

Sri Lanka: 'Show and Tell' in Davos

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Each January politicians and corporate executives from across the world gather at the World Economic Forum in the Swiss mountain resort of Davos – with a Hollywood celebrity or glamorous royal in tow to excite the assembled media.

In Sri Lanka there was greater than usual interest in this year's WEF because Prime Minister Ranil Wickremesinghe headed a large delegation from the island. Finance Minister Ravi Karunanayake, International Trade Minister Malik Samarawickrama, Central Bank Governor Arjuna Mahendran, and the bosses of Brandix, Carson Cumberbatch, John Keells and other big businesses, along with journalists from local media houses, participated.

'Fourth Industrial Revolution'

'Mastering the Fourth Industrial Revolution' was the theme of the 2016 World Economic Forum (WEF). "The First Industrial Revolution used water and steam power to mechanize production. The Second used electric power to create mass production. The Third used electronics and information technology to automate production."

The world is now on the cusp of a 'Fourth Industrial Revolution' that builds on the Third, says the WEF. This new epoch will be characterised, it excitedly claims, by a "fusion of technologies that is blurring the lines between the physical, digital, and biological spheres".

As manufacturing industry switches to 3D printing, machines interact with consumers, and computer software processes commercial transactions, robotic technology and artificial intelligence are predicted to transform production and social relations.

According to Swiss bank UBS, "Many labour-intensive firms should be able to boost profit margins as they substitute costly workers for cheaper robots or intelligent software ...".

Of course, these changes have been underway for many years. The automation of the auto-industry has advanced such that in Japan there are now 1,520 robots for every 10,000 humans. Whereas once the US economy was dominated by large auto companies employing millions of workers; now, technology companies are the big players, but with only 10% of the workforce previously employed making cars.

Consequently, the WEF's Future of Jobs Report forecasts that 7.1 million jobs will be lost in the world's richest economies between 2015 and 2020 alone – as employers keep pushing down on wage costs, while pushing up their profits.

Most of these jobs will be lost by women. Their formal sector employment is concentrated in

administrative and customer-service jobs that will be automated. Men are better positioned than women to benefit in sectors where new employment will be created, such as science, technology, engineering and mathematics, according to the WEF.

Inequalities of Wealth

Meanwhile driven by capitalist globalisation, inequalities of wealth are continuously worsening, as 1% of the world's population owns more than the remaining 99% combined.

In a study timed to coincide with the 2016 WEF, the international development agency Oxfam calculated that the wealth of the richest 62 people on the planet increased by US\$542 billion between 2010 and 2015; whereas the wealth of the poorest 50% (or 3.6 billion) of the world population actually fell by US\$1 trillion (or 41%) in those same years.

So, even as we are told that the world economy has not recovered from the global financial and economic crisis, with drastic cuts in public services and social welfare in the advanced capitalist countries; the banks and the billionaires are richer now than they were before 2008.

The financier George Soros, who was in Colombo earlier this month for a national Economic Forum, also put in an appearance at Davos. His comments there on the slow-down of the Chinese economy (greeted with fury in Beijing) warned of a recurrence of the most recent crisis. Once again, the costs will be transferred to the working class, those in precarious work, and the poor.

World Economic Forum founder and Chairman, Karl Schwab, himself admitted that "inequality represents the greatest societal concern associated with the Fourth Industrial Revolution". Schwab noted that "many workers are disillusioned and fearful that their own real incomes and that of their children will stagnate", warning that a "winner-takes-all economy that only offers limited access to the middle class is a recipe for democratic malaise and dereliction".

Committed as those in Davos are to the rule of the market, there was no reflection on how to redistribute the labour-saving gains from technology to serve the needs of the majority, nor on the radical reforms to the capitalist economic and political order that are needed to address gross inequalities of wealth and income, nor on the ecological crisis harming the vulnerable across the globe.

Investment Destination

Prime Minister Ranil Wickremesinghe was at the World Economic Forum to showcase the altered political environment in Sri Lanka, and to promote the island as "business-friendly".

For all their talk of foreign direct investment, the policymakers behind the new government's economic direction, were actually courting foreign portfolio investment. Foreign investors were encouraged to trade on the Colombo Stock Exchange by buying stocks as well as securities such as government debt and bonds.

This is 'hot' money, which flows as quickly and as easily out of the country, as it does in. Neither does it create productive employment by investing in goods and services (outside of brokerage firms). However, targeting finance capital fits well into the fantasy that Sri Lanka can become the financial hub of South Asia, in line with neoliberal ideology favouring financialisation of the economy.

The dismal global economic environment, along with the greater attraction of Southeast Asian countries for foreign capital, means that no flood of Western investment into manufacturing and services in Sri Lanka is on the horizon, despite the hype being generated at home.

Another area of foreign capital promotion in Davos is agribusiness. The Board of Investment has already created a database ('Land Bank') to help investors identify available rural lands for lease and cultivation. The government thinks that fruits, vegetables and dairy products can be harvested in Sri Lanka for export to the Middle East and even India.

Down from the dizzy heights of the Swiss Alps, it remains a mystery from where the one million new jobs the government promised on the election trail in 2015 will materialise. Despite the government's rhetoric of a 'social market economy', the quality of employment that its economic policies will create, and the conditions of those workers who do find jobs, will be far from decent.

What is certain, as Ranil Wickremesinghe announced in Davos, is the resumption of the Chinese-funded Colombo Port City project, and the expansion of the India-Sri Lanka Free Trade Agreement into the services sector. Both are highly controversial but the prime minister is determined to signal that his government can balance the competing ambitions of the regional powers; while also expanding traditional economic relations with the European Union and the United States of America.

One year on from the defeat of the repugnant Mahinda Rajapakse and his government, the much promised 'change' in political and economic governance boils down to some new faces at the top. The train of economic policy follows the route mapped in Ranil Wickremesinghe's 2002 'Regaining Sri Lanka' macroeconomic programme and on the tracks constructed by the Rajapakse regime in its decade of oppressive rule.

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P.S.

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