

Report to Davos meeting points to deepening contradictions of global capitalism

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The report prepared by the World Economic Forum (WEF) for its annual gathering in Davos, Switzerland next week presents a picture of the ongoing disintegration of all the mechanisms—economic, political and ideological—that have served to sustain the global capitalist order in the post-war period.

In his preface to the report, WEF President Børge Brende writes that the world is facing a “growing number of complex and interconnected challenges—from slowing global growth and persistent economic inequality to climate change and geopolitical tensions,” as well as changes brought about by technological developments, characterised by the WEF as the Fourth Industrial Revolution.

As an institution dedicated to the preservation of the capitalist order in the interests of the multi-billionaires and global elites it represents, the WEF is very mindful of the mounting development of the international class struggle, noting that “social anger” is increasingly prevalent.

“Polarization is on the rise in many countries,” Brende states, and in some cases “the social contracts that hold societies together are fraying.”

This is an era of “unparalleled resources and technological advancement,” but for too many people it is an era of economic insecurity. “New ways of doing globalization” have to be found to respond to this development, the report declares.

The report itself, however, indicates that right at the point where a coordinated response by the major capitalist powers is needed, conflicts among them are deepening.

The executive summary begins: “Is the world sleepwalking into a crisis? Global risks are intensifying but the collective will to tackle them appears to be lacking. Instead divisions are hardening.”

The summary notes that what it calls “the world’s move into a new phase of strongly state-centred policies”—in other words, the rise of nationalism—which the WEF had previously cited, continued throughout 2018.

“The energy now expended on consolidating national control risks weakening collective responses to emerging global challenges. We are drifting deeper into global problems from which we will struggle to extricate ourselves.”

On the economic front, macro-economic risks have moved into “sharper focus,” with signs of a slowdown in the major economies and China. At the same time, global debt has risen to around 225 percent of global gross domestic product, significantly higher than before the financial crisis of 2008. “Deepening fissures” in the international financial system suggest that “systemic risks may be building.”

“If another global crisis were to hit, would the necessary levels of cooperation and support be forthcoming?” the summary asks. “Probably, but the tension between the globalization of the world economy and the growing nationalism of world politics is a deepening risk.”

At a press conference on Wednesday to launch the report, Brende pointed to the implications of the slowdown in world economic growth.

“We simply do not have the gunpowder to deal with the kind of slowdown that current dynamics might lead us towards,” he said. Economic policy, once a way for economic rivals to mutually benefit, was now “frequently seen as a tool of strategic competition.”

Trade had been the “engine of growth,” but that trend was now declining. The “coming months will be crucial in building trust,” Brende said. “The biggest risk is the lack of willingness to collaborate—we are not

mitigating that risk.”

As an expression of rising economic nationalism, the report draws particular attention to the US Commerce Department’s strategic plan for 2018–22, which states that “economic security is national security.”

This trend is not confined to the US and the Trump administration. The report notes that developments in foreign direct investment over the past years are “arguably even more significant than trade tensions.” A number of European countries have introduced restrictions on foreign investments.

“Western governments in particular have been sharpening their power to block investments in strategic sectors, particularly emerging technologies—raising the prospect of a partial unwinding of globalization in investment, as in trade.”

Pointing to what it calls the threat to multilateralism, the report states: “Political leaders have increasingly asserted the primacy of the national state in the international system and sought to weaken the constraints placed on national autonomy by international agreements and multilateral institutions.”

In seeking to track social and political tensions, the report cites a “sobering” finding from the Edelman Trust Barometer that the populations of 20 out of the 28 countries surveyed are “distrusters,” that is, they lack confidence in the prevailing establishment.

“Beyond economic impacts, eroding trust is part of a wider pattern that threatens to corrode the social contract in many countries. This is an era of strong-state politics, but also one of weakening national communities.”

The term “class conflict” is one that the WEF and other such institutions seek to avoid like the plague. But the reference to “weakening national communities” is an expression of the rise of social struggles against the national ruling classes.

The report notes that in its survey of business and political elites, some 59 percent of respondents say they expect risks associated with “public anger against elites” to increase in 2019.

Such anger, the WEF warns, could have serious political implications. “A vicious circle may develop in which diminishing social cohesion places ever greater strain on political institutions, undermining their ability to anticipate or respond to societal challenges.”

The report states that it is now widely acknowledged

that more should have been done to “provide protection of or remedies to the losers from globalization” and that “it should not have taken a crisis to recognize this.”

Recognition may be one thing, but action is another. The WEF report could not point to a single instance where those lessons had been acted upon. In fact, what has been revealed since the 2008 financial crisis is that the very processes that led to it—the promotion of speculation and the accumulation of fantastic wealth at the heights of society at the expense of the majority—have become an entrenched and permanent feature of the global capitalist economy as whole and its modus operandi in every country.

The deepening social polarisation, the report states, will “complicate any attempt to find consensus on bold attempts to rethink global capitalism,” to which the 2019 WEF annual forum will devote itself.

Such efforts are doomed to failure—the modern equivalent of alchemists’ efforts in medieval times to turn lead into gold—for reasons to which the report itself alludes when it cites the global character of all economic processes alongside the hardening of national divisions.

These contradictions, which first erupted in the form of the outbreak of World War I in 1914, are once again ripping apart the world economy, threatening even more devastating consequences. They cannot be overcome by a “rethink,” but only through the unified international struggle of the working class to end the rule and domination of the elites represented at the WEF annual meeting.



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