

The polycrisis of capitalism in the 21st century

Michael Roberts

Easdale Foundation for Labour Research

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Polycrisis

Global warming and pandemics



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graph TD; A[Global warming and pandemics] --> B[Global poverty and rising inequality]; B --> C[Stagflation and rising debt]; C --> D[AI and jobs]; D --> E[Rising geopolitical conflict];
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Global poverty and rising inequality

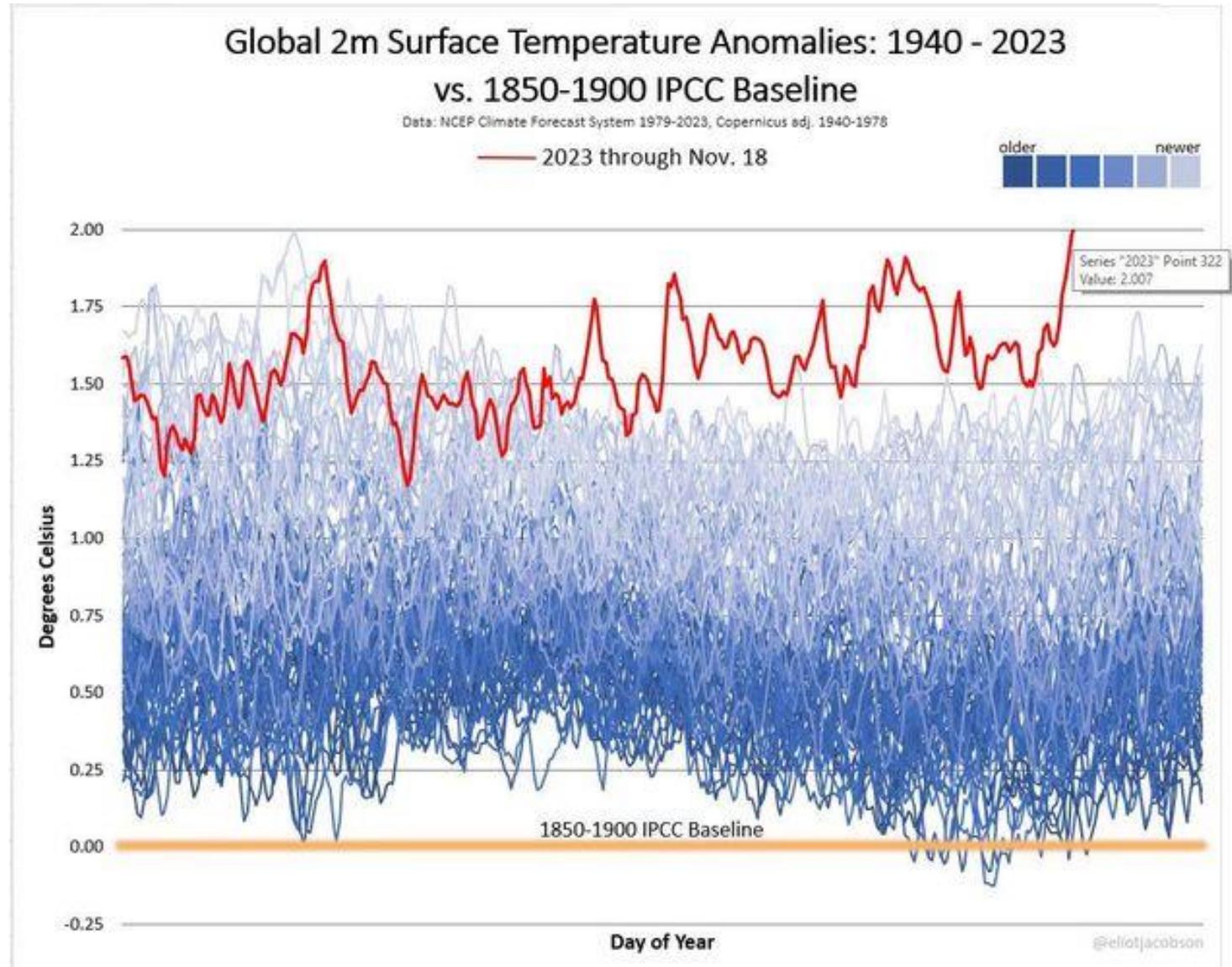
Stagflation and rising debt

AI and jobs

Rising geopolitical conflict

Warming fast

18 November was the first time in recorded history that the global 2m surface temperature breached 2.0°C above the 1850-1900 IPCC baseline. The long-term average remains below 1.5°C. But not for long.

