

G20, Supply Chain Problems and the World Capitalist Crisis

Industrialized states met in Rome to address the enormous problems reinforced by the global pandemic which has worsened income inequality

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Rome, Italy was the scene of the annual summit of the Group of 20, popularly known as the G20, an inter-governmental organization that brings together the most industrialized countries within several geo-political regions.

The group is made up of 19 states and the European Union (EU) representing a large majority of the world’s gross domestic product, the total sum of goods and services produced within a society.

These countries which comprise the G20 are Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, the Russian Federation, Saudi Arabia, South Africa, South Korea, Turkey, the UK, and the U.S.

This year’s meeting held over the weekend of October 30-31 comes at a time of profound uncertainty prompted by a global public health crisis not seen since the period during the ending of World War I and its aftermath. The influenza pandemic of 1918-1920 killed millions of people across the planet while today, the rapidly transmissible COVID-19 virus has left even more sickened and dead than over a century ago.

An economic downturn during the first quarter of 2020 resulted in the loss of millions of jobs and hundreds of thousands of businesses. Governments were forced to shut down public and private institutions leaving billions of people idle severely curtailing or eliminating household incomes.



G20 Summit participants included heads-of-state and global financial officials (Source: Abayomi Azikiwe)

In the midst of economic contractions, the difficulties of supply chain management have become a major impediment to any semblance of a financial recovery worldwide. If production has been disrupted, there will inevitably be problems related to the flow of goods and services between business centers and their market locations. Other issues including the storage and eventual transport of raw materials and consumer products to their destinations have been disrupted leaving huge gaps in supply chains.

These problems have been compounded by what the capitalists describe as labor shortages, where workers in the millions are leaving jobs for various reasons related to the social impact of the pandemic. Moreover, a rash of industrial actions by labor unions in the United States is in response to low-wages, safety concerns and speed-ups, is exacerbating the problem.

In Rome at the G20, U.S. President Joe Biden acknowledged the crisis yet provided no concrete measures to reverse the process. The Biden program of reforms to the tune of \$ 500 billion for infrastructure and \$3.5 trillion for social spending is stalled in the Congress.

Many of the other world leaders from the EU, Britain, Africa and Asia viewed Biden's remarks during the G20 summit with much skepticism. Even journalists questioned the administration's ability to get significant legislation through the House of Representative and the Senate which would provide the necessary funding for the rebuilding of urban, suburban and rural areas.

Even less certain of passage is the \$3.5 trillion package that would address the lack of childcare, adequate wages and the large-scale investment in government programs aimed at assisting working families through poverty alleviation. Without the social spending it is not possible to ameliorate the problems which have been aggravated by the pandemic.

Biden in his closing statement to the G20 pledged to hold a White House summit in the near future to address the supply chain bottlenecks. The French Press Agency (AFP) noted in an article that:

“Among concrete steps planned by the United States, the White House said, would be

to provide new financial aid to Mexico and Central American countries to resolve logistical back-ups, as well as to Southeast Asian nations to help them streamline customs procedures.

The statement said Biden would issue an executive order aimed at streamlining the supply chain affecting important military material. A yet-to-be scheduled international summit next year will bring together private companies, labor organizations and governmental agencies to explore further remedies, the White House said. 'Coordination is key,' said Biden. 'We need to work together.'" (See [this](#))

Overall, the G20 concluded with no commitment to net neutrality by 2050. There was a promise to halt the funding of new coal plants internationally and to pursue efforts aimed at limiting global warming to 1.5 degrees Celsius. These same issues were discussed further at the COP26 Summit held in Glasgow, Scotland immediately after the conclusion of the G20 in Rome.

Attacks on China at the G20

Biden made it a talking point that he was disappointed that People's Republic of China **President Xi Jinping** did not attend the G20 Summit in person. However, President Xi did address the gathering in a video streamed message to the heads-of-state, delegates and journalists covering the event.

Xi made several proposals to the G20 largely focusing on the need for the effective worldwide distribution of COVID-19 vaccines. Countries within the underdeveloped regions have been left behind in the rush to vaccinate populations against the virus.

The Chinese leader criticized the U.S. for attempts to promote India and Taiwan as alternatives to the manufacturing and trade capacities of Beijing. Xi stressed that the sidelining of China economically would not happen.

A [report published by Global Times](#) on the address by Xi to the G20 emphasized:

"To address the complex and far-reaching impact of COVID-19 unleashed on the world economy, Xi said major economies should adopt responsible macroeconomic policies, prevent measures taken for themselves from entailing rising inflation, exchange rate fluctuations or mounting debts, avoid negative spillover on developing countries, and ensure the sound operation of the international economic and financial system. Xi said that forming exclusive blocs or even drawing ideological lines will only cause division and create more obstacles and do harm to scientific and technological innovation."

This escalating tension between the U.S. and China is impacting the supply chain shortages which has resulted in production delays and shutdowns. Capitalist corporations such as Apple are concerned that the lack of a long-term strategy on the part of the U.S. government could damage their ability to market products domestically and internationally.

The semiconductor industry in the U.S. is highly dependent upon China and the impetus by governmental officials to boost domestic production will not be an easy task. There are plans underway for the building of a Semiconductor Manufacturing Company facility from Taiwan in the state of Arizona. Such approaches will only aggravate the confrontation between Washington and Beijing.

In the heavy industrial manufacturing sectors, the problems related to supply chain bottlenecks are gaining widespread attention. Leading executives are coming to grips with the inability to acquire parts due to political considerations related to trade tariffs which were imposed under the previous administration of President Donald Trump. Biden has not lifted these tariffs and instead is intensifying this trade war against China.

According to the business media network [CNBC](#):

“The auto industry is a good example, where the chip shortage continues to wreak havoc for carmakers. The car industry is all about efficiency and gaining scale, and in a future scenario in which companies have to start divvying up semiconductor buying based on a government mandate, ‘you start chipping away at these economies of scale,’ said Mark Fields, former Ford CEO and current interim CEO at Hertz, on the recent CNBC TEC Town Hall. ‘It’s not a good economic choice.’”

Even in the food production sectors, various factors such as the lack of equipment and workers are fueling the inflationary trend which is worrying to consumers. Oil prices have gone up significantly alongside the rapid increase in the price of both new and used automobiles.

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