

Transatlantic tensions dominate G20 summit

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After hours of back-and-forth negotiations, with the drafting committee saying at one point they could not come up with an acceptable proposal, the G20 summit managed to issue a unanimous final communiqué.

But this has done nothing to alter the fact that the Hamburg summit over last weekend was, by any measure, the most fractious meeting of major political leaders in the post-war period. As soon as they signed off on the statement, differences were being voiced, signifying the ongoing breakdown of the post-war political order of world capitalism and the decline of the position of the United States.

The newly-elected French president, Emmanuel Macron, attending his first such summit, pointed to the divisions that have opened up. “Our world has never been so divided,” he said. “Centrifugal forces have never been so powerful. Our common goods have never been so threatened.”

Macron not only pointed to the conflicts between Europe and the US but the deepening social opposition to the present economic order, noting “real divisions and uncertainties” in the Western world “that didn’t exist just a few short years ago.”

Calling for more and better coordination, Macron insisted that without the organisations created after the Second World War, “we will be moving back toward narrow-minded nationalism.”

Commenting on the summit’s outcome, James Stavridis, a former US commander of NATO, said it was striking there was “no central US leadership role.”

“What we see today is beginning to look like the world after the First World War about 100 years ago, in which none of the leading nations pulled together and we in the US rejected the idea of the League of Nations,” he added.

Stavridis did not elaborate further. But the outcome of this situation was the outbreak of the Second World War, just two decades after the first had concluded.

German Chancellor Angela Merkel, the host and summit chair, repeated the message she delivered after the G7 summit in May when she pointed to the break-up of the post-war order following the withdrawal of the US from the Paris Agreement on climate change.

“We as Europeans have to take our fate into our own hands,” she said.

“Wherever there is no consensus that can be achieved, disagreement has to be made clear. Unfortunately—and I deplore this—the United States of America left the climate agreement.”

It was symptomatic of the widening divisions that Trump did not bother to hold a press conference at the conclusion of the summit, something that would have been unthinkable for past leaders of the so-called “free world.”

The weakened American position was also highlighted by the absence of a resolution on North Korea, despite the build-up of US diplomatic, economic and military pressure, including a drill involving the dropping of two 900kg dummy bombs near the North Korean border during the meeting.

According to Australian Prime Minister Malcolm Turnbull, a resolution on North Korea was opposed by German Chancellor Angela Merkel in her capacity as chair of the meeting on the grounds that the G20 was “historically largely an economic conference” and a unanimous statement “was not able to be achieved.”

While Trump and his “America First” agenda is being blamed for the breakdown of multilateralism, Trump is not the cause of the divisions. Rather he is a catalyst, accelerating processes that were already well underway long before he came into office.

The divisions are rooted in the long-term decline of the US relative to its rivals and its efforts to counter this process by ever more aggressive economic and military measures.

An open split between the US and the other 19

members of the G20—what would have amounted to a declaration of economic warfare—was avoided only by evasive words in the communiqué that sought to paper over the divisions on trade issues.

The text sought to balance the demands of the European and other powers that there had to be a commitment to oppose protectionism and the claims of the US that present international agreements are “unfair” and work against its interests. It stated: “We will keep markets open noting the importance of reciprocal and advantageous trade and investment frameworks and the principle of non-discrimination, and continue to fight protectionism including all unfair practices and recognise the role of legitimate trade instruments in this regard.”

The immediate flashpoint on trade is the question of steel. The Trump administration is threatening to invoke a section of a piece of legislation from 1962 that enables the US president to restrict imports on national security grounds.

The G20 committed itself to speeding up work on the development of a forum on global steel excess capacity established in 2016. But this is not expected to affect the US decision on whether to take action under the legislation that has been dubbed the “nuclear option” in trade measures.

Invoking the threatening language so often used in its military confrontations, White House press secretary Sean Spicer told the *Financial Times*: “All options remain on the table.”

European Union officials are reported to have drawn up a list of US goods for possible retaliatory action, including whiskey, orange juice and dairy products, should the US decide to go ahead with restrictions on steel.

Speaking Friday as the summit was getting underway, European Commission President Jean-Claude Juncker did not spell out potential targets, apart from mentioning whiskey, but indicated the EU was ready to act.

“Our mood is increasingly combative,” he said, with any action coming within “days” not months. “We will respond with countermeasures if need be, hoping that this is not actually necessary.”

Former top State Department official Nicholas Burns said the US had been “more isolated at this G20 summit than at any other.”

“The US can’t lead effectively if we are constantly criticising our allies,” he said. “Trump seems to regard Germany and other European countries more as economic competitors than as strategic allies. That is a great mistake of judgement about our most important friends in the world.”

But the breakdown of the post-war economic and political order is not a product of the bad judgement of the present occupant of the White House. It is the result of much deeper objective forces, above all the irresolvable contradiction between the development of a global economy and the division of the world into rival nation-states and great powers.

Each of these powers, the European nations no less than the US, seeks to resolve this contradiction by ever more aggressively advancing its own interests against its rivals, leading to the assertion of economic nationalism, trade war and ultimately military conflict. That is the process that was openly on display at the G20 summit.



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