

# THE END OF THE 'DAVOS CONSENSUS'?

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The last Davos forum clearly indicated the end of the 'Davos Consensus.' The 'Davos Consensus' focused on what it proclaimed as the undisputed leaders of global development; that is, the Western countries and their allies, such as Japan, and the example they set out for other nations to follow and learn from. This consensus has collapsed as a result of increasing pressure from the new emerging centers of power and today, it no longer exists.

Obviously, by the end of the 20th century, those who had established themselves as world leaders in political and economic spheres constituted the main driving force of the Davos forum. Even today, with the global financial crisis still raging,

more than a half of the Davos participants are Americans. As Samuel Huntington wrote back in 1993, the West will gradually abandon its role as leader with its relative weight in the world economy – and consequently, diminish politically. However, he also noted that it would be a long process. Everyone put their bets on just exactly how 'long' it would take, forming the basis of the so-called 'Davos Consensus.' Then, suddenly, during the last couple of years, it became clear that this process might not take so long after all, and that the reality is that it is actually manifesting itself at an increasing pace.

Moreover, last year all the Davos participants maintained that with the collapse of the American economy, the crisis will overwhelm China due to its high dependency on exporting to America. However, this year China manifested an economic growth of 8%, making it clear that China is not exclusively tied to the American economy.

**Today, we must review the foundation on which 'Davos culture' was built.** We use the term 'culture,' in reference to the term coined by Huntington to express a cultural belief that modernization explicitly correlates to westernization. 'Davos culture' presupposes western orientation not only in the technological and economic spheres but also in politics. The US and Europe were considered to be its main pillars. Currently, we are witnessing 'Davos culture' itself undergo massive changes. It has begun to absorb new centers of power, which, on the one hand, owe a great deal to the West for both assimilating the Western market economy and for bringing a huge volume of Western investment to these areas, while on the other hand, they remain fundamentally unlike Western society and are not on the path towards all-out westernization. These nations westernized in the economic and financial sphere but did not do so in the polit-

ical and social sphere and have retained either military and political independence (i.e. India), or have obtained the status of being viewed as an American rival (i.e. China).

The present crisis in Sino-American relations has been triggered by Washington's plans to export \$6.5 billion worth of armaments to Taiwan. The Chinese press wrote: 'If they spit in our faces, we should respond likewise in return.' As a rule, while China had previously 'swallowed begrudgingly,' it is now starting to contemplate countermeasures.

In other words, it is not only the 'Davos consensus' that is coming to an end but also the entire framework of 'Davos culture.'

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The global crisis hasn't ended yet even though many people are talking about the revival of the world economy. However, it seems very likely that such a recovery will be virtually inseparable from the recession, especially when looking at the USA and Europe. The cunning growth figures (+1 – 0.5%) speak volumes for the frailty of the situation – the whole thing is still very unsteady.

Meanwhile, the western economies have been the ones who have suffered the most from the crisis. This is a pertinent problem from the perspective of the dynamics of the global economy and the balance of power between the centers of economic might. Barack Obama has already announced a 1.5 trillion dollar budgetary deficit, a deficit so gargantuan it makes the Reagan and Bush G. W. era deficits look like a surplus.

Meanwhile, new centers of power are manifesting a different kind of dynamic. Of course there's talk about the Chinese manipulating their figures, portraying their 2009 growth as 8.5% when in reality it was only 6%, but this doesn't

change the overall picture. It is true that **there are predictions that a gigantic 'bubble' is inflating within China**, but we have yet to see any serious proof. On the contrary, there is evidence that China is currently quite confident and is continuing its forward momentum.

Will the US preserve its status as world leader? Inside America, we observe that global dominance guidelines are being retained. However, the US government's official line has changed with the inauguration of president Obama, who has abandoned the idea of global dominance. In any case, American world dominance probably won't be publicly declared anymore. This formula has been cast out with the Bush administration. No longer will the world hear words like: 'Those who are not with us are against us,' or 'America can do it on its own and we do not need the UN;' only the most desperate neo-conservatives can be caught uttering these phrases nowadays. The main doctrine of the Obama administration is leadership in a multi-polar world, where America will continue to play a leading role with the support of other countries. Therefore, the US is not abandoning its leadership, and there is no evidence that supports the notion that China will become a new world leader. The Chinese themselves state that, 'We are a developing country and we are facing so many challenges. You know very well that we are not aiming at world leadership, let the USA take care of Afghanistan, Iran, Iraq, while we will tackle our own development issues.' Simply put, **America still regards itself as a world leader**



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America's potential is diminishing and when considering the long-term outlook, the relative weight of the US in the global economy will likely decrease, and with that, their potential in real politics and the global financial sphere will decrease also.

**While America's potential is diminishing, the sum of its commitments still remain the same.** Some of these commitments, such as Georgia's membership in NATO, can certainly be disregarded or postponed indefinitely. However, these are only minor issues. The paramount challenges in Afghanistan, Iraq, Iran, and Pakistan cannot be put aside. Obama's vision of the USA's return to multi-track diplomacy relies on the ability of other countries to fulfill the goals America sets for gaining ground and filling the void left by their weaknesses for an ideology of adaptation.

nation have changed. Undoubtedly, America's gigantic military budget and overwhelming military superiority dictate a certain way of self-perception. 'We are still the strongest, and in spite of the present difficulties, we are omnipotent,' declare Sarah Palin and her supporters. However, increasingly, people are beginning to question such capabilities.

On the whole, **the political class in the US seems to be stuck in an inertial expansionist phase.** Obama is one of the few who has left this phase behind, understanding that things should be done differently even while the circumstances force him back into the old inertial-expansionist track. He cannot simply get rid of all these commitments, because firstly, he will not be allowed to, and secondly, because he is already being accused of weakness, with charges that he is 'worse than Carter,' which is the greatest curse in the US.

We are entering an epoch of ambiguity. After the fall of the Berlin wall in 1989, it became clear that the one and only center of the world was in Washington. Twenty years later, we are observing a certain diffusion of power: the American center of power, while still active, is becoming increasingly weaker, and other competitive centers of power are emerging, although are unlikely to be able to replace America in the near future. ■

'Davos culture' is itself undergoing massive changes. It has begun to absorb new centers of power, which, on the one hand, owe a great deal to the West for both assimilating the Western market economy and for bringing a huge volume of Western investment to these areas, while on the other hand, are fundamentally unlike Western society and are not on the path towards all-out westernization

**because, among other reasons, there are no real new contenders for the role.**

However, not everyone within the US has come to realize that the objective conditions within the

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