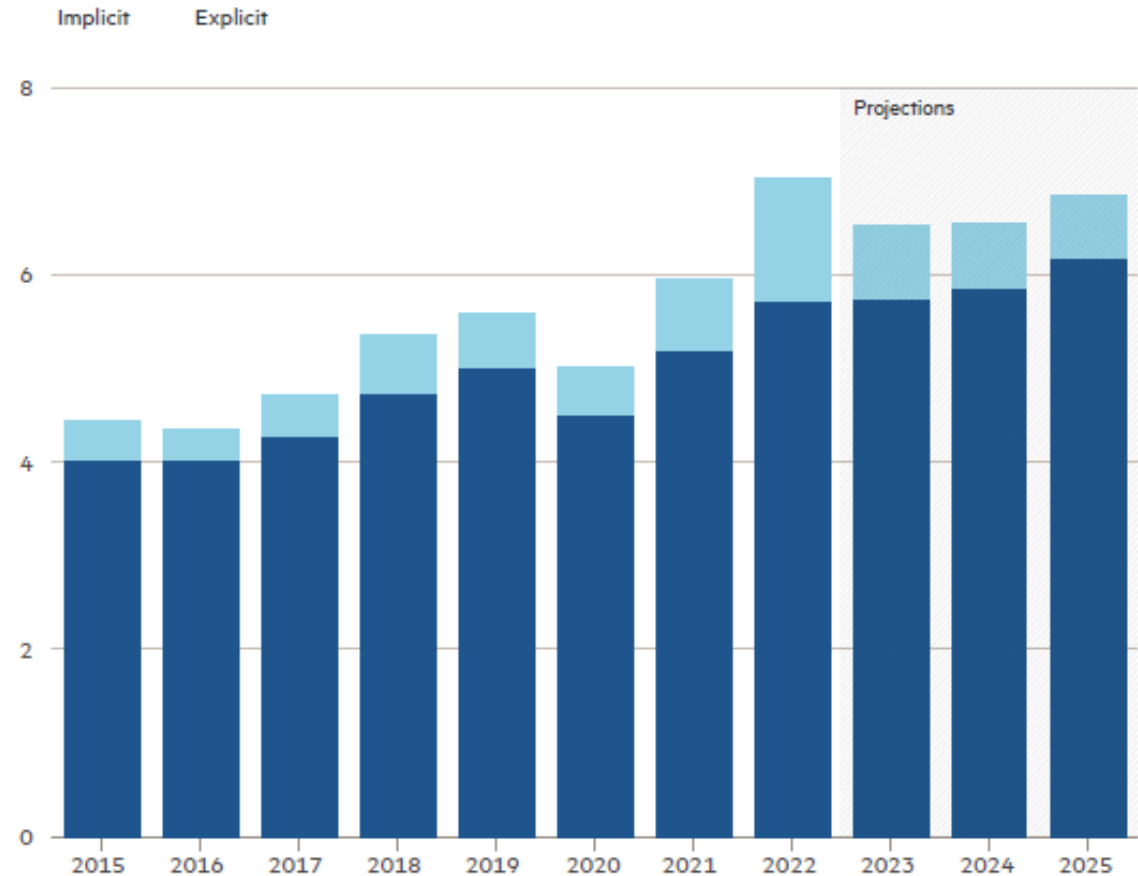


Fossil fuel production rising, not falling

- More than 90% of their rainforest 'offset credits' – among the most commonly used by companies – are likely to be “phantom credits” and do not represent genuine carbon reductions.

Global fossil fuel subsidies continue to climb

Implicit and explicit fossil fuel subsidies (\$tn)



FINANCIAL TIMES

Source: IMF

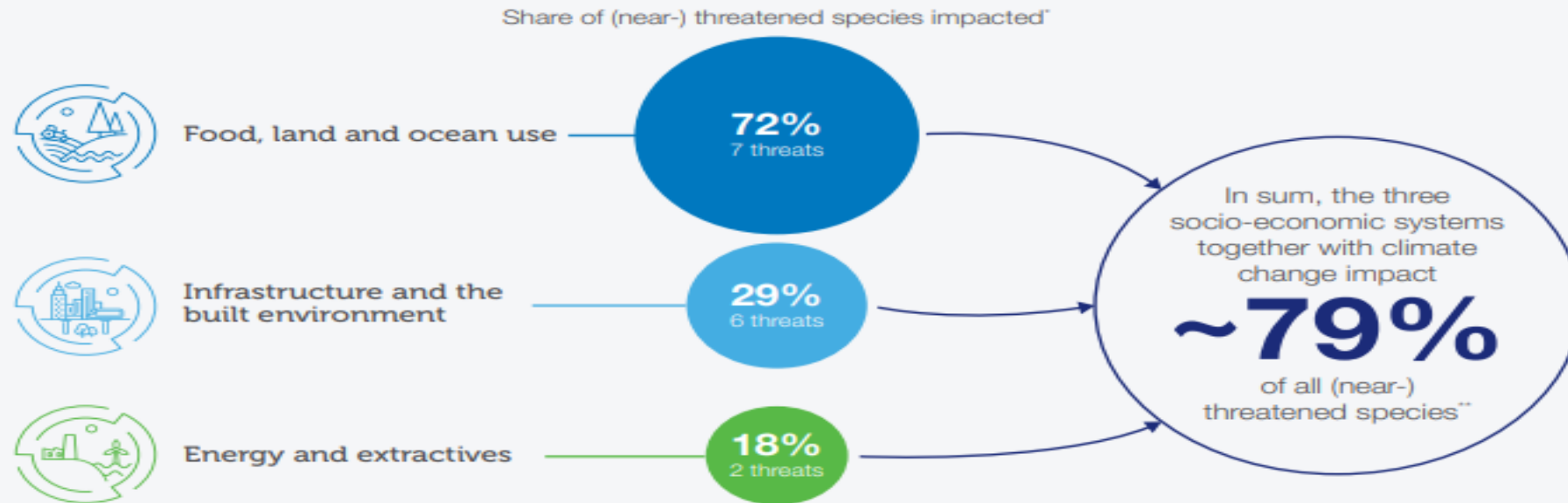
Global warming

- As COP28 approaches, a new UN environmental report reckons the world is on track for a “hellish” 3C of global heating. The report found that today’s carbon-cutting policies are so inadequate that 3C of heating would be reached this century.
- The report said that implementing future policies already promised by countries would shave only 0.1C off the 3C limit. Putting in place emissions cuts pledged by developing countries on condition of receiving financial and technical support would cut the temperature rise to 2.5C, still a catastrophic scenario.
- To get on track for the internationally agreed target of 1.5C, 22bn tonnes of CO₂ must be cut from the currently projected total in 2030, the report said. That is 42% of global emissions and equivalent to the output of the world’s five worst polluters: China, US, India, Russia and Japan.

Environment collapse

FIGURE E1

Together, the threats emerging from the three systems endanger around 80% of the threatened or near-threatened species

