

HARD TIMES

'DAVOS' is not Shining

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THE RECENTLY CONCLUDED Davos annual celebration was without charm. Capitalism's future, and the issue of inequality overwhelmed this year's World Economic Forum (WEF) in Davos as a portion of the world's most powerful persons gathered there.

A gloomy global economy having experience of the great financial crisis, sluggish growth in a number of major economies, the eurozone debt crisis, scared financial markets, mammoth unemployment, stunning poverty, worldwide protests and uprisings made this year's Davos fest downhearted. The WEF leaders' comments, critical in nature, unveil the period of crises capitalism is passing through.

Klaus Schwab, the WEF founder, in an interview warned: Capitalism is out of balance. "Capitalism, in its current form, no longer fits the world around us. We have failed to learn the lessons from the financial crisis of 2009. A global transformation is urgently needed and it must start with reinstating a global sense of social responsibility", said Schwab, "a deep believer in free markets". But he forgot to mention free market doesn't shoulder any social responsibility. Whatever it does in the name of social responsibility is for ensuring its market, is for keeping alive its source of profit.

After issuing warning that Europe is likely to face a "lost decade" financier George Soros cautioned that economic and social divisions in the US will deepen. He told BBC Economic Editor Stephanie Flanders that an extended period of stagnation combined with the German "insistence on austerity" could destroy the European Union. But Mr Soros has not mentioned the reason behind the German "insistence on austerity". It is for securing bankers' interests and pressing down labor.

Despite finding strength in the inner-soul of capitalism as "a phenomenal system" Bill Gates admitted: "We're going through a tough period". The world famous philanthropist told BBC ahead of his arrival in Davos: "There is no other system that has improved humanity. The world is better off" because of capitalism.

Capitalism is, no doubt, "a phenomenal system" as Mr Gates perceived. No other system in human history allowed so few persons to appropriate so much wealth produced by so much labor, and wear a mask of philanthropy. No other system transformed everything—from dust, sunlight and wind to human feelings, from human attributes to imagination—into objects of profit. No other system allowed appropriators appear humanity lover. No other system with so destructive power entered into conflict with nature and humanity. It's "a phenomenal system" indeed!

“The world is better off”, as Mr Gates perceived, if agony of millions, destruction of societies by imperialist wars, hunger, homeless in freezing cold in 2012-Europe, the great financial crisis and its chain reaction in societies, media manipulations to subvert truth and mould human mind, US-middle class’ sliding down to hopelessness, street children’s lost world of joy are consciously ignored and forgotten. For Mr Gates, “The world is better off” as it’s ensuring amazing profit!

But facts are not ignored by a few. Josef Ackermann, the chief executive of Deutsche Bank and head of the Institute of International Finance representing the world’s banks, warned of a “social time bomb” from wealth and income inequality. “[N]o-one wants to have that”, said the banker. A “social time bomb” in a better world shows a strange reality!

Badouin Prot, chairman of the French bank BNP Paribas, one of Europe’s stronger banks, told BBC: The eurozone won’t be finally out of the danger zone till it is growing sustainably again. He’s not saying all dangers are passed.

Jim Frederick, TIME international editor, raised a few fundamental questions during TIME at Davos debate 2012: Is 20th century capitalism failing 21st century society? And if so, who’s responsible and what should people do to fix it? Brian Moynihan, CEO, Bank of America, and one panelist in the debate, said: “The corrective form of capitalism is boom and bust.” Greedy corporations, decision-makers in governments and worker skill were blamed with contradictory arguments. One panelist questioned: Is an economic model that sustains itself by preying on the weak ultimately sustainable? Another panelist kept hope on “large innovative corporations”. However, he expressed apprehension: The West will be left behind. Another panelist raised the issue of “the world’s ‘disruptors,’ the people who think outside the status quo and overturn old, failing institutions.” The disruptors were identified mainly as young. The issue of education was also put on the debate table. Suggestions as formula for resolution of the problem included “worker re-training, encouraging students to pursue the degrees our economy values the most”, “willing and able investors [...]”, and “all panelists agreed.” (“The TIME at Davos Debate: Is Capitalism Working in the 21st Century?” TIME, Jan. 25, 2012)

Reality isn’t ignored by all and hard questions are being asked. The Davos festivity witnessed another debate: “Is 20th-century capitalism failing 21st-century society?” The chief of the International Trade Union Confederation said ‘we’ve lost a moral compass’ [...]

“We are in a very fragile world”, economist Nouriel Roubini said in a discussion hosted by BBC World in Davos. The issues of distorted pay, bigger banks, lack of accountability were raised. Ban Ki-moon said: “[W]e have to do all to save our planet, to revitalize our economy, to address all the social injustices, social inequality. We have seen Occupy Wall Street, Occupy all of Europe, whatever.” Angel Gurría, head of the OECD, said: “We are in danger of frustrating a whole generation.” “Howard Buffett, grandson of the famous investor, asked: ‘Capitalism [...] at what cost?’ In response, Mr Gurría warned that inequalities were growing, and said the answer was economic growth that was ‘stronger, cleaner and fairer’.”

