

Davos report highlights deepening capitalist crisis

Nick Beams
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In its opening perspectives statement of the New Year, the WWSW editorial board began by drawing the sharp contrast between the rosy predictions of a new era of capitalist peace, prosperity and democracy following the liquidation of the Soviet Union with the ever-deepening barbarity of today.

The appropriateness of that approach has been underscored by another report, that of the World Economic Forum (WEF) in preparation for its annual meeting next week in Davos, Switzerland, where politicians, corporate chiefs, billionaires, and various luminaries will gather.

The WEF was one of the chief promoters of the virtues of the capitalist free market which would show its full potential freed from past constraints under the guidance of “Davos man.”

Its *Global Risks Report* for next week’s meeting, convened under the banner “Rebuilding Trust,” painted a picture of a series of unmitigated, interconnected disasters.

The tone of the report was set in the preface by WEF managing director Saadia Zahidi who wrote that the report was “set against the background of accelerating technological change and economic uncertainty, as the world is plagued by a duo of dangerous crises: climate and conflict.”

Significantly, while it never used the term, the report pointed to the rising tide of class struggle around the world on the very first page. It noted that in 2023: “Societal discontent was palpable in many countries, with news cycles dominated by polarization, violent protests and strikes.”

It pointed to growing environmental risks resulting from climate change, warning they could “hit the point of no return” and that two-thirds of the 1,500 experts it surveyed for its report cited “extreme weather as the top risk most likely to present a material crisis on a global

scale in 2024.”

It warned of the consequences of passing at least one “climate tipping point” within the next decade—a rise in global temperatures by 1.5 degrees. Global warming threatens to impact climate vulnerable populations even before that threshold is reached. The report noted that the Northern Hemisphere had just experienced its hottest summer in recorded history.

“The collective ability of societies to adapt could be overwhelmed, considering the sheer scale of the potential impacts and infrastructure investment requirements, leaving some communities and countries unable to absorb both the acute and chronic effects of rapid climate change.”

It noted that the elections over 2024, as close to three billion people go to the polls, in conditions of what it called the spread of misinformation and disinformation “may undermine the legitimacy of newly elected governments.” This could result in civil unrest ranging from “violent protests and hate crimes to civil confrontation and terrorism.”

In other words, there could be a complete breakdown of the democratic order, which previously the WEF claimed would flow from the operation of the free market economy.

The response of governments would be a further evisceration of democracy as they “could be increasingly empowered to control information based on what they determined to be ‘true.’ Freedoms relating to the internet, press and access to wider sources of information that are already in decline risk descending into broader repression of information flow across a wider set of countries.”

Amid the ongoing Ukraine war and the Israeli genocidal onslaught on Gaza, now threatening an escalation to the rest of the Middle East, together with the rising US-China tensions, the report said “interstate armed conflict” was a new entrant into the top risk rankings for the next two

years.

It linked that danger to one of the most significant developments of 2023—the rise of artificial intelligence (AI). In a rationally organised society based on the collective development and use of the productive forces in accordance with democratic planning and organisation, AI would provide the basis for tremendous social advancement.

Under capitalism, where social relations are based on private property and profit and a system of rival and conflicting nation-states and great powers, it contributes to war as the WEF report laid out.

“The growing internationalization of conflicts by a whole set of powers [no one is named and specifically not the US] could lead to deadlier, prolonged warfare and overwhelming humanitarian crises. With multiple states engaged in proxy, and perhaps even direct warfare, the incentives to condense decision-making through the integration of AI will grow. The creep of machine intelligence into conflict decision-making—to autonomously select targets and determine objectives—would significantly raise the risk of accidental or intentional escalation over the next decade.”

On the economic front, the report said the cost-of-living crisis was of major concern for the outlook with the risks of inflation and an economic downturn “notable new entrants to the top 10 risk rankings” over the next two years.

“Although a ‘softer landing’ appears to be prevailing for now, the near-term outlook remains highly uncertain” with multiple pressures from the supply side looming.

“And if interest rates remain high for longer, small- and medium-sized enterprises and heavily indebted countries will be particularly exposed to debt distress.”

This is something of an understatement because the entire edifice of US finance capital has been based on an ultra-low interest rate regime. The continuation of the central bank’s interest rate of 5 percent, once considered well within the normal range, for any prolonged period could set off a crisis.

Last year, seemingly out of the blue, the rise in interest rates in the US led to three of the four largest bank failures in history.

The conditions which produced it have not gone away. As the report stated: “Weak systems only require the smallest shock to pass the tipping point of resilience.” It warned that “corrosive socioeconomic vulnerabilities will be amplified in the near term,” including looming concerns about an economic downturn and interstate

conflict.

Perhaps the most significant aspect of the WEF report was the concluding section in which it canvassed the prospects for a solution to the deepening and interconnected crises it had outlined.

In a document running to more than one hundred pages it comprised only eight, signifying that the global elites have no answer to the breakdown of the system over which they preside.

The report pointed out that “collaborative effort remains the cornerstone of addressing global risks.” But then, in obvious recognition of the deepening national and greater power conflicts which have rendered such cooperation null and void, it offered the prospect that not all global risks required “deep global cooperation as the only viable solution.”

But even if it was launched, this prospect foundered on the reactionary nation-state system, which stands as the chief obstacle to any rational solution to the deepening crises.

As the report put it: “As with public goods, the risk reduction efforts tend to suffer from the ‘free rider problem.’ In a world characterised by different and at times competing power centres pursuing their own interests, governments may be incentivised to transfer the burden of preparedness to others, while reaping the benefits of others’ investments without incurring the costs.”

In other words, in the dog-eat-dog world of capitalism, it is every man for himself, and the devil take the hindmost.

Global cooperation and collaboration, which is necessary to resolve the existential crisis into which capitalism has plunged civilisation, can only take place if based on a social force whose material interests are grounded on the abolition of the nation-state and profit system and reconstruction of society on socialist foundations, that is, the international working class.

The perspective and program for which it must actively fight was laid out in the New Year statement of the WSWs editorial board.



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