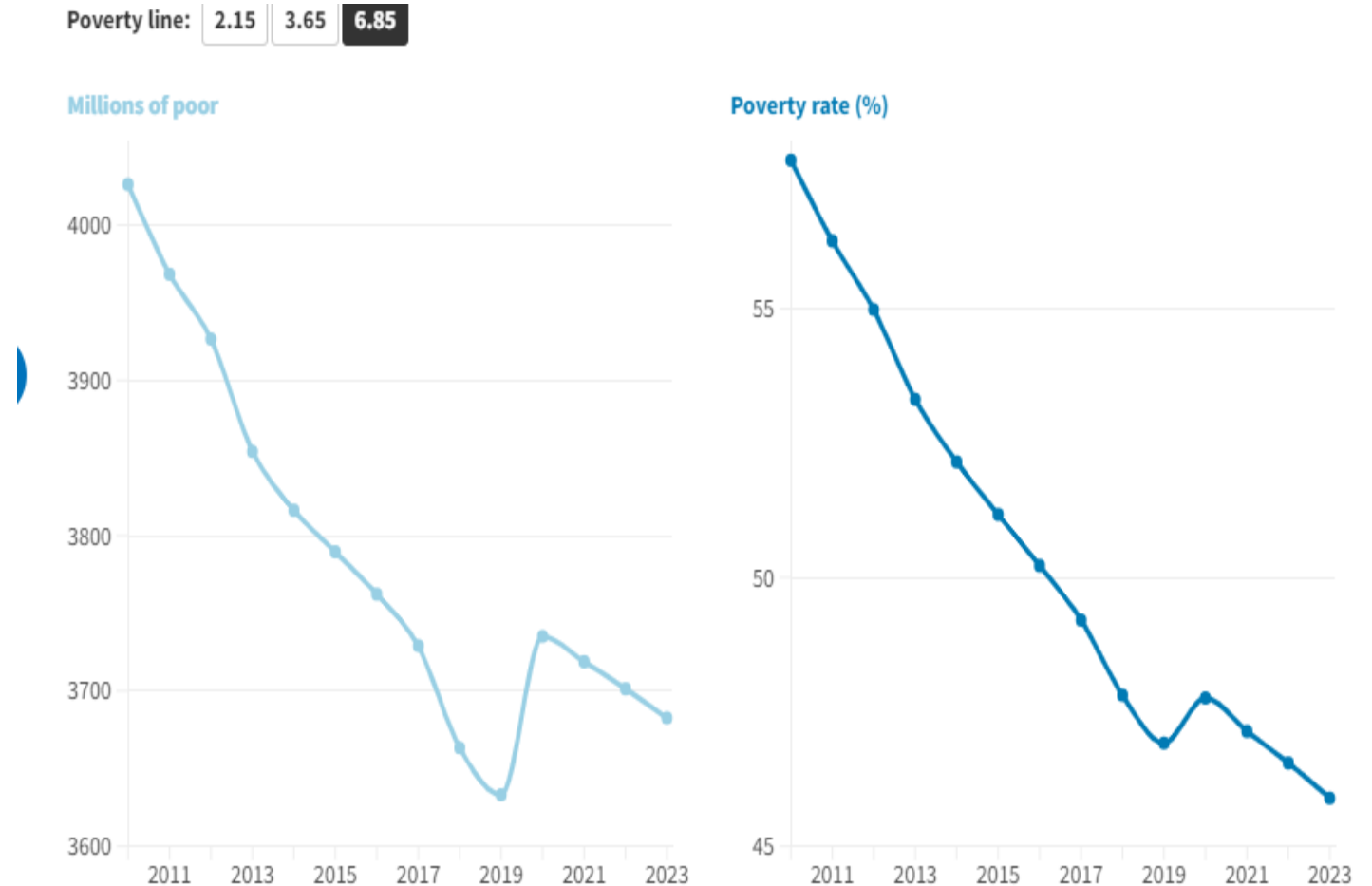


* Consistent with methodology adopted by Maxwell et. al. (2016); "threatened" species include those that are critically endangered, vulnerable, and lower risk – conservation dependent. **Due to partial overlap between the species impacted by the three systems, the percentage of species impacted by all systems is smaller than the sum of the percentages of the species impacted by each system.

SOURCE: IUCN Red List of Threatened Species; AlphaBeta analysis

Global poverty is still with us

- A staggering 2.7 billion people could only cover their basic needs for a month or less without income, and of that number, 946 million could survive for a week at most.
- Even including China, there are still 3.65bn people on the planet below the \$6.85/day poverty line, according to the World Bank.



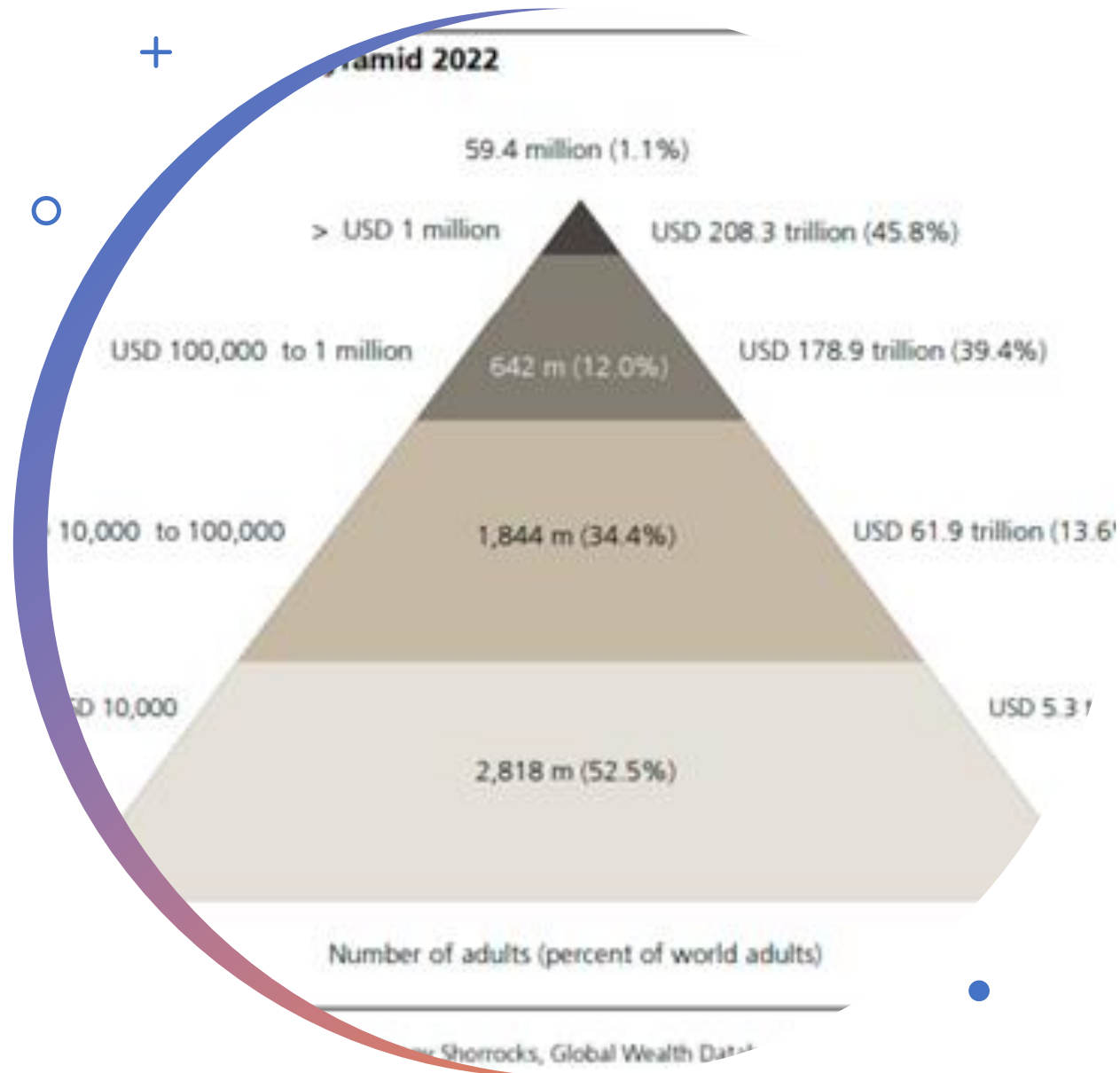
Source: [Poverty and Inequality Platform](#), [Mahler et al \(2022, updated\)](#), [Click here for an equivalent figure with regional trends](#)



