

MUCH TO DISCUSS AT DAVOS

Geopolitics and conflicts lead the list of top risks.

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By Ryan Boyle

This week saw the annual World Economic Forum (WEF) in Davos, Switzerland. Top researchers join public and private sector leaders to explore the issues facing the world. Every year features an outlook for key risks; this year, the risks felt less hypothetical than they might have in calmer times.

The 19th annual [WEF Global Risks Report 2024](#), based on a survey of nearly 1,500 experts, is a gloomy read. Looking at the near term (two years), risks are rampant; in the longer term (10 years), a majority of respondents expect significant upheaval. The identified categories of risk are led by:

- **Extreme weather events.** Both near- and long-term, respondents fear the elevated risk of climate extremes and the difficulty of responding. Over the ten-year horizon, participants noted the risk of critical change to Earth's ecosystems at the hands of irreversible climate change. Permanent alterations to weather patterns or shore lines could make parts of the world unlivable. Even if climate events were to miraculously settle down, natural resource shortages are also a looming risk.
- **Misinformation and cyber insecurity.** With nations comprising more than half the world's population holding elections this year, the risk of interference and misinformation is elevated. Setting and communicating an agenda will be difficult for leaders when their citizens do not share a common understanding of what is true. And cyber threats are on the rise, with system disruptions making headlines. Over the longer run, panelists noted nervousness about adverse outcomes of artificial intelligence (AI) technology; the space is evolving rapidly, and could change in ways that its developers did not intend.
- **Armed conflict and involuntary migration:** sadly, wars and refugees are not new phenomena, but risks of further conflict are on the rise. Major shifts in migration patterns are evident, whether from the Middle East to Europe, or from South America to the United States.

The WEF's report is issued annually, so changes in top risks evolve with current events. Pandemics understandably led the list not long ago; in the current report, infectious diseases and chronic health conditions have fallen to #19 and #20

on the list of long-term risks. AI is a new entrant that quickly ascended; misinformation rose from #15 last year to the #1 near-term risk this year. Economic risks like inflation, unemployment and debt all fell this year, reflecting a more sanguine economic outlook.

FIGURE 1.1 Short and long-term global outlook

"Which of the following best characterizes your outlook for the world over the following time periods?"

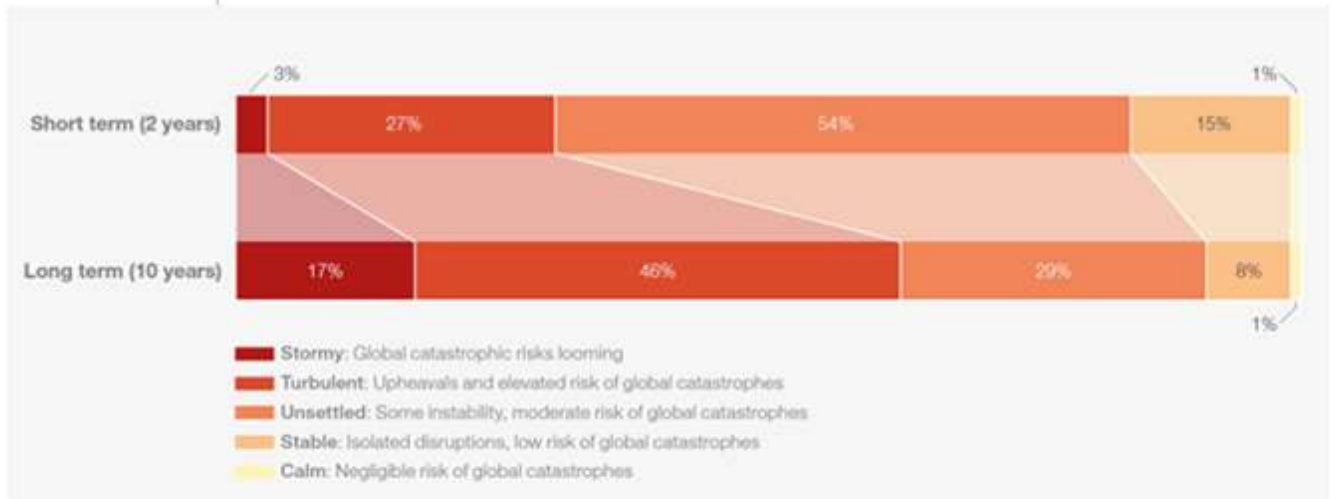
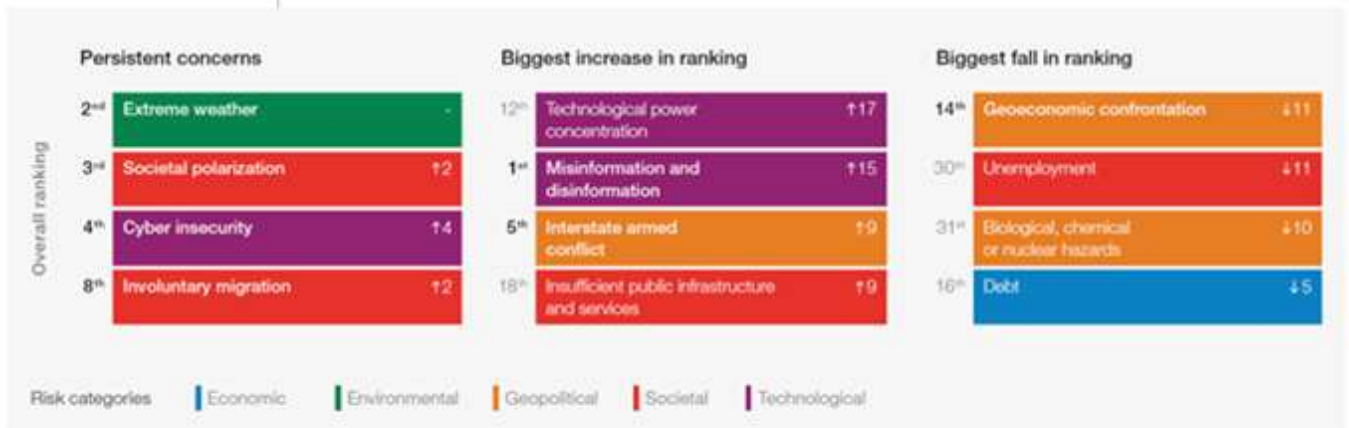


