

# The Next Crises Emerging Risks and How We Can Prepare

Today's world is filled with crises and emerging risks. These include armed conflict, cybersecurity threats, job displacement due to artificial intelligence (AI), climate change, water scarcity, and an aging population, just to cite a few. But unlike previous periods of human history, today's challenges are interconnected and interwoven, with many experts pointing out that solutions are also interdependent.

On October 27, we held the webinar **The Next Crises: Emerging Risks and How We Can Prepare**, in partnership with Japan Science and Technology Agency (JST) and Gallup, with insightful discussions shedding light on ongoing threats to the economy, society, and global security, and the recognition of their impending signs. Mr. Andrew Rzepa, partner at Gallup, presented exclusive data from the World Risk Poll, in partnership with Lloyds Register Foundation, tracking experiences and attitudes towards risk worldwide. The session was live-streamed on Science Agora, Japan's largest science and technology forum.

The event also included insights from Mr. Christopher Geiger, Vice-president of Internal Audit and Enterprise Risk at Lockheed Martin; Ms. Margareta Dzerniek, Managing Partner at Horizon Group; and Dr. Nkem Khumbah, Head of STI Policy Systems, Governance and Partnerships at the African Academy of Science.

The discussions were moderated by the Hon. Deborah L. Wince-Smith, President of the GFCC, and President and CEO of the Council on Competitiveness; Dr. Roberto Alvarez, Executive Director of the GFCC; and Dr. Kazuyoshi Shimada, Director of the D.C. Office of JST.

## Gallup's World Poll and Emerging Risks

Gallup has undertaken nationally representative surveys to monitor the will of populations in over 140 countries annually since 2005. In 2009, in collaboration with the Lloyd Register Foundation, they started to track people's experiences and attitudes towards risk. The initiative maps perceptions of risks and harms in daily life, including at work; resilience, climate, and waste; perceptions of technology risks and AI, and experiences of discrimination.

From the survey, food insecurity is an established risk, increasing year by year since 2014. The most recent figures from 2022 show that food insecurity affects over 2.3 billion people across the globe, with large percentages in Asia and Africa. Although the landscape was aggravated due to the COVID-19 pandemic and the armed conflict in Ukraine, income inequality and climate change are the main factors related to this continuous trend.

Regarding emerging risks, for two thirds of the world population, climate change is now "somewhat a very serious threat" or "a serious threat" to them and their people. Nevertheless, these perceptions are impacted by the dynamics of local economies and the levels of education attainment. For instance, although about 60 percent of the Canadian population believes climate change is a very serious risk, in an oil-rich state like Alberta, which owns 98 percent of the country's oil reserves, this number drops to 40 percent.

Another emerging risk is job displacement due to AI. Although no consensus has yet emerged, data disaggregated by gender shows that women whose jobs could be displaced by technology tend to see AI as a risk. Moreover, populations who have faced multiple forms of discrimination, either based on gender, ethnic group, or skin color, are more likely to perceive AI as a potential source of harm to them and people in their country over the next 20 years.

In Europe, as pointed out by Ms. Dzerniek, there has been a trend toward militarization following renewed concerns over geopolitical risks after the breakout of the war in Ukraine and the Israel-Gaza conflict in the Middle East. Additionally, Europe faces a demographic decline, with labor shortages already being felt across industries and low levels of replacement rates. The demographic risk has been coupled lately with changing attitudes towards immigration away from more open stances. Finally, Europeans are experiencing growing concern over the environmental effects of a changing climate on their daily lives and the economy.

Mr. Geiger highlights a prevalent reliance on shared resources like the atmosphere and the ocean, often perceived as "free" due to the absence of immediate financial constraints in emitting greenhouse gases in many jurisdictions or utilizing international waters. However, this apparent lack of cost belies the potential societal toll and creates a very high risk of these resources becoming unavailable in the future. Rather than waiting for regulatory mandates from governments, organizations must proactively collaborate, identify common ground, and address these challenges preemptively to avert an impending crisis.

## Dealing with Risks

There is no silver bullet in terms of addressing risks, as pointed out by Mr. Rzepa. It wouldn't be economically and socially sustainable to prepare societies for the follow-up of emerging risks and impending crises all the time. However, investing in social capital is a key strategy to become more resilient when facing adversity. A community built on trust is less vulnerable to risks and enjoys better lives for all.

Ms. Dzerniek agrees that a country's ability to absorb shocks and be economically resilient relies heavily on social capital, which translates into high levels of trust and low levels of inequality. Investing in social capital means putting forward the right policy interventions, including social security systems, maintaining sustainable debt levels and efficient governance structures, and utilizing effective communications.

On the business side, Mr. Geiger highlights the need to contain weak links in physical and digital supply chains by augmenting anti-fragile behaviors. For him, organizations should embed resilience by design by distributing risk-taking. This strategy can help to democratize capabilities and lower risks. "At Lockheed Martin, we look at becoming more resilient no matter the risk by including anti-fragile activities. So, when things become worse, we get better," pointed out Mr. Geiger.

## Lessons Learned

Some lessons emerged from the discussion:

- a) The landscape of potential crises is evolving;
- b) Risks in today's world have compounding effects and do not exist in isolation;
- c) Societies and organizations must enact a systems approach to address risks;
- d) Recognizing early on signs of crisis is essential to avoid escalating effects; and
- e) Finally, having the capability and agility to act once a crisis hits is a determinant factor for successful responses.

Another key takeaway was the acknowledgment that perception of risks varies considering culture and socio-economic conditions. As pointed out by Dr. Shimada, not everyone shares the same vision over a crisis. "A crisis doesn't have to be universally recognized. It's about the assumptions we make about where to allocate resources, accepting a certain amount of redundancy," he pointed out. Mr. Rzepa reinforced his argument: "Risks don't exist in a vacuum. It's the intersection between the risks and the people that matters. Therefore, it is necessary to look at the agency and the vulnerability of the populations involved," he emphasized.


African nations' perceptions of risks differ widely from those of developed nations that enjoy more material advancement and wealth. Due to the lack of infrastructure and low human development records, communities often need to find collective solutions to adapt. Considering these differences, African governments and organizations are developing their own risk assessment frameworks to assess local realities, commented Dr. Khumbah.

## The Global Federation of Competitiveness Councils

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