Global hunger

- [Between 690 and 783 million people in the world faced hunger in 2022.](#) This is 122 million more people than before the COVID-19 pandemic.
- Almost 600 million people will be chronically undernourished in 2030. So the UN target of zero hunger by then is way off track.
- More than 3.1 billion people in the world – or 42 percent – were unable to afford a healthy diet. Worldwide in 2022, an estimated 148 million children under five years of age (22.3 percent) were stunted; 45 million (6.8 percent) were wasted; and 37 million (5.6 percent) were overweight.
- 2.4 billion people in the world face ‘food insecurity’ in 2022, nearly half in Asia; 37 percent were in Africa;
- One billion Indians cannot afford to eat a healthy diet. That’s 74% of the population.

Extreme inequality



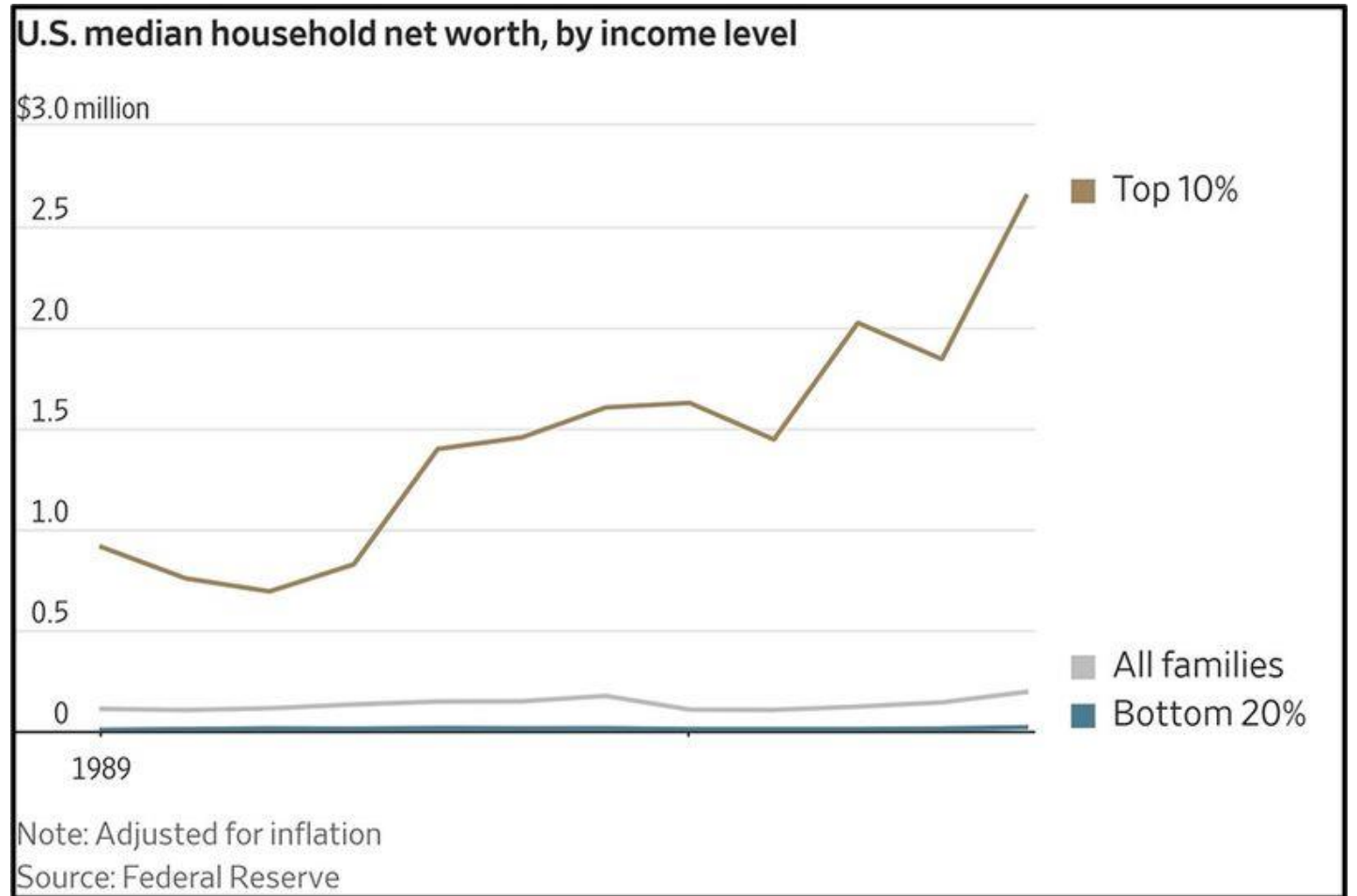
- In 2022, 1% of adults (59m) owned 44.5% of all personal wealth in the world, slightly higher than before the pandemic in 2019.
- At the other end of the wealth pyramid, the bottom 52.5% of the world's population (2.8bn) had net wealth of just 1.2%.

Wealth inequality at home

As for wealth inequality *within* countries, the Gini coefficient (the usual measure of inequality) for wealth was a huge 85.0 in the United States (remember 100 would mean one adult owning all the wealth).

