

# The Davos elite have seen the future, but didn't recognize it – it's the U.S.

The world will be organized according to the criterion of national interest in the order of the economic and military power, intellectual originality, popular influence and political stability

by Conrad Black



Last week a friend sent me a summary from the World Economic Forum meeting at Davos, with the heading “RBC (Royal Bank of Canada) Thought Leadership.” The subtitle was “Davos 2020: The Race for Global Scale.” This did not sound like a gripping race to me, but as a former long-time attender of those meetings, and an occasional presenter (I succeeded the late Bob Maxwell, briefly, as leader of the media group, which was distinguishedly attended), I knew that it might be better than it sounded. There followed a snappily edited summary from Dave

McKay, president and CEO of the Royal Bank. Having also been a director of a large Canadian bank (CIBC) for nearly 30 years, I am impressed that a bank CEO in this country could apparently blend into the spirit of Davos so seamlessly.

He credits capitalism with the triumph of globalization, and with it of freer and more prosperous societies, after what he bills as a close battle against communists, socialists and nativists. In my time at Davos, from 1979 to 2002, we soon had the upper hand in the Cold War and in domestic opinion in the principal Western countries, as Ronald Reagan, Margaret Thatcher, John Paul II, Helmut Kohl and Brian Mulroney steadily strengthened the anti-communist side. I was a Canadian and then a British representative, and I spent most of my time raising reservations about the supposed benign steamrolling of all concepts of nationality, especially once I got a good look at the European Union.

The leaders of the EU were everywhere and they referred to their designs for Euro-integration with the bland assurance of those commanding the forces of history: the inexorable march to one great European nationality, and the ancient nations of Europe reduced to provinces that would retain some local quaintnesses, while the commissioners ruled from Brussels. As it turned out, they would not be answerable to the European Parliament at Strasbourg, nor to the leaders of the principal member countries, in practice the German chancellor, British prime minister and the president of France. I sensed then and said so with irritating persistence as the years flowed by, that such a system would not work because it wasn't democratic. The French would stay as long as they could use Europe to expand their influence. The Germans, for notorious historical reasons, would remain in a political, economic and military cocoon with their neighbours and with the American military presence and security guaranty. But Britain never signed on to "an ever-closer Europe" that eventually became the declared goal. The French and Italians consider

governments to be inept nuisances, and ignore them as much as possible. The Germans are accustomed to regimentation and don't much mind it. But the British like to be law-abiding, as long as the laws are democratically arrived at and generally sensible.

*The point is, globalism is faltering, even in Europe, where the concept originated*

From what I saw, I had little confidence that we would be receiving that from Brussels. The European commissioners were dominated by Dutch, Belgians and Luxembourgeois, who, plied with a few drinks against the Alpine cold, could easily reflect on all the condescensions they and their ancestors had endured from their more powerful neighbours, and were frank about how much they were enjoying telling the French, Germans and British what to do, as directives rained down on all Europe regulating every imaginable facet of life. It was all part of the unification process. As for the British, French and German Euro-enthusiasts, it did not take a great deal of inquiry to elicit their shared dream of standing on each other's shoulders and regaining the leadership of the world, after an admittedly dodgy 75 years during which Europe gave us the First World War and followed diligently up with the Communism, Fascism, Nazism, the Second World War and the Cold War. They had suavely induced the Americans to do what was necessary to contain and neutralize the U.S.S.R. Soon a united Europe, the natural and superior source of civilization in the world, would reassume its rightful status.

It is wonderful that the Europeans are generally at peace with each other and move and invest freely around Europe. But the old continent has never been as adept as the Anglo-Saxons at devising structures of government, or pursuing a successful foreign policy. The departure of the United Kingdom from the EU is a heavy blow, like Texas seceding from the U.S., or Quebec from Canada, and doubly so since Britain will almost

certainly edge closer to North America, always a rival to Europe when the Americans and Canadians have not been preoccupied defending or liberating Europe from its own most belligerent nationalities.

### **No one cheers for China**

The point is, globalism is faltering, even in Europe, where the concept originated. Dave McKay sees the superpowers, the U.S. and China as “Super Platforms,” with an escalating rivalry for influence in the world. There is some truth to this, of course, but China and the United States are not remotely countries of equal strength, any more than the U.S. and U.S.S.R. were. China has very few resources, no institutions of any value or integrity, not an economic statistic it publishes can be believed, no one emulates Chinese life or popular culture, and all its neighbours from India to Japan are cheering the current U.S. administration along in containing China commercially and assisting in the retention of the freedom of Far Eastern international waters.

No sane person would underestimate or disdain China, but its system is authoritarian and corrupt and uncompetitive, and the People’s Republic is better at theft than innovation (i.e. Huawei’s credibly alleged robbery of Nortel’s technology), and the truism it was hard to avoid a few years ago, that China was about to surpass the United States, was and is bunk. Displacing the United States as the world’s leading country, like persuading the American and Chinese to submit to global authority, is not like falling off a log. Neither will happen, though the Americans are pretty responsible citizens of the world. The superpowers are not such close rivals and are not “thought leaders” in globalism.

### **Capitalism is the only successful system**

Dave McKay’s other tenets are that there is a “new economic model rooted in sustainability,” citing outgoing German

Chancellor Angela Merkel, who now presides over a stagnant economy, and that it will lead in the imposition of “a digital tax on the internet giants, for the sake of fairness and revenue.” Capitalism will now “put purpose ahead of profit,” as a supplement to government and philanthropy, voluntarily. The world’s financial sector will “assure more capital flows to carbon-reducing companies and technologies ... Governments need to set the rules of sustainable finance.” To paraphrase Lincoln Steffens (after he visited the early Soviet Union), Dave McKay may think he has seen the future, but I don’t think it works. Capitalism is the only system that succeeds because it is the only one that addresses the universal desire for more. It will flee from over-taxation to reduce profitability in favour of theoretical outcomes to avoid imprecise scenarios.

I don’t wish to be gratuitous. McKay wrote an interesting summary and I know that the sessions at Davos are often quite stimulating. But the world will be organized according to the criterion of national interest in the order of the economic and military power, intellectual originality, popular influence and political stability of the world’s countries. Civilized competition and not supranationalism will determine policies and the option that produces the greatest economic growth without self-destructive byproducts will prevail and be emulated. Donald Trump received thin applause when he appeared at Davos, but he pointed out that the U.S. is the only country which has more jobs to be filled than unemployed and where the disparity between the highest and lowest income-earners is narrowing. His policies (if not the foibles of his personality) are the closest Davos has got lately to a real glimpse into the future.

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