Davos-scholarship also searched solutions by identifying “laissez-faire capitalism”, the economies of the US and Europe, and state capitalism, the economies of China and Russia. But the wise minds failed to find path far away from capitalism, the economy creating crises. The wisdom failed to identify fundamental flaws and limits of capitalism, the system’s character—hostile to all, even self, compete, even with self, create conflict, even with self, devour everything for accumulation, can’t breathe without constant expansion. These make it out of balance. Capitalism in its current form—monopoly finance capitalism, global finance capitalism and naked imperialism—no longer fits human society, not even capitalist societies. The advanced capitalist states in shattered state, the millions of poor, ecology and the contradiction between production and distribution in these agonized societies in the northern hemisphere are the living evidences.

“Disruptors” are generated by the situation created by “innovative corporations”, “personhood” in corporation-legal-speak. This innovative-personhood innovates boggling tools for speculation, innovates speculation with risk and death, speculates with food, famine and hunger.

The Davos-minds tried to perceive the existing reality overwhelming them. But they denied casting their valuable glimpse on root of the crises as the root —the system—is owned by them. That would have been an exercise with truth. But they denied. Force of accumulation restrains parties responsible for the failures and crises from admitting facts of destruction.

Along with Davos-dialogues that deaden capitalist zeal a survey result presented a difficult reality for top-earning bosses. An annual survey of 298 chairmen and 190 non-executive directors sitting on company boards, found only 32% of chairmen perceive the way top executives are paid is working while 45% agreed that the ratio of chief executive pay to average employee pay should be disclosed in company reports. The survey carried out by Hanson Green and Directorbank said total remuneration for the average FTSE chief executive rose by 13% in 2011.

Capital owns a lot of properties, powers, attributes and tricks including ways to increase revolving speed of labor appropriating wheel and gimmick to allure and compel human mind to buy commodities totally unnecessary in life that are not disclosed. It is the democracy and transparency of capital. Bosses’ pay disclosure is an “insignificant” issue to this democracy.

The US National Director of Intelligence James Clapper’s recent testimony before the Senate Select Committee on Intelligence for the annual Worldwide Threat Assessment, excerpts of which were presented by ABC News, also dealt worldwide issues important to the world system. His testimony included Iran’s option to develop nuclear capabilities, threats facing the US, particularly from al Qaeda (AQ), and like-minded groups, diminishing operational importance of “core” AQ, Pakistani military leaders’ limited success against AQ, Taliban’s capability challenging US and international goals, Afghans earning \$1.8 billion from the drug trade in 2011, AQ in the Arabian Peninsula and Iraq, the Shia-led government in Baghdad,

AQ-linked al Shabaab in east Africa, US' lack of "insight into concrete operational plans outside the Horn of Africa", and US-grown extremists.

"The Arab world", he said, "is in a period of turmoil and change that will challenge the ability of the United States to influence events in the Middle East. This turmoil is driven by forces that will shape Arab politics for years, including a large youth population; economic grievances associated with persistent unemployment, inequality, and corruption; increased popular participation [...]" "Meanwhile," he said, "the forces propelling change are confronting ruling elites; sectarian, ethnic, and tribal divisions; lack of experience with democracy; dependence on natural resource wealth; and regional power rivalries...This new regional environment poses challenges for US strategic partnerships in the Arab world." "Ongoing unrest most likely would exacerbate public frustration, erosion of state power, and economic woes [...]", Clapper said.

On cyber threats he said: These are likely to increase in the coming years. "We currently face a cyber environment where emerging technologies are developed and implemented faster than governments can keep pace [...] Hacker groups [...] have conducted [...] attacks and website defacements against government and corporate interests they oppose." He mentioned intrusions into NASDAQ and IMF networks that "underscore the vulnerability of key sectors of the US and global economy." He noted computer-espionage, an issue of "greater concern".

During the next 10 years, Clapper noted, water problems will contribute to instability in states important to US national security interests. The problems merged with poverty, social tensions, environmental degradation, ineffectual leadership, and weak political institutions contribute to social disruptions that can result in state failure. Now and for the foreseeable future, water shortages and pollution probably will negatively affect the economic performance of important US trading partners, he said.

The issues James Clapper covered are related to US security, geopolitics and geostrategy. These are also related to economic interests. Politics, geopolitics and geostrategy, are required, actually turn essential, to advance the economic interests. There enter competitors, counter-veiling force, espionage, computer or whatever it is. Water-phenomenon, competition for water, has the same characteristic. Allies with conflicting interests move to take a bigger share of the water. Ultimately, it is the water market, manifested in irrigation, power generation, etc., with its forces that determines flow/withdrawal and volume of water, and the water market is owned and controlled by classes/interests involved with production of crop, fisheries, navigation, power generation, etc. In a conflicting water-phenomenon, the powerful wins, and in uncertain power-equation, a compromise is made. Climate crisis is making the situation difficult. At the same time, an economy that strives to maximize profit devours soil and dries water making life unsustainable and sharpening conflict in societ(y/ies). In this perspective, the water conflict-phenomenon will not only "negatively affect the economic performance of important US trading partners", but also impact geostrategy of main and auxiliary powers. It's a problem of the dominating world system.

The observations made/opinions expressed by world actors in Davos and elsewhere do nothing but unwrap a reality, a reality of capitalism's crises that the system can't resolve. The capitalist system's failures and crises are so stark that its proponents and beneficiaries are failing to hide these. The reality is compelling them to utter the fact, the fact that challenges them. □□□