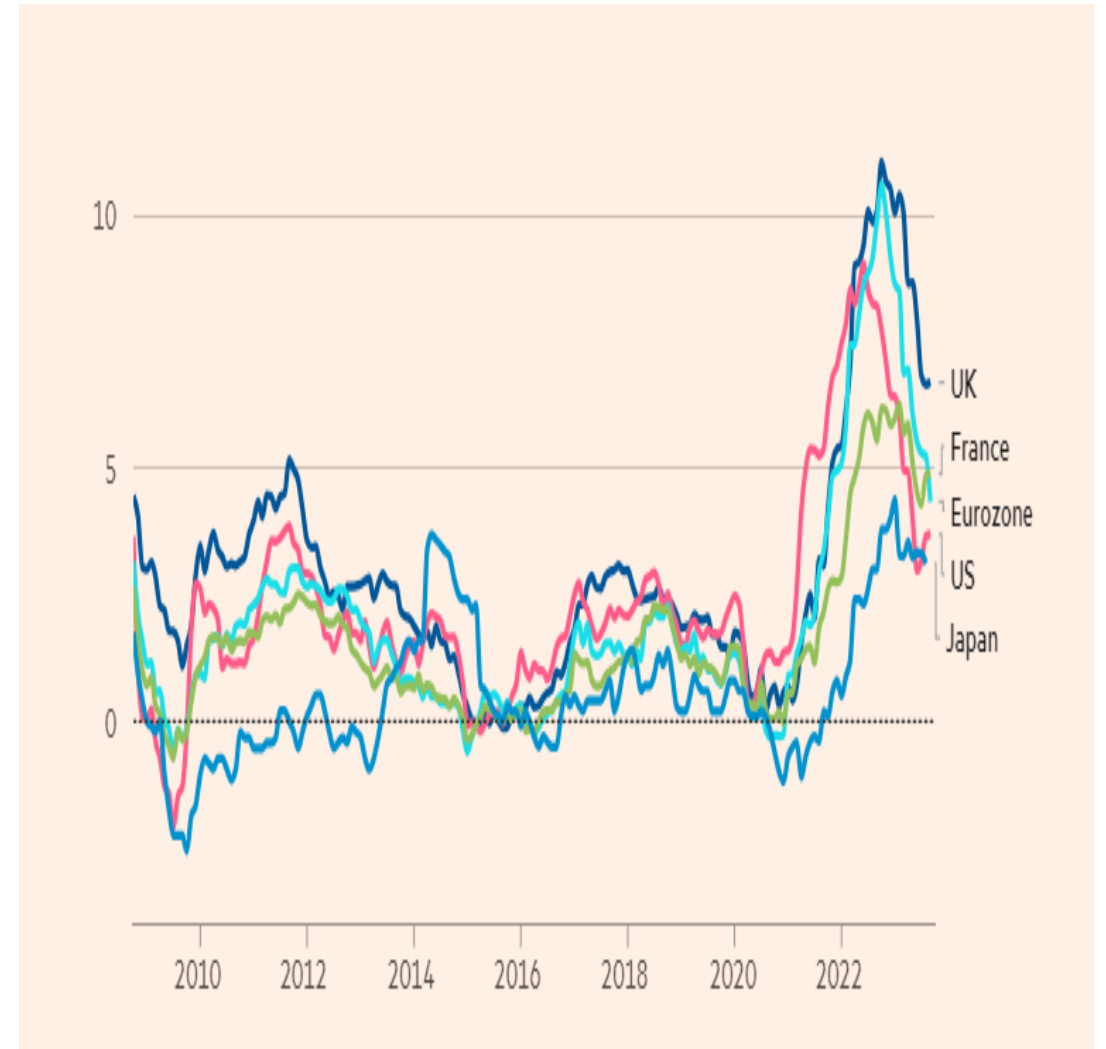
In the United States, all measures of inequality have trended upward since the early 2000s. The wealth share of the top 1% of adults rose from 32.9% in 2000 to 35.1% in 2021 in the United States.

Within
countries too



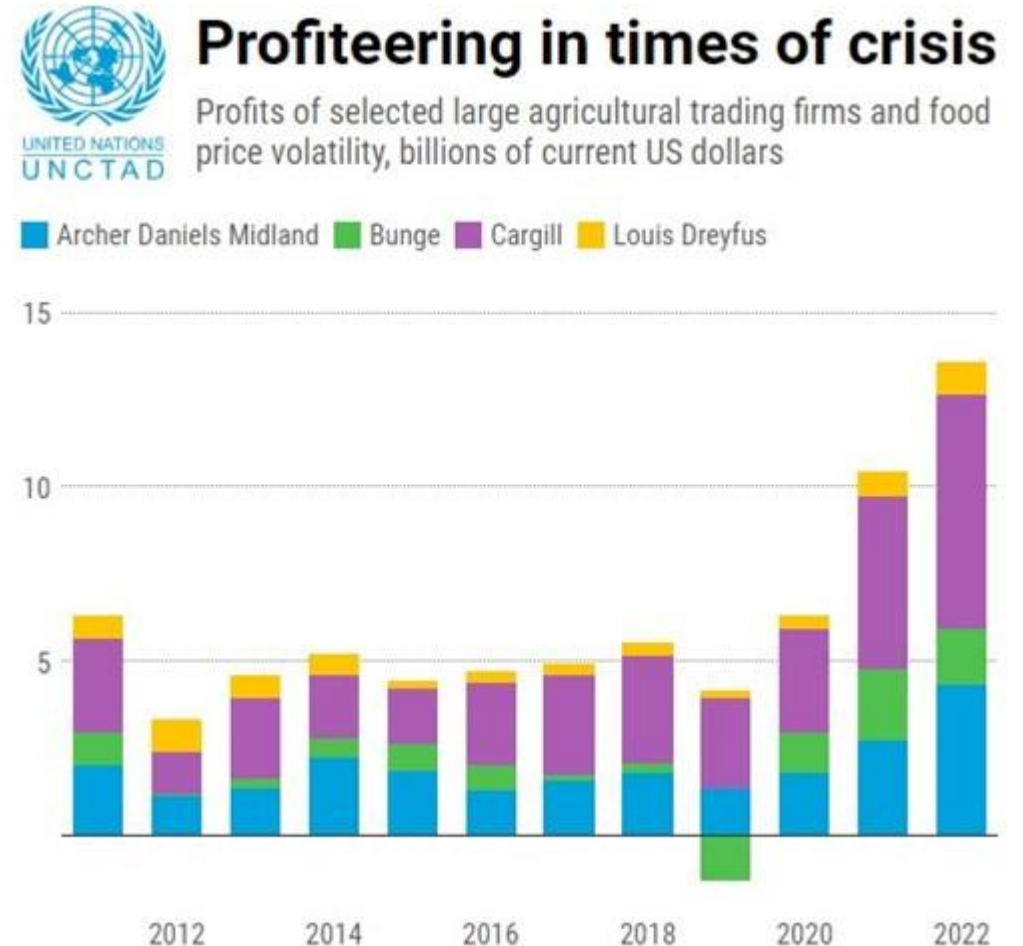
Inflation returns

Over two-thirds (69%) of 29 countries have "high" or "very high" inflation compared with their 50-year trends; approximately three-quarters (79%) experienced inflation rates above 6% end-2022, the most prevalent global inflation has been since 2008.



