other major theme was the impact of the US presidency of Donald Trump. During the election campaign, a number of American financiers and regular Davos attendees opposed Trump. Yet there is nothing like the smell of money, emanating from Trump’s promises to slash banking and financial regulation, to bring about a political course correction.

Anthony Scaramucci, a hedge fund operator and Davos regular, has switched from critic to join the Trump administration in a public liaison and advisory role. He had to leave Davos early to attend the inauguration. Billionaire investor Paul Singer, described as a previously “vociferous” Trump critic, did not attend Davos this year but chose to stay for the inauguration, to which he contributed \$1 million.

In some ways one of the most extraordinary expressions of the decay of the social and economic order presided over by the Davos elites was the major speech delivered by Chinese President Xi Jinping. In the face of Trump’s moves to protectionism and economic nationalism, and in the absence of any other world leader willing to step up to the plate, Xi became

the standard bearer for capitalist “free market” globalisation. As the president of the New York stock exchange Thomas Farley commented: “I wasn’t sure if it was President Xi or Ronald Reagan.”

In summing up the summit, Goodman wrote: “Same as every other year, Davos is again plastered with the slogan of the World Economic Forum: ‘Committed to Improving the State of the World.’ But whatever improvements are supposed to be made, one can safely assume they will not conflict with those in attendance continuing to enjoy the state of the world as it is now, with canapés and aged Bordeaux and private jets at the ready. Which means that the global populism insurrection is unlikely to lose momentum anytime soon.”

The overriding fear of the Davos elites and the ruling classes around the world is that the present form of diffuse populist anger assumes a conscious politically-focused struggle for the program of international socialism.



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