

May Day 2017

The rise of economic nationalism and protectionism

By Nick Beams
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This speech was delivered by Nick Beams, founding member of the Socialist Equality Party (Australia), and its national secretary from 1985 to 2015, to the 2017 International May Day Online Rally, held on April 30.

It is almost a decade since the eruption of the global financial crisis of 2008.

And in that period all the contradictions of the capitalist mode of production that gave rise to it have deepened and intensified.

The analysis made by the International Committee of the Fourth International at the time was that this event was not some temporary or passing fluctuation in the business cycle, but a breakdown of the capitalist system.

Through a desperate intervention—utilising their central banks to pump trillions of dollars into the global financial system—the ruling classes managed to avert a collapse on the scale of the Great Depression of the 1930s.

But they have been completely unable to resolve the contradictions within the profit system that led to the financial meltdown. In fact, the very measures they have undertaken have only exacerbated these contradictions.

The immediate cause of the crisis was the rise and rise of finance capital and its mode of profit accumulation, based on what amounted to the criminal and parasitic plundering of economic resources.

But the very same practices that sparked the crisis are continuing, due to the fact that the US Federal Reserve and the other major central banks put trillions of dollars into the hands of the financial speculators.

The social consequences are now being starkly revealed.

In every country—advanced economies and so-called “emerging markets” alike—the social position of the working class is worsening.

Real wages are stagnating, while official reports make clear that the labour share of global income is declining.

Public expenditure on vital services such as health, education and pensions is being cut, on the dictates of global finance capital.

Millions of older workers, having been forced out of their previous employment, now eke out a miserable existence, while young people, heavily indebted as a result of trying to secure an education, are unable to find permanent decent-paying employment.

Such is the concentration of wealth at the heights of bourgeois society that eight billionaires own as much as half of the world’s population combined.

At its spring meeting last weekend, the International Monetary Fund asserted that the global economy was enjoying a “cyclical recovery.”

But while trying to paint a picture of growing optimism, it was forced to acknowledge that, with the growth of productivity at its lowest point in decades, and with a marked slowdown in the growth of world trade, previous conditions had not returned.

In fact, the historic crisis of the global capitalist system is now producing the very conditions that led to the economic conflicts of the 1930s and the eruption of war in 1939.

In the immediate aftermath of the financial meltdown, the leaders of the major capitalist powers pledged to eschew all forms of trade protectionism, recognising the disastrous consequences such measures had produced in the Great Depression.

They congratulated themselves: the lessons of the past had been learned; history would not be repeated.

In subsequent declarations and statements, they invoked their commitment to resist protectionism. This was increasingly honoured more in the breach than in the observance, with the major capitalist powers introducing more restrictions as economic growth remained low, trade growth slowed and the struggle for markets and profits intensified.

This year these processes have reached a qualitative turning point.

Any commitment to “resisting protectionism,” previously regarded as routine, has now become so controversial that leading global economic institutions have excised it from their statements. This is despite the fact that, in the words of IMF chief, Christine Lagarde, the “sword of protectionism” hangs over the world economy, representing a clear and present danger. As in the 1930s, the bourgeoisie is now tobogganing towards disaster.

The immediate cause of the crisis in international economic relations is the reactionary nationalist, “America First” agenda of the Trump administration in the United States.

But it would be the greatest mistake and short-sightedness to conclude that the actions of this regime—its drive to economic and military warfare—are the outcome of some aberration, an evil that can be scotched if only wiser heads and policies prevail.

In the most direct and immediate sense, the violence of the Trump administration is only the most graphic expression of the irresolvable contradictions of the capitalist system as a whole.

One hundred years ago, the world was embroiled in World War I. This was not the “war to end all wars” but marked the beginning of a struggle, extending over more than three decades among the major imperialist powers, to determine which of them would assume global dominance. It saw the emergence of the US as the preeminent global power as World War II ended with the US dropping two atomic bombs on Japan.

Now a new struggle for global mastery has erupted, with the threat of nuclear consequences and the destruction of civilisation itself present at the very outset.

This new period of war is being driven by the same irresolvable contradictions of world capitalism that led

to the first two imperialist conflagrations.

US imperialism, the dominant power, now seeks to maintain and enhance its position, under conditions of economic decline, through military means.

But in doing so it has set off a new struggle for global mastery into which all the other imperialist powers must enter in order to maintain their position—in the final analysis, by military means.

At the outbreak of World War I, Leon Trotsky explained its objective origins and summed up the strategy that the working class had to adopt.

“War,” he wrote, “is the method by which capitalism, at the climax of its development, seeks to solve its insoluble contradictions.”

Against this, he continued, the working class had to oppose its own method, the socialist revolution, advancing as “a practical program of the day the socialist organisation of the world economy.”

That remains even truer today. Not a single social, economic, environmental or any other major problem can be resolved within the framework of the profit system.

But, as Marx insisted, no great problem ever arises without, at the same time, the material conditions for its resolution also emerging.

The globalisation of production, the unification of the social labour of the international working class, the development of vast worldwide economic information and communications systems by transnational corporations and finance capital, have created the foundations for the development of a planned world socialist economy, free from war, exploitation and oppression. The fight for this program must become the axis on which the world working class develops its struggle against the growing danger of war.

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