Profit-driven inflation

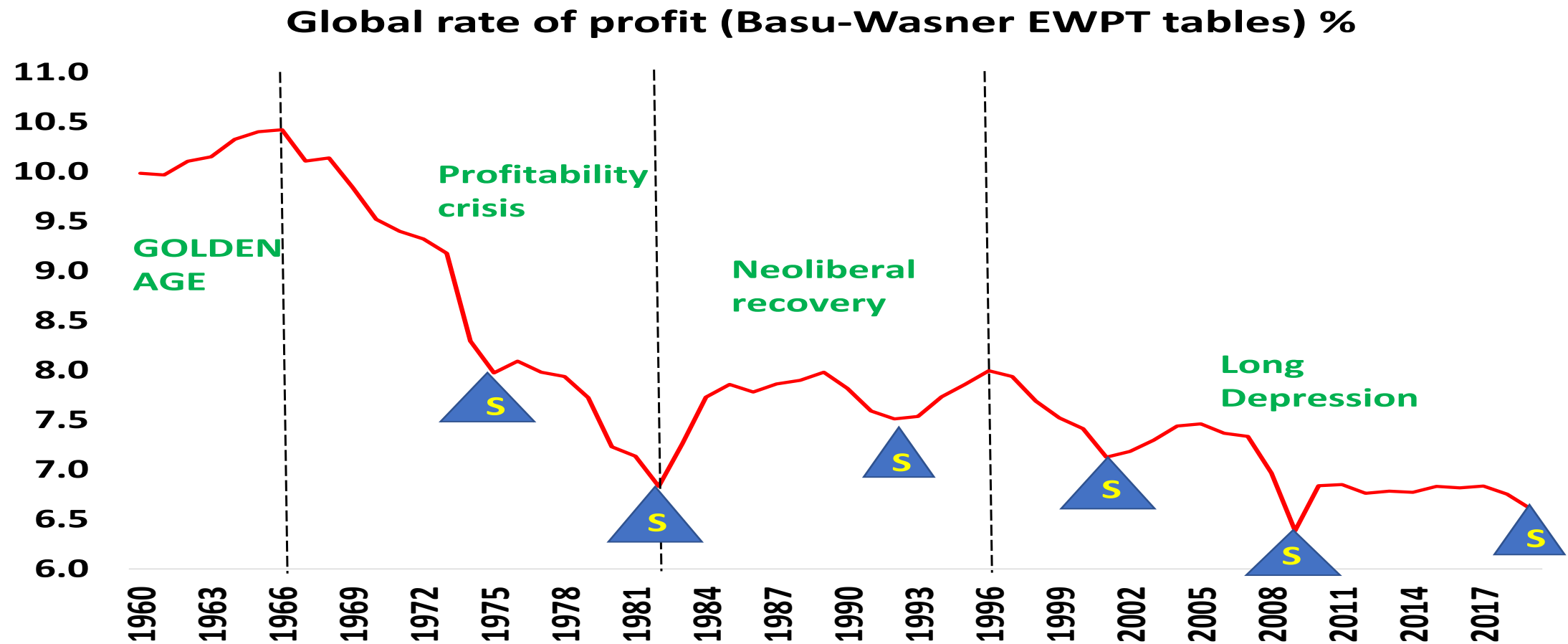
- UNCTAD reports that *“During the period of heightened price volatility since 2020, certain major food trading companies have earned record profits in the financial markets, even as food prices have soared globally and millions of people faced a cost-of-living crisis.”*



Stagflation

- UNCTAD reckons that the world economy has stalled and the risks of a slump over the coming year are rising.
- World Bank reckons that Asia faces one of worst economic outlooks in half a century. The 'Asian tigers' of Korea, Taiwan, Singapore, Hong Kong etc are set to expand at one of the lowest rates in five decades.
- Global trade is falling at its fastest since the pandemic. China, the world's largest goods exporter, posted a 1.5 per cent fall, the Eurozone 2.5 per cent and the US a 0.6 per cent decrease.
- Global industrial production also fell.

Why regular and recurring crises?



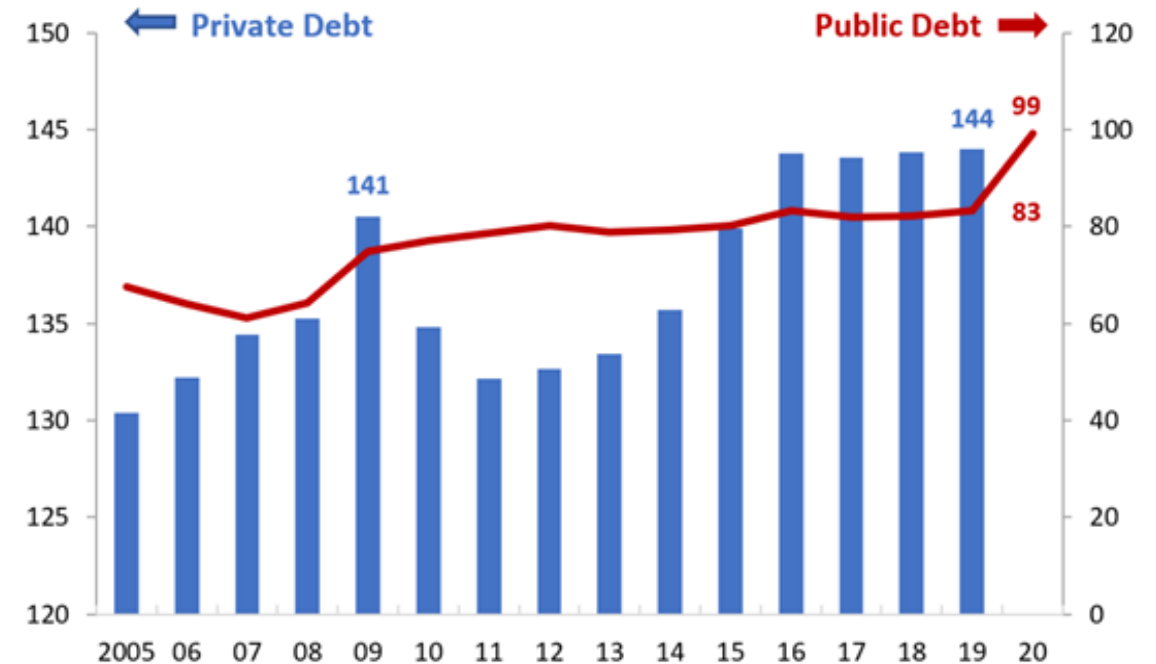
Global debt squeeze

- World Bank estimates that 60% of low-income countries are heavily indebted and at high risk of debt distress, while many middle-income countries also face significant budgetary challenges.
- Debt burdens are crushing too many developing countries. Debt service on external public debt relative to government revenues has surged from nearly 6% to 16% between 2010 and 2021.

