

The risks we are dealing with. A global perspective

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As in previous years, the meeting of the World Economic Forum was held in Davos (Switzerland) during the month of January and, as usual, brought together world leaders in the political, financial and academic fields, among others. For a number of years, the Forum has been preparing a report on global risks and, on this occasion, that report was also presented in its tenth edition (1).

Preparing a report of this nature is not an easy task in a context of increasing complexity on all levels, with factors in play that interconnect and generate, together with fresh opportunities, not a few uncertainties and new risks. For some time now, there is widespread awareness that our societies are debating between the challenge of seeking solutions to problems and shortfalls through scientific research and technological development and the need for managing the emerging risks, created or influenced by those very same advances, and other risks which, in a changing way, we already had with us. Among other experts, Ulrich Beck focussed attention in 1986 on this complexity and the factors interacting in this reality through his *"Risk Society; Towards a New Modernity"*. That was the root of his interest in modernization, the environment, globalisation, uncertainty, risk control and other related topics. His positions, logically, have not been exempt from controversy and criticism which, fortunately, have had the effect of increasing and furthering research and studies on risk and its many manifestations and problems. As a result, risk and risk management, as a concept and a multifaceted reality, have become a subject of interdisciplinary analysis, in which, together with sociologists, geographers, environmentalists, geologists, economists, mathematicians, physicists, philosophers, among others, also participate. Along the lines of this brief reflection, a recently published work, coordinated by Urbano Fra Paleo, under the title *"Risk Governance: the Articulation of Hazard, Politics and Economy"*(2) is highly recommendable.

Getting back to the World Economic Forum, the global risks, the perception of which varies from year to year (according to the circumstances and situations prevailing at the time of assessment), are determined on the basis of the likelihood of their occurrence



and of their potential impact and are grouped in five categories: economic, environmental, geopolitical, societal and technological.

Comparatively speaking, in the last nine years, taking into consideration the five major risks (here we will refer to them as *leading risks*), in terms of both likelihood and impact, the economic risks have predominated, relegating the technological risks to a lower level of significance. The environmental risks -including natural catastrophes and climate change- did not appear among the *leading risks* until 2011.

In the estimates of the 28 risks selected for 2015, environmental risks are second among the five *leading categories* in terms of their likelihood (extreme climate events) and fifth as potentially impactful (failure to adapt to climate change). In this same year, the predominant risks among the *leading risks* are those included in the geopolitical category, occupying three positions in the likelihood focus (1: interstate conflicts with regional consequences; 3: failure of national governance systems; 4: state collapse or crisis) and two in the impact focus (3: weapons of mass destruction; 4: interstate conflicts with regional consequences). It is evident that in this perception of the geopolitical risks, the crises generated by the Crimea and Ukraine conflicts, the Islamic State threat, among others, make their weight felt.

Given the manifest interconnections between the various types of risks, as the report itself underlines, the two societal risks topping the list in 2015 in terms of impact (water crises and the rapid and massive spread of infectious diseases) could have serious geopolitical and economic consequences. In fact, the report highlights and emphasises the interaction existing between these two categories of risks: the geopolitical and the economic, with little room for optimism in the outlook for world governance.

It is interesting to note the estimate made by the report with respect to the evolution of the 28 global risks for the next 18 months and 10 years. In the context of geopolitics, the generalized trend in those periods is towards a decreasing intensity (including terrorist attacks), with the exception of the weapons of mass destruction risk. The opposite occurs with the environmental risks (including natural catastrophes), all of which show an upward trend, particularly with respect to the failure to adapt to climate change. In terms of societal risks, the expected evolution is not good for the water and food crises, as is also the case with the risk of failure of urban planning. And among the economic risks, the general trend is for a lesser impact, except for the energy price shock and failure of critical infrastructures risks. Finally, the technological risks are on

the rise with respect to technology misuse and critical information infrastructure breakdown, in contrast to the situation of the risk of cyber-attacks and data fraud and theft.

Coinciding with the drafting of these few lines, data are beginning to appear on the natural catastrophes occurring in 2014, and on the victims and the economic and insured losses caused by them. 2014 was a relatively moderate year, if we take into account that the number of victims from natural catastrophes during the year totalled 8,000, that is, 89 % below the average for the last ten years (2004-2013). The economic losses also reflected this lesser impact, with a total amount of close to 132 billion US\$ -37% below the average for that same ten-year period. Insured losses amounted to 39 billion US\$, or 38% less than the average for the period from 2004 to 2013 (3).

These figures do not allow to lower our guard, considering the erratic behaviour of the natural catastrophic risks and taking into account the markedly upward trend in losses during at least the last thirty years. Moreover, climate change is here to stay, making the adoption of drastic greenhouse gas emission restrictions increasingly more urgent, in addition to the design and application of adaptation strategies. As indicated in the World Economic Forum's report, the failure of these strategies represents a major risk for the world. For the moment, it has already been confirmed that 2014 was the warmest year on record since 1880 (4).

NOTAS

- (1) World Economic Forum. Global Risks 2015. Geneva. 10th edition (www.weforum.org).
- (2) Fra Paleo, Urbano (Ed.): *Risk Governance: the Articulation of Hazard, Politics and Economy*. Springer. 2015.
- (3) AON. *2014 Annual Global Climate and Catastrophe Report. Impact Forecasting*. 2015.
- (4) Munich Re. Topics Online. *2014: The warmest year since systematic temperature records began*. 28 January 2015.