FIGURE 1.4 Annual change in global risk perceptions over the short term (2 years)



Source: World Economic Forum

THE GLOBAL RISK INVENTORY IS RUNNING LONG.

The political analysts at Eurasia Group (EG) start each year with a roundup of their top ten key risks. Their focus is on geopolitics in the year ahead, making their entries more tactical. Conflicts lead their list, notably the dragged-out war between Russia and Ukraine and the deteriorating situation in Gaza. They highlight the conflict of “The United States versus itself,” with the 2024 election poised to deepen divisions within the country; this development could have global consequences.

The root of these threats is a sense of powerlessness that some people have about what can be done. Nations are not cooperating well. For instance, climate risk is well understood, but action requires global collaboration. Wars are not started by popular vote, but by decisive action from an aggrieved minority.

Reports like those from the WEF and Eurasia Group are disquieting to read, and summaries like this article are unpleasant to write. The upside, if there is any, is that the risks are capturing the attention of the world's leaders. Perhaps this will prompt them to head off worst cases.

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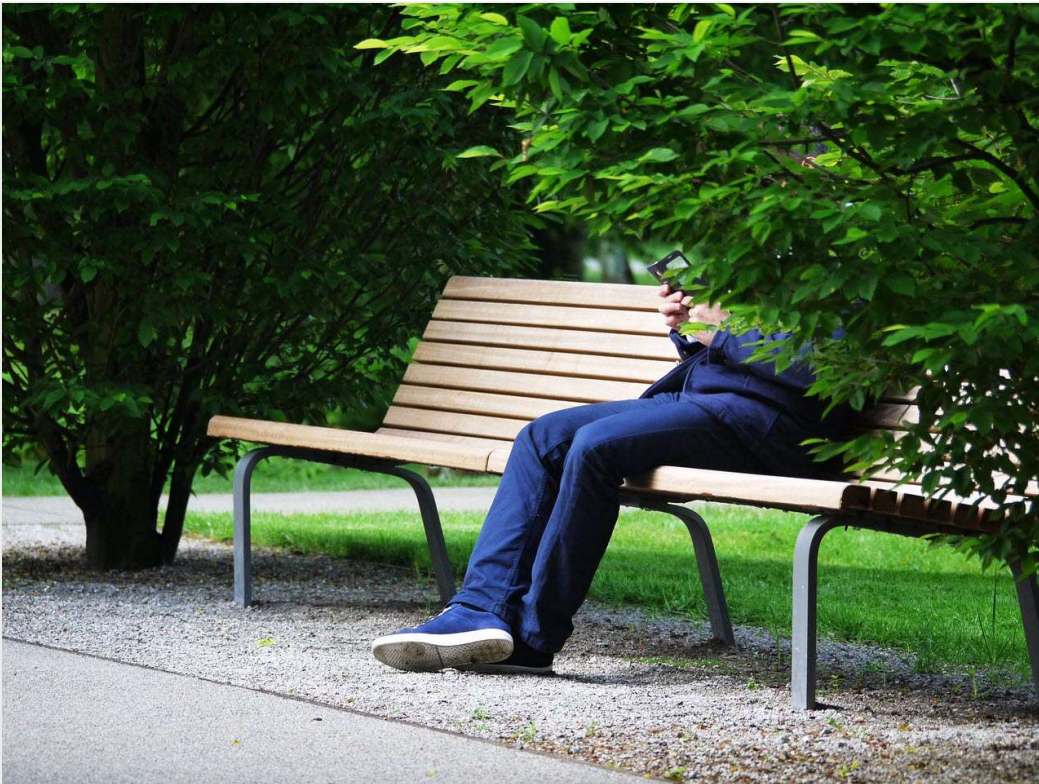


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