Debt: a pre-existing condition

Before COVID-19 struck, public and private debt were already high and rising in most countries.

(percent of GDP, weighted average)

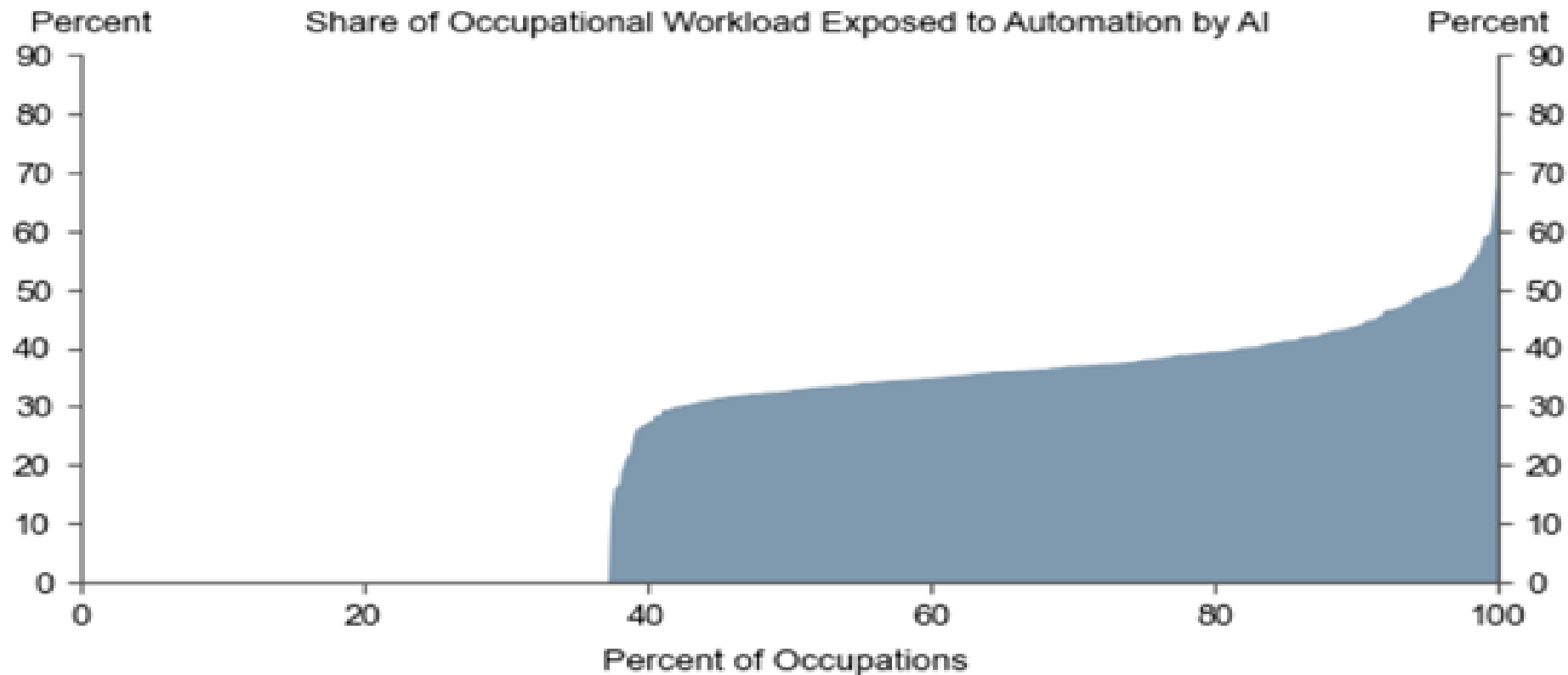


Sources: IMF Global Debt Database, IMF World Economic Outlook Database and IMF Staff Calculations.

Note: The aggregate public debt-to-GDP series is based on data of 189 countries, and the aggregate private debt-to-GDP series is based on 159 countries, weighted by GDP in US dollar.

AI: the threat to jobs

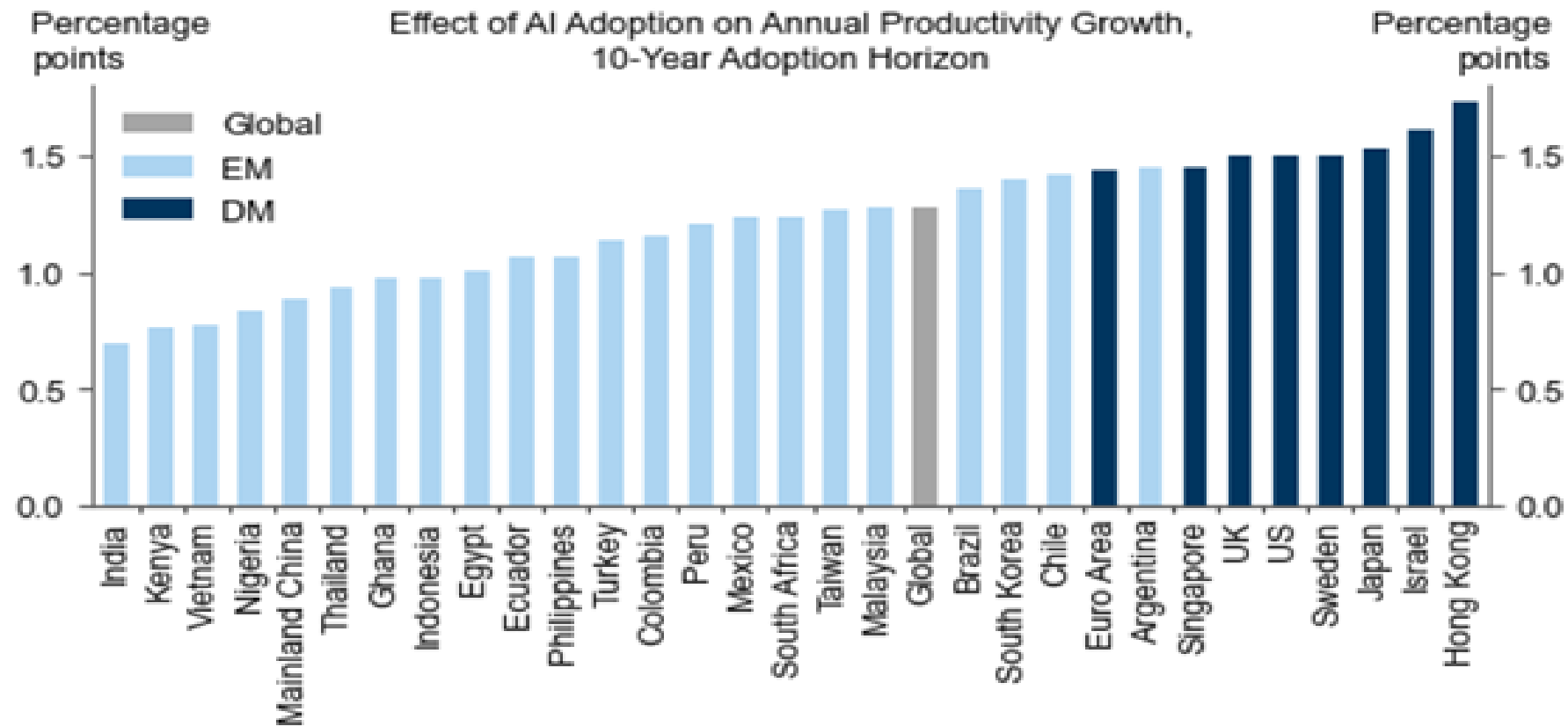
Exhibit 4: Two-Thirds of Current Occupations Could be Partially Automated by AI



