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The ruling class meets at Davos

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On Wednesday, some 2,500 corporate executives, celebrities and government officials will converge at the World Economic Forum in Davos, Switzerland to discuss “improving the state of the world” between skiing the alpine slopes and \$1,000-a-plate gala dinners.

The heads of Goldman Sachs, JPMorgan Chase and virtually every other major bank and hedge fund will rub shoulders with the government officials nominally in charge of regulating them, including US Treasury Secretary Jacob Lew, Commerce Secretary Penny Pritzker and European Central Bank President Mario Draghi.

Other guests will include US Vice President Joseph Biden and Secretary of State John Kerry, Bill Gates, the world’s richest man, as well as the chief executives of GM, Google, Alibaba, Microsoft and the Chief Operating Officer of Facebook. Greek Prime Minister Alexis Tsipras, having last year imposed sweeping austerity measures on the Greek population, will no doubt be warmly received.

While the official topic of the discussion will be “Mastering the Fourth Industrial Revolution,” there can be little doubt that the topics of discussion will be more tangible and immediate. A conference document outlining the “global risks of highest concern” begins with the following

items: “Unemployment or underemployment, Energy price shock, Fiscal crises, Failure of national governance, profound social instability, Failure of financial mechanism or institution, Asset bubble” and “interstate conflict.”

These fears are thoroughly justified. This year’s meeting takes place against the backdrop of the threat of a global stock sell-off, a collapse in commodity prices, deepening divisions within the European Union, as well as growing tensions in the Middle East, Eastern Europe and the Pacific.

The gathering of global billionaires at Davos embodies the very social crisis its participants will be discussing. The summit is scheduled to begin just two days after the publication on Monday of a report by the global charity Oxfam showing that social inequality soared last year. Oxfam wrote, “In 2015, just 62 individuals had the same wealth as 3.6 billion people – the bottom half of humanity. This figure is down from 388 individuals as recently as 2010.”

The wealth of these 62 individuals, most of whom will likely fly to Switzerland this week, has increased by 44 percent since 2010, while that of the bottom half of the world’s population fell by 41 percent over the same period. The report noted: “In 2015 the world’s wealthiest 80 billionaires had collective wealth of more than \$2 trillion. Meanwhile, the wealth of the bottom half of the planet has fallen by approximately \$1 trillion in the past five years.”

Since the 2008 crisis, every economic metric, from output to productive investment and the growth of wages, has consistently fallen behind the predictions of economists. But the global economy has proven exceedingly capable of doing one thing: creating and enriching billionaires.

Last year, Oxfam predicted that by 2016 the richest 1 percent of the world’s population would control more wealth than the bottom 99 percent. But, to the charity’s own surprise, this transition occurred a year earlier than it had expected.

Behind closed doors, in exclusive private galas and dinners, the billionaires and multi-millionaires no doubt take a degree of satisfaction in their personal enrichment. But there should be no doubt that, at least in the more serious circles, anyone who draws too much carefree optimism from the size of his own stock portfolio at Davos will quickly be told that he is a fool. This year’s World Economic Forum takes place under a shadow of crisis unlike any since 2009, and the masters of the world have much to worry about.

The Chinese stock market, which caused that country to lead the world in the creation of paper millionaires in 2014, is once again collapsing, despite vast exertions on the part of China’s government, and has entered a bear market. The US stock market, after posting its worst start-of-year performance in history, has entered a correction, with many analysts predicting it too will follow China into a bear market, if not an outright panic on the scale of 2008-2009.

But behind the most recent sell-off lies a deeper set of concerns. The global economy is slowing, causing a destabilization in currency regimes, a sell-off in commodities and a chaotic unwinding of the debt of developing countries. Meanwhile, a whole series of longer-term underlying trends has caused analysts to forecast a dramatic fall in global profitability.

Equally troubling to the financial elite are indications that the working class, heretofore either under the thumb of the pro-business trade unions in the United States and Europe, or atomized and divided in developing countries, is not only increasingly angry and discontented, but inclined to take workplace actions.

Strikes in China spiked last year, and concessions contracts for the big three automakers were barely pushed through by the United Auto Workers in the face of mounting opposition. In Detroit, whose bankruptcy proceeding was among the greatest coups for the global ruling class in recent years, teachers have launched a sick-out, while protests against the poisoning of working-class households in Flint, Michigan has emerged as a major national issue in the United States.

The global financial elite managed to weather the 2008 crash with their fortunes not only intact, but vastly expanded. For more than seven years, they have managed to impose sweeping austerity measures on the world's population, from Greece to Detroit, and inflict dictatorship on the masses of the Middle East. At the same time, they vastly expanded their own wealth through a record-setting binge of mergers and acquisitions and share buy-backs, financed by free cash from global central banks, and premised on mass layoffs, wage cuts and the destruction of the productive forces.

Now, the financial oligarchy looks on with grave concern as the edifice of parasitism propping up their wealth teeters and sways. It is the ruling class's terror of any opposition by the working class that is behind the growing turn to dictatorship all over the world, including in France, which has been placed under a state of emergency, with the right of assembly and freedom of speech curtailed; in Germany, where sweeping attacks on democratic rights are being implemented amid demands for a "strong state;" and in the United States, where the government is demanding that private companies give it access to encrypted communications.

In addition to dictatorship, the billionaires in every country see a way out of the crisis in war. If profits are inadequate at home, there is the recourse to military adventure to secure raw materials, markets and labor at the expense of their global competitors. To that end, even the nations that forswore militarism in the wake of the last world war, Germany and Japan, are rearming and sending forces abroad, seeking to vie with the vast American military apparatus, bigger than the eight largest armies in the world.

The aim of the billionaires and politicians gathered at Davos will be the formulation of a class response to the deepening crisis gripping world capitalism, that of making the working class bear the weight of the crisis, just like after 2008.

This reality makes it all the more imperative for the working class to formulate its own independent strategic response to the global crisis; that is, the building of a socialist political party of the working class aimed at reorganizing society on a socialist basis.