

Fears of Rising Social Opposition Hung Over G20 Summit

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The headlines in the media in the lead-up to the G20 leader's summit meeting in Hangzhou China, which concluded on Monday, were that it would have to find a way to boost global growth and deal with the rise of protectionism. The communiqué which emerged at its conclusion revealed that neither of those objectives came even close to being met.

Like statements from previous meetings, it contained a series of warnings about “downside risks” emanating from potential volatility in financial markets, continuing sluggish trade and investment and low productivity and employment growth and then offered a commitment to “usher in a new era of global growth.”

With the evident failure of monetary policies based on the pumping of trillions of dollars into the global financial system to stimulate expansion of the real economy, the communiqué noted that “fiscal strategies”—increased government spending—are “equally important to supporting our common growth strategies.”

But it was an empty phrase because it went on to state that such “policy options” would be “tailored to country circumstances.” In other words, there is no binding global commitment to boost the economy and each national government, while calling on others to take action, will continue with its own austerity agenda.

It is significant that under conditions where it is recognised that the central economic problem is lack of investment and demand, the only measure which contained real teeth was aimed at cutting back production in the global steel industry—a measure directed against China.

While not directly naming China, the G20 decided to establish a Global Forum on excess steel capacity to report back in 2017. The measure was pushed through with the threat from the European Union that if China did not agree it could face an adverse decision on its push to be accorded “market economy status” under the World Trade Organisation, which comes up later this year.

Such were the tensions surrounding the issue that, according to one official cited by the *Wall Street Journal*: “If you are looking for blood, steel overcapacity was the issue.”

While the G20 communiqué repeated many of the standard phrases of past meetings, including the need for “structural reforms,” the code for deepening attacks on the employment and social conditions of the working class, there was a new political dimension to this year's meeting.

Overshadowing the summit were concerns there is a deepening hostility among broad sections of the world's population to the policies of the past eight years that have resulted in ever-worsening living standards and the growth of social inequality to historically unprecedented levels.

This was the first meeting of world leaders since the referendum vote in the UK to quit the European Union, a distorted reflection of growing opposition to the drive to austerity and cuts in living standards. The growing hatred of the political establishment has been reflected in the US, both in the rise of the far-right Republican Trump presidential candidacy, the widespread support for the self-styled "democratic socialist" Bernie Sanders in the race for the Democratic Party nomination and the broad hatred for the party's nominee Hillary Clinton.

The communiqué pointed to the growing concerns in ruling circles over this social opposition with a series of empty phrases about meeting the needs of "present and future generations," ensuring public support for expanded growth in a globalised economy and the need for an "integrated narrative for strong, sustainable, balanced and inclusive growth."

Fears of what it could bring were voiced in closed-door sessions. According to a report in the *Financial Times*, "US president Barack Obama, British prime minister Theresa May and her Australian and Canadian counterparts emphasised the need to placate public discontent." The Australian prime minister Malcolm Turnbull, reportedly told the meeting there was a need to "civilise capitalism."

At the conclusion of the summit, International Monetary Fund managing director Christine Lagarde also addressed these issues warning that economic growth had been "too low for too long for too few."

"There was also a determination around the room to better identify the benefits of trade in order to respond to the populist backlash against globalisation," she said.

The so-called backlash against globalisation is the expression of a deeper phenomenon—growing hostility to the operation of the capitalist profit system itself. The leaders of the countries named in the *Financial Times* report have reasons for concern, along with their counterparts in other countries, as statistics on the rise of social inequality make clear.

In the UK, real wages between 2007 and 2015 fell by 10.4 percent, a figure only matched in Greece, where workers were savaged by the austerity drive of the IMF and the EU.

In the US economic inequality leap ahead in 2015 with the average incomes of the top 1 percent rising twice as fast as the rest of the population. The top 10 percent of the population collected more than half of total US household income.

Last year the Organisation for Economic Co-operation and Development, which covers 35 of the wealthiest countries, reported that income inequality had reached an all-time high, a situation which is certain to have worsened since then.

The Australian prime minister Turnbull attended the summit after being returned to office on July 2 by a bare one-seat majority in an election marked by deepening hostility to the entire political establishment and in which the government's slogan of "jobs and growth" stood in marked contrast to an economic and social reality characterised by four years of stagnant

real wages and the replacement of full-time jobs with part-time and casual employment.

Turnbull's call to "civilise capitalism," along with all the other references to "inclusive growth," is a completely empty phrase because the depredations afflicting billions of people do not arise from a series of misguided policies but are rooted in the irresolvable contradiction of the capitalist economy, based on the drive for profit.

The underlying fear of the ruling class, which saw partial expression at the G20 summit, is that the present inchoate opposition to the capitalist order will take the form, not of a "backlash against globalisation" but the development of a socialist movement based on the understanding that civilisation can only be advanced by the overthrow of the socially-destructive and historically-outmoded profit system.

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