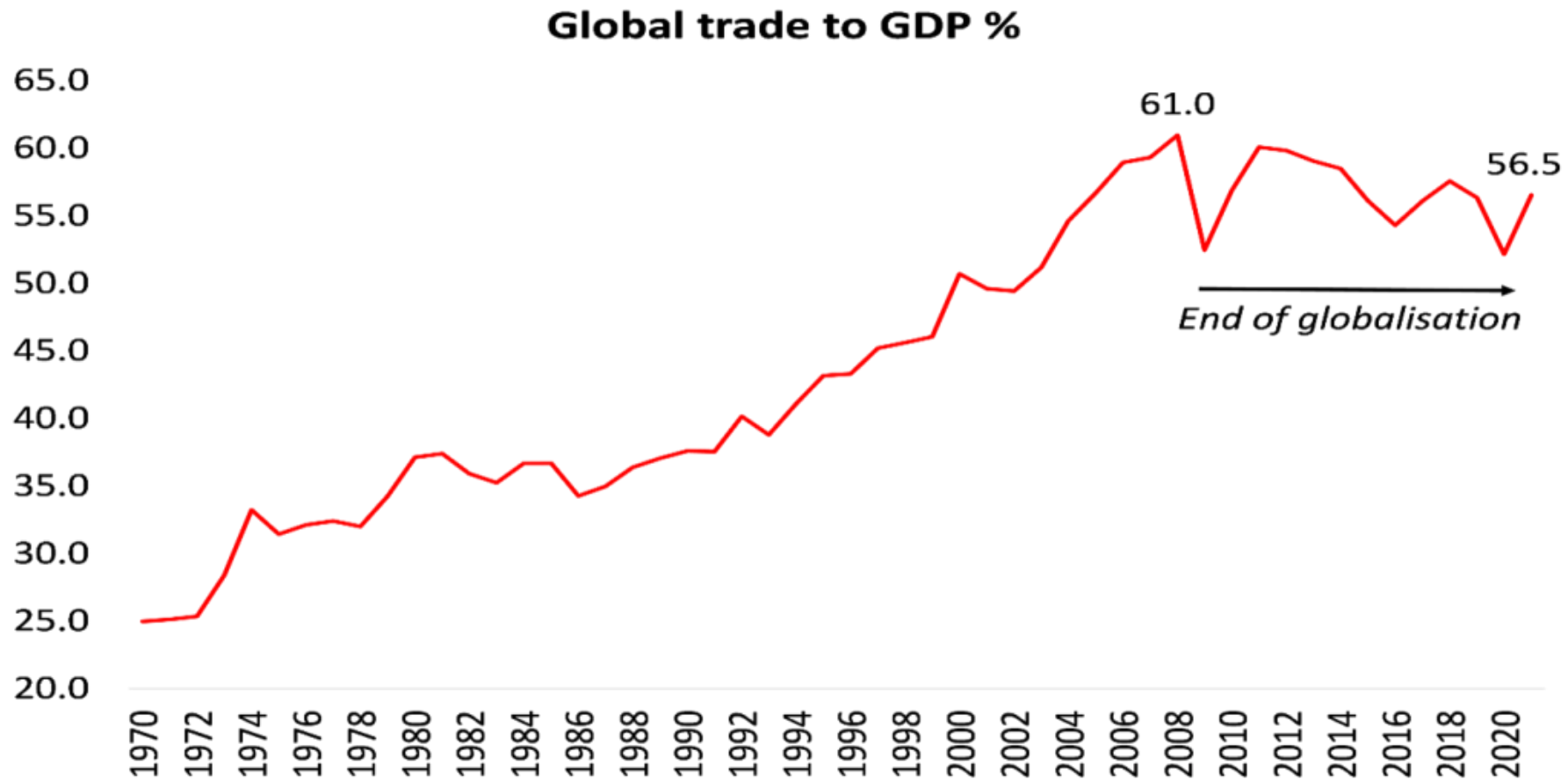
Source: Goldman Sachs Global Investment Research

Or a boost to productivity?

Exhibit 14: Productivity Growth Boosts Could Be Sizable in Other Countries As Well; We Estimate Widespread AI Adoption Could Boost Global Annual Productivity Growth by 1.4pp Over a 10-Year Period



End of globalisation



Growing
prospect of
war



The fundamental contradiction: private profit and social need

- The fundamental contradiction of capitalism is the *“incompatibility between the productive development of society and hitherto existing relations of production expresses itself in bitter contradictions, crises, spasms”*.
- It is the *“collision between production for profit on the one hand and the creation of wealth for the producers and their communities on the other.”*
- *“The limitations of the capitalist mode of production is expressed in the law of the falling rate of profit which at a certain point comes into the conflict with the development of the productivity of labour and must constantly be overcome through crises”*

Socialism means an egalitarian society

- Common ownership: end of private property
- No state: national or otherwise: ending state oppression through armed bodies of men; the “administration of things”
- No oppression of women in ‘public and private prostitution’
- No oppression of nations, races and creeds; religion will gradually lose its influence
- Ending nationalism
- Ending private property restores human freedom as social